


# Bullock County Commission

## Bullock County, Alabama

October 1, 2022 through September 30, 2023

Filed: November 13, 2026

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

**Rachel Laurie Riddle,** *Chief Examiner* | **334-777-0500** | **www.alexaminers.gov**

**State of Alabama**
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# Examiners of Public Accounts
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Rachel Laurie Riddle
*Chief Examiner*

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

Dear Madam:

An audit was conducted on the Bullock County Commission, Bullock County, Alabama, for the period October 1, 2022 through September 30, 2023, by Examiners Lacey Anecito and Valerie Hamm. I, Lacey Anecito, 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,



Lacey Anecito
Examiner of Public Accounts

rb

27-031

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**Summary** A

Contains items pertaining to state and local legal compliance, Commission operations and other matters.

**Independent Auditor's Report** 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).

**Basic Financial Statements** 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.

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Department of
# Examiners of Public Accounts

## SUMMARY

**Bullock County Commission**
**October 1, 2022 through September 30, 2023**

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, 2023.

Financial statements for the fiscal year ending September 30, 2023 were not prepared by management until December 16, 2025. 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 (Exhibit 21) and they are summarized below:

- 2023-001: The Commission failed to ensure that a periodic physical inventory of capital assets was taken, or that capital asset records contained all necessary identifying information. This finding was previously reported as Finding 2021-003 and Finding 2022-002.

- 2023-002: The Commission failed to ensure that adequate supporting documentation was maintained for all expenditures. This finding was previously reported as Finding 2010-005, Finding 2019-004, Finding 2020-006, Finding 2021-004 and Finding 2022-003.

## ***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; and Commissioners Solomon Marlow, Jr. and John L. Adams. Representing the Department of Examiners of Public Accounts were Jana White, Audit Manager, Lacey Anecito, Examiner and Valerie Hamm, Examiner.

# *Independent Auditor's Report*

# ***Independent Auditor's Report***

Members of Bullock County Commission and County Administrator
Union Springs, Alabama

## ***Report on the Audit of the Financial Statements***

### ***Opinions***

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, 2023, and the related notes to the financial statements, which collectively comprise the Bullock County Commission's basic financial statements as 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, 2023, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Schedule of Changes in the Employer's Net Pension Liability, the Schedule of the Employer's Contributions and the Schedule 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 is the responsibility of management and, 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 assurances 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 October 8, 2026, 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

October 8, 2026

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# *Basic Financial Statements*

## *Statement of Net Position*
## *September 30, 2023*

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and Cash Equivalents | $ 4,080,349.53 | $ 107,837.06 | $ 4,188,186.59 |
| Cash With Fiscal Agent | 3,825,523.80 | | 3,825,523.80 |
| Investments | 250,934.68 | | 250,934.68 |
| Receivables (Note 4) | 577,025.53 | 50.00 | 577,075.53 |
| Ad Valorem Taxes Receivable | 1,359,404.74 | | 1,359,404.74 |
| Total Current Assets | 10,093,238.28 | 107,887.06 | 10,201,125.34 |
| **Noncurrent Assets** | | | |
| Loans Receivable | 55,532.79 | | 55,532.79 |
| Capital Assets (Note 5): | | | |
| Nondepreciable | 516,961.48 | | 516,961.48 |
| Depreciable | 4,259,485.21 | 346,137.00 | 4,605,622.21 |
| Total Noncurrent Assets | 4,831,979.48 | 346,137.00 | 5,178,116.48 |
| Total Assets | 14,925,217.76 | 454,024.06 | 15,379,241.82 |
| **Deferred Outflows of Resources** | | | |
| Employer Pension Contributions | 148,903.54 | | 148,903.54 |
| Deferred Outflows Related to Pensions | 843,312.00 | | 843,312.00 |
| Total Deferred Outflows of Resources | 992,215.54 | | 992,215.54 |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Accounts Payable | 595,890.41 | 6,372.17 | 602,262.58 |
| Unearned Revenue | 848,448.30 | 108,204.07 | 956,652.37 |
| Accrued Wages Payable | 85,026.63 | 7,592.00 | 92,618.63 |
| Accrued Interest Payable | 9,033.40 | | 9,033.40 |
| Long-Term Liabilities (Note 7) | | | |
| Portion Due or Payable Within One Year: | | | |
| Warrants Payable | 285,000.00 | | 285,000.00 |
| Notes from Direct Borrowing | 109,606.19 | | 109,606.19 |
| Compensated Absences | 5,459.26 | 205.91 | 5,665.17 |
| Total Current Liabilities | $ 1,938,464.19 | $ 122,374.15 | $ 2,060,838.34 |

## *Statement of Net Position*
## *September 30, 2023*

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **Noncurrent Liabilities** | | | |
| Portion Due or Payable After One Year: | | | |
| Warrants Payable | $ 4,520,000.00 | $ | $ 4,520,000.00 |
| Notes from Direct Borrowing | 315,875.68 | | 315,875.68 |
| Compensated Absences | 49,133.37 | 1,853.19 | 50,986.56 |
| Net Pension Liability | 1,819,300.00 | | 1,819,300.00 |
| Total Noncurrent Liabilities | 6,704,309.05 | 1,853.19 | 6,706,162.24 |
| Total Liabilities | 8,642,773.24 | 124,227.34 | 8,767,000.58 |
| **Deferred Inflows of Resources** | | | |
| Unavailable Revenue - Property Taxes | 1,359,404.74 | | 1,359,404.74 |
| Revenue Received in Advance - Motor Vehicle Taxes | 79,817.85 | | 79,817.85 |
| Deferred Inflows Related to Pensions | 203,124.00 | | 203,124.00 |
| Total Deferred Inflows of Resources | 1,642,346.59 | | 1,642,346.59 |
| **Net Position** | | | |
| Net Investment in Capital Assets | 3,371,488.62 | 346,137.00 | 3,717,625.62 |
| Restricted for: | | | |
| Industrial Development | 1,560,474.95 | | 1,560,474.95 |
| Capital Improvements | 524,003.82 | | 524,003.82 |
| Highways and Roads | 740,008.29 | | 740,008.29 |
| Other Purposes | 116,238.97 | | 116,238.97 |
| Unrestricted | (679,901.18) | (16,340.28) | (696,241.46) |
| Total Net Position | $ 5,632,313.47 | $ 329,796.72 | $ 5,962,110.19 |

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

## *Statement of Activities*
## *For the Year Ended September 30, 2023*

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities | Net (Expenses) Revenues and Changes in Net Position: Primary Government: Business-Type Activities | Net (Expenses) Revenues and Changes in Net Position: Primary Government: Total |
|---|---|---|---|---|---|---|---|
| **Primary Government** | | | | | | | |
| **Governmental Activities:** | | | | | | | |
| General Government | $ 1,468,507.40 | $ 375,300.86 | $ 374,882.39 | $ | $ (718,324.15) | $ | $ (718,324.15) |
| Public Safety | 1,165,236.17 | 560.00 | 41,747.00 | | (1,122,929.17) | | (1,122,929.17) |
| Highways and Roads | 5,038,526.91 | | 3,441,518.62 | | (1,597,008.29) | | (1,597,008.29) |
| Health | 32,400.00 | 1.00 | 8,210.40 | | (24,188.60) | | (24,188.60) |
| Welfare | 195,547.79 | | 74,084.17 | | (121,463.62) | | (121,463.62) |
| Culture and Recreation | 252,600.90 | | 11,155.32 | | (241,445.58) | | (241,445.58) |
| Education | 7,638.96 | | | | (7,638.96) | | (7,638.96) |
| Interest on Long-Term Debt | 171,594.40 | | | | (171,594.40) | | (171,594.40) |
| Intergovernmental | 2,000.00 | | | | (2,000.00) | | (2,000.00) |
| Total Governmental Activities | 8,334,052.53 | 375,861.86 | 3,951,597.90 | | (4,006,592.77) | | (4,006,592.77) |
| **Business-Type Activities:** | | | | | | | |
| Sanitation | 448,892.40 | 436,042.86 | | | | (12,849.54) | (12,849.54) |
| Total Business-Type Activities | 448,892.40 | 436,042.86 | | | | (12,849.54) | (12,849.54) |
| Total Primary Government | $ 8,782,944.93 | $ 811,904.72 | $ 3,951,597.90 | $ | (4,006,592.77) | (12,849.54) | (4,019,442.31) |
| **General Revenues:** | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes for General Purposes | | | | | 1,166,419.97 | | 1,166,419.97 |
| Property Taxes for Specific Purposes | | | | | 287,316.00 | | 287,316.00 |
| Special Sales Tax | | | | | 1,078,312.06 | | 1,078,312.06 |
| Miscellaneous Taxes | | | | | 97,375.26 | | 97,375.26 |
| Grants and Contributions Not Restricted for Specific Programs | | | | | 311,545.64 | | 311,545.64 |
| Investment Earnings | | | | | 139,198.64 | 115.30 | 139,313.94 |
| Gain on Sale of Capital Assets | | | | | 14,842.90 | | 14,842.90 |
| Miscellaneous | | | | | 682,071.16 | 6,618.90 | 688,690.06 |
| Total General Revenues | | | | | 3,777,081.63 | 6,734.20 | 3,783,815.83 |
| Changes in Net Position | | | | | (229,511.14) | (6,115.34) | (235,626.48) |
| Net Position - Beginning of Year | | | | | 5,861,824.61 | 335,912.06 | 6,197,736.67 |
| Net Position - End of Year | | | | | $ 5,632,313.47 | $ 329,796.72 | $ 5,962,110.19 |

