TOWN OF BRANTLEY, ALABAMA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

TOWN OF BRANTLEY, ALABAMA

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SEPTEMBER 30, 2019

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Town Council
Town of Brantley, Alabama

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Brantley, Alabama, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide as basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Brantley, Alabama, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Brantley's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated February 20, 2020, on our consideration of the Town of Brantley, Alabama'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 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 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 Town of Brantley, Alabama's internal control over financial reporting and compliance.

Gilbert Clark

Troy, Alabama
February 20, 2020

Town of Brantley
9042 W. Emmett Ave.
Post Office Box 44
Brantley, AL 36009

Management's Discussion and Analysis

As management of the Town of Brantley, Alabama, we offer readers of the Town of Brantley's financial statements this narrative overview and analysis of the financial activities of the Town of Brantley for the fiscal year ended September 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

The components of the general purpose external financial statements include Management's Discussion and Analysis (MD&A), Basic Financial Statements, and Other Required Supplementary Information (RSI). The MD&A, a component of RSI, introduces the basic financial statements and provides an analytical overview of the Town's financial activities.

Financial Highlights

The assets of the Town exceeded its liabilities at the close of the fiscal year by $5,258,017. (net position).

At the end of the current fiscal year, unreserved fund balance for the General Fund was $535,320, or 29 percent of total General Fund expenditures for the fiscal year.

At the end of the current fiscal year, unreserved fund balance for the Rescue Squad Fund was $186,550, or 159 percent of total Rescue Squad Fund expenditures for the fiscal year.

At the end of the current fiscal year, unreserved fund balance for the Fire Department Fund was $46,201, or 78 percent of total Fire Department Fund expenditures for the fiscal year.

At the end of the current fiscal year, unreserved fund balance for the State Gas Tax Fund was $22,168, or 104 percent of total State Gas Tax Fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are compromised of the following elements:

Government-wide Financial Statements

The government-wide statements provide short and long-term information about the Town's overall financial condition. The two government-wide statements report the Town's net position and how they have changed. net position are the difference between the Town's total assets and total liabilities. Changes in the Town's financial condition may be measured over time by increases and decreases in the Statement of Activities.

Fund Financial Statements

Fund financial statements focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide financial statements. The fund financial statements provide a more detailed look at the Town's most significant activities. The Town of Brantley, like all other governmental entities in Alabama, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Brantley can be divided into two categories: governmental funds and proprietary funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Refer to Note 1 to the basic financial statements for more detailed information on the elements of the financial statements. Table 1 summarizes the major features of the basic financial statements.

Table 1: Major Features of the Basic Financial Statements

	Government-wide Financial Statements	**Fund Financial Statements**		
		Governmental Funds	***Proprietary Funds***	***Fiduciary Funds***
Scope	Entire Town government (except fiduciary funds) and the Town's component units	Activities of the Town that are not proprietary or fiduciary	Activities of the Town that are operated similar to private businesses	Instances in which the Town is the trustee or agent for someone else's resources
Required financial statements	- Statement of net position	- Balance sheet - Statement of revenues, expenditures, and changes in fund balance	- Statement of net position - Statement of revenues, expenses, and changes in net position - Statement of cash flows	- Statement of fiduciary net position - Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	- Revenues for which cash is received during or soon after the end of the year - Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Condensed Statement of Net Position

The assets of the Town of Brantley exceeded its liabilities at the close of the fiscal year by $5,258,017. The Town's net position increased by $953,207 for the fiscal year ended September 30, 2019. The largest portion of net position (85%) reflects the Town's current and future investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Brantley uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Brantley's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of net position, $773,043 (15%) is unrestricted.

Table 2 presents the Town's condensed statement of net position as of September 30, 2019, and 2018, derived from the government-wide Statement of net position.

Table 2: Town of Brantley Condensed Statement of Net Position As of September 30

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	$ 810,013	$ 824,420	$ 48,125	$ 42,577	$ 858,138	$ 866,997
Capital assets	3,017,195	2,555,733	2,220,425	1,696,060	5,237,620	4,251,793
Total Assets	$ 3,827,208	$ 3,380,153	$ 2,268,550	$ 1,738,637	$ 6,095,758	$ 5,118,790
Liabilities:						
Long-term liabilities	$ 415,655	$ 549,420	$ 102,518	$ 130,060	$ 518,173	$ 679,480
Other liabilities	239,217	58,006	80,351	76,494	319,568	134,500
Total Liabilities	$ 654,872	$ 607,426	$ 182,869	$ 206,554	$ 837,741	$ 813,980
Net position:						
Invested in capital assets, net of related debt	$ 2,394,610	$ 1,969,933	$ 2,090,364	$ 1,539,348	$ 4,484,974	$ 3,509,281
Unrestricted	777,726	802,794	(4,683)	(7,265)	773,043	795,529
Total Net Position	$ 3,172,336	$ 2,772,727	$ 2,085,681	$ 1,532,083	$ 5,258,017	$ 4,304,810

Condensed Statement of Activities

Table 3 presents the Town's condensed statement of activities for the fiscal year ended September 30, 2019, and 2018, derived from the government-wide Statement of Activities. Over time, increases and decreases in net position measure whether the Town's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities increased by $399,609 or 14%, and the net position of the business-type increased by $553,598 or 36%.

