Report on the

Calhoun County Commission

Calhoun County, Alabama

October 1, 2016 through September 30, 2017

Filed: January 4, 2019

Department of
Examiners of Public Accounts

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Rachel Laurie Riddle, Chief Examiner

19-025

State of Alabama
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Rachel Laurie Riddle
Chief Examiner

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

Dear Madam:

Under the authority of the ***Code of Alabama 1975***, Section 41-5A-19, as added by Act Number 2018-129, we submit this report on the results of the audit of the Calhoun County Commission, Calhoun County, Alabama, for the period October 1, 2016 through September 30, 2017.

Sworn to and subscribed before me this the 13th day of December, 2018.

Notary Public

Sworn to and subscribed before me this the 17 day of December, 2018.

Notary Public

Respectfully submitted,

Cade Burk
Examiner of Public Accounts

Danelle Cook
Examiner of Public Accounts

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Table of Contents

Table of Contents

Table of Contents

Department of
Examiners of Public Accounts

SUMMARY

Calhoun County Commission
October 1, 2016 through September 30, 2017

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

This report presents the results of an audit the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the Commission complied with applicable laws and regulations. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States as well as the requirements of the Department of Examiners of Public Accounts under the authority of the ***Code of Alabama 1975***, Section 41-5A-12, as added by Act Number 2018-129.

An unmodified opinion was issued on the basic financial statements, which means that the Commission's financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2017.

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

Commission members and administrative personnel, as reflected on Exhibit 18, were invited to discuss the results of this report at an exit conference. Individuals in attendance were: Kenneth L. Joiner, Administrator; Melissia Wood, Interim Administrator; and Commissioners: Fred Wilson, Tim Hodges, J. D. Hess, and Lee Patterson. Also in attendance were representatives from the Department of Examiners of Public Accounts: Gwyn M. Griggs, Audit Manager; Cade Burk and Danelle Cook, Examiners of Public Accounts.

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Independent Auditor's Report

Independent Auditor's Report

Members of the Calhoun County Commission and County Administrator
Anniston, Alabama

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun County Commission, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Calhoun County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 11.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun County Commission, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated December 10, 2018, on our consideration of the Calhoun 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 solely 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 effectiveness of the Calhoun County Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Calhoun County Commission's internal control over financial reporting and compliance.

Rachel Laurie Riddle

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

December 10, 2018

Management's Discussion and Analysis (Required Supplementary Information)

CALHOUN COUNTY COMMISSION

COUNTY COMMISSIONERS
Fred Wilson, District 1
Tim Hodges, District 2
Don Hudson, District 3
J. D. Hess, District 4
Lee Patterson, District 5

ADMINISTRATION
Mark Tyner, Administrator/Treasurer
Melissia Wood, Assistant Administrator

MANAGEMENT'S DISCUSSION and ANALYSIS

The Calhoun County Commission's Management Discussion and Analysis report (MD&A) is a narrative overview that is designed to assist the reader in reviewing significant financial issues and activities of the County. The reader should also be able to identify the changes in the County's financial position and analyze the ability of the County to meet future challenges.

The Management's Discussion and Analysis focuses on the activities of the Calhoun County Commission for the fiscal year ended September 30, 2017. Please consider the information contained in this MD&A in conjunction with the County's financial statements for the same period.

USING THE ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position (Exhibit 1) and the Statement of Activities (Exhibit 2) provide information about the activities of the County as a whole and present a longer-term view of Calhoun County's finances. Exhibits 3 through 11 report the financial activity of Calhoun County on a fund basis. Fund financial statements report how the services were financed in the short term as well as what remains for future spending. These exhibits report operations in more detail than the government-wide statements by providing information recapped by the County's most significant funds, the Governmental Funds, the Proprietary Funds, and the Fiduciary Funds.

FINANCIAL HIGHLIGHTS

- The governmental fund type fund balances for Calhoun County had a net increase of $1,372,401.38.
- The proprietary fund type operation for Calhoun County reported a net gain from operations of $375,965.79.
- Total net position for governmental activities increased by $3,375,664.75.
- Total net position for the business-type activities increased by $380,181.90.
- Total revenues for governmental activities were $35,893,207.88.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the County's basic financial statements, which are made up of the following components:

- Government-wide financial statements
- Fund financial statements
- Fiduciary funds statements
- Notes to the financial statements

This report also contains additional information that is relevant to the County's financial position.

Government-Wide Financial Statements

Government-wide financial statements are designed to provide the reader with a broad overview of the financial position of the Calhoun County Commission, and are similar to private-sector statements. They include a *Statement of Net Position* and *Statement of Activities.*

The *Statement of Net Position* shows the County's assets and deferred outflows of resources less its liabilities and deferred inflows of resources at September 30, 2017. The difference is reported as net position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. However, you will also need to consider other non-financial factors, such as changes in the tax base and the condition of the County's roads and bridges to assess the overall health of the County.

The *Statement of Activities* presents information showing how net position changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of the related cash flows. The Statement of Activities is also intended to simplify the analysis of the cost of various governmental services and the amount of taxes necessary to sustain each of these activities.

Fund Financial Statements

The term fund refers to a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law or by bond covenants. Calhoun County also establishes funds to help control and manage money for specific purposes and to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The fund financial statements are found on Exhibits 3 through 11 and provide detailed information about the most significant funds, not the County as a whole. Calhoun County's activities are reported in Governmental Funds.

Governmental Funds focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information may be helpful in evaluating Calhoun County's near-term financing requirements and available resources. The relationship between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is described in reconciliations following the fund financial statements.

Governmental funds presented individually in Calhoun County's statements include four major funds: General Fund; 2 Cent Sales Tax Fund; Reappraisal Fund; and the Capital Projects Fund. Data from remaining funds are combined into a single column termed "Other Governmental Funds."

Fiduciary Funds Statements

The County is trustee, or fiduciary, for the Excess from Land Sales Fund and the Fiduciary Fund. In this capacity, the County holds cash balances for overbids on land sales and unpaid checks that have not been claimed by payees. All of the County's fiduciary activities are reported in a separate *Statement of Fiduciary Net Position* and the *Statement of Changes in Fiduciary Net Position*. These funds are excluded from the County's other financial statements because the County cannot use these assets to finance its operations.

Notes to the Financial Statements

Notes to the financial statements, provided in this report offer additional essential information to achieve a full understanding of the data provided in the government-wide and fund financial statements. The notes follow the exhibits contained in this report.

Required Supplementary Information

Required supplementary information is expressed in Exhibits 12 through 17. This information includes Budget to Actual comparisons of the governmental funds of the County. Calhoun County adopts an annual appropriated budget for its major governmental funds, and the comparison exhibits are presented to demonstrate compliance with the appropriated budget.

Infrastructure Assets

With the implementation of Government Accounting Standards Board (GASB) Statement 34, the County reports and depreciates capital assets. The County has elected to depreciate these assets over their useful lives. The infrastructure portion related to general governmental activities as stated in GASB Statement 34 requires that these assets (infrastructure roads and bridges) be valued and reported within the Governmental column of the *Government-wide Statement of Net Position.*

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's governmental activities net position increased by $3,375,664.75 and the County business-type activities net position increased by $380,181.90 during the current fiscal year. Management monitors net position because the variance is a useful indicator of the County's financial position. Calhoun County's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $59,669,681.71 as of the fiscal year ended September 30, 2017.

The following table reflects the condensed Statement of Net Position compared to the prior year.

Statement of Net Position
as of September 30, 2017

	Governmental Activities 2017	2016
Current and Other Assets	$50,095,870.84	$48,293,611.20
Capital Assets (Net)	47,151,820.72	46,862,282.67
Total Assets	97,247,691.56	95,155,893.87
Deferred Outflows of Resources	2,075,169.17	1,982,687.39
Total Assets and Deferred Outflows of Resources	99,322,860.73	97,138,581.26
Current and Other Liabilities	4,657,841.26	4,521,420.15
Long-Term Liabilities	23,404,559.15	25,561,551.05
Total Liabilities	28,062,400.41	30,082,971.20
Deferred Inflows of Resources	11,590,778.61	10,761,593.10
Total Liability and Deferred Inflows of Resources	39,653,179.02	40,844,564.30
NET POSITION		
Net Investment in Capital Assets	37,852,601.82	37,030,950.69
Restricted	6,553,130.27	4,766,582.59
Unrestricted	15,263,949.62	14,496,483.68
Total Net Position	$59,669,681.71	$56,294,016.96

The largest portion of Calhoun County's net position (63%) are in its capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. The County uses these capital assets to provide services to its citizens. While the County's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay for or liquidate these liabilities.

Statement of Net Position
as of September 30, 2017

	Business-Type Activities 2017	2016
Current and Other Assets	$3,286,668.43	$2,915,699.67
Capital Assets (Net)	1,547,140.72	1,692,847.01
Total Assets	4,833,809.15	4,608,546.68
Deferred Outflows of Resources	63,853.24	54,433.94
Total Assets and Deferred Outflows of Resources	4,897,662.39	4,662,980.62
Current and Other Liabilities	272,016.31	276,580.77
Long-Term Liabilities	1,374,734.38	1,529,839.11
Total Liabilities	1,646,750.69	1,806,419.88
Deferred Inflows of Resources	26,197.04	12,027.98
Total Liabilities and Deferred Inflows of Resources	1,672,947.73	1,818,447.86
NET POSITION:		
Net Investment in Capital Assets	1,097,509.15	1,076,549.56
Restricted		
Unrestricted	2,127,205.51	1,767,983.20
Total Net Position	$3,224,714.66	$2,844,532.76

Capital assets make up 34% of the proprietary fund's net position. The unrestricted amount of $2,127,205.51 is available to meet the obligations of the proprietary fund. The proprietary fund is healthy, and does not depend on supplements from the County's General Fund.

STATEMENT OF ACTIVITIES

The following schedule compares the revenues and expenses for the current year to the prior year. Governmental activities increased the County's net position by $3,375,664.75.

Changes in Net Position
as of September 30, 2017

	Governmental Activities 2017	2016
REVENUES		
Program Revenues:		
Charges for Services	$ 5,195,925.96	$ 4,847,068.27
Operating Grants and Contributions	6,170,356.95	6,264,486.31
Capital Grants and Contributions	125,997.08	70,968.87
General Revenues:		
Property Taxes	11,782,041.22	11,616,141.37
General Sales Tax	4,402,744.76	3,922,366.96
Other County Sales and Use Taxes	2,457,955.10	2,239,612.92
Grants and Contributions Not Restricted to Specific Programs	1,330,210.91	1,320,843.25
Gain on Sale of Capital Assets	256,429.67	511,962.45
Donations of Capital Assets	203,188.03	834,042.48
Investment Income	78,109.99	69,340.16
Miscellaneous	3,890,248.21	2,772,813.19
Transfers In/(Transfers Out)	(5,708.00)	-
Total Revenues	35,887,499.88	34,469,646.23
EXPENSES		
Governmental Activities:		
General Government	9,522,216.01	9,646,242.31
Public Safety	12,443,849.72	11,876,224.95
Highways and Roads	9,022,646.25	8,565,875.32
Sanitation	194,657.02	196,225.76
Health	330,032.75	343,599.35
Welfare	119,015.76	120,325.29
Culture and Recreation	436,364.00	418,977.20
Education	108,184.72	126,484.14
Debt Service	334,868.90	336,111.47
Total Expenses	32,511,835.13	31,630,065.79
Change in Net Position	3,375,664.75	2,839,580.44
Net Position – Beginning of Year	56,294,016.96	53,454,436.52
Net Position – End of Year	$59,669,681.71	$56,294,016.96

The total revenues for fiscal year 2016 were $34,469,646.23. The total revenues (including transfers) for fiscal year 2017 were $35,887,499.88, which is an increase of $1,417,853.65 or 4% from fiscal year 2016. Operating Grants and Capital Grants totaled $6,296,354.03 or 18% of the total revenues for fiscal year 2017. Property taxes account for 33% of the total revenue of the County (or 40% of non-grant revenues). Taxes as a whole represented 52% (63% of non-grant revenues) of the total revenue collected by the County for fiscal year ended September 30, 2017.

