

Report on the

# **Cleburne County Commission**

**Cleburne County, Alabama**

**October 1, 2009 through September 30, 2010**

Filed: June 1, 2012



## **Department of Examiners of Public Accounts**

**50 North Ripley Street, Room 3201  
P.O. Box 302251  
Montgomery, Alabama 36130-2251  
Website: [www.examiners.alabama.gov](http://www.examiners.alabama.gov)**

*Ronald L. Jones, Chief Examiner*





Ronald L. Jones  
Chief Examiner

State of Alabama  
Department of  
**Examiners of Public Accounts**

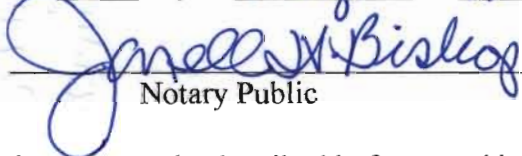
P.O. Box 302251, Montgomery, AL 36130-2251  
50 North Ripley Street, Room 3201  
Montgomery, Alabama 36104-3833  
Telephone (334) 242-9200  
FAX (334) 242-1775

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

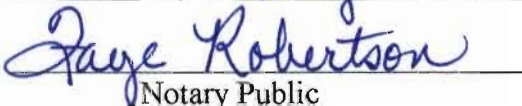
Dear Sir:

Under the authority of the *Code of Alabama 1975*, Section 41-5-21, we submit this report on the results of the audit of the Cleburne County Commission, Cleburne County, Alabama, for the period October 1, 2009 through September 30, 2010.

Sworn to and subscribed before me this  
the 2nd day of May, 2012.

  
Notary Public

Sworn to and subscribed before me this  
the 2 day of May, 2012.

  
Notary Public

Respectfully submitted,



BriAnna B. Upchurch  
Examiner of Public Accounts



Brandi D. Bishop  
Examiner of Public Accounts

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Department of  
**Examiners of Public Accounts**

**SUMMARY**

**Cleburne County Commission  
October 1, 2009 through September 30, 2010**

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 19. 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, including those applicable to its major federal financial assistance programs. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States as well as the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5-14.

An unqualified 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, 2010.

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

Instances of noncompliance with state and local laws and regulations and other matters were found during the audit as shown on the Schedule of State and Local Compliance and Other Findings and they are summarized below:

**CURRENT FINDINGS**

- ◆ 2010-01 relates to the Commission's failure to display a permanent license plate and a county asset decal on a county owned vehicle used by the County Administrator. In addition, the county displayed a collegiate tag on the county owned vehicle and paid the license taxes.

- ◆ 2010-02 relates to unallowable expenditures of public funds.

Problems were found with the Commission's internal controls over financial reporting and its internal controls over compliance for its federal assistance programs (Exhibit 22) and they are summarized below:

- ◆ 2010-03 relates to the Commission's failure to follow established control procedures over expenditures.
- ◆ 2010-04 relates to the Commission's failure to provide supporting documentation for expenditures of a federal program.
- ◆ 2010-05 relates to the lack of controls over the submission of original vendor invoices to pass-through agencies which led to an overpayment of travel expenses to the County Administrator.
- ◆ 2010-06 relates to the lack of controls over verifying and documenting that amounts paid for procurement type expenditures were equal to the amount agreed upon in the bid contract.

As reflected on Exhibit 24, charges totaling \$366.99 against the county administrator resulted from improper expenditures of public funds for club dues, license fees paid for a private passenger tag used on a county vehicle and for overpayment of travel expenses. These amounts were repaid at the conclusion of the audit. Additionally, charges against the Commissioners resulted from improper expenditures of public funds for charitable donations. Official demand was made on the Commissioners requesting repayment in the amount of \$3,687.31. At a meeting with the Chief Examiner, the Commissioners failed to show just cause as to why the amount should not be paid; therefore, relief was denied as evidenced by the Order of the Chief Examiner. The charges remain unpaid and, as a result, this report will be certified to the District Attorney for collection.

The following officials/employees were invited to an exit conference to discuss the findings and recommendations appearing in this report: Ryan Robertson, Ex-officio Chairman; County Commissioners: Joel Robinson, Tracy Lambert, Dwight Williamson, and Rex Nolen; Steve Swafford, County Administrator; and Melissa Wood, County Finance Officer. The following individuals attended the exit conference, held at the office of the County Commission: Ryan Robertson, Ex-officio Chairman; County Commissioners: Joel Robinson and Rex Nolen; Steve Swafford, County Administrator; Melissa Wood, County Finance Officer; and representatives from the Department of Examiners of Public Accounts: Kathy Wren, Assistant Division Director; Gwyn M. Griggs, Audit Manager; BriAnna Upchurch, Examiner of Public Accounts; and Brandi Bishop, Examiner of Public Accounts.

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*Schedule of State and Local  
Compliance and Other Findings*

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## *Schedule of State and Local Compliance and Other Findings*

### *For the Year Ended September 30, 2010*

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Ref. No.	Finding/Noncompliance
2010-01	<p><b><u>Finding:</u></b>  The <i>Code of Alabama 1975</i>, Section 40-12-250, states “motor vehicles owned and used by the state, a county, or a municipality of this state shall not be subject to the payment of license taxes levied, but shall display permanent license plates.” Also, the Commission’s Resolution #3037 dated August 12, 2002, states “Be it resolved by the Cleburne County Commission to require that all county equipment and vehicles have a county tag and decal on them.” The Commission did not display a permanent county license plate or a county asset decal on all county owned vehicles. In fiscal year 2010, a total of \$58.92 was paid to purchase and display a collegiate tag for a county owned vehicle used by the County Administrator. Also, a total of \$74.25 was paid to renew this tag in the subsequent period. An additional amount of \$24.25 was paid on October 17, 2011 to purchase and display a private passenger tag for this same county vehicle. These amounts, totaling \$157.42, are reflected on Exhibit 24 as charges against the County Administrator and were repaid subsequent to the conclusion of the audit.</p> <p><b><u>Recommendation:</u></b>  All county owned vehicles should display permanent license plates and county asset decals and should not be subject to the payment of license taxes levied on an annual basis.</p>
2010-02	<p><b><u>Finding:</u></b>  Section 94 of the Constitution of Alabama, 1901, as amended by Amendment 558, prohibits a county from giving money to a private person, corporation or association. In the case of <u>Slawson v. Alabama Forestry Commission</u>, 631 So. 2d 953 (Ala. 1994), the Court stated “the paramount test should be whether the expenditure confers a direct public benefit of a reasonably general character, that is to say, to a significant part of the public, as distinguished from a remote and theoretical benefit.” In Attorney General Opinion Number 97-00099, the Alabama Attorney General’s Office reiterated the Supreme Court’s statement, whether or not an appropriation is for a public purpose is <i>legislative in nature</i> (emphasis added); and therefore, the <i>governing body</i> (emphasis added) must determine if the appropriation of funds is for a public purpose. Furthermore, in Attorney General Opinion Number 2010-010, the Alabama Attorney General’s Office determined “that a <i>governing body</i> (emphasis added) may expend public funds if it determines a public purpose is served.” The Commission expended public funds, totaling \$3,762.31, without the governing body properly determining a public purpose was served. These amounts are reflected as charges on Exhibit 24.</p> <p><b><u>Recommendation:</u></b>  The Commission should ensure that all expenditures of public funds are made in accordance with applicable laws and regulations.</p>



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# *Independent Auditor's Report*

## **Independent Auditor's Report**

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, 2010, which collectively comprise the basic financial statements of the Cleburne County Commission as listed in the table of contents as Exhibits 1 through 11. These financial statements are the responsibility of the Cleburne County Commission's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards***, we have also issued our report dated May 2, 2012 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*** and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis (MD&A), the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, (Exhibits 12 through 16) and the Schedule of Funding Progress (Exhibit 17) are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cleburne County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 18) as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Ronald L. Jones".

Ronald L. Jones  
Chief Examiner

Department of Examiners of Public Accounts

May 2, 2012

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*Management's Discussion and Analysis*  
*(Required Supplementary Information)*

**CLEBURNE COUNTY COMMISSION**  
**Management's Discussion and Analysis (MD&A)**  
**For the Year Ended September 30, 2010**

## **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, 2010. 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 \$574,158.50. Purchases include two 2010 Crown Victoria's and a small button-hole camera for the Sheriff's Department and two servers, one of which is used for mapping, for the Revenue Commissioner's Office. The county also purchased three BushWhacker 15 foot Bush Hogs and a roller for the Road Department, as well as fencing, a gate, a camera and security system and an outside lighting system for the Engineer's Office. Two new vehicles were purchased for the EMA and grant funds were used to purchase a new van for the transportation department. The county has grants that provide funding to help prepare the county for chemical weapons destruction at the Anniston-Army Depot. The grants allowed the county to continue the process of building a new EMA / administrative facility. The building will not be completed until FY 2012.
- For governmental activities, assets exceeded liabilities at the close of the 2010 fiscal year by \$9,443,049.20. This is an increase in net assets of \$19,273.10 from FY 2009. Of the net assets for FY 2010, \$5,502,206.03 was invested in capital assets net of accumulated depreciation and reduced by the balance of outstanding debt. The remainder of the excess restricted for debt was \$38,370.82, restricted for road projects was \$447,158.70, and restricted for other purposes was \$205,651.82, leaving an unrestricted balance of \$3,249,661.83.
- For business-type activities, assets exceeded liabilities at the close of the 2010 fiscal year by \$492,585.70. This is an increase in net assets of \$18,468.44 from FY 2009. Of the net assets for FY 2010, \$21,779.65 was invested in capital assets net of accumulated depreciation and reduced by the balance of outstanding debt. The remainder is an unrestricted balance of \$470,806.05.

## **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 Assets and a Statement of Activities. The Statement of Net Assets is similar to a balance sheet, which shows assets minus liabilities equaling net assets. Net assets reported in this statement show the changes in net assets for the current and past years. 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 five major funds for fiscal year 2010, which includes the General Fund. The other funds are Gasoline Tax Fund, Public Buildings, Roads and Bridges Fund, Revenue Commissioner's Operational Fund, and Chemical Stockpile Emergency Preparedness Program Fund. All other non-major funds are grouped together into a final column as Other Governmental Funds. Each year the county will have to 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 assets and the changes in net assets. 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 assets can help in assessing how well a government is doing financially. Increases or decreases in net assets over time can indicate whether a government is improving or not improving.

### Condensed Statement of Net Assets

#### For Governmental Activities As of September 30, 2010

	2010	2009	\$ Change	% Change
Current Assets	5,625,136.97	5,795,889.82	(170,752.85)	-2.95%
Noncurrent Assets	140,596.62	187,942.51	(47,345.89)	-25.19%
Capital Assets, net depreciation	7,636,357.19	7,643,610.59	(7,253.40)	-0.09%
Total Assets	13,402,090.78	13,627,442.92	(225,352.14)	-1.65%
Current Liabilities	1,610,166.15	1,759,303.11	(149,136.96)	-8.48%
Noncurrent Liabilities	2,348,875.43	2,444,363.71	(95,488.28)	-3.91%
Total Liabilities	3,959,041.58	4,203,666.82	(244,625.24)	-5.82%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	5,502,206.03	5,202,608.72	299,597.31	5.76%
Restricted for Debt Service	38,370.82	76,772.29	(38,401.47)	-50.02%
Restricted for Road Projects	447,158.70	695,630.76	(248,472.06)	-35.72%
Restricted for Other Purposes	205,651.82	317,490.27	(111,838.45)	-35.23%
Unrestricted	3,249,661.83	3,131,274.06	118,387.77	3.78%
Total Net Assets	9,443,049.20	9,423,776.10	19,273.10	0.20%

### Condensed Statement of Net Assets

#### For Business-Type Activities As of September 30, 2010

	2010	2009	\$ Change	% Change
Current Assets	482,701.25	449,855.39	32,845.86	7.30%
Noncurrent Assets	-	-	-	0.00%
Capital Assets, net depreciation	21,779.65	31,627.55	(9,847.90)	-31.14%
Total Assets	504,480.90	481,482.94	22,997.96	4.78%
Current Liabilities	6,957.33	4,252.31	2,705.02	63.61%
Noncurrent Liabilities	4,937.87	3,113.37	1,824.50	58.60%
Total Liabilities	11,895.20	7,365.68	4,529.52	61.49%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	21,779.65	31,627.55	(9,847.90)	-31.14%
Unrestricted	470,806.05	442,489.71	28,316.34	6.39%
Total Net Assets	492,585.70	474,117.26	18,468.44	3.90%



**Condensed Statement of Net Assets**  
**Total Governmental & Business-Type Activities**  
As of September 30, 2010

	2010	2009	\$ Change	% Change
Current Assets	6,107,838.22	6,245,745.21	(137,906.99)	-2.21%
Noncurrent Assets	140,596.62	187,942.51	(47,345.89)	-25.19%
Capital Assets, net depreciation	7,658,136.84	7,675,238.14	(17,101.30)	-0.22%
Total Assets	13,906,571.68	14,108,925.86	(202,354.18)	-1.43%
Current Liabilities	1,617,123.48	1,763,555.42	(146,431.94)	-8.30%
Noncurrent Liabilities	2,353,813.30	2,447,477.08	(93,663.78)	-3.83%
Total Liabilities	3,970,936.78	4,211,032.50	(240,095.72)	-5.70%
Net Assets:				
Invested in Capital Assets,				
Net of Related Debt	5,523,985.68	5,234,236.27	289,749.41	5.54%
Restricted for Debt Service	38,370.82	76,772.29	(38,401.47)	-50.02%
Restricted for Road Projects	447,158.70	695,630.76	(248,472.06)	-35.72%
Restricted for Other Purposes	205,651.82	317,490.27	(111,838.45)	-35.21%
Unrestricted	3,720,467.88	3,573,763.77	146,704.11	4.10%
Total Net Assets	9,935,634.90	9,897,893.36	37,741.54	0.38%

The Commission's total assets exceeded liabilities by \$9,935,634.90. This is an increase of 0.38% over FY09. Also, total capital assets less depreciation totaled \$7,658,136.84. This is a decrease of 0.22% over FY09. Total net assets include \$5,523,985.68 invested in capital assets net of outstanding debt, \$691,181.34 in restricted net assets, leaving \$3,720,467.88 in unrestricted net assets.