Table 3: Town of Brantley Condensed Statement of Activities For the Year Ending September 30

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 102,700	$ 152,412	$ 325,855	$ 303,940	$ 428,555	$ 456,352
Operating grants	5,804	5,747	-	-	5,804	5,747
Capital grants	379,429	-	553,795	40,500	933,224	40,500
General revenues:						
Property taxes	20,106	22,226	-	-	20,106	22,226
Other taxes	455,161	425,259	-	-	455,161	425,259
Investment earnings	1,077	1,778	-	6	1,077	1,784
Gain on Sale of Fixed Asset	7,935	-	-	-	7,935	-
Other	748,830	797,696	-	-	748,830	797,696
Total Revenues	1,721,042	1,405,118	879,650	344,446	2,600,692	1,749,564
Expenses:						
General government	422,490	372,108	-	-	422,490	372,108
Public safety	651,872	761,852	-	-	651,872	761,852
Highways and streets	88,200	88,175	-	-	88,200	88,175
Culture and recreation	26,866	34,359	-	-	26,866	34,359
Interest on long-term debt	27,225	27,810	6,610	5,710	33,835	33,520
Water, garbage and sewer	-	-	424,222	386,863	424,222	386,863
Total Expenses	1,216,653	1,284,304	430,832	392,573	1,647,485	1,676,877
Increase in net position Before Transfers	504,389	120,814	448,818	(48,127)	953,207	72,687
Transfers	(104,780)	(64,023)	104,780	64,023	-	-
Increase in net position	399,609	56,791	553,598	15,896	953,207	72,687
Net position - Beginning of Year	2,772,727	2,715,936	1,532,083	1,516,187	4,304,810	4,232,123
Net position - End of Year	$ 3,172,336	$ 2,772,727	$ 2,085,681	$ 1,532,083	$ 5,258,017	$ 4,304,810

Overall Analysis

Financial highlights for the Town as a whole during the fiscal year ended September 30, 2019, include the following:

Governmental activities. Governmental activities increased the Town's net position by $399,609. Key elements of this increase are as follows:

Fine revenues were $625,217 mostly from camera car system
Capital grant for sidewalk improvements was received for $379,429.

Business-type activities: Business-type activities increased the Town of Brantley's net position by $553,598. Key elements of this increase are as follows:

Depreciation of $87,393 on capital assets.
Capital grants for water and sewer improvements were received for $553,795.

Fund Analysis

As noted earlier, the Town of Brantley uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town of Brantley's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Brantley's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the fiscal year, the Town of Brantley's governmental funds reported combined ending fund balances of $790,239, a decrease of $25,067 in comparison with the prior year. See Note 1 to the financial statements for an explanation of the different types of reserve categories.

General Fund

The General Fund is the chief operating fund of the Town of Brantley. At the end of the current fiscal year, unreserved fund balance of the General Fund totaled $535,320, an increase of $3,099.

Rescue Squad Fund

The Rescue Squad Fund is the chief operating fund for the Brantley Rescue Squad. Fund balance at September 30, 2019, totaled $186,550, which includes a decrease of $39,730.

Fire Department Fund

The Fire Department Fund is the chief operating fund for the Brantley Fire Department. Fund balance at September 30, 2019, totaled $46,201, which includes an increase of $9,131.

State Gas Tax Fund

The State Gas Tax Fund is the chief operating fund for street improvements for the Town. Fund balance at September 30, 2019, totaled $22,168, which includes an increase of $2,433.

Proprietary Funds

The Town of Brantley's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The Town's proprietary funds reported net position of $2,085,681 at September 30, 2019, for enterprise funds.

Budget Variances in the General Fund

Budgeted expenditures are based on the estimated revenue receipts as estimated by the Town Council. Original expenditures are budgeted for less than total expected resources available. No variances between the original and final budget or between final and actual budget are expected to significantly affect future services or liquidity. For additional information on the budget variances, refer to the budgetary comparison schedule for the General Fund in the Required Supplementary Information.

The Town of Brantley does amend the budget during the year as circumstances change. All expenditures/revenues outside the budget are approved by the Council on an individual basis.

The Town had a favorable variance of $3,099 total revenue budgeted. A majority of this increase was due to fine revenue from the camera car system.

Expenses were within tolerable variances established by the Council.

Capital Asset and Long-Term Debt Activity

Capital Asset Activity

The Town of Brantley's investment in capital assets for its governmental and business–type activities as of September 30, 2019, totals $4,484,974 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, water, garbage, and sewer distribution systems, park facilities, and vehicles. Refer to Note 3 to the basic financial statements for additional information on capital assets.

Major capital asset transactions during the year include the following.

- Water Improvements $611,758
- Building renovations $40,469
- Road and Sidewalk Inprovements $560,557

Long-term Debt Activity

As of September 30, 2019, the Town of Brantley had total debt outstanding of $752,646. Refer to Note 5 to the basic financial statements for additional information on long-term debt activity.

Alabama general statutes limit the amount of general obligation debt that a unit of government can issue to 20 percent of the total assessed value of taxable property located within that government's boundaries.

Economic Conditions and Outlook

We expect revenues from sales tax in 2020 to be comparative to revenues received in 2019.

Budget Highlights for the Fiscal Year Ending September 30, 2020

Governmental Activities: No significant changes are expected in the coming year. Revenues, expenditures and current programs are expected to remain constant.

Business – type Activities: Water and sewer rates are established by ordinance and are not expected to increase.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Administrator, Town of Brantley, Post Office Box 44, Brantley, Alabama 36009.

