



# Alabama Department of Examiners of Public Accounts

## *Report on the* **Bullock County Commission** **Bullock County, Alabama**

October 1, 2019 through September 30, 2020

Filed: July 26, 2024

AUDEMUS JURA NOSTRA DEFENDERE  
ALABAMA STATE HOUSE

*Rachel Laurie Riddle, Chief Examiner*





Rachel Laurie Riddle  
*Chief Examiner*

**State of Alabama**  
Department of  
**Examiners of Public Accounts**

P.O. Box 302251, Montgomery, AL 36130-2251  
401 Adams Avenue, Suite 280  
Montgomery, Alabama 36104-4338  
Telephone (334) 242-9200  
FAX (334) 242-1775

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

Dear Madam:

An audit was conducted on the Bullock County Commission, Bullock County, Alabama, for the period October 1, 2019 through September 30, 2020, by Examiners Jennifer Anderson, Larcus Fuller and Kathy Roberts. I, Larcus Fuller, 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,

A handwritten signature in blue ink that reads "Larcus A. Fuller, Jr.".

Larcus A. Fuller, Jr.  
Examiner of Public Accounts

rb



---

---

## *Table of Contents*

---

---

	<i>Page</i>
<b>Summary</b>	A
Contains items pertaining to state and local legal compliance, Commission operations and other matters.	
<b>Independent Auditor's Report</b>	C
Reports on whether the financial information constitutes a fair presentation of the financial position and results of financial operations in accordance with generally accepted accounting principles (GAAP).	
<b><u>Basic Financial Statements</u></b>	1
Provides the minimum combination of financial statements and notes to the financial statements that is required for the fair presentation of the Commission's financial position and results of operations in accordance with GAAP.	
Exhibit #1     Statement of Net Position	2
Exhibit #2     Statement of Activities	4
Exhibit #3     Balance Sheet – Governmental Funds	5
Exhibit #4     Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Exhibit #5     Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Exhibit #6     Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Exhibit #7     Statement of Net Position – Proprietary Fund	9
Exhibit #8     Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	10
Exhibit #9     Statement of Cash Flows – Proprietary Fund	11
Exhibit #10    Statement of Fiduciary Net Position	12
Exhibit #11    Statement of Changes in Fiduciary Net Position	13



---

---

## *Table of Contents*

---

---

	<i>Page</i>
<b>Notes to the Financial Statements</b>	14
<b><u>Required Supplementary Information</u></b>	42
<p>Provides information required by the Governmental Accounting Standards Board (GASB) to supplement the basic financial statements. This information has not been audited and no opinion is provided about the information.</p>	
Exhibit #12    Schedule of Changes in the Employer’s Net Pension Liability	43
Exhibit #13    Schedule of the Employer’s Contributions – Pension	44
Exhibit #14    Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	45
Exhibit #15    Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Gasoline Tax Fund	47
Exhibit #16    Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – RRR Gasoline Tax Fund	48
Exhibit #17    Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Bullock County Development Authority Fund	49
Exhibit #18    Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Improvement Fund	50
Exhibit #19    Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Reappraisal Fund	51



---

---

## *Table of Contents*

---

---

	<i>Page</i>
<b><u>Additional Information</u></b>	52
Provides basic information related to the Commission, including reports and items required by generally accepted government auditing standards.	
Exhibit #20 <b>Commission Members and Administrative Personnel</b> – a listing of the Commission members and administrative personnel.	53
Exhibit #21 <b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b> – a report on internal controls related to the financial statements and on whether the Commission complied with laws and regulations which could have a direct and material effect on the Commission’s financial statements.	54
Exhibit #22 <b>Auditee Response</b> – a response by the Commission on the results of the audit.	62

---





Department of  
**Examiners of Public Accounts**

**SUMMARY**

**Bullock County Commission  
October 1, 2019 through September 30, 2020**

The Bullock County Commission (the “Commission”) is governed by a five-member body consisting of four district commissioners and a commission chairman elected by the citizens of Bullock County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 20. 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 Bullock County.

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

An unmodified opinion was issued on the basic financial statements, which means that the Commission’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2020.

Financial statements for the fiscal year ending September 30, 2020 were not prepared by management until July 26, 2022. The Commission’s failure to prepare timely financial statements may impact the relevance of the financial information presented to users of the financial statements.

### **AUDIT FINDINGS**

Problems were found with the Commission's internal controls over financial reporting as shown on Exhibit 21 and they are summarized below.

- ◆ 2020-001: The Commission did not properly record unearned revenues.
- ◆ 2020-002: The Commission did not correctly report beginning fund balances.
- ◆ 2020-003: The Commission did not recognize all revenues in its financial statements.
- ◆ 2020-004: The Commission did not accurately present all major funds in the fund level financial statements.
- ◆ 2020-005: The Commission did not accurately or consistently present revenues in the government-wide Statement of Activities.
- ◆ 2020-006: The Commission did not retain adequate supporting documentation for its expenditures. This finding was previously reported as Finding 2010-005 and Finding 2019-004.

### **EXIT CONFERENCE**

Commission members and administrative personnel, as reflected on Exhibit 20, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Patrick D. Smith, County Administrator; Chairman Alonza B. Ellis, Jr, and Commissioners Don C. Larkins and John L. Adams. Representing the Department of Examiners of Public Accounts were Netteah K. Durham, Audit Manager; and Larcus Fuller, Examiner.

---

*Independent Auditor's Report*

## **Independent Auditor's Report**

Members of the Bullock County Commission and County Administrator  
Union Springs, 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 Bullock County Commission, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Bullock County Commission's basic financial statements, listed in the table of contents as Exhibits 1 through 11.

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 Bullock County Commission, as of September 30, 2020, 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.

### **Basis for Opinions**

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 (***Government Auditing Standards***). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bullock County Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bullock County Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and ***Government Auditing Standards*** will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and ***Government Auditing Standards***, we:

- ◆ exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ obtain an understanding of internal control relevant to the audit 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 Bullock County Commission's internal control. Accordingly, no such opinion is expressed.

- ◆ evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bullock County Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

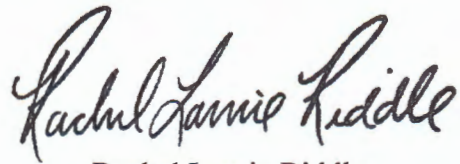
### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A); Schedule of Changes in the Employer's Net Pension Liability; Schedule of the Employer's Contributions – Pension; and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 12 through 19) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with ***Government Auditing Standards***, we have also issued our report dated May 29, 2024, on our consideration of the Bullock 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 Bullock 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 Bullock County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

May 29, 2024

---

*This Page Intentionally Blank*

---

---

# *Basic Financial Statements*

***Statement of Net Position***  
***September 30, 2020***

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash	\$ 2,946,031.86	\$ 70.63	\$ 2,946,102.49
Investments	251,698.56		251,698.56
Receivables (Note 4)	416,348.43		416,348.43
Ad Valorem Taxes Receivable	1,120,245.97		1,120,245.97
Total Current Assets	4,734,324.82	70.63	4,734,395.45
<b><u>Noncurrent Assets</u></b>			
Capital Assets (Note 5):			
Nondepreciable	516,961.48		516,961.48
Depreciable	4,206,245.86		4,206,245.86
Loans Receivable	71,910.15		71,910.15
Total Noncurrent Assets	4,795,117.49		4,795,117.49
Total Assets	9,529,442.31	70.63	9,529,512.94
<b><u>Deferred Outflows of Resources</u></b>			
Employer Pension Contributions	124,619.00		124,619.00
Deferred Outflows Related to Pensions	129,577.00		129,577.00
Total Deferred Outflows of Resources	254,196.00		254,196.00
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts Payable	105,859.62		105,859.62
Unearned Revenue	109,670.57		109,670.57
Accrued Wages Payable	57,892.21		57,892.21
Accrued Interest Payable	4,235.02		4,235.02
Long-Term Liabilities (Note 7):			
Portion Due or Payable Within One Year:			
Warrants Payable	120,000.00		120,000.00
Less: Unamortized Discount	(828.22)		(828.22)
Notes from Direct Borrowing	124,135.05		124,135.05
Claims and Judgements Payable	20,000.00		20,000.00
Compensated Absences	11,297.72		11,297.72
Total Current Liabilities	\$ 552,261.97	\$	\$ 552,261.97

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

	Governmental Activities	Business-Type Activities	Total
<b><u>Noncurrent Liabilities</u></b>			
Portion Due or Payable After One Year:			
Warrants Payable	\$ 390,000.00	\$	\$ 390,000.00
Less: Unamortized Discount	(2,003.22)		(2,003.22)
Notes from Direct Borrowing	403,419.77		403,419.77
Claims and Judgements Payable	20,000.00		20,000.00
Compensated Absences	101,679.51		101,679.51
Net Pension Liability	1,195,600.10		1,195,600.10
Total Noncurrent Liabilities	<u>2,108,696.16</u>		<u>2,108,696.16</u>
 Total Liabilities	 <u>2,660,958.13</u>		 <u>2,660,958.13</u>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable Revenue - Property Taxes	1,065,168.29		1,065,168.29
Revenue Received in Advance - Motor Vehicle Taxes	55,077.68		55,077.68
Deferred Inflows Related to Pensions	515,091.00		515,091.00
Total Deferred Inflows of Resources	<u>1,635,336.97</u>		<u>1,635,336.97</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	4,258,829.51		4,258,829.51
Restricted for:			
Industrial Development	690,684.08		690,684.08
Capital Improvements	501,938.27		501,938.27
Other Purposes	968,796.44		968,796.44
Unrestricted	(932,905.09)	70.63	(932,834.46)
Total Net Position	<u>\$ 5,487,343.21</u>	<u>\$ 70.63</u>	<u>\$ 5,487,413.84</u>