**Condensed Statement of Activities**  
**For**  
**Governmental Activities**  
As of September 30, 2010

	2010	2009	\$ Change	% Change
<b>Expenses</b>				
General Government	1,767,663.42	1,405,436.77	362,226.65	25.77%
Public Safety	4,924,925.91	6,571,147.24	(1,646,221.33)	-25.05%
Highways & Roads	3,146,377.03	3,337,862.81	(191,485.78)	-5.74%
Sanitation	116,473.34	76,260.14	40,213.20	52.73%
Welfare	64,219.15	53,950.46	10,268.69	19.03%
Culture/Recreation	51,996.29	51,996.29	-	0.00%
Education	144,004.20	170,588.01	(26,583.81)	-15.58%
Interest on Long Term Debt	126,968.55	152,670.81	(25,702.26)	-16.84%
Intergovernmental	-	-	-	0.00%
<b>Total Expenses</b>	<b>10,342,627.89</b>	<b>11,819,912.53</b>	<b>(1,477,284.64)</b>	<b>-12.50%</b>
<b>Revenues</b>				
Program Revenues				
Charges for Services	1,096,194.12	954,437.00	141,757.12	14.85%
Operating Grants and Contributions	4,975,879.83	7,072,208.29	(2,096,328.46)	-29.64%
Capital Grants and Contributions	408,390.20	877,026.57	(468,636.37)	-53.43%
<b>Total Program Revenues</b>	<b>6,480,464.15</b>	<b>8,903,671.86</b>	<b>(2,423,207.71)</b>	<b>-27.22%</b>
<b>Net Expenses &amp; Program Revenues</b>	<b>(3,862,163.74)</b>	<b>(2,916,240.67)</b>	<b>(945,923.07)</b>	<b>32.44%</b>
<b>General Revenues:</b>				
Property Taxes-General	934,653.92	962,703.77	(28,049.85)	-2.91%
Property Taxes-Specific	251,517.64	301,321.75	(49,804.11)	-16.53%
Sales Tax	679,345.20	691,240.69	(11,895.49)	-1.72%
Other County Sales & Use Taxes	266,804.16	203,017.14	63,787.02	31.42%
Miscellaneous Taxes	121,578.88	112,376.30	9,202.58	8.19%
Other Grants & Contributions – Not Restricted	215,325.96	231,497.90	(16,171.94)	-6.99%
Gain on Sale of Capital Assets	-	3,135.00	(3,135.00)	-100.00%
Donations of Capital Assets	32,220.00	-	32,220.00	100.00%
Miscellaneous	1,325,628.07	300,000.25	1,025,627.82	341.88%
Interest Earned	84,363.01	562,988.98	(478,625.97)	-85.02%
Transfers	(30,000.00)	(30,000.00)	-	0.00%
<b>Total General Revenues and Transfers</b>	<b>3,881,436.84</b>	<b>3,338,281.78</b>	<b>543,155.06</b>	<b>16.27%</b>
<b>Increase in Net Assets</b>	<b>19,273.10</b>	<b>422,041.11</b>	<b>(402,768.01)</b>	<b>-95.43%</b>
<b>Net Assets-Beginning of year</b>	<b>9,423,776.10</b>	<b>9,001,734.99</b>	<b>422,041.11</b>	<b>4.69%</b>
<b>Net Assets-End of year</b>	<b>9,443,049.20</b>	<b>9,423,776.10</b>	<b>19,273.10</b>	<b>0.20%</b>

**Condensed Statement of Activities**  
**For**  
**Business-Type Activities**  
As of September 30, 2010

	<b>2010</b>	<b>2009</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Expenses</b>				
E-911	356,557.83	273,774.40	82,783.43	30.24%
<b>Total Expenses</b>	356,557.83	273,774.40	82,783.43	30.24%
<b>Revenues</b>				
Program Revenues				
Charges for Services	337,088.89	327,346.96	9,741.93	2.98%
<b>Total Program Revenues</b>	337,088.89	327,346.96	9,741.93	2.98%
<b>Net Expenses &amp; Program Revenues</b>	(19,468.94)	53,572.56	(73,041.50)	-136.34%
General Revenues:				
Miscellaneous	-	3,500.00	(3,500.00)	-100.00%
Interest Earned	7,937.38	7,919.23	18.15	0.23%
Transfers	30,000.00	30,000.00	-	0.00%
<b>Total General Revenues</b>	37,937.38	41,419.23	(3,481.85)	-8.41%
<b>Increase in Net Assets</b>	18,468.44	94,991.79	(76,523.35)	-80.56%
<b>Net Assets-Beginning of year</b>	474,117.26	379,125.47	94,991.79	25.06%
<b>Net Assets-End of year</b>	492,585.70	474,117.26	18,468.44	3.90%

**Condensed Statement of Activities**  
**For**  
**Total Governmental & Business-Type Activities**  
As of September 30, 2010

	2010	2009	\$ Change	% Change
<b>Expenses</b>				
General Government	1,767,663.42	1,405,436.77	362,226.65	25.77%
Public Safety	4,924,925.91	6,571,147.24	(1,646,221.33)	-25.05%
Highways & Roads	3,146,377.03	3,337,862.81	(191,485.78)	-5.74%
Sanitation	116,473.34	76,260.14	40,213.20	52.73%
Welfare	64,219.15	53,950.46	10,268.69	19.03%
Culture/Recreation	51,996.29	51,996.29	-	0.00%
Education	144,004.20	170,588.01	(26,583.81)	-15.58%
Interest on Long Term Debt	126,968.55	152,670.81	(25,702.26)	-16.84%
Intergovernmental	-	-	-	0.00%
E-911	356,557.83	273,774.40	82,783.43	30.24%
<b>Total Expenses</b>	<b>10,699,185.72</b>	<b>12,093,686.93</b>	<b>(1,394,501.21)</b>	<b>-11.53%</b>
<b>Revenues</b>				
Program Revenues				
Charges for Services	1,433,283.01	1,281,783.96	151,499.05	11.82%
Operating Grants and Contributions	4,975,879.83	7,072,208.29	(2,096,328.46)	-29.64%
Capital Grants and Contributions	408,390.20	877,026.57	(468,636.37)	-53.43%
<b>Total Program Revenues</b>	<b>6,817,553.04</b>	<b>9,231,018.82</b>	<b>(2,413,465.78)</b>	<b>-26.15%</b>
<b>Net Expenses &amp; Program Revenues</b>	<b>(3,881,632.68)</b>	<b>(2,862,668.11)</b>	<b>(1,018,964.57)</b>	<b>35.59%</b>
<b>General Revenues:</b>				
Property Taxes-General	934,653.92	962,703.77	(28,049.85)	-2.91%
Property Taxes-Specific	251,517.64	301,321.75	(49,804.11)	-16.53%
Sales Tax	679,345.20	691,240.69	(11,895.49)	-1.72%
Other County Sales & Use Taxes	266,804.16	203,017.14	63,787.02	31.42%
Miscellaneous Taxes	121,578.88	112,376.30	9,202.58	8.19%
Other Grants & Contributions – Not				
Restricted	215,325.96	231,497.90	(16,171.94)	-515.85%
Gain on Sale of Capital Assets	-	3,135.00	(3,135.00)	-100.00%
Donations of Capital Assets	32,220.00	-	32,220.00	100.00%
Miscellaneous	1,325,628.07	303,500.25	1,022,127.82	336.78%
Interest Earned	92,300.39	570,908.21	(562,970.83)	-98.61%
Transfers	-	-	-	0.00%
<b>Total General Revenues and Transfers</b>	<b>3,919,374.22</b>	<b>3,379,701.01</b>	<b>539,673.21</b>	<b>15.97%</b>
<b>Increase in Net Assets</b>	<b>37,741.54</b>	<b>517,032.90</b>	<b>(479,291.36)</b>	<b>-92.70%</b>
<b>Net Assets-Beginning of year</b>	<b>9,897,893.36</b>	<b>9,380,860.46</b>	<b>517,032.90</b>	<b>5.51%</b>
<b>Net Assets-End of year</b>	<b>9,935,634.90</b>	<b>9,897,893.36</b>	<b>37,741.54</b>	<b>0.38%</b>

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 (\$10,699,185.72). General revenues offset net expense in the amount of \$3,919,374.22, leaving a total change in net assets of \$37,741.54 for FY 2010.

## ANALYSIS OF INDIVIDUAL FUNDS

Governmental funds presented individually in Cleburne County Commission's 2010 statements include five major funds: the General Fund (always a major fund), Gasoline Tax Fund, Public Buildings, Roads and Bridges Fund, Revenue Commissioner's Operational Fund, and CSEPP Fund. An analysis is presented below of the balances for each fund.

### Major Fund Information

<b>General Fund</b>	<b>2010</b>	<b>2009</b>	<b>\$ Change</b>	<b>% Change</b>
Revenues and Other Sources	4,169,527.14	3,365,224.57	804,302.57	23.90%
Expenses and Other Uses	3,919,018.04	3,445,860.69	473,157.35	13.73%
Increase (decrease) in Fund Balance	250,509.10	(80,636.12)	331,145.22	-410.67%
Fund Balances at Beginning of Year	3,406,481.71	3,487,117.83	(80,636.12)	-2.31%
Fund Balances at End of Year	3,656,990.81	3,406,481.71	250,509.10	7.35%

The Commission reserves 20% of County Sales Tax Revenue in a "Rainy Day Fund" to maintain cash on hand for emergencies and other unexpected expenses

<b>Gasoline Tax Fund</b>	<b>2010</b>	<b>2009</b>	<b>\$ Change</b>	<b>% Change</b>
Revenues and Other Sources	1,454,042.46	2,608,017.27	(1,153,974.81)	-44.25%
Expenses and Other Uses	1,535,965.74	2,530,586.26	(994,620.52)	-39.30%
Increase (decrease) in Fund Balance	(81,923.28)	77,431.01	(159,354.29)	-205.80%
Fund Balances at Beginning of Year	375,422.61	297,991.60	77,431.01	25.98%
Fund Balances at End of Year	293,499.33	375,422.61	(81,923.28)	-21.82%

<b>Public Buildings, Road &amp; Bridge Fund</b>	<b>2010</b>	<b>2009</b>	<b>\$ Change</b>	<b>% Change</b>
Revenues and Other Sources	285,381.96	287,529.67	(2,147.71)	-0.75%
Expenses and Other Uses	310,726.41	318,000.00	(7,273.59)	-2.29%
Increase (decrease) in Fund Balance	(25,344.45)	(30,470.33)	5,125.88	-16.82%
Fund Balances at Beginning of Year	30,265.36	60,735.69	(30,470.33)	-50.17%
Fund Balances at End of Year	4,920.91	30,265.36	(25,344.45)	-83.74%

<b>Revenue Commissioner's Operational Fund</b>	<b>2010</b>	<b>2009</b>	<b>\$ Change</b>	<b>% Change</b>
Revenues and Other Sources	378,331.46	398,055.45	(19,723.99)	-4.96%
Expenses and Other Uses	374,615.94	357,598.14	17,017.80	4.76%
Increase (decrease) in Fund Balance	3,715.52	40,457.31	(36,741.79)	100.00%
Fund Balances at Beginning of Year	43,282.02	2,824.71	40,457.31	1432.26%
Fund Balances at End of Year	46,997.54	43,282.02	3,715.52	8.58%

<b>CSEPP Fund</b>	<b>2010</b>	<b>2009</b>	<b>\$ Change</b>	<b>% Change</b>
Revenues and Other Sources	2,859,093.17	4,538,335.65	(1,679,242.48)	-37.00%
Expenses and Other Uses	2,857,180.32	4,535,740.89	(1,678,560.57)	-37.01%
Increase (decrease) in Fund Balance	1,912.85	2,594.76	(681.91)	100.00%
Fund Balances at Beginning of Year	17,201.61	14,606.85	2,594.76	17.76%
Fund Balances at End of Year	19,114.46	17,201.61	1,912.85	11.12%

## **BUDGET**

Cleburne County Commission is mandated by state law to establish policies and procedures for submitting and adopting annual budgets. Cleburne County Commission's 2010 budget was adopted on September 14, 2009. Throughout the year budget amendment requests are reviewed by the Commission and approved or denied.

Statements showing the original budget, final budget and actual budgetary amounts for the five major funds are included in the audit report.

## **SIGNIFICANT FINANCIAL FACTS, DECISIONS OR CONDITIONS**

At the time these financial statements were prepared, Cleburne County Commission was in the process of building a new EMA / administrative building.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of fiscal year 2010, the Commission had over \$7.6 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, and other equipment.

### **Debt**

At the end of fiscal year 2010, Cleburne County Commission had just over \$2.6 million outstanding in long term debt. This includes one capital lease, two warrants payable, and compensated absences.

## **CONTACT INFORMATION**

If you have any questions about this report or need additional financial information, please contact the Cleburne County Commission at 256-463-2951 or 120 Vickery Street, Room 207, Heflin, AL 36264.

