Report on the

Cleburne County Commission

Cleburne County, Alabama

October 1, 2014 through September 30, 2015

Filed: December 30, 2016

Department of Examiners of Public Accounts

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Ronald L. Jones, Chief Examiner

17-038

Ronald L. Jones
Chief Examiner

State of Alabama
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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 Cleburne County Commission, Cleburne County, Alabama, for the period October 1, 2014 through September 30, 2015.

Sworn to and subscribed before me this the 5 day of December, 2016.

April Phillips
Notary Public

Respectfully submitted,

Isabelle Lisenby
Isabelle Lisenby
Examiner of Public Accounts

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STATE OF ALABAMA APRIL PHILLIPS NOTARY PUBLIC

APRIL PHILLIPS
My Commission Expires
June 5, 2020

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Department of
Examiners of Public Accounts

SUMMARY

Cleburne County Commission
October 1, 2014 through September 30, 2015

The Cleburne County Commission (the "Commission") is governed by a five-member body elected by the citizens of Cleburne County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 18. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Cleburne County.

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

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, 2015.

Findings are numbered and reported by the fiscal year in which the finding originally occurred.

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

<u>CURRENT FINDING</u>

- 2015-001 relates to the payment of retirement contributions on payouts of unused leave balances.

The following officials/administrative personnel were invited to an exit conference to discuss the contents of this report: Ryan Robertson, Ex-officio Chairman; County Commissioners: Laura Cobb, Benji Langley, Terry Hendrix, Emmett Owen, and Bobby Brooks; and Steve Swafford, County Administrator. The following individuals attended the exit conference, held at the office of the County Commission: Ryan Robertson, Ex-officio Chairman; County Commissioners: Laura Cobb and Terry Hendrix; Steve Swafford, County Administrator; and representatives from the Department of Examiners of Public Accounts: Gwyn M. Griggs, Audit Manager and Isabelle Lisenby, Examiner.

Schedule of State and Local Compliance and Other Findings

Ref. No.	Finding/Noncompliance
2015-001	**Finding:** According to the Employees' Retirement System of Alabama Agency Manual, member contributions remitted to the Employees' Retirement System must be based on earnable compensation which specifically excludes payments for unused leave balances. Some employees who had submitted an intent to retire had retirement deductions withheld and contributions remitted to the Employees' Retirement System based on compensation from cash payouts of unused annual and sick leave. Three employees were cashing out between 25 and 75 hours of leave per pay period throughout the fiscal year ended September 30, 2015. Four employees were cashing out between 40 and 90 hours per pay period in the subsequent period. Retirement contributions were paid on these amounts. **Recommendation:** The Commission should ensure retirement contributions are paid according to policies established by the Employees' Retirement System of Alabama Agency Manual.

Independent Auditor's Report

Independent Auditor's Report

To: Members of Cleburne County Commission and County Administrator

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cleburne County Commission, as of and for the year ended September 30, 2015, and the related notes to the financial statements which collectively comprise the basic financial statements of the Cleburne County Commission as listed in the table of contents as Exhibits 1 through 11.

Management's Responsibility

The management of the Cleburne 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 the 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 Cleburne County Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 that 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Cleburne County Commission, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, during the fiscal year ended September 30, 2015, the Cleburne County Commission adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement Number 68, ***Accounting and Financial Reporting for Pensions*** – an amendment of GASB Statement Number 27. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), Schedule of Changes in the Net Pension Liability, Schedule of the Employer Contributions, and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, (Exhibits 12 through 17), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated November 17, 2016, on our consideration of the Cleburne County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Cleburne 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 17, 2016

Management's Discussion and Analysis
(Required Supplementary Information)

CLEBURNE COUNTY COMMISSION
Management's Discussion and Analysis (MD&A)
For the Year Ended September 30, 2015

INTRODUCTION

The Cleburne County Commission's Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ended September 30, 2015. In order to look at the County's financial performance as a whole, readers should review the financial statements along with the notes to the financial statements to enhance their understanding.

FINANCIAL HIGHLIGHTS

Items to note that occurred during the fiscal year include the following:

- Total funds spent on capital outlays for governmental activities were $1,857,061.94, which included the addition of three Chevy Tahoe Vehicles and a Chevy Silverado for the Sheriff's Department, a Chevy Silverado for the Administration Department, and two Chevy Silverado Trucks for the Engineer's Department. The County Engineer's Department also purchased several county road rights of way, continued the progression of the county bridge projects, and resurfaced a portion of County Road 10, along with two Mack trucks with dump bodies, and four Kubota Tractors. Other purchases include improvements to the courthouse with the installation of new windows. For governmental activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the 2015 fiscal year by $13,218,041.83. This is an increase in net position of $1,058,493.73 from FY 2014. Of the net position for FY 2015, $9,905,890.40 is net investment in capital assets and reduced by the balance of outstanding debt. The remainder of the excess restricted for debt is $58,945.54, restricted for road projects is $1,058,127.93, and restricted for other purposes is $141,873.52, leaving an unrestricted balance of $1,826,952.53.
- For business-type activities, total funds spent on capital outlays were $12,995.00 for the purchase of a new server. For business-type activities, assets exceeded liabilities at the close of the 2015 fiscal year by $344,708.79. This is an increase in net position of $17,576.30 from FY 2014. Of the net position for FY 2015, $112,473.65 is net investment in capital assets. The remainder is an unrestricted balance of $232,235.14.

BASIC FINANCIAL STATEMENTS

The basic financial statements include the following: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. Below is a brief discussion of the basic financial statements, which distinguishes the relationships and differences between the statements.

Government-wide Financial Statements are divided into two categories: Governmental Activities and Business-type Activities. Each category then consists of a Statement of Net Position and a Statement of Activities. The Statement of Net Position is similar to a balance sheet, which shows assets plus deferred outflows of resources minus liabilities and deferred inflows of resources equaling net position. Net position reported in this statement shows the changes in net position for the current year. The Statement of Activities is similar to an income statement, which shows expenses first, then revenues offsetting the expenses for the fiscal year. Expenses are shown by function, and revenues are classified as program revenues-operating grants, program revenues-capital grants, and general revenues. Program revenues are listed at the top of the statement of activities, and general revenues, such as taxes, are listed at the bottom of the statement of activities.

These two statements report the county's financial position on the accrual basis of accounting. Also, capital assets are being depreciated. The emphasis is on the county's overall financial position and activities as a whole. The statements separate information between governmental activities and business-type activities, and exclude fiduciary activities that the county only holds as trustee.

Fund Financial Statements provide detailed information about the commission grouped by funds. Separate fund statements are reported in three categories: (1) governmental funds, (2) proprietary funds, and (3) fiduciary funds. Some funds are established by law, bond covenants, or kept separate because of grants in order to properly monitor funds. The separate fund statements are summarized as follows:

- Governmental Fund Statements separate information by major funds. The General Fund is always a major fund. Cleburne County Commission has four major funds for fiscal year 2015, which always includes the General Fund. The other funds are Gasoline Tax Fund, Revenue Commissioner's Operational Fund, and RRR Gasoline Tax Fund. All other non-major funds are grouped together into a final column as Other Governmental Funds. Each year the county will have to re-evaluate each fund to see if it is still a major fund or if another fund becomes a major fund. Governmental fund statements report a short-term view of the Commission's general government operations and the basic services it provides.
- Proprietary Fund Statements include Enterprise Funds. Cleburne County Commission has only one Proprietary Fund, E-911, which is an Enterprise Fund.
- Fiduciary Fund Statements include funds not used by the Commission, but held by the Commission as a trustee for individuals, organizations, or other governments. Fiduciary Fund statements focus on net position and the changes in net position. Cleburne County Commission has both Private-Purpose Trust Funds and Agency Funds.

Fund statements provide a more detailed but short-term view of the Commission; whereas, government-wide statements provide information about the Commission as a whole but at a long-term view. Also, fund statements are based on the modified accrual approach, which measures cash and all other financial assets that can readily be converted to cash. Government-wide statements are based on the accrual basis similar to private companies, and all revenues and all expenses are accounted for regardless of when cash is received or paid.

COMMISSION'S OVERALL FINANCIAL POSITION

Below is a condensed version of the government-wide financial statements along with a brief analysis of the Commission's overall financial position. Government-wide statements divide information into two activities: (1) Governmental activities, and (2) Business-type activities. Net position can help in assessing how well a government is doing financially. Increases or decreases in net position over time can indicate whether a government is improving or not improving.

Condensed Statement of Net Position
For
Governmental Activities
As of September 30, 2015

	2015	2014	$ Change
Current Assets	6,181,691.97	6,452,896.46	(271,204.49)
Noncurrent Assets	72,444.81	78,671.85	(6,227.04)
Capital Assets, net depreciation	11,530,341.08	10,357,587.96	1,172,753.12
Total Assets	17,784,477.86	16,889,156.27	895,321.59
Loss on Early Extinguishment of Debt *	141,661.58	158,327.65	(16,666.07)
Related to Defined Benefit Pension Plan	123,434.68		123,434.68
Total Deferred Outflows of Resources *	265,096.26	158,327.65	106,768.61
Current Liabilities	656,611.03	558,275.16	98,335.87
Estimated Liability – Pollution Remediation	291,500.00	243,300.00	48,200.00
Noncurrent Liabilities	2,066,467.12	2,202,622.27	(136,155.15)
Estimated Liability – Pollution Remediation	475,453.92	750,500.00	(275,046.08)
Total Liabilities	3,490,032.07	3,754,697.43	(264,665.36)
Unavailable Revenue – Property Taxes *	1,102,961.91	1,063,368.69	39,593.22
Unearned Revenue – Motor Vehicle Taxes *	68,285.43	69,869.69	(1,584.26)
Related to Defined Benefit Plan	170,252.88		170,252.88
Total Deferred Inflows of Resources	1,341,500.22	1,133,238.38	208,261.84
Net Position:			
Net Investment in Capital Assets	9,905,890.40	8,571,235.38	1,334,655.02
Restricted for Debt Service	58,945.54	63,222.69	(4,277.15)
Restricted for Road Projects	1,058,127.93	825,530.15	232,597.78
Restricted for Other Purposes	368,125.43	619,414.40	(251,288.97)
Unrestricted	1,826,952.53	2,080,145.49	(253,192.96)
Total Net Position	13,218,041.83	12,159,548.11	1,058,493.72

*** -** GASB No. 65, *Items Previously Reported as Assets and Liabilities,* (GASB 65) 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.

