

Report on the

# Colbert County Commission

Colbert County, Alabama

October 1, 2018 through September 30, 2019

Filed: October 1, 2021



## Department of Examiners of Public Accounts

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*Rachel Laurie Riddle, Chief Examiner*





Rachel Laurie Riddle  
*Chief Examiner*

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**Examiners of Public Accounts**

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

Dear Madam:

An audit was conducted on the Colbert County Commission, Colbert County, Alabama, for the period October 1, 2018 through September 30, 2019, by Examiners Meagan McDonald and Reyna Garcia. I, Meagan McDonald, served as Examiner-in-Charge on the engagement, and 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  
Examiner of Public Accounts

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Department of  
**Examiners of Public Accounts**

**SUMMARY**

**Colbert County Commission  
October 1, 2018 through September 30, 2019**

The Colbert County Commission (the “Commission”) is governed by a six-member body elected by the citizens of Colbert County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 19. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Colbert 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 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, 2019.

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 19, were invited to discuss the results of this report at an exit conference held at the Colbert County Commission office. Individuals in attendance were: Roger Creekmore, County Administrator; Mike Melton, Interim Administrator; and Commission Member: Tori Bailey. Representing the Department of Examiners of Public Accounts were Denise H. Olive, Audit Manager, and Reyna Garcia, Examiner.

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*Independent Auditor's Report*

## **Independent Auditor's Report**

Members of the Colbert County Commission and County Administrator  
Tuscumbia, Alabama

### **Report on the 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 Colbert County Commission, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Colbert 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 Colbert 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 Colbert County Commission, as of September 30, 2019, 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.

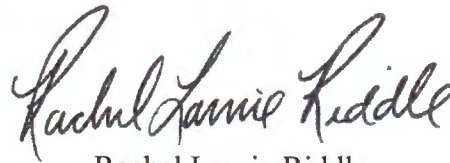
### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions, and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 12 through 18), 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 September 15, 2021, on our consideration of the Colbert 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 Colbert 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 Colbert County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle  
Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

September 15, 2021



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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis provides an overview of the financial activities and financial position for the Colbert County Commission for the fiscal year ended September 30, 2019. Please read it in conjunction with the County's basic financial statements, which follows this section.

### **FINANCIAL HIGHLIGHTS**

- ◆ The County's net position increased by \$145,277.23 as a result of the current year's operations. Net position of governmental activities increased by \$283,336.01; and the net position for business-type activities decreased by \$138,058.78.
- ◆ The County's governmental fund type balances increased by \$816,160.34. Total revenues from all sources were \$17,290,225.46 while total costs of all programs were \$18,092,285.24.
- ◆ Governmental Fund Type expenditures exceeded revenues by \$802,059.78.

### **REPORT LAYOUT**

The annual report consists of a series of financial statements. Taken together they provide a comprehensive look at the County. This annual report presents the following components of the financial statements:

- ◆ Government-wide financial statements provide information for the County as a whole and present a longer-term view of the County's finances.
- ◆ Fund financial statements provide detailed information for the County's significant funds. Governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.
- ◆ Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses.
- ◆ The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.
- ◆ Notes to the financial statements provide additional information that is essential to understanding the County's financial condition.

The report also contains required supplementary information that further explains and supports the information in the financial statements.

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

The *government-wide financial statements* are designed to present a broad overview of the County's financial position in a manner similar to a private-sector business. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The *Statement of Net Position* focuses on resources available for future operations. This statement presents a view of the assets the county owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Over a period of time, increases or decreases in net position may indicate whether the County's financial position is improving or deteriorating. To assess the overall health of the County you need to consider other non-financial factors such as changes in the County's property tax base and the condition of the County's roads.

The *Statement of Activities* focuses on gross and net cost of the County's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The County's government-wide financial statements are divided into two categories:

- ◆ Governmental activities - Most of the County's basic services are reported here, including general government, public safety, highways and street, health and welfare, and culture and recreation. Property taxes, gasoline taxes, license and permits and charges for services finance most of these activities.
- ◆ Business-type activities - The County charges fees to customers to help it cover the cost of certain services it provides. The County's Water System and Household Waste Pickup is reported in this category.

### **Fund Financial Statements**

Fund financial statements focus separately on major governmental funds and proprietary funds. The County establishes many funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The fund financial statements provide detailed information about the County's significant funds-not the County as a whole. The County's funds can be divided into three categories-governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds* - The majority of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's operations and the basic services it provides. Governmental funds statements assist the reader in determining the short-term financial resources available to finance future programs. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide reconciliation to the government-wide financial statements.

*Proprietary funds* - Proprietary fund statements provide the same type of information as the government-wide statements, only in more detail. The County maintains one type of proprietary fund-the enterprise fund. When the County charges customers for services it provides, these services are generally reported in the enterprise fund. The enterprise funds are presented as business-type activities in the government-wide statements.

*Fiduciary funds* - The County is responsible for assets that are held on behalf of other organizations or individuals. The County is responsible to ensure the assets reported in these funds are used for their intended purpose. The fiduciary activities are reported in separate statements of fiduciary assets and changes in fiduciary net position. The County cannot use these assets to finance its operations, therefore, these activities have been excluded from the County's other financial statements.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the financial statements follow the presentation of the exhibits contained in this report.

### **FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

The following two tables (A-1 and A-2) present condensed information on the County's Net Position and Changes in Net Position for the fiscal year ended September 30, 2019. Comparative information for the prior fiscal year is included.

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the County's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$37,297,593.03 at the close of the fiscal year.

The largest portion of the County's Net Position (86%) reflects its investment in capital assets (e.g., land, buildings, equipment, construction in progress); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is 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 liquidate these liabilities.

**TABLE A-1  
COUNTY'S NET POSITION**

	Governmental Activities 2018	Governmental Activities 2019	Business-Type Activities 2018	Business-Type Activities 2019	TOTAL 2018	TOTAL 2019
Current and Other Assets	\$15.946	\$16.719	\$1.952	\$2.325	\$17.898	\$19.044
Capital Assets	29.209	29.206	11.747	11.091	40.956	40.297
<b>TOTAL ASSETS</b>	<b>45.155</b>	<b>45.925</b>	<b>13.699</b>	<b>13.416</b>	<b>58.854</b>	<b>59.341</b>
Deferred Outflows of Resources	.814	.890	.165	.180	.979	1.07
Long-term Debt Outstanding	8.929	8.735	4.508	4.388	13.437	13.123
Other Liabilities	.970	2.124	.198	.186	1.168	2.310
<b>TOTAL LIABILITIES</b>	<b>9.899</b>	<b>10.859</b>	<b>4.706</b>	<b>4.574</b>	<b>14.605</b>	<b>15.433</b>
Deferred Inflows of Resources	7.779	7.382	.297	.299	8.076	7.681
Net Position						
Net Investment in Capital Assets	25.377	24.588	8.262	7.701	33.639	32.289
Restricted for:						
Road Projects	1.310	1.249			1.310	1.249
Capital Projects	1.212	1.181			1.212	1.181
Other Purposes	.756	.756			.756	.756
Unrestricted	(.364)	.801	.599	1.022	.235	1.823
<b>TOTAL NET POSITION</b>	<b>\$28.291</b>	<b>\$28.575</b>	<b>\$8.861</b>	<b>\$8.723</b>	<b>\$37.152</b>	<b>\$37.298</b>
(Numbers are reflected in millions)						

**TABLE A-2  
CHANGES IN NET POSITION**

	Governmental Activities 2018	Governmental Activities 2019	Business-Type Activities 2018	Business-Type Activities 2019	TOTAL 2018	TOTAL 2019
<u>Revenues:</u>						
Program Revenues:						
Charges for Services	\$ 2.822	\$2.978	\$4.918	\$5.033	\$7.740	\$8.011
Operating Grants and Contributions	4.358	4.569			4.358	4.569
Capital Grants and Contributions	.360	.379			.360	.379
General Revenues:						
Property Taxes - General Purpose	5.448	5.347			5.448	5.347
Property Taxes - Specific Purpose	1.121	1.019			1.121	1.019
County Gasoline Sales Tax	.205				.205	
TVA in Lieu of Taxes	1.040	1.026			1.040	1.026
Miscellaneous Taxes	.572	.598			.572	.598
Gain (Loss) on Sale of Capital Assets	.196	.056			.196	.056
Donated Capital Assets	.046	.101			.046	.101
Interest Revenue	.044	.048	.004	.005	.048	.053
Miscellaneous	.764	1.326	.014	.017	.778	1.343
Transfers		(.010)		.010		
<b>TOTAL REVENUES &amp; TRANSFERS</b>	<b>16.976</b>	<b>17.437</b>	<b>4.936</b>	<b>5.065</b>	<b>21.912</b>	<b>22.502</b>
<u>Expenses:</u>						
Current:						
General Government	5.228	4.715			5.228	4.715
Public Safety	4.906	5.081			4.906	5.081
Highways and Roads	4.871	6.090			4.871	6.090
Health	.186	.186			.186	.186
Welfare	.472	.423			.472	.423
Culture and Recreation	.249	.261			.249	.261
Education	.296	.288			.296	.288
Water			3.148	3.217	3.148	3.217
Solid Waste			2.054	1.986	2.054	1.986
Interest and Fiscal Charges	.104	.109			.104	.109
<b>TOTAL EXPENDITURES</b>	<b>16.312</b>	<b>17.153</b>	<b>5.202</b>	<b>5.203</b>	<b>21.514</b>	<b>22.356</b>
 Change in Net Position	 .664	 .284	 (.266)	 (.138)	 .398	 .146
Net Position - Beginning	27.627	28.291	9.127	8.861	36.754	37.152
<b>Net Position - Ending</b>	<b>\$28.291</b>	<b>\$28.575</b>	<b>\$8.861</b>	<b>\$8.723</b>	<b>\$37.152</b>	<b>\$37.298</b>
(Numbers are reflected in millions)						

The County's total revenues were approximately \$22.502 million. Approximately 28% of the County's revenue comes from property taxes. Another 36% comes from fees charged for services and the majority of the remainder is state and federal aid.

The total cost of all programs and services (excluding transfers) were approximately \$22.356 million. The County's expenses cover a range of services. The majority of the expenses are related to general government (21%), public safety (23%) and highways and roads (28%).

## **Governmental Activities**

Each of the County's three largest programs is identified separately - general government, public safety and highways and roads. The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

The total cost of all governmental activities for the year was \$17.153 million. However, there is no cost to the taxpayers as the revenues exceed the expenditures by \$.283.