Expenses for all services of the County were $32,511,835.13 which represented an increase of 3% from the prior year. General government expenses were 29% of that total, with 38% going for public safety, and 28% for highways and roads.

Changes in Net Position
as of September 30, 2017

	Business-Type Activities	
	2017	2016
OPERATING REVENUES		
Charges for Services	$2,296,887.70	$1,927,597.84
Operating Grants and Contributions	46,684.00	36,875.02
Miscellaneous	27,410.17	24,365.32
Total Operating Revenues	2,370,981.87	1,988,838.18
OPERATING EXPENSES		
Salaries and Benefits	511,977.73	498,499.08
Contractual and Professional Services	803,162.84	701,452.27
Other Operating Expense	534,169.22	485,300.58
Depreciation	145,706.29	174,012.10
Total Operating Expenses	1,995,016.08	1,859,264.03
Operating Income (Loss)	375,965.79	129,574.15
NONOPERATING REVENUES (EXPENSES)		
Interest Revenue	5,620.84	5,013.75
Interest Expense	(7,112.73)	(8,230.42)
Gain/(Loss) on Disposition of Capital Asset		108,447.41
Total Nonoperating Revenues (Expenses)	(1,491.89)	105,230.74
OPERATING TRANSFERS		
Transfers In	5,708.00	
Total Operating Transfers	5,708.00	
Change in Net Position	380,181.90	234,804.89
Total Net Position – Beginning of Year	2,844,532.76	2,609,727.87
Total Net Position – End of Year	$3,224,714.66	$2,844,532.76

Total revenues in the proprietary fund exceeded total expenses by $380,181.90.

NET COST OF SERVICES

The net cost of services is a comparison of the total cost for government functions and programs and the net cost remaining after reducing the total by the revenue generated from the specific function or program. For the current year total costs of services were $32,511,835.13 and the combined charges for services plus operating and capital grants received were $11,492,279.99, leaving a net cost to the County of $21,019,555.14. The Net Cost represents an increase from 2016 of $572,012.80.

Charges for services amounted to $5,195,925.96 and grants and contributions totaled $6,296,354.03. The charges for services are payments made by those who received the services while grants and contributions are monies that were received from other governments and organizations that subsidized the functions or programs.

Function/Programs	Total Cost of Services	Net Cost of Services
General Government	$ 9,522,216.01	$ (4,898,465.98)
Public Safety	12,443,849.72	(10,344,250.35)
Highways and Roads	9,022,646.25	(4,289,567.02)
Sanitation	194,657.02	(194,657.02)
Health	330,032.75	(301,690.75)
Welfare	119,015.76	(119,015.76)
Culture and Recreation	436,364.00	(436,364.00)
Education	108,184.72	(100,675.36)
Interest and Fiscal Charges	334,868.90	(364,868.90)
Total Governmental Activities	**$32,511,835.13**	**$(21,019,555.14)**

FINANCIAL ANALYSIS OF FUND BALANCES

The financial performance of the County as a whole is reflected in its governmental funds. The total governmental fund balances at the end of the fiscal year increased from $35,592,019.80 to $36,964,421.18. This increase of $1,372,401.38 was attributed to multiple and various transactions across the funds in fiscal year 2017. The highway department rotates dump trucks on an annual basis and certain construction equipment on a three year rotation. This results in the used trucks and equipment being sold at auction. Exhibit #5 gives a full breakdown of revenues, expenditures, and changes in fund balances of all governmental funds. The following table provides a summary of the changes in fund balances of the County's major funds as well as the combined Other Governmental Funds.

Fund	Beginning Fund Balance	Net Increase or (Decrease)	Ending Fund Balance
General Fund	$14,604,708.45	$ 1,368,270.86	$15,972,979.31
2 Cent Gasoline Tax	6,492,866.76	1,057,126.70	7,549,993.46
Reappraisal Fund	3,743.80	9,364.70	13,108.50
Capital Projects Fund	6,080,117.84	108,200.70	6,188,318.54
Other Governmental Funds	8,410,582.95	(1,170,561.58)	7,240,021.37
Totals	$35,592,019.80	$ 1,372,401.38	$36,964,421.18

CAPITAL ASSET AND DEBT ADMINISTRATION

Depreciation of assets other than land and construction in progress projects is recorded on an annual basis on the straight-line method of depreciation. The following table shows a reconciliation of capital assets for the year ended September 30, 2017.

Capital Assets	
Total Capital Assets at October 1, 2016	$46,862,282.67
Additions	4,206,760.45
Deletions	(2,026,506.60)
Depreciation	(1,890,715.80)
Total Capital Assets at September 30, 2017	$47,151,820.72

The following table shows total assets before and after depreciation.

Governmental Activities	Assets Original Cost	Value at 09/30/2017 After Depreciation
Land and Land Improvements	$ 7,257,417.36	$ 6,674,549.90
Infrastructure in Progress	2,002,958.30	2,002,958.30
Infrastructure	28,257,111.59	18,042,690.04
Construction In Progress	905,404.12	905,404.12
Buildings	26,609,984.91	11,409,253.30
Equipment and Furniture	14,711,695.01	3,197,495.14
Equipment Under Capital Leases	6,000,175.72	4,919,469.92
Total Capital Assets	$85,744,747.01	$47,151,820.72

See Note 5 of Notes to Financial Statements for more detailed information on capital assets.

Debt Outstanding

At the end of September 2016, the County's general obligation long-term debt was $6,470,000.00. The pay-down on the general obligation long-term for fiscal year 2017 was $685,000.00. The ending general obligation long term debt at September 30, 2017, was $5,785,000.00.

Capital lease debt was $4,558,017.18 as of the end of September 2017.

The liability for compensated absences in governmental activities as of September 30, 2017, was $1,837,860.20.

The total of all long-term debt for the County's governmental activities as of September 30, 2017, was $26,526,083.88, which was $2,084,945.67 less than the prior year's ending balance of $28,611,029.55.

The total of long-term debt for the County's business-type activities as of September 30, 2017, was $1,539,920.57, which was $179,645.35 less than the prior year's ending balance of $1,719,565.92.

See Note 9 of the Notes to the Financial Statements for a full breakdown of outstanding long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The County continues to practice conservative spending measures along with an aggressive investment program to protect fund balances while striving to provide quality services to the citizens of Calhoun County.

CONTACTING THE COUNTY'S FINANCIAL DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the County's finances, and to demonstrate the County's accountability for the money it receives. If you have any questions about this report or require additional information, please contact Calhoun County Administrator/Treasurer Mark Tyner, or Assistant County Administrator Melissia Wood, at 1702 Noble Street Suite 103, Anniston, AL 36201, or call 256-241-2800.

Basic Financial Statements

Statement of Net Position
September 30, 2017

		Governmental Activities
Assets		
Current Assets		
Cash and Cash Equivalents	$	17,589,696.72
Investments		18,708,633.17
Inventories		111,812.50
Prepaid Items		159,038.22
Ad Valorem Taxes Receivable		10,200,000.00
Receivables (Note 4)		2,177,705.61
Lease Receivable		66,000.00
Internal Balances		5,657.14
Total Current Assets		49,018,543.36
Noncurrent Assets		
Restricted Cash with Fiscal Agent		273,266.33
Lease Receivable		806,250.00
Capital Assets (Note 5):		
Nondepreciable		10,123,006.21
Depreciable, Net		37,028,814.51
Total Noncurrent Assets		48,231,337.05
Total Assets		97,249,880.41
Deferred Outflows of Resources		
Loss on Early Extinguishment of Debt		89,711.92
Employer Pension Contributions		848,079.67
Net Difference Between Projected and Actual Earnings on Pension Investments		249,304.86
Changes in Assumptions for Pensions		888,072.72
Total Deferred Outflows of Resources		2,075,169.17
Liabilities		
Current Liabilities		
Payables		929,187.22
Estimated Liability for Claims Costs Payable		5,400.00
Unearned Revenue		60,385.62
Accrued Wages Payable		448,008.60
Accrued Interest Payable		95,523.94
Long-Term Liabilities:		
Portion Payable Within One Year:		
JSU Contract Obligation		20,000.00
Capital Leases Payable		1,390,180.15
Warrants Payable		1,540,561.56
Unamortized Premium on Debt Issued		6,113.37
Estimated Liability for Landfill Postclosure Costs		
Estimated Liability for Compensated Absences		164,669.65
Total Current Liabilities	$	4,660,030.11

Business-Type Activities	Total
$ 1,471,167.99	$ 19,060,864.71
1,423,194.46	20,131,827.63
	111,812.50
2,567.36	161,605.58
	10,200,000.00
395,395.76	2,573,101.37
	66,000.00
(5,657.14)	
3,286,668.43	52,305,211.79
	273,266.33
	806,250.00
414,318.17	10,537,324.38
1,132,822.55	38,161,637.06
1,547,140.72	49,778,477.77
4,833,809.15	102,083,689.56
	89,711.92
29,379.82	877,459.49
3,708.14	253,013.00
30,765.28	918,838.00
63,853.24	2,139,022.41
86,741.20	1,015,928.42
	5,400.00
	60,385.62
14,279.68	462,288.28
5,809.24	101,333.18
	20,000.00
147,710.13	1,537,890.28
	1,540,561.56
	6,113.37
17,476.06	17,476.06
	164,669.65
$ 272,016.31	$ 4,932,046.42

Statement of Net Position
September 30, 2017

		Governmental Activities
Noncurrent Liabilities		
Long-Term Liabilities:		
Portion Payable Beyond One Year:		
JSU Contract Obligation	$	140,000.00
Project Grow Bama Agreement		375,000.00
Capital Leases Payable		3,167,837.03
Warrants Payable		6,804,144.95
Unamortized Premium on Debt Issued		19,732.63
Estimated Liability for Employee Pensions		9,530,935.66
Estimated Liability for Other Postemployment Benefit Obligation		1,693,718.33
Estimated Liability for Landfill Postclosure Costs		
Estimated Liability for Compensated Absences		1,673,190.55
Total Noncurrent Liabilities		23,404,559.15
Total Liabilities		28,064,589.26
Deferred Inflows of Resources		
Gain on Early Extinguishment of Debt		38,667.97
Unavailable Revenue - Property Taxes		10,200,000.00
Unearned Revenue - Motor Vehicle Taxes		601,838.68
Difference Between Expected and Actual Experience		750,271.96
Total Deferred Inflows of Resources		11,590,778.61
Net Position		
Net Investment in Capital Assets		37,852,601.82
Restricted for:		
Debt Service		177,742.39
Road Projects		5,518,494.22
Other Purposes		856,893.66
Unrestricted		15,263,949.62
Total Net Position	$	59,669,681.71