TOWN OF BRANTLEY, ALABAMA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	$ 810,013	$ 5,906	$ 815,919
Receivables	-	42,219	42,219
Fixed assets (net of accumulated depreciation)	3,017,195	2,220,425	5,237,620
Total Assets	$ 3,827,208	$ 2,268,550	$ 6,095,758
Liabilities			
Accounts payable	$ 12,838	$ 6,345	$ 19,183
Other liabilities	19,449	1,422	20,871
Customer deposits	-	45,041	45,041
Notes due within one year	206,930	27,543	234,473
Notes due in more than one year	415,655	102,518	518,173
Total Liabilities	$ 654,872	$ 182,869	$ 837,741
Net Position			
Invested in capital assets, net of related debt	$ 2,394,610	$ 2,090,364	$ 4,484,974
Unrestricted net position	777,726	(4,683)	773,043
Total Net Position	$ 3,172,336	$ 2,085,681	$ 5,258,017

TOWN OF BRANTLEY, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Primary Government:							
Governmental Activities:							
General government	$ 422,490	$ 26,568	$ -	$ 379,429	$ (16,493)	$ -	$ (16,493)
Public safety	651,872	76,132	-	-	(575,740)	-	(575,740)
Highways and streets	88,200	-	-	-	(88,200)	-	(88,200)
Culture and recreation	26,866	-	5,804	-	(21,062)	-	(21,062)
Interest on long-term debt	27,225	-	-	-	(27,225)	-	(27,225)
Total Governmental Activities	1,216,653	102,700	5,804	379,429	(728,720)	-	(728,720)
Business-type Activities:							
Water and garbage	383,789	262,645	-	553,795	-	432,651	432,651
Sewer	47,043	63,210	-	-	-	16,167	16,167
Total Business-type Activities	430,832	325,855	-	553,795	-	448,818	448,818
Total Primary Government	$ 1,647,485	$ 428,555	$ 5,804	$ 933,224	$ (728,720)	$ 448,818	$ (279,902)
General Revenues:							
Property taxes					$ 20,106	$ -	$ 20,106
General sales and use tax					266,937	-	266,937
Franchise, beer, tobacco and lodging tax					123,262	-	123,262
State and local gasoline taxes					64,962	-	64,962
Fines and corrections					625,217	-	625,217
Investment earnings					1,077	-	1,077
Gain (Loss) on sale of fixed assets					7,935	-	7,935
Other revenues					123,613	-	123,613
Total General Revenues					1,233,109	-	1,233,109
Transfers:					(104,780)	104,780	-
Change in Net Position					399,609	553,598	953,207
Net Position - Beginning of Year					2,772,727	1,532,083	4,304,810
Net Position - Ending of Year					$ 3,172,336	$ 2,085,681	$ 5,258,017

SEE AUDITORS' REPORT AND NOTES TO THE BASIC FINANCIAL STATEMENTS

EXHIBIT 3

TOWN OF BRANTLEY, ALABAMA

FUND BALANCE SHEETS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Rescue Squad	Fire Department	State Gas Tax	Total
Assets					
Cash	$ 553,107	$ 186,550	$ 46,212	$ 24,144	$ 810,013
Accounts receivable	-	-	-	-	-
Total Assets	$ 553,107	$ 186,550	$ 46,212	$ 24,144	$ 810,013
Liabilities					
Accounts payable	$ 10,862	$ -	$ -	$ 1,976	$ 12,838
Other liabilities	6,925	-	11	-	6,936
Total Liabilities	17,787	-	11	1,976	19,774
Fund Balances					
Unassigned	535,320				535,320
Assigned for Fire and Rescue	-	186,550	46,201	-	232,751
Restricted for Capital Improvements	-	-	-	22,168	22,168
Total Fund Balances	535,320	186,550	46,201	22,168	790,239
Total Liabilities and Fund Balances	$ 553,107	$ 186,550	$ 46,212	$ 24,144	$ 810,013

SEE AUDITORS' REPORT AND NOTES TO THE BASIC FINANCIAL STATEMENTS

TOWN OF BRANTLEY, ALABAMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total Fund Balances - Governmental Fund Types:	$	790,239
Amounts reported for governmental activities in the statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,017,195
Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(635,098)
Net Position of Governmental Activities	$	3,172,336

TOWN OF BRANTLEY, ALABAMA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Rescue Squad	Fire Department	State Gas Tax	Total
Revenues:					
Taxes	$ 444,534	$ -	$ -	$ -	$ 444,534
State gasoline taxes	-	-	-	30,733	30,733
Charges for services	26,568	76,132	-	-	102,700
Licenses and permits	34,791	-	-	-	34,791
Fines and costs	625,217	-	-	-	625,217
Interest income	245	832	-	-	1,077
Library state aid	5,804	-	-	-	5,804
Other revenues	61,064	-	68,693	-	129,757
Total Revenues	1,198,223	76,964	68,693	30,733	1,374,613
Expenditures:					
General government	398,454	-	-	-	398,454
Public safety	448,768	116,694	40,702	-	606,164
Highways and streets	-	-	-	21,380	21,380
Culture and recreation	16,657	-	-	-	16,657
Library	10,209	-	-	-	10,209
Capital outlay	631,026	-	-	-	631,026
Debt service	368,778	-	18,860	-	387,638
Total Expenditures	1,873,892	116,694	59,562	21,380	2,071,528
Excess of Revenues Over (Under) Expenditures	(675,669)	(39,730)	9,131	9,353	(696,915)
Other Financing Sources (Uses):					
Proceeds from debt	397,199	-	-	-	397,199
Grant revenues	379,429	-	-	-	379,429
Operating transfers in	-		-	-	-
Operating transfers out	(97,860)			(6,920)	(104,780)
Total Other Financing Sources (Uses)	678,768	-	-	(6,920)	671,848
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	3,099	(39,730)	9,131	2,433	(25,067)
Fund Balance - Beginning of Year	532,221	226,280	37,070	19,735	815,306
Fund Balance - End of Year	$ 535,320	$ 186,550	$ 46,201	$ 22,168	$ 790,239

