



Alabama Department of Examiners of Public Accounts

Report on the **Mobile County Racing Commission** **Mobile County, Alabama**

January 1, 2020 through December 31, 2023

Filed: April 25, 2025

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ALABAMA STATE HOUSE

Rachel Laurie Riddle, Chief Examiner



Rachel Laurie Riddle
Chief Examiner

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

Dear Madam:

An examination was conducted on the Mobile County Racing Commission, Mobile County, Alabama, for the period January 1, 2020 through December 31, 2023. Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the examination.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Phillip Walker'.

Phillipe Walker
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

EXAMINER'S SUMMARY

**Mobile County Racing Commission
Mobile County, Alabama
January 1, 2020 through December 31, 2023**

PURPOSE AND SCOPE OF THE EXAMINATION

This report presents the results of an examination of the Mobile County Racing Commission (hereinafter referred to as the "Commission") and a review of the Commission's compliance with applicable laws and regulations of the State of Alabama in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

The Agency Overview contained in this report provides information on the Commission's operating authority. The Commission's financial information for the examination period is contained in Exhibits 1 through 11.

RESULTS OF THE EXAMINATION

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

Finding

- ◆ 2023-001: Bank statements were not properly reconciled to the Commission's monthly distribution reports. In addition, revenue and expenditure reports maintained by the Mobile County Treasurer did not always reconcile to the cash flow statement maintained by the Mobile County Racing Commission.

EXIT CONFERENCE

The Officials, as reflected on Exhibit 12, were invited to discuss the results of this examination at an exit conference. Individuals in attendance were Robert E. Davis, Commission Member; and representatives from the Department of Examiners of Public Accounts Cindy Wilson, Audit Manager and Phillipe Walker, Examiner.



Department of
Examiners of Public Accounts

AGENCY OVERVIEW

**Mobile County Racing Commission
Mobile County, Alabama
January 1, 2020 through December 31, 2023**

The Mobile County Racing Commission (hereinafter referred to as the “Commission”) was created by statute to regulate, license and supervise greyhound racing and wagering under the *Code of Alabama 1975*, Sections 45-49-151 to 45-49-151.22. Effective July 26, 1995, the Commission was authorized to establish necessary rules and regulations for the reasonable regulation of the broadcasts of horse races and dog races conducted outside of Mobile County and allow all forms of pari-mutuel wagering on those races. The Commission, a three-member body, oversees the distribution of license fees, taxes, commissions, and other monies received and has the authority to impose penalties for violations of various rules and regulations.

*Schedule of State and Local
Compliance and Other Findings*

Schedule of State and Local Compliance and Other Findings
January 1, 2020 through December 31, 2023

Ref. No.	Finding/Noncompliance
2023-001	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Section 45-49-151, created and established the Mobile County Racing Commission. Further, the <i>Code of Alabama 1975</i>, Section 45-49-151.03, states the Mobile County Treasurer shall deposit the funds into depositories as directed by the Mobile County Racing Commission and shall disburse funds by direction or warrant of the Mobile County Racing Commission. The following discrepancies were noted:</p> <ul style="list-style-type: none">◆ Bank accounts were not properly reconciled to book balances monthly and an analysis of bank account balances on hand, noting any differences or reconciling items was not maintained. Two of the four months selected for testing were not properly reconciled from the bank statement to the Mobile County Racing Commission's monthly distribution reports which list the monthly book balances. This resulted in unreconciled discrepancies between the bank statement and the monthly book balances.◆ The revenue and expenditure distribution reports maintained by the Mobile County Treasurer did not always reconcile to the cash flow statement maintained by the Mobile County Racing Commission. This resulted in unreconciled discrepancies between the Treasurer's Office and the Mobile County Racing Commission's records. <p>Procedures were not in place to ensure that bank accounts and book balances were properly reconciled. As a result, it could not be determined if all revenues and disbursements were properly recorded or disbursed.</p> <p><u>Recommendation:</u> Procedures should be established and implemented to ensure bank account balances are reconciled to the book balances monthly and an analysis of balances on hand is maintained. Additionally, records maintained by the Mobile County Treasurer's office should be reconciled to Mobile County Racing Commission's records monthly.</p>