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# *Basic Financial Statements*

***Statement of Net Assets***  
***September 30, 2010***

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash	\$ 1,920,873.65	\$ 459,031.75	\$ 2,379,905.40
Investments	1,588,388.07		1,588,388.07
Receivables (Note 4)	879,854.63	22,846.21	902,700.84
Ad Valorem Taxes Receivable	1,108,017.81		1,108,017.81
Internal Balances	564.40	(564.40)	
Prepaid Items	122,530.93	1,387.69	123,918.62
Deferred Charges	4,907.48		4,907.48
Total Current Assets	5,625,136.97	482,701.25	6,107,838.22
<b><u>Noncurrent Assets</u></b>			
Restricted Cash with Fiscal Agent	73,527.68		73,527.68
Deferred Charges	67,068.94		67,068.94
Capital Assets (Note 5):			
Nondepreciable	585,382.95		585,382.95
Depreciable, Net	7,050,974.24	21,779.65	7,072,753.89
Total Noncurrent Assets	7,776,953.81	21,779.65	7,798,733.46
Total Assets	13,402,090.78	504,480.90	13,906,571.68
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Payables (Note 7)	33,573.62	453.06	34,026.68
Accrued Interest Payable	35,156.95		35,156.95
Deferred Revenue	1,192,589.40		1,192,589.40
Accrued Wages Payable	77,859.43	6,504.27	84,363.70
Long-Term Liabilities:			
Portion Payable Within One Year:			
Capital Leases Payable	90,000.00		90,000.00
Warrants Payable	120,000.00		120,000.00
Unamortized Discount on Debt Issued	(796.62)		(796.62)
Deferred Loss on Refunding Bond Issue	(14,126.50)		(14,126.50)
Estimated Liability for Compensated Absences	75,909.87		75,909.87
Total Current Liabilities	\$ 1,610,166.15	\$ 6,957.33	\$ 1,617,123.48

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



	Governmental Activities	Business-Type Activities	Total
<b><u>Noncurrent Liabilities</u></b>			
Long-Term Liabilities:			
Portion Payable After One Year:			
Warrants Payable	\$ 2,215,000.00	\$	\$ 2,215,000.00
Unamortized Discount on Debt Issued	(10,887.22)		(10,887.22)
Deferred Loss on Refunding Bond Issue	(193,062.08)		(193,062.08)
Estimated Liability for Compensated Absences	337,824.73	4,937.87	342,762.60
Total Noncurrent Liabilities	2,348,875.43	4,937.87	2,353,813.30
 Total Liabilities	 3,959,041.58	 11,895.20	 3,970,936.78
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Related Debt	5,502,206.03	21,779.65	5,523,985.68
Restricted for:			
Debt Service	38,370.82		38,370.82
Road Projects	447,158.70		447,158.70
Other Purposes	205,651.82		205,651.82
Unrestricted	3,249,661.83	470,806.05	3,720,467.88
Total Net Assets	\$ 9,443,049.20	\$ 492,585.70	\$ 9,935,634.90

***Statement of Activities***  
***For the Year Ended September 30, 2010***

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b><u>Primary Government</u></b>			
<b><u>Governmental Activities</u></b>			
General Government	\$ 1,767,663.42	\$ 557,649.98	\$ 247,888.54
Public Safety	4,924,925.91	487,309.19	2,633,465.86
Highways and Roads	3,146,377.03	51,120.29	1,929,524.65
Sanitation	116,473.34	114.66	8,891.00
Welfare	64,219.15		29,112.00
Culture and Recreation	51,996.29		
Education	144,004.20		126,997.78
Interest on Long-Term Debt	126,968.55		
Total Governmental Activities	10,342,627.89	1,096,194.12	4,975,879.83
<b><u>Business-Type Activities</u></b>			
E-911	356,557.83	337,088.89	
Total Business-Type Activities	356,557.83	337,088.89	
Total Primary Government	\$ 10,699,185.72	\$ 1,433,283.01	\$ 4,975,879.83

**General Revenues**

Taxes:
Property Taxes for General Purposes
Property Taxes for Specific Purposes
General Sales Tax
Other County Sales and Use Taxes
Miscellaneous Taxes
Grants/Contributions Not Restricted to Specific Programs
Donations of Capital Assets
Miscellaneous
Interest Earned
Transfers
Total General Revenues and Transfers
Change in Net Assets
Net Assets - Beginning of Year
Net Assets - End of Year

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

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$	\$	\$	\$
357,271.20	(962,124.90)		(962,124.90)
	(1,446,879.66)		(1,446,879.66)
	(1,165,732.09)		(1,165,732.09)
	(107,467.68)		(107,467.68)
51,119.00	16,011.85		16,011.85
	(51,996.29)		(51,996.29)
	(17,006.42)		(17,006.42)
	(126,968.55)		(126,968.55)
408,390.20	(3,862,163.74)		(3,862,163.74)
		(19,468.94)	(19,468.94)
		(19,468.94)	(19,468.94)
\$ 408,390.20	(3,862,163.74)	(19,468.94)	(3,881,632.68)
	934,653.92		934,653.92
	251,517.64		251,517.64
	679,345.20		679,345.20
	266,804.16		266,804.16
	121,578.88		121,578.88
	215,325.96		215,325.96
	32,220.00		32,220.00
	1,325,628.07		1,325,628.07
	84,363.01	7,937.38	92,300.39
	(30,000.00)	30,000.00	
	3,881,436.84	37,937.38	3,919,374.22
	19,273.10	18,468.44	37,741.54
	9,423,776.10	474,117.26	9,897,893.36
\$	\$ 9,443,049.20	\$ 492,585.70	\$ 9,935,634.90

***Balance Sheet***  
***Governmental Funds***  
***September 30, 2010***

	<b>General Fund</b>	<b>Gasoline Tax Fund</b>
<b><u>Assets</u></b>		
Cash	\$ 1,192,187.88	\$ 316,762.42
Cash with Fiscal Agent		
Investments	1,588,388.07	
Ad Valorem Taxes Receivable	514,884.79	
Receivables (Note 4)	286,032.75	68,471.91
Due From Other Funds	224,600.28	160.12
Prepaid Items	41,318.02	17,528.42
Advances to Other Funds	418,967.07	
Total Assets	<u>4,266,378.86</u>	<u>402,922.87</u>
<b><u>Liabilities and Fund Balances</u></b>		
<b><u>Liabilities</u></b>		
Payables (Note 7)	17,645.20	962.91
Due To Other Funds	1,175.06	84,419.43
Deferred Revenue	542,383.77	
Accrued Wages Payable	46,699.31	24,041.20
Advances from Other Funds		
Compensated Absences	1,484.71	
Total Liabilities	<u>609,388.05</u>	<u>109,423.54</u>
<b><u>Fund Balances</u></b>		
Reserved for:		
Self Insurance	418,042.33	
Debt Service		
Prepaid Items	41,318.02	17,528.42
Encumbrances		4,985.17
Advances to Other Funds	418,967.07	
Unreserved, Reported in:		
General Fund	1,258,196.01	
Special Revenue Funds	1,520,467.38	270,985.74
Total Fund Balances	<u>3,656,990.81</u>	<u>293,499.33</u>
Total Liabilities and Fund Balances	<u>\$ 4,266,378.86</u>	<u>\$ 402,922.87</u>

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

<b>Public Buildings, Roads and Bridges Fund</b>	<b>Revenue Commissioner's Operational Fund</b>	<b>Chemical Stockpile Emergency Preparedness Program Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 17,316.20	\$ 32,719.51	\$ 45.54	\$ 361,842.10	\$ 1,920,873.65
			73,527.68	73,527.68
				1,588,388.07
240,759.91	352,373.11			1,108,017.81
		444,124.16	81,225.81	879,854.63
1,073.59			81,106.93	306,940.92
	46,997.54	16,686.95		122,530.93
				418,967.07
259,149.70	432,090.16	460,856.65	597,702.52	6,419,100.76
	1,571.52	3,141.81	10,252.18	33,573.62
	58.65		220,723.38	306,376.52
254,228.79	379,289.89	16,686.95		1,192,589.40
	4,172.56	2,946.36		77,859.43
		418,967.07		418,967.07
				1,484.71
254,228.79	385,092.62	441,742.19	230,975.56	2,030,850.75
				418,042.33
			73,527.68	73,527.68
	46,997.54	16,686.95		122,530.93
				4,985.17
				418,967.07
				1,258,196.01
4,920.91		2,427.51	293,199.28	2,092,000.82
4,920.91	46,997.54	19,114.46	366,726.96	4,388,250.01
\$ 259,149.70	\$ 432,090.16	\$ 460,856.65	\$ 597,702.52	\$ 6,419,100.76

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***Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Assets  
September 30, 2010***

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Total Fund Balances - Governmental Funds (Exhibit 3) \$ 4,388,250.01

Amounts reported for governmental activities in the Statement of Net Assets (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. (Note 5) 7,636,357.19

Deferred issuance costs are reported as current expenditures in the funds. However,  
deferred issuance costs are amortized over the life of the bonds and are included  
in the governmental activities in the Statement of Net Assets.

	Current Assets	Noncurrent Assets	
Deferred Charges	\$ 4,907.48	\$ 67,068.94	71,976.42

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:

	Due or Payable Within One Year	Due or Payable After One Year	
Accrued Interest Payable	35,156.95		
Capital Lease Payable	90,000.00		
Warrants Payable	120,000.00	2,215,000.00	
Unamortized Discounts	(796.62)	(10,887.22)	
Deferred Loss	(14,126.50)	(193,062.08)	
Estimated Liability for Compensated Absences	74,425.16	337,824.73	
Total Liabilities	\$ 304,658.99	\$ 2,348,875.43	(2,653,534.42)

Total Net Assets - Governmental Activities (Exhibit 1) \$ 9,443,049.20

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, 2010***

	<b>General Fund</b>	<b>Gasoline Tax Fund</b>
<b><u>Revenues</u></b>		
Taxes	\$ 1,601,510.99	\$
Licenses and Permits	11,350.00	
Intergovernmental	455,661.69	974,178.80
Charges for Services	1,009,216.95	3,115.07
Fines and Forfeits	11,051.90	
Miscellaneous	725,624.67	412,005.59
Total Revenues	<u>3,814,416.20</u>	<u>1,389,299.46</u>
<b><u>Expenditures</u></b>		
Current:		
General Government	1,217,090.09	
Public Safety	1,974,346.46	
Highways and Roads		1,426,563.09
Sanitation	85,687.51	
Welfare	47,866.98	
Culture and Recreation	28,500.00	
Education	21,361.71	
Capital Outlay	171,300.30	
Debt Service:		
Principal Retirement	1,681.31	
Interest and Fiscal Charges	183.68	
Total Expenditures	<u>3,548,018.04</u>	<u>1,426,563.09</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>266,398.16</u>	<u>(37,263.63)</u>
<b><u>Other Financing Sources (Uses)</u></b>		
Transfers In	352,987.69	60,000.00
Sale of Capital Assets	2,123.25	4,743.00
Transfers Out	(371,000.00)	(109,402.65)
Total Other Financing Sources (Uses)	<u>(15,889.06)</u>	<u>(44,659.65)</u>
Changes in Fund Balances	250,509.10	(81,923.28)
Fund Balances - Beginning of Year	<u>3,406,481.71</u>	<u>375,422.61</u>
Fund Balances - End of Year	<u>\$ 3,656,990.81</u>	<u>\$ 293,499.33</u>

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



<b>Public Buildings, Roads and Bridges Fund</b>	<b>Revenue Commissioner's Operational Fund</b>	<b>Chemical Stockpile Emergency Preparedness Program Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 276,534.10	\$ 375,854.71	\$	\$	\$ 2,253,899.80
			47,047.22	58,397.22
7,897.70		2,857,168.48	1,391,422.68	5,686,329.35
			13,512.98	1,025,845.00
				11,051.90
950.16	2,476.75	1,924.69	181,175.86	1,324,157.72
285,381.96	378,331.46	2,859,093.17	1,633,158.74	10,359,680.99
	367,113.94		2,319.23	1,586,523.26
		2,544,194.07	207,153.52	4,725,694.05
			1,443,479.24	2,870,042.33
			8,891.00	94,578.51
				47,866.98
				28,500.00
			122,642.49	144,004.20
	7,502.00	312,986.25	82,369.95	574,158.50
			325,000.00	326,681.31
			115,899.21	116,082.89
	374,615.94	2,857,180.32	2,307,754.64	10,514,132.03
285,381.96	3,715.52	1,912.85	(674,595.90)	(154,451.04)
			711,206.62	1,124,194.31
				6,866.25
(310,726.41)			(363,065.25)	(1,154,194.31)
(310,726.41)			348,141.37	(23,133.75)
(25,344.45)	3,715.52	1,912.85	(326,454.53)	(177,584.79)
30,265.36	43,282.02	17,201.61	693,181.49	4,565,834.80
\$ 4,920.91	\$ 46,997.54	\$ 19,114.46	\$ 366,726.96	\$ 4,388,250.01

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***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, 2010***

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Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ (177,584.79)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$600,750.81) exceeded capital outlay (\$574,158.50) in the current period. (26,592.31)

In the Statement of Activities, donation of capital assets is recorded as revenue, whereas in the governmental funds it is not recorded. 32,220.00

In the Statement of Activities, only the loss (\$6,014.84) on the sale of capital assets is reported, whereas in the governmental funds, the proceeds (\$6,866.25) from the sale increase financial resources. Thus the change in net assets differs from the change in fund balance by the net cost of the assets sold. (12,881.09)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. 326,681.31

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

Amortization of Discounts on Debt Issued	\$	(796.62)	
Amortization of Debt Issuance Costs		(4,907.48)	
Amortization of Deferred Loss on Refunding		(14,126.50)	
Net Increase in Compensated Absences		(106,776.88)	
Net Decrease in Accrued Interest Payable		4,037.46	
Total Additional Expenditures		(122,570.02)	(122,570.02)