**Statement of Activities**  
**For the Year Ended September 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General Government	\$ 1,769,836.24	\$ 354,751.82	\$ 122,275.09	\$	\$ (1,292,809.33)	\$	\$ (1,292,809.33)
Public Safety	937,681.37		26,334.62		(911,346.75)		(911,346.75)
Highways and Roads	2,163,428.00		2,832,082.69		668,654.69		668,654.69
Welfare	159,281.97		54,644.00		(104,637.97)		(104,637.97)
Culture and Recreation	28,179.84		5,225.00		(22,954.84)		(22,954.84)
Education	5,117.24				(5,117.24)		(5,117.24)
Interest on Long-Term Debt	49,174.70				(49,174.70)		(49,174.70)
Total Governmental Activities	5,112,699.36	354,751.82	3,040,561.40		(1,717,386.14)		(1,717,386.14)
<b>Business-Type Activities</b>							
Sanitation	873.92					(873.92)	(873.92)
Total Business-Type Activities	873.92					(873.92)	(873.92)
Total Primary Government	\$ 5,113,573.28	\$ 354,751.82	\$ 3,040,561.40	\$	(1,717,386.14)	(873.92)	(1,718,260.06)
<b>General Revenues and Transfers:</b>							
Taxes:							
Property Taxes for General Purposes					1,069,728.38		1,069,728.38
Property Taxes for Specific Purposes					418,473.26		418,473.26
Special Sales Tax					992,894.35		992,894.35
Miscellaneous Taxes					241,281.23		241,281.23
Investment Earnings					21,107.49		21,107.49
Other Income					110,163.73	10,264.96	120,428.69
Transfers					41,347.50	(41,347.50)	
Total General Revenues and Transfers					2,894,995.94	(31,082.54)	2,863,913.40
Changes in Net Position					1,177,609.80	(31,956.46)	1,145,653.34
Net Position - Beginning of Year, as Restated (Note 14)					4,309,733.41	32,027.09	4,341,760.50
Net Position - End of Year					\$ 5,487,343.21	\$ 70.63	\$ 5,487,413.84

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

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2020**

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	Bullock County Development Fund	Capital Improvement Fund	Reappraisal Fund	Federal Aid Exchange Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>									
Cash	\$ 629,195.06	\$ 60,654.18	\$ 32,251.39	\$ 695,445.32	\$ 404,318.37	\$ 130,236.97	\$ 475,468.14	\$ 518,462.43	\$ 2,946,031.86
Investments	45,440.00	75,556.73	29,759.29		100,942.54				251,698.56
Receivables (Note 4)	196,899.61	61,948.78	97,549.68	54,725.36				5,225.00	416,348.43
Ad Valorem Taxes Receivable	1,008,793.94					111,452.03			1,120,245.97
<b>Total Assets</b>	<b>1,880,328.61</b>	<b>198,159.69</b>	<b>159,560.36</b>	<b>750,170.68</b>	<b>505,260.91</b>	<b>241,689.00</b>	<b>475,468.14</b>	<b>523,687.43</b>	<b>4,734,324.82</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>									
<b>Liabilities</b>									
Accounts Payable	9,898.00	8,813.55	25,308.30	28,219.76	3,322.64	19,478.40		10,818.97	105,859.62
Unearned Revenue						109,670.57			109,670.57
Accrued Wages Payable	39,726.49	17,077.72				1,088.00			57,892.21
<b>Total Liabilities</b>	<b>49,624.49</b>	<b>25,891.27</b>	<b>25,308.30</b>	<b>28,219.76</b>	<b>3,322.64</b>	<b>130,236.97</b>		<b>10,818.97</b>	<b>273,422.40</b>
<b>Deferred Inflows of Resources</b>									
Unavailable Revenue - Property Taxes	953,716.26					111,452.03			1,065,168.29
Revenue Received in Advance - Motor Vehicle Taxes	55,077.68								55,077.68
<b>Total Deferred Inflows of Resources</b>	<b>1,008,793.94</b>					<b>111,452.03</b>			<b>1,120,245.97</b>
<b>Fund Balances</b>									
Restricted for:									
Highways and Roads	76,859.07	172,268.42	134,252.06					19,540.16	402,919.71
Industrial Development				721,950.92					721,950.92
Capital Improvements					501,938.27				501,938.27
Other Purposes							475,468.14	493,328.30	968,796.44
Unrestricted	745,051.11								745,051.11
<b>Total Fund Balances</b>	<b>821,910.18</b>	<b>172,268.42</b>	<b>134,252.06</b>	<b>721,950.92</b>	<b>501,938.27</b>		<b>475,468.14</b>	<b>512,868.46</b>	<b>3,340,656.45</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,880,328.61</b>	<b>\$ 198,159.69</b>	<b>\$ 159,560.36</b>	<b>\$ 750,170.68</b>	<b>\$ 505,260.91</b>	<b>\$ 241,689.00</b>	<b>\$ 475,468.14</b>	<b>\$ 523,687.43</b>	<b>\$ 4,734,324.82</b>

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, 2020***

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 3,340,656.45

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 the governmental funds. 4,723,207.34

Loans receivable are not available soon enough to pay for the current period's expenditures  
and, therefore, are not shown in the governmental funds. 71,910.15

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

Deferred Outflows Related to Employer Pension Contributions	\$	124,619.00	
Deferred Outflows Related to Pensions		129,577.00	
Deferred Inflows Related to Pensions		<u>(515,091.00)</u>	
			(260,895.00)

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

	Current Liabilities	Noncurrent Liabilities	
Accrued Interest Payable	\$ 4,235.02	\$	
Warrants Payable	120,000.00	390,000.00	
Unamortized Discount	(828.22)	(2,003.22)	
Notes from Direct Borrowing	124,135.05	403,419.77	
Claims and Judgements	20,000.00	20,000.00	
Compensated Absences	11,297.72	101,679.51	
Net Pension Liability		1,195,600.10	
Total Long-Term Liabilities	<u>\$ 278,839.57</u>	<u>\$ 2,108,696.16</u>	<u>(2,387,535.73)</u>

Total Net Position Governmental Activities (Exhibit 1) \$ 5,487,343.21

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, 2020**

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	Bullock County Development Fund	Capital Improvement Fund	Reappraisal Fund	Federal Aid Exchange Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>									
Taxes	\$ 1,705,069.71	\$	\$	\$ 626,499.51	\$	\$ 127,679.44	\$	\$ 4,324.92	\$ 2,463,573.58
Licenses and Permits	2,990.39								2,990.39
Intergovernmental	698,724.33	698,276.94	853,167.19		229,916.10		555,916.20	299,873.66	3,335,874.42
Charges for Services	346,761.51								346,761.51
Miscellaneous	117,350.05	36,211.28	141.96	10,337.78	980.97	2,876.58		59.11	167,957.73
Total Revenues	2,870,895.99	734,488.22	853,309.15	636,837.29	230,897.07	130,556.02	555,916.20	304,257.69	6,317,157.63
<b>Expenditures</b>									
Current:									
General Government	867,251.17			557,717.48	69,674.82	163,561.33		2.83	1,658,207.63
Public Safety	812,235.66								812,235.66
Highways and Roads	364,840.08	1,141,668.39	468,593.51					41,586.48	2,016,688.46
Welfare	142,268.91								142,268.91
Culture and Recreation	2,840.87							25,338.97	28,179.84
Education	5,117.24								5,117.24
Other	57,671.60								57,671.60
Capital Outlay	574,099.00								574,099.00
Debt Service:									
Principal Retirement		473,625.22		24,745.24					498,370.46
Interest and Fiscal Charges		46,188.90		2,985.80					49,174.70
Total Expenditures	2,826,324.53	1,661,482.51	468,593.51	585,448.52	69,674.82	163,561.33		66,928.28	5,842,013.50
Excess (Deficiency) of Revenues Over Expenditures	44,571.46	(926,994.29)	384,715.64	51,388.77	161,222.25	(33,005.31)	555,916.20	237,329.41	475,144.13
<b>Other Financing Sources (Uses)</b>									
Transfers In	12,500.00	885,106.96			36,115.00			230,448.06	1,164,170.02
Proceeds From Issuance of Debt	423,074.00								423,074.00
Sale of Capital Assets	126,248.24								126,248.24
Transfers Out	(420,559.92)		(513,162.04)		(150,000.00)		(80,448.06)		(1,164,170.02)
Total Other Financing Sources (Uses)	141,262.32	885,106.96	(513,162.04)		(113,885.00)		(80,448.06)	230,448.06	549,322.24
Net Change in Fund Balances	185,833.78	(41,887.33)	(128,446.40)	51,388.77	47,337.25	(33,005.31)	475,468.14	467,777.47	1,024,466.37
Fund Balances - Beginning of Year, as Restated (Note 14)	636,076.40	214,155.75	262,698.46	670,562.15	454,601.02	33,005.31		45,090.99	2,316,190.08
Fund Balances - End of Year	\$ 821,910.18	\$ 172,268.42	\$ 134,252.06	\$ 721,950.92	\$ 501,938.27	\$	\$ 475,468.14	\$ 512,868.46	\$ 3,340,656.45

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

***Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2020***

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 1,024,466.37

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 differed from depreciation in the current period.

Capital Outlay	\$	574,099.00	
Depreciation Expense		<u>(336,657.44)</u>	237,441.56

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (423,074.00)

Repayments of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 498,370.46

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the changes in net position differs from the change in fund balance by the cost of the capital assets sold.