Financial Information

Comparison of Agency Distributions and Operating Expenses by Racing Season
January 1, 2020 through December 31, 2023

	2023 Racing Season	2022 Racing Season	2021 Racing Season (*)	2020 Racing Season (*)
Agency Distributions				
University of South Alabama Medical Center	\$ 51,932.16	\$ 73,202.13	\$ 29,083.48	\$
S. D. Bishop State Community College	21,008.90	29,613.55	11,765.58	
Board of School Commissioners	25,915.67	36,519.62	14,522.28	
Alabama School for Mathematics and Science	1,573.71	2,218.24	881.32	
Saraland Board of Education	1,655.84	2,228.59	887.19	
Chickasaw Board of Education	547.87	931.73	350.42	
Satsuma Board of Education	758.04	1,024.82	412.30	
Mobile County Commission	9,206.14	12,976.72	5,155.70	
Mobile Community Action, Inc.	1,573.71	2,218.24	881.32	
County Law Enforcement and Firefighters Pension Fund	12,510.93	17,635.02	7,006.48	
City of Mobile	19,277.85	27,173.48	10,796.13	
City of Prichard	3,398.99	4,791.10	2,211.18	
City of Chickasaw	1,135.87	1,601.10	627.79	
City of Saraland	2,844.68	4,009.78	1,429.20	
City of Bayou La Batre	387.72	546.51	250.19	
City of Satsuma	1,187.25	1,673.47	639.94	
City of Semmes	869.20	1,225.16	345.80	
City of Citronelle	694.15	978.45	396.79	
City of Creola	340.57	480.06	188.15	
Town of Mount Vernon	238.18	335.73	161.20	
Town of Dauphin Island	312.77	440.91	139.26	
Total Agency Distributions	157,370.20	221,824.41	88,131.70	
Operating Expenses	319,382.58	318,267.15	513,387.76	473,406.81
Total Distributions and Operating Expenses	<u>\$ 476,752.78</u>	<u>\$ 540,091.56</u>	<u>\$ 601,519.46</u>	<u>\$ 473,406.81</u>

Percentage Increase/(Decrease) Over Prior Season

Distribution	-29.06%	151.70%
Operating Expenses	0.35%	-38.01%

(*) Agency Distributions were discontinued in August 2017 and resumed August 2021.

Statement of Operations
January 1, 2023 through December 31, 2023

	General Fund	Contingency Fund	Total Funds
<u>Revenues and Receipts</u>			
Pari-Mutuel Receipts	\$ 468,998.76	\$	\$ 468,998.76
License Fees	550.00		550.00
Interest Income	2,339.52	2,193.47	4,532.99
Other	4,851.89		4,851.89
Total Revenues and Receipts	<u>476,740.17</u>	<u>2,193.47</u>	<u>478,933.64</u>
<u>Expenses and Disbursements</u>			
<u>Operating Expenses</u>			
Commissioners Compensation	152,550.00		152,550.00
Employees Compensation	33,857.60		33,857.60
Fringe Benefits	125,294.10		125,294.10
Office Expense	3,448.27		3,448.27
Bonding, Insurance and Legal Expense	3,758.77		3,758.77
Maintenance	18.14		18.14
Other	455.70		455.70
Total Operating Expenses	<u>319,382.58</u>		<u>319,382.58</u>
<u>Disbursements</u>			
Agency Distributions	157,370.20		157,370.20
Total Disbursements	<u>157,370.20</u>		<u>157,370.20</u>
Total Expenses and Disbursements	<u>476,752.78</u>		<u>476,752.78</u>
Revenues and Receipts Over/(Under) Expenses	(12.61)	2,193.47	2,180.86
Undistributed Balances at Beginning of Year	100,024.94	43,842.16	143,867.10
Undistributed Balances at End of Year	<u>\$ 100,012.33</u>	<u>\$ 46,035.63</u>	<u>\$ 146,047.96</u>

