

# Town of County Line, AL

## Minutes special called meeting November 1, 2012

Meeting called to order at 7:00PM by Mayor Calvert. Roll was Called with Mayor Calvert present with Councils Norma Holzhauser, Dennis Finch, Pam Sitton, Herman Mulvehill and Bret Huffstutler present. A Quorum being present, meeting proceeded.

Mayor Calvert said this was a special meeting to discuss 3 items

1. Financial Audit from Self, Maples & Copeland:

Herman Mulvehill moved to accept as submitted, Council Holzhauser seconded. Motion passed unanimously.

2. Park Work: Council Sitton moved to approve all work done or going to be performed. Council Holzhauser seconded. Motion passed unanimously

3. Paying all outstanding bills or invoices: Council Huffstutler moved to pay all outstanding bills. Council Sitton seconded. Motion passed unanimously

There was a discussion about the area around the playground equipment. Mayor-Elect Arthur Self discussed various types of material that could be used. There was a discussion about former Council members donating their time to work in the Park and Mr. Self said he had no objection

Meeting adjourned

William Ivey, Town Clerk reporting

**TOWN OF COUNTY LINE**  
**Trafford, Alabama**

**AUDITED FINANCIAL STATEMENTS**  
**AND**  
**SUPPLEMENTARY FINANCIAL INFORMATION**

**SEPTEMBER 30, 2012**

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**SELF, MAPLES & COPELAND, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

ONEONTA, ALABAMA 35121

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Honorable Mayor and Town Council  
Town of County Line  
Trafford, Alabama

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of County Line as of and for the year ended September 30, 2012, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of County Line's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, of the Town of County Line as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Town of County Line has not presented management's discussion and analysis that U.S. generally accepted accounting principles has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Self Maples and Copeland, PC  
October 26, 2012

TOWN OF COUNTY LINE, ALABAMA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

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<u>ASSETS</u>	<u>Governmental Activities</u>
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 41,096
	<u>41,096</u>
 <b>NONCURRENT ASSETS</b>	
Land and Construction in Progress	13,310
Other Capital Assets, Net of Accumulated Depreciation	<u>175</u>
	<u>13,485</u>
 <b>TOTAL ASSETS</b>	 \$ <u>54,581</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

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	<u>LIABILITIES</u>	<u>Governmental Activities</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable		\$ 4,170
		<u>4,170</u>
<b>TOTAL LIABILITIES</b>		<u>4,170</u>
 <b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt		13,485
Restricted		27,468
Unrestricted		<u>9,458</u>
<b>TOTAL NET ASSETS</b>		<u>\$ 50,411</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

TOWN OF COUNTY LINE, ALABAMA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
					<u>Primary Governmental Activities</u>
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government					
Governmental Activities					
General Government	\$ 20,836	\$ -	\$ -	\$ -	\$ (20,836)
Highway and Street	7,840	-	-	-	(7,840)
	<u>28,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,676)</u>
	<u>\$ 28,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(28,676)</u>
		General Revenues			
		Taxes			
				Gasoline	5,466
				State Appropriations	3,161
				Licenses and Permits	20,503
					<u>29,130</u>
				Change in Net Assets	454
				Net Assets - Beginning	<u>49,957</u>
				Net Assets - Ending	<u>\$ 50,411</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.



TOWN OF COUNTY LINE, ALABAMA

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

<u>ASSETS</u>	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 13,628	\$ 5,350	\$ 22,118	\$ 41,096
<b>TOTAL ASSETS</b>	<b>\$ 13,628</b>	<b>\$ 5,350</b>	<b>\$ 22,118</b>	<b>\$ 41,096</b>
 <u>LIABILITIES AND FUND BALANCES</u> 				
<b>Liabilities</b>				
Accounts Payable	\$ 4,170	\$ -	\$ -	\$ 4,170
	<u>\$ 4,170</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,170</u>
<b>Fund Balances</b>				
Restricted Reported In:				
Capital Projects Funds	-	5,350	-	5,350
Special Revenue Funds	-	-	22,118	22,118
Unassigned Reported in General Fund	<u>9,458</u>	<u>-</u>	<u>-</u>	<u>9,458</u>
	<u>9,458</u>	<u>5,350</u>	<u>22,118</u>	<u>36,926</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,628</b>	<b>\$ 5,350</b>	<b>\$ 22,118</b>	<b>\$ 41,096</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

TOWN OF COUNTY LINE, ALABAMA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

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Total Fund Balances for Governmental Funds \$ 36,926

Total Net Assets reported for governmental activities in the Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and Construction in Progress	\$ 13,310	
Buildings and Improvements, net of accumulated depreciation of \$9,875	<u>175</u>	13,485

Net Assets of Governmental Activities \$ 50,411

The accompanying Notes to Financial Statements are an integral part of these financial statements.

TOWN OF COUNTY LINE, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Capital Project Fund	Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,366	\$ 3,161	\$ 4,100	\$ 8,627
Licenses and Permits	20,503	-	-	20,503
	<u>21,869</u>	<u>3,161</u>	<u>4,100</u>	<u>29,130</u>
<b>EXPENDITURES</b>				
General Government	20,836	-	-	20,836
Park and Recreation	13,110	-	-	13,110
Highways and Streets	-	-	7,590	7,590
	<u>33,946</u>	<u>-</u>	<u>7,590</u>	<u>41,536</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,077)</u>	<u>3,161</u>	<u>(3,490)</u>	<u>(12,406)</u>
FUND BALANCES - Beginning	<u>21,535</u>	<u>2,189</u>	<u>25,608</u>	<u>49,332</u>
FUND BALANCES - Ending	<u>\$ 9,458</u>	<u>\$ 5,350</u>	<u>\$ 22,118</u>	<u>\$ 36,926</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

