



# Alabama Department of Examiners of Public Accounts

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

October 1, 2021 through September 30, 2022

Filed: September 20, 2024

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ALABAMA STATE HOUSE

*Rachel Laurie Riddle, Chief Examiner*





Rachel Laurie Riddle  
*Chief Examiner*

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

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

Dear Madam:

An audit was conducted on the Dale County Commission, Dale County, Alabama, for the period October 1, 2021 through September 30, 2022, by Examiners Chad Morgan and Megan Salter. I, Chad Morgan, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

Chad Morgan  
Examiner of Public Accounts

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## *Table of Contents*

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	<i>Page</i>
<b>Summary</b>	A
Contains items pertaining to state and local legal compliance, Commission operations and other matters.	
<b>Independent Auditor's Report</b>	C
Reports on whether the financial information constitutes a fair presentation of the financial position and results of financial operations in accordance with generally accepted accounting principles (GAAP).	
<b>Management's Discussion and Analysis</b>	G
Provides information required by the Governmental Accounting Standards Board (GASB) that is prepared by management of the Commission introducing the basic financial statements and providing an analytical overview of the Commission's financial activities for the year. This information has not been audited, and no opinion is provided about the information.	
<b><u>Basic Financial Statements</u></b>	1
Provides the minimum combination of financial statements and notes to the financial statements that is required for the fair presentation of the Commission's financial position and results of operations in accordance with GAAP.	
Exhibit #1	Statement of Net Position
	2
Exhibit #2	Statement of Activities
	4
Exhibit #3	Balance Sheet – Governmental Funds
	5
Exhibit #4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
	6
Exhibit #5	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
	7
Exhibit #6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
	8



---

---

## *Table of Contents*

---

---

	<i>Page</i>	
Exhibit #7	Statement of Net Position – Proprietary Funds	9
Exhibit #8	Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	11
Exhibit #9	Statement of Cash Flows – Proprietary Funds	12
Exhibit #10	Statement of Fiduciary Net Position	14
Exhibit #11	Statement of Changes in Fiduciary Net Position	15
<b>Notes to the Financial Statements</b>		16
<b><u>Required Supplementary Information</u></b>		49
Provides information required by the Governmental Accounting Standards Board (GASB) to supplement the basic financial statements. This information has not been audited and no opinion is provided about the information.		
Exhibit #12	Schedule of Changes in the Employer’s Net Pension Liability	50
Exhibit #13	Schedule of the Employer’s Contributions – Pension	51
Exhibit #14	Schedule of Changes in the Employer’s Total Other Postemployment Benefits (OPEB) Liability	52
Exhibit #15	Schedule of the Employer’s Contributions Other Postemployment Benefits (OPEB)	53
Exhibit #16	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	54
Exhibit #17	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Gasoline Tax Fund	56
Exhibit #18	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – RRR Gasoline Tax Fund	57
Exhibit #19	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Reappraisal Fund	58





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---

## *Table of Contents*

---

---

	<i>Page</i>
<b><u>Additional Information</u></b>	59
Provides basic information related to the Commission, including reports and items required by generally accepted government auditing standards.	
Exhibit #20 <b>Commission Members and Administrative Personnel</b> – a listing of the Commission members and administrative personnel.	60
Exhibit #21 <b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b> – a report on internal controls related to the financial statements and on whether the Commission complied with laws and regulations which could have a direct and material effect on the Commission’s financial statements.	61

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## Department of **Examiners of Public Accounts**

### **SUMMARY**

#### **Dale County Commission October 1, 2021 through September 30, 2022**

The Dale County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Dale County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 20. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services, and educational services to the citizens of Dale County.

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

An unmodified opinion was issued on the financial statements, which means that the Commission’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2022.

Tests performed during the audit did not disclose any significant instances of noncompliance with applicable state and local laws and regulations.

An Alternative Compliance Examination Engagement on the Commission’s Coronavirus State and Local Fiscal Recovery Fund Program for the year ended September 30, 2022, was issued by the Department on October 13, 2023.

### **EXIT CONFERENCE**

Commission members and administrative personnel, as reflected on Exhibit 20, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Cheryl Ganey, County Administrator, Steve McKinnon, Chairman and County Commissioners Christopher Carroll, Donald O. Grantham, Louie Frankie Wilson, Jr. and Charles W. Gary. Also in attendance were the following representatives from the Department of Examiners of Public Accounts: Netteah K. Durham, Manager; Chad Morgan, Examiner; and Megan Salter, Examiner.

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# *Independent Auditor's Report*

## **Independent Auditor's Report**

Members of Dale County Commission and County Administrator  
Ozark, Alabama

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

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dale County Commission, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Dale County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 11.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dale County Commission, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States (**Government Auditing Standards**). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Dale County Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

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

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

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

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

- ◆ exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dale County Commission's internal control. Accordingly, no such opinion is expressed.
- ◆ evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Dale County Commission's ability to continue as a going concern for a reasonable period of time.

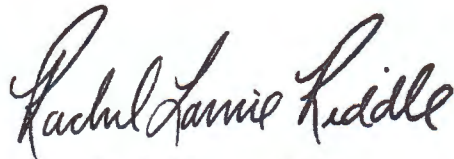
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2024, on our consideration of the Dale County Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Dale County Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Dale County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle  
Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

August 27, 2024



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

**DALE COUNTY COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended September 30, 2022**

The Dale County Commission's discussion and analysis is a narrative overview that is designed to assist the reader in reviewing significant financial issues and activities of the County. The reader should also be able to identify the changes in the County's financial position and analyze the ability of the County to meet future challenges.

The Management's Discussion and Analysis (MD&A) focuses on the activities of the Dale County Commission for the fiscal year ended September 30, 2022. Please consider the information contained in this MD&A in conjunction with the County's financial statements for the same period. The MD&A report is required under Governmental Accounting Standards Board's (GASB) Statement Number 34 and includes comparison of government-wide data to prior years.

**FINANCIAL HIGHLIGHTS**

- Dale County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year end, by \$8,549,915.88 for governmental activities. *Exhibit 1*
- The County's total net position increased/(decreased) by \$1,510,784.04, or 21.46% for the current year. A detailed explanation of these increases can be seen on page 4 of this Management Discussion and Analysis. *Exhibit 2*
- At the end of the current fiscal year Dale County's governmental funds reported combined ending fund balances of \$10,785,684.09, an increase/(decrease) of \$1,157,469.50 or 12.02% from the prior year. *Exhibit 5*
- Governmental Fund Revenues for the current fiscal year were \$16,426,172.68 and were more than current Expenditures of \$15,368,033.18 by \$1,058,139.50. *Exhibit 5*
- Total general long-term debt for governmental activities for Dale County reported a net decrease/(increase) by \$642,137.17, or 5.5%. *Note 9*

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are made up of the following components:

- Government-wide financial statements
- Fund financial statements
- Proprietary Funds statements
- Fiduciary Funds statements
- Notes to the financial statements

This report also contains additional information that is relevant to the County's financial position.

## **Government-wide Statements**

The government-wide financial statements are designed to provide readers with an overview of the County's finances in a manner similar to those used by private-sector companies. The statement of net position includes all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources. Current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the county's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term debt. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the County is improving or deteriorating. To properly evaluate the overall health of the Commission, you may need to consider additional non-financial factors such as changes in the county's property tax base and the condition of the county's infrastructure and buildings.

