

THE STATE OF ALABAMA
Macon County Commission

Macon County Courthouse
Tuskegee, Alabama 36083
(334) 727-5120 • Fax: (334) 724-2608



Governing Body of Macon County

Louis Maxwell
Chairman
Commissioner Miles D. Robinson
District 1
Commissioner Edward Huffman
District 2
Commissioner Andrew D. Thompson, Jr.
District 3
Commissioner Robert M. Berry
District 4

March 1, 2017

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

Dear Mr. Hall:

As required by the Office of Management and Budget (OMB) Circular No. A-133, Audits of State, Local Governments, and Non-Profit Organizations, Section .31(c), the Macon 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, 2014.

Finding #2014-001:

Generally Accepted Accounting Principles provide for the use of Agency Fund which are maintained by the County Commission to report assets held by the Commission in a purely custodial capacity. Amounts held in these funds are payable to other parties. During the audit period, the Commission did not maintain a listing of the payables to support the amounts recorded in its Agency Funds.

Response: Corrective Action:

There was a list of payables on the Excel Spread Sheet, but was not recorded on our books. The Commission will maintain a listing of payables recorded in its agency funds.

Responsible Person(s):

Corrective Action: Susan B. Thomas, County Administrator

Contact: Louis Maxwell, Commission Chairman

Finding #2014-002:

Adequate internal controls require the Commission to reconcile remittances to the Retirement Systems of Alabama with retirement expenses computed by the Commission's payroll program. For the fiscal year ended September 30, 2014, the Commission expensed more employer retirement than was remitted to the Retirement Systems of Alabama.

Response: Corrective Action:

The Commission was doing this to build up a balance in the Retirement Fund to cover the one-time lump sum that our Retirees were granted by the Macon County Commission, in order to pay the Retirement System later. The rates have been changed back to the correct amounts.

Responsible Person(s):

Corrective Action: Gertrude Benjamin, Personnel Director & Treasurer
Susan B. Thomas, County Administrator

Contact: Louis Maxwell, Commission Chairman

Finding #2013-004:

Chapter 2 of the **Code of Alabama 1975**, requires County Commissioners to obtain a bond in the amount of one-half of one percent of the amount budgeted in the County General Fund effective prior to the current term of office. It also requires the bond to be filed in the office of the Probate Judge no later than the date that the Commissioner takes office. Bonds were filed for the Commissioners as required in the office of the Probate Judge; however, the amounts of the bonds recorded were less than the required amount and some bonds were filed after the Commissioner took office.

Response: Corrective Action:

The Commissioners bonds have been increased to the required amount since our Exit Conference with the Auditors on February 2, 2017.

Responsible Person(s):

Corrective Action: Susan B. Thomas, County Administrator

Contact: Louis Maxwell, Commission Chairman

Finding #2013-006:

The Macon County Commission issued General Obligation Warrants, Series 2009 dated August 1, 2009. According to the Official Statement, the purpose of the warrants being issued was to advance refund the County's General Obligation Warrants, Series 2007 and "to construct various capital improvements to the County's infrastructure". Proceeds of this issuance totaled \$1,500,000.00 of which \$29,596.91 was expended during our audit

period on items that did not appear to comply with the provisions outlined in the related bond documents.

Response: Corrective Action:

The Commission was not aware at the time that there were items purchased that were not in compliance with the outlined bond documents.

Responsible Person(s):

Corrective Action: Susan B. Thomas, County Administrator
& Louis Maxwell, Commission Chairman

Contact: Louis Maxwell, Commission Chairman

Finding #2013-007:

The Macon County Commission issued State Gasoline Tax Anticipation Warrants, Series 2012, dated August 1, 2012. According to the Official Statement, the purpose of the warrants being issued was to pay "the costs of construction, surfacing, resurfacing, grading and draining of roads, streets, and bridges in the County". In testing the expenditures recorded in the 2012 State Gasoline Tax Anticipation Construction Fund, it was noted that some of the proceeds were used for parts, repairs on equipment and vehicles. The total of these expenditures was \$14,443.56. This use of the proceeds did not appear to comply with the provisions outlined in the related bond documents.