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

*Balance Sheet*
*Governmental Funds*
*September 30, 2023*

| | General Fund | Gasoline Tax Fund | RRR Gasoline Tax Fund | Bullock County Development Fund | Federal Aid Exchange Fund | County Rebuild Alabama Fund | American Rescue Plan Act Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | |
| Cash and Cash Equivalents | $ 566,321.56 | $ 42,925.83 | $ 66,524.89 | $ 1,271,138.94 | $ 400,000.00 | $ 362,652.22 | $ 783,507.49 | $ 587,278.60 | $ 4,080,349.53 |
| Cash with Fiscal Agent | | 3,825,523.80 | | | | | | | 3,825,523.80 |
| Investments | 45,291.97 | 75,407.87 | 29,759.29 | | | | | 100,475.55 | 250,934.68 |
| Receivables (Note 4) | 29,877.50 | 52,197.57 | 69,274.90 | 365,107.61 | | 60,567.95 | | | 577,025.53 |
| Ad Valorem Taxes Receivable | 1,213,549.50 | | | | | | | 145,855.24 | 1,359,404.74 |
| Total Assets | 1,855,040.53 | 3,996,055.07 | 165,559.08 | 1,636,246.55 | 400,000.00 | 423,220.17 | 783,507.49 | 833,609.39 | 10,093,238.28 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | | | | | |
| **Liabilities** | | | | | | | | | |
| Accounts Payable | 60,284.36 | 22,051.80 | 37,332.65 | 75,771.60 | 400,000.00 | | 450.00 | | 595,890.41 |
| Unearned Revenue | | | | | | | 779,255.23 | 69,193.07 | 848,448.30 |
| Accrued Wages Payable | 62,076.07 | 21,350.56 | | | | | | 1,600.00 | 85,026.63 |
| Total Liabilities | 122,360.43 | 43,402.36 | 37,332.65 | 75,771.60 | 400,000.00 | | 779,705.23 | 70,793.07 | 1,529,365.34 |
| **Deferred Inflows of Resources** | | | | | | | | | |
| Unavailable Revenue-Property Taxes | 1,213,549.50 | | | | | | | 145,855.24 | 1,359,404.74 |
| Revenue Received in Advance-Motor Vehicle Taxes | 79,817.85 | | | | | | | | 79,817.85 |
| Total Deferred Inflows of Resources | 1,293,367.35 | | | | | | | 145,855.24 | 1,439,222.59 |
| **Fund Balances** | | | | | | | | | |
| Restricted for: | | | | | | | | | |
| Highways and Roads | 27,830.52 | 3,952,652.71 | 128,226.43 | | | 423,220.17 | | 33,602.26 | 4,565,532.09 |
| Industrial Development | | | | 1,560,474.95 | | | | | 1,560,474.95 |
| Capital Improvements | | | | | | | | 524,003.82 | 524,003.82 |
| Other Purposes | 56,883.97 | | | | | | | 59,355.00 | 116,238.97 |
| Unrestricted | 354,598.26 | | | | | | 3,802.26 | | 358,400.52 |
| Total Fund Balances | 439,312.75 | 3,952,652.71 | 128,226.43 | 1,560,474.95 | | 423,220.17 | 3,802.26 | 616,961.08 | 7,124,650.35 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 1,855,040.53 | $ 3,996,055.07 | $ 165,559.08 | $ 1,636,246.55 | $ 400,000.00 | $ 423,220.17 | $ 783,507.49 | $ 833,609.39 | $ 10,093,238.28 |

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, 2023*

| | | |
|---|---|---|
| Total Fund Balances - Governmental Funds (Exhibit 3) | | $ 7,124,650.35 |
| Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These consist of: | | |
| Capital Assets | $ 11,582,363.53 | |
| Accumulated Depreciation | (6,805,916.84) | |
| | | 4,776,446.69 |
| Loans receivable are not available soon enough to pay for the current period's expenditures and, therefore, are not shown in the governmental funds. | | 55,532.79 |
| 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 | $ 148,903.54 | |
| Deferred Outflows Related to Pensions | 843,312.00 | |
| Deferred Inflows Related to Pensions | (203,124.00) | |
| | | 789,091.54 |

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

| | Amounts Due or Payable Within One Year | Amounts Due or Payable After One Year | |
|---|---|---|---|
| Accrued Interest Payable | $ 9,033.40 | $ | |
| Warrants Payable | 285,000.00 | 4,520,000.00 | |
| Notes from Direct Borrowing | 109,606.19 | 315,875.68 | |
| Compensated Absences | 5,459.26 | 49,133.37 | |
| Net Pension Liability | | 1,819,300.00 | |
| | $ 409,098.85 | $ 6,704,309.05 | (7,113,407.90) |
| Total Net Position - Governmental Activities (Exhibit 1) | | | $ 5,632,313.47 |

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, 2023*

| | General Fund | Gasoline Tax Fund | RRR Gasoline Tax Fund | Bullock County Development Fund | Federal Aid Exchange Fund | County Rebuild Alabama Fund | American Rescue Plan Act Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | |
| Taxes | $ 1,740,913.95 | $ | $ | $ 649,715.99 | $ | $ | $ | $ 238,793.35 | $ 2,629,423.29 |
| Licenses and Permits | 2,788.05 | | | | | | | | 2,788.05 |
| Intergovernmental | 703,407.58 | 751,851.34 | 948,840.63 | | 400,000.00 | 738,311.49 | 194,631.79 | 530,748.46 | 4,267,791.29 |
| Charges for Services | 367,053.06 | | | | | | | 1,373.00 | 368,426.06 |
| Miscellaneous | 538,015.52 | 250,629.84 | 58.93 | 25,364.14 | | | 1,712.87 | 5,488.50 | 821,269.80 |
| Total Revenues | 3,352,178.16 | 1,002,481.18 | 948,899.56 | 675,080.13 | 400,000.00 | 738,311.49 | 196,344.66 | 776,403.31 | 8,089,698.49 |
| **Expenditures** | | | | | | | | | |
| Current: | | | | | | | | | |
| General Government | 1,185,709.63 | | | 13,728.50 | | | | 175,495.99 | 1,374,934.12 |
| Public Safety | 1,109,825.25 | | | | | | | 22,000.00 | 1,131,825.25 |
| Highways and Roads | 553,381.54 | 1,691,619.22 | 938,916.01 | | 400,000.00 | 806,292.19 | | 329,138.41 | 4,719,347.37 |
| Health | 32,400.00 | | | | | | | | 32,400.00 |
| Welfare | 185,511.95 | | | | | | | | 185,511.95 |
| Culture and Recreation | 2,820.55 | | | | | | 194,631.79 | 55,148.56 | 252,600.90 |
| Education | 7,638.96 | | | | | | | | 7,638.96 |
| Intergovernmental | | | | 2,000.00 | | | | | 2,000.00 |
| Capital Outlay | 142,051.80 | 32,430.34 | | 400,000.00 | | | | | 574,482.14 |
| Debt Service: | | | | | | | | | |
| Principal Retirement | 362,675.63 | 24,863.37 | | 6,187.10 | | 159,058.11 | | | 552,784.21 |
| Interest and Fiscal Charges | 69,867.44 | 28,223.63 | | 2,612.38 | | 73,864.77 | | | 174,568.22 |
| Total Expenditures | 3,651,882.75 | 1,777,136.56 | 938,916.01 | 424,527.98 | 400,000.00 | 1,039,215.07 | 194,631.79 | 581,782.96 | 9,008,093.12 |
| Excess (Deficiency) of Revenues Over Expenditures | (299,704.59) | (774,655.38) | 9,983.55 | 250,552.15 | | (300,903.58) | 1,712.87 | 194,620.35 | (918,394.63) |
| **Other Financing Sources (Uses)** | | | | | | | | | |
| Transfers In | | | 15,000.00 | | | | | | 15,000.00 |
| Sale of Capital Assets | 29,877.50 | | | | | | | | 29,877.50 |
| Transfers Out | (15,000.00) | | | | | | | | (15,000.00) |
| Total Other Financing Sources (Uses) | 14,877.50 | | 15,000.00 | | | | | | 29,877.50 |
| Net Change in Fund Balances | (284,827.09) | (774,655.38) | 24,983.55 | 250,552.15 | | (300,903.58) | 1,712.87 | 194,620.35 | (888,517.13) |
| Fund Balances - Beginning of Year | 724,139.84 | 4,727,308.09 | 103,242.88 | 1,309,922.80 | | 724,123.75 | 2,089.39 | 422,340.73 | 8,013,167.48 |
| Fund Balances - End of Year | $ 439,312.75 | $ 3,952,652.71 | $ 128,226.43 | $ 1,560,474.95 | $ | $ 423,220.17 | $ 3,802.26 | $ 616,961.08 | $ 7,124,650.35 |