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

Business-Type Activities	Total
$	$ 140,000.00
	375,000.00
301,921.44	3,469,758.47
	6,804,144.95
	19,732.63
298,489.34	9,829,425.00
49,580.73	1,743,299.06
676,780.32	676,780.32
47,962.55	1,721,153.10
1,374,734.38	24,779,293.53
1,646,750.69	29,711,339.95
	38,667.97
	10,200,000.00
	601,838.68
26,197.04	776,469.00
26,197.04	11,616,975.65
1,097,509.15	38,950,110.97
	177,742.39
	5,518,494.22
	856,893.66
2,127,205.51	17,391,155.13
$ 3,224,714.66	$ 62,894,396.37

Statement of Activities
For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government			
Governmental Activities:			
General Government	$ 9,522,216.01	$ 3,948,419.73	$ 675,330.30
Public Safety	12,443,849.72	994,319.77	1,105,279.60
Highways and Roads	9,022,646.25	224,844.46	4,382,237.69
Sanitation	194,657.02		
Health	330,032.75	28,342.00	
Welfare	119,015.76		
Culture and Recreation	436,364.00		
Education	108,184.72		7,509.36
Interest on Long-Term Debt	334,868.90		
Total Governmental Activities	32,511,835.13	5,195,925.96	6,170,356.95
Business-Type Activities:			
Solid Waste Fund	2,002,128.81	2,296,887.70	46,684.00
Total Business-Type Activities	2,002,128.81	2,296,887.70	46,684.00
Total Primary Government	$ 34,513,963.94	$ 7,492,813.66	$ 6,217,040.95

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 and Contributions Not Restricted
for Specific Purposes
Gain on Sale of Capital Assets
Donations of Capital Assets
Investment Income
Miscellaneous
Transfers
Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

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

	Net (Expenses) Revenues and Changes in Net Position Primary Government		
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
$	$ (4,898,465.98)	$	$ (4,898,465.98)
	(10,344,250.35)		(10,344,250.35)
125,997.08	(4,289,567.02)		(4,289,567.02)
	(194,657.02)		(194,657.02)
	(301,690.75)		(301,690.75)
	(119,015.76)		(119,015.76)
	(436,364.00)		(436,364.00)
	(100,675.36)		(100,675.36)
	(334,868.90)		(334,868.90)
125,997.08	(21,019,555.14)		(21,019,555.14)
		341,442.89	341,442.89
		341,442.89	341,442.89
$ 125,997.08	(21,019,555.14)	341,442.89	(20,678,112.25)
	6,537,123.89		6,537,123.89
	5,244,917.33		5,244,917.33
	4,402,744.76		4,402,744.76
	1,059,087.89		1,059,087.89
	1,398,867.21		1,398,867.21
	1,330,210.91		1,330,210.91
	256,429.67		256,429.67
	203,188.03		203,188.03
	78,109.99	5,620.84	83,730.83
	3,890,248.21	27,410.17	3,917,658.38
	(5,708.00)	5,708.00	
	24,395,219.89	38,739.01	24,433,958.90
	3,375,664.75	380,181.90	3,755,846.65
	56,294,016.96	2,844,532.76	59,138,549.72
	$ 59,669,681.71	$ 3,224,714.66	$ 62,894,396.37

Balance Sheet
Governmental Funds
September 30, 2017

		General Fund		Two-Cent Sales Tax Fund
Assets				
Cash and Equivalents	$	5,222,116.07	$	5,785,677.88
Cash with Fiscal Agent				
Investments		10,891,282.78		1,348,768.22
Ad Valorem Taxes Receivable		8,200,000.00		
Due From Other Funds		26,606.63		4,660.82
Receivables (Note 4)		1,104,009.23		770,350.67
Inventories		111,812.50		
Prepaid Items		124,904.43		20,998.03
Lease Receivable		872,250.00		
Total Assets		26,552,981.64		7,930,455.62
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Payables		591,635.96		56,695.97
Due to Other Funds		1,830.24		230,269.96
Unearned Revenue				
Accrued Wages Payable		290,689.55		93,285.74
Claims Costs Payable		5,400.00		
Compensated Absences		16,357.90		210.49
Total Liabilities		905,913.65		380,462.16
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes		8,200,000.00		
Unearned Revenue - Motor Vehicle Taxes		601,838.68		
Unavailable Revenue - Lease Principal		872,250.00		
Total Deferred Inflows of Resources	$	9,674,088.68	$	

Reappraisal Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
$ 114,695.86	$ 85,158.38	$ 6,382,048.53	$ 17,589,696.72
		273,266.33	273,266.33
	6,103,160.16	365,422.01	18,708,633.17
2,000,000.00			10,200,000.00
		230,297.92	261,565.37
		303,345.71	2,177,705.61
			111,812.50
13,108.50		27.26	159,038.22
			872,250.00
2,127,804.36	6,188,318.54	7,554,407.76	50,353,967.92
2,868.83		277,986.46	929,187.22
559.32		23,248.71	255,908.23
60,385.62			60,385.62
50,882.09		13,151.22	448,008.60
			5,400.00
			16,568.39
114,695.86		314,386.39	1,715,458.06
2,000,000.00			10,200,000.00
			601,838.68
			872,250.00
$ 2,000,000.00	$	$	$ 11,674,088.68

Balance Sheet
Governmental Funds
September 30, 2017

		General Fund		Two-Cent Sales Tax Fund
Fund Balances				
Nonspendable:				
Inventories	$	111,812.50	$	
Prepaid Items		124,904.43		20,998.03
Restricted:				
Debt Service				
Legislative Purposes		13,873.50		
Indigent Medical				
Public Safety				
Highways and Roads				1,678,261.79
Culture and Recreation				
Revenue Commissioner Office				
Probate Judge Office				
License Commissioner Office				
Capital Projects				
Committed:				
Public Safety				
Coroner Office				
Assigned:				
Highways and Roads				5,850,733.64
Flexible Benefits and Insurance Claims		1,743,546.73		
Telephone Systems		180,603.14		
Retirees Health Care		1,223,024.26		
License Commissioner Office				
Capital Projects				
Public Safety		390,443.42		
Encumbrances		86,222.02		
Unassigned		12,098,549.31		
Total Fund Balances		15,972,979.31		7,549,993.46
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$	26,552,981.64	$	7,930,455.62

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

Reappraisal Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
$	$	$	$ 111,812.50
13,108.50		27.26	159,038.22
		273,266.33	273,266.33
			13,873.50
		21,398.30	21,398.30
		333,290.75	333,290.75
		3,840,232.43	5,518,494.22
		49,357.76	49,357.76
		13,342.67	13,342.67
		239,265.79	239,265.79
		29,006.70	29,006.70
		45,545.69	45,545.69
		210,600.94	210,600.94
		100.57	100.57
		1,450.60	5,852,184.24
			1,743,546.73
			180,603.14
			1,223,024.26
		2,058.13	2,058.13
	6,188,318.54	2,070,683.41	8,259,001.95
		110,394.04	500,837.46
			86,222.02
			12,098,549.31
13,108.50	6,188,318.54	7,240,021.37	36,964,421.18
$ 2,127,804.36	$ 6,188,318.54	$ 7,554,407.76	$ 50,353,967.92

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2017

Total Fund Balances - Governmental Funds (Exhibit 3)			$ 36,964,421.18

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets consist of:

Capital Assets - Nondepreciable	$ 10,123,006.21	
Capital Assets - Depreciable, Net	37,028,814.51	
Total Capital Assets		47,151,820.72

The sale of an asset under lease is deferred at the fund level, but fully recognized under governmental activities. This deferral consists of:

Unavailable Revenue - Lease Principal	872,250.00

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. These liabilities at year-end consist of:

	Current Liabilities	Noncurrent Liabilities	
JSU Contract Obligation	$ (20,000.00)	$ (140,000.00)	
Project Grow Bama Agreement		(375,000.00)	
Warrants Payable	(1,540,561.56)	(6,804,144.95)	
Unamortized Premium on Debt Issued	(6,113.37)	(19,732.63)	
Capital Leases Payable	(1,390,180.15)	(3,167,837.03)	
Accrued Interest Payable	(95,523.94)		
Compensated Absences	(148,101.26)	(1,673,190.55)	
Employee Pensions		(9,530,935.66)	
Other Post Employment Benefits Obligation		(1,693,718.33)	
Total Long-Term Liabilities	$ (3,200,480.28)	$ (23,404,559.15)	(26,605,039.43)

Employer pension contributions, the Net Difference Between Actual and Projected Earnings, and Changes in Assumptions for Pensions are reported as deferred outflows of resources and are not available to pay for current-period expenditures, and, therefore, are deferred on the Statement of Net Position.	1,985,457.25

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

Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current-period expenditures and, therefore, are deferred on the Statement of Net Position.	89,711.92
Gains on refunding of debt are reported as deferred inflows of resources and are not available to receive in the current period and, therefore, are deferred on the Statement of Net Position.	(38,667.97)
The difference between expected and actual earnings on pension investments is reported as deferred inflows of resources and is not available to receive in the current period and, therefore, is deferred on the Statement of Net Position.	(750,271.96)
Total Net Position - Governmental Activities (Exhibit 1)	$ 59,669,681.71

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	General Fund	Two-Cent Sales Tax Fund
Revenues		
Taxes	$ 12,253,048.49	$ 4,050,383.95
Licenses and Permits	624,864.98	134,844.46
Intergovernmental	2,452,169.07	2,397,318.70
Charges for Services	3,573,785.34	
Miscellaneous	1,104,310.67	1,294,004.77
Total Revenues	20,008,178.55	7,876,551.88
Expenditures		
Current:		
General Government	6,578,864.01	180,583.74
Public Safety	9,402,129.54	
Highways and Roads		5,345,595.87
Sanitation	185,387.54	
Health	235,832.87	
Welfare	106,275.72	
Culture and Recreation	160,036.92	
Education	108,184.72	
Capital Outlay	526,369.52	1,547,377.00
Debt Service:		
Principal Retirement	106,826.58	2,296,136.15
Interest and Fiscal Charges	5,736.77	75,483.77
Total Expenditures	17,415,644.19	9,445,176.53
Excess (Deficiency) of Revenues Over Expenditures	2,592,534.36	(1,568,624.65)
Other Financing Sources (Uses)		
Transfers In		950,000.00
Sale of Capital Assets	35,451.77	1,449,369.63
Debt Issued		1,353,916.00
Transfers Out	(1,259,715.27)	(1,127,534.28)
Total Other Financing Sources (Uses)	(1,224,263.50)	2,625,751.35
Net Change in Fund Balances	1,368,270.86	1,057,126.70
Fund Balances - Beginning of Year	14,604,708.45	6,492,866.76
Fund Balances - End of Year	$ 15,972,979.31	$ 7,549,993.46

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

Reappraisal Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
$ 1,980,117.38	$	$ 385,722.03	$ 18,669,271.85
			759,709.44
		2,755,756.92	7,605,244.69
		857,220.66	4,431,006.00
2,877.00	108,200.70	1,524,965.06	4,034,358.20
1,982,994.38	108,200.70	5,523,664.67	35,499,590.18
1,952,116.24		194,838.05	8,906,402.04
		2,184,186.15	11,586,315.69
		1,949,149.41	7,294,745.28
			185,387.54
		88,200.00	324,032.87
		12,740.04	119,015.76
		276,327.08	436,364.00
			108,184.72
24,596.60		1,674,508.49	3,772,851.61
		1,485,293.49	3,888,256.22
		260,525.09	341,745.63
1,976,712.84		8,125,767.80	36,963,301.36
6,281.54	108,200.70	(2,602,103.13)	(1,463,711.18)
		2,651,018.09	3,601,018.09
3,083.16			1,487,904.56
			1,353,916.00
		(1,219,476.54)	(3,606,726.09)
3,083.16		1,431,541.55	2,836,112.56
9,364.70	108,200.70	(1,170,561.58)	1,372,401.38
3,743.80	6,080,117.84	8,410,582.95	35,592,019.80
$ 13,108.50	$ 6,188,318.54	$ 7,240,021.37	$ 36,964,421.18

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, 2017

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5)		$ 1,372,401.38
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay	$ 3,772,851.61	
Depreciation	(2,455,026.70)	1,317,824.91
In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the changes in net position differs from the change in fund balance by the book value of the capital assets sold. In the Statement of Activities, donation of capital assets is recorded as revenue, whereas in the governmental funds, it is not recorded.		
Proceeds from the Sale of Capital Assets	$ (1,487,904.56)	
Donations of Capital Assets	203,188.03	
Gain on Sale of Capital Assets	256,429.67	(1,028,286.86)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. Also, proceeds from the issuance of debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.		
Debt Issued:		
Capital Lease	$ (1,353,916.00)	
Repayments:		
Principal Retirement:		
JSU Contract Obligation	20,000.00	
Capital Leases	2,382,962.73	
Warrants	1,485,293.49	2,534,340.22

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

The current year lease payments are recognized on the fund level side, but removed from governmental activities since the entire sale of the asset is fully recognized under governmental activities.