Colbert County had funds that were considered as its major funds as of September 30, 2019. The General Fund had an ending fund balance of \$5,593,138.97, which was an increase from September 30, 2018. The Gasoline Tax Fund had an ending fund balance of \$1,332,106.44 which was an increase from September 30, 2018. The Reappraisal Fund had no ending fund balance.

## **Proprietary Activities**

The revenues for the water fund and the solid waste fund experienced a slight increase.

## **General Fund Budgetary Highlights**

The County Commission has established an annual budget process whereby all of the departments submit an annual budget request to the Commission for the coming year's operating expenses. The Commission reviews, adjusts as necessary and then adopts an original budget to fund the operating needs of each department. Throughout the year, the original budget is amended to reflect changes in funding needs. The County has established policies and procedures for amending the budget.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

As of September 30, 2019, the Colbert County Commission had invested \$40.297 in capital assets for its governmental and business-type activities. This investment in capital assets includes land, buildings and improvement, equipment and furniture and construction in progress.

**TABLE A-3  
CAPITAL ASSETS**

	Governmental Activities		Business-Type Activities	
	2018	2019	2018	2019
Land	\$ 760,749.25	\$ 760,749.25	\$ 9,855.79	\$ 9,855.79
Infrastructure – Non-Depreciable	585,339.00	0		
Construction in Progress	119,291.30	285,088.29		
Infrastructure – Depreciable	28,331,813.98	28,917,152.98	21,911,117.25	21,911,117.25
Land Improvement	814,108.45	837,298.45		
Buildings and Building Improvements	11,821,962.29	12,402,755.50	613,083.89	613,083.89
Equipment and Furniture	7,866,724.23	8,462,379.72	2,893,564.24	2,984,657.46
Accumulated Depreciation	(21,095,778.31)	(22,459,078.57)	(13,680,792.19)	(14,427,816.33)
Total Capital Assets	<u>\$29,204,210.19</u>	<u>\$29,206,345.62</u>	<u>\$11,746,828.98</u>	<u>\$11,090,898.06</u>

**Long-Term Debt**

At year end the County’s Governmental Activities had \$10,138,654.35 in outstanding long-term debt, a 7% increase from last year as shown in Table A-4. More detailed information about the County’s long-term liabilities is presented in the notes to the financial statements.

**TABLE A-4  
OUTSTANDING DEBT**

	2018	2019
<b><u>Governmental Activities:</u></b>		
General Obligation Warrants, Net	\$980,000.00	\$665,000.00
State Gasoline Tax Anticipation Warrant 2012		1,315,833.34
State Gasoline Tax Anticipation Warrant 2019	701,801.68	594,404.36
State Gasoline Tax Anticipation Warrant 2017	504,298.57	490,674.25
Compensated Absences	2,144,966.84	2,027,105.84
Capital Leases	1,406,041.61	1,341,471.20
Other Post Employment Benefit Obligation	3,790,530.72	3,704,165.36
Net Pension Liability		
TOTAL	<u>\$9,527,639.42</u>	<u>\$10,138,654.35</u>
<b><u>Business-Type Activities:</u></b>		
General Obligation Warrant 2015	\$3,485,000.00	\$3,390,000.00
Compensated Absences	96,883.57	89,278.24
Other Post Employment Benefit Obligation	284,115.39	271,067.80
Net Pension Liability	765,943.29	748,491.65
TOTAL	<u>\$4,631,942.25</u>	<u>\$4,498,837.69</u>



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Property tax revenue is a major resource component for the County. It represents 30% of the resources to operate the governmental activities. In recent years, Colbert County has experienced gradual growth in residential housing developments. As our population grows, we expect our tax base to increase and help provide the additional revenue to fund the increase in demand of services provided to our citizens. Other sources of revenues to finance governmental operations come from fees and charges for services which include permits, licenses and court fees.

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 an impact on the Colbert County Commission's revenues. Colbert County Commission gas tax revenues decreased by \$161,640.25 in fiscal year 2020 as compared to the previous fiscal year. As expected, the Colbert County Commission incurred a significant increase in costs associated with the aftermath of COVID-19. The Colbert County Commission was reimbursed, \$278,439.21, through the Coronavirus Relief Fund of the federal government during fiscal years 2020 and 2021. The Colbert County Commission's fiscal year 2021 budget, as approved by the county commission, provided for several changes 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 Colbert County Commission anticipates that its financial operations will require assistance from further programs of the federal government.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors 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 concerning this report or need further information, contact the Colbert County Commission, 201 N. Main Street, Courthouse, Tuscumbia, Alabama 35674.

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# *Basic Financial Statements*

**Statement of Net Position**  
**September 30, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 9,707,045.86	\$ 1,801,861.23	\$ 11,508,907.09
Investments	482,828.00		482,828.00
Receivables (Note 4)	811,753.50	418,857.40	1,230,610.90
Ad Valorem Taxes Receivable	5,609,609.43		5,609,609.43
Internal Balances	4,004.02	(4,004.02)	
Inventories	103,445.54	108,776.60	212,222.14
Total Current Assets	16,718,686.35	2,325,491.21	19,044,177.56
<b>Noncurrent Assets</b>			
Capital Assets (Note 5):			
Nondepreciable	1,045,837.54	9,855.79	1,055,693.33
Depreciable, Net	28,160,508.08	11,081,042.27	39,241,550.35
Total Noncurrent Assets	29,206,345.62	11,090,898.06	40,297,243.68
Total Assets	45,925,031.97	13,416,389.27	59,341,421.24
<b>Deferred Outflows of Resources</b>			
Employer Pension Contributions	327,936.10	66,265.24	394,201.34
Deferred Outflows Related to Net Pension Liability	560,125.76	113,183.24	673,309.00
Deferred Outflows Related to Other Postemployment Benefits (OPEB) Liability	1,905.88	385.12	2,291.00
Total Deferred Outflows of Resources	889,967.74	179,833.60	1,069,801.34
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables (Note 9)	14,507.91	50,029.44	64,537.35
Accrued Interest Payable	16,146.13	25,317.50	41,463.63
Unearned Revenue	689,400.43		689,400.43
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Capital Leases Payable	123,526.07		123,526.07
Warrants Payable	1,211,202.12	95,000.00	1,306,202.12
Estimated Liability for Compensated Absences	69,133.57	15,354.60	84,488.17
Total Current Liabilities	\$ 2,123,916.23	\$ 185,701.54	\$ 2,309,617.77

**Statement of Net Position**  
**September 30, 2019**

	Governmental Activities	Business-Type Activities	Total
<b><u>Noncurrent Liabilities</u></b>			
Portion Due or Payable After One Year:			
Capital Leases Payable	\$ 1,903,579.77	\$	\$ 1,903,579.77
Warrants Payable	1,364,035.58	3,295,000.00	4,659,035.58
Estimated Liability for Compensated Absences	421,540.68	73,923.64	495,464.32
Net Pension Liability	3,704,165.36	748,491.65	4,452,657.01
Other Postemployment Benefits (OPEB) Liability	1,341,471.20	271,067.80	1,612,539.00
Total Noncurrent Liabilities	<u>8,734,792.59</u>	<u>4,388,483.09</u>	<u>13,123,275.68</u>
Total Liabilities	<u>10,858,708.82</u>	<u>4,574,184.63</u>	<u>15,432,893.45</u>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable Revenue - Property Taxes	5,609,609.43		5,609,609.43
Revenue Received in Advance- Motor Vehicle Taxes	291,418.67		291,418.67
Deferred Inflows Related to Net Pension Liability	1,298,165.82	262,317.18	1,560,483.00
Deferred Inflows Related to Other Postemployment Benefits (OPEB) Liability	182,373.28	36,851.72	219,225.00
Total Deferred Inflows of Resources	<u>7,381,567.20</u>	<u>299,168.90</u>	<u>7,680,736.10</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	24,587,855.95	7,700,898.06	32,288,754.01
Restricted for:			
Capital Projects	1,180,729.09		1,180,729.09
Road Projects	1,248,835.08		1,248,835.08
Other Purposes	755,883.53		755,883.53
Unrestricted	801,420.04	1,021,971.28	1,823,391.32
Total Net Position	<u>\$ 28,574,723.69</u>	<u>\$ 8,722,869.34</u>	<u>\$ 37,297,593.03</u>

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

**Statement of Activities**  
**For the Year Ended September 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General Government	\$ 4,715,422.46	\$ 1,711,631.59	\$ 532,416.70	\$ 347,168.98	\$ (2,124,205.19)	\$	\$ (2,124,205.19)
Public Safety	5,080,478.42	244,246.55	331,902.73		(4,504,329.14)		(4,504,329.14)
Highways and Roads	6,089,657.91	1,022,160.24	3,491,726.89		(1,575,770.78)		(1,575,770.78)
Health	185,833.04				(185,833.04)		(185,833.04)
Welfare	423,187.25		212,563.78		(210,623.47)		(210,623.47)
Culture and Recreation	261,427.83			31,658.27	(229,769.56)		(229,769.56)
Education	287,993.21				(287,993.21)		(287,993.21)
Interest on Long-Term Debt	108,862.93				(108,862.93)		(108,862.93)
Total Governmental Activities	17,152,863.04	2,978,038.38	4,568,610.10	378,827.25	(9,227,387.31)		(9,227,387.31)
<b>Business-Type Activities</b>							
County-Wide Water	3,216,752.97	2,657,877.16				(558,875.81)	(558,875.81)
Solid Waste	1,986,429.70	2,374,824.88				388,395.18	388,395.18
Total Business-Type Activities	5,203,182.67	5,032,702.04				(170,480.63)	(170,480.63)
Total Primary Government	\$ 22,356,045.71	\$ 8,010,740.42	\$ 4,568,610.10	\$ 378,827.25	(9,227,387.31)	(170,480.63)	(9,397,867.94)
<b>General Revenues and Transfers:</b>							
Taxes:							
Property Taxes for General Purposes					5,347,548.61		5,347,548.61
Property Taxes for Specific Purposes					1,019,249.98		1,019,249.98
Miscellaneous Taxes					597,739.08		597,739.08
Gain on Sale of Capital Assets					55,706.80		55,706.80
Donated Capital Assets					100,795.21		100,795.21
Interest Revenue					47,909.10	5,124.44	53,033.54
TVA in Lieu of Taxes					1,025,857.24		1,025,857.24
Miscellaneous Revenue					1,326,445.72	16,768.99	1,343,214.71
Transfers					(10,528.42)	10,528.42	
Total General Revenues and Transfers					9,510,723.32	32,421.85	9,543,145.17
Change in Net Position					283,336.01	(138,058.78)	145,277.23
Net Position - Beginning of Year					28,291,387.68	8,860,928.12	37,152,315.80
Net Position - End of Year					\$ 28,574,723.69	\$ 8,722,869.34	\$ 37,297,593.03