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, 2023*

| | | |
|---|---|---|
| Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) | | $ (888,517.13) |
| Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because: | | |
| Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differed from depreciation expense in the current period: | | |
| Capital Outlay Expenditures | $ 574,482.14 | |
| Depreciation Expense | (483,978.41) | |
| Total | | 90,503.73 |
| In the Statement of Activities, only the gain or loss on the sale of capital assets is reported; whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balances by the book value of the capital assets sold. | | |
| Proceeds from the Sale of Capital Assets | $ (29,877.50) | |
| Gain on Disposition of Capital Assets | 14,842.90 | |
| Total | | (15,034.60) |
| 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. | | |
| Repayments: | | |
| Warrants Payable | $ 275,000.00 | |
| Notes from Direct Borrowing | 277,784.21 | |
| Total | | 552,784.21 |
| 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: | | |
| (Increase)/Decrease in Accrued Interest Payable | $ 2,973.82 | |
| Increase/(Decrease) in Loans Receivable | (4,803.59) | |
| (Increase)/Decrease in Compensated Absences | 13,519.38 | |
| (Increase)/Decrease in Pension Expense | 19,063.04 | |
| | | 30,752.65 |
| Change in Net Position of Governmental Activities (Exhibit 2) | | $ (229,511.14) |

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

# *Statement of Net Position*
# *Proprietary Fund*
# *September 30, 2023*

| | Enterprise Fund<br>Solid Waste Fund |
|---|---|
| **Assets** | |
| **Current Assets** | |
| Cash | $ 107,837.06 |
| Accounts Receivable | 50.00 |
| Total Current Assets | 107,887.06 |
| **Noncurrent Assets** | |
| Capital Assets, Net (Note 5) | 346,137.00 |
| Total Noncurrent Assets | 346,137.00 |
| Total Assets | 454,024.06 |
| **Liabilities** | |
| **Current Liabilities** | |
| Accounts Payable | 6,372.17 |
| Unearned Revenue | 108,204.07 |
| Accrued Wages Payable | 7,592.00 |
| Compensated Absences | 205.91 |
| Total Current Liabilities | 122,374.15 |
| **Noncurrent Liabilities** | |
| Portion Due or Payable After One Year: | |
| Compensated Absences | 1,853.19 |
| Total Noncurrent Liabilities | 1,853.19 |
| Total Liabilities | 124,227.34 |
| **Net Position** | |
| Net Investment in Capital Assets | 346,137.00 |
| Unrestricted | (16,340.28) |
| Total Net Position | $ 329,796.72 |

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, 2023*

| | Enterprise Fund<br>Solid Waste Fund |
|---|---|
| **Operating Revenues** | |
| Charges for Services | $ 436,042.86 |
| Total Operating Revenues | 436,042.86 |
| **Operating Expenses** | |
| Sanitation | 353,455.92 |
| Depreciation | 40,722.00 |
| Landfill Expenses | 43,607.67 |
| Miscellaneous | 251.40 |
| Total Operating Expenses | 438,036.99 |
| Operating Income (Loss) | (1,994.13) |
| **Nonoperating Revenues (Expenses)** | |
| Miscellaneous Revenue | 6,618.90 |
| Interest Revenue | 115.30 |
| Interest Expense | (10,855.41) |
| Total Nonoperating Revenues (Expenses) | (4,121.21) |
| Changes in Net Position | (6,115.34) |
| Net Position - Beginning of Year | 335,912.06 |
| Net Position - End of Year | $ 329,796.72 |

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, 2023*

| | Enterprise Fund<br>Solid Waste Fund |
|---|---|
| **Cash Flows from Operating Activities** | |
| Cash Received for Services | $ 435,992.86 |
| Cash Payments to Employees | (269,524.99) |
| Cash Payments for Goods and Services | (170,084.37) |
| Net Cash Flows Provided (Used) by Operating Activities | (3,616.50) |
| **Cash Flows from Capital and Related Financing Activities** | |
| Miscellaneous Revenues | 6,618.90 |
| Payments for Capital Acquisitions | (187,561.00) |
| Interest Paid on Capital Debt | (10,855.41) |
| Net Cash Flows Provided (Used) by Capital and Related Financing Activities | (191,797.51) |
| **Cash Flows from Investing Activities** | |
| Interest Earned on Investments | 115.30 |
| Net Cash Flows Provided (Used) by Investing Activities | 115.30 |
| Net Increase (Decrease) in Cash | (195,298.71) |
| Cash - Beginning of Year | 303,135.77 |
| Cash - End of Year | 107,837.06 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:** | |
| Operating Income (Loss) | (1,994.13) |
| **Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:** | |
| Depreciation Expense | 40,722.00 |
| (Increase)/Decrease in Receivables | (50.00) |
| Increase/(Decrease) in Payables | (44,002.13) |
| Increase/(Decrease) in Accrued Wages Payable | 1,135.75 |
| Increase/(Decrease) in Liability for Compensated Absences | 572.01 |
| Total Adjustments | (1,622.37) |
| Net Cash Provided (Used) by Operating Activities | $ (3,616.50) |

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

# *Statement of Fiduciary Net Position*
# *September 30, 2023*

| | Custodial Funds |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents | $ 410,413.34 |
| Total Assets | 410,413.34 |
| **Liabilities** | |
| Due to External Parties | 4,364.86 |
| Total Liabilities | 4,364.86 |
| **Net Position** | |
| Held in Trust for Individuals, Organizations and Other Governments | |
| Total Net Position | $ 406,048.48 |

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, 2023*

| | Custodial Funds |
|---|---|
| **Additions** | |
| Revenue from Services | $ 434,083.16 |
| Tax Collections for Other Governments | 3,981,623.79 |
| Miscellaneous | 132,133.85 |
| Total Additions | 4,547,840.80 |
| **Deductions** | |
| Tax Payments to Other Governments | 3,981,623.79 |
| Non-Tax Payments to Other Governments and Individuals | 431,315.57 |
| Administrative Expenses | 49,690.95 |
| Total Deductions | 4,462,630.31 |
| Changes in Net Position | 85,210.49 |
| Net Position - Beginning of Year | 320,837.99 |
| Net Position - End of Year | $ 406,048.48 |

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

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

The financial statements of the 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.

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. The General Fund also includes sub-funds, which account for payroll transfers and expenses.

- ***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. Additionally, this fund also is used to account for the expenditures of the Limited Obligation Revenue Bond, Series 2022-A, which were issued to finance a project consisting of paving, widening and leveling roadways, improving roadway shoulders, traffic striping and marking and other roadway improvements to roads within Bullock County.

- ***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.

- ***Federal Aid Exchange Fund*** – This fund is used to account for annual allocation of $400,000 to 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 in accordance with Act Number 2019-2, Acts of Alabama.

- ***County Rebuild Alabama Fund*** – This fund is used to account for the County's portion of battery and hybrid electric vehicle registration fee pursuant to the ***Code of Alabama 1975***, Section 40-12-242, as well as the additional gasoline tax provided by the ***Code of Alabama 1975***, Section 40-17-370, to be used for transportation infrastructure improvement, preservation, and maintenance.

- ***American Rescue Plan Act Fund*** – This fund is used to account for federal grant appropriations and expenditures of the Coronavirus State and Local Fiscal Recovery Funds.

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.