Change in Net Assets of Governmental Activities (Exhibit 2) \$ 19,273.10

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

***Statement of Net Assets***  
***Proprietary Fund***  
***September 30, 2010***

	<b>Enterprise Fund E-911 Fund</b>	<b>Total Enterprise Fund</b>
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash	\$ 459,031.75	\$ 459,031.75
Receivables (Note 4)	22,846.21	22,846.21
Prepaid Items	1,387.69	1,387.69
Total Current Assets	<u>483,265.65</u>	<u>483,265.65</u>
<b><u>Noncurrent Assets</u></b>		
Capital Assets, Net (Note 5)	<u>21,779.65</u>	<u>21,779.65</u>
Total Noncurrent Assets	<u>21,779.65</u>	<u>21,779.65</u>
Total Assets	<u>505,045.30</u>	<u>505,045.30</u>
<b><u>Liabilities</u></b>		
<b><u>Current Liabilities</u></b>		
Payables (Note 7)	453.06	453.06
Interfund Payable	564.40	564.40
Accrued Wages Payable	6,504.27	6,504.27
Total Current Liabilities	<u>7,521.73</u>	<u>7,521.73</u>
<b><u>Noncurrent Liabilities</u></b>		
Long-Term Liabilities:		
Portion Due After One Year:		
Compensated Absences	<u>4,937.87</u>	<u>4,937.87</u>
Total Noncurrent Liabilities	<u>4,937.87</u>	<u>4,937.87</u>
Total Liabilities	<u>12,459.60</u>	<u>12,459.60</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	21,779.65	21,779.65
Unrestricted	<u>470,806.05</u>	<u>470,806.05</u>
Total Net Assets	<u>\$ 492,585.70</u>	<u>\$ 492,585.70</u>

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

***Statement of Revenues, Expenses and Changes in Fund Net Assets***  
***Proprietary Fund***  
***For the Year Ended September 30, 2010***

	<b>Enterprise Fund E-911 Fund</b>	<b>Total Enterprise Fund</b>
<b><u>Revenues</u></b>		
Charges for Services	\$ 337,088.89	\$ 337,088.89
Total Revenues	<u>337,088.89</u>	<u>337,088.89</u>
<b><u>Operating Expenses</u></b>		
Salaries	206,175.65	206,175.65
Benefits and Payroll Taxes	75,536.89	75,536.89
Repairs and Maintenance	14,319.16	14,319.16
Utilities	2,331.31	2,331.31
Communications Services	26,316.75	26,316.75
Office Expense	2,294.18	2,294.18
Travel and Training	5,321.60	5,321.60
Office Equipment	4,123.21	4,123.21
Depreciation	9,847.90	9,847.90
Miscellaneous	10,291.18	10,291.18
Total Operating Expenses	<u>356,557.83</u>	<u>356,557.83</u>
Operating Income (Loss)	<u>(19,468.94)</u>	<u>(19,468.94)</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Interest Revenue	7,937.38	7,937.38
Total Nonoperating Revenues (Expenses)	<u>7,937.38</u>	<u>7,937.38</u>
Income (Loss) Before Transfers	<u>(11,531.56)</u>	<u>(11,531.56)</u>
<b><u>Operating Transfers</u></b>		
Transfers In	<u>30,000.00</u>	<u>30,000.00</u>
Changes in Net Assets	18,468.44	18,468.44
Total Net Assets - Beginning of Year	<u>474,117.26</u>	<u>474,117.26</u>
Total Net Assets - End of Year	<u>\$ 492,585.70</u>	<u>\$ 492,585.70</u>

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, 2010***

	<b>Enterprise Fund E-911 Fund</b>	<b>Total Enterprise Fund</b>
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received for Services	\$ 334,771.24	\$ 334,771.24
Payments to Suppliers	(62,690.17)	(62,690.17)
Payments to Employees	(277,271.18)	(277,271.18)
Net Cash Provided (Used) by Operating Activities	<u>(5,190.11)</u>	<u>(5,190.11)</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>		
Transfers In	<u>30,000.00</u>	<u>30,000.00</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>30,000.00</u>	<u>30,000.00</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Interest Revenue	<u>7,937.38</u>	<u>7,937.38</u>
Net Cash Provided (Used) by Investing Activities	<u>7,937.38</u>	<u>7,937.38</u>
Net Increase (Decrease) in Cash and Cash Equivalents	32,747.27	32,747.27
Cash - Beginning of Year	<u>426,284.48</u>	<u>426,284.48</u>
Cash - End of Year	<u><u>459,031.75</u></u>	<u><u>459,031.75</u></u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u></b>		
Operating Income (Loss)	(19,468.94)	(19,468.94)
<b><u>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</u></b>		
Depreciation Expense	9,847.90	9,847.90
Change in Assets and Liabilities:		
(Increase)/Decrease Accounts Receivables	(2,317.65)	(2,317.65)
(Increase)/Decrease Prepaid Items	1,654.66	1,654.66
(Increase)/Decrease Interfund Payable	564.40	564.40
Increase/(Decrease) Accounts Payable	88.16	88.16
Increase/(Decrease) Accrued Wages Payable	2,616.86	2,616.86
Increase/(Decrease) Estimated Liability for Compensated Absences	<u>1,824.50</u>	<u>1,824.50</u>
Net Cash Provided by Operating Activities	<u><u>\$ (5,190.11)</u></u>	<u><u>\$ (5,190.11)</u></u>

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

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***Statement of Fiduciary Net Assets***  
***September 30, 2010***

	Private-Purpose Trust Funds	Agency Funds
<b><u>Assets</u></b>		
Cash	\$ 196,616.02	\$ 78,520.13
Due From Other Governments	62.04	947.44
Prepays	1,517.85	
Capital Assets, Net (Note 5)	16,223.65	
Total Assets	<u>214,419.56</u>	<u>79,467.57</u>
<b><u>Liabilities</u></b>		
Withholding Payable		79,467.57
Payable to External Parties	48,979.85	
Inmate Deposits	1,330.41	
Total Liabilities	<u>50,310.26</u>	<u>\$ 79,467.57</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets	16,223.65	
Held in Trust for Other Purposes	147,885.65	
Total Net Assets	<u>\$ 164,109.30</u>	

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

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***Statement of Changes in Fiduciary Net Assets***  
***For the Year Ended September 30, 2010***

	<b>Private-Purpose Trust Funds</b>
<hr/>	
<b><u>Additions</u></b>	
Contributions from:	
Law Library Fees	\$ 15,533.47
Work Release Program Revenue	50,958.25
Interest	3,021.36
Total Additions	<u>69,513.08</u>
<b><u>Deductions</u></b>	
Salaries and Benefits	25,000.00
Legal Publication/Books	1,295.28
Repairs and Maintenance	4,823.02
Utilities and Communications	496.45
Depreciation Expense	10,815.79
Miscellaneous	8,183.69
Total Deductions	<u>50,614.23</u>
Changes in Net Assets	18,898.85
Net Assets - Beginning of Year	<u>145,210.45</u>
Net Assets - End of Year	<u><u>\$ 164,109.30</u></u>

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

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2010***

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#### **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 governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### **A. Reporting Entity**

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

Based on the application of the above criteria, there are no component units which should be included as part of the financial reporting entity of the Commission.

#### **B. Government-Wide and Fund Financial Statements**

##### **Government-Wide Financial Statements**

The statement of net assets 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 nonexchange 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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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#### **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 nonmajor funds in the other governmental funds' column.

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The general fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. Also, accounted for in the general fund is a self-insured vision fund.
- ◆ **Gasoline Tax Fund** – This 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.
- ◆ **Public Buildings, Roads and Bridges Fund** – This fund is used to account for the expenditures of special county property taxes for building and maintaining public buildings, roads and bridges.
- ◆ **Revenue Commissioner's Operational Fund** – This fund is used to account for the expenditures of special county property taxes for the property tax reappraisal program and the operations of the Revenue Commissioner's office.
- ◆ **Chemical Stockpile Emergency Preparedness Program Fund** – This fund is used to account for the expenditures of U. S. Army funds to upgrade emergency response capabilities of the Commission in conjunction with the preparation of an alternative concept plan by the Department of Defense.

The Commission reports the following major enterprise fund:

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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

#### **Governmental Fund Types**

- ◆ **Special Revenue Funds** – These funds are used to account for 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** – These funds are used to account for the accumulation of resources for, and the payment of, the Commission's principal and interest on governmental bonds.

The Commission reports the following fiduciary fund types:

#### **Fiduciary Fund Types**

- ◆ **Private-Purpose Trust Funds** – These funds are used to report all trust agreements under which principal and income benefit individuals, private organizations, or other governments.
- ◆ **Agency Funds** – These funds are used to report assets held by the Commission in a purely custodial capacity. The Commission collects these assets and transfers them to the proper individual, private organizations, or other government.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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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 nonoperating 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 nonoperating 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 are both restricted and unrestricted net assets 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Commission has not elected to follow subsequent private-sector guidance.

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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2010***

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#### **D. Assets, Liabilities, and Net Assets/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 are based on the amounts collected within 60 days after year-end.

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

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

Receivables due from other governments include amounts due from the state for taxes and cost-sharing; amounts due from grantors for grants issued for specific programs; and amounts due from the circuit clerk.

##### **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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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#### **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 Obligation Warrants, Series 2003” and the “General Obligation Warrants, Series 2004” accounts are used to segregate resources accumulated for debt service payments.

#### **5. Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, 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 Improvements	\$ 1	20 – 30 years
Buildings	\$ 50,000	25 – 40 years
Equipment and Furniture	\$ 5,000	5 – 15 years
Roads	\$250,000	40 years
Bridges	\$ 50,000	40 years

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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#### **6. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Warrant discounts, as well as issuance costs, 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 and deferred loss on refunding. Warrant issuance costs are reported as deferred charges and amortized over the term of the related debt.

#### **7. Compensated Absences**

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

##### **Vacation 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	200 Hours
5 – 9	5 Hours	250 Hours
10 and Over	6 Hours	300 Hours

Unused vacation leave in excess of the maximum accrual amounts at the end of any calendar year shall be forfeited and the employee paid for all forfeited days.

##### **Sick Leave**

Sick leave is accrued at a rate of four hours per pay period to a maximum of 1560 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	Percentage of Leave Paid
10 to 14 Years	50%
15 to 19 Years	75%
At least 20 Years	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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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#### **Compensatory Leave**

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. An employee shall accrue up to a maximum of 240 hours of compensatory leave. Law enforcement employees may accumulate 480 hours of compensatory leave. Any amount over this is paid as overtime pay. Employees are allowed to carry over a maximum of 40 hours compensatory time at the end of each calendar year.

#### **8. Net Assets/Fund Equity**

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

- ◆ **Invested in Capital Assets, Net of Related Debt** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- ◆ **Restricted** – Constraints imposed on net assets by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.
- ◆ **Unrestricted** – Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Commission.

Fund equity is reported in the fund financial statements. Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

#### **Note 2 – Stewardship, Compliance, and Accountability**

##### **Budgets**

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund with the exception of ad valorem taxes, which are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. The Gasoline Tax Fund budgets on a basis of accounting consistent with GAAP. The Public Buildings, Roads and Bridges Fund budgets on a basis of accounting consistent with GAAP with the exception of ad valorem taxes that are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. The Revenue Commissioner's Operational Fund and the Chemical Stockpile Emergency Preparedness Program Fund budget on a basis of accounting consistent with GAAP. All other governmental funds budget on a basis consistent with GAAP. All appropriations lapse at fiscal year-end.



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## ***Notes to the Financial Statements***

### ***For the Year Ended September 30, 2010***

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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.

Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

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 Depository 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. Cash With Fiscal Agent**

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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As of September 30, 2010, the Commission had the following investments held by the County's Fiscal Agent:

Investments	Maturities	Fair Value
Federated U. S. Treasury Cash Reserves	Less than one year	\$73,527.68
Total		<u>\$73,527.68</u>

**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-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. The Commission has no formal policy regarding credit risk. The Standard & Poor's rating of the Commission's Federated U. S. Treasury Cash Reserves investment is AAAM-G. The Moody's rating of the Commission's Federated U. S. Treasury Cash Reserves 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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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#### **Note 4 – Receivables**

On September 30, 2010, receivables for the Commission's individual major funds and other governmental funds in the aggregate are as follows:

	General Fund	Gasoline Tax Fund	Chemical Stockpile Emergency Preparedness Program Fund	Other Governmental Funds	Total Governmental Funds
Accounts Receivable	\$ 28,218.65	\$	\$	\$ 0.09	\$ 28,218.74
Due From Other Governments	202,484.96	68,471.91	444,124.16	81,225.72	796,306.75
Sales Tax Receivable	55,329.14				55,329.14
Total Receivables	<u>\$286,032.75</u>	<u>\$68,471.91</u>	<u>\$444,124.16</u>	<u>\$81,225.81</u>	<u>\$879,854.63</u>

E-911 Fund	
<u>Business-Type Activities</u>	
Accounts Receivable	\$17,625.08
Due From Other Governments	5,221.13
Total Receivables	<u>\$22,846.21</u>

Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2010, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Ad Valorem Taxes Receivable	\$1,093,050.04	\$
Motor Vehicle Ad Valorem Taxes		55,935.63
Federal/State Funds Received but not yet Expended		43,603.73
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$1,093,050.04</u>	<u>\$99,539.36</u>

# Notes to the Financial Statements

## For the Year Ended September 30, 2010

### Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2010, was as follows:

	Balance 10/01/2009	Additions (*)	Retirements (*)	Balance 09/30/2010
<b>Governmental Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 261,259.22	\$ 30,220.00	\$	\$ 291,479.22
Construction in Progress	1,500.00		(1,500.00)	
Infrastructure in Progress	13,687.50	280,216.23		293,903.73
Total Capital Assets, Not Being Depreciated	276,446.72	310,436.23	(1,500.00)	585,382.95
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	12,283.51	29,689.95		41,973.46
Buildings	1,080,755.99			1,080,755.99
Equipment and Furniture	428,001.43	46,313.97	(7,500.00)	466,815.40
Construction Equipment	1,262,261.22	52,680.00	(13,070.00)	1,301,871.22
Motor Vehicles	1,212,935.35	150,000.30	(133,419.39)	1,229,516.26
Data Processing Equipment	408,828.29	22,302.00		431,130.29
Communication Equipment	974,241.36			974,241.36
Voting Machines	108,450.00			108,450.00
Assets Under Capital Lease	2,752,207.26		(5,043.95)	2,747,163.31
Bridges	2,491,230.51		(2,148.99)	2,489,081.52
Chief Ladiga Trail	939,851.73			939,851.73
Total Capital Assets Being Depreciation	11,671,046.65	300,986.22	(161,182.33)	11,810,850.54
<b>Less Accumulated Depreciation for:</b>				
Land Improvements	(6,570.76)	(2,220.30)		(8,791.06)
Buildings	(762,290.76)	(19,136.61)		(781,427.37)
Equipment and Furniture	(318,947.77)	(39,428.20)	7,500.00	(350,875.97)
Construction Equipment	(679,499.20)	(113,562.50)	5,663.70	(787,398.00)
Motor Vehicles	(802,750.88)	(125,478.56)	131,593.59	(796,635.85)
Data Processing Equipment	(316,707.30)	(41,923.00)		(358,630.30)
Communications Equipment	(553,779.36)	(84,424.51)		(638,203.87)
Voting Machines	(75,915.00)	(21,690.00)		(97,605.00)
Fixed Assets Under Capital Lease	(516,606.28)	(67,165.90)		(583,772.18)
Bridges	(235,571.03)	(62,224.94)		(297,795.97)
Chief Ladiga Trail	(35,244.44)	(23,496.29)		(58,740.73)
Total Accumulated Depreciation	(4,303,882.78)	(600,750.81)	144,757.29	(4,759,876.30)
Total Capital Assets Being Depreciated, Net	7,367,163.87	(299,764.59)	(16,425.04)	7,050,974.24
Governmental Activities Capital Assets, Net	\$ 7,643,610.59	\$ 10,671.64	\$ (17,925.04)	\$ 7,636,357.19
(*) Reclassifications included in "Additions" and "Retirements" columns totaled \$5,043.95. A donation of assets was made in the amount of \$32,220.00.				