Proceeds from Sale of Capital Assets	\$	(126,248.24)	
Loss on Disposition of Capital Assets		<u>(127,909.76)</u>	(254,158.00)

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

Amortization of Deferred Discounts	\$	(828.22)	
Accrued Interest Payable, Current Year (Increase)/Decrease		(923.22)	
Loans Receivable, Current Year Change Increase/(Decrease)		(5,400.95)	
Pension Expense, Current Year (Increase)/Decrease		86,582.48	
Compensated Absences, Current Year (Increase)/Decrease		<u>15,133.32</u>	<u>94,563.41</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 1,177,609.80

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

---

***Statement of Net Position***  
***Proprietary Fund***  
***September 30, 2020***

---

	<b>Enterprise Fund Solid Waste Fund</b>
<hr/>	
<b><u>Assets</u></b>	
Cash	\$ 70.63
Total Assets	<u>70.63</u>
<b><u>Net Position</u></b>	
Unrestricted	<u>70.63</u>
Total Net Position	<u>\$ 70.63</u>

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

***Statement of Revenues, Expenses and Changes in Fund Net Position***  
***Proprietary Fund***  
***For the Year Ended September 30, 2020***

	<b>Enterprise Fund Solid Waste Fund</b>
<b><u>Operating Expenses</u></b>	
Contractual Services	\$ 873.92
Total Operating Expenses	<u>873.92</u>
Operating Income (Loss)	<u>(873.92)</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>	
Gain on Sale of Capital Assets	<u>10,264.96</u>
Total Nonoperating Revenues (Expenses)	<u>10,264.96</u>
Income (Loss) Before Transfers	<u>9,391.04</u>
<b><u>Operating Transfers</u></b>	
Transfers Out	<u>(41,347.50)</u>
Total Operating Transfers	<u>(41,347.50)</u>
Changes in Net Position	(31,956.46)
Total Net Position - Beginning of Year	<u>32,027.09</u>
Total Net Position - End of Year	<u><u>\$ 70.63</u></u>

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

***Statement of Cash Flows***  
***Proprietary Fund***  
***For the Year Ended September 30, 2020***

	<u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>
<b><u>Cash Flows from Operating Activities</u></b>	
Cash Payments to Suppliers	\$ (873.92)
Net Cash Flows Provided by Operating Activities	<u>(873.92)</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Transfers Out	<u>(41,347.50)</u>
Net Cash Flows from Noncapital Financing Activities	<u>(41,347.50)</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Sale of Capital Assets	41,347.50
Net Cash Flows from Capital and Related Financing Activities	<u>41,347.50</u>
Net Decrease in Cash	(873.92)
Cash - Beginning of Year	<u>944.55</u>
Cash - End of Year	<u><u>70.63</u></u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash</u></b>	
<b><u>Provided (Used) by Operating Activities:</u></b>	
Operating Loss	<u>(873.92)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (873.92)</u></u>

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

***Statement of Fiduciary Net Position***  
***September 30, 2020***

	<b>Private-Purpose Trust Funds</b>	<b>Agency Funds</b>
<b><u>Assets</u></b>		
Cash	\$ 246,156.13	\$ 14,084.22
Total Assets	<u>246,156.13</u>	<u>14,084.22</u>
<b><u>Liabilities</u></b>		
Due to Other Agencies		14,084.22
Total Liabilities		<u>\$ 14,084.22</u>
<b><u>Net Position</u></b>		
Held in Trust for Other Purposes	<u>\$ 246,156.13</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, 2020***

	<b>Private-Purpose Trust Funds</b>
<b><u>Additions</u></b>	
Contributions from:	
State and Local Governments	\$ 20,511.82
Other	18,875.30
Interest	28.54
Total Additions	<u>39,415.66</u>
<b><u>Deductions</u></b>	
Administrative Expenses	<u>53,680.42</u>
Total Deductions	<u>53,680.42</u>
Changes in Net Position	(14,264.76)
Net Position - Beginning of Year	<u>260,420.89</u>
Net Position - End of Year	<u><u>\$ 246,156.13</u></u>

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

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2020*

---

---

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

The financial statements of the Bullock 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 Bullock County 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, the following entity is a component unit that has been included in the accompanying financial statements as a blended component unit.

Blended component units are legally separate entities that exist solely to provide services (usually financing) exclusively to the County. The Bullock County Development Authority is a blended component unit of the Bullock County Commission and is maintained in the Bullock County Development Fund. This fund is used to account for the expenditures related to the development authority’s effort to recruit and retain businesses located in Bullock County and is primarily funded by the Industrial Sales Tax Fund.

#### **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.

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2020*

---

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

#### **Fund Financial Statements**

The fund financial statements provide information about the Commission's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as 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 fund is also used to report the expenditures for building and maintaining public buildings, roads and bridges.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the expenditures of the 7-cent gasoline tax revenue. The expenditures are for the activities of the public works/highway department as related to maintenance, development, and resurfacing of roads, bridges, and rights-of-way.
- ◆ **RRR Gasoline Tax Fund** – This fund is used to account for the expenditures of the 5-cent and 4-cent gasoline tax revenues as well as the 2-cent inspection fee revenues. The expenditures are used for resurfacing, restoration, and rehabilitation of existing paved roads and bridges.
- ◆ **Bullock County Development Fund** – This fund is used to account for the expenditures of the industrial sales tax revenue. The expenditures are used for recruitment of new businesses and to help maintain existing businesses located in Bullock County.

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2020*

---

---

- ◆ **Capital Improvement Fund** – This fund is used to account for the expenditures of the County’s share of the distribution from the Alabama Trust Fund. The expenditures are used for construction, renovation, and furnishing or equipping public buildings, purchasing lands for public buildings, expenditures for public water and wastewater treatment and drainage facilities, up to 50% on roads and bridges, payment of the county debt for items set out above, operation and maintenance of county health department, and operation and maintenance of county department of Human Resources.
  
- ◆ **Reappraisal Fund** – This fund is used to account for the expenditures of property taxes related to the county’s reappraisal program.
  
- ◆ **Federal Aid Exchange Fund** – This fund is used to account for the county’s portion of the \$400,000 allocated by the Alabama Department of Transportation as prescribed by Alabama Code 40-17-371, to be used first as matching funds for any balance in a county’s federal allocation not authorized by September 30, 2019. All remaining and future allocations shall be expended for road and bridge projects on county roads classified as minor collectors or higher and/or for bridge structures on the National Bridge Inspection Inventory.

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 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.

The Commission reports the following Proprietary Fund:

- ◆ **Solid Waste Fund** – This fund is used to account for the cost of providing solid waste service for commercial accounts and providing solid waste service to county residents. In fiscal year 2019, the Commission ceased operating solid waste services. The capital assets remaining in the Fund were sold during fiscal year 2020.

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2020*

---

---

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.

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 various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments 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.

---

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

---

---

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 fund are charges to customers for sales and services. Operating expenses for the enterprise fund 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 consisting of certificates of deposit are reported at cost.

***2. Receivables***

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

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

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects and revenues due from the State of Alabama.

---

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

---

---

**3. Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, 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.

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	\$ 50,000.00	7 – 40 years
Equipment and Furniture	\$ 5,000.00	5 – 15 years
Motor Vehicles	\$ 5,000.00	5 – 10 years
Heavy/Construction Equipment	\$ 5,000.00	10 years
Roads	\$250,000.00	20 years
Bridges	\$ 50,000.00	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.

**4. 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.

---

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

---

---

**5. 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 issued as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**6. Compensated Absences**

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

**Annual Leave**

Regular full-time employees earn annual leave.

Annual leave time accruals shall be based upon a twenty-six (26) pay periods per year basis. An employee holding a regular position shall earn annual leave time in accordance with his or her longevity of service as follows:

Length of Service	Amount Earned
0 to 1 year	.92 hours per pay period
Over 1 year to 5 years	1.85 hours per pay period
Over 5 years to 10 years	2.77 hours per pay period
Over 10 years	3.69 hours per pay period

Annual leave time earned but not used during the calendar year may be carried over up to a maximum of 160 hours. For calculation purposes, the annual leave time year will run from the first full pay period in January through the end of the pay period which includes December 31. After this time, any unused balance in excess of 160 hours shall be forfeited.

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2020*

---

---

#### **Sick Leave**

Sick leave time accruals shall be based upon a twenty-six (26) pay periods per year basis and earned at the rate of 3.69 hours per pay period. Sick leave may accumulate up to a maximum of 480 hours.

No employee will be paid for any unused sick leave upon separation from County service. Upon retirement, an employee may elect to convert accumulated sick leave to retirement credit in accordance with the provisions of the state retirement system.

#### **Compensatory Leave**

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. Employees will be paid overtime pay or given compensatory leave for those hours worked in excess of the established regular hours for the work week/work period. The use of compensatory leave shall be determined by the Department Head.

Compensatory time off is computed at one and one-half hours for each hour of work that meets overtime requirements of the Fair Labor Standards Act. Employees may earn and accumulate a maximum of 240 hours (480 hours for law enforcement). Any hours above this amount must be paid as overtime pay. Compensatory time will be allowed used at the employee's convenience as long it does not cause a hardship on his work duty.

The *Code of Alabama 1975*, Section 36-21-4.1, provides that any non-elected law enforcement officer in the service of a county who has worked overtime be given the choice of overtime pay or compensatory leave. Under this statute, officers must make an election at the end of each month with regard to overtime earned during that month. Any overtime to be received as salary is to be paid the following month and any overtime to be taken as compensatory leave must be taken in the calendar year in which it is earned. Under this provision, deputies may accrue compensatory leave, but it must be used in the calendar year in which it is earned and there is no provision to pay out any unused compensatory leave.

#### **7. Deferred Inflows of Resources**

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

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2020*

---

---

#### **8. Net Position/Fund Balances**

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

- ◆ **Net Investment in Capital Assets** – Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction and improvement of those assets should also be included in this component. Any significant unspent related debt proceeds, or deferred inflows of resources attributable to the unspent amount at year-end related to capital assets are not included in this calculation. Debt proceeds or deferred inflows of resources at the end of the reporting period should be included in the same net position amount (restricted, unrestricted) as the unspent amount.
- ◆ **Restricted** – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.
- ◆ **Unrestricted** – 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 that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Commission.

Fund balance is reported in the fund financial statements under the following five categories.