TOWN OF BRANTLEY, ALABAMA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2019

Net Changes in Fund Balances - Total Governmental Funds	$	(25,067)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		494,462
In the Statement of Activities, only the gain on the sale of the fixed assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the fixed assets sold.		(33,000)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(36,786)
Change in Net Position of Governmental Activities	$	399,609

EXHIBIT 7

TOWN OF BRANTLEY, ALABAMA

STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

ASSETS

	Water and Garbage Fund	Sewer Fund	Totals
Current Assets:			
Cash	$ 5,906	$ -	$ 5,906
Accounts receivable	36,113	6,106	42,219
Total Current Assets	42,019	6,106	48,125
Fixed Assets:			
Water system	2,650,739	-	2,650,739
Sewer system	-	1,646,759	1,646,759
	2,650,739	1,646,759	4,297,498
Accumulated depreciation	(1,163,617)	(913,456)	(2,077,073)
Net Fixed Assets	1,487,122	733,303	2,220,425
Total Assets	$ 1,529,141	$ 739,409	$ 2,268,550

LIABILITIES AND NET POSITION

	Water and Garbage Fund	Sewer Fund	Totals
Current Liabilities (payable from current assets):			
Accounts payable	$ 6,345	$ -	$ 6,345
Notes payable	27,543	-	27,543
Other liabilities	1,422	-	1,422
Total Current Liabilities (payable from current assets)	35,310	-	35,310
Long-term Liabilities:			
Notes Payable	102,518	-	102,518
Customer deposits	45,041	-	45,041
Total Long-term Liabilities	147,559	-	147,559
Total Liabilities	182,869	-	182,869
Net Position			
Invested in capital assets, net of related debt	1,357,061	733,303	2,090,364
Unrestricted net position	(10,789)	6,106	(4,683)
Total Net Position	1,346,272	739,409	2,085,681
Total Liabilities and Net Position	$ 1,529,141	$ 739,409	$ 2,268,550

SEE AUDITORS' REPORT AND NOTES TO THE BASIC FINANCIAL STATEMENTS

TOWN OF BRANTLEY, ALABAMA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water and Garbage Fund	Sewer Fund	Total
Operating Revenues:			
Charges for services	$ 262,645	$ 63,210	$ 325,855
Total Operating Revenues	262,645	63,210	325,855
Operating Expenses:			
Personnel services	188,453	-	188,453
Contractual services	20,996	-	20,996
Supplies	13,136	-	13,136
Utilities	9,600	-	9,600
Depreciation	53,970	33,423	87,393
Repair and maintenance	44,967	13,620	58,587
Taxes	3,710	-	3,710
Vehicle	15,624	-	15,624
Miscellaneous	26,723	-	26,723
Total Operating Expenses	377,179	47,043	424,222
Operating Income	(114,534)	16,167	(98,367)
Nonoperating Revenues (Expenses):			
Grant revenues	553,795	-	553,795
Interest expense	(6,610)	-	(6,610)
Total Nonoperating Revenues (Expenses)	547,185	-	547,185
Net Income before Contributions and Transfers	432,651	16,167	448,818
Interfund transfers	153,655	(48,875)	104,780
Changes in Net Position	586,306	(32,708)	553,598
Net Position - Beginning of Year	759,966	772,117	1,532,083
Net Position - End of Year	$ 1,346,272	$ 739,409	$ 2,085,681

SEE AUDITORS' REPORT AND NOTES TO THE BASIC FINANCIAL STATEMENTS

EXHIBIT 9

TOWN OF BRANTLEY, ALABAMA

STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water and Garbage Fund	Sewer Fund	Total
Cash Flows from Operating Activities:			
Receipts from customers	$ 257,363	$ 62,495	$ 319,858
Payments to suppliers	(131,790)	(13,620)	(145,410)
Payments to employees for wages and benefits	(188,453)	-	(188,453)
Net Cash Provided (Used) by Operating Activities	(62,880)	48,875	(14,005)
Cash Flows from Noncapital Financing Activities:			
Amounts transferred (to) from other funds	153,655	(48,875)	104,780
Net Cash Provided (Used) by Noncapital Financing Activities	153,655	(48,875)	104,780
Cash Flows from Capital and Related Financing Activities:			
Purchase of fixed assets	(611,758)	-	
Principal payments on capital debt	(26,651)	-	(26,651)
Interest paid on capital debt	(6,610)	-	(6,610)
Net Cash Provided (Used) by Capital and Related Financing Activities	(91,224)	-	520,534
Cash Flows from Investing:			
Interest received	-	-	-
Net Increase (Decrease) in Cash and Equivalents	(449)	-	(449)
Cash and Equivalents - Beginning of Year	6,355	-	6,355
Cash and Equivalents - End of Year	$ 5,906	$ -	$ 5,906