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2010***

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	Balance 10/01/2009	Additions	Retirements	Balance 09/30/2010
<b>Business-Type Activities:</b>				
<b>Capital Assets Being Depreciated:</b>				
Equipment	\$ 128,753.00	\$	\$	\$ 128,753.00
Office Furniture	5,429.00			5,429.00
Data Processing Equipment	13,024.00			13,024.00
Total Capital Assets Being Depreciation	147,206.00			147,206.00
<b>Less Accumulated Depreciation for:</b>				
Equipment	(97,125.45)	(9,847.90)		(106,973.35)
Office Furniture	(5,429.00)			(5,429.00)
Data Processing Equipment	(13,024.00)			(13,024.00)
Total Accumulated Depreciation	(115,578.45)	(9,847.90)		(125,426.35)
Total Capital Assets Being Depreciated, Net	31,627.55	(9,847.90)		21,779.65
Business-Type Activities Capital Assets, Net	\$ 31,627.55	\$(9,847.90)	\$	\$ 21,779.65

	Balance 10/01/2009	Additions	Retirements	Balance 09/30/2010
<b>Private-Purpose Trust Funds:</b>				
<b>Capital Assets Being Depreciated:</b>				
Equipment and Furniture	\$ 6,580.00	\$	\$	\$ 6,580.00
Motor Vehicles	47,498.88			47,498.88
Total Capital Assets Being Depreciation	54,078.88			54,078.88
<b>Less Accumulated Depreciation for:</b>				
Equipment and Furniture	(3,290.00)	(1,316.00)		(4,606.00)
Motor Vehicles	(23,749.44)	(9,499.79)		(33,249.23)
Total Accumulated Depreciation	(27,039.44)	(10,815.79)		(37,855.23)
Total Capital Assets Being Depreciated, Net	\$ 27,039.44	\$(10,815.79)	\$	\$ 16,223.65

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2010***

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

	Current Year Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$151,057.43
Public Safety	142,452.64
Highways and Roads	247,340.78
Sanitation	22,044.57
Welfare	14,359.10
Culture and Recreation	23,496.29
Total Depreciation Expense - Governmental Activities	<u>\$600,750.81</u>

	Current Year Depreciation Expense
<u>Business-Type Activities:</u>	
E-911 Services	\$9,847.90
Total Depreciation Expense - Business-Type Activities	<u>\$9,847.90</u>

	Current Year Depreciation Expense
<u>Private-Purpose Trust Funds:</u>	
General Government	\$ 1,316.00
Public Safety	9,499.79
Total Depreciation Expense - Private-Purpose Trust Funds	<u>\$10,815.79</u>

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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#### *Note 6 – Defined Benefit Pension Plan*

##### *A. Plan Description*

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

Substantially all employees of the Commission are members of the Employees' Retirement System of Alabama. Membership is mandatory for covered or eligible employees of the Commission. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method which yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members.

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

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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#### **B. Funding Policy**

Employees of the Commission, with the exception of full-time law enforcement officers, are required by statute to contribute 5 percent of their salary to the Employees' Retirement System. As of January 1, 2001, full-time law enforcement officers are required by statute to contribute 6 percent of their salary to the Employees' Retirement System. The Commission is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. The contribution requirements of the Commission are established by the Employees' Retirement System based on annual actuarial valuations. The employer's contribution rate for October 1, 2009 through September 30, 2010 was 3.65% based on the actuarial valuation performed as of September 30, 2007.

#### **C. Annual Pension Cost**

For the year ended September 30, 2010, the Commission's annual pension cost of \$101,885 was equal to the Commission's required and actual contribution. The required contribution was determined using the "entry age normal" method. The actuarial assumptions as of September 30, 2009, the latest actuarial valuation date, were: (a) 8 percent investment rate of return on present and future assets, and (b) projected salary increases ranging from 7.75 percent at age 20 to 4.61 percent at age 65. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of September 30, 2009 was 30 years.

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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2010	\$101,885	100%	\$0
9/30/2009	\$106,611	100%	\$0
9/30/2008	\$113,912	100%	\$0



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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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#### **D. Funded Status and Funding Progress**

As of September 30, 2009, the most recent actuarial valuation date, the plan was 94.10 percent funded. The actuarial accrued liability for benefits was \$4,867,644 and the actuarial value of assets was \$4,581,219, resulting in an unfunded actuarial accrued liability (UAAL) of \$286,425. The covered payroll (annual payroll of active employees covered by the plan) was \$2,846,466 and the ratio of the UAAL to the covered payroll was 10.1 percent.

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

#### **Note 7 – Payables**

On September 30, 2010, payables for the Commission's individual major funds and other governmental funds in the aggregate are as follows:

	Vendors	Intergovernmental	Total Payables
<u>Governmental Activities:</u>			
General Fund	\$12,559.20	\$5,086.00	\$17,645.20
Gasoline Tax Fund	962.91		962.91
Revenue Commissioner's Operational Fund	1,571.52		1,571.52
Chemical Stockpile Emergency Preparedness Program Fund	3,141.81		3,141.81
Other Governmental Funds	10,252.18		10,252.18
Total	<u>\$28,487.62</u>	<u>\$5,086.00</u>	<u>\$33,573.62</u>

	Vendors	Total Payables
<u>Business Type Activities:</u>		
E-911 Fund	\$453.06	\$453.06
Total	<u>\$453.06</u>	<u>\$453.06</u>

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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#### Note 8 – Lease Obligations

##### Capital Leases

On June 22, 2000, the Cleburne County Public Building Authority (the “Authority”) borrowed \$2,830,000 by issuing the Revenue Warrants (County Jail Project), Series 2000 pursuant to the provisions of the constitution and laws of the State of Alabama, including particularly Chapter 28, Title II, ***Code of Alabama 1975***. The Authority paid \$2,532,473.74 of this issue to a banking trustee to be paid upon request of the County Commission to vendors building the county jail and \$228,653.76 to a Reserve Fund. The remaining \$68,892.50 was paid by the Cleburne County Public Building Authority Warrant for issue discount and underwriter’s discount. A lease agreement was issued for \$2,830,000.

On August 1, 2004, the Commission advance refunded \$2,050,000 of the Public Building Authority Warrants with the proceeds of the General Obligation Warrants, Series 2004. This reduced the capital lease payable to \$545,000.

The proceeds from the court costs collected pursuant to Act Number 99-536, Acts of Alabama, will be paid by the County Commission in amounts equal to the principal and interest payments when due.

On October 12, 2007, the Commission signed a capital lease with Dolphin Capital for thirty-six months with a total of three payments in the amount of \$1,865 per payment.

The following is a schedule by years of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of September 30, 2010:

Fiscal Year Ended	Governmental Activities
September 30, 2011	\$95,310.00
Total Minimum Lease Payments	95,310.00
Less: Amounts Representing Interest	(5,310.00)
Present Value of Net Minimum Lease Payments	\$90,000.00

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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#### **Direct Financing Lease**

In October 12, 1992, the Cleburne County Commission issued \$1,500,000.00 in Limited Obligation School Warrants with an average rate of 5.72%. The Commission paid the net proceeds of the issue to the Cleburne County Board of Education. Simultaneously, with the issuance of the warrants, the Cleburne County Board of Education entered into a \$1,500,000.00 Funding Agreement with the Cleburne County Commission. Under the terms of the agreement, the Cleburne County Board of Education sold and leased back 38 acres of land, a public high school building and a public elementary school and their contents to the Commission. The Board agreed to pay principal and interest under the funding agreement that would coincide with the principal and interest payments due on the Limited Obligation Warrants issued by the Commission. At the end of the term of the agreement, the Board could only buy the land and building for a nominal sum. On June 1, 2003, the Cleburne County Commission issued General Obligation Warrants and refunded the 1995 Limited Obligation School Warrants, outstanding in the aggregate principal sum of \$790,000. The Board and Commission amended the 1992 Funding Agreement (First Amendment to Lease Agreement) to extend the term of agreement and to obtain a lower interest rate. The Board also agreed to pay \$830,000 in principal payments plus interest to the Commission equivalent to the principal and interests payments due on that portion of the 2003 General Obligation Warrants, which were allocable to the refunding of the Series 1992 Limited Obligation School Warrants. However, the lease payments are not security to the holders of the 2003 General Obligation Warrants. This debt was paid off in June 2010.

#### **Operating Leases**

The Commission is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected as part of the Commission's capital assets. During the fiscal year ended September 30, 2010, total costs paid by the Commission were \$5,480.99 for governmental activities.

Future minimum lease payments at September 30, 2010, were as follows:

Fiscal Year Ending	Governmental Activities
September 30, 2011	\$5,478.00
2012	906.00
2013	75.50
Total	<u>\$6,459.50</u>

# Notes to the Financial Statements

## For the Year Ended September 30, 2010

### Note 9 – 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 June 2003, General Obligation Warrants, Series 2003 with fixed interest rates of 2.00 to 3.00 percent, were issued for the purposes of 1) advance refunding \$675,000 of outstanding General Obligation Warrants, Series 1995; 2) advance refunding \$790,000 of outstanding Limited Obligation School Warrants, Series 1992; and 3) retiring \$529,038 of an outstanding notes payable.

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2010:

	Debt Outstanding 10/01/2009	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2010	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Warrants Payable:					
General Obligation Warrants, Series 2003	\$ 310,000.00	\$	\$(215,000.00)	\$ 95,000.00	\$ 95,000.00
General Obligation Warrants, Series 2004	2,265,000.00		(25,000.00)	2,240,000.00	25,000.00
Less: Unamortized Discount	(12,480.46)		796.62	(11,683.84)	(796.62)
Loss on Refunding Debt Issued	(221,315.08)		14,126.50	(207,188.58)	(14,126.50)
Total Warrants Payable	2,341,204.46		(225,076.88)	2,116,127.58	105,076.88
Capital Leases Payable	176,681.31		(86,681.31)	90,000.00	90,000.00
Estimated Liability for Compensated Absences	306,965.85	106,768.75		413,734.60	75,909.87
Total Other Liabilities	483,647.16	106,768.75	(86,681.31)	503,734.60	165,909.87
Total Governmental Activities	2,824,851.62	106,768.75	(311,758.19)	2,619,862.18	270,986.75
<u>Business-Type Activities:</u>					
Estimated Liability for Compensated Absences	3,113.37	1,824.50		4,937.87	
Total Business-Type Activities	\$ 3,113.37	\$ 1,824.50	\$	\$ 4,937.87	\$

Payments on the General Obligation Warrants, Series 2003 and General Obligation Warrants, 2004 are made through the debt service funds. Revenues are sent to the General Obligation Series 2003 Debt Service Fund from the Capital Improvement Fund, Gasoline Tax Fund and Cleburne County Board of Education. Payments on the General Obligation Warrants, Series 2004 and the capital lease liability are liquidated by revenues deposited into the General Fund (through Act Number 99-536, Acts of Alabama).

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. In the past, approximately 52.01% has been paid by the General Fund, 22.39% by the Gasoline Tax Fund, 19.81% by the Revenue Commissioner's Operational Fund, 4.61% by Chemical Stockpile Emergency Preparedness Program, and 1.18% by the E-911 Fund.

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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

Fiscal Year Ending	Governmental Activities						Total Principal and Interest Requirements to Maturity
	Capital Lease Contracts Payable		General Obligation Warrants Series 2003		General Obligation Warrants Series 2004		
	Principal	Interest	Principal	Interest	Principal	Interest	
September 30, 2011	\$90,000.00	\$5,310.00	\$95,000.00	\$2,850.00	\$ 25,000.00	\$ 98,182.50	\$ 316,342.50
2012					120,000.00	97,307.50	217,307.50
2013					125,000.00	92,867.50	217,867.50
2014					130,000.00	88,180.00	218,180.00
2015					135,000.00	83,045.00	218,045.00
2016-2020					760,000.00	326,460.00	1,086,460.00
2021-2025					945,000.00	139,870.00	1,084,870.00
Totals	\$90,000.00	\$5,310.00	\$95,000.00	\$2,850.00	\$2,240,000.00	\$925,912.50	\$3,359,072.50

#### **Bond Issuance Costs, Deferred Charges on Refunding and Discounts**

The Commission has bond issuance costs as well as warrant discounts and deferred charges in connection with the issuance of its General Obligation Warrants, Series 2004. The issuance costs, warrant discount, and deferred charges are being amortized using the straight-line method over a period of 249 months.