- A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include: inventories, prepaid items and long-term receivables.
- B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- C. Committed fund balances consist of amounts that are subject to a specific purpose imposed by formal action of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.

---

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

---

---

- D. Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the Commission Chairman or County Administrator to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, the Commission shall consider restricted amounts to be reduced first. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, the Commission shall consider committed amounts to 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 Annual Comprehensive Financial Report.

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2020*

---

---

#### *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 for capital projects funds, which adopt project-length budgets and Federal Aid Exchange Fund, which had no expenditures during fiscal year 2020. All annual appropriations lapse at fiscal year-end.

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

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

#### *Note 3 – Deposits and Investments*

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, 2020*

#### Note 4 – Receivables

On September 30, 2020, receivables for the Commission’s individual major funds are as follows:

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	Bullock County Development Fund	Other Governmental Funds	Total Governmental Funds
<u>Governmental Funds:</u>						
<u>Receivables:</u>						
Accounts Receivable	\$ 14,660.99	\$	\$	\$	\$5,225.00	\$ 19,885.99
Taxes Receivable	46,871.17			54,725.36		101,596.53
Due from Other Governments	135,367.45	61,948.78	97,549.68			294,865.91
Total Receivables	<u>\$196,899.61</u>	<u>\$61,948.78</u>	<u>\$97,549.68</u>	<u>\$54,725.36</u>	<u>\$5,225.00</u>	<u>\$416,348.43</u>

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2020, the Commission reported unearned revenue of \$109,670.57 in the Reappraisal Fund.

#### Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance 10/01/2019	Additions	Retirements	Balance 09/30/2020
<u>Governmental Activities:</u>				
<u>Capital Assets, Not Being Depreciated:</u>				
Land	\$ 516,961.48	\$	\$	\$ 516,961.48
Total Capital Assets, Not Being Depreciated	<u>516,961.48</u>			<u>516,961.48</u>
<u>Capital Assets Being Depreciated:</u>				
Infrastructure	4,315,224.88			4,315,224.88
Buildings and Improvements	2,728,333.00			2,728,333.00
Vehicles and Equipment	2,785,852.49	574,099.00	(287,726.00)	3,072,225.49
Total Capital Assets Being Depreciated	<u>9,829,410.37</u>	<u>574,099.00</u>	<u>(287,726.00)</u>	<u>10,115,783.37</u>
<u>Less Accumulated Depreciation for:</u>				
Infrastructure	(1,479,654.24)	(107,880.62)		(1,587,534.86)
Buildings and Improvements	(2,512,000.10)	(28,204.55)		(2,540,204.65)
Vehicles and Equipment	(1,614,793.73)	(200,572.27)	33,568.00	(1,781,798.00)
Total Accumulated Depreciation	<u>(5,606,448.07)</u>	<u>(336,657.44)</u>	<u>33,568.00</u>	<u>(5,909,537.51)</u>
Total Capital Assets Being Depreciated, Net	<u>4,222,962.30</u>	<u>237,441.56</u>	<u>(254,158.00)</u>	<u>4,206,245.86</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,739,923.78</u>	<u>\$ 237,441.56</u>	<u>\$(254,158.00)</u>	<u>\$ 4,723,207.34</u>

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

---

Capital asset activity for business type activities for the year ended September 30, 2020, was as follows:

	Balance 10/01/2019	Additions	Retirements	Balance 09/30/2020
<u>Business-Type Activities:</u>				
Capital Assets Being Depreciated:				
Equipment	\$ 302,232.88	\$	\$(302,232.88)	\$
Total Capital Assets Being Depreciated	302,232.88		(302,232.88)	
Less Accumulated Depreciation for:				
Equipment	(271,150.34)		271,150.34	
Total Accumulated Depreciation	(271,150.34)		271,150.34	
Business-Type Activities Capital Assets, Net	\$ 31,082.54	\$	\$ 31,082.54	\$

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

	Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$ 46,603.95
Public Safety	119,795.71
Highways and Roads	153,244.72
Welfare	17,013.06
Total Depreciation Expense – Governmental Activities	<u>\$336,657.44</u>

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2020*

---

---

#### *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 county, city, 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.

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2020*

---

#### **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 equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30th are paid to the beneficiary.

---

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

---

---

The ERS membership includes approximately 907 local participating employers. The ERS membership includes approximately 93,986 participants. As of September 30, 2019, membership consisted of:

Retirees and beneficiaries currently receiving benefits	25,871
Terminated employees entitled to but not yet receiving benefits	1,794
Terminated employees not entitled to a benefit	11,001
Active Members	55,222
Post-DROP participants who are still in active service	98
Total	<u>93,986</u>

**Contributions**

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

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2020, the Bullock County Commission's active employee contribution rate was 5.43% of covered employee payroll, and the Bullock County Commission's average contribution rate to fund the normal and accrued liability costs was 9.99% of covered employee payroll.

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

---

The Bullock County Commission’s contractually required contribution rate for the year ended September 30, 2020, was 9.23% of pensionable pay for Tier 1 employees, and 6.04% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2017, 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 \$156,380.37 for the year ended September 30, 2020.

**B. Net Pension Liability**

The Bullock County Commission’s net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018, rolled forward to September 30, 2019, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll-Forward	
	Expected	Actual
(a) Total Pension Liability as of September 30, 2018	\$6,626,626	\$6,473,799
(b) Discount rate	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2018 – September 30, 2019	143,136	143,136
(d) Transfers Among Employees		(4,822)
(e) Actual Benefit Payments and Refunds for the Period October 1, 2018 – September 30, 2019	(450,007)	(450,007)
(f) Total Pension Liability as of September 30, 2019 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5 * (b))]	<u>\$6,812,680</u>	<u>\$6,643,263</u>
(g) Difference between Expected and Actual:		\$ (169,417)
(h) Less Liability Transferred for Immediate Recognition		<u>(4,822)</u>
(i) Experience (Gain)/Loss = (g) – (h)		<u>\$ (164,595)</u>

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2020*

---

#### Actuarial Assumptions

The total pension liability in September 30, 2019, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2018, 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,  
including inflation

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

The actuarial assumptions used in the actuarial valuation as of September 30, 2018, were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

---

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 Stock	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	100.00%	

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

**Discount Rate**

The discount rate used to measure the total pension liability was the long-term rate of return of 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.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

**C. Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
	Balances at September 30, 2018	\$6,626,626	\$5,507,108
Changes for the Year:			
Service Cost	143,136		143,136
Interest	492,925		492,925
Difference between Expected and Actual Experience	(164,595)		(164,595)
Contributions – Employer		161,934	(161,934)
Contributions – Employee		94,583	(94,583)
Net Investment Income		138,867	(138,867)
Benefit Payments, including Refunds of Employee Contributions	(450,007)	(450,007)	
Transfers Among Employers	(4,822)	(4,822)	
Net Changes	16,637	(59,445)	76,082
Balances at September 30, 2019	\$6,643,263	\$5,447,663	\$1,195,600

**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%)
Bullock County Commission’s Net Pension Liability	\$1,877,711	\$1,195,600	\$615,549

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

---

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 2019. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2019. The auditor’s report dated August 27, 2020, 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, 2020, the Commission recognized pension expense(income) of \$16,589.00. At September 30, 2020, 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	\$	\$515,091.00
Changes of assumptions	68,710.00	
Net difference between projected and actual earnings on pension plan investments	60,867.00	
Employer contributions subsequent to the measurement date	124,619.00	
Total	\$254,196.00	\$515,091.00

The \$124,619.00 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021. Other 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, 2021	\$(163,745)
2022	\$(152,423)
2023	\$ (62,199)
2024	\$ 5,043
2025	\$ (12,190)
Thereafter	\$ 0

---

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

---

---

**Note 7 – Long-Term Debt**

On March 1, 2009, the Commission issued Tax Anticipation Warrants, Series 2009, in the amount of \$1,565,000.00 to pay for resurfacing and repair of existing County roadways. The warrants are to be repaid with revenues from the seven-cent per gallon gasoline tax.

Beginning March of 2011, the Commission entered into an agreement with the Bullock County Board of Education to pay \$20,000.00 annual installments over a 13-year period for a total of \$260,000.00. This was due to the casual sales and use tax levied by the Commission not being properly disbursed.

In fiscal year 2010, the Bullock County Development Authority issued a note from direct borrowing to the South Central Alabama Development Council for incentives in the amount of \$100,000.00 with an interest rate of 4.5%.

On February 21, 2017, the Commission issued a note from direct borrowing in the amount of \$25,168.00 with an interest rate of 4.5% to purchase two sheriff vehicles.

On September 21, 2018, the Commission issued a note from direct borrowing in the amount of \$99,028.00 with an interest rate of 4.5% to purchase a John Deere 670D motor grader for the road department. The note is collateralized by the motor grader.

On April 8, 2019, the Commission issued a note from direct borrowing in the amount of \$287,726.00 with an interest rate of 4.24% to purchase two Mack trucks for the road department. The note is collateralized by the two Mack trucks. This debt was fully extinguished in the fiscal year 2020.

On November 12, 2019, the Commission approved a loan from CB&T for \$124,500.00 with an interest rate of 4.00% to purchase a Caterpillar motor grader from the Alabama Department of Transportation.