Current Year Lease Payments Received		(66,000.00)

Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These items consist of:

Net Increase in Compensated Absences	$ (164,593.65)	
Net Increase in Employee Pension Liability	(188,753.24)	
Net Increase in Other Postemployment Benefit Obligation	(408,144.74)	
Net Decrease in Interest Payable	13,618.95	
Amortization of Premium on Debt Issued	6,113.37	
Amortization of Deferred Gain on Refunding	4,419.19	
Amortization of Deferred Loss on Refunding	(17,274.78)	
Total Additional Expenditures		(754,614.90)
Change in Net Position of Governmental Activities (Exhibit 2)		$ 3,375,664.75

Statement of Net Position
Proprietary Fund
September 30, 2017

	Solid Waste Fund	Total Enterprise Fund
Assets		
Current Assets		
Cash	$ 1,471,167.99	$ 1,471,167.99
Investments	1,423,194.46	1,423,194.46
Receivables (Note 4)	395,395.76	395,395.76
Prepaid Items	2,567.36	2,567.36
Total Current Assets	3,292,325.57	3,292,325.57
Noncurrent Assets		
Capital Assets (Note 5):		
Nondepreciable	414,318.17	414,318.17
Depreciable, Net	1,132,822.55	1,132,822.55
Total Noncurrent Assets	1,547,140.72	1,547,140.72
Total Assets	4,839,466.29	4,839,466.29
Deferred Outflows of Resources		
Employer Pension Contributions	29,379.82	29,379.82
Net Difference Between Projected and Actual Earning on Pension Investments	3,708.14	3,708.14
Changes of Assumptions for Pensions	30,765.28	30,765.28
Total Deferred Outflows of Resources	63,853.24	63,853.24
Total Assets and Deferred Outflows of Resources	4,903,319.53	4,903,319.53
Liabilities		
Current Liabilities		
Payables	86,741.20	86,741.20
Accrued Wages Payable	14,279.68	14,279.68
Accrued Interest Payable	5,809.24	5,809.24
Capital Leases Payable	147,710.13	147,710.13
Due to Other Funds	5,657.14	5,657.14
Estimated Liability for Landfill Postclosure Costs	17,476.06	17,476.06
Total Current Liabilities	$ 277,673.45	$ 277,673.45

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

		Solid Waste Fund		Total Enterprise Fund
Noncurrent Liabilities				
Capital Leases Payable	$	301,921.44	$	301,921.44
Estimated Liability for Landfill Postclosure Costs		676,780.32		676,780.32
Estimated Liability for Compensated Absences		47,962.55		47,962.55
Estimated Liability for Employee Pensions		298,489.34		298,489.34
Estimated Liability for Other Postemployment Benefits		49,580.73		49,580.73
Total Noncurrent Liabilities		1,374,734.38		1,374,734.38
Total Liabilities		1,652,407.83		1,652,407.83
Deferred Inflows of Resources				
Difference Between Expected and Actual Experience		26,197.04		26,197.04
Total Deferred Inflows of Resources		26,197.04		26,197.04
Net Position				
Net Investment in Capital Assets		1,097,509.15		1,097,509.15
Unrestricted		2,127,205.51		2,127,205.51
Total Net Position	$	3,224,714.66	$	3,224,714.66

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Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended September 30, 2017

	Solid Waste Fund	Total Enterprise Fund
Operating Revenues		
Charges for Services	$ 2,296,887.70	$ 2,296,887.70
Operating Grants and Contributions	46,684.00	46,684.00
Miscellaneous	27,410.17	27,410.17
Total Operating Revenues	2,370,981.87	2,370,981.87
Operating Expenses		
Salaries and Benefits	511,977.73	511,977.73
Contractual and Professional Services	803,162.84	803,162.84
Materials and Supplies	47,697.75	47,697.75
Repairs and Maintenance	136,351.47	136,351.47
Rentals	280,849.57	280,849.57
Utilities	19,213.52	19,213.52
Communications Services	12,836.78	12,836.78
Travel and Training	1,530.52	1,530.52
Insurance	7,775.59	7,775.59
Depreciation	145,706.29	145,706.29
Miscellaneous Expense	27,914.02	27,914.02
Total Operating Expenses	1,995,016.08	1,995,016.08
Operating Income (Loss)	375,965.79	375,965.79
Nonoperating Revenues (Expenses)		
Interest Revenue	5,620.84	5,620.84
Interest Expense	(7,112.73)	(7,112.73)
Total Nonoperating Revenues (Expenses)	(1,491.89)	(1,491.89)
Operating Transfers		
Transfers In	5,708.00	5,708.00
Total Operating Transfers	5,708.00	5,708.00
Change in Net Position	380,181.90	380,181.90
Total Net Position - Beginning of Year	2,844,532.76	2,844,532.76
Total Net Position - End of Year	$ 3,224,714.66	$ 3,224,714.66

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, 2017

		Solid Waste Fund		Total Enterprise Fund
Cash Flows from Operating Activities				
Cash Received for Services	$	2,318,131.39	$	2,318,131.39
Operating Grants		46,684.00		46,684.00
Other Operating Revenues		27,410.17		27,410.17
Cash Payments to Employees		(528,772.13)		(528,772.13)
Cash Payments for Goods and Services		(1,308,897.58)		(1,308,897.58)
Net Cash Provided (Used) by Operating Activities		554,555.85		554,555.85
Cash Flows from Capital and Related Financing Activities				
Lease Payments		(166,665.88)		(166,665.88)
Interest Paid		(8,972.67)		(8,972.67)
Net Cash Provided (Used) by Capital and Related Financing Activities		(175,638.55)		(175,638.55)
Cash Flows from Investing Activities				
Interest Received		5,620.84		5,620.84
Purchase of Investments		(5,620.84)		(5,620.84)
Net Cash Provided (Used) by Investing Activities				
Cash Flows from Noncapital Financing Activities				
Transfers In		5,708.00		5,708.00
Net Cash Provided (Used) by Noncapital Financing Activities		5,708.00		5,708.00
Net Increase (Decrease) in Cash		384,625.30		384,625.30
Cash - Beginning of Year		1,086,542.69		1,086,542.69
Cash - End of Year	$	1,471,167.99	$	1,471,167.99

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

		Solid Waste Fund		Total Enterprise Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$	375,965.79	$	375,965.79
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense		145,706.29		145,706.29
Changes in Assets and Liabilities:				
(Increase)/Decrease Receivables		21,243.69		21,243.69
(Increase)/Decrease Prepaid Items		(602.16)		(602.16)
Increase/(Decrease) Payables		17,966.53		17,966.53
Increase/(Decrease) Accrued Wages Payable		3,869.57		3,869.57
Increase/(Decrease) Compensated Absences		(21,585.87)		(21,585.87)
Increase/(Decrease) Due to Other Funds		(1,364.15)		(1,364.15)
Increase/(Decrease) Landfill Postclosure Costs		(1,705.00)		(1,705.00)
Increase/(Decrease) Deferred Outflows Pension Contributions		(9,419.30)		(9,419.30)
Increase/(Decrease) Pension Liability		(3,827.86)		(3,827.86)
Increase/(Decrease) Net Difference Between Projected and Actual Earnings on Pension Investments		14,169.06		14,169.06
Increase/(Decrease) Estimated Liability for Other Postemployment Benefits		14,139.26		14,139.26
Net Cash Provided (Used) by Operating Activities	$	554,555.85	$	554,555.85

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Statement of Fiduciary Net Position
September 30, 2017

	Private-Purpose Trust Funds	Agency Funds
<u>Assets</u>		
Cash and Cash Equivalents	$ 2,075,147.59	$
Investments	124,676.46	
Receivables (Note 4)	3,455.71	2,188.85
Total Assets	2,203,279.76	2,188.85
<u>Liabilities</u>		
Payables	5,390.80	2,188.85
Total Liabilities	5,390.80	$ 2,188.85
<u>Net Position</u>		
Held in Trust for Other Purposes	2,197,888.96	
Total Net Position	$ 2,197,888.96	

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

Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2017

	Private-Purpose Trust Funds
Additions	
Contributions from:	
Law Library Fees	$ 35,314.75
Excess from Land Sales	2,497,905.80
Interest	62.32
Total Additions	2,533,282.87
Deductions	
Law Library	35,753.18
Land Redemptions	2,408,266.82
Total Deductions	2,444,020.00
Changes in Net Position	89,262.87
Net Position - Beginning of Year	2,108,626.09
Net Position - End of Year	$ 2,197,888.96

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

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Commission. These statements include the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Commission. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements

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

The Commission reports the following major governmental funds:

- ***General Fund*** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. Also, accounted for in the General Fund are employee health insurance premiums paid by the Commission and County employees and actual claims submitted to the Commission for healthcare. This fund is also used to account for the expenditures of special county property taxes for building and maintaining public buildings, roads and bridges.

- ***Two-Cent Sales Tax Fund*** – This fund is used to account for the revenue from a county sales tax and the expenditure of this sales tax for building and maintaining public buildings, roads and bridges. This fund is also used to account for the expenditures of the Seven-Cent State Gasoline Tax revenues for construction, improvement, maintenance and supervision of highways, bridges and streets, motor vehicle license taxes and fees and drivers' license revenue for the construction, improvement and maintenance of public highway and streets.

- ***Reappraisal Fund*** – This fund is used to account for the expenditures of county property taxes for the property reappraisal program.

- ***Capital Projects Fund*** – This fund is used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

The Commission reports the following major enterprise fund:

- ***Solid Waste Fund*** – This fund is used to account for the cost of providing solid waste service to county residents, an inert landfill and a transfer station.

Governmental Fund Types

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

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

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

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

The Commission reports the following fiduciary fund types:

Fiduciary Fund Types

- ***Private-Purpose Trust Funds*** – 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. Non-exchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

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

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

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

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

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

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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

Investments are reported at fair value, based on quoted market prices.

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

Receivables due from other governments include amounts due from the State for taxes and cost-sharing, amounts due from grantors for grants issued for specific programs, and amounts due from other local governments. Receivables in the enterprise fund consist primarily of amounts due from customers who are charged fees for services provided by the Commission.

3. Inventories

Inventories are valued at cost, which approximates market. The Commission does not use a particular method of dispensing inventory. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The Commission's inventory is made up of siren spare parts.