Condensed Statement of Net Position
For
Business-Type Activities
As of September 30, 2015

	2015	2014	$ Change
Current Assets	265,741.09	226,609.57	39,131.52
Noncurrent Assets			
Capital Assets, net depreciation	112,473.65	119,108.09	(6,634.44)
Total Assets	378,214.74	345,717.66	32,497.08
Related to Defined Benefit Pension Plan	12,125.46		12,125.46
Total Deferred Outflows of Resources *	12,125.46		12,125.46
Current Liabilities	17,895.56	18,585.18	(689.62)
Noncurrent Liabilities	10,518.73		10,518.73
Total Liabilities	28,414.29	18,585.18	9,829.11
Related to Defined Pension Plan	17,217.12		17,217.12
Total Deferred Inflows of Resources	17,217.12		17,217.12
Net Position:			
Invested in Capital Assets,			
Net of Related Debt	112,473.65	119,108.09	(6,634.44)
Restricted for Other Purposes			
Unrestricted	232,235.14	208,024.39	24,210.75
Total Net Position	344,708.79	327,132.48	17,576.31

Condensed Statement of Net Position
Total Governmental & Business-Type Activities
As of September 30, 2015

	2015	2014	$ Change
Current Assets	6,447,433.06	6,679,506.03	(232,072.97)
Noncurrent Assets	72,444.81	78,671.85	(6,227.04)
Capital Assets, net depreciation	11,642,814.73	10,476,696.05	1,166,118.68
Total Assets	18,162,692.60	17,234,873.93	927,818.67
Loss on Early Extinguishment of Debt	141,661.58	158,327.65	(16,666.07)
Related to Defined Pension Plan	135,560.14		135,560.14
Total Deferred Outflows of Resources	277,221.72	158,327.65	118,894.07
Current Liabilities	674,506.59	576,860.34	94,646.25
Estimated Liability – Pollution Remediation	291,500.00	243,300.00	48,200.00
Noncurrent Liabilities	2,076,985.85	2,202,622.27	(125,636.42)
Estimated Liability – Pollution Remediation	475,453.92	750,500.00	(275,046.08)
Total Liabilities	3,518,446.36	3,773,282.61	(254,836.25)
Unavailable Revenue – Property Taxes	1,102,961.91	1,063,368.69	39,593.22
Unearned Revenue – Motor Vehicle Taxes	68,285.43	69,869.69	(1,584.26)
Related to Defined Benefit Pension Plan	187,470.00		187,470.00
Total Deferred Inflows of Resources	1,358,717.34	1,133,238.38	225,478.96
Net Position:			
Net Investment in Capital Assets	10,018,364.05	8,690,343.47	1,328,020.58
Restricted for Debt Service	58,945.54	63,222.69	(4,277.15)
Restricted for Road Projects	1,058,127.93	825,530.15	232,597.78
Restricted for Capital Projects	226,251.91	427,119.54	(200,867.63)
Restricted for Other Purposes	141,873.52	192,294.86	(50,421.34)
Unrestricted	2,059,187.67	2,288,169.88	(228,982.21)
Total Net Position	13,562,750.62	12,486,680.59	1,076,070.03

The Commission's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $13,562,750.62. This is an increase of $1,076,070.03 from FY14. Also, total capital assets less depreciation totaled $11,642,814.73. This is a decrease of $353,375.70 from FY14. Total net position includes $10,018,364.05 net investment in capital assets, $1,485,198.90 in restricted net position, leaving $2,059,187.67 in unrestricted net position.

Condensed Statement of Activities
For Governmental Activities
As of September 30, 2015

	2015	2014	$ Change
Expenses			
General Government	1,804,631.92	2,079,461.51	(274,829.59)
Public Safety	2,139,899.16	2,111,780.88	28,118.28
Highways and Roads	2,090,588.53	2,568,325.23	(477,736.70)
Sanitation	163,366.51	108,017.34	55,349.17
Welfare	59,153.22	70,529.97	(11,376.75)
Culture/Recreation	48,504.26	48,504.22	0.04
Education	133,936.58	136,820.99	(2,884.41)
Debt Issuance Costs		76,644.57	(76,644.57)
Interest on Long Term Debt	58,551.95	92,172.78	(33,620.83)
Total Expenses	6,498,632.13	7,292,257.49	(793,625.36)
Revenues			
Program Revenues			
Charges for Services	973,774.33	1,052,237.96	(78,463.63)
Operating Grants and Contributions	3,191,032.16	2,457,556.88	733,475.28
Capital Grants and Contributions	5,000.00		5,000.00
Total Program Revenues	4,169,806.49	3,509,794.84	660,011.65
Net Expenses and Program Revenues	(2,328,825.64)	(3,782,462.65)	1,453,637.01
General Revenues:			
Property Taxes-General	588,697.50	580,465.31	8,232.19
Property Taxes-Specific	673,881.63	711,514.73	(37,633.10)
Sales Tax	738,823.09	810,094.63	(71,271.54)
Other County Sales and Use Taxes	277,455.14	266,169.66	11,285.48
Miscellaneous Taxes	59,121.45	65,868.57	(6,747.12)
Other Grants and Contributions – Not Restricted	321,130.89	319,170.29	1,960.60
Donations of Capital Assets	483.77	11,695.00	(11,211.23)
Miscellaneous	829,644.26	937,565.92	(107,921.66)
Interest Earned	8,825.71	10,418.26	(1,592.55)
Transfers	(60,863.11)	(62,870.19)	2,007.08
Gain on Disposal of Assets	163,946.36		163,946.36
Extraordinary Item – Estimated Pollution Remediation (Note 7)		(993,800.00)	993,800.00
Total General Revenues and Transfers	3,601,146.69	2,656,292.18	944,854.51
Increase / Decrease in Net Position	1,272,321.05	(1,126,170.47)	2,398,491.52
Net Position-Beginning of year, as restated (Note 13).	11,945,720.78	13,285,718.58	(1,339,997.80)
Net Position – End of Year	13,218,041.83	12,159,548.11	1,058,493.72

Condensed Statement of Activities
For
Business-Type Activities
As of September 30, 2015

	2015	2014	$ Change
Expenses			
E-911	450,638.29	463,707.63	(13,069.34)
Total Expenses	450,638.29	463,707.63	(13,069.34)
Revenues			
Program Revenues			
Charges for Services	419,379.28	370,429.23	48,950.05
Operating Grants and Contributions	9,398.02		9,398.02
Total Program Revenues	428,777.30	370,429.23	58,348.07
Net Expenses and Program Revenues	(21,860.99)	(93,278.40)	71,417.41
General Revenues:			
Miscellaneous			
Interest Earned	197.86	904.78	(706.92)
Transfers	60,863.11	62,870.19	(2,007.08)
Total General Revenues	61,060.97	63,774.97	(2,714.00)
Increase/Decrease in Net Position	39,199.98	(29,503.43)	68,703.41
Net Position-Beginning of year, as Restated (Note 13)	305,508.81	356,635.91	(51,127.10)
Net Position-End of year	344,708.79	327,132.48	17,576.31

Condensed Statement of Activities
For
Total Governmental & Business-Type Activities
As of September 30, 2015

	2015	2014	$ Change
Expenses			
General Government	1,804,631.92	2,079,461.51	(274,829.59)
Public Safety	2,139,899.16	2,111,780.88	28,118.28
Highways and Roads	2,090,588.53	2,568,325.23	(477,736.70)
Sanitation	163,366.51	108,017.34	55,349.17
Welfare	59,153.22	70,529.97	(11,376.75)
Culture/Recreation	48,504.26	48,504.22	.04
Education	133,936.58	136,820.99	(2,884.41)
Debt Issuance Costs		76,644.57	(76,644.57)
Interest on Long Term Debt	58,551.95	92,172.78	(33,620.83)
E-911	450,638.29	463,707.63	(13,069.34)
Total Expenses	6,949,270.42	7,755,965.12	(806,694.70)
Revenues			
Program Revenues			
Charges for Services	1,393,153.61	1,422,667.19	(29,513.58)
Operating Grants and Contributions	3,200,430.18	2,457,556.88	742,873.30
Capital Grants and Contributions	5,000.00		5,000.00
Total Program Revenues	4,598,583.79	3,880,224.07	718,359.72
Net Expenses and Program Revenues	(2,350,686.63)	(3,875,741.05)	1,525,054.42
General Revenues:			
Property Taxes-General	588,697.50	580,465.31	8,232.19
Property Taxes-Specific	673,881.63	711,514.73	(37,633.10)
Sales Tax	738,823.09	810,094.63	(71,271.54)
Other County Sales and Use Taxes	277,455.14	266,169.66	11,285.48
Miscellaneous Taxes	59,121.45	65,868.57	(6,747.12)
Other Grants and Contributions – Not Restricted	321,130.89	319,170.29	1,960.60
Donations of Capital Assets	483.77	11,695.00	(11,211.23)
Miscellaneous	829,644.26	937,565.92	(107,921.66)
Interest Earned	9,023.57	11,323.04	(2,299.47)
Gain on Disposition of Assets	163,946.36		163,946.36
Extraordinary Item – Estimated Pollution Remediation (Note 7)		(993,800.00)	993,800.00
Total General Revenues and Transfers	3,662,207.66	2,720,067.15	942,140.51
Increase/Decrease in Net Position	1,311,521.03	(1,155,673.90)	2,467,194.93
Net Position-Beginning of year, as restated (Note)	12,251,229.59	13,642,354.49	(1,391,124.90)
Net Position-End of year	13,562,750.62	12,486,680.59	1,076,070.03

The Statement of Activities presents expenses before program revenues with a final column to show the net expense or net revenue for each activity. Overall the net expense for all Primary Government activities was ($2,350,686.63). General revenues offset net expense in the amount of $3,662,207.66, leaving a total change in net position of 1,311,521.03 for FY 2015.