On April 16, 2020, the Commission issued a note from direct borrowing in the amount of \$298,574.00 with an interest rate of 4.00% to purchase two Mack trucks for the road department. The note is collateralized by the two Mack trucks.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

The following is a summary of long-term obligations for the Commission for the year ended September 30, 2020:

	Debt Outstanding 10/01/2019	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2020	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<b>Warrants Payable:</b>					
Tax Anticipation Warrants, Series 2009	\$ 625,000.00	\$	\$(115,000.00)	\$ 510,000.00	\$120,000.00
Less: Unamortized Discount	(3,657.97)		828.22	(2,829.75)	(828.22)
<b>Total Warrants Payable</b>	<b>621,342.03</b>		<b>(114,171.78)</b>	<b>507,170.25</b>	<b>119,171.78</b>
<b>Other Liabilities:</b>					
Notes from Direct Borrowing	467,851.28	423,074.00	(363,370.46)	527,554.82	124,135.05
Claims and Judgments Payable	60,000.00		(20,000.00)	40,000.00	20,000.00
Net Pension Liability	1,119,518.00	76,082.10		1,195,600.10	
Compensated Absences	128,110.55		(15,133.32)	112,977.23	11,297.72
<b>Total Other Liabilities</b>	<b>1,775,479.83</b>	<b>499,156.10</b>	<b>(398,503.78)</b>	<b>1,876,132.15</b>	<b>155,432.77</b>
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$2,396,821.86</b>	<b>\$499,156.10</b>	<b>\$(512,675.56)</b>	<b>\$2,383,302.40</b>	<b>\$274,604.55</b>

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. In the past, approximately 45% has been paid by the General Fund, 48% by the Gasoline Tax Fund, 4% by the Reappraisal Fund, and 3% by the Bullock County Development Authority.

The Gasoline Tax Fund paid for the debt service of the Tax Anticipation Warrants, Series 2009 and 94% of the debt service for the notes from direct borrowing while the Bullock County Development Authority and the General Fund paid for 5% and 1%, respectively.

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

Fiscal Year Ending	Governmental Activities					Total Principal and Interest Requirements to Maturity
	Warrants Payable		Notes from Direct Borrowing		Claims and Judgments Payable	
	Principal	Interest	Principal	Interest		
September 30, 2021	\$120,000.00	\$19,245.00	\$124,135.05	\$21,803.44	\$20,000.00	\$ 305,183.49
2022	125,000.00	14,082.50	86,574.46	16,196.63	20,000.00	261,853.59
2023	130,000.00	8,600.00	89,922.51	12,848.58		241,371.09
2024	135,000.00	2,902.50	93,555.16	9,225.93		240,683.59
2025			97,419.00	2,300.94		99,719.94
2025-2030			35,948.64	4,617.62		40,566.26
<b>Total</b>	<b>\$510,000.00</b>	<b>\$44,830.00</b>	<b>\$527,554.82</b>	<b>\$66,993.14</b>	<b>\$40,000.00</b>	<b>\$1,189,377.96</b>

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2020*

---

---

#### **Pledged Revenues**

The Commission issued Tax Anticipation Warrants, Series 2009 for the purpose of repairing and repaving existing roads. The Commission pledged to repay the warrants from the County's portion of the proceeds of the seven-cent gasoline tax levied by the State of Alabama. Future revenues of \$554,830.00 are pledged to repay the principal and interest on the warrants as of September 30, 2020. Proceeds of the seven-cent gasoline tax in the amount of \$698,276.94 were received by the Commission during the fiscal year ended September 30, 2020, of which \$139,091.88 was used to pay principal and interest on the warrants. The Series 2009 Tax Anticipation Warrants will mature in fiscal year 2024.

#### **Note 8 – 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 Commission 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 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 and employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

The Commission has employee health insurance coverage through the Local Government Health Insurance Program, administered by the State Employee’s Health Insurance Board (SEHIB). Employees participate in a plan administered by Blue Cross/Blue Shield which functions as a public entity risk pool. This plan is self-sustaining through member premiums. Monthly premiums are determined annually by the plan’s actuary and are based on the pool’s claims experience, considering any remaining fund balance on hand available for claims.

**Note 9 – Interfund Transactions**

**Interfund Transfers**

The amounts of interfund transfers during the fiscal year ended September 30, 2020, were as follows:

	Transfers Out				Totals
	General Fund	RRR Gasoline Tax Fund	Capital Improvement Fund	Other Governmental Funds	
<b>Transfers In:</b>					
General Fund	\$ 12,500.00	\$	\$	\$	\$ 12,500.00
Gasoline Tax Fund	371,944.92	513,162.04			885,106.96
Capital Improvement Fund	36,115.00				36,115.00
Other Governmental Funds			150,000.00	80,448.06	230,448.06
<b>Totals</b>	<b>\$420,559.92</b>	<b>\$513,162.04</b>	<b>\$150,000.00</b>	<b>\$80,448.06</b>	<b>\$1,164,170.02</b>

The Commission typically used transfers to fund ongoing operating subsidies.

**Note 10 – Related Parties**

One of the members of the Commission is a part owner of the Union Springs Herald, a newspaper company, from which the Commission pays for advertisements relating to the business of the Bullock County Commission. The Union Springs Herald is the sole newspaper established in Bullock County. Additionally, the Commissioner abstains from any voting done during a Commission meeting that pertains to the business relationship between the Bullock County Commission and the Union Springs Herald.

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2020*

---

---

#### **Note 11 – Related Organizations**

The following organizations were considered related organizations because a majority of the respective members of boards are appointed by the Bullock 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 organizations and the organizations are not considered part of the Commission’s financial reporting entity. The organizations are considered a related organization of the County Commission.

- ◆ Bullock County E-911 Emergency Communications District
- ◆ Bullock County Hospital Board
- ◆ Bullock County Tourism Council
- ◆ Bullock County Board of Adjustments
- ◆ Airport Authority of Bullock County
- ◆ Mount Andrew Water Authority
- ◆ South Bullock Water Authority

#### **Note 12 – Subsequent Events**

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 have been modified to ensure the safety of its citizenry as well as its employees. Federal grant revenues and expenditures are anticipated to be significantly impacted by this pandemic due to the Coronavirus Aid, Relief, and Economic Act (“CARES Act”), which awarded funds to various state and local governments for necessary expenditures incurred due to the public health emergency with respect to COVID-19. The Commission is eligible for up to \$553,132.00 of Federal funds that can be expended through December 30, 2020, for eligible expenditures as a result of the pandemic. The Commission has already received \$35,565.82 in Election Reimbursements from the Secretary of State through CARES Act. Otherwise, the Commission does not anticipate that there will be any other significant increase or decrease in revenues or costs associated with the aftermath of COVID-19. Budgets have not been significantly impacted at this time. However, the duration and severity of its effects are still indeterminable.

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2020*

---

---

On January 11, 2021, the Commission approved a contract with Stephens Construction for \$249,728.13 for Harris Park improvements. The Commission received a grant for this project but will be providing a 50% match.

On February 14, 2022, the Commission approved a loan from CB&T for the purchase of 2 triaxle dump trucks from Childersburg Truck Services and TruckWorx for a total of \$399,970.

On February 28, 2022, the Commission approved a bid from East Alabama Paving for the County Road 89 project in the amount of \$963,772.14.

On April 11, 2022, the Commission approved a contract with Wiregrass Construction in the amount of \$889,550 for repairs to County Road 61 and County Road 52.

On February 14, 2023, the Commission approved a contract with Wiregrass Construction in the amount of \$4.2 million for repairs to County Road 7, County Road 15 and Fitzpatrick Road.

#### **Note 13 – Tax Abatements**

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

For fiscal year ended September 30, 2020, the Bullock County Commission granted a 84% property tax abatement to a food processing company for increasing the size of its facilities and increasing employment. The abatement amounted to \$6,386.94.

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2020***

---

**Note 14 – Restatements**

Prior period adjustments were made due to unrecorded Simplified Sellers Use Tax revenues from prior years. The impact of these restatements on net position and fund balance are as follows:

	Governmental Activities
Net Position, September 30, 2019, as Previously Reported	\$4,142,533.51
Restatement Due to Unrecorded Simplified Sellers Use Tax Revenues	167,199.90
Net Position, September 30, 2019, as Restated	<u>\$4,309,733.41</u>

	General Fund
Fund Balance, September 30, 2019, as Previously Reported	\$468,876.50
Restatement Due to Unrecorded Simplified Sellers Use Tax Revenues	167,199.90
Fund Balance, September 30, 2019, as Restated	<u>\$636,076.40</u>

---

*This Page Intentionally Blank*

---

---

*Required Supplementary Information*

***Schedule of Changes in the Employer's Net Pension Liability  
For the Year Ended September 30, 2020***

	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 143,136	\$ 129,914	\$ 130,090	\$ 138,736	\$ 145,082	\$ 135,643
Interest	492,925	506,714	513,519	510,293	497,600	482,803
Differences between expected and actual experience	(164,595)	(383,941)	(265,642)	(124,852)	(49,850)	
Changes of assumptions		30,831		201,853		
Benefit payments, including refunds of employee contributions	(450,007)	(422,734)	(480,665)	(402,128)	(466,202)	(400,767)
Transfers among employers	(4,822)	16,229	(14,077)	(37,240)		
Net change in total pension liability	16,637	(122,987)	(116,775)	286,662	126,630	217,679
Total pension liability - beginning	6,626,626	6,749,613	6,866,388	6,579,726	6,453,096	6,235,417
Total pension liability - ending (a)	\$ 6,643,263	\$ 6,626,626	\$ 6,749,613	\$ 6,866,388	\$ 6,579,726	\$ 6,453,096
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 161,934	\$ 153,798	\$ 153,944	\$ 170,600	\$ 181,493	\$ 176,430
Contributions - member	94,583	87,656	90,868	82,972	85,289	126,035
Net investment income	138,867	473,485	604,270	456,340	54,795	510,756
Benefit payments, including refunds of employee contributions	(450,007)	(422,734)	(480,665)	(402,128)	(466,202)	(400,767)
Transfers among employers	(4,822)	16,229	(14,077)	(37,240)		
Net change in plan fiduciary net position	(59,445)	308,434	354,340	270,544	(144,625)	412,454
Plan net position - beginning	5,507,108	5,198,674	4,844,334	4,573,790	4,718,415	4,305,961
Plan net position - ending (b)	\$ 5,447,663	\$ 5,507,108	\$ 5,198,674	\$ 4,844,334	\$ 4,573,790	\$ 4,718,415
Commission's net pension liability (asset) - ending (a) - (b)	\$ 1,195,600	\$ 1,119,518	\$ 1,550,939	\$ 2,022,054	\$ 2,005,936	\$ 1,734,681
Plan fiduciary net position as a percentage of the total pension liability	82.00%	83.11%	77.02%	70.55%	69.51%	73.12%
Covered payroll (*)	\$ 1,712,402	\$ 1,776,538	\$ 1,575,631	\$ 1,558,282	\$ 1,597,542	\$ 1,626,231
Net pension liability (asset) as a percentage of covered payroll	69.82%	63.02%	98.43%	129.76%	125.56%	106.67%