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

Net Amount for Agency Distributions
January 1, 2023 through December 31, 2023

	General Fund	Contingency Fund	Total Funds
Undistributed Cash Balance - January 1, 2023	\$ 100,024.94	\$ 43,842.16	\$ 143,867.10
Total Revenues and Receipts	476,740.17	2,193.47	478,933.64
Total Funds Available	<u>576,765.11</u>	<u>46,035.63</u>	<u>622,800.74</u>
<u>Less</u>			
Operating Expenses	319,382.58		319,382.58
Undistributed Cash Balance - December 31, 2023	100,012.33	46,035.63	146,047.96
Net Amount for Agency Distributions	<u>\$ 157,370.20</u>	<u>\$</u>	<u>\$ 157,370.20</u>

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

Distributions to Agencies
January 1, 2023 through December 31, 2023

	General Fund
<u>Educational Institutions and Agencies</u>	
University of South Alabama Medical Center	\$ 51,932.16
S. D. Bishop State Community College	21,008.90
Board of School Commissioners	25,915.67
Alabama School for Mathematics and Science	1,573.71
Saraland Board of Education	1,655.84
Chickasaw Board of Education	547.87
Satsuma Board of Education	758.04
Total Educational Institutions and Agencies	<u>103,392.19</u>
<u>Governmental Agencies</u>	
Mobile County Commission	9,206.14
Mobile Community Action, Inc.	1,573.71
County Law Enforcement and Firefighters Pension Fund	12,510.93
Total Governmental Agencies	<u>23,290.78</u>
<u>Municipalities</u>	
City of Mobile	19,277.85
City of Prichard	3,398.99
City of Chickasaw	1,135.87
City of Saraland	2,844.68
City of Bayou La Batre	387.72
City of Satsuma	1,187.25
City of Semmes	869.20
City of Citronelle	694.15
City of Creola	340.57
Town of Mount Vernon	238.18
Town of Dauphin Island	312.77
Total Municipalities	<u>30,687.23</u>
Total Agency Distributions	<u>\$ 157,370.20</u>

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

Statement of Operations
January 1, 2022 through December 31, 2022

	General Fund	Contingency Fund	Total Funds
<u>Revenues and Receipts</u>			
Pari-Mutuel Receipts	\$ 530,252.35	\$	\$ 530,252.35
License Fees	100.00		100.00
Interest Income	673.17	641.03	1,314.20
Other	9,090.13		9,090.13
Total Revenues and Receipts	540,115.65	641.03	540,756.68
<u>Expenses and Disbursements</u>			
<u>Operating Expenses</u>			
Commissioners Compensation	153,225.00		153,225.00
Employees Compensation	31,956.80		31,956.80
Fringe Benefits	122,630.85		122,630.85
Office Expense	2,542.67		2,542.67
Bonding, Insurance and Legal Expense	3,955.58		3,955.58
Maintenance	37.76		37.76
Other	3,918.49		3,918.49
Total Operating Expenses	318,267.15		318,267.15
<u>Disbursements</u>			
Agency Distributions	221,824.41		221,824.41
Total Disbursements	221,824.41		221,824.41
Total Expenses and Disbursements	540,091.56		540,091.56
Revenues and Receipts Over/(Under)			
Expenses and Disbursements	24.09	641.03	665.12
Undistributed Balances at Beginning of Year	100,000.85	43,201.13	143,201.98
Undistributed Balances at End of Year	\$ 100,024.94	\$ 43,842.16	\$ 143,867.10

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

Net Amount for Agency Distributions
January 1, 2022 through December 31, 2022

	General Fund	Contingency Fund	Total Funds
Undistributed Cash Balance - January 1, 2022	\$ 100,000.85	\$ 43,201.13	\$ 143,201.98
Total Revenues and Receipts	540,115.65	641.03	540,756.68
Total Funds Available	<u>640,116.50</u>	<u>43,842.16</u>	<u>683,958.66</u>
<u>Less</u>			
Operating Expenses	318,267.15		318,267.15
Undistributed Cash Balance - December 31, 2022	100,024.94	43,842.16	143,867.10
Net Amount for Agency Distributions	<u>\$ 221,824.41</u>	<u>\$</u>	<u>\$ 221,824.41</u>