Response: Corrective Action:

The County Engineer has recommended that we pay back the \$14,443.56 from the Macon County Gasoline Fund, but he did not realize that this was not an allowable expenditure at the time.

Responsible Person(s):

Corrective Action: J.D. Smith, County Engineer &
Susan B. Thomas, County Administrator

Contact: Louis Maxwell, Commission Chairman

Finding #2013-008:

The Code of Alabama 1975, Section 11-29-6, the legal authority for the Capital Improvement Fund, states these funds are to be used to assist in the restoration and improvement of county government buildings, bridges, roads, streets, and other facilities, and to promote the health, safety, and public welfare of the citizens of the state. The Commission made loans from the Capital Improvement Fund to the General Fund during fiscal year 2014. We were unable to determine if expenditures made by the General Fund were in accordance with the Code of Alabama 1975, Section 11-29-6. At September 30, 2014, the General Fund owed the Capital Improvement Fund \$1,248,307.30.

Response: Corrective Action:

Due to the closing of Victory Land, the Macon County Commission has been financially strapped. We no longer receive revenues from Victory Land for Charity Day for the Recreation and RSVP Funds. Also, all other revenues, such as: property taxes, Occupational Taxes Sales Taxes and Lodging Taxes have been drastically reduced since their closing. Therefore, the General Fund was forced to fund the Recreation and RSVP Funds and made loans from the Capital Improvement Fund. These funds will be paid back in increments, until its paid off as our revenues increase.

Responsible Person(s):

Corrective Action: Susan B. Thomas, County Administrator &
Louis Maxwell, Commission Chairman

Contact: Louis Maxwell, Commission Chairman

Finding #2008-003:

The **Code of Alabama 1975**, Section 11-8-3, requires the Commission to budget appropriations that are not in excess of estimated total revenues available for appropriations. The Commission's budgets for fiscal year 2014 did not take existing deficit fund balances into account.

The Commission did not intentionally budget appropriations in excess of the estimated total revenues available for appropriations. The Commission still did not have enough new or existing revenues to budget the deficit fund balance for the General Fund, Gasoline Fund, Supernumerary Fund and CDBG Fund. On February 2, 2017, the General Fund paid off the \$39,255.01 loan from that the CDBG Fund borrowed from the RRR Gas Tax Fund, which takes care of the deficit in the CDBG Fund.

Responsible Person(s):

Corrective Action: Susan B. Thomas, County Administrator,
J.D. Smith, County Engineer &
Louis Maxwell, Commission Chairman

Contact: Louis Maxwell, Commission Chairman

Finding #2007-001:

The **Code of Alabama 1975**, Section 11-8-10, states that the Commission shall not issue warrants until funds are available. The following funds had deficit fund balances at September 30, 2014: General Fund, Gasoline Tax Fund, Supernumerary Fund and CDBG Fund.

LAST Audit -
MAXwell replied
1 MAR 2017

<u>Fund</u>	<u>Deficit Fund Balance</u>
<u>General Fund</u>	<u>\$1,251,668.96</u>
<u>Gasoline Tax Fund</u>	<u>\$190,966.04</u>
<u>Supernumerary Fund</u>	<u>\$56.40</u>
<u>CDBG Fund</u>	<u>\$39,255.01</u>

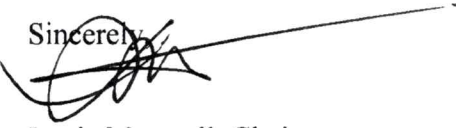
Response: Corrective Action:

During the month of September, Bills/Invoices for August and September are posted before the end of September, but only August bills are paid before the end of September, in order to capture all bills for the fiscal year. After, the close of September, the September bills are printed and paid before the year end close out for the fiscal year. All deposits that were made after the 5th of October are set up as Accounts Receivables, instead of Deposits in Transit and are posted as Cash in the month that it is received. Therefore, Cash at the end of September is less than normal. Also, warrants are not sent out until funds are available.

Corrective Action: Susan B. Thomas, County Administrator
Contact: Louis Maxwell, Commission Chairman

If you have questions, or need additional information, please contact me at (334) 724-2557 or the address listed above.

Sincerely,


Louis Maxwell, Chairman
Macon County Commission