ANALYSIS OF INDIVIDUAL FUNDS

Governmental funds presented individually in Cleburne County Commission’s 2015 statements include four major funds: the General Fund (always a major fund), Gasoline Tax Fund, RRR Gasoline Tax Fund, and Revenue Commissioner’s Operational Fund. The Commission reserves 20% of County Sales Tax Revenue in a “Reserve Account” within the General Fund to maintain cash on hand for emergencies and other unexpected expenses.

In FY15, the fund balance in the General Fund decreased by over $125,000.00 from FY14. The Gasoline Tax Fund increased by almost $9000.00. The RRR Gasoline Tax Fund increased by almost $115,000.00, and the Revenue Commissioner’s Operational Fund decreased by over $14,000.00.

BUDGET

Cleburne County Commission is mandated by state law to establish policies and procedures for submitting and adopting annual budgets for all county funds. Cleburne County Commission’s 2015 budget was adopted on September 22, 2014. Throughout the year budget amendment requests affecting the overall amount of the budget are reviewed by the Commission and approved or denied by resolution; however, increases or decreases to individual line items within each department, that do not affect the overall numbers, are made with the approval of each division head, and coordinated with the finance office. Statements showing the original budget, final budget and actual budgetary amounts for the four major funds are included in the audit report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015, the Commission had over $10 million in net capital assets. This amount includes capital assets less depreciation. The county's capital assets include land, buildings, bridges, construction equipment, office equipment and furniture, motor vehicles, data processing equipment, communication equipment, other equipment, and construction in progress.

Debt

At the end of fiscal year 2015, Cleburne County Commission had over $3.1 million outstanding in long term debt. This includes a general obligation warrants payable, a capital lease payable, compensated absences, net pension liability, and the pollution remediation estimate.

CONTACT INFORMATION

If you have any questions about this report or need additional financial information, please contact the Cleburne County Commission at 256-463-3838 or 6751 Hwy. 78, PO Box 908, Heflin, AL 36264.

Basic Financial Statements

Statement of Net Position
September 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash	$ 3,988,762.88	$ 198,589.10	$ 4,187,351.98
Investments	513,290.02		513,290.02
Receivables (Note 4)	519,389.82	31,547.81	550,937.63
Ad Valorem Taxes Receivable	1,121,790.92		1,121,790.92
Internal Balances	(18,870.25)	18,870.25	
Prepaid Items	57,328.58	16,733.93	74,062.51
Total Current Assets	6,181,691.97	265,741.09	6,447,433.06
Noncurrent Assets			
Restricted Cash with Fiscal Agent	72,444.81		72,444.81
Capital Assets (Note 5):			
Nondepreciable	1,519,494.48		1,519,494.48
Depreciable, Net	10,010,846.60	112,473.65	10,123,320.25
Total Capital Assets, Net	11,530,341.08	112,473.65	11,642,814.73
Total Noncurrent Assets	11,602,785.89	112,473.65	11,715,259.54
Total Assets	17,784,477.86	378,214.74	18,162,692.60
Deferred Outflows of Resources			
Related to Defined Benefit Pension Plan	123,434.68	12,125.46	135,560.14
Loss on Early Extinguishment of Debt	141,661.58		141,661.58
Total Deferred Outflows of Resources	265,096.26	12,125.46	277,221.72
Liabilities			
Current Liabilities			
Payables	174,242.64	1,099.54	175,342.18
Unearned Revenue	36,750.89	5,313.51	42,064.40
Accrued Wages Payable	120,245.88	11,482.51	131,728.39
Accrued Interest Payable	13,499.27		13,499.27
Capital Leases Payable	1,830.48		1,830.48
Warrants Payable	180,000.00		180,000.00
Add: Unamortized Premium	2,095.74		2,095.74
Estimated Liability for Pollution Remediation	291,500.00		291,500.00
Estimated Liability for Compensated Absences	127,946.13		127,946.13
Total Current Liabilities	$ 948,111.03	$ 17,895.56	$ 966,006.59

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

	Governmental Activities	Business-Type Activities	Total
Noncurrent Liabilities			
Capital Leases Payable	$ 1,118.70	$	$ 1,118.70
Warrants Payable	1,565,000.00		1,565,000.00
Add: Unamortized Premium on Warrants Payable	16,067.34		16,067.34
Estimated Liability for Pollution Remediation	475,453.92		475,453.92
Estimated Liability for Compensated Absences	380,265.81		380,265.81
Net Pension Liability	104,015.27	10,518.73	114,534.00
Total Noncurrent Liabilities	2,541,921.04	10,518.73	2,552,439.77
Total Liabilities	3,490,032.07	28,414.29	3,518,446.36
Deferred Inflows of Resources			
Related to Defined Benefit Pension Plan	170,252.88	17,217.12	187,470.00
Unavailable Revenue - Property Taxes	1,102,961.91		1,102,961.91
Revenue Received in Advance -			
Motor Vehicle Taxes	68,285.43		68,285.43
Total Deferred Inflows of Resources	1,341,500.22	17,217.12	1,358,717.34
Net Position			
Net Investment in Capital Assets	9,905,890.40	112,473.65	10,018,364.05
Restricted for:			
Debt Service	58,945.54		58,945.54
Road Projects	1,058,127.93		1,058,127.93
Capital Projects	226,251.91		226,251.91
Other Purposes	141,873.52		141,873.52
Unrestricted	1,826,952.53	232,235.14	2,059,187.67
Total Net Position	$ 13,218,041.83	$ 344,708.79	$ 13,562,750.62

Statement of Activities
For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government			
Governmental Activities			
General Government	$ 1,804,631.92	$ 607,029.70	$ 259,563.95
Public Safety	2,139,899.16	303,712.05	205,172.82
Highways and Roads	2,090,588.53	54,463.23	2,649,202.48
Sanitation	163,366.51	879.35	52,662.99
Welfare	59,153.22	7,690.00	21,017.00
Culture and Recreation	48,504.26		
Education	133,936.58		3,412.92
Interest on Long-Term Debt	58,551.95		
Total Governmental Activities	6,498,632.13	973,774.33	3,191,032.16
Business-Type Activities			
E-911	450,638.29	419,379.28	9,398.02
Total Business-Type Activities	450,638.29	419,379.28	9,398.02
Total Primary Government	$ 6,949,270.42	$ 1,393,153.61	$ 3,200,430.18

General Revenues:

Taxes:

Property Taxes for General Purposes

Property Taxes for Specific Purposes

General Sales Tax

County Gasoline Sales Tax

Miscellaneous Taxes

Grants/Contributions Not Restricted to Specific Programs

Gain on Sale of Capital Assets

Donations of Capital Assets

Miscellaneous Revenue

Interest Earned

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year, as Restated (Note 13)

Net Position - End of Year

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

Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
	Net (Expenses) Revenues and Changes in Net Position		
	Primary Government		
$	$ (938,038.27)	$	$ (938,038.27)
	(1,631,014.29)		(1,631,014.29)
5,000.00	618,077.18		618,077.18
	(109,824.17)		(109,824.17)
	(30,446.22)		(30,446.22)
	(48,504.26)		(48,504.26)
	(130,523.66)		(130,523.66)
	(58,551.95)		(58,551.95)
5,000.00	(2,328,825.64)		(2,328,825.64)
		(21,860.99)	(21,860.99)
		(21,860.99)	(21,860.99)
$ 5,000.00	(2,328,825.64)	(21,860.99)	(2,350,686.63)
	588,697.50		588,697.50
	673,881.63		673,881.63
	738,823.09		738,823.09
	277,455.14		277,455.14
	59,121.45		59,121.45
	321,130.89		321,130.89
	163,946.36		163,946.36
	483.77		483.77
	829,644.26		829,644.26
	8,825.71	197.86	9,023.57
	(60,863.11)	60,863.11	
	3,601,146.69	61,060.97	3,662,207.66
	1,272,321.05	39,199.98	1,311,521.03
	11,945,720.78	305,508.81	12,251,229.59
	$ 13,218,041.83	$ 344,708.79	$ 13,562,750.62

Balance Sheet
Governmental Funds
September 30, 2015

	General Fund		Gasoline Tax Fund
Assets			
Cash and Cash Equivalents	$	2,393,665.79	$ 850,212.72
Cash with Fiscal Agent			
Investments		513,290.02	
Ad Valorem Taxes Receivable		691,041.43	
Receivables (Note 4)		201,631.90	124,818.09
Prepaid Items		40,563.30	11,833.80
Total Assets		3,840,192.44	986,864.61
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Payables		37,564.08	70,649.50
Due To Other Funds			
Unearned Revenue			
Accrued Wages Payable		76,192.91	37,128.03
Compensated Absences		14,714.71	
Total Liabilities		128,471.70	107,777.53
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes		672,212.42	
Revenue Received in Advance - Motor Vehicle Taxes		68,285.43	
Total Deferred Inflow of Resources	$	740,497.85	$

RRR Gasoline Tax Fund	Revenue Commissioner's Operational Fund	Other Governmental Funds	Total Governmental Funds
$ 98,652.05	$ 39,903.38	$ 606,328.94	$ 3,988,762.88
		72,444.81	72,444.81
			513,290.02
	430,749.49		1,121,790.92
101,255.87		91,683.96	519,389.82
	4,931.48		57,328.58
199,907.92	475,584.35	770,457.71	6,273,007.03
13,766.69	1,159.03	51,103.34	174,242.64
		18,870.25	18,870.25
	36,750.89		36,750.89
	6,924.94		120,245.88
			14,714.71
13,766.69	44,834.86	69,973.59	364,824.37
	430,749.49		1,102,961.91
			68,285.43
$	$ 430,749.49	$	$ 1,171,247.34