The Statement of Activities presents information focused on both gross and net costs and shows how the County's net position changed during the current fiscal year. This statement is intended to summarize and simplify the reader's analysis of cost of various governmental services and/or subsidy to various business-type activities. The governmental activities include most of the County's basic services including general government, public safety, highways and roads, sanitation, health, welfare, culture and recreation, and education. The funding of these activities comes primarily from property taxes, sales taxes, gasoline taxes, and other miscellaneous revenues and charges for services.

## **Fund Financial Statements**

Traditional users of governmental financial statements will find the Fund Financial Statements more familiar. Fund financial statements provide more detailed information about the County's funds, focusing on its Major funds rather than the County as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Dale County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental, proprietary and fiduciary are the three categories of fund types used to keep track of specific sources of funding and spending on particular county programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. In doing so, readers may better understand the long-term impact of the County's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to aid in this comparison between governmental funds and governmental activities.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are included in governmental funds. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows, outflows and balances of spendable resources. The governmental fund statements provide a detailed short-term view of the County's operations and the basic services it provides. Governmental funds statements assist the reader in determining the short-term financial resources available to finance future programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in Exhibits 4 and 6 to reconcile the differences between them.

Dale County maintains many funds that are governmental funds. Separate information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Gasoline Tax Fund, RRR Gasoline Tax Fund, and Reappraisal Fund. These funds are deemed to be major funds. Data from the remaining funds are combined into a single aggregated presentation.

### **Fiduciary Fund Statements**

Fiduciary funds are funds in which the County is the trustee, or fiduciary, of assets that belong to others. The County is responsible for ensuring that these assets are used only for their intended purposes and reported and presented correctly in these funds. All the County's fiduciary activities are reported in a separate statement of fiduciary net position (Exhibit #10) and a statement of changes in fiduciary net position (Exhibit #11). The activities of these funds are excluded from the government-wide financial statements because their assets are not available for use by the County to finance its operations.

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

Notes to the financial statements, provided in this report, offer additional essential information to achieve a full understanding of the data provided in the government-wide and fund financial statements. The notes follow the exhibits contained in this report.

### **Required Supplementary Information**

Required supplementary information is expressed in Exhibits 12 and 13 which are the Schedule of Changes in Net Pension Liability and the Schedule of the Employer's Contributions relating to the County's pension liability. Exhibits 14 and 15 are the Schedule of Changes in the Employer's Total OPEB Liability and the Schedule of the Employer's Contributions relating to the County's OPEB Plan. Exhibits 16 through 19 are Budget to Actual comparisons of the governmental major funds of the County. Dale County adopts an annual appropriated budget for its General, Gasoline Tax, RRR Gasoline Tax, and Reappraisal Funds. The comparison schedules are presented to demonstrate compliance with the fund budgets.

## Government-Wide Financial Analysis

Dale County's net position increased/(decreased) by \$1,265,575.05 *Exhibit 2* during the current fiscal year. Management monitors net position because the variance is a useful indicator of the County's financial position. Dale County's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$9,495,796.40. *Exhibit 1*

The following table reflects the condensed Statement of Net Position for Governmental Activities compared to the prior year:

### Statement of Net Position As of September 30, 2022

	<u>Governmental Activities</u>	
	2022	2021
Current and Other Assets	26,869,268.44	19,869,104.84
Capital Assets	7,990,457.73	8,003,451.86
Total Assets	34,859,726.17	27,872,556.70
Deferred Outflows of Resources	2,763,456.39	1,388,003.00
Current and Other Liabilities	11,152,569.72	5,839,260.44
Long Term Liabilities	10,594,860.87	11,180,721.26
Total Liabilities	21,747,430.59	17,019,981.70
Deferred Inflows of Resources	7,325,836.09	5,201,446.16
Net Position:		
Net Investment in Capital Assets	4,845,442.10	4,428,173.95
Restricted	2,762,262.28	2,558,346.11
Unrestricted	942,211.50	52,611.78
Total Net Position	8,549,915.88	7,039,131.84

#### ***Exhibit 1***

The largest portion of Dale County's net position (56.67%%) is contained in its capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. The County uses these capital assets to provide services to citizens. While the County's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay for or liquidate these liabilities.

The following table reflects the condensed Statement of Net Position for Business Activities compared to the prior year:

**Statement of Net Position  
As of September 30, 2022**

	<b><u>Business-Type Activities</u></b>	
	<b>2022</b>	<b>2021</b>
Current and Other Assets	1,461,554.73	1,479,333.21
Capital Assets	132,453.00	133,073.00
Total Assets	1,594,007.73	1,612,406.21
Deferred Outflows of Resources	68,729.29	0.00
Current and Other Liabilities	477,460.30	417,978.60
Long Term Liabilities	189,166.09	3,338.10
Total Liabilities	666,626.39	421,316.70
Deferred Inflows of Resources	50,230.11	0.00
Net Position:		
Net Investment in Capital Assets	132,453.00	133,073.00
Unrestricted	813,427.52	1,058,016.51
Total Net Position	945,880.52	1,191,089.51

## Statement of Activities

The following table summarizes the changes in the County's Net Position from its governmental activities for the fiscal years ended September 30, 2022 and 2021.

### CHANGES IN NET POSITION – GOVERNMENTAL ACTIVITIES As of September 30, 2022

REVENUES	2022	2021
Program Revenues:		
Charges for Services	1,704,737.34	1,711,168.66
Operating Grants and Contributions	5,607,447.19	4,805,605.77
Capital Grants and Contributions	0.00	0.00
General Revenues		
Property Taxes-General Purposes	2,857,123.53	2,856,839.62
Property Taxes-Specific Purposes	2,364,173.85	2,217,193.95
Other County Sales and Use Taxes	1,244,706.17	1,173,992.88
Miscellaneous Taxes	450,742.74	432,066.49
Grants/Contributions not Restricted	0.00	0.00
Investment Earnings	31,796.76	49,412.01
Gain (Loss) on Disposition of Capital Assets	75,442.20	27,950.00
Miscellaneous	2,330,956.46	2,695,288.13
<b>Total Revenues</b>	<b>16,667,126.24</b>	<b>15,969,517.51</b>
EXPENSES		
Program Activities		
General Government	3,932,762.15	3,995,099.34
Public Safety	6,129,807.39	5,781,668.94
Highways and Roads	4,677,089.90	3,951,453.43
Sanitation	698.00	698.00
Health	118,750.00	118,764.00
Welfare	95,022.27	94,057.67
Culture and Recreation	63,100.00	63,100.00
Education	28,000.00	27,000.00
Interest and Fiscal Charges	111,112.49	129,390.89
<b>Total Expenses</b>	<b>15,156,342.20</b>	<b>14,161,232.27</b>
<b>Increase/(Decrease) in Net Position</b>	<b>1,510,784.04</b>	<b>1,808,285.24</b>
<i>Exhibit 2</i>		

The County's total revenues of \$16,667,126.24 were 4.37% higher/(lower) than the previous year. Property Taxes accounted for 31.64% of the total revenue of the County. Taxes as a whole represented 41.50% of the total revenue collected by the County for fiscal year end.