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

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2019**

	General Fund	Gasoline Tax Fund	Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 5,031,565.62	\$ 1,105,012.52	\$ 689,477.14	\$ 2,880,990.58	\$ 9,707,045.86
Investments	482,828.00				482,828.00
Receivables (Note 4)	433,556.67	136,498.44		241,698.39	811,753.50
Ad Valorem Taxes Receivable	5,165,363.34		444,246.09		5,609,609.43
Due from Other Funds		4,004.02			4,004.02
Inventories		103,445.54			103,445.54
Total Assets	11,113,313.63	1,348,960.52	1,133,723.23	3,122,688.97	16,718,686.35
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Payables (Note 9)	10,827.08	286.08	76.71	3,318.04	14,507.91
Unearned Revenue			689,400.43		689,400.43
Estimated Liability for Compensated Absences	52,565.57	16,568.00			69,133.57
Total Liabilities	63,392.65	16,854.08	689,477.14	3,318.04	773,041.91
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Property Taxes	5,165,363.34		444,246.09		5,609,609.43
Revenue Received in Advance - Motor Vehicle Taxes	291,418.67				291,418.67
Total Deferred Inflows of Resources	5,456,782.01		444,246.09		5,901,028.10
<b>Fund Balances</b>					
Nonspendable:					
Inventories		103,445.54			103,445.54
Restricted for:					
Highways and Roads		66,076.77		1,182,758.31	1,248,835.08
Capital Projects				1,180,729.09	1,180,729.09
Other Purposes				755,883.53	755,883.53
Assigned to:					
Highways and Roads		1,162,584.13			1,162,584.13
Other Purposes	468,702.41				468,702.41
Unassigned	5,124,436.56				5,124,436.56
Total Fund Balances	5,593,138.97	1,332,106.44		3,119,370.93	10,044,616.34
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,113,313.63	\$ 1,348,960.52	\$ 1,133,723.23	\$ 3,122,688.97	\$ 16,718,686.35

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, 2019***

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 10,044,616.34

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.

Capital Assets, Net 29,206,345.62

Deferred outflows and inflows of resources related to pensions are applicable to  
future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Employer Pension Contributions	\$	327,936.10	
Deferred Outflows Related to Net Pension Liability		560,125.76	
Deferred Inflows Related to Net Pension Liability		<u>(1,298,165.82)</u>	(410,103.96)

Deferred outflows and inflows of resources related to Other Postemployment  
Benefits (OPEB) are applicable to future periods and, therefore, are not reported  
in the governmental funds.

Deferred Outflows Related to Other Postemployment Benefits (OPEB) Liability	\$	1,905.88	
Deferred Inflows Related to Other Postemployment Benefits (OPEB) Liability		<u>(182,373.28)</u>	(180,467.40)

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

	Current Liabilities	Noncurrent Liabilities	
Warrants Payable	\$ 1,211,202.12	\$ 1,364,035.58	
Capital Leases Payable	123,526.07	1,903,579.77	
Accrued Interest Payable	16,146.13		
Estimated Liability for Compensated Absences		421,540.68	
Net Pension Liability		3,704,165.36	
Other Postemployment Benefits (OPEB) Liability		<u>1,341,471.20</u>	
Total Long-Term Liabilities	<u>\$ 1,350,874.32</u>	<u>\$ 8,734,792.59</u>	<u>(10,085,666.91)</u>

Total Net Position - Governmental Activities (Exhibit 1) \$ 28,574,723.69

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, 2019**

	General Fund	Gasoline Tax Fund	Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 6,084,459.91	\$	\$ 873,822.12	\$ 64,971.97	\$ 7,023,254.00
Licenses and Permits	204,803.10	11,090.80			215,893.90
Intergovernmental	1,784,832.41	2,085,667.57		2,147,238.82	6,017,738.80
Charges for Services	1,525,040.01	874,654.48		254,412.86	2,654,107.35
Miscellaneous	541,667.87	93,027.94	38,274.77	706,260.83	1,379,231.41
Total Revenues	10,140,803.30	3,064,440.79	912,096.89	3,172,884.48	17,290,225.46
<b>Expenditures</b>					
Current:					
General Government	3,650,822.61		912,096.89	88,490.35	4,651,409.85
Public Safety	4,317,458.93			498,558.64	4,816,017.57
Highways and Roads		3,764,591.53		1,606,859.38	5,371,450.91
Health	185,833.04				185,833.04
Welfare	220,282.15			185,083.80	405,365.95
Culture and Recreation	204,770.07			30,681.90	235,451.97
Education	262,377.71			3,550.67	265,928.38
Capital Outlay	118,221.92	665,429.73		725,248.69	1,508,900.34
Debt Service:					
Principal Retirement				540,258.32	540,258.32
Interest and Fiscal Charges				111,668.91	111,668.91
Total Expenditures	8,959,766.43	4,430,021.26	912,096.89	3,790,400.66	18,092,285.24
Excess (Deficiency) of Revenues Over Expenditures	1,181,036.87	(1,365,580.47)		(617,516.18)	(802,059.78)
<b>Other Financing Sources (Uses)</b>					
Transfers In		407,186.54		740,357.00	1,147,543.54
Sale of Assets		306,125.00		6,790.20	312,915.20
Proceeds from Issuance of Debt		1,315,833.34			1,315,833.34
Transfers Out	(798,798.39)	(135,755.40)		(223,518.17)	(1,158,071.96)
Total Other Financing Sources (Uses)	(798,798.39)	1,893,389.48		523,629.03	1,618,220.12
Net Changes in Fund Balances	382,238.48	527,809.01		(93,887.15)	816,160.34
Fund Balances - Beginning of Year	5,210,900.49	804,297.43		3,213,258.08	9,228,456.00
Fund Balances - End of Year	\$ 5,593,138.97	\$ 1,332,106.44	\$	\$ 3,119,370.93	\$ 10,044,616.34

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

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***Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2019***

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 816,160.34

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 Expenditures	\$ 1,508,900.34	
Depreciation Expense	<u>(1,350,351.72)</u>	
Total		158,548.62

In the Statement of Activities, donation of capital assets is recorded as revenue, whereas in the governmental funds it is not recorded. 100,795.21

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. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. (257,208.40)

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. (1,315,833.34)

Repayment of long-term principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 540,258.32

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 Decrease in Compensated Absences	\$ 24,950.29	
Net Decrease in Accrued Interest Payable	2,805.98	
Net Decrease in Pension Expense	253,339.26	
Net Increase in OPEB Expense	<u>(40,480.27)</u>	
Total		<u>240,615.26</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 283,336.01

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

**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2019**

	County-Wide Water Fund	Solid Waste Fund	Total Enterprise Funds
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 419,558.45	\$ 1,382,302.78	\$ 1,801,861.23
Receivables (Note 4)	218,314.09	200,543.31	418,857.40
Inventories	108,776.60		108,776.60
Total Current Assets	<u>746,649.14</u>	<u>1,582,846.09</u>	<u>2,329,495.23</u>
<b>Noncurrent Assets</b>			
Capital Assets (Note 5):			
Nondepreciable	9,855.79		9,855.79
Depreciable, Net	10,148,428.84	932,613.43	11,081,042.27
Total Noncurrent Assets	<u>10,158,284.63</u>	<u>932,613.43</u>	<u>11,090,898.06</u>
Total Assets	<u>10,904,933.77</u>	<u>2,515,459.52</u>	<u>13,420,393.29</u>
<b>Deferred Outflows of Resources</b>			
Employer Pension Contributions	36,778.99	29,486.25	66,265.24
Deferred Outflows Related to Net Pension Liability	62,819.73	50,363.51	113,183.24
Deferred Outflows Related to Other Postemployment Benefits (OPEB) Liability	213.75	171.37	385.12
Total Deferred Outflows of Resources	<u>99,812.47</u>	<u>80,021.13</u>	<u>179,833.60</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables (Note 9)	4,768.35	45,261.09	50,029.44
Due to Other Funds	4,004.02		4,004.02
Accrued Interest Payable	25,317.50		25,317.50
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Warrants Payable	95,000.00		95,000.00
Estimated Liability for Compensated Absences	6,088.20	9,266.40	15,354.60
Total Current Liabilities	<u>\$ 135,178.07</u>	<u>\$ 54,527.49</u>	<u>\$ 189,705.56</u>

**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2019**

	County-Wide Water Fund	Solid Waste Fund	Total Enterprise Funds
<b><u>Noncurrent Liabilities</u></b>			
Long-Term Liabilities:			
Portion Due or Payable After One Year:			
Warrants Payable	\$ 3,295,000.00	\$	\$ 3,295,000.00
Estimated Liability for Compensated Absences	41,057.78	32,865.86	73,923.64
Other Postemployment Benefits (OPEB) Liability	150,449.89	120,617.91	271,067.80
Net Pension Liability	415,432.90	333,058.75	748,491.65
Total Noncurrent Liabilities	<u>3,901,940.57</u>	<u>486,542.52</u>	<u>4,388,483.09</u>
Total Liabilities	<u>4,037,118.64</u>	<u>541,070.01</u>	<u>4,578,188.65</u>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred Inflows Related to Net Pension Liability	145,593.06	116,724.12	262,317.18
Deferred Inflows Related to Other Postemployment Benefits (OPEB) Liability	20,453.69	16,398.03	36,851.72
Total Deferred Inflows of Resources	<u>166,046.75</u>	<u>133,122.15</u>	<u>299,168.90</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	6,768,284.63	932,613.43	7,700,898.06
Unrestricted	33,296.22	988,675.06	1,021,971.28
Total Net Position	<u>\$ 6,801,580.85</u>	<u>\$ 1,921,288.49</u>	<u>\$ 8,722,869.34</u>

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

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**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2019**