	Issuance Costs	Deferred Charges on Refunding	Discount
Total Issuance Costs, Deferred Charges on Refunding and Discount	\$101,830.26	\$293,124.79	\$16,529.95
Amount Amortized Prior Years	(24,946.36)	(71,809.71)	(4,049.49)
Balance Issuance Costs, Deferred Charges on Refunding and Discount	76,883.90	221,315.08	12,480.46
Current Amount Amortized	(4,907.48)	(14,126.50)	(796.62)
Balance Issuance Costs, Deferred Charges on Refunding and Discount	\$ 71,976.42	\$207,188.58	\$11,683.84

#### **Note 10 – Risk Management**

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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

The Commission purchases commercial insurance for its other risks of loss, including 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 County) is paid into the program each month for each employee. Coverage is provided at 80% 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
2007-2008	\$340.58	\$6,750.90	\$7,091.48	\$
2008-2009	\$	\$3,882.35	\$3,882.35	\$
2009-2010	\$	\$4,617.28	\$4,617.28	\$

# Notes to the Financial Statements

## For the Year Ended September 30, 2010

### Note 11 – Interfund Transactions

#### Due To/From Other Funds

The amounts due to/from other funds at September 30, 2010, were as follows:

	Due From Other Funds				Totals
	General Fund	Gasoline Tax Fund	Public Buildings, Roads and Bridges Fund	Other Governmental Fund	
<u>Due To Other Funds</u>					
<u>Governmental Funds</u>					
General Fund	\$	\$101.47	\$1,073.59	\$	\$ 1,175.06
Gasoline Tax Fund	34,035.88			50,383.55	84,419.43
Revenue Commissioner's Operational Fund		58.65			58.65
Other Governmental Funds	190,000.00			30,723.38	220,723.38
Sub-Total Governmental Funds	224,035.88	160.12	1,073.59	81,106.93	306,376.52
<u>Proprietary Fund</u>					
E-911 Fund	564.40				564.40
Sub-Total Proprietary Fund	564.40				564.40
Total	\$224,600.28	\$160.12	\$1,073.59	\$81,106.93	\$306,940.92

#### Advances To/Advances From Other Funds

The advances to/from other funds at September 30, 2010, were as follows:

	Advances From Other Funds	
	Chemical Stockpile Emergency Preparedness Program Fund	Totals
<u>Advances To Other Funds:</u>		
General Fund	\$418,967.07	\$418,967.07
Totals	\$418,967.07	\$418,967.07

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2010*

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#### **Interfund Transfers**

The amounts of interfund transfers during the fiscal year ended September 30, 2010, were as follows:

	Transfers Out				Total
	General Fund	Gasoline Tax Fund	Public Buildings, Roads and Bridges Fund	Other Governmental Funds	
<b>Transfers In</b>					
General Fund	\$	\$	\$310,726.41	\$ 42,261.28	\$ 352,987.69
Gasoline Tax Fund	60,000.00				60,000.00
Other Governmental Funds	281,000.00	109,402.65		320,803.97	711,206.62
Sub-Total Governmental Funds	341,000.00	109,402.65	310,726.41	363,065.25	1,124,194.31
Enterprise Fund - E911 Fund	30,000.00				30,000.00
<b>Totals</b>	<b>\$371,000.00</b>	<b>\$109,402.65</b>	<b>\$310,726.41</b>	<b>\$363,065.25</b>	<b>\$1,154,194.31</b>

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

#### **Note 12 – Related Organizations**

A majority of the members of the following agencies are appointed by the Commission: Economic and Industrial Development Authority of Cleburne County, Cleburne County Library Board, Cleburne County Public Building Authority, Cleburne County Department of Human Resources Board, Cleburne County Hospital 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 13 – Subsequent Event**

On May 2, 2011, the Cleburne County Commission entered into a construction agreement with Metro D Construction, LLC in the amount of \$3,859,821.00 for the construction of the Cleburne County Administrative/Operations Center/Talladega Mountains Natural Resource Center. There has been no debt incurred at this time. Jacksonville State University is providing a portion of the funding for the new building.



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## *Required Supplementary Information*

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - General Fund***  
***For the Year Ended September 30, 2010***

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>
<b><u>Revenues</u></b>			
Taxes	\$ 1,334,485.34	\$ 1,334,485.34	\$ 1,596,358.78
Licenses and Permits	11,500.00	11,500.00	11,350.00
Intergovernmental	307,550.00	322,145.00	455,661.69
Charges for Services	886,150.00	886,150.00	1,009,216.95
Fines and Forfeits			11,051.90
Miscellaneous	72,600.00	77,717.49	725,624.67
Total Revenues	2,612,285.34	2,631,997.83	3,809,263.99
<b><u>Expenditures</u></b>			
Current:			
General Government	1,017,760.92	1,017,760.93	1,217,090.09
Public Safety	1,700,411.40	1,849,416.71	1,974,346.46
Sanitation	77,850.24	72,850.23	85,687.51
Welfare	66,076.76	66,076.76	47,866.98
Culture and Recreation	28,500.00	28,500.00	28,500.00
Education	17,475.00	17,475.00	21,361.71
Capital Outlay	77,077.00	67,336.30	171,300.30
Debt Service:			
Principal Retirement			1,681.31
Interest and Fiscal Charges			183.68
Total Expenditures	2,985,151.32	3,119,415.93	3,548,018.04
Excess (Deficiency) of Revenues Over Expenditures	(372,865.98)	(487,418.10)	261,245.95
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	355,828.95	355,828.95	352,987.69
Sale of Capital Assets			2,123.25
Transfers Out	(60,000.00)	(60,000.00)	(371,000.00)
Total Other Financing Sources (Uses)	295,828.95	295,828.95	(15,889.06)
Net Change in Fund Balances	(77,037.03)	(191,589.15)	245,356.89
Fund Balances - Beginning of Year	3,372,293.81	3,406,481.71	3,449,179.76
Fund Balances - End of Year	\$ 3,295,256.78	\$ 3,214,892.56	\$ 3,694,536.65

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1)	\$ 5,152.21	\$ 1,601,510.99
		11,350.00
		455,661.69
		1,009,216.95
		11,051.90
		725,624.67
	<u>5,152.21</u>	<u>3,814,416.20</u>
		1,217,090.09
		1,974,346.46
		85,687.51
		47,866.98
		28,500.00
		21,361.71
		171,300.30
		1,681.31
		183.68
		<u>3,548,018.04</u>
	<u>5,152.21</u>	<u>266,398.16</u>
		352,987.69
		2,123.25
		<u>(371,000.00)</u>
		<u>(15,889.06)</u>
	<u>5,152.21</u>	<u>250,509.10</u>
(2)	<u>(42,698.05)</u>	<u>3,406,481.71</u>
	<u>\$ (37,545.84)</u>	<u>\$ 3,656,990.81</u>

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***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - General Fund***  
***For the Year Ended September 30, 2010***

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

- (1) The Commission recognized motor vehicle ad valorem taxes as they were received without regard to when they are earned. (Difference between Prior Year Deferral \$42,698.05 and Current Year Deferral \$37,545.84).

Net Increase in Fund Balance - Budget to GAAP

- (2) 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 cumulative effect of transactions such as those described above.

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\$ 5,152.21

\$ 5,152.21

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - Gasoline Tax Fund***  
***For the Year Ended September 30, 2010***

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 1,005,846.81	\$ 1,005,846.81	\$ 974,178.80
Charges for Services			3,115.07
Miscellaneous	457,675.00	457,675.00	412,005.59
Total Revenues	1,463,521.81	1,463,521.81	1,389,299.46
<b><u>Expenditures</u></b>			
Current:			
Highway and Roads	1,600,465.56	1,616,664.54	1,426,563.09
Capital Outlay	100,000.00	83,801.03	
Total Expenditures	1,700,465.56	1,700,465.57	1,426,563.09
Excess (Deficiency) of Revenues Over Expenditures	(236,943.75)	(236,943.76)	(37,263.63)
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In	210,144.58	210,144.58	60,000.00
Sale of Capital Assets			4,743.00
Transfers Out			(109,402.65)
Total Other Financing Sources (Uses)	210,144.58	210,144.58	(44,659.65)
Net Change in Fund Balances	(26,799.17)	(26,799.18)	(81,923.28)
Fund Balances - Beginning of Year	123,682.16	375,422.61	375,422.61
Fund Balances - End of Year	\$ 96,882.99	\$ 348,623.43	\$ 293,499.33

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<b>Budget to GAAP Differences</b>	<b>Actual Amounts GAAP Basis</b>
\$	\$ 974,178.80
	3,115.07
	412,005.59
	<u>1,389,299.46</u>
	1,426,563.09
	<u>1,426,563.09</u>
	<u>(37,263.63)</u>
	60,000.00
	4,743.00
	<u>(109,402.65)</u>
	<u>(44,659.65)</u>
	(81,923.28)
	<u>375,422.61</u>
\$	\$ 293,499.33

***Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Public Buildings, Roads and Bridges Fund  
For the Year Ended September 30, 2010***

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>
<b><u>Revenues</u></b>			
Taxes	\$ 260,000.00	\$ 260,000.00	\$ 274,031.98
Intergovernmental	8,000.00	8,000.00	7,897.70
Miscellaneous	2,000.00	2,000.00	950.16
Total Revenues	270,000.00	270,000.00	282,879.84
Excess (Deficiency) of Revenues Over Expenditures	270,000.00	270,000.00	282,879.84
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers Out	(285,000.00)	(285,000.00)	(310,726.41)
Total Other Financing Sources (Uses)	(285,000.00)	(285,000.00)	(310,726.41)
Net Change in Fund Balances	(15,000.00)	(15,000.00)	(27,846.57)
Fund Balances - Beginning of Year	26,445.09	30,265.36	51,157.27
Fund Balances - End of Year	\$ 11,445.09	\$ 15,265.36	\$ 23,310.70

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

- (1) The Commission recognized motor vehicle ad valorem taxes as they were received without regard to when they are earned. (Difference between Prior Year Deferral \$20,891.91 and Current Year Deferral \$18,389.79).

Net Increase in Fund Balance - Budget to GAAP

- (2) 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 cumulative effect of transactions such as those described above.



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	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1)	\$ 2,502.12	\$ 276,534.10
		7,897.70
		950.16
	<u>2,502.12</u>	<u>285,381.96</u>
	 2,502.12	 285,381.96
		<u>(310,726.41)</u>
		<u>(310,726.41)</u>
	2,502.12	(25,344.45)
(2)	<u>(20,891.91)</u>	<u>30,265.36</u>
	<u>\$ (18,389.79)</u>	<u>\$ 4,920.91</u>
	 <u>\$ 2,502.12</u>	
	 <u>\$ 2,502.12</u>	

***Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Revenue Commissioner's Operational Fund  
For the Year Ended September 30, 2010***

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>
<b><u>Revenues</u></b>			
Taxes	\$ 288,928.10	\$ 375,701.75	\$ 375,854.71
Miscellaneous	3,650.00	3,650.00	2,476.75
Total Revenues	292,578.10	379,351.75	378,331.46
<b><u>Expenditures</u></b>			
Current:			
General Government	405,973.60	405,973.60	367,113.94
Capital Outlay			7,502.00
Total Expenditures	405,973.60	405,973.60	374,615.94
Excess (Deficiency) of Revenues Over Expenditures	(113,395.50)	(26,621.85)	3,715.52
Net Change in Fund Balances	(113,395.50)	(26,621.85)	3,715.52
Fund Balances - Beginning of Year	117,045.49	70,198.80	43,282.02
Fund Balances - End of Year	\$ 3,649.99	\$ 43,576.95	\$ 46,997.54



***Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Chemical Stockpile Emergency Preparedness  
Program Fund  
For the Year Ended September 30, 2010***

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 4,946,442.07	\$ 4,946,442.07	\$ 2,857,168.48
Miscellaneous			1,924.69
Total Revenues	4,946,442.07	4,946,442.07	2,859,093.17
<b><u>Expenditures</u></b>			
Current:			
Public Safety	4,946,442.07	4,959,881.93	2,544,194.07
Capital Outlay			312,986.25
Total Expenditures	4,946,442.07	4,959,881.93	2,857,180.32
Net Change in Fund Balances		(13,439.86)	1,912.85
Fund Balances - Beginning of Year		17,201.61	17,201.61
Fund Balances - End of Year	\$	\$ 3,761.75	\$ 19,114.46



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***Schedule of Funding Progress***  
***Defined Benefit Pension Plan***  
***For the Year Ended September 30, 2010***

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)**	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
9/30/2009	\$4,581,219*	\$4,867,644	\$286,425	94.1%	\$2,846,466	10.1%
9/30/2008	\$4,551,534	\$4,671,902	\$120,368	97.4%	\$2,538,935	4.7%
9/30/2007	\$4,290,955	\$4,203,880	(\$ 87,075)	102.10%	\$2,505,507	(3.50%)

\* Market Value of Assets as of September 30, 2009: \$3,512,047.

\*\* Reflects liability for cost-of-living benefit increases granted on or after October 1, 1978.