SUPPLEMENTARY INFORMATION

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	Water and Garbage Fund	Sewer Fund	Total
Operating income (loss)	$ (114,534)	$ 16,167	$ (98,367)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	53,970	33,423	87,393
(Increase) decrease in:			
Accounts receivable	(5,282)	(715)	(5,997)
Increase (decrease) in:			
Accounts payable	1,424	-	1,424
Customer deposits	1,128	-	1,128
Other liabilities	414	-	414
Net Cash Provided by Operating Activities	$ (62,880)	$ 48,875	$ (14,005)

SEE AUDITORS' REPORT AND NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying financial statements of the Town of Brantley (the "Town") have been prepared in conformity with United States of America generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following summary of the Town's more significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying basic financial statements.

NOTE 1 - Summary of Significant Accounting Policies

In 2004, the Town implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus*, which provides additional guidance for the implementation of GASB Statement 34, and GASB Statement No. 38, *Certain Financial Statement Disclosures*, which changes note disclosure requirements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, entity-wide financial statements, required supplementary information, and the elimination of the effects of the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that entity-wide financial statements are needed to allow user's of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting and entity-wide financial reporting as complementary components of a single comprehensive financial reporting model.

(A) Financial Reporting Entity:

The Town of Brantley, Alabama, was incorporated in 1843. The Town was incorporated under the laws of the State of Alabama and operates under the Mayor - Council form of government. As required by United States of America generally accepted accounting principles, the financial statements of the reporting entity include those of the Town of Brantley (the primary government) and its component units. The component unit discussed below is included in the Town 's reporting entity because of the significance of its operational or financial relationship with the Town.

Component units - In conformity with United States of America generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity as blended component units.

Blended Component Unit - The Town of Brantley Volunteer Fire Department and Rescue Squad are entities legally separate from the Town and are managed by their members who volunteer for service. For financial reporting purposes, each entity is reported as if they were part of the Town's operations due to the Town being financially accountable for the operating funds and debt of each organization.

(B) Basis of Presentation:

Government-Wide Financial Statements
The Government-wide financial statements (statement of net position and the statement of activities) display information about the primary government. These statements include the financial activities of the overall government. 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 non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which report fees, fines, and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to the program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental 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 emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The nonmajor governmental funds consist of the Rescue Squad, Fire Department and State Gas Tax funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental fund:

General Fund - This fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

(B) Basis of Presentation, Continued:

The Town reports the following major proprietary funds:

Water and Garbage and Sewer Systems - These funds account for the provision of water, garbage and sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

(C) Basis of Accounting:

In accordance with Alabama General Statutes, all funds of the Town are maintained during the year using the modified accrual 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, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants 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. 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.

As permitted by United States of America generally accepted accounting principles, the Town has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

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

(D) Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items:

Cash and Cash Equivalents
The Town considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

The Town, for purposes of the statement of cash flows, considers both restricted and unrestricted cash on deposit with financial institutions in demand deposit accounts, such as checking, savings, and money market accounts, to be cash and cash equivalents. Time deposits with an original maturity of more than three months are not considered cash and cash equivalents.

Time certificates of deposit held in banks are carried at cost, which approximates market value. As of September 30, 2019, the carrying amount of the Town's deposits with financial institutions in all funds was $692,605. All of the account balances are covered either by federal depository insurance or under the State of Alabama's Security of Alabama Funds Enhancement (SAFE) program administered by the Alabama state treasurer.

Investments of Alabama Municipalities are controlled by Alabama Law sections 11-81-19 and 11-81-21 and these statutes authorize the Town to invest in certain obligations. Allowable “direct” investments of excess funds that would be in compliance with current state law would be:

A. Direct obligations of the Department of the Treasury of the United States, such as Treasury Bonds, Notes, and Bills.

B. Obligations of the Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing and Urban Development, or Federal Housing Administration. (Does not include Federal National Mortgage Association.)

C. U.S. Dollar denominated deposit accounts and certificates of deposit with banks or savings associations which are qualified under Chapter 14A of Title 41. (These are banks participating in the “SAFE" Program that secures deposits in excess of $250,000)

D. Pre-refunded public obligations which are not callable, which are fully secured as to principal, interest, and redemption premium by direct obligations of the Department of the Treasury, the pre-refunding fund must be verified as sufficient by an independent certified public accountant and also be rated, based on the escrow, in the highest rating category of Standard & Poor’s Corporation and Moody’s. (These would be State and Local bonds that have been defeased from the issuer’s prospective but are still outstanding and all necessary debt service has been provided for in an escrow fund held by a trustee.)

(D) Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items, Continued:

E. Interests in a common or collective trust fund maintained by any national or state chartered bank, trust company, or savings association having trust powers, or in any open-end or closed-end management type investment company or trust registered under the Investment Company Act of 1940 so as long as 65% of these common or collective funds are invested in items approved in items A-D above and not more that 35% is invested solely in obligations issued or guaranteed by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, including participation certificates of these agencies, and also mortgage related securities of FNMA, FHLMC, Federal Land Banks, Student Loan Marketing Association, and Federal Home Loan banks, or repurchase agreements fully collateralized by obligations, securities, or investments otherwise authorized by E as long as the common or collective trust takes possession of the collateral supporting the repurchase agreement.