	County-Wide Water Fund	Solid Waste Fund	Total Enterprise Funds
<b><u>Operating Revenues</u></b>			
Charges for Services	\$	\$ 2,374,824.88	\$ 2,374,824.88
Water Sales	2,657,877.16		2,657,877.16
Total Operating Revenues	<u>2,657,877.16</u>	<u>2,374,824.88</u>	<u>5,032,702.04</u>
<b><u>Operating Expenses</u></b>			
Salaries and Benefits	916,970.15	930,755.83	1,847,725.98
Contractual and Professional Services	326,772.68	552,508.13	879,280.81
Materials and Supplies	231,471.93	191,062.28	422,534.21
Repairs and Maintenance	30,098.98	116,258.48	146,357.46
Utilities	227,890.51	22,438.73	250,329.24
Travel	1,089.57	6,550.84	7,640.41
Insurance	49,660.12	25,332.23	74,992.35
Depreciation	734,932.64	138,776.05	873,708.69
Purchase of Water	594,813.89		594,813.89
Total Operating Expenses	<u>3,113,700.47</u>	<u>1,983,682.57</u>	<u>5,097,383.04</u>
Operating Income (Loss)	<u>(455,823.31)</u>	<u>391,142.31</u>	<u>(64,681.00)</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Miscellaneous Expenses	(1,361.04)	(2,747.14)	(4,108.18)
Miscellaneous Revenue	10,958.96	5,810.03	16,768.99
Interest Expense	(101,691.45)		(101,691.45)
Interest Revenue	523.26	4,601.18	5,124.44
Total Nonoperating Revenues (Expenses)	<u>(91,570.27)</u>	<u>7,664.07</u>	<u>(83,906.20)</u>
Income (Loss) Before Transfers	<u>(547,393.58)</u>	<u>398,806.38</u>	<u>(148,587.20)</u>
<b><u>Operating Transfers</u></b>			
Transfers In	10,528.42		10,528.42
Total Operating Transfers	<u>10,528.42</u>		<u>10,528.42</u>
Changes in Net Position	(536,865.16)	398,806.38	(138,058.78)
Net Position - Beginning of Year	<u>7,338,446.01</u>	<u>1,522,482.11</u>	<u>8,860,928.12</u>
Net Position - End of Year	<u>\$ 6,801,580.85</u>	<u>\$ 1,921,288.49</u>	<u>\$ 8,722,869.34</u>

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

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2019**

	County-Wide Water Fund	Solid Waste Fund	Total Enterprise Funds
<b><u>Cash Flows from Operating Activities</u></b>			
Cash Received for Services	\$ 2,658,609.37	\$ 2,370,201.38	\$ 5,028,810.75
Cash Payments to Employees	(952,738.76)	(945,604.46)	(1,898,343.22)
Cash Payments for Goods and Services	(1,504,944.10)	(911,645.14)	(2,416,589.24)
Net Cash Provided (Used) by Operating Activities	<u>200,926.51</u>	<u>512,951.78</u>	<u>713,878.29</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Other Cash Receipts	10,958.96	5,810.03	16,768.99
Cash Received from Other Funds	10,528.42		10,528.42
Other Cash Payments	(1,361.04)	(2,747.14)	(4,108.18)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>20,126.34</u>	<u>3,062.89</u>	<u>23,189.23</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Principal Paid on Debt	(95,000.00)		(95,000.00)
Interest Paid on Debt	(102,166.45)		(102,166.45)
Loss on Disposal of Assets		5,579.95	5,579.95
Acquisition of Capital Assets	(22,932.00)	(200,425.72)	(223,357.72)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(220,098.45)</u>	<u>(194,845.77)</u>	<u>(414,944.22)</u>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest Received	523.26	4,601.18	5,124.44
Net Cash Provided (Used) by Investing Activities	<u>523.26</u>	<u>4,601.18</u>	<u>5,124.44</u>
Net Increase (Decrease) in Cash	1,477.66	325,770.08	327,247.74
Cash - Beginning of Year	<u>418,080.79</u>	<u>1,056,532.70</u>	<u>1,474,613.49</u>
Cash - End of Year	<u>\$ 419,558.45</u>	<u>\$ 1,382,302.78</u>	<u>\$ 1,801,861.23</u>



**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2019**

	County-Wide Water Fund	Solid Waste Fund	Total Enterprise Funds
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u></b>			
Operating Income (Loss)	\$ (455,823.31)	\$ 391,142.31	\$ (64,681.00)
<b><u>Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided (Used) for Operating Activities</u></b>			
Depreciation Expense	734,932.64	138,776.05	873,708.69
(Increase)/Decrease in Accounts Receivable	732.21	(4,623.50)	(3,891.29)
(Increase)/Decrease in Materials and Supplies on Hand	(41,984.30)		(41,984.30)
Increase/(Decrease) in Payables	(1,288.21)	2,505.55	1,217.34
Increase/(Decrease) in Interfund Payables	126.09		126.09
Increase/(Decrease) in Estimated Liability for Compensated Absences	(11,895.84)	4,290.51	(7,605.33)
(Increase)/Decrease in Pension Expense	(23,872.77)	(19,139.14)	(43,011.91)
Net Cash Provided (Used) by Operating Activities	<u>\$ 200,926.51</u>	<u>\$ 512,951.78</u>	<u>\$ 713,878.29</u>

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

***Statement of Fiduciary Net Position***  
***September 30, 2019***

	<b>Private-Purpose Trust Funds</b>	<b>Agency Funds</b>
<b><u>Assets</u></b>		
Cash	\$ 1,178,178.09	\$ 33,394.55
Receivables (Note 4)	101,142.62	1,401,463.63
Total Assets	<u>1,279,320.71</u>	<u>1,434,858.18</u>
<b><u>Liabilities</u></b>		
Payables (Note 9)	13,321.45	1,434,858.18
Total Liabilities	<u>13,321.45</u>	<u>\$ 1,434,858.18</u>
<b><u>Net Position</u></b>		
Held in Trust for Individuals, Organizations and Other Governments	1,265,999.26	
Total Net Position	<u>\$ 1,265,999.26</u>	

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, 2019***

	<b>Private-Purpose Trust Funds</b>
<b><u>Additions</u></b>	
Contributions from:	
Intergovernmental	\$ 471,966.00
Charges For Services	522,421.54
Miscellaneous	426,462.42
Total Additions	<u>1,420,849.96</u>
<b><u>Deductions</u></b>	
Administrative Expenses:	
General Government	864,968.89
Public Safety	335,615.99
Education	154,421.53
Total Deductions	<u>1,355,006.41</u>
Changes in Net Position	65,843.55
Net Position - Beginning of Year	<u>1,200,155.71</u>
Net Position - End of Year	<u><u>\$ 1,265,999.26</u></u>

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2019*

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#### **Note 1 – Summary of Significant Accounting Policies**

The financial statements of the Colbert 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 nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2019*

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#### **Fund Financial Statements**

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

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. The General Fund also accounts for the expenditures of special county property taxes for building and maintaining public buildings, roads, and bridges.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the expenditure of the seven-cent gasoline tax revenue and revenues from motor vehicle licenses and drivers' licenses for the construction, improvement, maintenance, and supervision of highways, bridges, and streets.
- ◆ **Reappraisal Fund** – This fund is used to account for the expenditure of property taxes and other revenues for the property reappraisal and appraisal update programs.

The Commission reports the following major enterprise funds:

- ◆ **County-Wide Water Fund** – This fund is used to account for the costs of providing water service to county residents.
- ◆ **Solid Waste Fund** – This fund is used to account for the cost of providing solid waste service to county residents.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2019*

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

#### **Governmental Fund Types**

- ◆ **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. 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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2019*

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As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are charges between the government's solid waste function and water 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 and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issued and acquisitions under capital leases are reported as other financing sources.

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

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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 includes cash on hand and demand deposits.

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

Investments, which consist only of certificates of deposit, are reported at cost.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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**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 were levied by the Commission in February 2015 and will remain in place unless altered by the County Commission pursuant to a change in tax rate by general law. 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 capital projects and amounts due from the state and local governments.

Receivables in the enterprise funds consist of amounts due from the Sheffield Utility Department for amounts billed for garbage and water service.

Receivables in the fiduciary funds consist of sales taxes receivable and TVA in lieu of taxes receivable.

**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.



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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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**4. 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
Buildings	\$ 50,000	40 years
Equipment and Furniture	\$ 5,000	5 – 10 years
System Infrastructure	\$100,000	25 years
Roads	\$250,000	20 years
Bridges	\$ 50,000	40 years

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

**5. Deferred Outflows of Resources**

Deferred outflows of resources are reported in the government-wide and proprietary funds 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.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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**6. 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.

In the fund financial statements, governmental fund types report the face amount of the debt as other financing sources.

**7. Compensated Absences**

The Commission has a standard leave policy for its full-time employees as to sick and annual leave. Commission employees earn annual leave according to the number of years they have worked for the Commission. Below is the scale for annual leave.

1-5 years	8 hours earned per month
5-10 years	10 hours earned per month
10-15 years	12 hours earned per month
15-20 years	14 hours earned per month
20-25 years	16 hours earned per month

**Annual Leave**

A maximum of 480 hours can be carried forward to annual leave. The Commission instituted a policy during the fiscal year 2004 and updated it during the fiscal year 2015 that enabled eligible employees to convert to cash a designated number of days according to a predetermined schedule. The employee must have been employed full-time a minimum of 13 months as of October 1 each calendar year. The employee must have a minimum of 12 days at the cut off day before the employee is eligible to convert annual leave days to cash. The employee must have taken a minimum of six annual leave days during the preceding fiscal year. The employee must have two days of annual leave left after conversion.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2019*

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#### Sick Leave

Each full-time Commission employee also earns one sick leave day per month. Before August 22, 1995, all unused sick leave is a benefit payable upon separation from the Commission for employees who give reasonable notice of intention to resign or said sick leave may be converted to retirement credit in lieu of receiving a payment for unused sick leave. All sick leave accumulated after August 22, 1995, cannot be paid upon separation from the Commission. There is a cap on allowed accumulated sick leave of 120 days. In June 2006, the Commission voted to allow employees hired before August 22, 1995, the option of cashing out their unused accumulated sick leave balances as of August 22, 1995, or at present, whichever is less.

The Commission uses the termination method to accrue its sick leave liability.

- ◆ **Termination Payment Method** – 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.

#### 8. Deferred Inflows of Resources

Deferred inflows of resources are reported in the government-wide and 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.

#### 9. 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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2019*

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- ◆ **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 governmental funds in the fund financial statements under the following five categories:

- ◆ **Nonspendable** – 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** – 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** – Committed fund balances consist of amounts that are subject to a purpose constraint 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** – Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorizes the 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** – 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.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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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 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.