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

***Governmental Fund Types***

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

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

The Commission reports the following fiduciary fund type:

***Fiduciary Fund Type***

- ***Custodial Funds*** – These funds are used to account for fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

***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 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, and landfill closure and post-closure care costs, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issued is reported as other financing sources.

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

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

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

***1. Deposits and Investments***

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

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

Investments are reported at fair value, based on quoted market prices, except for money market investments and repurchase agreements, which are reported at amortized cost, and certificates of deposit, which are reported at cost. The Commission reports all money market investments – U. S. Treasury bills and bankers' acceptances having a remaining maturity at time of purchase of one year or less – at amortized 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.

***3. Capital Assets***

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, water and sewer systems, and similar items), are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. Such assets are valued at their original historical cost-plus ancillary charges such as transportation, installation, and site preparation costs. Donated capital assets are valued at their acquisition value (plus any ancillary costs) at the acquisition date. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

| | Capitalization Threshold | Estimated Useful Life |
|---|---|---|
| Governmental Activities: | | |
| Buildings | $ 50,000 | 7 – 40 years |
| Equipment and Furniture | $ 5,000 | 5 – 15 years |
| Motor Vehicles | $ 5,000 | 5 – 10 years |
| Heavy/Construction Equipment | $ 5,000 | 10 years |
| Roads | $250,000 | 20 years |
| Bridges | $ 50,000 | 40 years |

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

***4. Restricted Assets***

Certain special revenue bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

***5. Deferred Outflows of Resources***

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

***6. Long-Term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental, business-type activities, or proprietary funds Statement of Net Position.

### ***7. 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.

### ***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.

At September 30, 2023, no liability for unpaid sick leave is accrued in the financial statements since employees do not receive termination payments for sick leave balances.

***Compensatory Leave***

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. Generally, employees in public safety activity, emergency response activity, or seasonal activity may accumulate 480 hours, all other employees 240 hours maximum.

According to the Fair Labor Standards Act, employees should be paid for compensatory leave in excess of the maximum hours stipulated. Compensatory leave is calculated at one and one-half times the regular hours.

The ***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.

***8. Deferred Inflows of Resources***

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

***9. Net Position/Fund Balances***

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

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

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

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

Fund balance is reported in 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.

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

***E. Pensions***

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

***Note 2 – Stewardship, Compliance, and Accountability***

***Budgets***

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds, which adopt project-length budgets and the permanent fund, which is not budgeted. All annual appropriations lapse at fiscal year-end. The American Rescue Plan Act Fund was not budgeted for fiscal year 2023 due to the uncertainty of expenditures at the time budgets were approved.

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.

Budgetary comparison information is presented in the Required Supplementary Information for all major funds, except for the American Rescue Plan Act Fund. The Commission approves the expenditure of these funds by consideration and vote in their public meetings.

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

### ***A. Deposits***

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

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.

### ***B. Cash with Fiscal Agent***

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

As of September 30, 2023, the Commission has $3,825,523.80 included in cash with fiscal agent which was invested in Morgan Stanley Institutional Liquidity Funds – Government Portfolio which has a weighted average maturity of 42 days.

***Interest Rate Risk*** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates.

***Credit Risk*** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. The Commission does not have a formal policy relating to credit risk. As of September 30, 2023, the Commission's investments in capital portfolio were rated AAAm by Standard & Poor's and Aaa-mf by Moody's Investors Service, Inc.

***Custodial Credit Risk*** – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have an investment policy that limits the amount of securities that can be held by counterparties. The Commission's deposits that are invested by the fiscal agent are held by the counterparty but not in the name of the Commission.

***Concentrations of Credit Risk*** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Commission does not have a formal investment policy that limits the amount the Commission may invest in any one issuer.

## *Note 4 – Unearned Revenue*

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2023, the various components of unearned revenues reported in the governmental funds were as follows:

| | |
|---|---|
| Grant Funds Received Prior to Meeting Eligibility Requirements – American Rescue Plan Act (ARPA) Funds | $779,255.23 |
| Unexpended Reappraisal Funds | 69,193.07 |
| Total Unearned Revenue for Governmental Funds | $848,448.30 |

The Solid Waste Fund, a proprietary fund, had unearned revenues totaling $108,204.07 which was made up of Grant Funds Received Prior to Meeting Eligibility Requirements – American Rescue Plan Act (ARPA) Funds.

### ***Note 5 – Capital Assets***

Capital asset activity for the year ended September 30, 2023, was as follows:

| | Balance 10/01/2022 | Additions | Retirements | Balance 09/30/2023 |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | $ 516,961.48 | $ | $ | $ 516,961.48 |
| Total Capital Assets, Not Being Depreciated | 516,961.48 | | | 516,961.48 |
| Capital Assets Being Depreciated: | | | | |
| Infrastructure | 4,315,224.88 | | | 4,315,224.88 |
| Buildings and Improvements | 2,728,333.00 | | | 2,728,333.00 |
| Vehicles and Equipment | 3,547,598.03 | 574,482.14 | (100,236.00) | 4,021,844.17 |
| Total Capital Assets Being Depreciated | 10,591,155.91 | 574,482.14 | (100,236.00) | 11,065,402.05 |
| Less Accumulated Depreciation for: | | | | |
| Infrastructure | (1,803,296.10) | (107,880.62) | | (1,911,176.72) |
| Buildings and Improvements | (2,596,613.75) | (1,813.25) | | (2,598,427.00) |
| Vehicles and Equipment | (2,007,229.98) | (374,284.54) | 85,201.40 | (2,296,313.12) |
| Total Accumulated Depreciation | (6,407,139.83) | (483,978.41) | 85,201.40 | (6,805,916.84) |
| Total Capital Assets, Being Depreciated, Net | 4,184,016.08 | 90,503.73 | (15,034.60) | 4,259,485.21 |
| Governmental Activities Capital Assets, Net | $ 4,700,977.56 | $ 90,503.73 | $ (15,034.60) | $ 4,776,446.69 |

Capital asset activity for business-type activities for the year ended September 30, 2023, was as follows:

| | Balance 10/01/2022 | Additions | Retirements | Balance 09/30/2023 |
|---|---|---|---|---|
| Business-Type Activities: | | | | |
| Capital Assets Being Depreciated: | | | | |
| Equipment | $412,620.00 | $ | $ | $412,620.00 |
| Total Capital Assets Being Depreciated | 412,620.00 | | | 412,620.00 |
| Less Accumulated Depreciation for: | | | | |
| Equipment | (25,761.00) | (40,722.00) | | (66,483.00) |
| Total Accumulated Depreciation | (25,761.00) | (40,722.00) | | (66,483.00) |
| Total Capital Assets Being Depreciated, Net | 386,859.00 | (40,722.00) | | 346,137.00 |
| Total Business-Type Activity Capital Assets, Net | $386,859.00 | $(40,722.00) | $ | $346,137.00 |

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

| | Current Year Depreciation Expense |
|---|---|
| Governmental Activities: | |
| General Government | $116,351.93 |
| Public Safety | 35,086.60 |
| Highway and Roads | 320,456.19 |
| Welfare | 12,083.69 |
| Total Depreciation Expense – Governmental Activities | $483,978.41 |

| | Current Year Depreciation Expense |
|---|---|
| Business-Type Activities: | |
| Solid Waste | $40,722.00 |
| Total Depreciation Expense – Business-Type Activities | $40,722.00 |

## *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 public employee retirement plan (the "Plan"), was established October 1, 1945, pursuant to the ***Code of Alabama 1975***, Section 36-27 (Act Number 515, Acts of Alabama 1945). The purpose of the ERS is to provide 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 which consists of 15 trustees. Act Number 2021-390, Acts of Alabama, created two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The ***Code of Alabama 1975***, Section 36-27-2, grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 15 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) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
   a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency, each of whom is an active beneficiary of ERS.
   b. Two vested active state employees.
   c. One vested active employee of a participating municipality or city in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
   d. One vested active employee of a participating county in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
   e. One vested active employee or retiree of a participating employer in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
   f. One vested active employee of a participating employer other than a municipality, city or county in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.

***Benefits Provided***

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

Act Number 2012-377, Acts of Alabama, established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a 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 up to 80% of their average final compensation. 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.

Act Number 2019-132, Acts of Alabama, allowed employers who participate in the ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6, to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act Number 2019-132, Acts of Alabama, will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 608 employers adopted Act Number 2019-132, Acts of Alabama as of September 30, 2022.

Act Number 2019-316, Acts of Alabama, allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of the partial lump sum distribution selected.