Custodial Credit Risk - Deposits

Custodial credit risk that in the event of bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of September 30, 2019, $0 of the Town's bank balance of $692,605 was exposed to custodial credit risk.

Interfund Transactions

Interfund transactions are reflected as transfers.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectibles of zero. The Town considers accounts receivable to be fully collectible.

Capital Assets

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the government-wide financial statements to the extent the Town's capitalization threshold is met. Proprietary capital assets are also reported in their respective fund financial statements.

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town maintains infrastructure asset records with all other capital assets. Proprietary capital assets are also reported in their respective fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays for 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.

(D) Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items, Continued:

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings and Improvements	50 years
Machinery and Equipment	5 - 10 years
Streets and Infrastructure	15 - 20 years
Water and Sewer System	50 years

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for all vacation and a portion of sick leave amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

Net Position/Fund Equity

The government-wide and business-type activities fund financial statements utilize a net position presentation. net position are classified as invested in capital assets, net of related debt; restricted; and unrestricted.

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

(D) Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items, Continued:

Unrestricted net position - This category represents net position of the Town, not restricted for any project or other purpose.

In 2011 the Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions became effective. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. The Town has adopted to follow this Statement and use the following fund balance categories below:

Nonspendable *fund balance is associated with inventories, prepaids, long-term loans, and notes receivable, these are assets that are not readily available to fund current operational expenditures.*

Restricted *fund balance classification includes amounts that can be spent only for the specific purposes as stipulated by constitution, external resource providers, or through enabling legislation.*

Committed *fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action or resolution of the Town Council (the Town's highest level of decision-making authority.*

Assigned *fund balance classification includes amounts that are intended to be used by the government for specific purposes as determined by the Town Council but do not meet the criteria to be classified as restricted or committed.*

Unassigned *fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.*

Capitalization of Interest Revenue and Expense - Proprietary Funds
It is the policy of the Town to capitalize, during the period of significant construction only, interest on projects of the Water and Garbage and Sewer Systems proprietary funds. During the fiscal year ended September 30, 2019, there were no interest costs required to be capitalized.

(E) Use of Estimates:

The preparation of financial statements in conformity with United States of America generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations
For the year ended September 30, 2019, appropriations over expenditures for major governmental funds were $3,099.

Reclassifications and Eliminations
Internal balances - amounts reported in the fund financial statements as interfund receivables and payable are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.

NOTE 2 - Stewardship, Compliance, and Accountability, Continued:

Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities, except for net amount of transfers between governmental and business-type activities, which are reported as transfers - internal activities.

The effect of interfund services between funds is not eliminated in the statement of activities.

NOTE 3 - Capital Assets

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

Primary Government Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	$ 116,577	$ 19,500	$ 33,000	$ 103,077
Total Capital Assets Not Being Depreciated	116,577	19,500	33,000	103,077
Capital Assets Being Depreciated:				
Buildings	727,388	40,469	-	767,857
Improvements other than buildings	2,887,721	560,557	-	3,448,278
Machinery and equipment	1,722,606	10,500	14,450	1,718,656
Total Capital Assets Being Depreciated	5,337,715	611,526	14,450	5,934,791
Less Accumulated Depreciation for:				
Buildings	130,417	6,130	-	136,547
Improvements other than buildings	1,358,500	85,080	-	1,443,580
Machinery and equipment	1,409,642	45,354	14,450	1,440,546
Total Accumulated depreciation	2,898,559	136,564	14,450	3,020,673
Total Capital Assets Being Depreciated, net	2,439,156	474,962	-	2,914,118
Governmental Activities Capital Assets, net	$ 2,555,733	$ 494,462	$ 33,000	$ 3,017,195

Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets Being Depreciated:				
Water distribution system	$ 2,038,981	$ 611,758	$ -	$ 2,650,739
Sewer distribution system	1,646,759	-	-	1,646,759
Total Capital Assets Being Depreciated	3,685,740	611,758	-	4,297,498
Less Accumulated Depreciation for:				
Water distribution system	1,109,648	53,970	-	1,163,618
Sewer distribution system	880,032	33,423	-	913,455
Total Accumulated depreciation	1,989,680	87,393	-	2,077,073
Total Capital Assets Being Depreciated, net	1,696,060	524,365	-	2,220,425
Business-type Activities Capital Assets, net	$ 1,696,060	$ 524,365	$ -	$ 2,220,425

NOTE 3 - Capital Assets, Continued:

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

Governmental Activities:		
General government	$	24,036
Public safety		45,708
Highways and public improvements		66,820
Total Depreciation Expense - Governmental Activities	$	136,564
Business-Type Activities:		
Utility systems and equipment	$	87,393
Total Depreciation Expense - Business-Type Activities	$	87,393
Total Depreciation Expense	$	223,957

NOTE 4 - Interfund Transactions

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Governmental Funds:	Transfers In	Transfers Out
General Fund	$ -	$ 97,860
Rescue Squad	-	-
Fire Department	-	-
State Gas Tax	100	7,020
Proprietary Funds:		
Water and Garbage	153,655	
Sewer		48,875
	$ 153,755	$ 153,755

NOTE 5 - Long-Term Debt

Long-term liability activity for the year ended September 30, 2019 was as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable:					
General obligation notes payable	$ 585,799	$ 397,199	$ 360,413	$ 622,585	$ 206,930
Total Notes Payable	585,799	397,199	360,413	622,585	206,930
Other liabilities:					
Compensated absences	-	-	-	-	-
Long-term Liabilities	$ 585,799	$ 397,199	$ 360,413	$ 622,585	$ 206,930