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

Distributions to Agencies
January 1, 2022 through December 31, 2022

	General Fund
<u>Educational Institutions and Agencies</u>	
University of South Alabama Medical Center	\$ 73,202.13
S. D. Bishop State Community College	29,613.55
Board of School Commissioners	36,519.62
Alabama School for Mathematics and Science	2,218.24
Saraland Board of Education	2,228.59
Chickasaw Board of Education	931.73
Satsuma Board of Education	1,024.82
Total Educational Institutions and Agencies	<u>145,738.68</u>
<u>Governmental Agencies</u>	
Mobile County Commission	12,976.72
Mobile Community Action, Inc.	2,218.24
County Law Enforcement and Firefighters Pension Fund	17,635.02
Total Governmental Agencies	<u>32,829.98</u>
<u>Municipalities</u>	
City of Mobile	27,173.48
City of Prichard	4,791.10
City of Chickasaw	1,601.10
City of Saraland	4,009.78
City of Bayou La Batre	546.51
City of Satsuma	1,673.47
City of Semmes	1,225.16
City of Citronelle	978.45
City of Creola	480.06
Town of Mount Vernon	335.73
Town of Dauphin Island	440.91
Total Municipalities	<u>43,255.75</u>
Total Agency Distributions	<u>\$ 221,824.41</u>

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

Statement of Operations
January 1, 2021 through December 31, 2021

	General Fund	Contingency Fund	Total Funds
<u>Revenues and Receipts</u>			
Pari-Mutuel Receipts	\$ 595,198.05	\$	\$ 595,198.05
License Fees	200.00		200.00
Interest Income	51.88	32.99	84.87
Other	6,069.64		6,069.64
Total Revenues and Receipts	601,519.57	32.99	601,552.56
<u>Expenses and Disbursements</u>			
<u>Operating Expenses</u>			
Commissioners Compensation	153,450.00		153,450.00
Employees Compensation	28,949.28		28,949.28
Fringe Benefits	300,961.31		300,961.31
Office Expense	2,669.34		2,669.34
Bonding, Insurance and Legal Expense	16,833.75		16,833.75
Maintenance	24.08		24.08
Other	10,500.00		10,500.00
Total Operating Expenses	513,387.76		513,387.76
<u>Disbursements</u>			
Agency Distributions	88,131.70		88,131.70
Total Disbursements	88,131.70		88,131.70
Total Expenses and Disbursements	601,519.46		601,519.46
Revenues and Receipts Over/(Under) Expenses	0.11	32.99	33.10
Undistributed Balances at Beginning of Year	100,000.74	43,168.14	143,168.88
Undistributed Balances at End of Year	\$ 100,000.85	\$ 43,201.13	\$ 143,201.98

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

Net Amount for Agency Distributions
January 1, 2021 through December 31, 2021

	General Fund	Contingency Fund	Total Funds
Undistributed Cash Balance - January 1, 2021	\$ 100,000.74	\$ 43,168.14	\$ 143,168.88
Total Revenues and Receipts	601,519.57	32.99	601,552.56
Total Funds Available	<u>701,520.31</u>	<u>43,201.13</u>	<u>744,721.44</u>
<u>Less</u>			
Operating Expenses	513,387.76		513,387.76
Undistributed Cash Balance - December 31, 2021	100,000.85	43,201.13	143,201.98
Net Amount for Agency Distributions	<u>\$ 88,131.70</u>	<u>\$</u>	<u>\$ 88,131.70</u>