Expenses for all services of the County were \$15,156,342.20 which represented an increase/(decrease) of 7.05% over the prior year primarily related to road resurfacing and maintenance projects. Of the total expenses, 25.95% was spent for general government, 40.44% for public safety, 30.86% for highways and roads, and 2.75% on the remaining categories listed above.

The following table compares the revenues and expenditures for Business-Type Activities for FY 2022 and FY 2021, respectively.

**CHANGES IN NET POSITION - BUSINESS TYPE ACTIVITIES**  
**As of September 30, 2022**

<b>REVENUES</b>	<b>2022</b>	<b>2021</b>	<b>CHANGE</b>
Program Revenues:			
Charges for Services	\$1,298,804.10	\$1,094,954.78	\$203,849.32
General Revenues			
Investment Earnings	10,802.91	12,678.23	(1,875.32)
Gain (Loss) on Disposition of Capital Assets	0	0	\$0
Miscellaneous	0	0	\$0
<b>Total Revenues</b>	<b>1,309,607.01</b>	<b>1,107,633.01</b>	<b>\$201,974.00</b>
<b>EXPENDITURES</b>			
Program Activities			
Sanitation	1,554,816.00	1,318,897.93	(\$235,918.07)
<b>Total Expenditures</b>	<b>1,554,816.00</b>	<b>1,318,897.93</b>	<b>(\$235,918.07)</b>
<b>Increase/(Decrease) in Net Position</b>	<b>(\$245,208.99)</b>	<b>(\$211,264.92)</b>	<b>\$33,944.08</b>

**Net Cost of Services**

The net cost of services is a comparison of the total cost for government functions and programs and the net cost remaining after reducing the total cost by the revenue generated from the specific function or program. For the current year, the total cost of services was \$15,156,342.20 and the combined charges for services plus intergovernmental funds and operating and capital grants received were \$7,312,184.53, leaving a net cost to the County of \$7,844,157.67.

The table below presents the total cost and the net cost of each of the County's Functions. *Exhibit 2*

<b>Function/Program</b>	<b>2022</b>		<b>2021</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
General Government	3,932,762.15	1,890,703.47	3,995,099.34	1,970,342.32
Public Safety	6,129,807.39	5,790,865.84	5,781,668.94	5,612,755.14
Highways and Roads	4,677,089.90	(254,094.40)	3,951,453.43	(371,650.18)
Sanitation	698.00	698.00	698.00	698.00
Health	118,750.00	118,750.00	118,764.00	118,764.00
Welfare	95,022.27	95,022.27	94,057.67	94,057.67
Culture and Recreation	63,100.00	63,100.00	63,100.00	63,100.00
Education	28,000.00	28,000.00	27,000.00	27,000.00
Interest and Fiscal Charges	111,112.49	111,112.49	129,390.89	129,390.89
<b>Total Governmental Activities</b>	<b>15,156,342.20</b>	<b>7,844,157.67</b>	<b>14,161,232.27</b>	<b>7,644,457.84</b>



## FINANCIAL ANALYSIS OF FUND BALANCES

The financial performance of the County as a whole is also reflected in its governmental funds. As the Commission completed the year, its governmental funds reported a combined fund balance of \$10,785,684.09. As noted in the Budgetary Highlights below, the largest part of this increase of \$1,157,469.50 comes from the increase in the General Fund.

<u>Fund</u>	<u>Beginning Fund Balance</u>	<u>Net Increase or (Decrease)</u>	<u>Ending Fund Balance</u>
General Fund	5,639,391.44	527,055.47	6,166,446.91
Gasoline Fund	1,556,078.59	397,697.71	1,953,776.30
Reappraisal Fund	0.00	0.00	0.00
RRR Gasoline Fund	270,441.03	230,320.41	500,761.44
Other Governmental Funds	2,162,303.53	2,395.91	2,164,699.44
<b>Totals</b>	9,628,214.59	1,157,469.50	10,785,684.09

### *Exhibit 5*

## Highlights – Major Funds

- **General Fund**

As reflected in Exhibit 5, the ending General Fund balance was \$6,166,446.91 compared to the final budgeted amount of \$23,076.87. Budgeted expenditures were \$8,811,429.08 compared to actual General Fund Expenditures of \$8,780,526.87. Law enforcement expenditures accounted for 56% of general fund expenses, and general government expenditures accounted for 36% of general fund expenses. Total revenues were \$9,300,402.34 compared to budgeted revenues of \$5,858,462.95. 52% of general fund revenue came from taxes, and 15% were from charges for services.

- **Gasoline Tax Fund**

Fund balance for the Gasoline Tax Fund at the end of the year was \$1,953,776.30, as shown on Exhibit 5. This is an increase of \$397,697.71 from the previous year. 77% of revenue came from intergovernmental sources, and 23% came from other sources. 89% of total gasoline fund expenditures of \$2,791,552.48 were spent on highways and roads, and 11% was spent on capital outlay and debt service.

- **RRR Gasoline Tax Fund**

Revenues for the RRR Gasoline Tax Fund are entirely intergovernmental. Actual revenues as shown on Exhibit 5 were \$1,046,529.84, which is \$47,529.84 more/(less) than budgeted. Actual expenditures of \$1,124,209.43 were (\$185,790.57) more/(less) than budgeted.

- **Reappraisal Fund**

Actual revenue for the Reappraisal Fund was \$417,858.96, which is \$(5,836.57) more/(less) than was budgeted. Actual expenditures of \$417,858.96 were \$85,491.91 less than was budgeted. All unencumbered fund balances must be returned to the Revenue Commissioner no later than December 31 of each year, unless the amount is considered in the funding of the budget for the next fiscal year.

## GENERAL FUND BUDGETARY DISCUSSION

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

### CAPITAL ASSETS

The commission depreciates assets other than land and construction in progress on an annual basis, using the straight-line method of depreciation. The following table provides a reconciliation of capital assets for the year ended September 30, 2022 for governmental activities.

<b>Governmental Activities:</b>	
<b>Total Capital Assets at October 1, 2021</b>	18,003,958.67
Additions/Reclassifications	797,124.67
Retirements/Reclassifications	(451,127.47)
<b>Total Capital Assets at September 30, 2022</b>	18,349,955.87

The following table provides a comparison of total assets for governmental activities before and after depreciation.

	Value 9/30/2022 Before Depreciation	Value 9/30/2022 After Depreciation
Governmental Activities:		
Land	472,441.00	472,441.00
Construction in Progress	0	0
Infrastructure	1,793,700.17	911,129.26
Buildings	9,403,793.24	4,437,428.50
Construction Equipment	2,213,647.15	773,430.62
Office Equipment	43,916.39	0.00
Motor Vehicles	2,544,225.51	655,745.77
Data Processing Equipment	231,988.35	14,370.64
Outdoor Equipment	779,266.94	591,100.20
Communication Equipment	91,433.39	4,084.50
Other Equipment	775,543.73	130,727.24
<b>Total Capital Assets</b>	18,349,955.87	7,990,457.73

Further information on Capital Assets (including those of business-type activities) is located in Note 5 of the Notes to the Financial Statements.

## LONG-TERM DEBT ACTIVITY

On March 7, 2016, the Commission entered into a notes payable line of credit agreement for \$849,500.00 at 2.29% interest rate to construct a new P25 Radio Tower. The payments for this note payable are made from the Sheriff's Service Fee Fund, which is included in the General Fund in these financial statements. As of September 30, 2022, the amount of debt on this note was \$37,670.82.