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 30, 2022, membership consisted of:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 30,598 |
| Terminated employees entitled to but not yet receiving benefits | 2,286 |
| Terminated employees not entitled to a benefit | 18,689 |
| Active Members | 57,278 |
| Post-DROP participants who are still active service | 39 |
| Total | 108,890 |

***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.

Employers participating in the ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6, were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676, Acts of Alabama. By adopting Act 2011-676, Acts of Alabama, Tier 1 regular members contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers, and firefighters increased from 6% to 8.5% of earnable compensation.

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, 2023, the Bullock County Commission's active employee contribution rate was 13.19% of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 6.97% of pensionable payroll.

The Bullock County Commission's contractually required contribution rate for the year ended September 30, 2023, was 8.08% of pensionable pay for Tier 1 employees, and 5.49% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, 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 $148,903.54 for the year ended September 30, 2023.

***B. Net Pension Liability***

The Bullock County Commission's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2021, rolled forward to September 30, 2022, using standard roll-forward techniques as shown in the following table:

| | Total Pension Liability Roll-Forward | | |
|---|---|---|---|
| | Expected | Actual Before Plan Changes | Actual After Plan Changes |
| (a) Total Pension Liability as of September 30, 2021 | $6,774,914 | $6,893,658 | $6,898,726 |
| (b) Discount Rate | 7.45% | 7.45% | 7.45% |
| (c) Entry Age Normal Cost for the Period October 1, 2021 through September 30, 2022 | 163,932 | 163,932 | 164,109 |
| (d) Transfers Among Employers | | (100,107) | (100,107) |
| (e) Actual Benefit Payments and Refunds for the period October 1, 2021 through September 30, 2022 | (468,476) | (468,476) | (468,476) |
| (f) Total Pension Liability as of September 30, 2022 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))] | $6,957,650 | $6,985,134 | $6,990,756 |
| (g) Difference between Expected and Actual | | $ 27,484 | |
| (h) Less Liability Transferred for Immediate Recognition | | (100,107) | |
| (i) Difference between Expected and Actual – Experience (Gain)/Loss | | $ 127,591 | |
| (j) Difference between Actual TPL Before and After Plan Changes – Benefit Change (Gain)/Loss | | | $ 5,622 |

***Actuarial Assumptions***

The total pension liability as of September 30, 2022 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2021. The key actuarial assumptions are summarized below:

| | |
|---|---|
| Inflation | 2.50% |
| Projected Salary Increases, including inflation: | |
| State and Local Employees | 3.25-6.00% |
| State Police | 4.00-7.75% |
| Investment Rate of Return, including inflation (*) | 7.45% |

(*) Net of pension plan investment expense

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019.

| Group | Membership Table | Set Forward (+)/ Setback (-) | Adjustment to Rates |
|---|---|---|---|
| Non-FLC Service Retirees | General Healthy Below Median | Male: +2, Female: +2 | Male: 90% ages <65, 96% ages >=65; Female: 96% all ages |
| FLC/State Police Service Retirees | Public Safety Healthy Below Median | Male: +1, Female: none | None |
| Beneficiaries | Contingent Survivor Below Median | Male: +2, Female: +2 | None |
| Non-FLC Disabled Retirees | General Disability | Male: +7, Female: +3 | None |
| FLC/State Police Disabled Retirees | Public Safety Disability | Male: +7, Female: none | None |

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an actuarial experience study for the period October 1, 2015 through 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 | 15.00% | 2.80% |
| U. S. Large Stocks | 32.00% | 8.00% |
| U. S. Mid Stocks | 9.00% | 10.00% |
| U. S. Small Stocks | 4.00% | 11.00% |
| International Developed Market Stocks | 12.00% | 9.50% |
| International Emerging Market Stocks | 3.00% | 11.00% |
| Alternatives | 10.00% | 9.00% |
| Real Estate | 10.00% | 6.50% |
| Cash Equivalents | 5.00% | 1.50% |
| Total | 100.00% | |

(*) Includes assumed rate of inflation of 2.00%.

***Discount Rate***

The discount rate used to measure the total pension liability was the long-term rate of return of 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***C. Changes in Net Pension Liability***

| | Increase/(Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balances at September 30, 2021 | $6,774,914 | $ 6,228,634 | $ 546,280 |
| Changes for the Year: | | | |
| Service cost | 163,932 | | 163,932 |
| Interest | 487,280 | | 487,280 |
| Changes in benefit terms | 5,622 | | 5,622 |
| Differences between expected and actual experience | 127,591 | | 127,591 |
| Contributions – employer | | 159,141 | (159,141) |
| Contributions – employee | | 131,037 | (131,037) |
| Net investment income | | (778,773) | 778,773 |
| Benefit payments, including refunds of employee contributions | (468,476) | (468,476) | |
| Transfers among employers | (100,107) | (100,107) | |
| Net Changes | 215,842 | (1,057,178) | 1,273,020 |
| Balances at September 30, 2022 | $6,990,756 | $ 5,171,456 | $1,819,300 |

***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 7.45%, 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 (6.45%) or 1-percentage point higher (8.45%) than the current rate:

| | 1% Decrease (6.45%) | Current Discount Rate (7.45%) | 1% Increase (8.45%) |
|---|---|---|---|
| Commission's Net Pension Liability | $2,538,616 | $1,819,300 | $1,207,032 |

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2022. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

For the year ended September 30, 2023, the Bullock County Commission recognized pension expense of $140,046.00. At September 30, 2023, the Bullock County 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 | $ 97,212 | $203,124 |
| Changes of assumptions | 116,667 | |
| Net difference between projected and actual earnings on pension plan investments | 629,433 | |
| Employer contributions subsequent to the measurement date | 148,903.54 | |
| Total | $992,215.54 | $203,124 |

The $148,903.54 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 ended September 30, 2024. 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, 2024 | $135,154 |
| 2025 | $127,146 |
| 2026 | $125,325 |
| 2027 | $252,563 |
| 2028 | $ 0 |
| Thereafter | $ 0 |

***Note 7 – Long-Term Debt***

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 December 16, 2019, the Commission approved a note from direct borrowing 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 from direct borrowing is collateralized by the two Mack trucks and was paid off in the current fiscal year.

On April 1, 2022, the Commission entered into a loan agreement with the Alabama Transportation Infrastructure Bank (ATIB) to issue the Limited Obligation Revenue Bond, Series 2022-A, in the amount of $5,080,000.00 to finance a project consisting of paving, widening and leveling roadways, improving roadway shoulders, traffic striping and marking and other roadway improvements to roads within Bullock County. In the event of default, the Issuer (ATIB) of the bond shall be entitled to exercise all available remedies under the laws of the State of Alabama.

On September 21, 2022, the Commission issued a note from direct borrowing in the amount of $386,422.00 with an interest rate of 6.50% to purchase two Kenworth trucks for the road department. The note is collateralized by the two Kenworth trucks.

The following is a summary of long-term obligations for the Commission for the year ended September 30, 2023:

| | Debt Outstanding 10/01/2022 | Issued/ Increased | Repaid/ Decreased | Debt Outstanding 09/30/2023 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Warrants Payable: | | | | | |
| Limited Obligation Revenue Bond, Series 2022-A | $5,080,000.00 | $ | $(275,000.00) | $4,805,000.00 | $285,000.00 |
| Total Warrants Payable | 5,080,000.00 | | (275,000.00) | 4,805,000.00 | 285,000.00 |
| Other Liabilities: | | | | | |
| Notes from Direct Borrowing | 703,266.08 | | (277,784.21) | 425,481.87 | 109,606.19 |
| Net Pension Liability | 546,280.00 | 1,273,020.00 | | 1,819,300.00 | |
| Compensated Absences | 68,112.01 | | (13,519.38) | 54,592.63 | 5,459.26 |
| Total Other Liabilities | 1,317,658.09 | 1,273,020.00 | (291,303.59) | 2,299,374.50 | 115,065.45 |
| Total Governmental Activities Long-Term Liabilities | 6,397,658.09 | 1,273,020.00 | (566,303.59) | 7,104,374.50 | 400,065.45 |
| Business-Type Activities: | | | | | |
| Other Liabilities: | | | | | |
| Notes from Direct Borrowing | 187,561.00 | | (187,561.00) | | |
| Compensated Absences | 1,487.09 | 572.01 | | 2,059.10 | 205.91 |
| Total Business-Type Activities Long-Term Liabilities | $ 189,048.09 | $ 572.01 | $(187,561.00) | $ 2,059.10 | $ 205.91 |

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. The compensated absences liability attributable to the governmental activities will be liquidated by the General Fund (42.55%), Gasoline Tax Fund (48.53%), Other Governmental Funds (6.26%) and by the Bullock County Development Authority (2.66%).