Balance Sheet
Governmental Funds
September 30, 2015

	General Fund		Gasoline Tax Fund
Fund Balances			
Nonspendable:			
Prepaid Items	$ 40,563.30	$	11,833.80
Restricted for:			
Debt Service			
Road and Bridges			612,068.16
Capital Projects			
Law Enforcement			
Other Purposes	5.16		
Assigned to:			
Self Insurance	81,473.94		
Road and Bridges			255,185.12
Leave Liability	379,093.89		
Law Enforcement	1,225.23		
Sheriff's Drug Fund	85,724.54		
Jail Financing	52,455.37		
Other Purposes			
Unassigned	2,330,681.46		
Total Fund Balances	2,971,222.89		879,087.08
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,840,192.44	$	986,864.61

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

RRR Gasoline Tax Fund	Revenue Commissioner's Operational Fund	Other Governmental Funds	Total Governmental Funds
$	$ 4,931.48	$	$ 57,328.58
		72,444.81	72,444.81
186,141.23		259,918.54	1,058,127.93
		226,251.91	226,251.91
		124,936.03	124,936.03
		16,932.33	16,937.49
			81,473.94
			255,185.12
			379,093.89
			1,225.23
			85,724.54
			52,455.37
		0.50	0.50
	(4,931.48)		2,325,749.98
186,141.23		700,484.12	4,736,935.32
$ 199,907.92	$ 475,584.35	$ 770,457.71	$ 6,273,007.03

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Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2015

Total Fund Balances - Governmental Funds (Exhibit 3)			$ 4,736,935.32
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. These assets consist of:			
Capital Assets - Nondepreciable		$ 1,519,494.48	
Capital Assets - Depreciable		10,010,846.60	
Total Capital Assets			11,530,341.08
Deferred Outflows and Inflows of Resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.			
Deferred Outflows Related to Defined Benefit Pension Plan		$ 123,434.68	
Deferred Inflows Related to Defined Benefit Pension Plan		(170,252.88)	
			(46,818.20)
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	
Capital Leases Payable	$ 1,830.48	$ 1,118.70	
Warrants Payable	180,000.00	1,565,000.00	
Unamortized Premium on Debt Issued	2,095.74	16,067.34	
Accrued Interest Payable	13,499.27		
Net Pension Liability		104,015.27	
Estimated Pollution Remediation	291,500.00	475,453.92	
Estimated Liability for Compensated Absences	113,231.42	380,265.81	
Total Liabilities	$ 602,156.91	$ 2,541,921.04	(3,144,077.95)
Losses on early extinguishment 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.			141,661.58
Total Net Position - Governmental Activities (Exhibit 1)			$ 13,218,041.83

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, 2015

	General Fund	Gasoline Tax Fund
Revenues		
Taxes	$ 1,976,778.40	$
Licenses and Permits	12,640.00	
Intergovernmental	492,248.28	934,560.13
Charges for Services	877,106.60	4,141.48
Fines and Forfeits	3,976.50	
Miscellaneous	352,959.03	338,410.42
Total Revenues	3,715,708.81	1,277,112.03
Expenditures		
Current:		
General Government	1,390,691.53	
Public Safety	1,758,247.91	
Highway and Roads		1,405,496.66
Sanitation	162,209.38	
Welfare	56,163.78	
Culture and Recreation	25,000.00	
Education	40,071.80	
Capital Outlay	363,823.94	249,946.24
Debt Service:		
Principal Retirement	1,832.23	
Interest and Fiscal Charges		
Total Expenditures	3,798,040.57	1,655,442.90
Excess (Deficiency) of Revenues Over Expenditures	(82,331.76)	(378,330.87)
Other Financing Sources (Uses)		
Transfers In	96,968.49	138,643.65
Sale of Capital Assets	6,140.00	248,515.00
Proceeds from Insurance	22,590.38	
Transfers Out	(168,643.65)	
Total Other Financing Sources (Uses)	(42,944.78)	387,158.65
Net Change in Fund Balances	(125,276.54)	8,827.78
Fund Balances - Beginning of Year	3,096,499.43	870,259.30
Fund Balances - End of Year	$ 2,971,222.89	$ 879,087.08

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

RRR Gasoline Tax Fund	Revenue Commissioner's Operational Fund	Other Governmental Funds	Total Governmental Funds
$	$ 361,200.41	$	$ 2,337,978.81
		50,321.75	62,961.75
1,460,543.08		629,811.56	3,517,163.05
	4.00	25,584.00	906,836.08
			3,976.50
3,273.03	183.97	143,643.52	838,469.97
1,463,816.11	361,388.38	849,360.83	7,667,386.16
	375,789.13		1,766,480.66
		167,374.31	1,925,622.22
721,134.39			2,126,631.05
			162,209.38
			56,163.78
			25,000.00
		93,425.65	133,497.45
810,724.41		432,567.35	1,857,061.94
		175,000.00	176,832.23
		45,931.51	45,931.51
1,531,858.80	375,789.13	914,298.82	8,275,430.22
(68,042.69)	(14,400.75)	(64,937.99)	(608,044.06)
182,283.38		212,544.60	630,440.12
			254,655.00
			22,590.38
		(522,659.58)	(691,303.23)
182,283.38		(310,114.98)	216,382.27
114,240.69	(14,400.75)	(375,052.97)	(391,661.79)
71,900.54	14,400.75	1,075,537.09	5,128,597.11
$ 186,141.23	$	$ 700,484.12	$ 4,736,935.32

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, 2015

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)			$	(391,661.79)
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:				
Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay ($1,857,061.94) exceeded depreciation ($571,493.57) in the current period.				1,285,568.37
In the Statement of Activities donation of capital assets is recorded as revenue, whereas, in the governmental funds it is not recorded.				483.77
Costs for Pollution Remediation are expensed in the governmental funds, but the costs reduces long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.				226,846.08
Repayment of long-term 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.				
General Obligation Warrants	$	175,000.00		
Capital Leases		1,832.23		
				176,832.23
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 Decrease in Compensated Absences	$	37,177.99		
Net Decrease in Accrued Interest Payable		1,949.89		
Pension Expense		62,993.86		
Amortization of Premium on Debt Issued		2,095.74		
Amortization of Deferred Loss on Refunding		(16,666.07)		
Total Additional Expenditures				87,551.41

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

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

Proceeds from the Sale of Capital Assets	$ (277,245.38)	
Gain (Loss) on Sale of Assets	163,946.36	
		(113,299.02)
Change in Net Position of Governmental Activities (Exhibit 2)		$ 1,272,321.05

Statement of Net Position
Proprietary Fund
September 30, 2015

	Enterprise Fund E-911 Fund	Total Enterprise Fund
Assets		
Current Assets		
Cash	$ 198,589.10	$ 198,589.10
Receivables (Note 4)	31,547.81	31,547.81
Due From Other Funds	18,870.25	18,870.25
Prepaid Items	16,733.93	16,733.93
Total Current Assets	265,741.09	265,741.09
Noncurrent Assets		
Capital Assets, Net (Note 5)	112,473.65	112,473.65
Total Noncurrent Assets	112,473.65	112,473.65
Total Assets	378,214.74	378,214.74
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plan	12,125.46	12,125.46
Total Deferred Outflows of Resources	12,125.46	12,125.46
Liabilities		
Current Liabilities		
Unearned Revenue	5,313.51	5,313.51
Accounts Payable	1,099.54	1,099.54
Accrued Wages Payable	11,482.51	11,482.51
Total Current Liabilities	17,895.56	17,895.56
Noncurrent Liabilities		
Net Pension Liability	10,518.73	10,518.73
Total Noncurrent Liabilities	10,518.73	10,518.73
Total Liabilities	28,414.29	28,414.29
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plan	17,217.12	17,217.12
Total Deferred Inflows of Resources	17,217.12	17,217.12
Net Position		
Net Investment in Capital Assets	112,473.65	112,473.65
Unrestricted	232,235.14	232,235.14
Total Net Position	$ 344,708.79	$ 344,708.79

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

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended September 30, 2015

	Enterprise Fund E-911 Fund	Total Enterprise Fund
Revenues		
Charges for Services	$ 419,379.28	$ 419,379.28
Total Revenues	419,379.28	419,379.28
Operating Expenses		
Salaries	242,047.71	242,047.71
Benefits and Payroll Taxes	63,002.09	63,002.09
Repairs and Maintenance	6,567.73	6,567.73
Utilities	42,521.72	42,521.72
Communications Services	18,127.63	18,127.63
Office Expense	15,547.86	15,547.86
Travel and Training	4,953.58	4,953.58
Office Equipment	38,240.53	38,240.53
Depreciation	19,629.44	19,629.44
Total Operating Expenses	450,638.29	450,638.29
Operating Income (Loss)	(31,259.01)	(31,259.01)
Nonoperating Revenues (Expenses)		
Interest Revenue	197.86	197.86
Insurance Recovery	9,398.02	9,398.02
Total Nonoperating Revenues (Expenses)	9,595.88	9,595.88
Income (Loss) Before Transfers	(21,663.13)	(21,663.13)
Operating Transfers		
Transfers In	60,863.11	60,863.11
Total Transfers	60,863.11	60,863.11
Changes in Net Position	39,199.98	39,199.98
Total Net Position - Beginning of Year, as Restated (Note 13)	305,508.81	305,508.81
Total Net Position - End of Year	$ 344,708.79	$ 344,708.79

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

Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2015

	Enterprise Fund E-911 Fund	Total Enterprise Fund
Cash Flows from Operating Activities		
Cash Received for Services	$ 379,099.94	$ 379,099.94
Payments to Employees	(310,795.21)	(310,795.21)
Payments to Suppliers	(128,700.90)	(128,700.90)
Net Cash Provided (Used) by Operating Activities	(60,396.17)	(60,396.17)
Cash Flows from Capital and Related Financing Activities		
Acquisition of Fixed Assets	(12,995.00)	(12,995.00)
Insurance Proceeds	9,398.02	9,398.02
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,596.98)	(3,596.98)
Cash Flows from Noncapital Financing Activities		
Transfers In	60,863.11	60,863.11
Net Cash Provided (Used) by Noncapital Financing Activities	60,863.11	60,863.11
Cash Flows from Investing Activities		
Interest Revenue	197.86	197.86
Net Cash Provided (Used) by Investing Activities	197.86	197.86
Net Increase (Decrease) in Cash and Cash Equivalents	(2,932.18)	(2,932.18)
Cash - Beginning of Year	201,521.28	201,521.28
Cash - End of Year	$ 198,589.10	$ 198,589.10