Business-type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable:					
Proprietary notes payable	$ 156,712	$ -	$ 26,651	$ 130,061	$ 27,543
Total Notes Payable	156,712	-	26,651	130,061	27,543
Long-term Liabilities	$ 156,712	$ -	$ 26,651	$ 130,061	$ 27,543

The annual requirements to amortize all general long-term debt outstanding as of September 30, 2019, including interest payments of $297,236 are as follows:

	General Obligations		
For the Year Ending September 30,	Principal	Interest	Total Payments
2020	206,930	24,487	231,417
2021	24,568	18,090	42,658
2022	20,807	16,958	37,765
2023	16,721	16,152	32,873
2024	13,571	15,474	29,045
2025-2029	48,390	70,319	118,709
2030-2034	59,943	58,767	118,710
2035-2039	74,254	44,455	118,709
2040-2044	91,982	26,728	118,710
2045-2049	65,419	5,806	71,225
			-
	$ 622,585	$ 297,236	$ 919,821

NOTE 5 - Long-Term Debt. Continued

Notes payable at September 30, 2019, are comprised of the following individual issues:

Governmental Activities:

Brantley Bank & Trust Co; $500,000 loan; quarterly interest payments at a rate of 6% balance due at maturity of 10/23/19.	$	73,165
Brantley Bank & Trust Co; $200,000 loan; due in quarterly payments of $5,025 including interest at a rate of 5%		110,326
United States Department of Agriculture Community Facilities Loan; secured by fire truck and grant agreement; due in annual payments of $5,305 including interest at a rate of 4.5%		23,286
United States Department of Agriculture Loan; due in annual payments of $23,744 including interest at a rate of 4.375 %		379,052
Brantley Bank & Trust Co; $21,600 loan for Fire Truck; due in 80 monthly payments of $318 thru September 2023 including an interest at a rate of 5%		13,824
Brantley Bank & Trust Co; $55,000 loan for Fire Truck; due in 2022 including an interest at a rate of 5%		22,932
Total Governmental Activities	$	622,585

Business-type Activities

Notes payable:

Alabama Drinking Water Finance Authority, 2.75% interest, due in semi-annual installments thru 2032.	$	90,000
Brantley Bank & Trust Co; $126,299 loan for Garbage Truck; due in 2021 including an interest at a rate of 4%		40,061
Total Business-type Activities	$	130,061

NOTE 5 - Long-Term Debt. Continued

The annual requirements to amortize all business type long-term debt outstanding as of September 30, 2019, including interest payments of $21,584 are as follows:

	Debt Obligations		
For the Year Ending September 30,	Principal	Interest	Total Payments
2020	27,543	3,686	31,229
2021	22,518	2,635	25,153
2022	5,000	2,200	7,200
2023	5,000	2,062	7,062
2024	5,000	1,925	6,925
2025-2029	35,000	7,426	42,426
2030-2034	30,000	1,650	31,650
	$ 130,061	$ 21,584	$ 151,645

NOTE 6 - Customers' Deposits - Proprietary Fund

No restricted bank account is maintained to hold customers' deposits. The deposits at September 30, 2019, which total $45,041, are included in the operating cash and constitute a portion of the current assets shown in these statements.

NOTE 7 - Litigation

There are no claims that have been determined to have a possible unfavorable outcome that would require payment by, or result in a loss to, the Town of Brantley. Therefore, no disclosure of ongoing litigation is required.

NOTE 8 - Property Taxes

Crenshaw County is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation on the behalf of the cities and towns in its jurisdiction. The following dates are applicable to property taxes:

Lien date	Oct. 1
Levy date	Oct. 1
Due date	Dec. 31
Collection date	Oct. 1 - Dec. 31

All property taxes are recognized in compliance with National Council on Governmental Accounting Interpretation No. 3, which states that such revenue should be recorded when it becomes measurable and available. Available means due, past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

NOTE 9 - Risk Management

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has obtained commercial insurance coverage to effectively manage risk.

NOTE 10 - Cash and Equivalents, Cash Flow Statement

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, deposits, short-term investments and cash and investments with fiscal agents. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

NOTE 11 - Subsequent Events

The Town has evaluated events subsequent to the balance sheet date through the date of the auditors' report, which is the date through which the report was available to be issued.

TOWN OF BRANTLEY, ALABAMA
BUDGET TO ACTUAL COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	2019			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	$ 484,410	$ 484,410	$ 444,534	$ (39,876)
Licenses and permits	27,775	27,775	34,791	7,016
Charges for services	600	600	26,568	25,968
Library state aid	5,700	5,700	5,804	104
Fines and forfeits	300,000	300,000	625,217	325,217
Interest	200	200	245	45
Other	11,800	11,800	61,064	49,264
Total Revenues	830,485	830,485	1,198,223	367,738
Expenditures:				
General government	347,721	347,721	398,454	(50,733)
Public safety	408,364	408,364	448,768	(40,404)
Highways and streets	-	-	-	-
Culture and recreation	23,700	23,700	16,657	7,043
Library expenditures	10,700	10,700	10,209	491
Capital outlay	-	-	631,026	(631,026)
Debt service	40,000	40,000	368,778	(328,778)
Total Expenditures	830,485	830,485	1,873,892	(1,043,407)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(675,669)	(675,669)
Other Financing Sources (Uses):				
Debt proceeds	-	-	397,199	397,199
Grant revenue	-	-	379,429	379,429
Operating transfers in	-	-		-
Operating transfers out	-	-	(97,860)	(97,860)
Total Other Financing Sources (Uses)	-		678,768	678,768
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	-	-	3,099	3,099
Fund Balance - Beginning of Year	418,904	418,904	418,904	-
Fund Balance - End of Year	$ 418,904	$ 418,904	$ 422,003	$ 3,099

