Report on the

Butler County Commission

Butler County, Alabama

October 1, 2017 through September 30, 2018

Filed: September 24, 2021

Department of Examiners of Public Accounts

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Rachel Laurie Riddle, Chief Examiner

21-412

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Rachel Laurie Riddle
Chief Examiner

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

Dear Madam:

An audit was conducted on the Butler County Commission, Butler County, Alabama, for the period October 1, 2017 through September 30, 2018. Under the authority of the ***Code of Alabama 1975***, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

Meagan McDonald

Meagan McDonald
Examiner of Public Accounts

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Department of

Examiners of Public Accounts

SUMMARY

Butler County Commission
October 1, 2017 through September 30, 2018

The Butler County Commission (the "Commission") is governed by a five-member body elected by the citizens of Butler County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 15. 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 Butler 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.

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, 2018.

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

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 15, were invited to discuss the results of this report at an exit conference held at the Butler County Commission. Individuals in attendance were Commissioner: Allin Whittle; and Administrator: Diane Kilpatrick. Representing the Department of Examiners of Public Accounts were: Lynn Otto, Audit Manager, and Meagan McDonald, Examiner.

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Independent Auditor's Report

Independent Auditor's Report

Members of the Butler County Commission and County Administrator
Greenville, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Butler County Commission, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Butler County Commission as listed in the table of contents as Exhibits 1 through 8.

Management's Responsibility for the Financial Statements

Management 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 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 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, each major fund, and the aggregate remaining fund information of the Butler County Commission, as of September 30, 2018, and the respective changes in financial position 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 Employer's Net Pension Liability, the Schedule of the Employer's Contributions, and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 9 through 14) 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.

Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated September 3, 2021, on our consideration of the Butler County Commission's internal control over financial reporting and 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 on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Butler 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 Butler 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

September 3, 2021

Basic Financial Statements

Statement of Net Position
September 30, 2018

		Governmental Activities
Assets		
Cash and Cash Equivalents	$	5,399,722.91
Cash with Fiscal Agent		39.75
Receivables (Note 4)		591,568.19
Ad Valorem Taxes Receivable		2,381,671.93
Inventories		105,955.38
Capital Assets (Note 5):		
Nondepreciable		490,236.90
Depreciable - Net		9,106,068.17
Total Assets		18,075,263.23
Deferred Outflows of Resources		
Employer Pension Contribution		225,331.75
Deferred Outflows Related to Net Pension Liability		169,972.00
Total Deferred Outflows of Resources		395,303.75
Liabilities		
Accounts Payable		170,898.63
Unearned Revenue		40,004.12
Accrued Interest Payable		37,485.66
Other Current Liabilities		27,312.06
Long-Term Liabilities:		
Portion Due or Payable Within One Year:		
Notes Payable		119,894.58
Capital Leases Payable		232,859.14
Warrants Payable		155,000.00
Estimated Liability for Compensated Absences		11,789.24
Portion Due or Payable After One Year:		
Notes Payable		352,277.51
Capital Leases Payable		459,810.35
Warrants Payable		3,415,000.00
Estimated Liability for Compensated Absences		106,103.13
Net Pension Liability		2,131,753.00
Total Liabilities		7,260,187.42
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes		2,381,671.93
Revenue Received in Advance - Motor Vehicle Taxes		108,448.10
Deferred Inflows Related to Net Pension Liability		546,459.00
Total Deferred Inflows of Resources	$	3,036,579.03

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

		Governmental Activities
Net Position		
Net Investment in Capital Assets	$	4,861,463.49
Restricted for:		
Debt Service		39.75
Capital Projects		2,003,031.09
Highways and Roads		735,576.87
Public Safety		77,453.47
Other Purposes		18,673.82
Unrestricted		477,562.04
Total Net Position	$	8,173,800.53

Statement of Activities
For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Primary Government: Total Governmental Activities
Primary Government					
Governmental Activities:					
General Government	$ 1,956,625.91	$ 736,435.86	$ 648,182.07	$	$ (572,007.98)
Public Safety	2,385,445.73	104,491.15	206,961.11		(2,073,993.47)
Highways and Roads	3,959,104.81	13,230.40	2,182,408.07		(1,763,466.34)
Sanitation	5,710.00				(5,710.00)
Health	158,081.25		3,649.08		(154,432.17)
Welfare	7,500.00				(7,500.00)
Culture and Recreation	52,000.00				(52,000.00)
Education	28,495.00				(28,495.00)
Interest on Long-Term Debt	109,322.97				(109,322.97)
Total Governmental Activities	$ 8,662,285.67	$ 854,157.41	$ 3,041,200.33	$	(4,766,927.93)
General Revenues:					
Taxes:					
Property Taxes for General Purposes					2,532,033.95
Property Taxes for Specific Purposes					173,292.06
Sales and Use Tax - General Purposes					1,005,598.19
Other County Sales and Use Taxes					20,524.37
Miscellaneous Taxes					41,293.04
Grants and Contributions Not Restricted for Specific Programs					262,229.41
Interest Earned					25,120.89
Gain on Sale of Capital Assets					112,290.00
Miscellaneous					767,990.40
Total General Revenues					4,940,372.31
Changes in Net Position					173,444.38
Net Position - Beginning of Year					8,000,356.15
Net Position - End of Year					$ 8,173,800.53