On June 11, 2018, the Commission issued a General Obligation Warrant for \$1,500,000 that is payable in 11 annual installments of \$154,381 including interest at 3.63% to finance road maintenance and improvement projects. The payments for this note payable are intended to be made from the Gas Tax Fund but these taxes are not pledged. As of September 30, 2022 the balance on this debt was \$1,080,683.13.

On November 1, 2018, the Commission entered into a notes payable agreement for \$88,693 at 3.76% interest rate to purchase a 2018 CAT Backhoe. The payments for this note payable are made from the General Fund. As of September 30, 2022 the balance on this debt was \$37,574.86.

On April 4, 2020, the Commission entered into a notes payable agreement for \$250,000 at 2.74% interest rate to purchase a two Kenworth Trucks. Repayments to begin in 2022 in equal installments until 2025. The payments for this note payable are made from the General Fund. As of September 30, 2022 the balance on this debt was \$154,086.82.

The Commission issues General Obligation Warrants to provide funds for the acquisition, construction and renovation of major capital facilities. On August 1, 2014, the Commission issued General Obligation Warrants in the amount of \$2,810,000, with various interest rates of 2% to 3.5%, to provide funds for the renovation of the Dale County Courthouse. As of September 30, 2022 the balance on this debt was \$1,835,000.00.

	Debt Outstanding 10/1/2021	Additions	Reductions	Debt Outstanding 9/30/2022	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
Gen Obligation Warrants, Series 2014	\$ 1,965,000.00		\$ (130,000.00)	\$ 1,835,000.00	\$ 130,000.00
Gen Obligation Warrants, Series 2018	1,199,118.11		(118,434.98)	1,080,683.13	114,595.69
<b>Notes Payable:</b>					
Sheriff Radio Tower System	146,972.51		(109,301.69)	37,670.82	37,670.82
Ford F150 Truck	6,196.91		(6,196.91)	0	0
2018 CAT Backhoe	55,289.96		(17,715.10)	37,574.86	18,390.55
2020 Kenworth Truck (2)	202,700.42		(48,613.60)	154,086.82	49,964.11
Total Notes Payable	\$ 3,575,277.91	\$ 0	\$ (430,262.28)	\$ 3,145,015.63	\$ 350,621.17
<b>Other Liabilities:</b>					
Other Postemployment Liability	1,794,001.00	555,175.74		2,349,176.74	-
Pension Liability	6,057,218.00	0.00	(792,799.97)	5,264,419.03	-
Compensated Absences	181,884.70	25,749.34		207,634.04	20,763.40
Total Other Liabilities	\$ 8,033,104.70	\$580,925.08	\$ (792,799.97)	\$ 7,821,229.81	\$ 20,763.40
Total Governmental Activities Long-Term Activities	\$ 11,608,382.61	\$580,925.08	\$ (1,223,062.25)	\$10,966,245.44	\$ 371,384.65

Further information on Long-Term Debt is located in Note 9 of the Notes to the Financial Statements.

## **ECONOMIC FACTORS**

Property tax revenue is a major resource component for the County. Other sources of revenues to finance governmental operations include charges for services and intergovernmental revenues.

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

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Commission's finances and to show the Commission's accountability for money received. If you have questions about this report or need additional financial information, please contact the County Administrator at the office of the Dale County Commission, 202 South Highway 123 Suite C, Ozark, Alabama 36360.

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# *Basic Financial Statements*

***Statement of Net Position***  
***September 30, 2022***

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents	\$ 19,381,605.50	\$ 808,762.51	\$ 20,190,368.01
Investments	930,000.00	270,000.00	1,200,000.00
Receivables (Note 4)	1,454,232.14	382,792.22	1,837,024.36
Ad Valorem Taxes Receivable	4,949,673.28		4,949,673.28
Due from Other Funds	10,000.00		10,000.00
Inventories	143,757.52		143,757.52
Total Current Assets	26,869,268.44	1,461,554.73	28,330,823.17
<b><u>Noncurrent Assets</u></b>			
Capital Assets (Note 5):			
Nondepreciable	472,441.00	128,113.00	600,554.00
Depreciable, Net	7,518,016.73	4,340.00	7,522,356.73
Total Noncurrent Assets	7,990,457.73	132,453.00	8,122,910.73
Total Assets	34,859,726.17	1,594,007.73	36,453,733.90
<b><u>Deferred Outflows of Resources</u></b>			
Employer Pension Contributions	530,340.98	13,158.70	543,499.68
Deferred Outflows Related to Net Pension Liability	742,194.60	18,197.40	760,392.00
Deferred Outflows Related to OPEB Liability	1,490,920.81	37,373.19	1,528,294.00
Total Deferred Outflows of Resources	2,763,456.39	68,729.29	2,832,185.68
<b><u>Current Liabilities</u></b>			
Payables (Note 8)	982,603.42	211,952.16	1,194,555.58
Unearned Revenue	9,622,659.92	260,712.08	9,883,372.00
Accrued Wages Payable	175,921.81	4,662.26	180,584.07
Long-Term Liabilities:			
Portion Due Within One Year:			
Notes from Direct Borrowing	106,025.48		106,025.48
Compensated Absences	20,763.40	133.80	20,897.20
Warrants Payable	244,595.69		244,595.69
Total Current Liabilities	\$ 11,152,569.72	\$ 477,460.30	\$ 11,630,030.02

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

	Governmental Activities	Business-Type Activities	Total
<b><u>Noncurrent Liabilities</u></b>			
Long-Term Liabilities:			
Portion Due After One Year:			
Notes from Direct Borrowing	\$ 123,307.02	\$	\$ 123,307.02
Compensated Absences	186,870.64	1,203.86	188,074.50
Other Postemployment Benefits Payable	2,349,176.74	58,887.26	2,408,064.00
Warrants Payable	2,671,087.44		2,671,087.44
Net Pension Liability	5,264,419.03	129,074.97	5,393,494.00
Total Noncurrent Liabilities	10,594,860.87	189,166.09	10,784,026.96
 Total Liabilities	 21,747,430.59	 666,626.39	 22,414,056.98
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable Revenue - Property Taxes	4,949,673.28		4,949,673.28
Revenue Received in Advance - Motor Vehicle Taxes	352,725.92		352,725.92
Deferred Inflows Related to Net Pension Liability	896,038.60	21,969.40	918,008.00
Deferred Inflows Related to OPEB Liability	1,127,398.29	28,260.71	1,155,659.00
Total Deferred Inflows of Resources	7,325,836.09	50,230.11	7,376,066.20
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	4,845,442.10	132,453.00	4,977,895.10
Restricted for:			
Highways and Roads	625,227.08		625,227.08
Capital Improvements	1,244,275.32		1,244,275.32
Law Enforcement	179,941.85		179,941.85
Office of Probate Judge	144,708.18		144,708.18
Other Purposes	568,109.85		568,109.85
Unrestricted	942,211.50	813,427.52	1,755,639.02
Total Net Position	\$ 8,549,915.88	\$ 945,880.52	\$ 9,495,796.40