4. 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.

5. Restricted Assets

Certain general obligation and special revenue 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 debt covenants. The 2013 General Obligation ATRIP II Fund, the 2009-B Series Gasoline Tax Anticipation Warrant Fund, the 2014 General Obligation Refunding Exempt Warrant Fund, the 2014 General Obligation Refunding Taxable Warrant Fund, and the fiscal year 2016 Gasoline Tax Anticipation Warrant Fund are used to segregate resources accumulated for debt service payments.

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, water and sewer systems, 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets 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	$ 5,000	10 – 30 years
Buildings	$ 5,000	5 – 50 years
Equipment and Furniture	$ 5,000	3 – 10 years
Equipment Under Capital Lease	$ 5,000	5 – 10 years
Infrastructure	$50,000	20 – 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.

7. Deferred Outflows of Resources

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

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Warrant premiums and discounts are deferred and amortized over the life of the warrants. Warrants payable are reported at gross with separate line items for the applicable warrant premium or discount. Warrant issuance costs are expensed in the period incurred.

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

9. Compensated Absences

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

Annual Leave

Employees of the Commission are not allowed to take annual leave until one full year of continuous service has been completed. Upon the completion of this requirement annual leave is earned as follows:

Two through Ten Years	80 Hours Per Year
Eleven through Twenty Years	120 Hours Per Year
Twenty-One Years and Over	160 Hours Per Year

Upon completion of one full year of continuous employment, an employee shall be given an accrued credit of 80 hours of annual leave at the rate of the one-twenty-sixth of such employee's annual entitlement for each bi-weekly period.

Sick Leave

All employees, after one month of employment are eligible for paid sick leave at the rate of one working day per month of employment. Sick leave need not be used within specified period of time and there is no limit to the amount accumulated. Months of employment for sick leave purposed in respect to county employees employed on and before September 16, 1975, began on the first day of the second month thereafter. For Sheriff's department employees employed on or after August 12, 1969, months of employment for sick leave purposes began on the first day of the second month thereafter. Upon permanent termination of employment, sick leave will be paid as follows:

Years of Service at Least but Less than	Percent of 120 Day Base	Maximum Sick Leave Pay
0-3	0%	0 Days
3-5	10%	12 Days
5-10	20%	24 Days
10-15	30%	36 Days
15-20	40%	48 Days
20-25	45%	54 Days
25 and Over	50%	60 Days

Compensatory Leave

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. Generally employees in public safety activity, emergency response activity, or seasonal activity may accumulate 480 hours, all other employees 240 hours maximum. According to the Fair Labor Standards Act, employees should be paid for compensatory leave in excess of the maximum hours stipulated. Compensatory leave is calculated at one and one-half times the regular hours.

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 as well as other employees who are expected to become eligible in the future to receive such payments.

10. Deferred Inflows of Resources

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

11. Pensions

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

12. Net Position/Fund Balances

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

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

- ***Restricted*** – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

- ***Unrestricted*** – Is the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Commission.

Fund balance is reported in governmental funds in the fund financial statements under the following five categories:

A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include: inventories, prepaid items, etc.

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Commission to consider restricted amounts to have been reduced first. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Commission that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

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 insurance claim costs, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. The Two-Cent Sales Tax Fund and Reappraisal Fund budgets on a basis of accounting consistent with GAAP. Capital projects funds adopt project-length budgets. All appropriations lapse at fiscal year-end.

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

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

Note 3 – Deposits and Investments

A. Deposits

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

The Commission has investments in certificates of deposit in the amount of $124,676.46. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

B. Investments

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

The Commission does not have a formal investment policy. However, the Commission does have an agreement with the financial institution responsible for investment activities. This agreement states that permitted investments are those types permitted by applicable laws.

GASB Statement Number 72 requires investments to be measured and reported at fair value by a hierarchy of levels 1, 2, or 3 per the following descriptions:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 – unobservable inputs.

The fair market values of all the Commission's investments are based on quoted market prices or Level 1.

As of September 30, 2017, the Commission had the following investments and maturities:

Investments by Type	Maturity	Fair Value	Level of Fair Value Hierarchy	Moody's Credit Rating
U. S. Treasury Obligations	2-7 years	$12,815,326.86	1	Aaa
Federal Home Loan Bank DTD	2-3 years	1,863,139.85	1	Aaa
Federal National Mortgage Association	5 years	1,632,489.80	1	Aaa
Federal Home Loan Mortgage Corp DTD	3-7 years	1,688,995.40	1	Aaa
Federal Home Loan Mortgage Corp	2 years	538,509.60	1	Aaa
Money Market Funds:				
Federated U. S. Treasury Reserves Fund	Varies	1,593,366.12	1	Aaa-mf
Total		$20,131,827.63		

Investments in Cash with Fiscal Agent	Maturity	Fair Value	Level of Fair Value Hierarchy	Moody's Credit Rating
Money Market Funds:				
Dreyfus Treasury Securities Cash Management – Institutional Shares	Varies	$ 452.83	1	Aaa-mf
Dreyfus Treasury Securities Cash Management – Investor Shares	Varies	272,577.77	1	Aaa-mf
Goldman Sachs Financial Square Treasury Instruments Fund	Varies	235.73	1	Aaa-mf
Total Investments in Cash With Fiscal Agent		$273,266.33		

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 does not have a formal investment policy that limits the amount of exposure to credit risk.

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

Note 4 – Receivables

On September 30, 2017, receivables for the Commission's individual major funds, and other governmental and fiduciary funds in the aggregate, are as follows:

	Accounts Receivable	Due From Other Governments	Sales Taxes Receivable	Total
Governmental Funds:				
General Fund	$ 46,394.56	$ 986,589.86	$ 71,024.81	$1,104,009.23
Two-Cent Sales Tax Fund	2,318.75	401,136.95	366,894.97	770,350.67
Other Governmental Funds		276,721.86	26,623.85	303,345.71
Total Governmental Funds	48,713.31	1,664,448.67	464,543.63	2,177,705.61
Enterprise Fund:				
Solid Waste Fund	395,395.76			395,395.76
Total Enterprise Fund	395,395.76			395,395.76
Fiduciary Funds:				
Agency Funds	2,188.85			2,188.85
Private-Purpose Trust Funds		3,455.71		3,455.71
Total Fiduciary Funds	$ 2,188.85	$ 3,455.71	$	$ 5,644.56

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance 10/01/2016	Additions/ Reclassifications (*)	Deletions/ Reclassifications (*)	Balance 09/30/2017
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	$ 5,259,155.80	$ 346,583.29	$ (25,586.00)	$ 5,580,153.09
Infrastructure in Progress	1,379,773.62	796,231.08	(173,046.40)	2,002,958.30
Infrastructure	1,634,490.70			1,634,490.70
Construction in Progress	62.374.41	900,704.12	(57,674.41)	905,404.12
Total Assets Not Being Depreciated	8,335,794.53	2,043,518.49	(256,306.81)	10,123,006.21
Capital Assets Being Depreciated:				
Land Improvements	1.643,199.39	34,064.88		1,677,264.27
Buildings	26,534,186.18	132,602.66	(56,803.93)	26,609,984.91
Equipment and Furniture	14,452,669.23	639,879.64	(380,853.86)	14,711,695.01
Assets Under Capital Lease	5,978,801.72	1,353,916.00	(1,332,542.00)	6,000,175.72
Infrastructure	26,619,842.11	2,778.78		26,622,620.89
Total Assets Being Depreciated	75,228,698.63	2,163,241.96	(1,770,199.79)	75,621,740.80
Total Capital Assets	83,564,493.16	4,206,760.45	(2,026,506.60)	85,744,747.01
Less Accumulated Depreciation for:				
Land Improvements	(501,704.73)	(81,162.73)		(582,867.46)
Buildings	(14,760,518.62)	(497,016.92)	56,803.93	(15,200,731.61)
Equipment and Furniture	(11,241,008.52)	(627,099.20)	353,907.85	(11,514,199.87)
Assets Under Capital Lease	(610,374.97)	(623,929.95)	153,599.12	(1,080,705.80)
Infrastructure	(9,588,603.65)	(625,817.90)		(10,214,421.55)
Total Accumulated Depreciation	(36,702,210.49)	(2,455,026.70)	564,310.90	(38,592,926.29)
Total Capital Assets Being Depreciated, Net	38,526,488.14	(291,784.74)	(1,205,888.89)	37,028,814.51
Total Governmental Activities, Capital Assets, Net	$ 46,862,282.67	$ 1,751,733.75	$(1,462,195.70)	$ 47,151,820.72

(*) Reclassifications included in “Additions” and “Deletions” totaled $230,720.81. Additionally, $203,188.03 of donated assets are included in the Additions column.

	Balance 10/01/2016	Additions	Deletions	Balance 09/30/2017
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 414,318.17	$	$	$ 414,318.17
Total Capital Assets, Not Being Depreciated	414,318.17			414,318.17
Capital Assets Being Depreciated:				
Land Improvements	116,763.68			116,763.68
Building and Improvements	575,692.42		(5,340.00)	570,352.42
Equipment and Furniture	1,105,570.73		(7,375.50)	1,098,195.23
Equipment Under Capital Lease	696,245.36			696,245.36
Total Capital Assets Being Depreciated	2,494,272.19		(12,715.50)	2,481,556.49
Total Assets	2,908,590.36		(12,715.50)	2,895,874.86
Less Accumulated Depreciation for:				
Land Improvements	(23,296.48)	(5,838.17)		(29,134.65)
Building and Improvements	(279,843.75)	(18,893.87)	5,340.00	(293,397.62)
Equipment and Furniture	(840,502.72)	(51,349.71)	7,375.50	(884,476.93)
Equipment Under Capital Lease	(72,100.40)	(69,624.54)		(141,724.94)
Total Accumulated Depreciation	(1,215,743.35)	(145,706.29)	12,715.50	(1,348,734.14)
Total Capital Assets Being Depreciated, Net	1,278,528.84	(145,706.29)		1,132,822.55
Total Business-Type Activities Capital Assets, Net	$ 1,692,847.01	$(145,706.29)	$	$ 1,547,140.72

	Balance 10/01/2016	Additions	Deletions	Balance 09/30/2017
Fiduciary Activities:				
Capital Assets Being Depreciated:	$	$	$	$
Equipment and Furniture	15,945.00			15,945.00
Total Capital Assets Being Depreciated	15,945.00			15,945.00
Total Assets	15,945.00			15,945.00
Less Accumulated Depreciation for:				
Equipment and Furniture	(15,945.00)			(15,945.00)
Total Accumulated Depreciation	(15,945.00)			(15,945.00)
Total Capital Assets Being Depreciated, Net				
Total Fiduciary Activities Capital Assets, Net	$	$	$	$

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$ 389,670.55
Public Safety	478,824.57
Highways and Streets	1,571,608.24
Sanitation	9,373.26
Health	5,550.08
Total Depreciation Expense – Governmental Activities	$2,455,026.70

	Current Year Depreciation Expense
Business-Type Activities:	
Solid Waste	$145,706.29
Total Depreciation Expense – Business-Type Activities	$145,706.29

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

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

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

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

Benefits Provided

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

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

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

The ERS serves approximately 875 local participating employers. These participating employers include 294 cities, 65 counties, and 516 other public entities. The ERS membership includes approximately 85,874 participants. As of September 30, 2016, membership consisted of:

Retirees and beneficiaries currently receiving benefits	23,007
Terminated employees entitled to but not yet receiving benefits	1,155
Terminated employees not entitled to a benefit	6,654
Active Members	55,058
Total	85,874

Contributions

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2017, the Commission's active employee contribution rate was 5.42 percent of covered payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 8.68 percent of covered payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2017, was 9.39% of pensionable pay for Tier 1 employees, and 6.46% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2014, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were $877,459.49 for the year ended September 30, 2017.