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

| | Governmental Activities | | | | Total Principal and Interest Requirements to Maturity |
|---|---|---|---|---|---|
| | Limited Obligation Revenue Bond, Series 2022-A | | Notes from Direct Borrowing | | |
| Fiscal Year Ending | Principal | Interest | Principal | Interest | |
| September 30, 2024 | $ 285,000.00 | $ 134,280.00 | $109,606.19 | $20,161.37 | $ 549,047.56 |
| 2025 | 290,000.00 | 126,000.00 | 110,984.26 | 17,899.00 | 544,883.26 |
| 2026 | 300,000.00 | 117,504.00 | 84,360.12 | 17,437.87 | 519,301.99 |
| 2027 | 310,000.00 | 108,720.00 | 94,087.27 | 7,710.75 | 520,518.02 |
| 2028 | 320,000.00 | 99,648.00 | 7,735.37 | 1,064.11 | 428,447.48 |
| 2029-2033 | 1,725,000.00 | 353,880.00 | 18,708.66 | 1,068.66 | 2,098,657.32 |
| 2034-2037 | 1,575,000.00 | 92,378.00 | | | 1,667,378.00 |
| Total | $4,805,000.00 | $1,032,410.00 | $425,481.87 | $65,341.76 | $6,328,233.63 |

***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 Commissions of Alabama (ACCA) Liability Self Insurance Fund, a public entity risk pool. The Fund is self-sustaining through member contributions. The Commission pays an annual premium based on the Commission's individual claims experience and the experience of the Fund as a whole. Coverage is provided up to $1,000,000 per claim for a maximum total coverage of $3,000,000 and unlimited defense costs. Employment-related practices damage protection is limited to $1,000,000 per incident with a $5,000 deductible and unlimited defense costs.

The Commission has workers' compensation insurance through the Association of County Commissions of Alabama (ACCA) Workers' Compensation Self Insurance Fund, a public entity risk pool. The premium level for the fund is calculated to adequately cover the anticipated losses and expenses of the Fund. Fund rates are calculated for each job class based on the current NCCI Alabama loss costs and a loss cost modifier to meet the required premiums of the Fund. Premiums are based on a rate per $100 of remuneration for each class of employee, which is adjusted by an experience modifier for the individual county. At year-end, pool participants are eligible to receive refunds of unused premiums and the related investment earnings. The Commission may qualify for additional discounts based on losses and premium size. 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. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

### ***Note 9 – Interfund Transactions***

### ***Interfund Transfers***

The amounts of interfund transfers during the fiscal year ended September 30, 2023, were as follows:

| | Transfers In RRR Gasoline Tax Fund | Totals |
|---|---|---|
| Transfers Out: | | |
| General Fund | $15,000.00 | $15,000.00 |
| Totals | $15,000.00 | $15,000.00 |

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. This related party relationship ended on January 30, 2023, when the Union Springs Herald was sold.

***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
- Bullock County Library Board
- Bullock County Resource Board

***Note 12 – 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***, Section 40-9B-(1-13). Under the Act, localities may grant property tax abatements for all state and local non-educational 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, 2023, total property taxes abated were $1,609.13, including the following tax abatement agreement that each exceeded 10 percent of the total amount abated:

- A 55 percent property tax abatement to a food processing company for increasing the size of its facilities and increasing employment. The abatement amounted to $1,609.13.

***Note 13 – Subsequent Event***

At its July 28, 2026 meeting, the Commission entered into a contract in the amount of $623,404.38 to repair and rehabilitate Antioch Church Road.

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# *Required Supplementary Information*

## *Schedule of Changes in the Employer's Net Pension Liability*
## *For the Year Ended September 30, 2023*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|
| **Total Pension Liability** | | | | | | | | | |
| Service cost | $ 163,932 | $ 134,171 | $ 145,750 | $ 143,136 | $ 129,914 | $ 130,090 | $ 138,736 | $ 145,082 | $ 135,643 |
| Interest | 487,280 | 488,958 | 493,516 | 492,925 | 506,714 | 513,519 | 510,293 | 497,600 | 482,803 |
| Changes of benefit terms | 5,622 | 68,394 | | | | | | | |
| Difference between expected and actual experience | 127,591 | (219,115) | (67,640) | (164,595) | (383,941) | (265,642) | (124,852) | (49,850) | |
| Changes of assumptions | | 214,851 | | | 30,831 | | 201,853 | | |
| Benefit payments, including refunds of employee contributions | (468,476) | (524,896) | (467,924) | (450,007) | (422,734) | (480,665) | (402,128) | (466,202) | (400,767) |
| Transfers among employees | (100,107) | | (134,414) | (4,822) | 16,229 | (14,077) | (37,240) | | |
| Net change in total pension liability | 215,842 | 162,363 | (30,712) | 16,637 | (122,987) | (116,775) | 286,662 | 126,630 | 217,679 |
| Total pension liability - beginning | 6,774,914 | 6,612,551 | 6,643,263 | 6,626,626 | 6,749,613 | 6,866,388 | 6,579,726 | 6,453,096 | 6,235,417 |
| Total pension liability - ending (a) | $ 6,990,756 | $ 6,774,914 | $ 6,612,551 | $ 6,643,263 | $ 6,626,626 | $ 6,749,613 | $ 6,866,388 | $ 6,579,726 | $ 6,453,096 |
| **Plan Fiduciary Net Position** | | | | | | | | | |
| Contributions - employer | $ 159,141 | $ 108,085 | $ 124,619 | $ 161,934 | $ 153,798 | $ 153,944 | $ 170,600 | $ 181,493 | $ 176,430 |
| Contributions - employee | 131,037 | 132,853 | 84,950 | 94,583 | 87,656 | 90,868 | 82,972 | 85,289 | 126,035 |
| Net investment income | (778,773) | 1,157,625 | 300,073 | 138,867 | 473,485 | 604,270 | 456,340 | 54,795 | 510,756 |
| Benefit payments, including refunds of employee contributions | (468,476) | (524,896) | (467,924) | (450,007) | (422,734) | (480,665) | (402,128) | (466,202) | (400,767) |
| Transfers among employers | (100,107) | | (134,414) | (4,822) | 16,229 | (14,077) | (37,240) | | |
| Net change in plan fiduciary net position | (1,057,178) | 873,667 | (92,696) | (59,445) | 308,434 | 354,340 | 270,544 | (144,625) | 412,454 |
| Plan fiduciary net position - beginning | 6,228,634 | 5,354,967 | 5,447,663 | 5,507,108 | 5,198,674 | 4,844,334 | 4,573,790 | 4,718,415 | 4,305,961 |
| Plan fiduciary net position - ending (b) | $ 5,171,456 | $ 6,228,634 | $ 5,354,967 | $ 5,447,663 | $ 5,507,108 | $ 5,198,674 | $ 4,844,334 | $ 4,573,790 | $ 4,718,415 |
| Net pension liability (asset) - ending (a) - (b) | $ 1,819,300 | $ 546,280 | $ 1,257,584 | $ 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 | 73.98% | 91.94% | 80.98% | 82.00% | 83.11% | 77.02% | 70.55% | 69.51% | 73.12% |
| Covered payroll (*) | $ 2,204,197 | $ 1,660,829 | $ 1,564,724 | $ 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 | 82.54% | 32.89% | 80.37% | 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 2023, the measurement period is October 1, 2021 through September 30, 2022. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll for fiscal year 2017.

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

## *Schedule of the Employer's Contributions - Pension*
## *For the Year Ended September 30, 2023*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution (*) | $ 148,904 | $ 159,141 | $ 108,085 | $ 124,619 | $ 161,934 | $ 153,798 | $ 153,944 | $ 170,600 | $ 181,493 | $ 176,430 |
| Contributions in relation to the actuarially determined contribution (*) | $ 148,904 | $ 159,141 | $ 108,085 | $ 124,619 | $ 161,934 | $ 153,798 | $ 153,944 | $ 170,600 | $ 181,493 | $ 176,430 |
| Contribution deficiency (excess) | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Covered payroll (**) | $ 2,136,827 | $ 2,204,197 | $ 1,660,829 | $ 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 | 6.97% | 7.22% | 6.51% | 7.96% | 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 error 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 2023 is the total covered payroll for the 12 month period of the underlying financial statement.