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

	Enterprise Fund E-911 Fund	Total Enterprise Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>		
Operating Income (Loss)	$ (31,259.01)	$ (31,259.01)
<u>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</u>		
Depreciation Expense	19,629.44	19,629.44
Change in Assets and Liabilities:		
(Increase)/Decrease Receivables	(40,279.34)	(40,279.34)
(Increase)/Decrease Prepaid Items	(1,784.36)	(1,784.36)
Increase/(Decrease) Accounts Payable	(957.49)	(957.49)
Increase/(Decrease) Accrued Wages Payable	267.87	267.87
Increase/(Decrease) Pension Liability	(6,013.28)	(6,013.28)
Net Cash Provided by Operating Activities	$ (60,396.17)	$ (60,396.17)

Statement of Fiduciary Net Position
September 30, 2015

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash	$ 221,277.54	$ 203,151.94
Accounts Receivable		9,695.16
Prepaid Items	175.00	
Total Assets	221,452.54	212,847.10
Liabilities		
Withholding Payable		212,847.10
Payable to External Parties	125,228.52	
Total Liabilities	125,228.52	$ 212,847.10
Net Position		
Held in Trust for Other Purposes	96,224.02	
Total Net Position	$ 96,224.02	

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, 2015

		Private-Purpose Trust Funds
Additions		
Contributions from:		
Law Library Fees	$	7,830.67
Work Release Program Revenue		24,769.50
Interest		185.81
Total Additions		32,785.98
Deductions		
Salaries and Benefits		36,000.00
Legal Publications		798.18
Printing and Bookbinding		71.95
Meeting and Conference Fees		200.00
Grounds Keeping Supplies		226.05
Miscellaneous		18,573.81
Total Deductions		55,869.99
Changes in Net Position		(23,084.01)
Net Position - Beginning of Year		119,308.03
Net Position - End of Year	$	96,224.02

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 Cleburne County Commission (the "Commission"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government 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. These statements distinguish between the governmental and business-type activities of the Commission. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Commission and 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, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major 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. Also accounted for in the General Fund are the self-insured vision sub-fund, the leave liability sub-fund, and the Public Buildings, Roads and Bridges sub-fund.

- ***Gasoline Tax Fund*** – The gasoline tax fund is used to account for the Commission's share of the statewide 7-cent gasoline tax. Revenues are earmarked for building and maintaining county roads.

- ***RRR Gasoline Tax Fund*** – The RRR gasoline tax fund is used to account for the Commission's share of the statewide 4-cent gasoline tax. Revenues are earmarked for resurfacing, restoration, and rehabilitation of county roads.

- ***Revenue Commissioner's Operational Fund*** – The revenue commissioner's operational fund is used to account for the expenditures of special county property taxes for the property tax reappraisal program, the operations of the revenue commissioner's office, and for salary and benefits of the revenue commissioner.

The Commission reports the following major enterprise fund:

- ***E-911 Fund*** – The E-911 fund is used to account for an emergency telephone service charge providing for the establishment of an Emergency 911 District.

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

Governmental Fund Types

- ***Special Revenue Funds*** – Special revenue funds are used to account for the proceeds of specific revenue sources (other than those derived from special assessments or dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

- ***Debt Service Funds*** – Debt service funds are used to account for the accumulation of resources that are restricted, committed or assigned for the payment of the Commission's principal and interest on governmental bonds.

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

The Commission reports the following fiduciary fund types:

Fiduciary Fund Types

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

- ***Agency Funds*** – Agency 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 governments.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are charges between the government's E-911 function and General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 is 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 includes cash on hand and demand deposits.

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.

2. Receivables

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

Millage rates for property taxes are levied at the first regular meeting of the Commission in February of each year. Property is assessed for taxation as of October 1 of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31. Amounts receivable, net of estimated refunds and estimated uncollectible amounts, are recorded for the property taxes levied in the current year. However, since the amounts are not available to fund current year operations, the revenue is deferred and recognized in the subsequent fiscal year when the taxes are both due and collectible and available to fund operations. Property tax revenue deferred is reported as a deferred inflow of resources.

Receivables due from other governments include amounts due from the state for taxes and cost-sharing, amounts due from grantors for grants issued for specific programs and amounts due from the Probate Judge.

Receivables in enterprise funds consist primarily of amounts due from Alabama Wireless for E-911 surcharges.

3. Prepaid Items

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

4. Restricted Assets

Certain general obligation warrants, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "General Obligations Warrants, Series 2014" account is used to segregate resources accumulated for debt service payments.

5. Capital Assets

Capital assets, which include: property, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental and business-type activities columns 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 and proprietary funds are as follows:

	Capitalization Threshold	Estimated Useful Life
Land	$ 1.00	
Land Improvements	$ 5,000.00	20-30 years
Buildings	$ 5,000.00	25-40 years
Equipment and Furniture	$ 5,000.00	5-15 years
Roads	$50,000.00	40 years
Bridges	$10,000.00	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.

6. 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.

7. Long-Term Obligations

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

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

8. Compensated Absences

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

Annual Leave

All classified and unclassified employees are eligible to earn vacation leave according to the following schedule for each month worked:

Years of Employment With the County	Leave Earned Per Pay Period	Maximum Accrual
1-4	4 Hours	No Maximum
5-9	5 Hours	No Maximum
10 and Over	6 Hours	No Maximum

Sick Leave

Sick leave is accrued at a rate of four hours per pay period. There is no maximum on accrued hours. Employees with 10 years or more of service will be eligible to be paid for sick leave upon separation from the county as follows:

Years of Service	% of Leave Paid
10-14	50%
15-19	75%
At Least 20	100%

The Commission uses the vesting method to accrue its sick leave liability. Under this method an accrual for the sick leave liability is based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments.

Compensatory Leave

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. An employee shall be allowed to accrue compensatory leave during the course of each fiscal year. Any compensatory leave accrual on the books as of the last pay period of each fiscal year will be paid out in full to the employee in the last pay period of September.

9. 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.

10. Pensions

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

11. Net Position/Fund Balances

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

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

- ***Restricted*** **–** Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or laws 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. Assignments and commitments of unrestricted net position should not be reported on the face of the Statement of Net Position.

Fund balance is reported in the fund financial statements. Fund balances of governmental funds are reported in classifications to indicate the level of constraints 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 intact. Examples of nonspendable fund balance reserves for which fund balances shall not be available for financing general operating expenditures include: inventories, prepaid items, and long-term receivables.

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

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

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

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

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

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, the Gasoline Tax Fund, the RRR Gasoline Tax Fund, the Revenue Commissioner's Operational Fund, and all other governmental funds. Capital projects funds adopt project-length budgets. All appropriations lapse at fiscal year-end.

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

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

Note 3 – Deposits and Investments

A. Deposits

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

B. Investments

The ***Code of Alabama 1975***, Section 11-8-11 and Section 11-81-20, authorizes the Commission to invest in obligations of the U. S. Treasury and federal agency securities along with certain pre-refunded public 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, 2015, the Commission had the following investments held by the County's Fiscal Agent.

Investments	Maturities	Fair Value
Fidelity Institutional Treasury Only – Class III	Less than 1 year	$72,444.81
Total		$72,444.81

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

Credit Risk – State law requires that pre-funded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. The Commission has no formal policy regarding credit risk. The Standard & Poor's rating of the Commission's Fidelity Institutional Treasury investment is AAAm. The Moody's rating of the Commission's Fidelity Institutional Treasury investment is Aaa-mf.

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have an investment policy, which limits the amount of securities that can be held by counterparties. The funds transferred to meet the Commission's annual debt service are invested until payments are made.

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 an investment policy, which limits the amount of exposure to this risk.

Note 4 – Receivables

On September 30, 2015, receivables for the Commission's individual major funds and other governmental funds in the aggregate are as follows:

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	Other Governmental Funds	Total Governmental Funds
Accounts Receivable	$ 24,965.19	$	$	$	$ 24,965.19
Due from Other Governments	118,163.82	124,818.09	101,255.87	91,683.96	435,921.74
Sales Tax Receivable	58,502.89				58,502.89
Total Receivables	$201,631.90	$124,818.09	$101,255.87	$91,683.96	$519,389.82

	E-911 Fund
Business-Type Activities:	
Accounts Receivable	$31,547.81
Total	$31,547.81

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance 10/1/2014	Additions/ Reclassifications	Retirements/ Reclassifications	Balance 9/30/2015
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 353,279.22	$ 2,464.01	$	$ 355,743.23
Construction in Progress	172,090.84	991,660.41		1,163,751.25
Total Capital Assets, Not Being Depreciated	525,370.06	994,124.42		1,519,494.48
Capital Assets Being Depreciated:				
Buildings	7,939,178.60	206,633.30	(17,000.00)	8,128,811.90
Improvements Other than Buildings	51,143.46			51,143.46
Equipment	253,092.97			253,092.97
Construction Equipment	1,334,521.33	129,040.75		1,463,562.08
Office Furniture and Equipment	101,465.76			101,465.76
Motor Vehicles	1,228,211.52	527,747.24	(377,574.32)	1,378,384.44
Data Processing Equipment (Computer)	296,202.80			296,202.80
Communications Equipment	709,574.78			709,574.78
Voting Machines	108,450.00			108,450.00
Fixed Assets Under Capital Lease	7,040.16			7,040.16
Bridges	2,546,447.52			2,546,447.52
Chief Ladiga Trail	940,170.45			940,170.45
Total Capital Assets Being Depreciated	15,515,499.35	863,421.29	(394,574.32)	15,984,346.32
Less Accumulated Depreciation for:				
Buildings	(1,645,437.54)	(188,048.78)	14,450.00	(1,819,036.32)
Improvements Other than Buildings	(33,698.14)	(4,371.34)		(38,069.48)
Equipment	(171,201.76)	(24,721.72)		(195,923.48)
Construction Equipment	(1,101,768.73)	(96,278.72)		(1,198,047.45)
Office Furniture and Equipment	(97,975.57)	(2,326.78)		(100,302.35)
Motor Vehicles	(945,673.63)	(118,213.59)	266,825.30	(797,061.92)
Data Processing Equipment (Computer)	(283,108.34)	(6,012.90)		(289,121.24)
Communications Equipment	(590,866.94)	(42,946.26)		(633,813.20)
Voting Machines	(108,450.00)			(108,450.00)
Fixed Assets Under Capital Lease	(2,112.05)	(1,408.03)		(3,520.08)
Bridges	(550,211.06)	(63,661.19)		(613,872.25)
Chief Ladiga Trail	(152,777.69)	(23,504.26)		(176,281.95)
Total Accumulated Depreciation	(5,683,281.45)	(571,493.57)	281,275.30	(5,973,499.72)
Total Capital Assets Being Depreciated, Net	9,832,217.90	291,927.72	(113,299.02)	10,010,846.60
Total Governmental Activities Capital Assets, Net	$10,357,587.96	$1,286,052.14	$(113,299.02)	$11,530,341.08