B. Net Pension Liability

The Commission's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2015, rolled forward to September 30, 2016, using standard roll-forward techniques as shown in the following table:

	Expected	Actual – 2015 Valuation Assumptions	Actual – 2016 Valuation Assumptions
(a) Total Pension Liability as of September 30, 2015	$37,615,561	$37,061,847	$38,185,326
(b) Discount Rate	8.00%	8.00%	7.75%
(c) Entry Age Normal Cost for October 1, 2015 – September 30, 2016	798,893	798,893	780,474
(d) Transfers Among Employers		(104,096)	(104,096)
(e) Actual Benefit Payments and Refunds for October 1, 2015 - September 30, 2016	(2,504,533)	(2,504,533)	(2,504,533)
(f) Total Pension Liability as of September 30, 2016 =[(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	$38,818,985	$38,116,877	$39,219,483
(g) Difference Between Expected and Actual		$ (702,108)	
(h) Less Liability Transferred for Immediate Recognition		(104,096)	
(i) Experience (Gain)/Loss = (g) – (h)		$ (598,012)	
(j) Difference Between Actual (2015 Assumptions) and Actual (2016 Assumptions): Assumption Change (Gain)/Loss			$ 1,102,606

Actuarial Assumptions

The total pension liability as of September 30, 2016, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2015. The key actuarial assumptions are summarized below:

Inflation	2.75%
Salary Increases	3.25% - 5.00%
Investment Rate of Return (*)	7.75%

(*) Net of pension plan investment expense

Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females at ages on and after age 78. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the September 30, 2015, valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	17.00%	4.40%
U. S. Large Stocks	32.00%	8.00%
U. S. Mid Stocks	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	100.00%	

(*) Includes assumed rate of inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

C. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2015	$37,615,561	$27,671,813	$ 9,943,748
Changes for the Year:			
Service Cost	798,893		798,893
Interest	2,909,064		2,909,064
Changes of Assumptions	1,102,606		1,102,606
Differences Between Expected and Actual Experience	(598,012)		(598,012)
Contributions – Employer		988,730	(988,730)
Contributions – Employee		573,305	(573,305)
Net Investment Income		2,764,839	(2,764,839)
Benefit Payments, including Refunds of Employee Contributions	(2,504,533)	(2,504,533)	
Transfers among Employers	(104,096)	(104,096)	
Net Changes	1,603,922	1,718,245	(114,323)
Balances at September 30, 2016	$39,219,483	$29,390,058	$ 9,829,425

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

The following table presents the Commission's net pension liability calculated using the discount rate of 7.75%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)
Commission's net pension liability	$13,984,266	$9,829,425	$6,317,987

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2016. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2016. The auditor's report dated September 18, 2017, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

For the year ended September 30, 2017, the Commission recognized pension expense of $1,027,784. At September 30, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$776,469
Changes of assumptions	918,838	
Net difference between projected and actual earnings on pension plan investments	253,013	
Employer contributions subsequent to the measurement date	877,459	
Total	$2,049,310	$776,469

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

Year Ending:	
September 30, 2018	$ 65,013
2019	$ 65,014
2020	$268,366
2021	$ (87,110)
2022	$ 84,099
Thereafter	$

Note 7 – Other Postemployment Benefits (OPEB)

A. Plan Description

The Calhoun County Commission provides a single-employer defined benefit postemployment healthcare plan for eligible retirees and their spouses included within the Local Government Health Insurance Program (LGHIP), in which the county participates. LGHIP covers both active and retired members and provides medical insurance benefits to eligible retirees and their spouses.

B. Funding Policy

The Commission's contributions were on a pay-as-you-go basis through September 30, 2017, and it does not plan to set up a trust fund to fund the postemployment medical plan. Retired employees contribute a percentage of their medical insurance premiums for family and single coverage as established by the Commission. Total retiree contributions for fiscal year 2017 were $106,040.82. During the period ended September 30, 2017, the Commission paid healthcare premiums for retired employees in the amount of $259,618.18.

C. Annual OPEB Cost

For fiscal year 2017, the Commission's annual other postemployment benefit (OPEB) cost for medical insurance was $787,943. The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three most recent fiscal years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2017	$787,943	46.41%	$1,743,299
09/30/2016	$787,943	18.90%	$1,321,015
09/30/2015	$181,955	60.14%	$ 681,974

D. Funded Status and Funding Progress

The funding status of the plan as of September 30, 2017, was as follows:

Actuarial Accrued Liability (AAL)	$ 8,303,191
Actuarial Value of Plan Assets	$0
Unfunded Actuarial Accrued Liability (UAAL)	$ 8,303,191
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	$10,021,456
UAAL as a Percentage of Covered Payroll	82.85%

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

E. Actuarial Methods and Assumptions

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

The actuarial cost method used was the projected unit credit method. The actuarial assumptions included a 4.00% percent investment return assumption (or discount rate) and an annual healthcare cost trend rate of 7.75% percent initially, reduced by decrements to an ultimate rate of 5.0% percent after six years. It was assumed that 50% percent of future retirees would elect medical insurance coverage and 40% percent of retirees electing coverage who have spouses would elect spousal coverage. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open period. The unfunded actuarial accrued liability (UAAL) is being amortized over 30 years.

Note 8 – Lease Obligations

Capital Leases

The Commission is obligated under certain leases accounted for as capital leases. Assets under capital leases totaled $6,000,175.72 for governmental activities and $696,245.36 for business-type activities at September 30, 2017. The capital leases for governmental activities include five capital leases: 1) construction equipment financing for the highway department; 2) Mack truck financing for the highway department; 3) ConnectRight Mailer Business Services Suite for the Revenue Department; 4) Kubota tractors for the highway department; 5) radios for the sheriff's department. There is one capital lease for business-type activities: 1) Caterpillar D7E.

If the Commission completes the lease payments according to the schedules below, which is the stated intent of the Commission, ownership of the leased equipment will pass to the Commission. The lease purchase contracts give the Commission the right to cancel the lease with 30 days' written notice and payment of a pro rata share of the current year's lease payments. Until that time, the leased equipment will be identified separately on the balance sheet. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of September 30.

Fiscal Year Ending	Governmental Activities
September 30, 2018	$1,462,853.54
2019	1,460,570.63
2020	1,438,802.77
2021	354,966.69
Total Minimum Lease Payments	4,717,193.63
Less: Amount Representing Interest	(159,176.45)
Present Value of Net Minimum Least Payments	$4,558,017.18

Fiscal Year Ending	Business-Type Activities
September 30, 2018	$154,274.75
2019	154,274.75
2020	154,274.75
Total Minimum Lease Payments	462,824.25
Less: Amount Representing Interest	(13,192.68)
Present Value of Net Minimum Least Payments	$449,631.57

Note 9 – Long-Term Debt

The 2009-B Series Gasoline Tax Anticipation Warrants, dated September 1, 2009, were issued for the purpose of refunding the 2000 Series State Gasoline Tax Anticipation Warrants.

The 2013 Series General Obligation Warrants, dated May 1, 2013, were issued for the purpose of paying a portion of the costs of making various improvements to certain public roads and bridges in the County.

The 2014 Series General Obligation Exempt Warrants and the 2014 Series General Obligation Taxable Warrants were issued for the purpose of refunding the 2006 Series General Obligation Warrants.

The 2016 Series Gasoline Tax Anticipation Warrants, dated May 5, 2016, were issued for the purpose of road repairs and maintenance in Commission Districts 3, 4 and 5.

The Commission has entered into various capital lease purchase agreements to finance equipment purchases.

The Commission entered into an agreement with Jacksonville State University to provide a total of $200,000.00 in support of JSU capital improvement projects for JSU athletics. This amount is payable in installments of $20,000.00 per year for a period of 10 years beginning in fiscal year 2016, if and as the County budget allows.

The Commission entered into the Project Grow Bama agreement with the Calhoun County Economic Development Council, the City of Oxford, Alabama and Kronospan, Inc. to provide a total of up to $375,000.00 to the Calhoun County Economic Development Council for Kronospan, Inc. for the purpose of economic development. This amount is payable in installments of up to $75,000.00 per year for a period of 5 years beginning in fiscal year 2019 and only if the “jobs target” is satisfied by the “jobs target date” as defined in the agreement.

The following is a summary of general long-term debt transactions for the Commission for the year ended September 30, 2017:

	Debt Outstanding 10/01/2016	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2017	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
General Obligation Warrants	$ 6,470,000.00	$	$ (685,000.00)	$ 5,785,000.00	$ 710,000.00
Gasoline Tax Anticipation Warrants	3,360,000.00		(800,293.49)	2,559,706.51	830,561.56
Add: Premium on Debt Issued	31,959.37		(6,113.37)	25,846.00	6,113.37
Total Warrants Payable	9,861,959.37		(1,491,406.86)	8,370,552.51	1,546,674.93
Other Liabilities:					
Capital Leases	5,587,063.91	1,353,916.00	(2,382,962.73)	4,558,017.18	1,390,180.15
JSU Contract Obligation	180,000.00		(20,000.00)	160,000.00	20,000.00
Project Grow Bama Agreement	375,000.00			375,000.00	
Compensated Absences	1,680,001.88	157,858.32		1,837,860.20	164,669.65
Pension Liability	9,641,430.80		(110,495.14)	9,530,935.66	
Other Post-Employment Benefits	1,285,573.59	408,144.74		1,693,718.33	
Total Governmental Activities Long-Term Debt	28,611,029.55	1,919,919.06	(4,004,864.73)	26,526,083.88	3,121,524.73
Business-Type Activities:					
Other Liabilities:					
Capital Leases	616,297.45		(166,665.88)	449,631.57	147,710.13
Compensated Absences	69,548.42		(21,585.87)	47,962.55	
Landfill Post-closure Care Costs	695,961.38		(1,705.00)	694,256.38	17,476.06
Pension Liability	302,317.20		(3,827.86)	298,489.34	
Other Post-Employment Benefits	35,441.47	14,139.26		49,580.73	
Total Business-Type Activities Long-Term Debt	$ 1,719,565.92	$ 14,139.26	$ (193,784.61)	$ 1,539,920.57	$ 165,186.19

Payments on the warrants payable that pertain to the Commission's governmental activities are made by the debt service funds. The capital lease liability for the governmental activities will be liquidated by the General Fund and the Construction Equipment Fund.

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. The current liability will be approximately liquidated as follows: 70.97% by the General Fund, 22.93% by the Gasoline Tax Fund, 3.88% by the Reappraisal Fund, and 2.22% by other combined funds.

The capital lease liability and the compensated absences liability attributable to the business-type activities will be liquidated by the Solid Waste Fund.

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

	General Obligation Warrants		Gasoline Tax Anticipation Warrants	
Fiscal Year Ending	Principal	Interest	Principal	Interest
September 30, 2018	$ 710,000.00	$150,246.06	$ 830,561.56	$ 65,472.76
2019	720,000.00	132,018.62	851,122.38	41,823.21
2020	730,000.00	116,600.95	878,022.57	16,720.30
2021	750,000.00	99,211.39		
2022	780,000.00	81,390.36		
2023-2026	2,095,000.00	146,098.25		
Totals	$5,785,000.00	$725,565.63	$2,559,706.51	$124,016.27

<u>Deferred Inflows/Outflows on Refunding and Premiums/Discounts</u>

The Commission has premiums and deferred charges in connection with the issuance of the Series 2009-B State Gasoline Tax Anticipation Warrants, the 2013 General Obligation Warrants, the 2014 General Obligation Exempt Warrants, and the 2014 General Obligation Taxable Warrants. Premiums and deferred charges are being amortized using the straight-line method over periods of between eleven and thirteen years.