**Statement of Activities**  
**For the Year Ended September 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General Government	\$ 3,932,762.15	\$ 1,284,505.37	\$ 757,553.31	\$ (1,890,703.47)	\$	\$ (1,890,703.47)	
Public Safety	6,129,807.39	180,365.46	158,576.09	(5,790,865.84)		(5,790,865.84)	
Highways and Roads	4,677,089.90	239,866.51	4,691,317.79	254,094.40		254,094.40	
Sanitation	698.00			(698.00)		(698.00)	
Health	118,750.00			(118,750.00)		(118,750.00)	
Welfare	95,022.27			(95,022.27)		(95,022.27)	
Culture and Recreation	63,100.00			(63,100.00)		(63,100.00)	
Education	28,000.00			(28,000.00)		(28,000.00)	
Interest and Fiscal Charges	111,112.49			(111,112.49)		(111,112.49)	
Total Governmental Activities	15,156,342.20	1,704,737.34	5,607,447.19	(7,844,157.67)		(7,844,157.67)	
<b>Business-Type Activities:</b>							
Inert Landfill	47,384.82	186.42			(47,198.40)	(47,198.40)	
Residential Garbage	1,507,431.18	1,298,617.68			(208,813.50)	(208,813.50)	
Total Business-Type Activities	1,554,816.00	1,298,804.10			(256,011.90)	(256,011.90)	
Total Primary Government	\$ 16,711,158.20	\$ 3,003,541.44	\$ 5,607,447.19	\$ (7,844,157.67)	(256,011.90)	(8,100,169.57)	
<b>General Revenues:</b>							
Taxes:							
Property Taxes for General Purposes				2,857,123.53		2,857,123.53	
Property Taxes for Specific Purposes				2,364,173.85		2,364,173.85	
Other County Sales and Use Taxes				1,244,706.17		1,244,706.17	
Miscellaneous Taxes				450,742.74		450,742.74	
Investment Earnings				31,796.76	10,802.91	42,599.67	
Gain on Disposition of Capital Assets				75,442.20		75,442.20	
Miscellaneous				2,330,956.46		2,330,956.46	
Total General Revenues				9,354,941.71	10,802.91	9,365,744.62	
Changes in Net Position				1,510,784.04	(245,208.99)	1,265,575.05	
Net Position - Beginning of Year				7,039,131.84	1,191,089.51	8,230,221.35	
Net Position - End of Year				\$ 8,549,915.88	\$ 945,880.52	\$ 9,495,796.40	

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



***Balance Sheet***  
***Governmental Funds***  
***September 30, 2022***

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>						
Cash and Cash Equivalents	\$ 15,433,355.31	\$ 1,278,062.83	\$ 391,426.66	\$ 87,691.13	\$ 2,191,069.57	\$ 19,381,605.50
Investments	930,000.00					930,000.00
Receivables (Note 4)	592,773.91	737,586.44	90,943.99		32,927.80	1,454,232.14
Ad Valorem Taxes Receivable	4,237,701.11			508,075.12	203,897.05	4,949,673.28
Due from Other Funds	21,000.00		115,285.05			136,285.05
Inventories	9,700.56	134,056.96				143,757.52
Total Assets	21,224,530.89	2,149,706.23	597,655.70	595,766.25	2,427,894.42	26,995,553.49
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>						
<b><u>Liabilities</u></b>						
Payables (Note 8)	803,069.45	38,549.37	96,894.26	440.34	43,650.00	982,603.42
Due to Other Funds	11,000.00	115,285.05				126,285.05
Unearned Revenue	9,544,022.47			78,637.45		9,622,659.92
Accrued Wages Payable	125,212.96	42,095.51		8,613.34		175,921.81
Total Liabilities	10,483,304.88	195,929.93	96,894.26	87,691.13	43,650.00	10,907,470.20
<b><u>Deferred Inflows of Resources</u></b>						
Unavailable Revenue - Property Taxes	4,237,701.11			508,075.12	203,897.05	4,949,673.28
Revenue Received in Advance - Motor Vehicle Taxes	337,077.99				15,647.93	352,725.92
Total Deferred Inflows of Resources	4,574,779.10			508,075.12	219,544.98	5,302,399.20
<b><u>Fund Balances</u></b>						
Nonspendable:						
Inventories		134,056.96				134,056.96
Restricted for:						
Highways and Roads	96,801.40		500,761.44		27,664.24	625,227.08
Capital Improvements					1,244,275.32	1,244,275.32
Law Enforcement					179,941.85	179,941.85
Office of Probate Judge					144,708.18	144,708.18
Other Purposes					568,109.85	568,109.85
Assigned to:						
Highways and Roads		1,819,719.34				1,819,719.34
Unassigned	6,069,645.51					6,069,645.51
Total Fund Balances	6,166,446.91	1,953,776.30	500,761.44		2,164,699.44	10,785,684.09
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 21,224,530.89	\$ 2,149,706.23	\$ 597,655.70	\$ 595,766.25	\$ 2,427,894.42	\$ 26,995,553.49

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

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***Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Position  
September 30, 2022***

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Total Fund Balances - Governmental Funds (Exhibit 3) \$ 10,785,684.09

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1)  
are different because:

Capital assets used in governmental activities are not financial resources and, therefore,  
are not reported as assets in governmental funds. These assets consist of:

Cost of Capital Assets	\$ 18,349,955.87	
Accumulated Depreciation	<u>(10,359,498.14)</u>	
		7,990,457.73

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	376,496.98
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Deferred outflows and inflows of resources related to Other Postemployment Benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.	363,522.52
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

	Current Liabilities	Noncurrent Liabilities	
Notes from Direct Borrowing	\$ (106,025.48)	\$ (123,307.02)	
Compensated Absences	(20,763.40)	(186,870.64)	
Other Postemployment Benefit Obligation		(2,349,176.74)	
Warrants Payable	(244,595.69)	(2,671,087.44)	
Net Pension Liability		<u>(5,264,419.03)</u>	
Total Long-Term Liabilities	<u>\$ (371,384.57)</u>	<u>\$ (10,594,860.87)</u>	<u>(10,966,245.44)</u>

Total Net Position - Governmental Activities (Exhibit 1)	<u><u>\$ 8,549,915.88</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2022**

	General Fund	Gasoline Tax Fund	RRR Gasoline Tax Fund	Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 4,874,567.53	\$	\$	\$ 417,844.96	\$ 319,604.17	\$ 5,612,016.66
Licenses and Permits	91,092.34					91,092.34
Intergovernmental	2,611,578.31	2,655,121.18	970,174.20		1,066,022.41	7,302,896.10
Charges for Services	1,373,778.49				239,866.51	1,613,645.00
Miscellaneous	349,385.67	770,949.96	76,355.64	14.00	609,817.31	1,806,522.58
Total Revenues	9,300,402.34	3,426,071.14	1,046,529.84	417,858.96	2,235,310.40	16,426,172.68
<b>Expenditures</b>						
Current:						
General Government	3,178,951.26			417,858.96	108,161.41	3,704,971.63
Public Safety	4,875,460.85				905,853.63	5,781,314.48
Highways and Roads		2,791,552.48	1,124,209.43		453,013.45	4,368,775.36
Health	118,750.00					118,750.00
Welfare	95,022.27					95,022.27
Culture and Recreation	63,100.00					63,100.00
Education	28,000.00					28,000.00
Capital Outlay	296,308.20	100,525.47			269,891.00	666,724.67
Debt Service:						
Principal Retirement	115,498.52	184,763.76			130,000.00	430,262.28
Interest and Fiscal Charges	9,435.77	43,681.72			57,995.00	111,112.49
Total Expenditures	8,780,526.87	3,120,523.43	1,124,209.43	417,858.96	1,924,914.49	15,368,033.18
Excess (Deficiency) of Revenues Over Expenditures	519,875.47	305,547.71	(77,679.59)		310,395.91	1,058,139.50
<b>Other Financing Sources (Uses)</b>						
Transfers In			308,000.00			308,000.00
Sale of Capital Assets	7,180.00	92,150.00				99,330.00
Transfers Out					(308,000.00)	(308,000.00)
Total Other Financing Sources (Uses)	7,180.00	92,150.00	308,000.00		(308,000.00)	99,330.00
Net Changes in Fund Balances	527,055.47	397,697.71	230,320.41		2,395.91	1,157,469.50
Fund Balances - Beginning of Year	5,639,391.44	1,556,078.59	270,441.03		2,162,303.53	9,628,214.59
Fund Balances - End of Year	\$ 6,166,446.91	\$ 1,953,776.30	\$ 500,761.44	\$	\$ 2,164,699.44	\$ 10,785,684.09