(\*) Employer's covered payroll during the measurement period is the total covered payroll.  
For fiscal year 2020, the measurement period is October 1, 2018 through September 30, 2019.  
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, 2020***

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 156,380	\$ 161,934	\$ 153,798	\$ 153,944	\$ 170,600	\$ 181,493	\$ 176,430
Contributions in relation to the actuarially determined contribution (*)	\$ 156,380	\$ 161,934	\$ 153,798	\$ 153,944	\$ 170,600	\$ 181,493	\$ 176,430
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 1,564,724	\$ 1,712,402	\$ 1,776,538	\$ 1,575,631	\$ 1,558,282	\$ 1,597,542	\$ 1,626,231
Contributions as a percentage of covered payroll	9.99%	9.46%	8.66%	9.77%	10.95%	11.36%	10.85%

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

(\*\*) Employer's covered payroll for fiscal year 2020 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 2020 were based on the September 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	28.6 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25% - 5.00%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - General Fund***  
***For the Year Ended September 30, 2020***

	Budgeted Amounts		Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final				
<b>Revenues</b>						
Taxes	\$ 945,650.00	\$ 945,650.00	\$ 1,104,521.62	(1)	\$ 600,548.09	\$ 1,705,069.71
Licenses and Permits	7,650.00	7,650.00	2,990.39			2,990.39
Intergovernmental	530,615.00	530,615.00	626,395.70	(1)	72,328.63	698,724.33
Charges for Services	364,655.00	364,655.00	346,761.51			346,761.51
Miscellaneous	54,550.00	54,550.00	101,886.40	(1)	15,463.65	117,350.05
Total Revenues	1,903,120.00	1,903,120.00	2,182,555.62		688,340.37	2,870,895.99
<b>Expenditures</b>						
Current:						
General Government	1,073,412.00	1,073,412.00	867,251.17			867,251.17
Public Safety	566,319.00	566,319.00	515,005.61	(2)	297,230.05	812,235.66
Highway and Roads				(2)	364,840.08	364,840.08
Health	32,800.00	32,800.00				
Welfare	135,869.00	135,869.00	142,268.91			142,268.91
Culture and Recreation	4,925.00	4,925.00	2,840.87			2,840.87
Education	8,436.00	8,436.00	5,117.24			5,117.24
Other			57,671.60			57,671.60
Capital Outlay			25,525.00	(2)	548,574.00	574,099.00
Total Expenditures	1,821,761.00	1,821,761.00	1,615,680.40		1,210,644.13	2,826,324.53
Excess (Deficiency) of Revenues Over Expenditures	81,359.00	81,359.00	566,875.22		(522,303.76)	44,571.46
<b>Other Financing Sources (Uses)</b>						
Transfers In				(3)	12,500.00	12,500.00
Issuance of Debt				(3)	423,074.00	423,074.00
Transfers Out	(40,000.00)	(40,000.00)	(48,615.00)	(3)	(371,944.92)	(420,559.92)
Sale of Capital Assets			(246,958.00)	(3)	373,206.24	126,248.24
Total Other Financing Sources (Uses)	(40,000.00)	(40,000.00)	(295,573.00)		436,835.32	141,262.32
Net Change in Fund Balances	41,359.00	41,359.00	271,302.22		(85,468.44)	185,833.78
Fund Balances - Beginning of Year, as Restated	636,076.40	636,076.40	636,076.40			636,076.40
Fund Balances - End of Year	\$ 677,435.40	\$ 677,435.40	\$ 907,378.62		\$ (85,468.44)	\$ 821,910.18

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - General Fund***  
***For the Year Ended September 30, 2020***

**Explanation of differences:**

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

(1) Revenues			
Road and Bridge Fund	\$	418,887.20	
Jail Tax Fund		<u>269,453.17</u>	\$ 688,340.37
(2) Expenditures			
Road and Bridge Fund	\$	913,414.08	
Jail Tax Fund		<u>297,230.05</u>	(1,210,644.13)
(3) Other Financing Sources			
Road and Bridge Fund	\$	424,335.32	
Jail Tax Fund		<u>12,500.00</u>	<u>436,835.32</u>
Net Change in Fund Balance - Budget to GAAP			<u>\$ (85,468.44)</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 cumulative 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, 2020***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
<b>Revenues</b>					
Taxes	\$ 700,000.00	\$ 700,000.00	\$ 698,276.94	\$	\$ 698,276.94
Miscellaneous	20.00	20.00	36,211.28		36,211.28
Total Revenues	700,020.00	700,020.00	734,488.22		734,488.22
<b>Expenditures</b>					
Current:					
Highways and Roads	1,443,002.00	1,443,002.00	1,141,668.39		1,141,668.39
Debt Service:					
Principal Retirement	45,000.00	45,000.00	473,625.22		473,625.22
Interest and Fiscal Charges	7,000.00	7,000.00	46,188.90		46,188.90
Total Expenditures	1,495,002.00	1,495,002.00	1,661,482.51		1,661,482.51
Excess (Deficiency) of Revenues Over Expenditures	(794,982.00)	(794,982.00)	(926,994.29)		(926,994.29)
<b>Other Financing Sources (Uses)</b>					
Transfers In	750,000.00	750,000.00	885,106.96		885,106.96
Sale of Capital Assets	250,000.00	250,000.00			
Total Other Financing Sources (Uses)	1,000,000.00	1,000,000.00	885,106.96		885,106.96
Net Change in Fund Balances	205,018.00	205,018.00	(41,887.33)		(41,887.33)
Fund Balances - Beginning of Year	214,155.75	214,155.75	214,155.75		214,155.75
Fund Balances - End of Year	\$ 419,173.75	\$ 419,173.75	\$ 172,268.42	\$	\$ 172,268.42

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - RRR Gasoline Tax Fund***  
***For the Year Ended September 30, 2020***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
<b>Revenues</b>					
Intergovernmental	\$ 735,000.00	\$ 735,000.00	\$ 853,167.19	\$	\$ 853,167.19
Miscellaneous	250,020.00	250,020.00	141.96		141.96
Total Revenues	985,020.00	985,020.00	853,309.15		853,309.15
<b>Expenditures</b>					
Current:					
Highways and Roads	1,675,002.00	1,675,002.00	468,593.51		468,593.51
Total Expenditures	1,675,002.00	1,675,002.00	468,593.51		468,593.51
Excess (Deficiency) of Revenues Over Expenditures	(689,982.00)	(689,982.00)	384,715.64		384,715.64
<b>Other Financing Sources (Uses)</b>					
Transfers In	835,000.00	835,000.00			
Sale of Capital Assets	250,000.00	250,000.00			
Transfers Out			(513,162.04)		(513,162.04)
Total Other Financing Sources (Uses)	1,085,000.00	1,085,000.00	(513,162.04)		(513,162.04)
Net Change in Fund Balances	395,018.00	395,018.00	(128,446.40)		(128,446.40)
Fund Balances - Beginning of Year	262,698.46	262,698.46	262,698.46		262,698.46
Fund Balances - End of Year	\$ 657,716.46	\$ 657,716.46	\$ 134,252.06	\$	\$ 134,252.06

***Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Bullock County Development Authority Fund  
For the Year Ended September 30, 2020***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
<b>Revenues</b>					
Taxes	\$ 474,000.00	\$ 474,000.00	\$ 626,499.51	\$	\$ 626,499.51
Miscellaneous	9,299.00	9,299.00	10,337.78		10,337.78
Total Revenues	483,299.00	483,299.00	636,837.29		636,837.29
<b>Expenditures</b>					
Current:					
General Government	333,728.00	333,728.00	557,717.48		557,717.48
Debt Service:					
Principal Retirement			24,745.24		24,745.24
Interest and Fiscal Charges			2,985.80		2,985.80
Total Expenditures	333,728.00	333,728.00	585,448.52		585,448.52
Excess (Deficiency) of Revenues Over Expenditures	149,571.00	149,571.00	51,388.77		51,388.77
Net Change in Fund Balances	149,571.00	149,571.00	51,388.77		51,388.77
Fund Balances - Beginning of Year	670,562.15	670,562.15	670,562.15		670,562.15
Fund Balances - End of Year	\$ 820,133.15	\$ 820,133.15	\$ 721,950.92	\$	\$ 721,950.92

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - Capital Improvement Fund***  
***For the Year Ended September 30, 2020***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
<b>Revenues</b>					
Intergovernmental	\$ 250,000.00	\$ 250,000.00	\$ 229,916.10	\$	\$ 229,916.10
Miscellaneous	300.00	300.00	980.97		980.97
Total Revenues	250,300.00	250,300.00	230,897.07		230,897.07
<b>Expenditures</b>					
Current:					
General Government	20,050.00	20,050.00	69,674.82		69,674.82
Public Safety	22,000.00	22,000.00			
Highways and Roads	205,000.00	205,000.00			
Culture and Recreation	8,250.00	8,250.00			
Total Expenditures	255,300.00	255,300.00	69,674.82		69,674.82
Excess (Deficiency) of Revenues Over Expenditures	(5,000.00)	(5,000.00)	161,222.25		161,222.25
<b>Other Financing Sources (Uses)</b>					
Transfers In			36,115.00		36,115.00
Transfers Out			(150,000.00)		(150,000.00)
Total Other Financing Sources (Uses)			(113,885.00)		(113,885.00)
Net Change in Fund Balances	(5,000.00)	(5,000.00)	47,337.25		47,337.25
Fund Balances - Beginning of Year	454,601.02	454,601.02	454,601.02		454,601.02
Fund Balances - End of Year	\$ 449,601.02	\$ 449,601.02	\$ 501,938.27	\$	\$ 501,938.27

***Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Reappraisal Fund  
For the Year Ended September 30, 2020***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
<b>Revenues</b>					
Taxes	\$ 282,003.00	\$ 282,003.00	\$ 127,679.44	\$	\$ 127,679.44
Miscellaneous			2,876.58		2,876.58
Total Revenues	282,003.00	282,003.00	130,556.02		130,556.02
<b>Expenditures</b>					
Current:					
General Government	271,535.00	271,535.00	163,561.33		163,561.33
Total Expenditures	271,535.00	271,535.00	163,561.33		163,561.33
Excess (Deficiency) of Revenues Over Expenditures	10,468.00	10,468.00	(33,005.31)		(33,005.31)
Net Change in Fund Balances	10,468.00	10,468.00	(33,005.31)		(33,005.31)
Fund Balances - Beginning of Year	33,005.31	33,005.31	33,005.31		33,005.31
Fund Balances - End of Year	\$ 43,473.31	\$ 43,473.31	\$	\$	\$

---

## *Additional Information*

---

---

***Commission Members and Administrative Personnel***  
***October 1, 2019 through September 30, 2020***

---

---

<b>Commission Members</b>		<b>Term Expires</b>
Hon. Alonza B. Ellis, Jr.	Chairman	November 2024
Hon. Don C. Larkins	Member	November 2022
Hon. John L. Adams	Member	November 2020
Hon. Johnnie G. McGowan	Member	November 2022
Hon. Henry Barnett, Jr.	Member	November 2020
<b><u>Administrative Personnel</u></b>		
Patrick D. Smith	County Administrator	Indefinite

---

---

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

---

---

**Independent Auditor's Report**

Members of the Bullock County Commission and the County Administrator  
Union Springs, 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 (***Government Auditing Standards***), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bullock County Commission, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Bullock County Commission's basic financial statements, and have issued our report thereon dated May 29, 2024.

**Report on Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies described below as Findings 2020-001, 2020-002, 2020-003, 2020-004 and 2020-005 to be material weaknesses.

---

---

***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***

---

---

***Finding 2020-001***

According to Governmental Accounting Standards Board (GASB) Statement Number 33, revenues received before they are earned should be reported as unearned revenues. Revenues totaling \$109,670.57 were received before they were earned in the Reappraisal Fund but were not recorded as unearned revenues by the Commission. Procedures were not in place to ensure unearned revenues were properly recorded. As a result, amounts reported as revenues and ending fund balance in the Reappraisal Fund were overstated and unearned revenues were understated for the fiscal year ended September 30, 2020. The management of the Commission made the necessary adjustments to the financial statements once this was brought to their attention.

***Recommendation***

The Commission should implement procedures to ensure unearned revenues are properly recorded.

***Views of Responsible Officials of the Auditee***

The Bullock County Commission agrees with the finding that procedures should be implemented to ensure unearned revenues are properly recorded.

---

---

***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***

---

---

**Finding 2020-002**

The Governmental Accounting Standards Board's *Codification of Governmental and Financial and Reporting Standards*, Section 1100.101, provides that a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. This requires the financial statements to agree with and to be supported by the Commission's underlying records to enable accurate financial statements to be prepared. Beginning fund balances in the General Fund and Bullock County Development Fund were overstated by \$138,825.52 and \$12,078.99, respectively. In addition, beginning fund balances in the Gasoline Tax Fund, Reappraisal Fund and Other Governmental Funds were understated by \$19,768.21, \$1,592.33 and \$28,620.59, respectively. Procedures were not in place to ensure only accurate amounts were included in the financial statements. As a result, the Commission's beginning fund balances were not properly brought forward from the prior year. The management of the Commission made the necessary adjustments to the financial statements once this was brought to their attention.

**Recommendation**

The Commission should implement procedures to ensure that beginning fund balances are properly brought forward from the prior year.

**Views of Responsible Officials of the Auditee**

The Bullock County Commission agrees with the finding that procedures should be implemented to ensure beginning fund balances are properly brought forward from the prior year.

---

---

***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***

---

---

**Finding 2020-003**

The Governmental Accounting Standards Board (GASB) Statement Number 33 establishes accounting and financial reporting standards for derived tax revenues which, on the modified accrual basis of accounting, should be recognized when the underlying exchange has occurred, and the resources are available. Act Number 2015-448, Act of Alabama, as amended by Act Number 2018-539, Acts of Alabama established the Simplified Sellers Use Tax of 8 percent to be paid by vendors that sell products or services in the State of Alabama but do not have a physical presence in the state. The Commission receives a portion of this tax from the State of Alabama via electronic deposits into the Commission's bank account; however, the Commission failed to record this revenue in the accounting records. The Commission did not have procedures in place to ensure that all revenues were recorded in its accounting records. As a result, cash, ending fund balance and ending net position were understated by \$336,205.45 in the General Fund and Governmental Activities opinion units. In addition, current year revenues were understated by \$169,005.55 and beginning fund balance and beginning net position were understated by \$167,199.90 (for prior year revenue not recorded) in the General Fund and Governmental Activities opinion units. The management of the Commission made the necessary adjustments to the financial statements once this was brought to their attention.

**Recommendation**

The Commission should implement procedures to ensure all revenues are recorded in its accounting records.

**Views of Responsible Officials of the Auditee**

The Bullock County Commission agrees with the finding that all revenues should be recorded in its accounting records.

---

---

***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***

---

---

**Finding 2020-004**

The Governmental Accounting Standards Board's *Codification of Governmental and Financial and Reporting Standards*, Section 2200, states that fund financial statements should present the financial information of each major fund in a separate column. Major funds are defined as funds whose assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses are at least 10 percent of the corresponding element total for all government or enterprise funds and at least 5 percent of the corresponding element total for all governmental and enterprise funds combined. The Commission did not accurately present all major funds on the financial statements. The Federal Aid Exchange Fund met the criteria to be reported as a major fund, but it was reported as a nonmajor fund in the Other Governmental Funds' column. Procedures were not in place to ensure funds qualifying as major funds were properly reflected on the financial statements. As a result, a major fund was not properly reflected in the financial statements. The management of the Commission made the necessary adjustments to the financial statements once this was brought to their attention.

**Recommendation**

The Commission should ensure all major funds are correctly reflected in the financial statements.

**Views of Responsible Officials of the Auditee**

The Bullock County Commission agrees that all major funds are correctly in the financial statements.

---

---

***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***

---

---

**Finding 2020-005**

The Governmental Accounting Standards Board's *Codification of Governmental and Financial and Reporting Standards*, Sections 1800.143 and 1800.144, provide for proper disclosure of program revenues and general revenues on the government-wide Statement of Activities. Program revenues are to be reported as they reduce the net costs of the function being financed and should also be separately reported in three categories (charge for services, operating grants and contributions, or capital grants and contributions). All other revenues not reported as program revenues are classified as general revenues and are to be reported by type of tax (e.g. sales tax, property, tax, etc.). The Commission's government-wide Statement of Activities did not accurately or consistently report program revenues or general revenues. Procedures were not in place to accurately or consistently report program revenues by function being financed or by type of general revenue. The management of the Commission made the necessary adjustments to the financial statements once this was brought to their attention.

**Recommendation**

The Commission should establish procedures to ensure program revenues and general revenues are accurately and consistently reported in the government-wide Statement of Activities.

**Views of Responsible Officials of the Auditee**

The Bullock County Commission agrees that the commission should establish procedures to ensure program revenues and general revenues are accurately and consistently reported in the government-wide Statement of Activities.

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. We consider the deficiency described below as Finding 2020-006 to be a significant deficiency.

---

---

***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***

---

---

**Finding 2020-006**

The *Code of Alabama 1975*, Sections 11-3-11(a)(3) and (4), give the Commission the authority to examine, settle and allow all accounts and claims chargeable against the county and to examine and audit the accounts of all officers having the care, management, collection, or disbursement of money belonging to the county or appropriated for its use and benefit. Therefore, to fulfill this responsibility, it is incumbent upon the management of the Commission to establish, implement and maintain policies and procedures to require appropriate documentation to support the expenditure of county funds for all purposes. Adequate documentation and approval of expenditures is necessary to provide a basis for amounts recorded in the financial records and to demonstrate compliance with legal requirements and internal controls. The Commission failed to ensure all expenditure documentation, including invoices supported by a purchase order containing accurate information and approval prior to purchase by a designated supervisor or department head, was maintained. As a result, public money could be spent for unlawful or unapproved purchases. This finding was previously reported as Findings 2010-005 and 2019-004.

**Recommendation**

The Commission should ensure expenditures contain proper supporting documentation to demonstrate the approval and the lawful purpose of the disbursement to fulfill its responsibilities under the *Code of Alabama 1975*, Sections 11-3-11(a)(3) and (4).

**Views of Responsible Officials of the Auditee**

The Bullock County Commission agrees that all expenditures should contain proper supporting documentation.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bullock 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*.

---

---

***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***

---

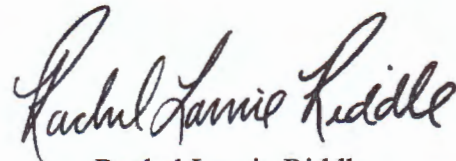
---

**Bullock County Commission's Response to Findings**

The Bullock County Commission's response to the findings identified in our audit are described in the accompanying Auditee Response. The Bullock County Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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

May 29, 2024

---

# *Auditee Response*



# BULLOCK COUNTY COMMISSION

ALONZA B. ELLIS, JR., CHAIRMAN  
POST OFFICE BOX 472 • UNION SPRINGS, AL 36089  
PHONE: 334-738-3883  
FAX: 334-738-3839

## COMMISSIONERS

DISTRICT 1 - DON C. LARKINS  
DISTRICT 2 - JOHN L. ADAMS  
DISTRICT 3 - JOHNNIE G. McGOWAN  
DISTRICT 4 - SOLOMON MARLOW, JR.