	Deferred Outflows on Refunding	Deferred Inflows on Refunding	Premium
Total Deferred Inflows and Outflows on Refunding and Premium	$197,887.95	$ 53,766.87	$ 64,240.85
Amount Amortized in Prior Years	(90,901.25)	(10,679.71)	(32,281.48)
Balance Deferred Inflows and Outflows on Refunding and Premium	106,986.70	43,087.16	31,959.37
Current Amount Amortized	(17,274.78)	(4,419.19)	(6,113.37)
Balance Deferred Inflows and Outflows on Refunding and Premium	$ 89,711.92	$ 38,667.97	$ 25,846.00

Capital Lease Purchase Agreements Principal	Interest	Total Principal and Interest Requirements
$1,390,180.15	$ 72,673.39	$ 3,219,133.92
1,409,647.36	50,923.27	3,205,534.84
1,409,944.10	28,858.67	3,180,146.59
348,245.57	6,721.12	1,204,178.08
		861,390.36
		2,241,098.25
$4,558,017.18	$159,176.45	$13,911,482.04

Pledged Revenues

The Commission issued the 2009-B Series State Gasoline Tax Anticipation Warrants which are pledged to be repaid from their allocation of the Four-Cent State Gasoline Tax levy received from the State of Alabama. The proceeds were used to refund 2000 Series State Gasoline Tax Warrants and to finance construction. Future revenues in the amount of $1,498,701.25 are pledged to repay the principal and interest on the bonds at September 30, 2017. Proceeds of the Four-Cent State Gasoline Tax in the amount of $1,063,883.40 were received by the Commission during the fiscal year ended. Pledged funds in the amount of $503,306.25 were used to pay principal, interest and fees on the warrants during the fiscal year ended September 30, 2017. This amount represents 47.31 percent of the pledged funds received by the Commission. The 2009-B Series State Gasoline Tax Anticipation Warrants will mature in fiscal year 2020.

The Commission issued the 2016 Series State Gasoline Tax Anticipation Warrants which are pledged to be repaid from their allocation of the Seven-Cent State Gasoline Tax received from the State of Alabama. The proceeds are being used for road repairs and maintenance in Commission Districts 3, 4, and 5. Future revenues in the amount of $1,185,021.53 are pledged to repay the principal and interest on the bonds at September 30, 2017. Proceeds of the Seven-Cent State Gasoline Tax in the amount of $1,834,883.53 were received by the Commission during the fiscal year ended. Pledged funds in the amount of $389,558.21 were used to pay principal, interest and fees on the warrants during the fiscal year ended September 30, 2017. This amount represents 21.23 percent of the pledged funds received by the Commission. The 2016 Series State Gasoline Tax Anticipation Warrants will mature in fiscal year 2020.

Note 10 – Landfill Closure and Postclosure Care Costs

On October 12, 1993, the Calhoun County Landfill ceased accepting solid waste and closed. After closure, state and federal laws and regulations required that the landfill be monitored for ground water contamination for a period of up to 30 years. The Commission is also required to maintain the landfill, which involves erosion control, grassing, and grass cutting. The current estimated future cost of monitoring and upkeep is $694,256.38. A re-evaluation was performed during fiscal year 2015 to estimate future costs based on a 20 year period beginning at the end of fiscal year 2015.

Note 11 – Jacksonville State University Funding Agreement

On December 30, 2015, the Commission entered into an agreement with Jacksonville State University to provide a total of $200,000.00 in support of the university's capital improvement projects for JSU athletics. This amount is payable in installments of $20,000.00 per year for a period of ten years beginning in fiscal year 2016, if and as the County budget allows.

Note 12 – Project Grow Bama Funding Agreement

In June 2016, the Commission entered into the Project Grow Bama Agreement with the Calhoun County Economic Development Council, the City of Oxford, Alabama and Kronospan, Inc. to provide a total of up to $375,000.00 to the Calhoun County Economic Development Council for Kronospan, Inc. for the purpose of economic development. This amount is payable in installments of up to $75,000.00 per year for a period of 5 years beginning in fiscal year 2019 and only if the "jobs target" is satisfied by the "jobs target date" as defined in the agreement.

Note 13 – 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 a commercial insurance carrier. The Commission also purchases commercial insurance for other risks of loss, including property and casualty insurance. Settled claims resulting from these claims have not exceeded commercial coverage in any of the past three years.

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 is no longer self-insured with regard to employee health insurance effective September 30, 2015. The Commission now has employee health insurance coverage through the Local Government Health Insurance Program, administered by the State Employee's Health Insurance Board (SEHIB). Employees 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 remains self-insured with regard to employee dental insurance. The dental plan is administered through Blue Cross. The Commission reimburses Blue Cross for the actual cost of approved dental claims. Blue Cross estimates the Commission's liability at the beginning of each year. Employee premiums, which are paid into the general fund, are based on this estimate. The Commission does not provide matching funds for dental coverage. An estimate of the claims liability is reported in the general fund. These liabilities are based on estimates utilizing past experience.

The schedule below presents the changes in claims liabilities for the past three years for employee health/dental insurance. The significant drop in fiscal year 2015-2016 is due to the Commission no longer being self-insured with regard to health insurance.

	Current Year Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Balance of Claim Payments	Fiscal Year-End
2016-2017	$ 5,300.00	$ 76,302.99	$ 76,202.99	$ 5,400.00
2015-2016	$152,000.00	$ (64,956.52)	$ 81,743.48	$ 5,300.00
2014-2015	$129,000.00	$2,225,452.00	$2,202,452.00	$152,000.00

Note 14 – Interfund Transactions

Due To/From Other Funds

The amounts due to/from other funds at September 30, 2017, were as follows:

	Due To Other Funds						
	General Fund	Two-Cent Sales Tax Fund	Reappraisal Fund	Other Governmental Funds	Total Governmental Funds	Enterprise Fund	Totals
Due From Other Funds:							
Governmental Funds:							
General Fund	$	$ 30.04	$139.34	$23,248.71	$ 23,418.09	$3,188.54	$ 26,606.63
Two-Cent Sales Tax Fund	1,772.24		419.98		2,192.22	2,468.60	4,660.82
Other Governmental Funds	58.00	230,239.92			230,297.92		230,297.92
Total Governmental Funds	$1,830.24	$230,269.96	$559.32	$23,248.71	$255,908.23	$5,657.14	$261,565.37

Interfund Transfers

The amounts of interfund transfers during the fiscal year ending September 30, 2017, were as follows:

	Transfers In				
	Two-Cent Sales Tax Fund	Other Governmental Funds	Total Governmental Funds	Enterprise Fund	Totals
Transfers Out:					
General Fund	$800,243.35	$ 453,763.92	$1,254,007.27	$5,708.00	$1,259,715.27
Two-Cent Sales Tax Fund		1,127,534.28	1,127,534.28		1,127,534.28
Other Governmental Funds	149,756.65	1,069,719.89	1,219,476.54		1,219,476.54
Total Governmental Funds	$950,000.00	$2,651,018.09	$3,601,018.09	$5,708.00	$3,606,726.09

The Commission typically used transfers to fund ongoing operating subsidies and to transfer the portion from the General Fund and the Two-Cent Sales Tax Fund to the debt service funds to service current-year debt requirements.

Note 15 – Related Organizations

A majority of the governing boards of the following agencies are appointed by the Commission. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship for these entities, and they are not considered part of the Commission's financial reporting entity. These entities are considered related organizations of the Commission.

- Calhoun County E-911 District
- Calhoun County Water and Fire Protection Authority
- Reaves Road Community Foundation
- Calhoun County Agricultural Center Oversight Board
- Calhoun County Beautification Board
- District Attorney's Citizen's Advisory Council
- Calhoun County Department of Human Resources Board of Directors

Note 16 – Tax Abatements

The Calhoun County Commission provides tax abatements through one program – The Tax Incentive Reform Act of 1992 Chapter 9B Abatements for New and Expanding Projects, Including Upgrades (***Code of Alabama 1975***, Section 40-9B-1).

The Tax Incentive Reform Act of 1992 Chapter 9B offers tax abatements as an incentive for economic development related to qualifying projects that constitute an "industrial, warehousing, or research activity." This gives cities, counties, and public industrial authorities the ability to abate the following for new and expanding qualifying projects:

- State sales and use taxes
- Non-educational county and city sales and use taxes
- Non-educational state, county, and city property taxes – up to 20 years (except data processing centers which can be abated for up to 30 years)
- Mortgage and recording taxes to which property is conveyed into or out of a public authority, city or county government
- Data processing centers can receive abatements as follows:
  - ✓ Property tax abatement for 10 years from and after the date the private use property becomes owned for federal income tax purposes for projects that invest up to $200,000,000 within 10 years from the commencement of the project. Sales and use tax abatements can also be abated for the same 10 year period based on the same investment thresholds.
  - ✓ Property tax abatement for 20 years from and after the date the private use property becomes owned for federal income tax purposes for projects that invest over $200,000,000 but less than $400,000,000 within 10 years from the commencement of the project. Sales and use tax abatements can also be abated for the same 20 year period based on the same investment thresholds.
  - ✓ Property tax abatement for 30 years from and after the date the private use property becomes owned for federal income tax purposes for projects that invest over $200,000,000 within 10 years from the commencement of the project and exceed $400,000,000 within 20 years from the commencement of the project. Sales and use tax abatements can also be abated for the same 30 year period based on the same investment thresholds.

To receive abatement for any or all of these taxes, a project must meet certain qualifications and follow certain procedures, as determined by law and regulation. Also, it should be noted that if a public industrial authority or a city within Calhoun County abates taxes for an entity, county taxes are abated as well without the requirement of county approval. The Calhoun County recognized tax abatements for the fiscal year ended September 30, 2017, as follows:

Abatements (Personal and Real Property)	$340,073.97

Note 17 – Subsequent Events

On March 22, 2018, the Commission entered into a 4 year capital lease with Hancock Bank for the purchase of eight Mack Dump Trucks and two Lowboy Tractors for the highway department in the amount of $1,370,170. Payments will be made annually from the Construction Equipment Fund. The fiscal year 2017 four year capital lease with Hancock Bank for the purchase of eight Mack Dump Trucks and two Lowboy Tractors for the highway department was paid in full.