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

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***Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2022***

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Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 1,157,469.50

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2)  
are different because:

Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$655,831.00) differed from capital outlay (\$666,724.67) in the current period. 10,893.67

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

Proceeds From the Sale of Capital Assets	\$ (99,330.00)	
Gain (Loss) on the Sale of Capital Assets	75,442.20	
Book Value of Assets Sold		(23,887.80)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 430,262.28

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

(Increase)/Decrease in Compensated Absences	\$ (25,749.34)	
(Increase)/Decrease in Other Postemployment Benefit Obligation (OPEB)	99,294.95	
(Increase)/Decrease in Pension Expense	(137,499.22)	
		(63,953.61)

Change in Net Position of Governmental Activities (Exhibit 2) \$ 1,510,784.04

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

***Statement of Net Position***  
***Proprietary Funds***  
***September 30, 2022***

	Residential Garbage Fund	Nonmajor Enterprise Fund Inert Landfill Fund	Total Enterprise Funds
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents	\$ 518,569.18	\$ 290,193.33	\$ 808,762.51
Investments	270,000.00		270,000.00
Receivables (Note 4)	382,792.22		382,792.22
Total Current Assets	1,171,361.40	290,193.33	1,461,554.73
<b><u>Noncurrent Assets</u></b>			
Capital Assets (Note 5):			
Nondepreciable		128,113.00	128,113.00
Depreciable, Net	4,340.00		4,340.00
Total Noncurrent Assets	4,340.00	128,113.00	132,453.00
Total Assets	1,175,701.40	418,306.33	1,594,007.73
<b><u>Deferred Outflows of Resources</u></b>			
Employer Pension Contributions	13,158.70		13,158.70
Deferred Outflows Related to Net Pension Liability	18,197.40		18,197.40
Deferred Outflows Related to OPEB Liability	37,373.19		37,373.19
Total Deferred Outflows of Resources	68,729.29		68,729.29
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Payables (Note 8)	211,928.30	23.86	211,952.16
Unearned Revenue	260,712.08		260,712.08
Accrued Wages Payable	4,156.31	505.95	4,662.26
Compensated Absences	133.80		133.80
Total Current Liabilities	476,930.49	529.81	477,460.30
<b><u>Noncurrent Liabilities</u></b>			
Portion Due or Payable After One Year:			
Other Postemployment Benefits Payable	58,887.26		58,887.26
Net Pension Liability	129,074.97		129,074.97
Compensated Absences	1,203.86		1,203.86
Total Noncurrent Liabilities	189,166.09		189,166.09
Total Liabilities	\$ 666,096.58	\$ 529.81	\$ 666,626.39

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

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	Residential Garbage Fund	Nonmajor Enterprise Fund Inert Landfill Fund	Total Enterprise Funds
<b><u>Deferred Inflows of Resources</u></b>			
Deferred Inflows Related to Net Pension Liability	\$ 21,969.40	\$	\$ 21,969.40
Deferred Inflows Related to OPEB Liability	28,260.71		28,260.71
Total Deferred Inflows of Resources	50,230.11		50,230.11
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	4,340.00	128,113.00	132,453.00
Unrestricted	523,764.00	289,663.52	813,427.52
Total Net Position	\$ 528,104.00	\$ 417,776.52	\$ 945,880.52

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***Statement of Revenues, Expenses and Changes in Fund Net Position***  
***Proprietary Funds***  
***For the Year Ended September 30, 2022***

	Residential Garbage Fund	Nonmajor Enterprise Fund Inert Landfill Fund	Total Enterprise Funds
<b><u>Operating Revenues</u></b>			
Charges for Services	\$ 1,298,617.68	\$ 186.42	\$ 1,298,804.10
Total Operating Revenues	1,298,617.68	186.42	1,298,804.10
<b><u>Operating Expenses</u></b>			
Salaries	119,130.58	6,793.00	125,923.58
Employee Benefits and Payroll Taxes	46,708.31	90.30	46,798.61
Contractual and Professional Services	1,008,645.24	24,217.74	1,032,862.98
Materials and Supplies	43,415.76	658.63	44,074.39
Repairs and Maintenance	2,468.59		2,468.59
Rentals		15,403.24	15,403.24
Communications	1,851.83		1,851.83
Travel	1,015.25		1,015.25
Insurance	1,596.39		1,596.39
Depreciation	620.00		620.00
Landfill Expenses	6,115.87		6,115.87
Miscellaneous	110,352.01	221.91	110,573.92
Total Operating Expenses	1,341,919.83	47,384.82	1,389,304.65
Operating Income (Loss)	(43,302.15)	(47,198.40)	(90,500.55)
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Other Miscellaneous	(165,511.35)		(165,511.35)
Interest Revenue	9,556.74	1,246.17	10,802.91
Total Nonoperating Revenues (Expenses)	(155,954.61)	1,246.17	(154,708.44)
Changes in Net Position	(199,256.76)	(45,952.23)	(245,208.99)
Net Position - Beginning of Year	727,360.76	463,728.75	1,191,089.51
Net Position - End of Year	\$ 528,104.00	\$ 417,776.52	\$ 945,880.52

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

***Statement of Cash Flows***  
***Proprietary Funds***  
***For the Year Ended September 30, 2022***

	Residential Garbage Fund	Nonmajor Enterprise Funds Inert Landfill Fund	Total Enterprise Funds
<b><u>Cash Flows from Operating Activities</u></b>			
Cash Received for Services	\$ 1,251,588.95	\$ 186.42	\$ 1,251,775.37
Cash Payments to Employees	(163,396.13)	(6,379.79)	(169,775.92)
Cash Payments for Goods and Services	(1,157,228.70)	(40,501.52)	(1,197,730.22)
Net Cash Flows Provided (Used) by Operating Activities	(69,035.88)	(46,694.89)	(115,730.77)
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Net Proceeds of Investments	400,000.00	200,000.00	600,000.00
Net Cash Flows Provided by Noncapital Financing Activities	400,000.00	200,000.00	600,000.00
<b><u>Cash Flows from Investing Activities</u></b>			
Interest Received	9,556.74	1,246.17	10,802.91
Net Cash Flows Provided (Used) by Investing Activities	9,556.74	1,246.17	10,802.91
Net Increase (Decrease) in Cash	340,520.86	154,551.28	495,072.14
Cash and Cash Equivalents - Beginning of Year	178,048.32	135,642.05	313,690.37
Cash and Cash Equivalents - End of Year	\$ 518,569.18	\$ 290,193.33	\$ 808,762.51