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

Balance Sheet
Governmental Funds
September 30, 2018

	General Fund	Gasoline Tax Fund	Capital Improvement Fund	RRR Gasoline Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	$ 2,403,947.40	$ 241,506.82	$ 930,588.86	$ 548,136.17	$ 1,275,543.66	$ 5,399,722.91
Cash with Fiscal Agent					39.75	39.75
Receivables (Note 4)	379,543.56	91,553.95		85,742.51	34,728.17	591,568.19
Ad Valorem Taxes Receivable	2,184,264.47				197,407.46	2,381,671.93
Inventories		105,955.38				105,955.38
Total Assets	4,967,755.43	439,016.15	930,588.86	633,878.68	1,507,719.04	8,478,958.16
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts Payable	170,898.63					170,898.63
Unearned Revenue					40,004.12	40,004.12
Other Liabilities	27,312.06					27,312.06
Total Liabilities	198,210.69				40,004.12	238,214.81
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	2,184,264.47				197,407.46	2,381,671.93
Revenue Received in Advance - Motor Vehicle Taxes	108,448.10					108,448.10
Total Deferred Inflows of Resources	2,292,712.57				197,407.46	2,490,120.03
Fund Balances						
Nonspendable:						
Inventories		105,955.38				105,955.38
Restricted for:						
Highways and Roads				633,878.68	101,698.19	735,576.87
Public Safety					77,453.47	77,453.47
Debt Service					39.75	39.75
Other Purposes					18,673.82	18,673.82
Capital Projects			930,588.86		1,072,442.23	2,003,031.09
Assigned to:						
Highways and Roads		332,906.21				332,906.21
Unassigned	2,476,832.17	154.56				2,476,986.73
Total Fund Balances	2,476,832.17	439,016.15	930,588.86	633,878.68	1,270,307.46	5,750,623.32
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,967,755.43	$ 439,016.15	$ 930,588.86	$ 633,878.68	$ 1,507,719.04	$ 8,478,958.16

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

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2018

Total Fund Balances - Governmental Funds (Exhibit 3)	$	5,750,623.32
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds (See Note 5).		9,596,305.07
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		(151,155.25)
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:		

	Amounts Due or Payable Within One Year	Amounts Due or Payable After One Year	
Accrued Interest Payable	$ 37,485.66	$	
Notes Payable	119,894.58	352,277.51	
Capital Lease Contracts Payable	232,859.14	459,810.35	
Warrants Payable	155,000.00	3,415,000.00	
Estimated Liability for Compensated Absences	11,789.24	106,103.13	
Net Pension Liability		2,131,753.00	
Total Long-Term Liabilities	$ 557,028.62	$ 6,464,943.99	(7,021,972.61)

Total Net Position - Governmental Activities (Exhibit 1)	$	8,173,800.53

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2018

	General Fund	Gasoline Tax Fund	Capital Improvement Fund	RRR Gasoline Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 3,614,471.73	$	$	$	$ 158,269.88	$ 3,772,741.61
Licenses and Permits	38,441.04				106,319.37	144,760.41
Intergovernmental	867,372.37	961,982.04	232,333.46	987,500.01	265,320.93	3,314,508.81
Charges for Services	492,874.72				191,820.81	684,695.53
Miscellaneous	44,029.45	736,132.13	4,161.61	3,087.93	19,322.57	806,733.69
Total Revenues	5,057,189.31	1,698,114.17	236,495.07	990,587.94	741,053.56	8,723,440.05
Expenditures						
Current:						
General Government	1,724,035.48		58,173.94		158,711.37	1,940,920.79
Public Safety	2,063,935.29				120,738.04	2,184,673.33
Highways and Roads		2,145,918.20		1,025,396.31	442,129.00	3,613,443.51
Sanitation	5,710.00					5,710.00
Health	125,733.96					125,733.96
Welfare	7,500.00					7,500.00
Culture and Recreation	52,000.00					52,000.00
Education	28,495.00					28,495.00
Capital Outlay	41,634.50	1,110,457.17	113,355.51			1,265,447.18
Debt Service:						
Principal Retirement		697,891.60			140,000.00	837,891.60
Interest and Fiscal Charges		17,908.50			91,347.50	109,256.00
Total Expenditures	4,049,044.23	3,972,175.47	171,529.45	1,025,396.31	952,925.91	10,171,071.37
Excess (Deficiency) of Revenues Over Expenditures	1,008,145.08	(2,274,061.30)	64,965.62	(34,808.37)	(211,872.35)	(1,447,631.32)
Other Financing Sources (Uses)						
Transfers In		700,000.00			226,106.06	926,106.06
Sale of Capital Assets	2,016.00	567,319.00				569,335.00
Inception of Capital Lease		1,066,702.17				1,066,702.17
Transfers Out	(700,000.00)				(226,106.06)	(926,106.06)
Total Other Financing Sources (Uses)	(697,984.00)	2,334,021.17				1,636,037.17
Net Change in Fund Balances	310,161.08	59,959.87	64,965.62	(34,808.37)	(211,872.35)	188,405.85
Fund Balances - Beginning of Year	2,166,671.09	379,056.28	865,623.24	668,687.05	1,482,179.81	5,562,217.47
Fund Balances - End of Year	$ 2,476,832.17	$ 439,016.15	$ 930,588.86	$ 633,878.68	$ 1,270,307.46	$ 5,750,623.32

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

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, 2018

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)		$ 188,405.85
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differed from depreciation in the current period.		
Capital Outlay Expenditures	$ 1,265,447.18	
Depreciation Expense	(657,763.30)	
Total		607,683.88
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		837,891.60
Proceeds from the issuance of debt are reported as financing sources in governmental funds and thus contribute to the change in fund balance. Issuing long-term debt increases liabilities in the Statement of Net Position, but does not affect the Statement of Activities.		(1,066,702.17)
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balances by this amount.		
Proceeds from Sale of Capital Assets	$ (569,335.00)	
Net Gain on Disposition of Capital Assets	112,290.00	(457,045.00)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Net Change in Estimated Liability for Compensated Absences	$ 2,558.99	
Net Change in Accrued Interest Payable	(66.97)	
Net Change in Pension Expense	60,718.20	
Total		63,210.22
Change in Net Position of Governmental Activities (Exhibit 2)		$ 173,444.38