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## *Supplementary Information*

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***Schedule of Expenditures of Federal Awards***  
***For the Year Ended September 30, 2010***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>
<b><u>U. S. Department of Agriculture</u></b>		
<b><u>Passed Through Alabama Department of Finance</u></b>		
Schools and Roads - Grants to States	10.665	N/A
<b><u>U. S. Department of Housing and Urban Development</u></b>		
<b><u>Passed Through Alabama Department of Economic and Community Affairs</u></b>		
Community Development Block Grants/State's Program	14.228	CY-CM-PF-08-018
<b><u>U. S. Department of Justice</u></b>		
<b><u>Direct Program</u></b>		
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to Units of Local Governments	16.804	N/A
<b><u>U. S. Department of the Interior</u></b>		
<b><u>Direct Program</u></b>		
Payments in Lieu of Taxes	15.226	N/A
<b><u>U. S. Department of Transportation</u></b>		
<b><u>Passed Through Alabama Department of Transportation</u></b>		
<b><u>Passed Through East Alabama Regional Planning and Development Commission</u></b>		
Formula Grants for Other than Urbanized Areas	20.509	RPT-08
ARRA - Formula Grants for Other than Urbanized Areas - Recovery Act	20.509	N/A
Sub-Total Formula Grants for Other Than Urbanized Areas		
<b><u>Passed Through Gadsden State Community College</u></b>		
State and Community Highway Safety	20.600	10-SP-PT-010
Safety Belt Performance Grant	20.609	10-HS-K4-009
State Traffic Safety Information System Improvement Grants	20.610	10-HS-FR-009
Total U. S. Department of Transportation		
Sub-Total Forward		



Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
10/01/2009-09/30/2010	\$ 287,088.38	\$ 287,088.38	\$ 287,088.37	\$ 287,088.37
10/27/2008-00/00/0000	512,585.00	400,000.00	8,891.00	8,891.00
03/01/2009-02/28/2013	14,595.00	14,595.00	14,595.00	14,595.00
10/01/2009-09/30/2010	38,172.00	38,172.00	38,172.00	38,172.00
10/01/2009-09/30/2010	20,620.00	20,620.00	11,963.00	11,963.00
10/01/2009-09/30/2010	68,268.00	68,268.00	68,268.00	68,268.00
	88,888.00	88,888.00	80,231.00	80,231.00
12/10/2009-09/10/2010	5,319.71	5,319.71	5,319.71	5,319.71
05/06/2010-06/30/2010	1,688.53	1,688.53	1,688.53	1,688.53
02/05/2010-09/10/2010	8,011.06	8,011.06	8,011.06	8,011.06
	103,907.30	103,907.30	95,250.30	95,250.30
	\$ 956,347.68	\$ 843,762.68	\$ 443,996.67	\$ 443,996.67

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***Schedule of Expenditures of Federal Awards***  
***For the Year Ended September 30, 2010***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>
Sub-Total Brought Forward		
<b><u>U. S. Department of Health and Human Services</u></b>		
<b><u>Passed Through Alabama Secretary of State</u></b>		
Voting Access for Individuals with Disabilities - Grants to States	93.617	N/A
<b><u>U. S. Department of Homeland Security</u></b>		
<b><u>Passed Through Alabama Emergency Management Agency</u></b>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA - 1549-DR-A
Chemical Stockpile Emergency Preparedness Program (M)	97.040	N/A
Emergency Management Performance Grants	97.042	OEMF
<b><u>Passed Through the Alabama Department of Homeland Security</u></b>		
Homeland Security Grant Program	97.067	9SHL
Total U. S. Department of Homeland Security		
Total Expenditures of Federal Awards		

(M) = Major Program

N/A = Not Applicable/Not Available

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

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Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 956,347.68	\$ 843,762.68	\$ 443,996.67	\$ 443,996.67
10/01/2009-09/30/2010	1,741.73	1,741.73	1,741.73	1,741.73
	104,163.08	104,163.08	700.33	700.33
10/01/2009-09/30/2010	11,323,000.00	11,323,000.00	2,857,168.48	2,857,168.48
10/01/2009-09/30/2010	82,968.40	36,947.00	36,947.00	36,947.00
08/01/2009-07/31/2012	65,000.00	65,000.00	64,689.95	64,689.95
	11,576,873.21	11,530,851.81	2,961,247.49	2,961,247.49
	<u>\$ 12,533,220.89</u>	<u>\$ 12,374,614.49</u>	<u>\$ 3,405,244.16</u>	<u>\$ 3,405,244.16</u>

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***Notes to the Schedule of Expenditures  
of Federal Awards  
For the Year Ended September 30, 2010***

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**Note 1 – Basis of Presentation**

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

**Note 2 – Subrecipients**

Of the federal expenditures presented in the schedule, the Cleburne County Commission provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Schools and Roads – Grants to States	10.665	\$122,642.49
Homeland Security Grant Program	97.067	35,000.00
Totals		<u>\$157,642.49</u>

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## *Additional Information*

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***Commission Members and Administrative Personnel***  
***October 1, 2009 through September 30, 2010***

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<b>Commission Members</b>		<b>Term Expires</b>
Hon. Ryan Robertson	Ex-Officio Chairman	January 2013
Hon. Joel A. Robinson	Member	November 2012
Hon. Tracy Lambert	Member	November 2010
Hon. Dwight Williamson	Member	November 2010
Hon. Rex Nolen	Member	November 2012
<b><u>Administrative Personnel</u></b>		
Mr. Steve Swafford	County Administrator	Indefinite
Mrs. Melissia Wood	County Finance Officer	Indefinite

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

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We have audited 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, 2010, which collectively comprise the Commission’s basic financial statements and have issued our report thereon dated May 2, 2012. 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.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Commission’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the Commission’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs listed as item 2010-03 that we consider to be a significant deficiency in internal control over financial reporting. 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.

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

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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***. However, we noted certain matters that we have reported to the management of the Commission in the Schedule of State and Local Compliance and Other Findings.

The Commission's response to the findings identified in our audit are described in the accompanying Auditee Response/Corrective Action Plan. We did not audit the Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, members of the Cleburne County Commission, the County Administrator, the County Finance Officer, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ronald L. Jones  
Chief Examiner

Department of Examiners of Public Accounts

May 2, 2012



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***Report on Compliance With Requirements That Could  
Have a Direct and Material Effect on Each Major  
Program and on Internal Control Over Compliance in  
Accordance With OMB Circular A-133***

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**Independent Auditor's Report**

**Compliance**

We have audited the Cleburne County Commission's (the "Commission") compliance with the types of compliance requirements described in the ***OMB Circular A-133 Compliance Supplement*** that could have a direct and material effect on each of the Commission's major federal programs for the year ended September 30, 2010. The Commission's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; and OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-04.

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***Report on Compliance With Requirements That Could  
Have a Direct and Material Effect on Each Major  
Program and on Internal Control Over Compliance in  
Accordance With OMB Circular A-133***

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**Internal Control Over Compliance**

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs listed as items 2010-05 and 2010-06 to be material weaknesses.

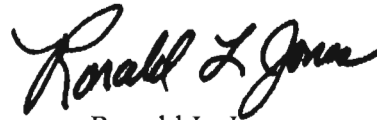
The Commission's responses to the findings identified in our audit are described in the accompanying Auditee Response/Corrective Action Plan. We did not audit the Commission's response and, accordingly, we express no opinion on the responses.

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***Report on Compliance With Requirements That Could  
Have a Direct and Material Effect on Each Major  
Program and on Internal Control Over Compliance in  
Accordance With OMB Circular A-133***

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This report is intended solely for the information and use of management, members of the Cleburne County Commission, the County Administrator, County Finance Officer, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ronald L. Jones  
Chief Examiner

Department of Examiners of Public Accounts

May 2, 2012

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***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2010***

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**Section I – Summary of Examiner's Results**

**Financial Statements**

Type of opinion issued: Unqualified

Internal control over financial reporting:  
Material weakness(es) identified?        Yes   X   No

Significant deficiency(ies) identified?   X   Yes        None reported

Noncompliance material to financial statements noted?        Yes   X   No

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified?   X   Yes        No

Significant deficiency(ies) identified?        Yes   X   None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?   X   Yes        No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
97.040	Chemical Stockpile Emergency Preparedness Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.00

Auditee qualified as low-risk auditee?        Yes   X   No

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***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2010***

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**Section II – Financial Statement Findings (GAGAS)**

<b>Ref. No.</b>	<b>Type of Finding</b>	<b>Finding/Noncompliance</b>	<b>Questioned Costs</b>
2010-03	Internal Control	<p><b><u>Finding:</u></b></p> <p>An adequate system of controls is required to provide proper accountability over all expenditures. The Commission designates a portion of the General Fund as discretionary funds, to be spent at the direction of the individual commissioners. The payments from these accounts were not always subject to the same controls as other County expenditures. Weaknesses in controls were noted in the following areas:</p> <ul style="list-style-type: none"><li>✓ Expenditures from the discretionary funds were not always adequately documented.</li><li>✓ Purchase orders were not always used to maintain control over the discretionary expenditures.</li></ul> <p><b><u>Recommendation:</u></b></p> <p>All payments of county funds should be subject to the same controls and procedures.</p>	

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***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2010***

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**Section III – Federal Awards Findings and Questioned Costs**

<b>Ref. No.</b>	<b>CFDA No.</b>	<b>Program</b>	<b>Finding/Noncompliance</b>	<b>Questioned Costs</b>
2010-04	10.665	U. S. Department of Agriculture; Passed through Alabama Department of Finance; Schools and Roads - Grants to States; 10/01/2009 through 09/30/2010	<p><b><u>Finding:</u></b> Federal regulations governing “Activities Allowed or Unallowed” and “Allowable Costs/Cost Principles” require all expenditures of federal funds be adequately documented. A transfer in the amount of \$40,000 of Schools and Roads - Grants to States funds was made to the County General Fund. Adequate documentation of expenditures paid from the General Fund with these funds was not provided for review. We were unable to determine if funds were expended for allowable items.</p> <p><b><u>Recommendation:</u></b> The Commission should ensure that all federal expenditures are adequately documented.</p>	\$40,000.00

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***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2010***

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**Section III – Federal Awards Findings and Questioned Costs**

Ref. No.	CFDA No.	Program	Finding/Noncompliance	Questioned Costs
2010-05	97.040	U. S. Department of Homeland Security; Passed through Alabama Emergency Management Agency; Chemical Stockpile Emergency Preparedness Program; 10/01/2009 through 09/30/2010	<p><b><u>Finding:</u></b> Federal regulations governing “Activities Allowed or Unallowed” and “Allowable Costs/Cost Principles” require all expenditures of federal funds be documented with original vendor invoices. Controls were not in place to ensure original vendor invoices were submitted to the pass-through agency. Some invoices submitted to the Alabama Emergency Management Agency for reimbursement did not appear to be the original invoices as prepared by the vendor. In one instance, the County Administrator submitted a hotel invoice for reimbursement that was not the original as prepared by the hotel. The invoice submitted for reimbursement reflected one additional day that was not reflected on the original hotel invoice. This resulted in an amount overpaid to the County Administrator of \$134.57 and is reflected on Exhibit 24 as a charge against the County Administrator. This amount was repaid subsequent to the conclusion of the audit.</p> <p><b><u>Recommendation:</u></b> Controls should be implemented to ensure original vendor invoices are submitted to the pass-through agency for approval.</p>	

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***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2010***

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**Section III – Federal Awards Findings and Questioned Costs**

<b>Ref. No.</b>	<b>CFDA No.</b>	<b>Program</b>	<b>Finding/Noncompliance</b>	<b>Questioned Costs</b>
2010-06	97.040	U. S. Department of Homeland Security; Passed through Alabama Emergency Management Agency; Chemical Stockpile Emergency Preparedness Program; 10/01/2009 through 09/30/2010	<p><b><u>Finding:</u></b>  Federal regulations governing “Procurement, Suspension and Debarment” require contracts to be awarded in compliance with the Alabama Competitive Bid Law. Controls were not in place to ensure all expenditures made for contracts awarded were adequately documented. The Commission awarded a bid contract for advertising and public outreach programs; however, the amounts paid to the vendor could not be verified to the agreed upon bid contract prices.</p> <p><b><u>Recommendation:</u></b>  The Commission should verify and document that amounts paid for procurement expenditures equal the amount agreed upon in the bid contract.</p>	



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## *Summary Schedule of Prior Audit Findings*

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# CLEBURNE COUNTY COMMISSION

120 VICKERY STREET, ROOM 207

HEFLIN, ALABAMA 36264

256-463-2951 PHONE

256-463-8654 FAX

Ryan Robertson  
Ex-Officio Chairman

Joel Robinson  
District 1

Emmett Owen  
District 2

Benji Langley  
District 3

Rex Nolen  
District 4

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## *Summary Schedule of Prior Audit Findings*

### *For the Year Ended September 30, 2010*

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As required by the Office of Management and Budget (OMB) Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section \_\_.315(b), the Cleburne County Commission has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2010.

<b>Finding Ref. No.</b>	<b>Status of Prior Audit Finding</b>
2009-1	Corrective action has been implemented.
2009-2	Corrective action has been implemented.
2009-3	Corrective action has been implemented.

A handwritten signature in black ink, reading "Ryan Robertson". The signature is stylized with large, flowing loops.