TOWN OF COUNTY LINE, ALABAMA

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, 2012

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Net Change in Fund Balances - Total Governmental Funds	\$ (12,406)
The change in Net Assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$13,110) exceeded depreciation (\$250) in the current period.	<u>12,860</u>
Change in Net Assets of Governmental Activities	<u>\$ 454</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

TOWN OF COUNTY LINE, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The accompanying financial statements present the activities of the Town of County Line, Alabama. The Town of County Line, Alabama is a municipality governed by an elected mayor and town council. The Town's major operations include general and administrative services and maintenance of streets. The decision to include a potential component unit was made by applying the criteria set forth in accounting principles generally accepted in the United States of America which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability of the primary government to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of the type of presentation involves considering whether the activity benefits the government and/or citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there are no component units included in these financial statements.

**BASIS OF PRESENTATION, BASIS OF ACCOUNTING**

**Basis of Presentation**

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the primary government (the Town) and its component units. These statements include the financial activities of the overall 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 Town. 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 the different business-type activities of the Town and for each function of the Town'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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs 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 Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The

TOWN OF COUNTY LINE, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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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.

The Town reports the following major governmental funds:

*General Fund.* This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Capital Improvement Fund.* This fund accounts for grants received by the Town for the purchase of capital improvements.

Additionally, the Town reports the following other fund types:

*Special Revenue Fund.* This fund accounts for the receipt of the State Gasoline Tax funds received from the State 4-cent, 5-cent, 7-cent gasoline tax, 2-cent Inspection Fee on motor fuels, the State Motor Vehicle, and the additional excise tax. The funds are restricted for the repair and maintenance of the Town's streets and street lights.

**Measurement Focus, Basis of Accounting**

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town 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 taxes and licenses is recognized in the fiscal year for which the taxes or licenses are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, gasoline taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town 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 assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

TOWN OF COUNTY LINE, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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All governmental funds of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

**Deposits and Investments**

The Town is restricted to depositing and investing in accounts that are fully insured by the federal government.

**Cash and Cash Equivalents**

The Town considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits.

**Receivables and Payables**

All trade and tax receivables are shown net of any allowance for uncollectibles. Receivables are reported as *Receivables* and *Due from Other Governments* in the government-wide financial statements and as *Receivables*, *Due from Other Funds*, and *Due from Other Governments* in the fund financial statements. Receivables due from other governments include amounts due from grantors for grants issued for specific programs and local taxes.

**Prepaid Items**

Certain payments to vendors reflect costs that benefit future accounting periods and are recorded on the consumption basis. They are similarly reported in the government-wide and fund financial statements.

**Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. General infrastructure assets, which include road network, bridges, sidewalks, etc., are only those acquired or that receive substantial improvements subsequent to September 30, 2003. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>	<b><u>Capitalization Thresholds</u></b>
Infrastructure	30	\$ 5,000
Buildings	40	\$ 5,000
Building improvements	20	\$ 5,000
Vehicles	2-15	\$ 5,000
Office equipment	3-15	\$ 1,000

TOWN OF COUNTY LINE, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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**Fund Equity**

Beginning in the fiscal year 2011, the City implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

**Nonspendable Fund Balance** – amounts that are not in a spendable form or are required to be maintained intact.

**Restricted Fund Balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**Committed Fund Balance** – amounts constrained to specific purposes by a government itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

**Assigned Fund Balance** – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

**Unassigned Fund Balance** – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

Town Council establishes, modifies, or rescinds fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for a specific purpose.

**Budgets and Budgetary Accounting**

Formal integration of budgets is used as a management control device during the year for the General Fund. The Town did not adopt a formal budget for its governmental funds. Therefore, the financial statements do not contain comparisons with a formal budget.

**Deficit Fund Equity**

There was no fund having a deficit fund balance as of September 30, 2012.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of September 30, 2012, the carrying amounts of the Town's bank deposits were covered by the State of Alabama's Security of Alabama Funds Enhancement (SAFE) Program. The SAFE Program was



TOWN OF COUNTY LINE, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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 Depository Insurance Corporation (FDIC). If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance. The Town's investments, which are all in restricted bond accounts, are direct obligations of the United States government, its agencies or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged.

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2012 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 200	\$ -	\$ -	\$ 200
Construction in Progress	-	13,110	-	13,110
<b>Total capital assets not being depreciated</b>	<b>200</b>	<b>13,110</b>	<b>-</b>	<b>13,310</b>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	10,000		-	10,000
Furniture, equipment, and other	7,500		-	7,500
<b>Total capital assets being depreciated</b>	<b>17,500</b>		<b>-</b>	<b>17,500</b>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	9,575	250	-	9,825
Furniture, equipment, and other	7,500		-	7,500
<b>Total accumulated depreciation</b>	<b>17,075</b>	<b>250</b>	<b>-</b>	<b>17,325</b>
<b>Total capital assets being depreciated, net</b>	<b>425</b>			<b>175</b>
<b>Governmental activity capital assets, net</b>	<b>\$ 625</b>			<b>\$ 13,485</b>

Depreciation expense was charged to functions as follows:

General government	<u>\$ 250</u>
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TOWN OF COUNTY LINE, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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**NOTE 4 - RISK MANAGEMENT**

Significant losses are covered by commercial insurance for all major programs and worker's compensation. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 5 - GRANTS AND AWARDS**

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

**NOTE 6 - SUBSEQUENT EVENTS**

Subsequent events related to the Town have been evaluated through October 26, 2012, which is also the date of the auditors' report and the date the financial results were available to be issued.