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

Statement of Fiduciary Net Position
September 30, 2018

		Private-Purpose Trust Funds		Agency Funds
Assets				
Cash and Cash Equivalents	$	132,176.07	$	266,104.04
Due from External Parties		24,801.15		
Total Assets		156,977.22		266,104.04
Noncurrent Assets				
Capital Assets, Net		7,168.09		
Total Noncurrent Assets		7,168.09		
Liabilities				
Accounts Payable		343.37		233,940.53
Due to Other Governments				18,725.68
Due to External Parties		54,791.36		13,437.83
Total Liabilities		55,134.73	$	266,104.04
Net Position				
Net Investment in Capital Assets		7,168.09		
Held in Trust for Other Purposes		101,842.49		
Total Net Position	$	109,010.58		

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, 2018

	Private-Purpose Trust Funds
Additions	
Intergovernmental	$ 14,893.24
Charges for Services	300,364.72
Fines and Forfeits	192.40
Miscellaneous	14,630.11
Interest	555.37
Total Additions	330,635.84
Deductions	
Administrative Expenses	303,269.56
Total Deductions	303,269.56
Changes in Net Position	27,366.28
Net Position - Beginning of Year	81,644.30
Net Position - End of Year	$ 109,010.58

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 Butler 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 these 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment 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.

<u>Fund Financial Statements</u>

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

The Commission reports the following major governmental funds:

- ***<u>General Fund</u>*** – 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, the General Fund was used for the expenditures of special county property taxes for building and maintaining public buildings, roads and bridges.

- ***<u>Gasoline Tax Fund</u>*** – This fund is used to account for the expenditures of gasoline taxes and for the activities of the public works/highway department as related to maintenance, development, and resurfacing of roads, bridges, and right-of-ways.

- ***<u>Capital Improvement Fund</u>*** – This fund is used to account for the expenditures of funds received from the Alabama Trust Fund. Funds may be used for public buildings, solid waste, public utilities, roads and bridges (up to 50% of funds received may be used), bonds and warrants, public health and pensions and security.

- ***<u>RRR Gasoline Tax Fund</u>*** – This fund is used to account for the expenditures of the following taxes: four-cents State gasoline tax, five-cents State gasoline tax, two-cents State petroleum inspection fee, and the designated portion of truck licenses for the resurfacing, restoration, and rehabilitation of existing paved county roads and bridges.

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

<u>Governmental Fund Types</u>

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

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

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, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issued and acquisitions under capital leases are reported as other financing sources.

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 and demand deposits.

2. Receivables

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

Millage rates for property taxes are levied by the County Commission. 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 grantors for grants issued for specific programs and revenues due from the State of Alabama.

Receivables from external parties are amounts that are being held in a trustee or agency capacity by the fiduciary funds.

3. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Restricted Assets

Certain resources set aside for the repayment of warrants that are recorded as Cash with Fiscal Agent in both the government-wide and fund financial statements, are classified as restricted assets because they are maintained in separate bank accounts and their use is limited by the debt covenant.

5. 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 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 acquisition value on the date of acquisition. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Depreciation on all assets is provided on the straight-line basis over the assets estimated useful life. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Exhaustible Land Improvements	$ 50,000	20 years
Buildings and Improvements	$ 50,000	20 – 40 years
Roads	$250,000	20 years
Bridges	$ 50,000	40 years
Equipment and Furniture	$ 5,000	5 – 10 years
Construction Equipment	$ 5,000	10 years
Motor Vehicles	$ 5,000	5 years

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

6. Deferred Outflows of Resources

Deferred outflows of resources are reported in the 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.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

8. Compensated Absences

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

Annual Leave

Office personnel who work 32-hour weeks receive 32 hours per year for 1 to 5 years of service, 64 hours per year for 6 to 10 years of service, 96 hours per year for 11 to 15 years of service and 128 hours per year for 16 to 25 years of service. A maximum of 64 hours can be carried forward to the next year. Road department and law enforcement personnel who work 40 hour weeks receive 40 hours per year for 1 to 5 years of service, 80 hours per year for 6 to 10 years of service, 120 hours per year for 11 to 15 years of service and 160 hours per year for 16 to 25 years of service. A maximum of 80 hours can be carried forward to the next year. The Commission has established a policy that employees cannot carry over leave beyond the maximum allowed from one calendar year to the next and that annual leave must be taken as days off prior to separation from service with the exception of involuntary separation due to termination or disability, in which case a lump sum will be paid for the accrued annual leave.

Sick Leave

Sick leave accrues to permanent full-time employees at the rate of 12 days per year. A maximum of 90 days of sick leave may be accumulated. Upon separation from county employment by retiring or reaching retirement age, an employee may be paid the lesser of 45 days or one-half the accumulated and unused sick leave.

Compensatory Leave

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. Generally, employees must take all compensatory time within the quarter earned or they will be paid for it.

The Commission uses the termination method to accrue its sick leave liability. Under this method an accrual for earned sick leave is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

9. Deferred Inflows of Resources

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

10. Net Position/Fund Balances

Net position is reported on the government-wide 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*** – 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 the fund financial statements under the following five categories:

- 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, and long-term receivables.