	Balance 10/01/2014	Additions/ Reclassifications	Retirements/ Reclassifications	Balance 09/30/2015
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	$134,671.00	$	$	$134,671.00
Office Furniture and Equipment	18,754.45			18,754.45
Data Processing Equipment (Computer)	7,500.00	12,995.00		20,495.00
Communications Equipment	7,238.75			7,238.75
Total Capital Assets Being Depreciated	168,164.20	12,995.00		181,159.20
Less Accumulated Depreciation for:				
Equipment	(33,667.75)	(13,467.10)		(47,134.85)
Office Furniture and Equipment	(12,091.73)	(2,665.09)		(14,756.82)
Data Processing Equipment (Computer)	(1,125.00)	(2,049.50)		(3,174.50)
Communications Equipment	(2,171.63)	(1,447.75)		(3,619.38)
Total Accumulated Depreciation	(49,056.11)	(19,629.44)		(68,685.55)
Total Business-Type Activities Capital Assets Being Depreciated, Net	$119,108.09	$ (6,634.44)	$	$112,473.65

	Balance 10/01/2014	Additions/ Reclassifications	Retirements/ Reclassifications	Balance 09/30/2015
Private-Purpose Trust Funds:				
Capital Assets Being Depreciated:				
Office Furniture and Equipment	$6,580.00	$	$	$ 6,580.00
Total Capital Assets Being Depreciated	6,580.00			6,580.00
Less Accumulated Depreciation for:				
Office Furniture and Equipment	(6,580.00)			(6,580.00)
Total Accumulated Depreciation	(6,580.00)			(6,580.00)
Total Private-Purpose Trust Funds Capital Assets Being Depreciated, Net	$	$	$	$

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

	Current Year Depreciation Expense
Governmental Activities	
General Government	$ 90,117.26
Public Safety	239,814.85
Highways and Roads	207,376.77
Sanitation	5,129.40
Welfare	5,111.90
Culture and Recreation	23,504.26
Education	439.13
Total Depreciation Expense – Governmental Activities	$571,493.57

	Current Year Depreciation Expense
Business-Type Activities	
E-911 Services	$19,629.44
Total Depreciation Expense – Business-Type Activities	$19,629.44

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Employees' Retirement System of Alabama (ERS), an agency multiple-employer plan, was established October 1, 1945, under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The ***Code of Alabama 1975***, Section 36-27-2, grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 13 trustees as follows:

1) The Governor, ex officio.
2) The State Treasurer, ex officio.
3) The State Personnel Director, ex officio.
4) The State Director of Finance, ex officio.
5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
   a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a county, city, or a public agency each of whom is an active beneficiary of ERS.
   b. Two vested active state employees.
   c. Two vested active employees of an employer participating in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.

Benefits Provided

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

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

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

The ERS serves approximately 846 local participating employers. These participating employers include 287 cities, 65 counties, and 494 other public entities. The ERS membership includes approximately 83,874 participants. As of September 30, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits	21,691
Terminated employees entitled to but not yet receiving benefits	1,252
Terminated employees not entitled to a benefit	5,048
Active Members	55,883
Total	83,874

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute. ERS local participating employers are not required by statute to increase contribution rates for their members.

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2015, the Commission's active employee contribution rate was 5.29% of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 4.73% of covered employee payroll.

The Cleburne County Commission's contractually required contribution rate for the year ended September 30, 2015, was 5.25% of pensionable pay for Tier 1 employees, and 2.95% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were $135,560.14 for the year ended September 30, 2015.

Net Pension Liability

The Commission's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2013, rolled forward to September 30, 2014, using standard roll-forward techniques as shown in the following table:

Total Pension Liability as of September 30, 2013 (a)	$6,202,711
Entry Age Normal Cost for October 1, 2013 – September 30, 2014 (b)	247,843
Actual Benefit Payments and Refunds for October 1, 2013 – September 30, 2014 (c)	(229,071)
Total Pension Liability as of September 30, 2014 =[(a) x (1.08)] + (b) – [(c) x (1.04)]	$6,708,537

Actuarial Assumptions

The total pension liability in the September 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75% - 7.25%
Investment rate of return (*)	8.00%

(*) Net of pension plan investment expense

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2013, valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

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

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	25.00%	5.00%
U. S. Large Stocks	34.00%	9.00%
U. S. Mid Stocks	8.00%	12.00%
U. S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	100.00%	

(*) Net assumed rate of inflation of 2.50%

<u>Discount Rate</u>

The discount rate used to measure the total pension liability was the long-term rate of return, 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

C. Changes in Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at September 30, 2013	$6,202,711	$5,830,179	$ 372,532
Changes for the Year:			
Service Cost	247,843		247,843
Interest	487,054		487,054
Contributions – Employer		137,081	(137,081)
Contributions – Employee		152,636	(152,636)
Net Investment Income		703,178	(703,178)
Benefit Payments, including Refunds of Employee Contributions	(229,071)	(229,071)	
Transfers Among Employers			
Net Changes	505,826	763,824	(257,998)
Balances at September 30, 2014	$6,708,537	$6,594,003	$ 114,534

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

The following table presents the County's net pension liability calculated using the discount rate of 8%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
Commission's Net Pension Liability	$1,019,976	$114,534	$(645,024)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2014. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2014. The auditor's report dated June 3, 2015, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al-gov.

The ERS financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

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

For the year ended September 30, 2015, the Commission recognized pension expense of $66,553. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		187,470.00
Employer contributions subsequent to the measurement date	135,560.14	
Total	$135,560.14	$187,470.00

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

Year Ending:	
September 30, 2016	$46,868
2017	$46,868
2018	$46,868
2019	$46,866
2020	$
Thereafter	$

Note 7 – Pollution Remediation

During 2014, an underground fuel system gasoline leak was discovered on the construction yard of the County Engineer/Public Works Division. Immediately after the discovery, the fuel pumps were closed, and remedial actions began. Pollution remediation obligations have been estimated and reported in Exhibits 1 and 2 of the financial statements for the implementation of corrective actions. These obligations are categorized in the EPA "Clean Water Rule" Federal Water Pollution Control Act, 33 U.S.C. 1251, et seq., including Sections 3301, 304, 311, 401, 402, 404, and 501, and the Alabama Department of Environmental Management, Water Division's Water Quality Program, Chapter 335-6-15 Technical standards, Corrective Action Requirements and Financial Responsibility for Owners and Operators of Underground Storage Tanks, along with the Alabama Water Pollutions Control Act, listed in the ***Code of Alabama 1975***, Section 22-22-1 through 22. The County's reported pollution remediation liability is an estimate provided by Mr. Michael Doran, Principal Scientist, of Southeast Environmental Compliance. The corrective action items were based on the ADEM Corrective Action requirements for AST sites. The estimate consists of the preparation of a Corrective Action Plan, installation of recovery wells, installation of recovery system piping for new wells and DPVE, disposal of petroleum contaminated stockpile, completion of the Risk Assessment Evaluation, tri-annual GW monitoring and operations and maintenance for one system, burial of existing recovery system piping, purchase of two new DPVE systems, rental of a thermal oxidizer, and the DVPE systems maintenance costs. The pollution remediation liability is subject to change due to changes in the cost of goods and services, changes in technology, or changes in laws and regulations governing the remediation effort. ADEM may require additional corrective actions to be completed if the groundwater quality does not reach the site specific goals as calculated by the ARBCA risk assessment. The site was deemed ineligible for participation in the Alabama Storage Tank Trust Fund, and the County has no knowledge of any additional recovery programs for leaking storage tank sites; therefore, no recovery estimates have been applied at this time.

The following is a schedule of the estimated pollution remediation costs:

	Pollution Remediation	
Fiscal Year Ending	Estimates	Actual
September 30, 2015	$243,300.00	$226,846.08
2016	291,500.00	
2017	107,000.00	
2018	85,000.00	
2019	87,000.00	
2020	90,000.00	
2021	90,000.00	
Totals	$993,800.00	$226,846.08

Note 8 – Long-Term Debt

In August 2004, General Obligation Warrants, Series 2004, with fixed interest rates of 3.50 to 4.80 percent were issued to advance refund $2,050,000 of the Cleburne County Public Building Authority's Revenue Warrants (County Jail Project), Series 2000. In May 2014, General Obligation Warrants, Series 2014, were issued to refund $1,920,000 of the Cleburne County Public Building Authority's Revenue Warrants (County Jail Project), Series 2004.

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2015:

	Debt Outstanding 10/01/2014 (*)	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2015	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
General Obligation Warrants, Series 2014	$1,920,000.00	$	$(175,000.00)	$1,745,000.00	$180,000.00
Add: Unamortized Premium	20,258.82		(2,095.74)	18,163.08	2,095.74
Total Warrants Payable	1,940,258.82		(177,095.74)	1,763,163.08	182,095.74
Other Liabilities:					
Capital Lease	4,781.41		(1,832.23)	2,949.18	1,830.48
Estimated Liability for Pollution Remediation	993,800.00		(226,846.08)	766,953.92	291,500.00
Estimated Liability for Compensated Absences	540,759.23		(32,547.29)	508,211.94	127,946.13
Net Pension Liability	338,318.90		(234,303.63)	104,015.27	
Total Other Liabilities	1,877,659.54		(495,529.23)	1,382,130.31	421,276.61
Total Governmental Activities	3,817,918.36		(672,624.97)	3,145,293.39	603,372.35
Business-Type Activities:					
Net Pension Liability	34,213.10		(23,694.37)	10,518.73	
Total Business-Type Activities	34,213.10		(23,694.37)	10,518.73	
Total Long-Term Liabilities	$3,852,131.46	$	$(696,319.34)	$3,155,812.12	$603,372.35

(*) Beginning Balance was restated due to the implementation of new GASB standards pertaining to Net Pension Liability.