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

Distributions to Agencies
January 1, 2021 through December 31, 2021

	General Fund
<u>Educational Institutions and Agencies</u>	
University of South Alabama Medical Center	\$ 29,083.48
S. D. Bishop State Community College	11,765.58
Board of School Commissioners	14,522.28
Alabama School for Mathematics and Science	881.32
Saraland Board of Education	887.19
Chickasaw Board of Education	350.42
Satsuma Board of Education	412.30
Total Educational Institutions and Agencies	<u>57,902.57</u>
<u>Governmental Agencies</u>	
Mobile County Commission	5,155.70
Mobile Community Action, Inc.	881.32
County Law Enforcement and Firefighters Pension Fund	7,006.48
Total Governmental Agencies	<u>13,043.50</u>
<u>Municipalities</u>	
City of Mobile	10,796.13
City of Prichard	2,211.18
City of Chickasaw	627.79
City of Saraland	1,429.20
City of Bayou La Batre	250.19
City of Satsuma	639.94
City of Semmes	345.80
City of Citronelle	396.79
City of Creola	188.15
Town of Mount Vernon	161.20
Town of Dauphin Island	139.26
Total Municipalities	<u>17,185.63</u>
Total Agency Distributions	<u>\$ 88,131.70</u>

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

Statement of Operations
January 1, 2020 through December 31, 2020

	General Fund	Contingency Fund	Total Funds
<u>Revenues and Receipts</u>			
Pari-Mutuel Receipts	\$ 491,431.25	\$	\$ 491,431.25
License Fees	200.00		200.00
Interest Income	157.31	111.55	268.86
Other	4,323.74		4,323.74
Total Revenues and Receipts	496,112.30	111.55	496,223.85
<u>Expenses and Disbursements</u>			
<u>Operating Expenses</u>			
Commissioners Compensation	152,475.00		152,475.00
Employees Compensation	30,155.20		30,155.20
Fringe Benefits	277,761.87		277,761.87
Office Expense	6,431.63		6,431.63
Bonding, Insurance and Legal Expense	1,320.00		1,320.00
Maintenance	12.09		12.09
Other	5,251.02		5,251.02
Total Operating Expenses	473,406.81		473,406.81
<u>Transfers</u>			
Transfers In		22,705.57	22,705.57
Transfers Out	(22,705.57)		(22,705.57)
Total Transfers	(22,705.57)	22,705.57	
Excess/(Deficit) After Transfers	(0.08)	22,817.12	22,817.04
Undistributed Balances at Beginning of Year	100,000.82	20,351.02	120,351.84
Undistributed Balances at End of Year	\$ 100,000.74	\$ 43,168.14	\$ 143,168.88

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

Notes to the Financial Statements
For the Years Ended December 31, 2020, 2021, 2022 and 2023

1. Summary of Significant Accounting Policies

The Racing Commission, Mobile County, Alabama, operates under the authority of the *Code of Alabama 1975*, Sections 45-49-151 to 45-49-151.22. The Mobile County Racing Commission (the “Commission”) was created to regulate, license and supervise greyhound racing and wagering. Effective July 26, 1995, the Commission was authorized to establish necessary rules and regulations for the reasonable regulation of the broadcasts of horse races and dog races conducted outside of Mobile County and allow all forms of pari-mutuel wagering on those races. The Commission oversees the distribution of licenses fees, taxes, commissions and other monies received. The Mobile County Treasurer is designated the Ex-Officio Treasurer for the Commission and is responsible for making the distributions to the various agencies and municipalities.

Basis of Accounting (Receipts/Disbursements)

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial information.

The Racing Commission Fund is accounted for using the cash basis of accounting. Receipts are recognized when received and disbursements are recognized when paid.

Basis of Accounting (Distributions to Agencies)

The Mobile County Treasurer is responsible for making the monthly distributions, as specified in the *Code of Alabama 1975*, Section 45-49-151.17. The distribution method used by the Mobile County Treasurer is based on a hybrid cash/accrual method. The distributions are recognized in the month in which they are received (i.e., December collections are reported as December disbursements, although they are not actually made until January). Due to downsizing of the Mobile Racing Commission, the monthly distributions were temporarily discontinued in August 2017. The distributions resumed in August 2021.

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Additional Information

Commission Members
January 1, 2020 through December 31, 2023

Commission Members		Term Expires
Robert E. Davis Place 1	Member	December 31, 2024
Michael E. Box Place 2	Member	December 31, 2026
Edward C. Menton Place 3	Member	December 31, 2024