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

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

- Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the Commission Chairman or County Administrator to make a determination of the assigned 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.

- 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.

E. 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 Plan requirements. Benefits and refunds are recognized as revenues 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.

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds, except the capital projects funds, which adopt project-length budgets. All annual 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

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.

Note 4 – Receivables

On September 30, 2018, receivables for the Commission's individual major funds and other governmental funds in the aggregate, are as follows:

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	Other Governmental Funds	Total Governmental Funds
Governmental Funds Receivables:					
Accounts Receivable	$ 58,649.15	$15,119.98	$	$19,251.20	$ 93,020.33
Intergovernmental	320,894.41	76,433.97	85,742.51	15,476.97	498,547.86
Total Receivables	$379,543.56	$91,553.95	$85,742.51	$34,728.17	$591,568.19

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balance October 1, 2017	Additions/ Reclassifications	Retirements/ Reclassifications	Balance September 30, 2018
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 490,236.90	$	$	$ 490,236.90
Total Capital Assets, Not Being Depreciated	490,236.90			490,236.90
Capital Assets Being Depreciated:				
Land Improvements - Exhaustible	135,489.19			135,489.19
Infrastructure	1,950,634.06			1,950,634.06
Buildings	7,904,357.60	5,395.50		7,909,753.10
Building Improvements	215,361.88			215,361.88
Equipment and Furniture	825,419.17	23,150.00		848,569.17
Construction Equipment	2,237,587.08	614,495.68		2,852,082.76
Motor Vehicles	954,322.83	49,194.00	(47,222.87)	956,293.96
Equipment Under Capital Lease	1,219,831.00	573,212.00	(537,700.00)	1,255,343.00
Total Capital Assets Being Depreciated	15,443,002.81	1,265,447.18	(584,922.87)	16,123,527.12
Less Accumulated Depreciation for:				
Land Improvements - Exhaustible	(133,851.97)	(1,637.22)		(135,489.19)
Infrastructure	(533,534.88)	(43,795.15)		(577,330.03)
Buildings	(2,422,128.23)	(181,604.82)		(2,603,733.05)
Building Improvements	(145,369.16)	(10,768.09)		(156,137.25)
Equipment and Furniture	(710,971.03)	(30,720.09)		(741,691.12)
Construction Equipment	(1,558,573.62)	(161,434.08)		(1,720,007.70)
Motor Vehicles	(719,083.98)	(77,160.15)	47,222.87	(749,021.26)
Equipment Under Capital Lease	(264,060.65)	(150,643.70)	80,655.00	(334,049.35)
Total Accumulated Depreciation	(6,487,573.52)	(657,763.30)	127,877.87	(7,017,458.95)
Total Capital Assets Being Depreciated, Net	8,955,429.29	607,683.88	(457,045.00)	9,106,068.17
Total Governmental Activities Capital Assets, Net	$ 9,445,666.19	$ 607,683.88	$(457,045.00)	$ 9,596,305.07

	Balance October 1, 2017	Additions/ Reclassifications	Retirements/ Reclassifications	Balance September 30, 2018
Fiduciary Activities:				
Capital Assets Being Depreciated:				
Equipment and Furniture	$	$7,964.55	$	$7,964.55
Total Capital Assets Being Depreciated		7,964.55		7,964.55
Less Accumulated Depreciation for:				
Equipment and Furniture		(796.46)		(796.46)
Total Accumulated Depreciation		(796.46)		(796.46)
Total Capital Assets Being Depreciated, Net		7,168.09		7,168.09
Total Fiduciary Activities Capital Assets, Net	$	$7,168.09	$	$7,168.09

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$ 27,143.10
Public Safety	221,681.79
Highway and Roads	376,056.93
Health	32,881.48
Total Depreciation Expense – Governmental Activities	$657,763.30

	Current Year Depreciation Expense
Fiduciary Activities:	
General Government	$796.46
Total Depreciation Expense – Governmental Activities	$796.46

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Employees' Retirement System of Alabama (ERS), an agent 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 creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

The ERS membership includes approximately 88,517 participants from approximately 909 local participating employers. As of September 30, 2017, membership consisted of:

Retirees and beneficiaries currently receiving benefits	23,853
Terminated employees entitled to but not yet receiving benefits	1,401
Terminated employees not entitled to a benefit	7,154
Active Members	55,941
Post-DROP participants who are still in active service	168
Total	88,517

Contributions

Tier 1 covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contribution 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, 2018, the Commission's active employee contribution rate was 5.30 percent of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 8.03 percent of covered employee payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2018, was 8.83% of pensionable pay for Tier 1 employees, and 6.39% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2015, 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 $225,331.75 for the year ended September 30, 2018.

B. Net Pension Liability

The Commission's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2016, rolled forward to September 30, 2017, using standard roll-forward techniques as shown in the following table:

		Total Pension Liability Roll-Forward	
		Expected	Actual
(a)	Total Pension Liability as of September 30, 2016	$8,800,482	$8,787,110
(b)	Discount Rate	7.75%	7.75%
(c)	Entry Age Normal Cost for the period October 1, 2016 - September 30, 2017	223,193	223,193
(d)	Transfers Among Employers		(55,820)
(e)	Actual Benefit Payments and Refunds for the period October 1, 2016 - September 30, 2017	(551,779)	(551,779)
(f)	Total Pension Liability as of September 30, 2017 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	$9,132,552	$9,062,324
(g)	Difference Between Expected and Actual		$ (70,228)
(h)	Less Liability Transferred for Immediate Recognition		(55,820)
(i)	Experience (Gain)/Loss = (g) - (h)		$ (14,408)

Actuarial Assumptions

The total pension liability in the September 30, 2018, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2017, which was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

(*) Net of pension plan investment expense

Mortality rates for ERS 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, 2016 valuation were based on the results of an actuarial experience study for the period October 1, 2010 through September 30, 2015.