The compensated absences liability attributable to the governmental activities as well as business type activities will be liquidated by the Commission's Leave Accrual Fund, which is included, for reporting purposes, in the General Fund. Each pay period, each fund, including both governmental and business-type activities, pay that pay period's leave accrual amount into the Leave Accrual Fund, thus all liability is accumulated here, with no residual amounts in the individual funds. When the Commission initiated this practice on October 1, 2009, each funds current balance was calculated and paid into the fund over the next three fiscal years. The payments made to the Leave Accrual Fund are based on each employees earned vacation and sick time multiplied by that employee's pay rate.

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

	Governmental Activities		
	General Obligation Warrants Series 2014		Total Principal and Interest Requirements
Fiscal Year Ending	Principal	Interest	To Maturity
September 30, 2016	$ 180,000.00	$ 37,332.50	$ 217,332.50
2017	180,000.00	33,732.50	213,732.50
2018	185,000.00	30,132.50	215,132.50
2019	190,000.00	26,432.50	216,432.50
2020	195,000.00	20,682.50	215,682.50
2021-2024	815,000.00	51,357.50	866,357.50
Totals	$1,745,000.00	$199,670.00	$1,944,670.00

Deferred Inflows/Outflows on Refunding and Premiums

The Commission has premiums in connection with the issuance of its 2014 General Obligation Warrants. The premiums and loss on refunding are being amortized using the straight line method over a period of ten years.

	Deferred Inflows/ Outflows on Refunding	Premium
Total Deferred Inflow/Outflow on Refunding, Premium and Discount	$165,271.85	$21,132.05
Amortized Previous Years	6,944.20	873.23
Balance Deferred Inflow/Outflow on Refunding and Premium	158,327.65	20,258.82
Current Amount Amortized	16,666.07	2,095.74
Balance Deferred Inflow/Outflow on Refunding and Premium	$141,661.58	$18,163.08

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 $500,000 per claim for a maximum total coverage of $2,000,000 and unlimited defense costs. Employment-related practices damage protection is limited to $50,000 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 base on the current NCCI Alabama loss costs and a loss cost modifier to meet the required premiums of the Fund. Member premiums are then calculated on a rate per $100 of estimated remuneration for each job class, which is adjusted by an experience modifier for the individual county. The Commission may qualify for additional discounts based on losses and premium size. Pool participants are eligible to receive refunds of unused premiums and the related investment earnings.

The Commission purchases commercial insurance for its other risks of loss, including property and casualty insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Commission has employee health insurance coverage through the Local Government Health Insurance Program, administered by the State Employee's Health Insurance Board (SEHIB). They may participate in a plan administered by Blue Cross/Blue Shield which functions as a public entity risk pool. This plan is self-sustaining through member premiums. Monthly premiums are determined annually by the plan's actuary and are based on the pool's claims experience, considering any remaining fund balance on hand available for claims.

The Commission is self-insured with regard to vision insurance. Employees and family members covered by the Blue Cross health care plan automatically receive county vision care services. A flat contribution (set by the Commission) is paid into the program each month for each employee. Coverage is provided at 80 percent of actual costs up to $300 per calendar year per individual except for refractive services. Effective May 15, 2006, the Commission provided coverage for refractive surgery at 80% of actual costs up to $1,000 per eye. This is a lifetime benefit.

Fiscal Years	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2012-2013	$	$5,407.22	$5,407.22	$
2013-2014	$	$6,682.49	$6,682.49	$
2014-2015	$	$5,692.28	$5,692.28	$

<u>Note 10 – Interfund Transactions</u>

<u>Interfund Receivables and Payables</u>

The amounts due to/from other funds at September 30, 2015, were as follows:

	Interfund Receivables	
	E-911 Fund	Totals
Interfund Payables		
Governmental Funds:		
Other Governmental Funds	$18,870.25	$18,870.25
Total	$18,870.25	$18,870.25

Interfund Transfers

The amounts of interfund transfers during fiscal year ended September 30, 2015, were as follows:

	Transfers Out		
	General Fund	Other Governmental Funds	Totals
Transfers In			
General Fund	$	$ 96,968.49	$ 96,968.49
Gasoline Tax Fund	138,643.65		138,643.65
RRR Gasoline Tax Fund		182,283.38	182,283.38
Other Governmental Funds		212,544.60	212,544.60
Sub-Total Governmental Funds	138,643.65	491,796.47	630,440.12
Enterprise Fund – E-911 Fund	30,000.00	30,863.11	60,863.11
Totals	$168,643.65	$522,659.58	$691,303.23

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

Note 11 – Related Organizations

A majority of the members of the following agencies are appointed by the Commission: Cleburne County Library Board, Cleburne County Public Building Authority, Cleburne County Department of Human Resources Board, Cleburne County Hospital Board, Cleburne County Mental Health Board, and Cleburne County Water Authority. The Commission, however, is not financially accountable because it does not impose its will and have a financial benefit or burden relationship for these agencies, and 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 – Subsequent Events

On November 9, 2015, the Cleburne County Commission made a resolution to sign a general obligation warrant in the amount of $600,000 with Metro Bank for the purpose of acquiring funds to purchase equipment, employ MK Environmental, Inc. and any other expenses incurred with the pollution remediation obligation.

Effective June 1, 2016, the Cleburne County Commission created an appointed emergency communications board for oversight of the county’s E-911 and central dispatch services.

Note 13 – Restatements

In fiscal year 2015, the Cleburne County Commission adopted Governmental Accounting Standards Board (GASB) Statement Number 68, ***Accounting and Financial Reporting for Pensions***. The provisions of this Statement establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of this statement requires a restatement to beginning net position. The adoption of this statement has a significant impact on the Cleburne County Commission's financial statements. For fiscal year 2015, the Cleburne County Commission made prior period adjustments due to the adoption of GASB Statement Number 68, which require the restatement of the September 30, 2014, net position in governmental activities and business-type activities. The result is a decrease in Net Position for governmental activities at October 1, 2014, of $213,827.33 and a decrease in Net Position for business-type activities at October 1, 2014, of $21,623.67.

	Governmental Activities	Business-Type Activities	Total
Net Position, September 30, 2014, as Previously Reported	$12,159,548.11	$327,132.48	$12,486,680.59
Net Position Restatements:			
Net Pension Liability Due to the Adoption of GASB 68	(213,827.33)	(21,623.67)	(235,451.00)
Net Position, September 30, 2014, as Restated	$11,945,720.78	$305,508.81	$12,251,229.59

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Required Supplementary Information

Schedule of Changes in the Net Pension Liability
For the Year Ended September 30, 2015

		2015
Total pension liability		
Service cost	$	247,843
Interest		487,054
Benefit payments, including refunds of employee contributions		(229,071)
Net change in total pension liability		505,826
Total pension liability - beginning		6,202,711
Total pension liability - ending (a)	$	6,708,537
Plan fiduciary net position		
Contributions - employer	$	137,081
Contributions - employee		152,636
Net investment income		703,178
Benefit payments, including refunds of employee contributions		(229,071)
Net change in plan fiduciary net position		763,824
Plan fiduciary net positions - beginning		5,830,179
Plan fiduciary net positions - ending (b)	$	6,594,003
Commission's net pension liability - ending (a) - (b)	$	114,534
Plan fiduciary net position as a percentage of the total pension liability		98.29%
Covered-employee payroll (*)	$	2,876,640
Commission's net pension liability as a percentage of covered-employee payroll		3.98%

Benefit changes: In 2015, benefit terms were modified to base employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions: In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of general employees. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of employees.

(*) This is the Employer's covered-employee payroll (or the total payroll paid to covered employees, not just pensionable payroll). For fiscal year 2015, the measurement period is October 1, 2013 - September 30, 2014.

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

Schedule of the Employer's Contributions
For the Year Ended September 30, 2015

	2015	2014
Actuarially determined contribution	$ 135,560	$ 137,081
Contributions in relation to the actuarially determined contribution	$ 135,560	$ 137,081
Contribution deficiency (excess)	$	$
Covered-employee payroll	$ 2,866,362	$ 2,876,640
Contributions as a percentage of covered-employee payroll	4.73%	4.77%

Notes to Schedule

Valuation date:
Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2015 were based on the September 30, 2012, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	27 years
Asset valuation method	Five year smoothed market
Inflation	3%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8%, net of pension plan investment expense, including inflation

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

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 1,613,351.80	$ 1,613,351.80	$ 1,684,657.69
Licenses and Permits	11,500.00	11,500.00	12,640.00
Intergovernmental	443,600.00	443,600.00	484,049.94
Charges for Services	949,550.00	949,550.00	877,106.60
Fines and Forfeits			3,976.50
Miscellaneous	43,990.00	43,990.00	352,913.59
Total Revenues	3,061,991.80	3,061,991.80	3,415,344.32
Expenditures			
Current:			
General Government	1,300,806.15	1,301,406.15	1,390,691.53
Public Safety	1,945,667.44	2,153,081.32	1,758,247.91
Sanitation	125,283.64	161,783.64	162,209.38
Welfare	65,394.39	65,394.39	56,163.78
Culture and Recreation	25,000.00	25,000.00	25,000.00
Education	17,750.00	18,950.00	40,071.80
Capital Outlay			363,823.94
Debt Service:			
Principal Retirement			1,832.23
Total Expenditures	3,479,901.62	3,725,615.50	3,798,040.57
Excess (Deficiency) of Revenues Over Expenditures	(417,909.82)	(663,623.70)	(382,696.25)
Other Financing Sources (Uses)			
Transfers In	411,068.49	411,068.49	375,068.49
Sale of Capital Assets			6,140.00
Proceeds from Insurance			22,590.38
Transfers Out	(257,620.16)	(257,620.16)	(168,643.65)
Total Other Financing Sources (Uses)	153,448.33	153,448.33	235,155.22
Net Changes in Fund Balances	(264,461.49)	(510,175.37)	(147,541.03)
Fund Balances - Beginning of Year	2,193,424.82	2,193,424.82	3,081,260.25
Fund Balances - End of Year	$ 1,928,963.33	$ 1,683,249.45	$ 2,933,719.22