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Required Supplementary Information

Schedule of Changes in the Net Pension Liability
For the Year Ended September 30, 2017

	2017	2016	2015
Total pension liability			
Service cost	$ 798,893	$ 817,247	$ 843,981
Interest	2,909,064	2,841,689	2,726,780
Differences between expected and actual experience	(598,012)	(428,464)	
Changes of Assumptions	1,102,606		
Benefit payments, including refunds of employee contributions	(2,504,533)	(2,272,046)	(1,996,746)
Transfers among employers	(104,096)		
Net change in total pension liability	1,603,922	958,426	1,574,015
Total pension liability - beginning	37,615,561	36,657,135	35,083,120
Total pension liability - ending (a)	$ 39,219,483	$ 37,615,561	$ 36,657,135
Plan fiduciary net position			
Contributions - employer	$ 988,730	$ 928,243	$ 970,308
Contributions - employee	573,305	534,456	543,118
Net investment income	2,764,839	329,108	3,050,991
Benefit payments, including refunds of employee contributions	(2,504,533)	(2,272,046)	(1,996,746)
Other (Transfers among employers)	(104,096)	13,664	(197,687)
Net change in plan fiduciary net position	1,718,245	(466,575)	2,369,984
Plan fiduciary net positions - beginning	27,671,813	28,138,388	25,768,404
Plan fiduciary net positions - ending (b)	$ 29,390,058	$ 27,671,813	$ 28,138,388
Net pension liability - ending (a) - (b)	$ 9,829,425	$ 9,943,748	$ 8,518,747
Plan fiduciary net position as a percentage of the total pension liability	74.94%	73.56%	76.76%
Covered payroll (*)	$ 10,634,797	$ 10,498,529	$ 10,555,333
Net pension liability as a percentage of covered-employee payroll	92.43%	94.72%	80.71%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2017, the measurement period is October 1, 2015 through September 30, 2016. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll for fiscal year 2017.

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

Schedule of the Employer's Contributions For the Year Ended September 30, 2017

	2017	2016	2015	2014
Actuarially determined contribution (*)	$ 877,459	$ 988,730	$ 928,243	$ 970,308
Contributions in relation to the actuarially determined contribution (*)	$ 877,459	$ 988,730	$ 928,243	$ 970,308
Contribution deficiency (excess)	$	$	$	$
Covered payroll (**)	$ 10,105,950	$ 10,634,797	$ 10,498,529	$ 10,555,333
Contributions as a percentage of covered payroll	8.68%	9.30%	8.84%	9.19%

(*) The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of the Employer's Contributions is based on the 12 month period of the underlying financial statement.

(**) Employer's covered payroll for fiscal year 2017 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

Valuation date:
Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2017 were based on the September 30, 2014 actuarial valuation.

Methods and assumptions used to determine contribution rates for period October 1, 2016 through September 30, 2017:

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	**Final**	**Budgetary Basis**
Revenues			
Taxes	$ 8,428,792.00	$ 9,028,792.00	$ 9,298,804.11
Licenses and Permits	559,400.00	559,400.00	596,886.88
Intergovernmental	2,320,964.00	2,395,964.00	2,452,169.07
Charges for Services	3,474,150.00	3,474,150.00	3,558,387.83
Fines and Forfeits	100.00	100.00	
Miscellaneous	399,702.00	552,531.21	1,032,671.46
Total Revenues	15,183,108.00	16,010,937.21	16,938,919.35
Expenditures			
Current:			
General Government	6,294,441.00	7,077,736.10	6,443,913.35
Public Safety	9,473,895.00	9,926,984.74	9,402,129.54
Sanitation	196,385.00	197,892.75	185,387.54
Health	236,024.00	236,024.00	235,832.87
Welfare	109,765.00	109,765.00	106,275.72
Culture and Recreation	213,590.00	213,590.00	160,036.92
Education	111,558.00	114,917.50	108,184.72
Capital Outlay	269,348.00	548,641.86	469,080.54
Debt Service:			
Principal Retirement	88,899.00	88,899.00	106,826.58
Interest and Fiscal Charges	5,948.00	5,958.00	5,736.77
Total Expenditures	16,999,853.00	18,520,408.95	17,223,404.55
Excess (Deficiency) of Revenues Over Expenditures	(1,816,745.00)	(2,509,471.74)	(284,485.20)
Other Financing Sources (Uses)			
Transfers In	1,775,625.00	1,975,381.65	1,875,381.65
Sale of Capital Assets		1,507.75	35,451.77
Transfers Out	(342,317.00)	(348,512.00)	(349,859.92)
Total Other Financing Sources (Uses)	1,433,308.00	1,628,377.40	1,560,973.50
Net Change in Fund Balances	(383,437.00)	(881,094.34)	1,276,488.30
Fund Balances - Beginning of Year	383,437.00	881,094.34	12,245,642.18
Fund Balances - End of Year	$	$	$ 13,522,130.48

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(2)	$ 2,954,244.38	$ 12,253,048.49
(2)	27,978.10	624,864.98
		2,452,169.07
(2)	15,397.51	3,573,785.34
(2)	71,639.21	1,104,310.67
	3,069,259.20	20,008,178.55
(1) (3)	134,950.66	6,578,864.01
		9,402,129.54
		185,387.54
		235,832.87
		106,275.72
		160,036.92
		108,184.72
(3)	57,288.98	526,369.52
(3)		106,826.58
		5,736.77
	192,239.64	17,415,644.19
	2,877,019.56	2,592,534.36
(4)	(1,875,381.65)	
		35,451.77
(4)	(909,855.35)	(1,259,715.27)
	(2,785,237.00)	(1,224,263.50)
	91,782.56	1,368,270.86
(5)	2,359,066.27	14,604,708.45
	$ 2,450,848.83	$ 15,972,979.31

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund For the Year Ended September 30, 2017

Explanation of differences:

Except for the following, the Commission budgets on the modified accrual basis of accounting (GAAP):

(1) The Commission recognized expenditures for health insurance claims when paid in cash rather than when the liability was actually incurred. (Difference between Prior Year Estimated Liability $5,300.00 and Current Year Estimated Liability $5,400.00.)

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

(2) Revenues		
Public Roads, Buildings and Bridges Fund	$	3,069,259.20
(3) Expenditures		
Public Roads, Buildings and Bridges Fund	$	116,968.94
CDP Administration Fund		75,170.70
(4) Other Financing Sources (Uses)		
Net Increase in Fund Balance - Budget to GAAP		

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

$	(100.00)
	3,069,259.20
	(192,139.64)
	(2,785,237.00)
$	91,782.56

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Two-Cent Sales Tax Fund For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 3,600,000.00	$ 3,600,000.00	$ 4,050,383.95
Licenses and Permits			
Intergovernmental		12,817.94	23,469.23
Miscellaneous	65,000.00	146,498.72	178,032.57
Total Revenues	3,665,000.00	3,759,316.66	4,251,885.75
Expenditures			
Current:			
General Government			
Highways and Roads	1,762,740.00	3,639,370.20	1,565,682.47
Capital Outlay		78,673.00	73,671.00
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	1,762,740.00	3,718,043.20	1,639,353.47
Excess (Deficiency) of Revenues Over Expenditures	1,902,260.00	41,273.46	2,612,532.28
Other Financing Sources (Uses)			
Transfers In			
Sale of Capital Assets			
Debt Issued			
Transfers Out	(1,902,260.00)	(1,952,260.00)	(1,950,035.07)
Total Other Financing Sources (Uses)	(1,902,260.00)	(1,952,260.00)	(1,950,035.07)
Net Change in Fund Balances		(1,910,986.54)	662,497.21
Fund Balances - Beginning of Year		1,910,986.54	2,798,571.53
Fund Balances - End of Year	$	$	$ 3,461,068.74

	Budget to GAAP Differences	Actual Amounts GAAP Basis
	$	$ 4,050,383.95
(1)	134,844.46	134,844.46
(1)	2,373,849.47	2,397,318.70
(1)	1,115,972.20	1,294,004.77
	3,624,666.13	7,876,551.88
(2)	(180,583.74)	180,583.74
(2)	(3,779,913.40)	5,345,595.87
(2)	(1,473,706.00)	1,547,377.00
(2)	(2,296,136.15)	2,296,136.15
(2)	(75,483.77)	75,483.77
	(7,805,823.06)	9,445,176.53
	(4,181,156.93)	(1,568,624.65)
(3)	950,000.00	950,000.00
(3)	1,449,369.63	1,449,369.63
(3)	1,353,916.00	1,353,916.00
	822,500.79	(1,127,534.28)
	4,575,786.42	2,625,751.35
	394,629.49	1,057,126.70
(4)	3,694,295.23	6,492,866.76
	$ 4,088,924.72	$ 7,549,993.46

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Two-Cent Sales Tax Fund
For the Year Ended September 30, 2017

Explanation of differences:

Except for the following, the Commission budgets on the modified accrual basis of accounting (GAAP):

Some amounts are combined with the Two-Cent Sales Tax Fund for reporting purposes, but are budgeted separately.

(1) Revenues	
Gasoline Tax Fund	$ 2,963,444.15
Public Highway and Traffic Fund	352,248.33
Construction Equipment Fund	279,166.72
Severance Tax Fund	29,806.93
(2) Expenditures	
Gasoline Tax Fund	$ 3,884,551.20
Construction Equipment Fund	3,921,271.86
(3) Other Financing Sources (Uses)	
Net Increase in Fund Balance - Budget to GAAP	

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

$	3,624,666.13
	(7,805,823.06)
	4,575,786.42
$	394,629.49

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Reappraisal Fund
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 2,029,003.00	$ 2,029,003.00	$ 1,980,117.38
Intergovernmental	10,000.00	10,000.00	
Miscellaneous	1,500.00	1,500.00	2,877.00
Total Revenues	2,040,503.00	2,040,503.00	1,982,994.38
Expenditures			
Current:			
General Government	2,030,503.00	2,011,898.00	1,952,116.24
Capital Outlay	10,000.00	28,605.00	24,596.60
Total Expenditures	2,040,503.00	2,040,503.00	1,976,712.84
Excess (Deficiency) of Revenues Over Expenditures			6,281.54
Other Financing Sources (Uses)			
Sale of Capital Assets			3,083.16
Total Other Financing Sources (Uses)			3,083.16
Net Change in Fund Balances			9,364.70
Fund Balances - Beginning of Year			3,743.80
Fund Balances - End of Year	$	$	$ 13,108.50

Budget to GAAP Differences	Actual Amounts GAAP Basis
$	$ 1,980,117.38
	2,877.00
	1,982,994.38
	1,952,116.24
	24,596.60
	1,976,712.84
	6,281.54
	3,083.16
	3,083.16
	9,364.70
	3,743.80
$	$ 13,108.50

Schedule of Funding Progress
Other Postemployment Benefits
For the Year Ended September 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/2015 (*)	$0	$8,303,191.00	$8,303,191.00	0.0%	$10,021,456.00	82.85%
09/30/2014 (*)	$0	$1,893,086.00	$1,893,086.00	0.0%	$ 9,789,498.00	19.34%
09/30/2012	$0	$1,651,755.00	$1,651,755.00	0.0%	$ 9,888,748.00	16.70%

(*) Includes the updated actuarial assumptions and plan design based on the introduction of a new tier of membership for those hired on or after January 1, 2013.

Additional Information

Commission Members and Administrative Personnel

October 1, 2016 through September 30, 2017

Commission Members		**Term Expires**
Hon. Tim Hodges	Chairman	2018
Hon. Don Hudson	Chairman	2018
Hon. Fred Wilson	Member	2018
Hon. J. D. Hess	Member	2018
Hon. Lee Patterson	Member	2018
Administrative Personnel		
Kenneth L. Joiner	Administrator/Treasurer	August 31, 2017
Melissa Wood	Interim Administrator/Treasurer	January 2, 2018

Note:
This Commission has a rotating chairman. Commissioner Tim Hodges was chairman during the period from June 19, 2016 through April 16, 2017. Commissioner Don Hudson was chairman after Commissioner Tim Hodges, and his term was for the period April 17, 2017 through January 24, 2018.

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

Independent Auditor's Report

Members of the Calhoun County Commission and County Administrator
Anniston, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun County Commission (the "Commission") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated December 10, 2018.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rachel Laurie Riddle
Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

December 10, 2018