ADMINISTRATOR  
PATRICK D. SMITH  
ATTORNEY  
JOHN W. WATERS, JR.  
ENGINEER  
JASON E. DeSHAZO  
EMA DIRECTOR  
RAY SCOTT

---

## *Auditee Response*

### *For the Year Ended September 30, 2020*

---

As required by the governmental auditing standards, the Bullock County Commission has prepared and hereby submits the following Auditee Response for the findings which are included in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters for the year ended September 30, 2020.

**Finding  
Ref.  
No.**

**Corrective Action Plan Details**

---

**2020-001**

***Finding:***

According to Governmental Accounting Standards Board (GASB) Statement Number 33, revenues received before they are earned should be reported as unearned revenues. Revenues totaling \$109,670.57 were received before they were earned in the Reappraisal Fund but were not recorded as unearned revenues by the Commission. Procedures were not in place to ensure unearned revenues were properly recorded. As a result, amounts reported as revenues and ending fund balance in the Reappraisal Fund were overstated and unearned revenues were understated for the fiscal year ended September 30, 2020. The management of the Commission made the necessary adjustments to the financial statements once this was brought to their attention.

***Recommendation:***

The Commission should implement procedures to ensure unearned revenues are properly recorded.

***Response/Views:*** The Bullock County Commission agrees with the finding that procedures should be implemented to ensure unearned revenues are properly recorded.

**Corrective Action Planned:** The Bullock County Commission will make sure any unearned revenues are properly recorded and timely adjusted as revenues are realized.

**Anticipated Completion Date:** The corrective action plan will be put in place in FY 2024-2025.

**Contact Person(s):** Patrick D. Smith, County Administrator  
Janne Brabham, County Bookkeeper

2020-002

**Finding:**

The Governmental Accounting Standards Board's *Codification of Governmental and Financial and Reporting Standards*, Section 1100.101, provides that a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. This requires the financial statements to agree with and to be supported by the Board's underlying records to enable accurate financial statements to be prepared. Beginning fund balances in the General Fund and Bullock County Development Fund were overstated by \$138,825.52 and \$12,078.99, respectively. In addition, beginning fund balances in the Gasoline Tax Fund, Reappraisal Fund and Other Governmental Funds were understated by \$19,768.21, \$1,592.33 and \$28,620.59, respectively. Procedures were not in place to ensure only accurate amounts were included in the financial statements. As a result, the Commission's beginning fund balances were not properly brought forward from the prior year. The management of the Commission made the necessary adjustments to the financial statements once this was brought to their attention.

**Recommendation:**

The Commission should implement procedures to ensure that beginning fund balances are properly brought forward from the prior year.

**Response/Views:** The Bullock County Commissions agrees with the finding that procedures should be implemented to ensure beginning fund balances are properly brought forward from the prior year.

**Corrective Action Planned:** The Bullock County Commission will analyze all fund balances at year end to make sure those ending balances are brought forward to the subsequent fiscal year.

**Anticipated Completion Date:** The corrective action plan will be out in place in FY 2024-2025.

**Contact Person(s):** Patrick D. Smith, County Administrator  
Janne Brabham, County Bookkeeper

2020-003

***Finding:***

The Governmental Accounting Standards Board (GASB) Statement Number 33 establishes accounting and financial reporting standards for derived tax revenues which, on the modified accrual basis of accounting, should be recognized when the underlying exchange has occurred, and the resources are available. Act Number 2015-448, Act of Alabama, as amended by Act Number 2018-539, Acts of Alabama established the Simplified Sellers Use Tax of 8 percent to be paid by vendors that sell products or services in the State of Alabama but do not have a physical presence in the state. The Commission receives a portion of this tax from the State of Alabama via electronic deposits into the Commission's bank account; however, the Commission failed to record this revenue in the accounting records. The Commission did not have procedures in place to ensure that all revenues were recorded in its accounting records. As a result, cash, ending fund balance and ending net position were understated by \$336,205.45 in the General Fund and Governmental Activities opinion units. In addition, current year revenues were understated by \$169,005.55 and beginning fund balance and beginning net position were understated by \$167,199.90 (for prior year revenue not recorded) in the General Fund and Governmental Activities opinion units. The management of the Commission made the necessary adjustments to the financial statements once this was brought to their attention.

***Recommendation:***

The Commission should implement procedures to ensure all revenues are recorded in its accounting records.

***Response/Views:*** The Bullock County Commission agrees with the finding that all revenues should be recorded in the accounting records.

***Corrective Action Planned:*** The Bullock County Commission will analyze all incoming revenues and record/classify each revenue appropriately according to the County Finance Manual for County Governments.

***Anticipated Completion Date:*** The corrective action plan will be put in place in FY 2024-2025.

***Contact Person(s):*** Patrick D. Smith, County Administrator  
Janne Brabham, County Bookkeeper

2020-004

***Finding:***

The Governmental Accounting Standards Board's *Codification of Governmental and Financial and Reporting Standards*, Section 2200 states that fund financial statements should present the financial information of each major fund in a separate column. Major funds are defined as funds whose assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses are at least 10 percent of the corresponding element total for all government or enterprise funds and at least 5 percent of the corresponding element total for all governmental and enterprise funds combined. The Commission did not accurately present all major funds on the financial statements. The Federal Aid Exchange Fund met the criteria to be reported as a major fund, but it was reported as a nonmajor fund in the Other Governmental Funds' column. Procedures were not in place to ensure funds qualifying as major funds were properly reflected on the financial statements. As a result, a major fund was not properly reflected in the financial statements. The management of the Commission made the necessary adjustments to the financial statements once this was brought to their attention.

***Recommendation:***

The Commission should ensure all major funds are correctly reflected in the financial statements.

***Response/Views:*** The Bullock County Commission agrees that all major funds are correctly in the financial statements.

***Corrective Action Planned:*** The Bullock Commission will implement procedures to ensure that major funds are classified appropriately based on criterion using the major fund formula.

***Anticipated Completion Date:*** The corrective action plan will be put in place in FY 2024-2025.

***Contact Person(s):*** Patrick D. Smith, County Administrator  
Janne Brabham, County Bookkeeper

2020-005

**Finding:**

The Governmental Accounting Standards Board's *Codification of Governmental and Financial and Reporting Standards*, Sections 1800.143 and 1800.144 provide for proper disclosure of program revenues and general revenues on the government-wide Statement of Activities. Program revenues are to be reported as they reduce the net costs of the function being financed and should also be separately reported in three categories (charge for services, operating grants and contributions, or capital grants and contributions). All other revenues not reported as program revenues are classified as general revenues and are to be reported by type of tax (e.g. sales tax, property, tax, etc.). The Commission's government-wide Statement of Activities did not accurately or consistently report program revenues or general revenues. Procedures were not in place to accurately or consistently report program revenues by function being financed or by type of general revenue. The management of the Commission made the necessary adjustments to the financial statements once this was brought to their attention.

**Recommendation:**

The Commission should establish procedures to ensure program revenues and general revenues are accurately and consistently reported in the government-wide Statement of Activities.

**Response/Views:** The Bullock County Commission agrees that the commission should establish procedures to ensure program revenues and general revenues are accurately and consistently reported in the government-wide Statement of Activities.

**Corrective Action Planned:** The Bullock County Commission will analyze all transactions through checks and balances to make sure that all revenues are recorded properly recorded by function in the Statement of Activities.

**Anticipated Completion Date:** The corrective action plan will be put in place in FY 2024-2025.

**Contact Person(s):** Patrick D. Smith, County Administrator  
Janne Brabham, County Bookkeeper

2020-006

**Finding:**

The *Code of Alabama 1975*, Sections 11-3-11(a)(3) and (4) give the Commission the authority to examine, settle and allow all accounts and claims chargeable against the county and to examine and audit the accounts of all officers having the care, management, collection, or disbursement of money belonging to the county or appropriated for its use and benefit. Therefore, to fulfill this responsibility, it is incumbent upon the management of the Commission to establish, implement and

maintain policies and procedures to require appropriate documentation to support the expenditure of county funds for all purposes. Adequate documentation and approval of expenditures is necessary to provide a basis for amounts recorded in the financial records and to demonstrate compliance with legal requirements and internal controls. The Commission failed to ensure all expenditure documentation, including invoices supported by a purchase order containing accurate information and approval prior to purchase by a designated supervisor or department head, was maintained. As a result, public money could be spent for unlawful or unapproved purchases. This finding was previously reported as Finding 2010-005 and 2019-004.

***Recommendation:***

The Commission should ensure expenditures contain proper supporting documentation to demonstrate the approval and the lawful purpose of the disbursement to fulfill its responsibilities under the *Code of Alabama 1975*, Sections 11-3-11(a)(3) and (4).

***Response/Views:*** The Bullock County Commission agrees that all expenditures should contain proper supporting documentation.

***Corrective Action Planned:*** The Bullock County Commission will make sure that all supporting documentation, including any invoices has the signature and/or initials of the department head before any expenditures are disbursed.

***Reason for the Recurrence:*** The Bullock County Commission's administrative office has stated to all department heads that signatures are needed on all purchases, invoices, etc. before any disbursement is made.

***Anticipated Completion Date:*** The corrective action plan will be put in place in FY2021.

***Contact Person(s):*** Patrick D. Smith, County Administrator  
Janne Brabham, County Bookkeeper



Alonza Ellis, Jr., Chairman  
Bullock County Commission