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

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	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, 2016	$8,800,482	$	$6,362,897
Changes for the Year:			
Service Cost	223,193		223,193
Interest	660,656		660,656
Difference between Expected and Actual Experience	(14,408)		(14,408)
Contributions – Employer		231,755	(231,755)
Contributions – Employee		143,673	(143,673)
Net Investment Income		799,845	(799,845)
Benefit Payments, including Refunds of Employee Contributions	(551,779)	(551,779)	
Transfers Among Employers	(55,820)	(55,820)	
Net Changes	261,842	567,674	(305,832)
Balances at September 30, 2017	$9,062,324	$6,930,571	$2,131,753

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 Discount Rate (7.75%)	1%Increase (8.75%)
Commission's Net Pension Liability	$3,102,625	$2,131,753	$1,300,716

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, 2017. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2017. The auditor's report dated August 31, 2018, 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, 2018, the County recognized pension expense of $154,942. At September 30, 2018, 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	$	$336,003
Changes of assumptions	169,972	
Net differences between projected and actual earnings on pension plan investments		210,456
Employer contributions subsequent to the measurement date	225,332	
Total	$395,304	$546,459

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, 2019	$(101,107)
2020	$ (55,664)
2021	$(130,829)
2022	$ (87,819)
2023	$ (1,068)
Thereafter	$ 0

Note 7 – Lease Obligations

Capital Leases

The Commission is obligated under certain leases accounted for as capital leases. Assets under capital leases totaled $1,255,343.00 for governmental activities at September 30, 2018. 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, 2019	$248,530.67
2020	177,117.21
2021	152,120.47
2022	152,120.47
Total Minimum Lease Payments	729,888.82
Less: Amount Representing Interest	(37,219.33)
Present Value of Net Minimum Lease Payments	$692,669.49

Note 8 – Long-Term Debt

In August 2008, General Obligation Warrants, Series 2008 with interest rates of 4.50 to 5.25 percent, were issued to acquire, construct and install a minimum security facility and a sheriff's administration building. These warrants were advanced refunded with a portion of the proceeds of the General Obligation Refunding Warrants, Series 2016.

In February 2016, the Commission issued General Obligation Refunding Warrants, Series 2016, to provide funds to advance refund General Obligation Warrants, Series 2008; to currently refund General Obligation Warrants, Series 2005; and to finance various capital projects of the County.

In November 2017, the Commission entered into a note from direct borrowings of $176,304.17 for the purchase of a 2017 John Deere Excavator from Community Neighbor Bank with an interest rate of 1.93% for a period of four years.

In March 2018, the Commission entered into a notes from direct borrowings of $144,510.00 for the purchase of a 2019 Kenworth Dump Truck from Community Neighbor Bank with an interest rate of 2.11% for a period of four years.

In May 2018, the Commission entered into a note from direct borrowings of $172,676.00 for the purchase of a Caterpillar 930M Loader from Community Neighbor Bank with an interest rate of 2.36% for a period of four years.

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2018:

	Debt Outstanding 10/01/2017	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2018	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable	$3,710,000.00	$	$ (140,000.00)	$3,570,000.00	$155,000.00
Other Liabilities:					
Notes Payable		493,490.17	(21,318.08)	472,172.09	119,894.58
Capital Lease Payables	796,031.01	573,212.00	(676,573.52)	692,669.49	232,859.14
Compensated Absences	120,451.36		(2,558.99)	117,892.37	11,789.24
Net Pension Liability	2,437,585.00		(305,832.00)	2,131,753.00	
Total Governmental Activities Long-Term Liabilities	$7,064,067.37	$1,066,702.17	$(1,146,282.59)	$6,984,486.95	$519,542.96

Payments on the general obligation warrants that pertain to the Commission's governmental activities are made by the Debt Service Fund. Payments on the notes payable, capital leases and warrants for heavy equipment are paid by the Gasoline Tax Fund.

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. Approximately 43% was paid by the General Fund, 52% by the Gasoline Tax fund, and the remainder by the other governmental funds.

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

	General Obligation Warrants	
Fiscal Year Ending	Principal	Interest
September 30, 2019	$ 155,000.00	$ 88,172.50
2020	145,000.00	86,072.50
2021	150,000.00	83,897.50
2022	150,000.00	81,197.50
2023	155,000.00	78,497.50
2024-2028	825,000.00	342,692.50
2029-2033	925,000.00	238,625.00
2034-2038	1,065,000.00	100,503.50
Totals	$3,570,000.00	$1,099,658.50

Note 9 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through the Association of County Commissions of Alabama (ACCA) Liability Self Insurance Fund, a public entity risk pool. The Fund is self-sustaining through member contributions. The Commission pays an annual premium contribution based on the Commission's individual claims experience and the experience of the Fund as a whole. Coverage is provided up to $1,000,000 per claim for a maximum total coverage of $3,000,000 in aggregate. Defense costs are included in the limits of the coverage. Employment practices liability coverage provides up to $1,000,000 per occurrence with a $5,000 deductible for loss only. Defense costs are included in the limits of the coverage. Equitable Defense coverage per occurrence is limited to $225,000.

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 contribution 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 premium contribution of the Fund. Premiums are based on a rate per $100 of remuneration for each class of employee, which is adjusted by an experience modifier for the individual county. At year-end, pool participants are eligible to receive refunds of unused premiums and the related investment earnings. The Commission may qualify for additional discounts based on losses and premium size.