**F. Postemployment Benefits Other Than Pensions (OPEB)**

For the purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the balances of the Commission's OPEB Plan have been determined on the same basis as they are reported by the Commission. For this purpose, the Commission's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

**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 for all governmental funds except the capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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

All of the Commission's investments were in certificates of deposit. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

**Notes to the Financial Statements**  
**For the Year Ended September 30, 2019**

**Note 4 – Receivables**

On September 30, 2019, receivables for the Commission’s individual major funds and other governmental funds and fiduciary funds in the aggregate are as follows:

	General Fund	Gasoline Tax Fund	Other Governmental Funds	Total
<u>Governmental Activities:</u>				
<u>Receivables:</u>				
Accounts Receivable	\$ 15,878.53	\$	\$	\$ 15,878.53
Due From External Parties	5,189.40			5,189.40
Due From Other Governments	412,488.74	136,498.44	241,698.39	790,685.57
Total Receivables	<u>\$433,556.67</u>	<u>\$136,498.44</u>	<u>\$241,698.39</u>	<u>\$811,753.50</u>

	County-Wide Water Fund	Solid Waste Fund	Total Enterprise Funds
<u>Business-Type Activities:</u>			
<u>Receivables:</u>			
Accounts Receivable	\$218,341.09	\$200,543.31	\$418,857.40
Total Receivables	<u>\$218,314.09</u>	<u>\$200,543.31</u>	<u>\$418,857.40</u>

	Private-Purpose Trust Funds	Agency Funds	Total Fiduciary Funds
<u>Fiduciary Funds:</u>			
<u>Receivables:</u>			
Sales Taxes Receivable	\$	\$ 900,373.41	\$ 900,373.41
Due From Other Governments	101,142.62	501,090.22	602,232.84
Total Receivables	<u>\$101,142.62</u>	<u>\$1,401,463.63</u>	<u>\$1,502,606.25</u>

## Notes to the Financial Statements

### For the Year Ended September 30, 2019

#### Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance 10/01/2018	Additions (*)	Deletions (*)	Balance 09/30/2019
<b>Governmental Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 760,749.25	\$	\$	\$ 760,749.25
Construction in Progress	119,291.30	285,088.29	(119,291.30)	285,088.29
Infrastructure	585,339.00		(585,339.00)	
Total Capital Assets, Not Being Depreciated	1,465,379.55	285,088.29	(704,630.30)	1,045,837.54
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	814,108.45	23,190.00		837,298.45
Infrastructure	28,331,813.98	585,339.00		28,917,152.98
Buildings and Building Improvements	11,821,962.29	580,793.21		12,402,755.50
Equipment, Vehicles and Furniture	7,866,724.23	932,461.49	(336,806.00)	8,462,379.72
Total Capital Assets Being Depreciated	48,834,608.95	2,121,783.70	(336,806.00)	50,619,586.65
<b>Less Accumulated Depreciation for:</b>				
Land Improvements	(128,456.21)	(19,986.21)		(148,442.42)
Infrastructure	(10,108,436.57)	(516,366.47)		(10,624,803.04)
Buildings and Building Improvements	(5,235,941.13)	(224,761.30)		(5,460,702.43)
Equipment, Vehicles and Furniture	(5,622,944.40)	(589,237.74)	(12,948.54)	(6,225,130.68)
Total Accumulated Depreciation	(21,095,778.31)	(1,350,351.72)	(12,948.54)	(22,459,078.57)
Total Capital Assets Being Depreciated, Net	27,738,830.64	771,431.98	(349,754.54)	28,160,508.08
Total Governmental Activities Capital Assets, Net	\$ 29,204,210.19	\$ 1,056,520.27	\$(1,054,384.84)	\$ 29,206,345.62
(*) Additions and Deletions columns include \$100,795.21 in donated assets and reclassifications of Construction in Progress and Infrastructure totaling \$704,630.30.				

	Balance 10/01/2018	Additions	Deletions	Balance 09/30/2019
<b>Business-Type Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 9,855.79	\$	\$	\$ 9,855.79
Total Capital Assets, Not Being Depreciated	9,855.79			9,855.79
<b>Capital Assets Being Depreciated:</b>				
Infrastructure	21,911,117.25			21,911,117.25
Buildings and Building Improvements	613,083.89			613,083.89
Equipment, Vehicles and Furniture	2,893,564.24	223,357.72	(132,264.50)	2,984,657.46
Total Capital Assets Being Depreciated	25,417,765.38	223,357.72	(132,264.50)	25,508,858.60
<b>Less Accumulated Depreciation for:</b>				
Infrastructure	(11,561,418.65)	(668,415.84)		(12,229,834.49)
Buildings and Building Improvements	(319,873.98)	(30,236.89)		(350,110.87)
Equipment, Vehicles and Furniture	(1,799,499.56)	(175,055.96)	126,684.55	(1,847,870.97)
Total Accumulated Depreciation	(13,680,792.19)	(873,708.69)	126,684.55	(14,427,816.33)
Total Capital Assets, Being Depreciated, Net	11,736,973.19	(650,350.97)	(5,579.95)	11,081,042.27
Total Business-Type Activities Capital Assets, Net	\$ 11,746,828.98	\$(650,350.97)	\$ (5,579.95)	\$ 11,090,898.06



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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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

	Current Year Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$ 159,915.90
Public Safety	335,413.85
Highways and Roads	789,159.99
Welfare	17,821.30
Culture and Recreation	25,975.86
Education	22,064.82
Total Depreciation Expense – Governmental Activities	<u>\$1,350,351.72</u>

	Current Year Depreciation Expense
<u>Business-Type Activities:</u>	
Solid Waste	\$138,776.05
Water	734,932.64
Total Depreciation Expense – Business-Type Activities	<u>\$873,708.69</u>

The Commission has the original courthouse clock from the bell tower that it does not capitalize. This item adheres to the Commission’s policy to (a) maintain the clock for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve the clock; and (c) to keep the clock with no intention to sell. Generally accepted accounting principles permit historical treasures maintained in this manner to be charged to operations at the time of purchase rather than capitalized.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2019*

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#### *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](http://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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2019*

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#### 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 serves approximately 909 local participating employers. The ERS membership includes approximately 90,999 participants. As of September 30, 2018, membership consisted of:

Retirees and beneficiaries currently receiving benefits	24,818
Terminated employees entitled to but not yet receiving benefits	1,426
Terminated employees not entitled to a benefit	7,854
Active Members	56,760
Post-DROP participants who are still in active service	141
Total	90,999

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*Notes to the Financial Statements*  
*For the Year Ended September 30, 2019*

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Contributions

Employees hired prior to January 1, 2013 (Tier 1 employees) must contribute 5% of their salary to the Employees' Retirement System, except law enforcement personnel who contribute 6%. Employees hired on or after that date (Tier 2 employees) will contribute on gross earnings at a rate of 6% except law enforcement who must contribute 7%. ERS local participating employers are not required by statute to increase contribution rates for their members.

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, 2019, the Commission's active employee contribution rate was 7.27% of covered payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 6.21% of covered payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2019, was 6.32% of pensionable pay for Tier 1 employees, and 5.94% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2016, 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 \$394,201.34 for the year ended September 30, 2019.

**Notes to the Financial Statements**  
**For the Year Ended September 30, 2019**

**B. Net Pension Liability**

The Commission's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2017, rolled forward to September 30, 2018, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll-Forward		
	Expected	Actual	Actual
(a) Total Pension Liability as of September 30, 2017	\$24,698,134	\$24,886,776	\$25,010,991
(b) Discount Rate	7.75%	7.75%	7.70%
(c) Entry Age Normal Cost for October 1, 2017 - September 30, 2018	474,513	474,513	478,712
(d) Transfers Among Employers		19,774	19,774
(e) Actual Benefit Payments and Refunds for October 1, 2017 - September 30, 2018	(1,513,642)	(1,513,642)	(1,513,642)
(f) Total Pension Liability as of September 30, 2018 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$25,514,457</u>	<u>\$25,737,492</u>	<u>\$25,863,407</u>
(g) Difference Between Expected and Actual		\$ (223,035)	
(h) Less Liability Transferred for Immediate Recognition		<u>19,774</u>	
(i) Experience (Gain)/Loss = (g) - (h)		<u>\$ (203,261)</u>	
(j) Difference between Actual at 7.70% and Actual at 7.75% [Assumption Change (Gain/Loss)] =			<u>\$125,915</u>

**Actuarial Assumptions**

The total pension liability in the September 30, 2018 valuation 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 (*)	7.70%
(*) Net of pension plan investment expense	

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2019*

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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 Disability 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, 2017 valuation was based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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%	

(\*) Geometric mean, includes 2.75% inflation.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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**Discount Rate**

The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. 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, 2017	\$24,698,134	\$20,141,660	\$ 4,556,474
Changes for the Year:			
Service Cost	474,513		474,513
Interest	1,855,452		1,855,452
Changes of assumptions	125,915		125,915
Differences Between Expected and Actual Experience	203,261		203,261
Contributions – Employer		464,988	(464,988)
Contributions – Employee		460,219	(460,219)
Net Investment Income		1,837,741	(1,837,741)
Benefit Payments, including Refunds of Employee Contributions	(1,513,642)	(1,513,642)	
Transfers among Employers	19,774	19,774	
Net Changes	1,165,273	1,269,090	(103,817)
Balances at September 30, 2018	\$25,863,407	\$21,410,750	\$ 4,452,657

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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**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 7.70%, 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 (6.70%) or 1-percentage point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Rate (7.70%)	1% Increase (8.70%)
Commission’s Net Pension Liability	\$7,224,842	\$4,452,657	\$2,100,338

**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, 2018. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2018. The auditor’s report dated August 17, 2019, 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](http://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, 2019, the Commission recognized pension expense of \$110,683.00. At September 30, 2019, 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	\$ 244,608	\$ 861,483
Changes of assumptions	428,701	
Net difference between projected and actual earnings on pension plan investments		699,000
Employer contributions subsequent to the measurement date	394,201	
Total	\$1,067,510	\$1,560,483



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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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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, 2020	\$ (88,890)
2021	\$(334,422)
2022	\$(279,175)
2023	\$(183,945)
2024	\$ (6,140)
Thereafter	\$ 5,398

**Note 7 – Other Postemployment Benefits (OPEB)**

**A. General Information about the OPEB Plan**

**Plan Description**

The Commission provides certain continuing health care benefits for its retired employees. The Commission’s OPEB Plan (the “OPEB Plan”) is a single employer defined benefit OPEB Plan administered by the Commission. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Commission. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria – Defined Benefit*.