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

	Residential Garbage Fund	Nonmajor Enterprise Funds Inert Landfill Fund	Total Enterprise Funds
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u></b>			
Operating Income/(Loss)	\$ (43,302.15)	\$ (47,198.40)	\$ (90,500.55)
<b><u>Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided (Used) for Operating Activities</u></b>			
Depreciation	620.00		620.00
(Increase)/Decrease in Accounts Receivable	(87,149.38)		(87,149.38)
Increase/(Decrease) in Accounts Payable	18,232.24		18,232.24
Increase/(Decrease) in Unearned Revenue	40,120.65		40,120.65
Increase/(Decrease) in Accrued Wages Payable	862.44	503.51	1,365.95
Increase/(Decrease) in Net Pension Liability and Related Activities	(627.93)		(627.93)
Increase/(Decrease) in Net Other Postemployment Benefits and Related Activities	4,579.63		4,579.63
Compensated Absences	(2,371.38)		(2,371.38)
Total Adjustments	(25,733.73)	503.51	(25,230.22)
Net Cash Provided (Used) by Operating Activities	\$ (69,035.88)	\$ (46,694.89)	\$ (115,730.77)

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***Statement of Fiduciary Net Position***  
***September 30, 2022***

	<b>Custodial Funds</b>
<hr/>	
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$ 1,934,866.81
Receivables	83,133.18
Total Assets	<u>2,017,999.99</u>
<b><u>Liabilities</u></b>	
Due to Other Funds	10,000.00
Accounts Payable	146,035.25
Payable to External Parties	158,085.60
Due to Other Governments	704,080.56
Total Liabilities	<u>1,018,201.41</u>
<b><u>Net Position</u></b>	
Held in Trust for Other Purposes	<u>\$ 999,798.58</u>

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

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***Statement of Changes in Fiduciary Net Position***  
***For the Year Ended September 30, 2022***

	<b>Custodial Funds</b>
<b><u>Additions</u></b>	
Revenue from Services	\$ 172,458.11
Tax Collections for Other Governments	15,478,589.98
Interest Earned	2,372.08
Miscellaneous	128,137.02
Total Additions	<u>15,781,557.19</u>
<b><u>Deductions</u></b>	
Tax Payments to Other Governments	15,475,728.73
Benefit Payments and Refunds	60,002.56
Tax Payments to Dale County	27,395.00
Administrative Expenses	144,068.50
Total Deductions	<u>15,707,194.79</u>
Changes in Net Position	74,362.40
Net Position - Beginning of Year	<u>925,436.18</u>
Net Position - End of Year	<u><u>\$ 999,798.58</u></u>

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

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

### ***For the Year Ended September 30, 2022***

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

The financial statements of the Dale County Commission (the “Commission”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### **A. Reporting Entity**

The Commission is a general purpose local government governed by separately elected commissioners. Generally accepted accounting principles (GAAP) require that the financial statements present the Commission (the primary government) and its component units. Component units are legally separate entities for which a primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of these criteria, there are no component units which should be included as part of the financial reporting entity of the Commission.

#### **B. Government-Wide and Fund Financial Statements**

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

The Statement of net position and the statement of activities display information about the Commission. These statements include the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Commission. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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#### **Fund Financial Statements**

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

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. Also, the fund is used to account for the expenditures of special county property taxes for building and maintaining public buildings, roads and bridges and for the expenditure of federal funds for the operation of a nutrition program.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the activities of the public works/highway department as related to maintenance, development, and resurfacing of roads, bridges, and right-of-ways.
- ◆ **RRR Gasoline Tax Fund** – This fund is used to account for the expenditure of the Commission's share of the following taxes: the 4-cent per gallon gasoline tax, the 2-cent per gallon inspection fee, and the designated portion of truck licenses for the resurfacing, restoration, and rehabilitation of the existing bridges and paved county roads.
- ◆ **Reappraisal Fund** – This fund is used to account for the expenditures of property taxes related to the county's reappraisal program.

The Commission reports the following major enterprise fund:

- ◆ **Residential Garbage Fund** – This fund is used to account for the receipts and expenditures of dumping fees received for solid waste collections.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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

#### **Governmental Fund Types**

- ◆ **Special Revenue Funds** – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- ◆ **Debt Service Funds** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for the accumulation of resources for principal and interest payments maturing in future years.

The Commission reports the following Proprietary Fund Type:

#### **Proprietary Fund Type**

- ◆ **Other Enterprise Fund (Inert Landfill Fund)** – This fund is used to account for the receipts and expenditures of dumping fees and salary reimbursements for landfill operations.

The Commission reports the following fiduciary fund type:

#### **Fiduciary Fund Type**

- ◆ **Custodial Funds** – These funds are used to report assets held by the Commission in a purely custodial capacity. These funds are used to report fiduciary activities that meet GASB Statement Number 84 criteria and that are not required to be reported in pension and other employee benefit trust funds, or private purpose trust funds. Taxes and fees collected for other governments or agencies are accounted for in custodial funds.

#### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.



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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are charges between the government's solid waste function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

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

### ***For the Year Ended September 30, 2022***

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

##### **1. Deposits and Investments**

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

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

Investments consist of certificates of deposit and are recorded at cost.

##### **2. Receivables**

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

Receivables due from other governments include amounts due from grantors for awards issued for specific programs, and revenues collected by the State and shared with the Commission.

Receivables in the enterprise funds consist primarily of amounts due from customers who are charged fees for services provided by the Commission.

Receivables in the fiduciary funds are amounts that are being held in a trustee or agency capacity by the fiduciary funds.

##### **3. Inventories**

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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#### **4. Restricted Assets**

Certain general obligation warrants, as well as certain resources set aside for their repayment are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

#### **5. Capital Assets**

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

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

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 50,000	40 years
Equipment, Motor Vehicles and Furniture	\$ 5,000	5 years
Roads	\$250,000	20 years
Bridges	\$ 50,000	40 years

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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#### **6. Deferred Outflows of Resources**

Deferred outflows of resources are reported in the government-wide and proprietary funds Statement of Net Position. Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets.

#### **7. 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 governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

#### **8. Compensated Absences**

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

##### **Annual Leave**

Each full-time employee is subject to a 6-month probation period. After probation each employee will earn annual leave as follows:

Less than 5 years of service	4 hours per pay period
5-9 years of service	4.5 hours per pay period
10-14 years of service	5 hours per pay period
15-19 years of service	5.5 hours per pay period
20+ years of service	6 hours per pay period

Unused annual leave credits may be accumulated and carried over into successive years by employees up to a maximum of 120 hours.