Notes Payable		Capital Leases		Total Principal and Interest Requirements
Principal	Interest	Principal	Interest	to Maturity
$119,894.58	$ 9,667.62	$232,859.14	$15,671.53	$ 621,265.37
122,442.35	7,119.85	166,310.28	10,806.93	537,751.91
125,081.42	4,480.79	144,988.42	7,132.05	515,580.18
104,753.74	1,803.03	148,511.65	3,608.82	489,874.74
				233,497.50
				1,167,692.50
				1,163,625.00
				1,165,503.50
$472,172.09	$23,071.29	$692,669.49	$37,219.33	$5,894,790.70

The Commission purchases commercial insurance for its other risks of loss, including property and casualty insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Commission has employee health insurance coverage through the Local Government Health Insurance Program, administered by the State Employee's Health Insurance Board (SEHIB). Employees 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.

Note 10 – Interfund Transfers

Interfund transfers during the fiscal year ending September 30, 2018, were as follows:

	Transfers Out		
	General Fund	Other Governmental Funds	Totals
Transfers In:			
Gasoline Tax Fund	$700,000.00	$	$700,000.00
Other Governmental Funds		226,106.06	226,106.06
Totals	$700,000.00	$226,106.06	$926,106.06

The Commission typically used transfers to fund ongoing operating subsidies.

Note 11 – Related Organizations

A majority of the board members of the following organizations are appointed by the Butler County Commission:

- Butler County Personnel Board
- Butler County Water Authority
- Butler County Department of Human Resources Board
- Butler County Board of Equalization

The Commission, however, is not financially accountable for these organizations because the Commission does not impose its will and have a financial benefit or burden relationship with these organizations. Likewise, these organizations listed above are not considered part of the Commission's financial reporting entity. These organizations are, however, considered to be related organizations of the Butler County Commission.

Note 12 – Subsequent Events

On March 1, 2019, the Commission financed $175,422.00 at 3.67% with Community Neighbor Bank for the purchase of one (1) 2019 Boom Axe Mower.

On April 15, 2019, the Commission financed $574,652.00 at 2.98% with Trustmark Bank for the purchase of four (4) 2019 Mack Dump Trucks.

On February 28, 2020, the Commission financed $597,148.00 at 2.1% with Trustmark Bank for the purchase of four (4) 2020 Mack GR64F Triaxle Dump Trucks.

On March 20, 2020, the Commission financed $123,097.00 at 2.1% with Trustmark Bank for the purchase of one (1) 2020 Mack P164T Lowboy Tractor.

On June 30, 2020, the Commission financed $34,020.00 at 2.1% with Trustmark Bank for the purchase of one (1) 2020 Pitts LB335-33CS Lowboy Trailer.

On March 16, 2021, the Commission financed $320,799.32 at .99% with Trustmark Bank for the purchase of three (3) 2021 John Deere 6120M Cab Tractors, one (1) John Deere Standard Farm 620R Loader, and three (3) ST-180 Bushwhacker Mowers.

On March 22, 2021, the Commission financed $615,568.00 at .99% with Trustmark Bank for the purchase of four (4) 2021 Mack GR64F Triaxle Dump Trucks.

The United States encountered a COVID-19 pandemic which adversely affected the nation. On March 13, 2020, the President of the United States declared a state of emergency in response to the COVID-19 pandemic. Subsequently, on the same day, the Governor of Alabama declared a state of emergency. As a result, the operations of federal, state, and local governments including educational institutions were modified to ensure the safety of citizenry as well as employees. As a result of the pandemic, there was a substantial impact on the Butler County Commission's revenues from several key sources. Butler County Commission gas tax revenues decreased by $116,381.15 in fiscal year 2020 as compared to the previous fiscal year. As expected, the Butler County Commission incurred an increase in costs associated with the aftermath of COVID-19. These costs, in the amount of $217,071.34 for the County offices, were reimbursed through the Coronavirus Relief Fund of the federal government during fiscal years 2020 and 2021. The Butler County Commission's fiscal year 2021 budget, as approved by the county commission, provided for several reductions in anticipated revenues and estimated expenditures for many of the funds of the Commission as compared to the previous fiscal year. Due to the impact and severity of the COVID-19 pandemic, the Butler County Commission anticipates that its financial operations will require assistance from further programs of the federal government.

Note 13 – Tax Abatements

The Butler County Commission is subject to tax abatement agreements granted by the Industrial Development Authority of Butler County, the Industrial Development Board of the City of Greenville and the City of Greenville. These governments entered into property tax abatements with local businesses under the State Tax Incentive Reform Act of 1992, ***Code of Alabama 1975***, Section 40-9B-1-13. Under the Act, localities may grant property tax abatements for all state and local noneducational property taxes, all construction related transaction taxes, except those local construction taxes levied for educational purposes or for capital improvement for education, and/or all mortgage and recording taxes. The abatements may be granted to any business located within or promising to relocate to Butler County. These programs have the stated purpose of increasing business activity and employment in the County.

For fiscal year ended September 30, 2018, total property taxes abated were $262,842.16, including the following tax abatement agreements:

Granting Jurisdiction	Type	Property Tax
Industrial Development Authority of Butler County	Sawmill and Plywood Manufacturing	$ 79,228.79
City of Greenville	Automotive Parts Manufacturing	98,490.14
Industrial Development Board of City of Greenville	Automotive Parts Manufacturing	20,248.28
City of Greenville	Automotive Parts Manufacturing	30,486.27
City of Greenville	Automotive Parts Manufacturing	22,260.32
City of Greenville	Asphalt Production	1,291.91
City of Greenville	Dry Powder Blending Manufacturing	10,669.01
City of Greenville	Manufacturing of Aluminum Electrical Connectors	167.44
Total		$262,842.16

The following tax abatements exceeded 10 percent of the total amount abated:

- A 77 percent property tax abatement to a Sawmill and Plywood Manufacturing business for increasing the size of its facilities and increasing employment. The abatement amounted to $79,228.79.