**Benefits Provided**

Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by the Retirement System of Alabama and must meet the eligibility provisions adopted by resolution to receive retiree medical benefits. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called “Tier 1” members). Employees hired on and after January 1, 2013, (called “Tier 2” members) are eligible to retire only after attainment of age 62 and completion of 10 years of service.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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**Employees Covered by Benefit Terms**

At September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Active employees	184
Total	195

**B. Total OPEB Liability**

The Commission's total OPEB liability of \$1,612,539 as of the reporting date of September 30, 2019, was measured as of September 30, 2018, and was determined by an actuarial valuation as of September 30, 2018.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Real wage growth	0.25%
Wage inflation	3.00%
Salary increases, including wage inflation	3.25% - 5.00%
Municipal bond index rate:	
Prior measurement date	3.57%
Measurement date	4.18%
Healthcare cost trends:	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2022
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022

The Commission selected a Municipal Bond Index Rate equal to the 20-Bond average General Obligation 20-year Municipal Bond Rate published at the end of the last week during the month of September by The Bond Buyer, and the discount rate used to measure the total OPEB liability is the Municipal Bond Index Rate as of the measurement date.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2019*

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Mortality rates for active employees were based on the sex distinct RP-2000 Employee Mortality Table projected with Scale BB to 2020 with an adjustment factor of 70% for males and 50% for females. Postretirement mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table projected with Scale BB to 2020. An adjustment of 125% at all ages for males and 120% for females beginning at age 78 was made for service retirements and beneficiaries. An adjustment of 130% for females at all ages was made for disability retirements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2018 valuation were based on the results of an actuarial experience study for the period October 1, 2010 through September 30, 2015 and were submitted to and adopted by the Board of the Employees' Retirement Systems of Alabama on September 29, 2016.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2018 valuation were based on a review of recent plan experience done concurrently with the September 30, 2018, valuation.

#### **C. Changes in the Total OPEB Liability**

Balance at September 30, 2017	\$1,690,157
Changes for the year:	
Service cost at the end of the year (*)	94,120
Interest on the total OPEB liability and cash flows	59,084
Difference between expected and actual experience	(151,888)
Changes of assumptions or other inputs	(8,026))
Benefit payments	(70,908)
Net Changes	(77,618)
Balance at September 30, 2018	\$1,612,539
(*) The service cost includes interest for the year.	

**Notes to the Financial Statements**  
**For the Year Ended September 30, 2019**

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Commission, determined using the discount rate of 4.18%, as well as what the total OPEB liability would be if it were determined using a discount rate that is 1-percentage point lower (3.18%) or 1-percentage point higher (5.18%) than the current discount rate:

	1.0% Decrease (3.18%)	Current (4.18%)	1.0% Increase (5.18%)
Total OPEB Liability	\$1,789,902	\$1,612,539	\$1,454,516

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the Commission, determined using current health care cost trend rates, as well as what the total OPEB liability would be if it were determined using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1.0% Decrease	Current	1.0% Increase
Total OPEB Liability	\$1,409,930	\$1,612,539	\$1,856,976

**D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2019, the Commission recognized OPEB expense of \$118,908. At September 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$2,291	\$132,340
Changes in assumptions		86,885
Total	\$2,291	\$219,225

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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

Years Ending	
September 30, 2019	\$(34,296)
2020	\$(34,296)
2021	\$(34,296)
2022	\$(34,296)
2023	\$(34,296)
Thereafter	\$(44,794)

**Note 8 – Contingent Liabilities**

Under the provisions of Act Number 79-357, Acts of Alabama, a sheriff is eligible to become a supernumerary sheriff upon retirement after sixteen (16) years of service credit as a law enforcement officer, twelve (12) of which have been as a sheriff, and who has attained the age of fifty-five (55) years. The Colbert County Sheriff, who has elected to participate in this retirement plan, makes monthly contributions out of his salary as required by law. The Commission has a responsibility to properly manage these funds in order to provide the necessary monthly payments to the Sheriff when he retires. Should the Sheriff decide to withdraw from the plan for whatever reason, the Commission is obligated to refund the Sheriff's total contribution which at September 30, 2019 amounted to \$16,038.88.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

**Note 9 – Payables**

On September 30, 2019, payables for the Commission’s individual major funds, other governmental funds, and fiduciary funds, in the aggregate, are as follows:

	Vendors	Due To Other Governments	Due To External Parties	Total Payables
<b><u>Governmental Activities:</u></b>				
General Fund	\$ 6,449.76	\$ 3,555.00	\$ 822.32	\$ 10,827.08
Gasoline Tax Fund	152.00	134.08		286.08
Reappraisal Fund	76.71			76.71
Other Governmental Funds	3,318.04			3,318.04
<b>Total Governmental Activities</b>	<b>9,996.51</b>	<b>3,689.08</b>	<b>822.32</b>	<b>14,507.91</b>
<b><u>Business-Type Activities:</u></b>				
County-Wide Water Fund		4,768.35		4,768.35
Solid Waste Fund	18,343.22	26,917.87		45,261.09
<b>Total Business-Type Activities</b>	<b>18,343.22</b>	<b>31,686.22</b>		<b>50,029.44</b>
<b><u>Fiduciary Funds:</u></b>				
Private-Purpose Trust Funds	13,321.45			13,321.45
Agency Funds		1,408,788.75	26,069.43	1,434,858.18
<b>Total Fiduciary Funds</b>	<b>\$13,321.45</b>	<b>\$1,408,788.75</b>	<b>\$26,069.43</b>	<b>\$1,448,179.63</b>

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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**Note 10 – Lease Obligations**

**Capital Leases**

On April 22, 2016, the Commission executed a lease agreement with Bank of America with proceeds from the issuance in the amount of \$2,275,774.00. The lease was executed in order to perform various energy efficiency improvements. If the Commission completes the lease payments according to the schedule below, which is the stated intent of the Commission, ownership of the leased equipment will pass to the Commission. The following is a schedule of future minimum lease payments under capital lease, together with the net present value of the minimum lease payments as of September 30, 2019

Fiscal Year Ending	Governmental Activities
September 30, 2020	\$ 170,088.26
2021	173,019.66
2022	176,038.60
2023	179,147.08
2024	182,351.27
2025-2029	963,273.60
2030-2032	514,150.85
Total Minimum Lease Payments	2,358,069.32
Less: Amount Representing Interest	330,963.48
Present Value of Net Minimum Lease Payments	<u>\$2,027,105.84</u>

**Note 11 – Long-Term Debt**

The Commission issues General Obligation Warrants to provide funds for the acquisition and construction of major capital facilities.

In July 2010, General Obligation Warrants with interest rates ranging from 2.00 to 3.60 percent were issued to provide funds for the refunding of the Series 2001 General Obligation Warrants, and to pay the expenses of issuing the Series 2010 Warrants. The Series 2010 Warrants constitute general obligations of the County. Bond covenants provide for the creation of a special fund (the “Warrant Fund”) to provide for the payment of the principal and interest on the Series 2010 Warrants.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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In January 2015, the Commission issued General Obligation Warrants, Series 2015, in the amount of \$3,750,000.00 to refund the Water Revenue Warrant, Series 2005 and to acquire, construct and install new water tanks and pumping stations.

In April 2016, the Commission entered into an Equipment Lease/Purchase agreement of \$2,275,774.00. The proceeds are to be used for various energy efficiency improvements.

On June 6, 2017, the Commission adopted a resolution authorizing the issuance of State Gasoline Tax Anticipation Warrant, Series 2017. The Warrant was issued in a manner to allow the Commission to draw down in an amount up to \$850,000.00. As of September 30, 2019, the Commission had drawn down \$819,174.26 for the purpose of equipment purchases.

On August 27, 2019 the Commission issued State Gasoline Tax Anticipation Warrants, Series 2019 in the amount of \$4,000,000.00 in order to make improvements and repairs to roads and bridges. The total amount of the Warrants was received by the Commission in six increments. As of September 30, 2019, the Commission had received \$1,315,833.34 of the total amount.



**Notes to the Financial Statements**  
**For the Year Ended September 30, 2019**

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2019:

	Debt Outstanding 10/01/2018	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2019	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Refunding Warrants, Series 2010	\$ 980,000.00	\$	\$(315,000.00)	\$ 665,000.00	\$ 325,000.00
State Gasoline Tax Anticipation Warrant (Seven-Cent Gasoline Tax), Series 2017	701,801.68		(107,397.32)	594,404.36	111,202.12
State Gasoline Tax Anticipation Warrant, Series 2019		1,315,833.34		1,315,833.34	775,000.00
Sub-Total	1,681,801.68	1,315,833.34	(422,397.32)	2,575,237.70	1,211,202.12
Capital Lease	2,144,966.84		(117,861.00)	2,027,105.84	123,526.07
Estimated Liability for Compensated Absences	504,298.57		(13,624.32)	490,674.25	69,133.57
Other Postemployment Benefit Obligation	1,406,041.61		(64,570.41)	1,341,471.20	
Net Pension Liability	3,790,530.72		(86,365.36)	3,704,165.36	
Total Governmental Activities Long-Term Liabilities	9,527,639.42	1,315,833.34	(704,818.41)	10,138,654.35	1,403,861.76
<b>Business-Type Activities:</b>					
General Obligation Warrants, Series 2015	3,485,000.00		(95,000.00)	3,390,000.00	95,000.00
Estimated Liability for Compensated Absences	96,883.57		(7,605.33)	89,278.24	15,354.60
Other Postemployment Benefit Obligations	284,115.39		(13,047.59)	271,067.80	
Net Pension Liability	765,943.29		(17,451.64)	748,491.65	
Total Business-Type Activities Long-Term Liabilities	\$4,631,942.25	\$	\$(133,104.56)	\$ 4,498,837.69	\$ 110,354.60

Payments on the warrants payable that pertain to the Commission's governmental activities are made by the General Fund and the Gasoline Tax Fund.

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. In the past, approximately 80% has been paid by the General Fund and 20% by the Gasoline Tax Fund.

The warrants payable that pertain to the Commission's business-type activities are paid by the County-Wide Water Fund and the Solid Waste Fund.