SEE AUDITORS' REPORT AND NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Budgets and Budgetary Accounting

The procedures established by the Town Council in adopting the budgetary data reflected in the financial statements are as follows:

1. Prior to September 1, the Mayor submits to the Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to October 1, the budget is legally enacted through passage of a resolution.

The Mayor is authorized to transfer budgeted amounts between departments within any fund and approve reductions of budgeted amounts. All other unencumbered appropriations lapse at year-end. Encumbered amounts are re-appropriated in the ensuing fiscal year budget.

Budgets are adopted for the General Fund and are prepared on a basis consistent with United States of America generally accepted accounting principles. Budget amounts are as originally adopted. The Rescue Squad and Fire Department do not have a legally adopted budget; therefore, that information is not presented.

Basis of Accounting

The Town's budget is prepared on the modified accrual basis for all budgeted funds, including the major fund, General, as presented in the Budget to Actual Comparison Statement - General Fund of the Required Supplemental Information.

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INDEPENDENT AUDITORS' 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*

Honorable Mayor and Members of the Town Council
Town of Brantley, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Brantley, Alabama, as of, and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Brantley, Alabama's basic financial statements and have issued our report thereon dated February 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Brantley, Alabama's internal control over financial reporting to determine the 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 Town of Brantley, Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Brantley, Alabama's internal control.

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

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

The Town has historically relied on the Town Clerk to perform all accounting tasks. Thus, the accuracy of the accounting records have traditionally depended on the abilities and integrity of the Town Clerk. To reduce the risks of error or irregularities, many duties would have to be segregated. The limited budget of the Town of Brantley makes it difficult to justify the additional cost required to hire additional employees and without them it makes the Town unable to properly segregate duties. The Mayor and Council involve themselves in reviewing all accounting activity on a regular basis to mitigate this risk.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Brantley, Alabama's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert Clark

February 20, 2020
Troy, Alabama

Gibson & Carden cpa

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Members of the City Council
Town of Brantley, Alabama

Report on Compliance for Each Major Federal Program

We have audited the Town of Brantley, Alabama's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct an material effect on each of the Town of Brantley, Alabama's major federal programs for the year ended September 30, 2019. The Town of Brantley, Alabama's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its major programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Brantley, Alabama's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Brantley, Alabama's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Brantley, Alabama's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Brantley, Alabama complied, in all material respects, with the types of compliance requirements referred to above that have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Controls over Compliance

Management of the Town of Brantley, Alabama is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Brantley, Alabama's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Brantley, Alabama's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report in not suitable for any other purpose.

February 20, 2020
Troy, Alabama

TOWN OF BRANTLEY, ALABAMA

EXHIBIT 11

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass-Through Agency Program Title	Federal CFDA Number	Grantor's Number		Expenditures
U.S. Dept of Transportation/AL Dept of Transportation				
Transportation Alternatives/Surface Transporation/Rec Trails	20.219	TAPAA-TA17(928)	$	356,429
Total U.S. Dept of Transportation				**356,429**
U.S. Dept of HUD/Alabama Dept of Economic and Community Affairs				
Community Development Block Grant	14.228	SM-ED-PF-17-005		229,410
Community Development Block Grant	14.228	LR-CM-PF-17-018		324,385
Total Housing and Urban Development				**553,795**
U.S. Department of Agriculture				
RD PPG Grant	10.000			12,500
Total U.S. Department of Agriculture				**12,500**
Grand Total - All Federal Programs			**$**	**922,724**

See Auditors' Report

1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Town of Brantley, under programs of the federal government for the year ended September 30, 2019 in accordance with the requirements of Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only selected portion of the operations of the Town of Brantley, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Brantley.

2 - Summary of Significant Accounting Policies:

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The Town has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance when applicable.

TOWN OF BRANTLEY, ALABAMA **EXHIBIT 12**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section I - Summary of Auditors' Results

Financial Statements:
We have issued a report with an unqualified opinion on the financial statements.

Internal Control Over Financial Reporting:

• Material weaknesses identified?	yes		no	X
• Reportable conditions identified that are not considered to be material weaknesses?	yes	X	none reported	
Noncompliance material to financial statements noted?	yes		no	X

Federal Awards:
Internal control over major programs:

• Material weaknesses identified?	yes		no	X
• Reportable conditions identified that are not considered to be material weaknesses?	yes		none reported	X

We have issued a report with an unqualified opinion on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes		no	X

The Town of Brantley, Alabama’s major programs are as follows:

CFDA Numbers	Name of Federal Program
14.228	Community Development Block Grant/State's Program

Dollar threshold used to distinguish between type A and type B programs:			$ 750,000	
Auditee qualified as low-risk auditee?	yes		no	X

Section II - Financial Statement Findings

There were no matters reported

Section III - Federal Award Findings and Questioned Costs

There were no matters reported

See Auditors' Report