- A 42 percent property tax abatement to an automotive manufacturing business for increasing the size of its facilities and increasing employment. The abatement amounted to $98,490.14.

- A 42 percent property tax abatement to an automotive manufacturing business for increasing the size of its facilities and increasing employment. The abatement amounted to $30,486.27.

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability
For the Year Ended September 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 223,193	$ 225,095	$ 229,100	$ 222,481
Interest	660,656	669,749	650,181	635,893
Differences between expected and actual experience	(14,408)	(469,786)	(51,291)	
Changes of assumptions		264,400		
Benefit payments, including refunds of employee contributions	(551,779)	(485,873)	(680,904)	(678,647)
Transfers among employers	(55,820)	(17,898)		
Net change in total pension liability	261,842	185,687	147,086	179,727
Total pension liability - beginning	8,800,482	8,614,795	8,467,709	8,287,982
Total pension liability - ending (a)	$ 9,062,324	$ 8,800,482	$ 8,614,795	$ 8,467,709
Plan fiduciary net position				
Contributions - employer	$ 231,755	$ 255,254	$ 274,298	$ 248,289
Contributions - employee	143,673	139,186	134,794	133,782
Net investment income	799,845	593,165	71,342	681,828
Benefit payments, including refunds of employee contributions	(551,779)	(485,873)	(680,904)	(678,647)
Transfers among employers	(55,820)	(17,898)	(139,500)	5,804
Net change in plan fiduciary net position	567,674	483,834	(339,970)	391,056
Plan fiduciary net position - beginning	6,362,897	5,879,063	6,219,033	5,827,977
Plan fiduciary net position - ending (b)	$ 6,930,571	$ 6,362,897	$ 5,879,063	$ 6,219,033
Commission's net pension liability - ending (a) - (b)	$ 2,131,753	$ 2,437,585	$ 2,735,732	$ 2,248,676
Plan fiduciary net position as a percentage of the total pension liability	76.48%	72.30%	68.24%	73.44%
Covered payroll (*)	$ 2,685,293	$ 2,614,881	$ 2,549,323	$ 2,554,484
Commission's net pension liability as a percentage of covered payroll	79.39%	93.22%	107.31%	88.03%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2018, the measurement period is October 1, 2016 through September 30, 2017. 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 - Pension
For the Year Ended September 30, 2018

	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	$ 225,332	$ 231,755	$ 255,254	$ 274,298	$ 248,289
Contributions in relation to the actuarially determined contribution (*)	$ 225,332	$ 231,755	$ 255,254	$ 274,298	$ 248,289
Contribution deficiency (excess)	$	$	$	$	$
Covered payroll (**)	$ 2,804,916	$ 2,685,293	$ 2,614,881	$ 2,549,323	$ 2,554,484
Contributions as a percentage of covered payroll	8.03%	8.63%	9.76%	10.76%	9.72%

(*) 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 2018 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

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 2018 were based on the September 30, 2015 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2017 to September 30, 2018:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	29.6 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75-7.25%, including inflation
Investment rate of return	8.00%, 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, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
Revenues						
Taxes	$ 2,632,630.00	$ 2,632,630.00	$ 2,696,740.09	(1)	$ 917,731.64	$ 3,614,471.73
Licenses and Permits	33,800.00	33,800.00	38,441.04			38,441.04
Intergovernmental	765,739.00	810,839.00	867,372.37			867,372.37
Charges for Services	469,600.00	469,600.00	492,874.72			492,874.72
Miscellaneous	22,500.00	22,500.00	34,818.97	(1)	9,210.48	44,029.45
Total Revenues	3,924,269.00	3,969,369.00	4,130,247.19		926,942.12	5,057,189.31
Expenditures						
Current:						
General Government	2,284,923.00	2,284,923.00	1,706,260.93	(2)	(17,774.55)	1,724,035.48
Public Safety	2,166,808.00	2,250,704.00	2,063,935.29			2,063,935.29
Highways and Roads	300,000.00	300,000.00				
Sanitation	8,000.00	8,000.00	5,710.00			5,710.00
Health	135,094.00	160,819.00	125,733.96			125,733.96
Welfare	13,300.00	13,300.00	7,500.00			7,500.00
Culture and Recreation	52,000.00	52,000.00	52,000.00			52,000.00
Education	28,495.00	28,495.00	28,495.00			28,495.00
Capital Outlay	66,336.00	66,336.00	41,634.50			41,634.50
Total Expenditures	5,054,956.00	5,164,577.00	4,031,269.68		(17,774.55)	4,049,044.23
Excess (Deficiency) of Revenues Over Expenditures	(1,130,687.00)	(1,195,208.00)	98,977.51		909,167.57	1,008,145.08
Other Financing Sources (Uses)						
Transfers In	750,000.00	750,000.00	750,000.00	(3)	(750,000.00)	
Sale of Capital Assets			2,016.00			2,016.00
Transfers Out	(700,000.00)	(700,000.00)	(700,000.00)			(700,000.00)
Total Other Financing Sources (Uses)	50,000.00	50,000.00	52,016.00		(750,000.00)	(697,984.00)
Net Change in Fund Balances	(1,080,687.00)	(1,145,208.00)	150,993.51		159,167.57	310,161.08
Fund Balances - Beginning of Year	1,857,384.00	1,857,384.00	1,657,898.74	(4)	508,772.35	2,166,671.09
Fund Balances - End of Year	$ 776,697.00	$ 712,176.00	$ 1,808,892.25		$ 667,939.92	$ 2,476,832.17