**Notes to the Financial Statements**  
**For the Year Ended September 30, 2019**

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

Fiscal Year Ending	Governmental Activities			
	General Obligation Refunding Warrants, Series 2010		State Gasoline Tax Anticipation Warrant (Seven-Cent Gasoline Tax), Series 2017	
	Principal	Interest	Principal	Interest
September 30, 2020	\$325,000.00	\$23,615.00	\$111,202.12	\$19,629.89
2021	340,000.00	12,240.00	114,920.08	15,911.99
2022			368,282.16	12,125.21
2023				
2024				
2025-2029				
2030-2032				
<b>Total</b>	<b>\$665,000.00</b>	<b>\$35,855.00</b>	<b>\$594,404.36</b>	<b>\$47,667.09</b>

Fiscal Year Ending	Business-Type Activities		Total Principal and Interest Requirements to Maturity
	General Obligation Warrants, Series 2015		
	Principal	Interest	
September 30, 2020	\$ 95,000.00	\$ 100,320.00	\$ 195,320.00
2021	100,000.00	98,307.50	198,307.50
2022	95,000.00	96,235.63	191,235.63
2023	100,000.00	94,163.76	194,163.76
2024	100,000.00	92,038.76	192,038.76
2025-2029	535,000.00	424,445.63	959,445.63
2030-2034	595,000.00	350,670.00	945,670.00
2035-2039	725,000.00	247,725.00	972,725.00
2040-2044	855,000.00	110,162.50	965,162.50
2045	190,000.00	3,325.03	193,325.03
<b>Total</b>	<b>\$3,390,000.00</b>	<b>\$1,617,393.81</b>	<b>\$5,007,393.81</b>

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

Governmental Activities				
State Gasoline Tax Anticipation Warrant, Series 2019		Capital Lease		Total Principal and Interest Requirements to Maturity
Principal	Interest	Principal	Interest	
\$ 775,000.00	\$126,000.00	\$ 123,526.07	\$ 46,562.19	\$ 1,550,535.27
540,833.34	101,588.00	129,411.69	43,607.97	1,298,513.07
		135,525.16	40,513.44	556,445.97
		141,873.89	37,273.19	179,147.08
		148,469.67	33,881.60	182,351.27
		850,457.27	112,816.33	963,273.60
		497,842.09	16,308.76	514,150.85
<b>\$1,315,833.34</b>	<b>\$227,588.00</b>	<b>\$2,027,105.84</b>	<b>\$330,963.48</b>	<b>\$5,244,417.11</b>

**Pledged Revenues**

The Colbert County Commission issued the Series 2017 State Gasoline Tax Anticipation Warrants in June 2017 for the purpose of improving roads and bridges and purchasing equipment. The Commission pledged to repay the warrants from the proceeds for the revenues received for seven cent gasoline tax. Future revenues of \$642,071.45 are pledged to repay the principal and interest on the warrants as of September 30, 2019. Proceeds from the seven-cent gasoline tax in the amount of \$1,192,853.04 were received by the Commission during the fiscal year ended September 30, 2019. These funds were used to pay principal and interest on the warrants of \$130,832.07. The 2017 warrants will mature in fiscal year 2022.

The Colbert County Commission issued the Series 2019 State Gasoline Tax Anticipation Warrants in August 2019 for the purpose of improving roads and bridge. The Commission pledged to repay the warrants from the proceeds for the revenues received for ten cent gasoline tax. Future revenues of \$1,543,421.34 are pledged to repay the principal and interest on the warrants as of September 30, 2019. There were no proceeds received from the ten cent gasoline tax by the Commission during the fiscal year ended September 30, 2019. There were no funds used to pay principal and interest on the warrants during the fiscal year ended September 30, 2019. The 2019 warrants will mature in fiscal year 2021.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2019*

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#### *Note 12 – Risk Management*

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through the Association of County Commissions of Alabama (ACCA) Liability Self Insurance Fund, a public entity risk pool. The Fund is self-sustaining through member contributions. The Commission pays an annual premium based on the Commission's individual claims experience and the experience of the Fund as a whole. Coverage is provided up to \$1,000,000 per claim for a maximum total coverage of \$3,000,000 and unlimited defense costs. Employment-related practices damage protection is limited to \$1,000,000 per incident with a \$5,000 deductible and unlimited defense costs. County specific coverages and limits can be added by endorsement.

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

The Commission purchases commercial insurance for its other risks of loss, including property and casualty insurance. The Commission purchases full coverage insurance on all county vehicles, except for the highway department, the water department, and passenger vehicles that are 5 years old, with a \$1,000.00 to \$2,000.00 deductible. 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.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

**Note 13 – Interfund Transactions**

**Due To/From Other Funds**

The amounts due to/from other funds at September 30, 2019, were as follows:

	Due From Other Funds Gasoline Tax Fund	Totals
<b>Due To Other Funds:</b>		
County-Wide Water Fund	\$4,004.02	\$4,004.02
<b>Totals</b>	<b>\$4,004.02</b>	<b>\$4,004.02</b>

**Interfund Transfers**

The amounts of interfund transfers during the fiscal year ended September 30, 2019, were as follows:

	Transfers In			Totals
	Gasoline Tax Fund	Other Governmental Funds	County-Wide Water Fund	
<b>Transfers Out:</b>				
General Fund	\$264,713.35	\$523,556.62	\$10,528.42	\$ 798,798.39
Gasoline Tax Fund		135,755.40		135,755.40
Other Governmental Funds	142,473.19	81,044.98		223,518.17
<b>Totals</b>	<b>\$407,186.54</b>	<b>\$740,357.00</b>	<b>\$10,528.42</b>	<b>\$1,158,071.96</b>

The Commission typically used transfers to fund capital projects and fund debt service payments.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2019***

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**Note 14 – Related Organizations**

A majority of the members of the Board of Helen Keller Hospital and Colbert County E911 are appointed by the Colbert County Commission. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship, for the agencies and the agencies are not considered part of the Commission's financial reporting entity. The agencies are considered related organizations of the County Commission.

**Note 15 – Subsequent Events**

Subsequent to September 30, 2019, the Commission received the remaining portion of the \$4,000,000.00 Gasoline Tax Anticipation Warrants, Series 2019. As of September 30, 2019, the Commission had received \$1,315,833.34.

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 an impact on the Colbert County Commission's revenues. Colbert County Commission gas tax revenues decreased by \$161,640.25 in fiscal year 2020 as compared to the previous fiscal year. As expected, the Colbert County Commission incurred a significant increase in costs associated with the aftermath of COVID-19. The Colbert County Commission was reimbursed, \$278,439.21, through the Coronavirus Relief Fund of the federal government during fiscal years 2020 and 2021. The Colbert County Commission's fiscal year 2021 budget, as approved by the county commission, provided for several changes 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 Colbert County Commission anticipates that its financial operations will require assistance from further programs of the federal government.

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*Required Supplementary Information*

***Schedule of Changes in the Employer's Net Pension Liability  
For the Year Ended September 30, 2019***

	2018	2017	2016	2015	2014
<b><u>Total Pension Liability</u></b>					
Service cost	\$ 474,513	\$ 462,093	\$ 464,174	\$ 471,050	\$ 465,903
Interest	1,855,452	1,888,312	1,851,097	1,789,734	1,728,170
Difference between expected and actual experience	203,261	(1,262,173)	61,356	133,532	
Changes of assumptions	125,915		626,641		
Transfers among employers	19,774	100,703	(23,034)		
Benefit payments, including refunds of employee contributions	(1,513,642)	(1,712,242)	(1,795,004)	(1,459,559)	(1,389,476)
Net change in total pension liability	1,165,273	(523,307)	1,185,230	934,757	804,597
Total pension liability - beginning	24,698,134	25,221,441	24,036,211	23,101,454	22,296,857
Total pension liability - ending (a)	\$ 25,863,407	\$ 24,698,134	\$ 25,221,441	\$ 24,036,211	\$ 23,101,454
<b><u>Plan fiduciary net position</u></b>					
Contributions - employer	\$ 464,998	\$ 510,923	\$ 553,756	\$ 559,187	\$ 555,379
Contributions - employee	460,219	316,360	307,238	303,087	303,841
Net investment income	1,837,741	2,330,729	1,762,949	211,788	1,968,944
Benefit payments, including refunds of employee contributions	(1,513,642)	(1,712,242)	(1,795,004)	(1,459,559)	(1,389,476)
Other (Transfers among employers)	19,774	100,703	(23,034)	48,962	24,385
Net change in plan fiduciary net position	1,269,090	1,546,473	805,905	(336,535)	1,463,073
Plan fiduciary net position - beginning	20,141,660	18,595,187	17,789,282	18,125,817	16,662,744
Plan fiduciary net position - ending (b)	\$ 21,410,750	\$ 20,141,660	\$ 18,595,187	\$ 17,789,282	\$ 18,125,817
Commission's net pension liability - ending (a) - (b)	\$ 4,452,657	\$ 4,556,474	\$ 6,626,254	\$ 6,246,929	\$ 4,975,637
Plan fiduciary net position liability as a percentage of the total pension liability	82.78%	81.55%	73.73%	74.01%	78.46%
Covered payroll (*)	\$ 6,269,365	\$ 5,888,669	\$ 5,780,520	\$ 5,747,723	\$ 5,825,498
Commission's net pension liability as a percentage of payroll	71.02%	77.38%	114.63%	108.69%	85.41%

(\*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2019, the measurement period is October 1, 2017 through September 30, 2018. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with 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, 2019***

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 394,201	\$ 464,998	\$ 510,923	\$ 553,756	\$ 559,187	\$ 555,379
Contributions in relation to the actuarially determined contribution (*)	\$ 394,201	\$ 464,998	\$ 510,923	\$ 553,756	\$ 559,187	\$ 555,379
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 6,346,424	\$ 6,269,365	\$ 5,888,669	\$ 5,780,520	\$ 5,747,723	\$ 5,825,498
Contributions as a percentage of covered payroll	6.21%	7.42%	8.68%	9.58%	9.73%	9.53%

(\*) 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 Employer's Contributions is based on the 12 month period of the underlying financial statement.

(\*\*) Employer's covered payroll for fiscal year 2019 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 2019 were based on the September 30, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	29.1 years
Asset valuation method	Five year smoothed market
Inflation	2.875%
Salary increases	3.375 - 5.125%, including inflation
Investment rate of return	7.875%, 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 Changes in the Employer's Net  
Other Postemployment Benefits (OPEB) Liability  
For the Year Ended September 30, 2019***

	2018	2017
<b><u>Total OPEB Liability</u></b>		
Service cost	\$ 94,120	\$ 103,536
Interest	59,084	49,148
Differences between expected and actual experience	(151,888)	4,003
Changes of assumptions	(8,026)	(108,374)
Benefit payments	(70,908)	(70,638)
Net change in total OPEB liability	(77,618)	(22,325)
Total OPEB Liability - Beginning	1,690,157	1,712,482
Total OPEB Liability - Ending	<u>\$ 1,612,539</u>	<u>\$ 1,690,157</u>
Covered-employee payroll	\$ 6,321,568	\$ 5,760,667
Total OPEB liability as a percentage of covered-employee payroll	25.51%	29.34%

**Notes to Schedule**

**Benefit Changes** There were no changes of benefit terms for the year ended September 30, 2019.

**Changes in assumptions** The discount rate as of September 30, 2017, was 3.57% and it changed to 4.18% as of September 30, 2018.