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2023 were based on the September 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial cost method | Entry Age |
| Amortization method | Level percent closed |
| Remaining amortization period | 25.9 years |
| Asset valuation method | Five year smoothed market |
| Inflation | 2.75% |
| Salary increases | 3.25-5.00% including inflation |
| Investment rate of return | 7.70% net of pension plan investment expense, including inflation |

## *Schedule of Revenues, Expenditures and Changes in Fund Balances*
## *Budget and Actual - General Fund*
## *For the Year Ended September 30, 2023*

| | Budgeted Amounts | | Actual Amounts | | Budget to GAAP | Actual Amounts |
|---|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | | Differences | GAAP Basis |
| **Revenues** | | | | | | |
| Taxes | $ 1,055,150.00 | $ 1,055,150.00 | $ 1,071,024.07 | (1) | $ 669,889.88 | $ 1,740,913.95 |
| Licenses and Permits | 7,950.00 | 7,950.00 | 2,788.05 | | | 2,788.05 |
| Intergovernmental | 909,704.00 | 909,704.00 | 616,478.91 | (1) | 86,928.67 | 703,407.58 |
| Charges for Services | 389,695.00 | 389,695.00 | 367,053.06 | | | 367,053.06 |
| Miscellaneous | 71,450.00 | 71,450.00 | 178,606.23 | (1) | 359,409.29 | 538,015.52 |
| Total Revenues | 2,433,949.00 | 2,433,949.00 | 2,235,950.32 | | 1,116,227.84 | 3,352,178.16 |
| **Expenditures** | | | | | | |
| Current: | | | | | | |
| General Government | 1,129,384.00 | 1,129,384.00 | 1,185,709.63 | | | 1,185,709.63 |
| Public Safety | 662,459.00 | 662,459.00 | 766,403.04 | (2) | 343,422.21 | 1,109,825.25 |
| Highways and Roads | | | | (2) | 553,381.54 | 553,381.54 |
| Health | 32,800.00 | 32,800.00 | 32,400.00 | | | 32,400.00 |
| Welfare | 182,185.00 | 182,185.00 | 185,511.95 | | | 185,511.95 |
| Culture and Recreation | 4,425.00 | 4,425.00 | 2,820.55 | | | 2,820.55 |
| Education | 6,936.00 | 6,936.00 | 7,638.96 | | | 7,638.96 |
| Capital Outlay | 77,650.00 | 77,650.00 | 67,051.80 | (2) | 75,000.00 | 142,051.80 |
| Debt Service: | | | | | | |
| Principal Retirement | | | 115,941.89 | (2) | 246,733.74 | 362,675.63 |
| Interest and Fiscal Charges | | | 519.55 | (2) | 69,347.89 | 69,867.44 |
| Total Expenditures | 2,095,839.00 | 2,095,839.00 | 2,363,997.37 | | 1,287,885.38 | 3,651,882.75 |
| Excess (Deficiency) of Revenues Over Expenditures | 338,110.00 | 338,110.00 | (128,047.05) | | (171,657.54) | (299,704.59) |
| **Other Financing Sources (Uses)** | | | | | | |
| Sale of Capital Assets | 7,200.00 | 7,200.00 | | (3) | 29,877.50 | 29,877.50 |
| Transfers Out | (150,000.00) | (150,000.00) | | (3) | (15,000.00) | (15,000.00) |
| Total Other Financing Sources (Uses) | (142,800.00) | (142,800.00) | | | 14,877.50 | 14,877.50 |
| Net Change in Fund Balances | 195,310.00 | 195,310.00 | (128,047.05) | | (156,780.04) | (284,827.09) |
| Fund Balances - Beginning of Year | 702,410.58 | 702,410.48 | 191,575.33 | (4) | 532,564.51 | 724,139.84 |
| Fund Balances - End of Year | $ 897,720.58 | $ 897,720.48 | $ 63,528.28 | | $ 375,784.47 | $ 439,312.75 |

*Schedule of Revenues, Expenditures and Changes in Fund Balances*
*Budget and Actual - General Fund*
*For the Year Ended September 30, 2023*

**Explanation of Differences Between Actual Amounts Budgetary Basis and Actual Amounts GAAP Basis:**

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

| | | | | |
|---|---|---|---|---|
| (1) Revenues | | | | |
| Opioid Settlement Fund | $ | 44,436.66 | | |
| Public Buildings, Roads and Bridges Fund | | 725,452.18 | | |
| Jail Tax Fund | | 346,339.00 | $ | 1,116,227.84 |
| (2) Expenditures | | | | |
| Public Buildings, Roads and Bridges Fund | $ | (944,463.17) | | |
| Jail Tax Fund | | (343,422.21) | | (1,287,885.38) |
| (3) Other Financing Sources | | | | |
| Public Buildings, Roads and Bridges Fund | $ | 14,877.50 | | 14,877.50 |
| Net Change in Fund Balance - Budget to GAAP | | | $ | (156,780.04) |

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

*Schedule of Revenues, Expenditures and Changes in Fund Balances*
*Budget and Actual - Gasoline Tax Fund*
*For the Year Ended September 30, 2023*

| | Budgeted Amounts | | Actual Amounts | Budget to GAAP | Actual Amounts |
|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Differences | GAAP Basis |
| **Revenues** | | | | | |
| Intergovernmental | $ 700,000.00 | $ 700,000.00 | $ 751,851.34 | $ | $ 751,851.34 |
| Miscellaneous | 120,020.00 | 120,020.00 | 250,629.84 | | 250,629.84 |
| Total Revenues | 820,020.00 | 820,020.00 | 1,002,481.18 | | 1,002,481.18 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| Highways and Roads | 1,359,442.00 | 1,359,442.00 | 1,691,619.22 | | 1,691,619.22 |
| Capital Outlay | 157,000.00 | 157,000.00 | 32,430.34 | | 32,430.34 |
| Debt Service: | | | | | |
| Principal Retirement | 144,000.00 | 144,000.00 | 24,863.37 | | 24,863.37 |
| Interest and Fiscal Charges | 27,117.43 | 27,117.43 | 28,223.63 | | 28,223.63 |
| Total Expenditures | 1,687,559.43 | 1,687,559.43 | 1,777,136.56 | | 1,777,136.56 |
| Excess (Deficiency) of Revenues Over Expenditures | (867,539.43) | (867,539.43) | (774,655.38) | | (774,655.38) |
| **Other Financing Sources (Uses)** | | | | | |
| Transfers In | 869,000.00 | 869,000.00 | | | |
| Total Other Financing Sources (Uses) | 869,000.00 | 869,000.00 | | | |
| Net Change in Fund Balances | 1,460.57 | 1,460.57 | (774,655.38) | | (774,655.38) |
| Fund Balances - Beginning of Year | | | 4,727,308.09 | | 4,727,308.09 |
| Fund Balances - End of Year | $ 1,460.57 | $ 1,460.57 | $ 3,952,652.71 | $ | $ 3,952,652.71 |

*Schedule of Revenues, Expenditures and Changes in Fund Balances*
*Budget and Actual - RRR Gasoline Tax Fund*
*For the Year Ended September 30, 2023*

| | Budgeted Amounts | | Actual Amounts | Budget to GAAP | Actual Amounts |
|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Differences | GAAP Basis |
| **Revenues** | | | | | |
| Intergovernmental | $ 880,000.00 | $ 880,000.00 | $ 948,840.63 | $ | $ 948,840.63 |
| Miscellaneous | 50.00 | 50.00 | 58.93 | | 58.93 |
| Total Revenues | 880,050.00 | 880,050.00 | 948,899.56 | | 948,899.56 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| Highways and Roads | 250,115.00 | 250,115.00 | 938,916.01 | | 938,916.01 |
| Total Expenditures | 250,115.00 | 250,115.00 | 938,916.01 | | 938,916.01 |
| Excess (Deficiency) of Revenues Over Expenditures | 629,935.00 | 629,935.00 | 9,983.55 | | 9,983.55 |
| **Other Financing Sources (Uses)** | | | | | |
| Transfers In | | | 15,000.00 | | 15,000.00 |
| Transfers Out | (610,000.00) | (610,000.00) | | | |
| Total Other Financing Sources (Uses) | (610,000.00) | (610,000.00) | 15,000.00 | | 15,000.00 |
| Net Change in Fund Balances | 19,935.00 | 19,935.00 | 24,983.55 | | 24,983.55 |
| Fund Balances - Beginning of Year | | | 103,242.88 | | 103,242.88 |
| Fund Balances - End of Year | $ 19,935.00 | $ 19,935.00 | $ 128,226.43 | $ | $ 128,226.43 |