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1)	$ 292,120.71	$ 1,976,778.40
		12,640.00
(1)	8,198.34	492,248.28
		877,106.60
		3,976.50
(1)	45.44	352,959.03
	300,364.49	3,715,708.81
		1,390,691.53
		1,758,247.91
		162,209.38
		56,163.78
		25,000.00
		40,071.80
		363,823.94
		1,832.23
		3,798,040.57
	300,364.49	(82,331.76)
(2)	(278,100.00)	96,968.49
		6,140.00
		22,590.38
		(168,643.65)
	(278,100.00)	(42,944.78)
(3)	22,264.49	(125,276.54)
	15,239.18	3,096,499.43
	$ 37,503.67	$ 2,971,222.89

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2015

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

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

(1) Revenues		
Public Roads, Buildings and Bridges	$	297,304.56
Gateway District		3,059.93
(2) Other Financing Sources		
Public Roads, Buildings and Bridges Fund		
Net Increase in Fund Balance - Budget to GAAP		

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

$	300,364.49
	(278,100.00)
$	22,264.49

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Intergovernmental	$ 929,800.00	$ 929,800.00	$ 934,560.13
Charges for Services			4,141.48
Miscellaneous	312,350.00	312,350.00	338,410.42
Total Revenues	1,242,150.00	1,242,150.00	1,277,112.03
Expenditures			
Current:			
Highways and Roads	1,770,847.39	1,770,142.72	1,405,496.66
Capital Outlay	52,000.00	300,670.67	249,946.24
Total Expenditures	1,822,847.39	2,070,813.39	1,655,442.90
Excess (Deficiency) of Revenues Over Expenditures	(580,697.39)	(828,663.39)	(378,330.87)
Other Financing Sources (Uses)			
Transfers In	260,735.00	260,735.00	138,643.65
Sale of Capital Assets		248,515.00	248,515.00
Total Other Financing Sources (Uses)	260,735.00	509,250.00	387,158.65
Net Change in Fund Balances	(319,962.39)	(319,413.39)	8,827.78
Fund Balances - Beginning of Year	450,735.00	450,735.00	870,259.30
Fund Balances - End of Year	$ 130,772.61	$ 131,321.61	$ 879,087.08

Budget to GAAP Differences	Actual Amounts GAAP Basis
$	$ 934,560.13
	4,141.48
	338,410.42
	1,277,112.03
	1,405,496.66
	249,946.24
	1,655,442.90
	(378,330.87)
	138,643.65
	248,515.00
	387,158.65
	8,827.78
	870,259.30
$	$ 879,087.08

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - RRR Gasoline Tax Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	**Final**	**Budgetary Basis**
Revenues			
Intergovernmental	$ 640,000.00	$ 640,000.00	$ 1,460,543.08
Miscellaneous	200.00	200.00	3,273.03
Total Revenues	640,200.00	640,200.00	1,463,816.11
Expenditures			
Current:			
Highways and Roads	774,100.00	644,733.38	721,134.39
Capital Outlay		129,366.62	810,724.41
Total Expenditures	774,100.00	774,100.00	1,531,858.80
Excess (Deficiency) of Revenues Over Expenditures	(133,900.00)	(133,900.00)	(68,042.69)
Other Financing Sources (Uses)			
Transfers In			182,283.38
Total Other Financing Sources (Uses)			182,283.38
Net Change in Fund Balances	(133,900.00)	(133,900.00)	114,240.69
Fund Balances - Beginning of Year	266,700.00	266,700.00	71,900.54
Fund Balances - End of Year	$ 132,800.00	$ 132,800.00	$ 186,141.23

Budget to GAAP Differences	Actual Amounts GAAP Basis
$	$ 1,460,543.08
	3,273.03
	1,463,816.11
	721,134.39
	810,724.41
	1,531,858.80
	(68,042.69)
	182,283.38
	182,283.38
	114,240.69
	71,900.54
$	$ 186,141.23

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Revenue Commissioner's Operational Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 385,000.00	$ 385,000.00	$ 361,200.41
Charges for Services			4.00
Miscellaneous	200.00	200.00	183.97
Total Revenues	385,200.00	385,200.00	361,388.38
Expenditures			
Current:			
General Government	417,491.10	417,491.10	375,789.13
Capital Outlay			
Total Expenditures	417,491.10	417,491.10	375,789.13
Excess (Deficiency) of Revenues Over Expenditures	(32,291.10)	(32,291.10)	(14,400.75)
Net Change in Fund Balances	(32,291.10)	(32,291.10)	(14,400.75)
Fund Balances - Beginning of Year	50,000.00	50,000.00	14,400.75
Fund Balances - End of Year	$ 17,708.90	$ 17,708.90	$

Budget to GAAP Differences	Actual Amounts GAAP Basis
$	$ 361,200.41
	4.00
	183.97
	361,388.38
	375,789.13
	375,789.13
	(14,400.75)
	(14,400.75)
	14,400.75
$	$

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Additional Information

Commission Members and Administrative Personnel

October 1, 2014 through September 30, 2015

Commission Members		Term Expires
Hon. Ryan Robertson	Ex-Officio Chairman	January 2019
Hon. Laura Cobb	Member	November 2016
Hon. Emmett Owen	Member	November 2018
Hon. Terry Hendrix	Member	November 2018
Hon. Benji Langley	Member	November 2014
Hon. Bobby Brooks	Member	November 2016

Administrative Personnel

Mr. Steve Swafford	County Administrator	Indefinite

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

Independent Auditor's Report

To: Members of the Cleburne 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Cleburne County Commission (the "Commission") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 17, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) 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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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***. We noted a certain matter that we have reported to the management of the Commission in the Schedule of State and Local Compliance and Other Findings.

Cleburne County Commission's Response to Finding

The Cleburne County Commission's response to the finding identified in our audit is described in the accompanying Auditee Response. The Cleburne County Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Montgomery, Alabama

November 17, 2016

Auditee Response

CLEBURNE COUNTY COMMISSION

RYAN ROBERTSON
Chairman

LAURA COBB
District 1

EMMETT OWEN
District 2

TERRY HENDRIX
District 3

JAKE DURHAM
District 4

STEVE SWAFFORD
Administrator

LEE ESTES
Engineer

December 5th, 2016

Mr. James Hall
Director of the County Audit Division
Alabama Department of Public Examiners
P.O. Box 302251
Montgomery, AL 36130-2251

Dear Mr. Hall,

Please see the attached corrective action plan submitted in conjunction with our fiscal year 2015 audit.

If you have any questions, please contact me at 256-310-2625.

Sincerely,

Ryan Robertson

Ryan Robertson

P.O. Box 908 • 6751 Hwy 78 • Heflin, AL 36264 • P 256.463.3838 • F 256.463.7829

Corrective Action Plan
For the Year Ended September, 30, 2015

Generally Accepted Governmental Auditing Standards issued by the Comptroller General of the United States, requires the inclusion of the views of responsible officials concerning the findings, recommendations, and corrective actions planned.

The Cleburne County Commission has prepared and hereby submits the following Corrective Action Plan for the finding included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2014.

Finding Ref. No.	**Corrective Action Plan Details**
2015-001	***Finding:*** According to the Employees' Retirement System of Alabama Agency Manual, member contributions remitted to the Employees' Retirement System must be based on earnable compensation which specifically excludes payments for unused leave balances. Some employees who had submitted an intent to retire had retirement deductions withheld and contributions remitted to the Employees' Retirement System on compensation from cash payouts of unused annual and sick leave. Three employees were cashing out between 25 and 75 hours of leave per pay period throughout the fiscal year ended September 30th, 2015. Four employees were cashing out between 40 and 90 hours per pay period in the subsequent period. Retirement contributions were paid on these amounts. ***Corrective Action Discussion:*** The identified lack of clarity between county policy regarding the impact of leave conversions and RSA procedures creates a need to better define the process if the Commission chooses to amend its current policy to better communicate the impact of leave conversion / incentive and its impact on an employee's base salary. Upon examination, the county found no violations, negative impacts or concerns regarding regulations or limitations in IRS §401(a)(17). The county's historic consideration of the income in question as part of the employee's base pay was seen as an incentive for the employee directly proportional to the employee's conservation of his/her leave in compliance with the employer's request. This allowed the Commission to receive expanded personnel capacity and a greater impact from those employees who chose to apply more of their available work time towards their work as opposed to utilizing leave. Care was always given to work within the stated RSA policy such as the identified exceptions that excludes deductions for "lump-sum payments for unused accrued sick and or annual leave". When the

county issued lump sum payments of leave, deductions were not withheld.

The definition of "lump-sum payment", the referenced term in the Employees' Retirement System of Alabama Agency Manual, in itself contrasts directly with the practice of the Commission with its definition being: *a single large payment made all at once in lieu of several smaller payments made at regular or infrequent intervals.* It is our opinion that the term "lump-sum payments" was used purposefully by RSA and should be interpreted as such.

With this said, the Cleburne County Commission was asked to request the RSA to review the county's policy and practice. In response to our request, the RSA provided a response dated October 13th, 2016 stating that *"...payments on the sick leave drawn down is not subject to retirement contributions to be submitted to the Employees' Retirement System".*

Actions Taken: Upon receipt of the above referenced letter, the County has suspended the submission of withholdings and contributions indefinitely; pending a possible unforeseen future agreement to be reached between the County and the RSA which might either successfully defend the present policy or mold a future policy accomplishing the Commission's prior intent, if that intent indeed still exists among the current members of the board.