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 -  
Other Postemployment Benefits (OPEB)  
For the Year Ended September 30, 2019***

	2019	2018
Actuarially determined contribution (*)	\$ 120,423	\$ 70,638
Contributions in relation to the actuarially determined contribution	\$ 120,423	\$ 70,638
Contribution deficiency (excess)	\$	\$
Covered-employee payroll	\$ 6,346,424	\$ 6,269,365
Contributions as a percentage of covered-employee payroll	1.90%	1.13%

(\*) Per the actuary report, there were no actuarial determined contributions. Additionally, these are no minimum required employer contributions other than the premium charged to the employer by the Local Government Health Insurance Plan.

**Notes to Schedule**

Valuation date: October 1, 2019

Actuarially determined contribution rates are calculated as of September 30, of the last day of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar
Asset Valuation Method	Market Value
Inflation	2.75% annually
Healthcare Cost Trend Rates:	
Pre-Medicare Medical and Prescription Drug	7.25% initially, decreasing to an ultimate rate of 4.75%
Medicare Medical and Prescription Drug	5.38% initially, decreasing to an ultimate rate of 4.75%
Salary Increases	3.25%-5.00%, including wage inflation
Discount Rate	4.18% per annum, compounded annually
Retirement Age	25 years of service at any age or attainment of age 60 and 10 years of service; employees hired on and after January 1, 2013 are not eligible to retire until age 62 with 10 years of service.
Mortality:	
Deaths before retirement	RP-2000 employee base rates projected to 2020 using Scale BB. Rates are adjusted 70% for males and 50% for females.
Deaths after retirement	RP-2000 Blue Collar base rates projected to 2020 using Scale BB. Rates are adjusted by 125% for males at all ages and 120% for females at ages on and after age 78.
Deaths after retirement (disabled)	RP-2000 Disabled Retiree base rates projected to 2020 using Scale BB. Rates are adjusted by 130% for females at all ages.

This schedule is intended to show information for 10 years. Additional years should 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, 2019***

	Budgeted Amounts		Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final				
<b>Revenues</b>						
Taxes	\$ 4,947,915.00	\$ 4,947,915.00	\$ 4,828,651.14	(1)	\$ 1,255,808.77	\$ 6,084,459.91
Licenses and Permits	187,000.00	187,000.00	185,029.30	(1)	19,773.80	204,803.10
Intergovernmental	1,645,602.00	1,645,602.00	1,784,832.41			1,784,832.41
Charges for Services	1,345,400.00	1,345,400.00	1,525,040.01			1,525,040.01
Miscellaneous	1,356,942.00	1,356,942.00	534,677.50	(1)	6,990.37	541,667.87
Total Revenues	9,482,859.00	9,482,859.00	8,858,230.36		1,282,572.94	10,140,803.30
<b>Expenditures</b>						
Current:						
General Government	4,435,149.00	4,435,149.00	3,639,297.61	(2)	11,525.00	3,650,822.61
Public Safety	5,322,795.00	5,322,795.00	4,269,458.93	(2)	48,000.00	4,317,458.93
Health	153,366.00	153,366.00	160,833.04	(2)	25,000.00	185,833.04
Welfare	236,237.00	236,237.00	215,312.45	(2)	4,969.70	220,282.15
Culture and Recreation	235,760.00	235,760.00	192,270.07	(2)	12,500.00	204,770.07
Education	218,711.00	218,711.00	206,902.71	(2)	55,475.00	262,377.71
Capital Outlay			118,221.92			118,221.92
Total Expenditures	10,602,018.00	10,602,018.00	8,802,296.73		157,469.70	8,959,766.43
Excess (Deficiency) of Revenues Over Expenditures	(1,119,159.00)	(1,119,159.00)	55,933.63		1,125,103.24	1,181,036.87
<b>Other Financing Sources (Uses)</b>						
Transfers In	1,060,659.00	1,060,659.00	1,080,659.00	(3)	(1,080,659.00)	
Proceeds From Sale of Assets	1,500.00	1,500.00				
Transfers Out			(788,269.97)		(10,528.42)	(798,798.39)
Total Other Financing Sources (Uses)	1,062,159.00	1,062,159.00	292,389.03		(1,091,187.42)	(798,798.39)
Net Changes in Fund Balances	(57,000.00)	(57,000.00)	348,322.66		33,915.82	382,238.48
Fund Balances - Beginning of Year	57,000.00	57,000.00	4,023,967.51	(4)	1,186,932.98	5,210,900.49
Fund Balances - End of Year	\$	\$	\$ 4,372,290.17		\$ 1,220,848.80	\$ 5,593,138.97

***Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General Fund  
For the Year Ended September 30, 2019***

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

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

(1) Revenues		
Public Roads, Buildings and Bridges Fund	\$ 1,281,388.64	
Warrant Fund	<u>1,184.30</u>	\$ 1,282,572.94
(2) Expenditures		
Public Roads, Buildings and Bridges Fund	<u>\$ 157,469.70</u>	(157,469.70)
(3) Other Financing Sources/(Uses), Net		
Public Roads, Buildings and Bridges Fund	\$ (1,080,659.00)	
Warrant Fund	<u>(10,528.42)</u>	<u>(1,091,187.42)</u>
Net Increase in Fund Balance - Budget to GAAP		<u>\$ 33,915.82</u>

- (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, 2019***

	Budgeted Amounts		Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final				
<b>Revenues</b>						
Licenses and Permits	\$	\$	\$	(1)	\$ 11,090.80	\$ 11,090.80
Intergovernmental	1,951,010.00	1,951,010.00	1,894,617.76	(1)	191,049.81	2,085,667.57
Charges for Services	141,366.00	141,366.00	874,654.48			874,654.48
Miscellaneous	911,840.00	911,840.00	92,964.27	(1)	63.67	93,027.94
Total Revenues	3,004,216.00	3,004,216.00	2,862,236.51		202,204.28	3,064,440.79
<b>Expenditures</b>						
Current:						
Highways and Roads	3,469,216.00	3,469,216.00	3,764,591.53			3,764,591.53
Capital Outlay			665,429.73			665,429.73
Total Expenditures	3,469,216.00	3,469,216.00	4,430,021.26			4,430,021.26
Excess (Deficiency) of Revenues Over Expenditures	(465,000.00)	(465,000.00)	(1,567,784.75)		202,204.28	(1,365,580.47)
<b>Other Financing Sources (Uses)</b>						
Transfers In	465,000.00	465,000.00	608,306.66	(2)	(201,120.12)	407,186.54
Proceeds From Sale of Assets			306,125.00			306,125.00
Proceeds From Issuance of Debt			1,315,833.34			1,315,833.34
Transfers Out			(135,755.40)			(135,755.40)
Total Other Financing Sources (Uses)	465,000.00	465,000.00	2,094,509.60		(201,120.12)	1,893,389.48
Net Changes in Fund Balances			526,724.85		1,084.16	527,809.01
Fund Balances - Beginning of Year			739,304.82	(3)	64,992.61	804,297.43
Fund Balances - End of Year	\$	\$	\$ 1,266,029.67		\$ 66,076.77	\$ 1,332,106.44

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - Gasoline Tax Fund***  
***For the Year Ended September 30, 2019***

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

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

(1) Revenues		
Public Highway and Traffic Fund	\$	202,204.28
(2) Other Financing Sources/(Uses), Net		
Public Highway and Traffic Fund		<u>(201,120.12)</u>
Net Increase in Fund Balance - Budget to GAAP	\$	<u>1,084.16</u>

(3) 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 - Reappraisal Fund  
For the Year Ended September 30, 2019***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
<b>Revenues</b>					
Taxes	\$ 1,208,610.00	\$ 1,208,610.00	\$ 873,822.12	\$	\$ 873,822.12
Miscellaneous			38,274.77		38,274.77
Total Revenues	1,208,610.00	1,208,610.00	912,096.89		912,096.89
<b>Expenditures</b>					
Current:					
General Government	1,208,610.00	1,208,610.00	912,096.89		912,096.89
Total Expenditures	1,208,610.00	1,208,610.00	912,096.89		912,096.89
Excess (Deficiency) of Revenues Over Expenditures					
Fund Balances - Beginning of Year					
Fund Balances - End of Year	\$	\$	\$	\$	\$



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## *Additional Information*

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***Commission Members and Administrative Personnel***  
***October 1, 2018 through September 30, 2019***

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<b>Commission Members</b>		<b>Term Expires</b>
Hon. Darol Bendall	Member	2020
Hon. Charles Hovater (1)	Chairman/Member	2020
Hon. Jimmy Gardiner	Chairman/Member	2020
Hon. Tori Bailey (4)	Member	2020
Hon. Tommy Barnes (2)	Member	2020
Hon. David Black (3)	Chairman/Member	2020
Hon. William Smith	Member	2018

**Administrative Personnel**

Roger Creekmore (7)	County Administrator	Appointed
Kathy Polk (5)	Former Administrator	Appointed
Mike Melton (6)	Interim Administrator	Appointed

- (1) Mr. Charles Hovater served as Chairman from March 16, 2018 through November 15, 2018.
- (2) Mr. Tommy Barnes served as Chairman from November 16, 2018 through July 15, 2019.
- (3) Mr. David Black served as Chairman from July 16, 2019 through March 17, 2020.
- (4) Ms. Tori Bailey was appointed during a special election and replaced Mr. William Smith on November 14, 2018.
- (5) Mrs. Kathy Polk retired February 28, 2019.
- (6) Mr. Mike Melton was appointed as Interim Administrator from March 1, 2019 through May 5, 2019.
- (7) Mr. Roger Creekmore was appointed as Administrator on May 6, 2019.

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

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**Independent Auditor's Report**

Members of the Colbert County Commission and County Administrator  
Tuscumbia, 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 Colbert County Commission, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Colbert County Commission's basic financial statements, and have issued our report thereon dated September 15, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Colbert 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 Colbert County Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Colbert 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 a 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.

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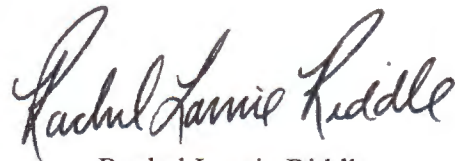
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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Colbert 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  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

September 15, 2021