Ryan Robertson, Ex-officio Chairman  
Cleburne County Commission

# ***Schedule of Charges***

## ***October 1, 2009 through October 17, 2011***

<b>Person/Official Charged</b>	<b>Date</b>	<b>Fund/Account</b>	<b>Amount Charged</b>
<b><u>Directly Charged to</u></b>			
County Administrator, Steve Swafford			
<b><u>Paid to</u></b>			
Lions Club	10/04/2009	General Fund	\$ 75.00
Cleburne County Judge of Probate	08/11/2010	General Fund	58.92
Cleburne County Judge of Probate	10/29/2010	General Fund	74.25
Cleburne County Judge of Probate	10/17/2011	General Fund	24.25
Steve Swafford	07/30/2010	Chemical Stockpile Emergency Preparedness Program Fund	134.57
Total Directly Charged to Steve Swafford			<u>366.99</u>
<b><u>Directly Charged to</u></b>			
Commissioner, Rex Nolen			
<b><u>Paid to</u></b>			
Empty Stocking Gala	10/05/2009	General Fund	500.00
Steel Magnolias Breast Cancer Support Group, Inc.	03/25/2010	General Fund	25.00
Total Directly Charged to Rex Nolen			<u>525.00</u>
<b><u>Directly Charged to</u></b>			
Commissioner, Joel A. Robinson			
<b><u>Paid to</u></b>			
Empty Stocking Gala	10/05/2009	General Fund	500.00
Steel Magnolias Breast Cancer Support Group, Inc.	03/25/2010	General Fund	25.00
Total Directly Charged to Joel A Robinson			<u>525.00</u>
Sub-Total Forward			\$ 1,416.99

Amount Paid	Amount Relieved By Chief Examiner	Amount Unpaid	Description of Charge
\$ (75.00)	\$	\$	Unallowable Expenditure from Public Funds - Paid Lions Club
(58.92)			Dues for Steve Swafford
(74.25)			Purchased Collegiate Tag for County Vehicle Assigned to Swafford
(24.25)			Renewed Collegiate Tag for County Vehicle Assigned to Swafford
			Purchased Personal Tag for County Vehicle Assigned to Swafford
(134.57)			
(366.99)			Overpayment of Travel Expenses
		500.00	Unallowable expenditure from public funds - Commission did not properly determine a public purpose was served.
		25.00	Unallowable expenditure from public funds - Commission did not properly determine a public purpose was served.
		525.00	
		500.00	Unallowable expenditure from public funds - Commission did not properly determine a public purpose was served.
		25.00	Unallowable expenditure from public funds - Commission did not properly determine a public purpose was served.
		525.00	
\$ (366.99)	\$	\$ 1,050.00	

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***Schedule of Charges***  
***October 1, 2009 through October 17, 2011***

<b>Person/Official Charged</b>	<b>Date</b>	<b>Fund/Account</b>	<b>Amount Charged</b>
Sub-Total Brought Forward			\$ 1,416.99
<b><u>Directly Charged to</u></b>			
Commissioner, Tracy Lambert			
<b><u>Paid to</u></b>			
Steel Magnolias Breast Cancer Support Group, Inc.	03/25/2010	General Fund	25.00
Boy Scouts of America	05/24/2010	General Fund	1,500.00
HEARTS	05/24/2010	General Fund	500.00
Empty Stocking Gala	07/15/2010	General Fund	587.31
Total Directly Charged to Tracy Lambert			<u>2,612.31</u>
<b><u>Directly Charged to</u></b>			
Commissioner, Dwight Williamson			
<b><u>Paid to</u></b>			
Steel Magnolias Breast Cancer Support Group, Inc.	03/25/2010	General Fund	25.00
Total Directly Charged to Dwight Williamson			<u>25.00</u>
Total Charges			<u><u>\$ 4,054.30</u></u>

Amount Paid	Amount Relieved By Chief Examiner	Amount Unpaid	Description of Charge
\$ (366.99)	\$	\$ 1,050.00	
		25.00	Unallowable expenditure from public funds - Commission did not properly determine a public purpose was served.
		1,500.00	Unallowable expenditure from public funds - Commission did not properly determine a public purpose was served.
		500.00	Unallowable expenditure from public funds - Commission did not properly determine a public purpose was served.
		587.31	Unallowable expenditure from public funds - Commission did not properly determine a public purpose was served.
		<u>2,612.31</u>	
		25.00	Unallowable expenditure from public funds - Commission did not properly determine a public purpose was served.
		<u>25.00</u>	
<u>\$ (366.99)</u>	<u>\$</u>	<u>\$ 3,687.31</u>	

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## *Order of the Chief Examiner*



Ronald L. Jones  
Chief Examiner

*Mailing Address:*  
P.O. Box 302251  
Montgomery, AL 36130-2251

State of Alabama  
Department of  
**Examiners of Public Accounts**

Telephone (334) 242-9200  
FAX (334) 242-1775

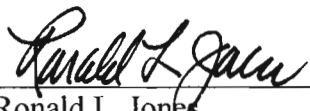
*Location:*  
Gordon Persons Building  
50 North Ripley Street, Room 3201  
Montgomery, AL 36104-3833

**ORDER OF THE CHIEF EXAMINER**

RE: Cleburne County Commission  
October 1, 2009 through September 30, 2010

This matter coming to be heard the 29th day of March 2012, pursuant to the provisions of the *Code of Alabama 1975*, Section 41-5-22, the Chief Examiner is of the opinion that the officials have failed to show just cause why the charges should not be paid. Therefore, relief from these charges is accordingly denied.

Entered this the 2nd day of May, 2012.

  
\_\_\_\_\_  
Ronald L. Jones  
Chief Examiner

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## *Auditee Response/Corrective Action Plan*



# CLEBURNE COUNTY COMMISSION

120 VICKERY STREET, ROOM 207

HEFLIN, ALABAMA 36264

256-463-2951 PHONE

256-463-8654 FAX

Ryan Robertson  
Ex-Officio Chairman

May 8<sup>th</sup>, 2012

Joel Robinson  
District 1

Mr. Ronald L. Jones

Chief Examiner

Emmett Owen  
District 2

Examiners of Public Accounts

State of Alabama

Benji Langley  
District 3

P.O. Box 302251

Rex Nolen  
District 4

Dear Mr. Jones,

Please see the County's attached response to the May 2<sup>nd</sup>, 2012 letter from Theresa Durrett addressing the FY-10 Cleburne County audit findings and requesting our submission of a Corrective Action Plan.

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

Sincerely,

A handwritten signature in blue ink that reads "Ryan Robertson". The signature is fluid and cursive, with the first and last names being clearly legible.

Ryan Robertson

Attachments: Cleburne County Commission Corrective Action Plan for the Year Ended September 30<sup>th</sup>, 2010.

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Cleburne County Commission  
Corrective Action Plan  
For the Year Ended September 30, 2010

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As required by the Office of Management and Budget (OMB) Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section .315(c), the Cleburne County Commission has prepared and hereby submits the following Corrective Action Plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30<sup>th</sup>, 2010.

Finding Reference Number	Corrective Action Plan Details
2010-01	<p data-bbox="440 705 1393 1268"><b>Finding:</b> <i>The Code of Alabama 1975</i>, Section 40-12-250, states "motor vehicles owned and used by the state, a county, or a municipality of this state shall not be subject to the payment of license taxes levied, but shall display permanent license plates. Also, the Commission's Resolution #3037 dated August 12, 2002, states "Be it resolved by the Cleburne County Commission to require that all county equipment and vehicles have a county tag and decal on them." The Commission did not display a permanent county license plate or a county asset decal on all county owned vehicles. In fiscal year 2010, a total of \$58.92 was paid to purchase and display a collegiate tag for a county owned vehicle used by the County Administrator. Also, a total of \$74.25 was paid to renew this tag in the subsequent period. An additional amount of \$24.25 was paid on October 17, 2011 to purchase and display a private passenger tag for this same county vehicle.</p> <p data-bbox="440 1304 1393 1493"><b>Response:</b> In response to this concern, the Commission intends to take up the repealing of resolution #3037 dated August 12, 2002 to clarify the issue regarding all vehicles having to meet this requirement. In its place will be proposed a resolution establishing criteria for these types of requirements.</p> <p data-bbox="440 1528 1393 1864">It has been the county's practice and intent to display decals on vehicles that routinely perform services within the county so they could be differentiated from general purpose vehicles as they perform their tasks (compliance, road work, certain law enforcement, and etc.) in order for their presence along right of ways and when approaching residences to be understood by the public. This and many other vehicles used largely for administrative purposes and periodically operated outside the county do not need this type of identification and have not been equipped as such.</p>

The question regarding the collegiate tag came from the County's extended and now successful attempt to partner with Jacksonville State University on a Natural Resource Center that will be shared and operated jointly with the University. The displaying of the tag was considered by the County to be an outward expression and promotional endorsement of the State University as a potential new partner to Cleburne County.

As you may be aware, numerous publically owned and/or operated vehicles, including those under the control of the State of Alabama, display non-county/municipal/state licensure. This is by no means a unique practice. When practical, this allows the County and the vehicle operator to be less apparent to those who may target publically owned vehicles for intentional accidents and insurance fraud while on official business outside the county or state.

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2010-02

**Finding:** Section 94 of the Constitution of Alabama, 1901, as amended by Amendment 558, prohibits a county from giving money to a private person, corporation or association. In the case of Slawson v. Alabama Forestry Commission, 631 So. 2d 953 (Ala. 1994), the Court stated, "the paramount test should be whether the expenditure confers a direct public benefit of a reasonably general character, that is to say, to a significant part of the public, as distinguished from a remote and theoretical benefit." In Attorney General Opinion No. 97-00099, the Alabama Attorney General's Office reiterated the Supreme Court's statement, whether or not an appropriation is for a public purpose is legislative in nature (emphasis added); and therefore, the governing body (emphasis added) must determine if the appropriation of funds is for a public purpose. Furthermore, in Attorney General Opinion No. 2010-010, the Alabama Attorney General's Office determined "that a governing body (emphasis added) may expend public funds if it determines a public purpose is served." The Commission expended public funds totaling \$3,762.31, without the governing body properly determining a public purpose was served.

**Response:** The Commission has a very detailed policy in place regarding the expenditure of discretionary public funds by the Commission. This policy delegated the authority of the Commission as a whole to each individual Commissioner to make such determination as long as he/she had an accompanying legal opinion of the County Attorney supporting the request for distribution of funds. This policy was closely adhered to in the identified expenditures totaling \$3,762.31.

The questioned funding provided to organizations during the fiscal year 2010 audit period of the Cleburne County Commission involved the following non-profit organizations who all provide goods and services important to the public of Cleburne County and well within the scope of the public good and for a public purpose:

- A. Steel Magnolias Breast Cancer Support Group, Inc. – who provides counseling services for individuals diagnosed with breast cancer;
- B. Empty Stocking Gala – who provides support for children in State foster care and foster parents;
- C. Boy Scouts of America – who provides leadership and civic training to boys ages 11-18;
- D. HEARTS – who is co-located with the Community Action Agency in Cleburne County and assists destitute local citizens with food pantry, clothing, utility assistance, and prescription assistance.

The four Cleburne County Commissioners were acting in good faith in helping to provide funding to these four agencies in which they have absolutely no personal financial interest or ability for self gain. Furthermore, they were acting entirely within the authority delegated to each of them individually by the Commission as a whole and in compliance with their own very strict rules and regulations regarding making such distributions which requires a formal legal opinion be issued as to the legality of the distribution in order for the distribution to be made.

Due to these and other facts, the Commission feels strongly that in each of these cases the public's interest was well served, the law was complied with, and that public trust in their actions was well preserved.

Going forward, the Commission will modify its policy to remove the delegation of authority to each individual commissioner and ensure the determination of public purpose is made in each case by a majority vote of the Commission.

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**2010-03**

**Finding:** An adequate system of controls is required to provide proper accountability over all expenditures. The Commission designates a portion of the General Fund as discretionary funds, to be spent at the direction of the individual commissioners. The payments from these accounts were not always subject to the same

	<p>controls as other County expenditures. Weaknesses in controls were noted in the following areas:</p> <ul style="list-style-type: none"> <li>- Expenditures from the discretionary funds were not always adequately documented.</li> <li>- Purchase orders were not always used to maintain control over the discretionary expenditures.</li> </ul> <p><b>Response:</b> Going forward, the Commission was ensure that purchase orders, contracts, or memorandums of understanding are in place for all discretionary fund payments.</p>
2010-04	<p><b>Finding:</b> Federal regulations governing “Activities Allowed or Unallowed” and “Allowable Costs/Cost Principles” require all expenditures of federal funds be adequately documented. A transfer in the amount of \$40,000 of Schools and Roads – Grants to States funds was made to the County General Fund. Adequate documentation of expenditures paid from the General Fund with these funds was not provided for review. We were unable to determine if funds were expended for allowable items.</p> <p><b>Response:</b> Going forward, the Commission will deposit these Title III funds directly in the County 911 fund where they are used to help fund emergency communication services to the over 140 square miles of territory comprising the Talladega National Forest in Cleburne County.</p>
2010-05	<p><b>Finding:</b> Federal regulations governing “Activities Allowed or Unallowed” and “Allowable Costs/Cost Principles” require all expenditures of federal funds be documented with original vendor invoices. Controls were not in place to ensure original vendor invoices were submitted to the pass-through agency. Some invoices submitted to the Alabama Emergency Management Agency for reimbursement did not appear to be the original invoices as prepared by the vendor. In one instance, the County Administrator submitted a hotel invoice for reimbursement that was not the original as prepared by the hotel. The invoice submitted for reimbursement reflected one additional day that was not reflected on the original hotel invoice. This resulted in an amount overpaid to the County Administrator of \$137.57.</p> <p><b>Response:</b> The invoice in question was in fact generated by the hotel and emailed to the employee following the visit. In this case, there was a discrepancy between invoices provided to the employee and those obtained by the auditor due to the hotel following up with</p>



a concession of one night's stay due to the air conditioner unit being out in the employee's room and the hotel being unable to relocate the employee due to being fully booked. This shortcoming of the hotel did not inconvenience the County but rather the employee and as such, was handled directly between the two parties.

If there is ever a similar case in the future, greater care will be given to document the specific details of the situation as part of the claim.

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**2010-06**

**Finding:** Federal regulations governing "Procurement, Suspension and Debarment" require contracts to be awarded in compliance with the Alabama Competitive Bid Law. Controls were not in place to ensure all expenditures made for contracts awarded were adequately documented. The Commission awarded a bid contract for advertising and public outreach programs; however, the amounts paid to the vendor could not be verified to the agreed upon bid contract prices.

**Response:** Going forward, the County will ensure invoices can be easily understood and tied directly back to bid amounts before being accepted for payment.