## *Schedule of Revenues, Expenditures and Changes in Fund Balances*
## *Budget and Actual - Bullock County Development Fund*
## *For the Year Ended September 30, 2023*

| | Budgeted Amounts | | Actual Amounts | Budget to GAAP | Actual Amounts |
|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Differences | GAAP Basis |
| **Revenues** | | | | | |
| Taxes | $ 600,000.00 | $ 600,000.00 | $ 649,715.99 | $ | $ 649,715.99 |
| Miscellaneous | 2,668.44 | 2,668.44 | 25,364.14 | | 25,364.14 |
| Total Revenues | 602,668.44 | 602,668.44 | 675,080.13 | | 675,080.13 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| General Government | 253,177.00 | 253,177.00 | 13,728.50 | | 13,728.50 |
| Intergovernmental | 6,000.00 | 6,000.00 | 2,000.00 | | 2,000.00 |
| Capital Outlay | | | 400,000.00 | | 400,000.00 |
| Debt Service: | | | | | |
| Principal Retirement | | | 6,187.10 | | 6,187.10 |
| Interest and Fiscal Charges | | | 2,612.38 | | 2,612.38 |
| Total Expenditures | 259,177.00 | 259,177.00 | 424,527.98 | | 424,527.98 |
| Excess (Deficiency) of Revenues Over Expenditures | 343,491.44 | 343,491.44 | 250,552.15 | | 250,552.15 |
| Net Change in Fund Balances | 343,491.44 | 343,491.44 | 250,552.15 | | 250,552.15 |
| Fund Balances - Beginning of Year | | | 1,309,922.80 | | 1,309,922.80 |
| Fund Balances - End of Year | $ 343,491.44 | $ 343,491.44 | $ 1,560,474.95 | $ | $ 1,560,474.95 |

*Schedule of Revenues, Expenditures and Changes in Fund Balances*
*Budget and Actual - Federal Aid Exchange Fund*
*For the Year Ended September 30, 2023*

| | Budgeted Amounts | | Actual Amounts | Budget to GAAP | Actual Amounts |
|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Differences | GAAP Basis |
| **Revenues** | | | | | |
| Intergovernmental | $ 400,000.00 | $ 400,000.00 | $ 400,000.00 | $ | $ 400,000.00 |
| Total Revenues | 400,000.00 | 400,000.00 | 400,000.00 | | 400,000.00 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| Highways and Roads | 400,000.00 | 400,000.00 | 400,000.00 | | 400,000.00 |
| Total Expenditures | 400,000.00 | 400,000.00 | 400,000.00 | | 400,000.00 |
| Excess (Deficiency) of Revenues Over Expenditures | | | | | |
| Net Change in Fund Balances | | | | | |
| Fund Balances - Beginning of Year | | | | | |
| Fund Balances - End of Year | $ | $ | $ | $ | $ |

## *Schedule of Revenues, Expenditures and Changes in Fund Balances*
## *Budget and Actual - County Rebuild Alabama Fund*
## *For the Year Ended September 30, 2023*

| | Budgeted Amounts | | Actual Amounts | Budget to GAAP | Actual Amounts |
|---|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Differences | GAAP Basis |
| **Revenues** | | | | | |
| Intergovernmental | $ 650,000.00 | $ 650,000.00 | $ 738,311.49 | $ | $ 738,311.49 |
| Total Revenues | 650,000.00 | 650,000.00 | 738,311.49 | | 738,311.49 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| Highways and Roads | 600,000.00 | 600,000.00 | 806,292.19 | | 806,292.19 |
| Debt Service: | | | | | |
| Principal Retirement | | | 159,058.11 | | 159,058.11 |
| Interest and Fiscal Charges | 73,152.00 | 73,152.00 | 73,864.77 | | 73,864.77 |
| Total Expenditures | 673,152.00 | 673,152.00 | 1,039,215.07 | | 1,039,215.07 |
| Excess (Deficiency) of Revenues Over Expenditures | (23,152.00) | (23,152.00) | (300,903.58) | | (300,903.58) |
| Net Change in Fund Balances | (23,152.00) | (23,152.00) | (300,903.58) | | (300,903.58) |
| Fund Balances - Beginning of Year | 724,123.75 | 724,123.75 | 724,123.75 | | 724,123.75 |
| Fund Balances - End of Year | $ 700,971.75 | $ 700,971.75 | $ 423,220.17 | $ | $ 423,220.17 |

# *Additional Information*

# *Commission Members and Administrative Personnel*
## *October 1, 2022 through September 30, 2023*

| **Commission Members** | | **Term Expires** |
|---|---|---|
| Hon. Alonza B. Ellis, Jr. | Chairman | November 2030 |
| Hon. Don C. Larkins | Member | November 2028 |
| Hon. John L. Adams | Member | November 2026 |
| Hon. John G. McGowan | Member | November 2026 |
| Hon. Solomon Marlow, Jr. | Member | November 2026 |
| **Administrative Personnel** | | |
| 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, 2023, 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 October 8, 2026.

## ***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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described below as Finding 2023-001 and Finding 2023-002 that we consider to be significant deficiencies.

***Finding 2023-001***

The Governmental Accounting Standards Board's C***odification of Governmental Accounting and Financial Reporting Standards***, Section 1400, requires capital assets to be properly valued, depreciated and reported in the government-wide financial statements. To comply with this standard, adequate records should be maintained to support the balances for capital assets and periodic inventories of capital assets should be taken to substantiate the records. A complete and accurate periodic inventory of capital assets was not taken and reconciled to the accounting records. Also, several assets did not have complete identifying information noted on the capital asset listing. The Commission did not ensure capital assets balances were properly reported. Consequently, errors could occur in the capital asset records and not be detected or corrected in a timely manner. This Finding was previously reported as Finding 2021-003 and Finding 2022-002.

***Recommendation***

A complete and accurate periodic inventory of capital assets should be taken and reconciled to the accounting records, and the capital asset listing should contain all relevant identifying information.

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

We agree with the finding that a complete and accurate inventory of capital assets should be taken and reconciled to the accounting records.

***Finding 2023-002***

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 and appropriate approval prior to purchase was maintained. As a result, public money could be spent for unlawful or unapproved purchases. This finding was previously reported as Finding 2010-005, Finding 2019-004, Finding 2020-006, Finding 2021-004 and Finding 2022-003.

***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 Commission agrees with this finding that all expenditures should have required 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

October 8, 2026

# *Auditee Response*

# BULLOCK COUNTY COMMISSION

ALONZA B. ELLIS, JR., CHAIRMAN
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PHONE: 334-738-3883
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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, 2023***

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, 2023.

| Finding Ref. No. | Corrective Action Plan Details |
|---|---|

***2023-001***

***Finding:***

The Governmental Accounting Standards Board's C***odification of Governmental Accounting and Financial Reporting Standards***, Section 1400, requires capital assets to be properly valued, depreciated and reported in the government-wide financial statements. To comply with this standard, adequate records should be maintained to support the balances for capital assets and periodic inventories of capital assets should be taken to substantiate the records. A complete and accurate periodic inventory of capital assets was not taken and reconciled to the accounting records. Also, several assets did not have complete identifying information noted on the capital asset listing. The Commission did not ensure capital assets balances were properly reported. Consequently, errors could occur in the capital asset records and not be detected or corrected in a timely manner. This Finding was previously reported as Finding 2021-003 and Finding 2022-002.

***Recommendation:***

A complete and accurate periodic inventory of capital assets should be taken and reconciled to the accounting records, and the capital asset listing should contain all relevant identifying information.

***Response/Views:*** We agree with the finding that a complete and accurate inventory of capital assets should be taken and reconciled to the accounting records.

***Corrective Action Planned:*** The commission will take an accurate inventory count of all capital assets that are acquired. The commission will review purchase orders, invoices and ledgers to account for all newly acquired assets.

***Reason for the Recurrence:*** The commission will ensure that all capital assets are recorded and all inventory will be accounted for from each county department to mitigate the recurrence.

***Anticipated Completion Date:*** The anticipated completion date of corrective action will be FY2026.

***Contact Person(s):*** Patrick D. Smith, CCA

*2023-002* ***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 and appropriate approval prior to purchase was maintained. As a result, public money could be spent for unlawful or unapproved purchases. This finding was previously reported as Finding 2010-005, Finding 2019-004, Finding 2020-006, Finding 2021-004, and Finding 2022-003.

***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 commission agrees with this finding that all expenditures should have required documentation.

***Corrective Action Planned:*** The Bullock County Commission will make sure that all expenditures will have the required documentation and the appropriate signature from department heads.

***Reason for the Recurrence:*** The commission did not include all of the required expenditure documentation including signatures from department heads.

***Anticipated Completion Date:*** The anticipated date of correction will be FY 2026.

***Contact Person(s):*** Patrick D. Smith, CCA



Chairman, Bullock County Commission