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2018

Explanation of differences:

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

(1) Revenues		
Public Buildings, Road and Bridges Fund	$	926,942.12
(2) Expenditures		
Public Buildings, Road and Bridges Fund		(17,774.55)
(3) Other Financing Sources/(Uses), Net		
Public Buildings, Road and Bridges Fund		(750,000.00)
Net Change in Fund Balance - Budget to GAAP	$	159,167.57

(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.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Intergovernmental	$ 1,063,322.00	$ 1,063,322.00	$ 961,982.04	$	$ 961,982.04
Charges for Services	100.00	100.00			
Miscellaneous	606,500.00	606,500.00	736,132.13		736,132.13
Total Revenues	1,669,922.00	1,669,922.00	1,698,114.17		1,698,114.17
Expenditures					
Current:					
Highways and Roads	2,226,938.00	2,226,938.00	2,145,918.20		2,145,918.20
Capital Outlay	1,012,104.17	1,156,614.17	1,110,457.17		1,110,457.17
Debt Service:					
Principal Retirement	677,000.00	677,000.00	697,891.60		697,891.60
Interest and Fiscal Charges	14,500.00	14,500.00	17,908.50		17,908.50
Total Expenditures	3,930,542.17	4,075,052.17	3,972,175.47		3,972,175.47
Excess (Deficiency) of Revenues Over Expenditures	(2,260,620.17)	(2,405,130.17)	(2,274,061.30)		(2,274,061.30)
Other Financing Sources (Uses)					
Transfers In	700,000.00	700,000.00	700,000.00		700,000.00
Sale of Capital Assets	550,000.00	550,000.00	567,319.00		567,319.00
Inception of Capital Lease	760,000.00	904,510.00	1,066,702.17		1,066,702.17
Total Other Financing Sources (Uses)	2,010,000.00	2,154,510.00	2,334,021.17		2,334,021.17
Net Change in Fund Balances	(250,620.17)	(250,620.17)	59,959.87		59,959.87
Fund Balances - Beginning of Year	270,535.00	270,535.00	379,056.28		379,056.28
Fund Balances - End of Year	$ 19,914.83	$ 19,914.83	$ 439,016.15	$	$ 439,016.15

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Improvement Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Intergovernmental	$ 230,000.00	$ 230,000.00	$ 232,333.46	$	$ 232,333.46
Miscellaneous	1,000.00	1,000.00	4,161.61		4,161.61
Total Revenues	231,000.00	231,000.00	236,495.07		236,495.07
Expenditures					
Current:					
General Government	2,500.00	2,500.00	58,173.94		58,173.94
Highways and Roads	116,000.00	21,000.00			
Capital Outlay	70,750.00	165,750.00	113,355.51		113,355.51
Total Expenditures	189,250.00	189,250.00	171,529.45		171,529.45
Excess (Deficiency) of Revenues Over Expenditures	41,750.00	41,750.00	64,965.62		64,965.62
Net Change in Fund Balances	41,750.00	41,750.00	64,965.62		64,965.62
Fund Balances - Beginning of Year	865,640.00	865,640.00	865,623.24		865,623.24
Fund Balances - End of Year	$ 907,390.00	$ 907,390.00	$ 930,588.86	$	$ 930,588.86

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - RRR Gasoline Tax Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Intergovernmental	$ 965,000.00	$ 965,000.00	$ 987,500.01	$	$ 987,500.01
Miscellaneous	400.00	400.00	3,087.93		3,087.93
Total Revenues	965,400.00	965,400.00	990,587.94		990,587.94
Expenditures					
Current:					
Highways and Roads	1,025,397.00	1,025,397.00	1,025,396.31		1,025,396.31
Total Expenditures	1,025,397.00	1,025,397.00	1,025,396.31		1,025,396.31
Excess (Deficiency) of Revenues Over Expenditures	(59,997.00)	(59,997.00)	(34,808.37)		(34,808.37)
Net Change in Fund Balances	(59,997.00)	(59,997.00)	(34,808.37)		(34,808.37)
Fund Balances - Beginning of Year	661,332.00	661,332.00	668,687.05		668,687.05
Fund Balances - End of Year	$ 601,335.00	$ 601,335.00	$ 633,878.68	$	$ 633,878.68

Additional Information

Commission Members and Administrative Personnel
October 1, 2017 through September 30, 2018

Commission Members		**Term Expires**
Hon. Darrell Sanders	Chairman (*)	2020
Hon. Joey Peavy	Member	2020
Hon. Jesse F. McWilliams, III	Member	2020
Hon. Frank A. Hickman	Member	2020
Hon. Allin Whittle	Member	2020
Administrative Personnel		
Diane Kilpatrick	Administrator	Indefinite

(*) The position of Chairman is rotated for terms of equal length among the Commissioners who wish to serve as Chairman.

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 Butler County Commission and County Administrator
Greenville, 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, each major fund, and the aggregate remaining fund information of the Butler County Commission, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Butler County Commission's basic financial statements, and have issued our report thereon dated September 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Butler County Commission's internal control over financial reporting (internal control) as a basis for designing 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 Butler County Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Butler County 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 Butler County 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 financial statements. 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 entity'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 entity'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

September 3, 2021