##### **Sick Leave**

Each full-time employee is subject to a 6-month probation period. After probation each employee is credited 4 hours of sick leave for each bi-weekly pay period of continuous employment. Unused sick leave credits may be accumulated and carried over into successive years by employee up to a maximum of 960 hours. All unused sick leave is forfeited upon separation and is not compensated to the employee.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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#### **Compensatory Leave**

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. Employees who earn compensatory time are required to take the time off within thirty days of the end of the pay period in which the time was earned. If the time off is not taken within the thirty-day requirement, the employee will be paid for the accrued compensatory time. Upon separation, an employee with accrued compensatory time will be given the time off prior to separation or paid for the accrued compensatory time. Compensatory leave is calculated at one and one-half times the regular hours.

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

The Commission uses the termination payment method to accrue its sick leave liability. Under this method an accrual for earned sick leave is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

#### **9. Deferred Inflows of Resources**

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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

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

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

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

- ◆ **Nonspendable** – Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples include inventories and prepaid items.
- ◆ **Restricted** – Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- ◆ **Committed** – Committed fund balances consist of amounts that are subject to a specific purpose constraint imposed by formal resolution of the Dale County Commission. Amendments or modifications of the committed fund balance must be approved by formal resolution of the Dale County Commission.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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- ◆ **Assigned** – Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission delegated authority to the Commission Chairman or Chief Administrative Officer to make determination of the assigned amounts of fund balances.
- ◆ **Unassigned** – Unassigned fund balances include all spendable amounts not contained in one of the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

#### **E. Pensions**

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

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

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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

##### **A. Budgets**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

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

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

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

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

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



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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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#### **Note 4 – Receivables**

On September 30, 2022, receivables for the Commission's individual major funds and other governmental funds in the aggregate, are as follows:

	Accounts Receivable	Due from Other Governments	Total
<u>Governmental Activities:</u>			
General Fund	\$15,269.17	\$ 577,504.74	\$ 592,773.91
Gasoline Tax Funds		737,586.44	737,586.44
RRR Gasoline Tax Fund		90,943.99	90,943.99
Other Governmental Funds	30.03	32,897.77	32,927.80
Total Governmental Activities	<u>\$15,299.20</u>	<u>\$1,438,932.94</u>	<u>\$1,454,232.14</u>

On September 30, 2022, receivables for the Commission's enterprise funds are as follows:

	Accounts Receivable	Total
<u>Business-Type Activities:</u>		
Residential Garbage Fund	\$382,792.22	\$382,792.22
Total Business-Type Activities	<u>\$382,792.22</u>	<u>\$382,792.22</u>

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. In the General Fund, a governmental fund, the Commission reported \$9,544,022.47 in American Rescue Plan Act (ARPA) funds that were received but not yet spent. Additionally, in the Reappraisal Fund, a governmental fund, the Commission reported \$78,637.45 in reappraisal maintenance funds that were received but not yet spent.

# Notes to the Financial Statements

## For the Year Ended September 30, 2022

### Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

	Balance 10/01/2021	Additions/ Reclassifications (*)	Retirements	Balance 09/30/2022
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 472,441.00	\$	\$	\$ 472,441.00
Construction in Progress	130,400.00		(130,400.00)	
Total Capital Assets, Not Being Depreciated	602,841.00		(130,400.00)	472,441.00
Capital Assets Being Depreciated:				
Infrastructure	1,793,700.17			1,793,700.17
Buildings	9,051,193.24	352,600.00		9,403,793.24
Construction Equipment	2,300,223.75	125,524.47	(212,101.07)	2,213,647.15
Office Equipment	43,916.39			43,916.39
Motor Vehicles	2,396,156.92	256,694.99	(108,626.40)	2,544,225.51
Data Processing Equipment	217,374.14	14,614.21		231,988.35
Communications Equipment	91,433.39			91,433.39
Outdoor Equipment	779,266.94			779,266.94
Other Equipment	727,852.73	47,691.00		775,543.73
Total Capital Assets Being Depreciated	17,401,117.67	797,124.67	(320,727.47)	17,877,514.87
Less Accumulated Depreciation for:				
Infrastructure	(822,605.05)	(59,965.86)		(882,570.91)
Buildings	(4,762,592.58)	(203,772.16)		(4,966,364.74)
Construction Equipment	(1,517,245.86)	(111,184.24)	188,213.57	(1,440,216.53)
Office Equipment	(43,916.39)			(43,916.39)
Motor Vehicles	(1,798,935.99)	(198,169.85)	108,626.10	(1,888,479.74)
Data Processing Equipment	(217,374.14)	(243.57)		(217,617.71)
Communication Equipment	(85,306.64)	(2,042.25)		(87,348.89)
Outdoor Equipment	(149,203.39)	(38,963.35)		(188,166.74)
Other Equipment	(603,326.77)	(41,489.72)		(644,816.49)
Total Accumulated Depreciation	(10,000,506.81)	(655,831.00)	296,839.67	(10,359,498.14)
Total Capital Assets Being Depreciated, Net	7,400,610.86	141,293.67	(23,887.80)	7,518,016.73
Total Governmental Activities Capital Assets, Net	\$ 8,003,451.86	\$ 141,293.67	\$(154,287.80)	\$ 7,990,457.73
(*) Construction in progress of \$130,400.00 was reclassified to Buildings.				

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

	Balance 10/01/2021	Additions	Retirements	Balance 09/30/2022
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 128,113.00	\$	\$	\$ 128,113.00
Total Capital Assets, Not Being Depreciated	128,113.00			128,113.00
Capital Assets Being Depreciated:				
Construction Equipment	81,200.00			81,200.00
Motor Vehicles	42,296.86			42,296.86
Total Capital Assets Being Depreciated	123,496.86			123,496.86
Less Accumulated Depreciation for:				
Construction Equipment	(76,240.00)	(620.00)		(76,860.00)
Motor Vehicles	(42,296.86)			(42,296.86)
Total Accumulated Depreciation	(118,536.86)	(620.00)		(119,156.86)
Total Capital Assets Being Depreciated, Net	4,960.00	(620.00)		4,340.00
Business-Type Activities Capital Assets, Net	\$ 133,073.00	\$ (620.00)	\$	\$ 132,453.00

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

	Depreciation Expense
<b>Governmental Activities:</b>	
General Government	\$163,348.77
Public Safety	224,509.72
Highways and Roads	267,274.51
Sanitation	698.00
Total Depreciation Expense – Governmental Activities	<u>\$655,831.00</u>

	Depreciation Expense
<b>Business-Type Activities:</b>	
Residential Garbage	\$620.00
Total Depreciation Expense – Business-Type Activities	<u>\$620.00</u>

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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#### **Note 6 – Defined Benefit Pension Plan**

##### **A. General Information about the Pension Plan**

The Employees' Retirement System of Alabama (ERS), an agency multiple-employer plan (the "Plan"), was established October 1, 1945, under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Effective October 1, 2021, Act Number 2021-390, Acts of Alabama, created two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The ***Code of Alabama 1975***, Section 36-27-2, grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

The ERS Board of Control consists of 15 trustees as follows:

- 1) The Governor, ex-officio.
- 2) The State Treasurer, ex-officio.
- 3) The State Personnel Director, ex-officio.
- 4) The State Director of Finance, ex-officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex-officio trustee is the head.
- 6) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
  - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
  - b. Two vested active state employees.
  - c. One full-time employee of a participating municipality or city in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
  - d. One full-time employee of a participating county in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
  - e. One full-time employee or retiree of a participating employer in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
  - f. One full-time employee of a participating employer other than a municipality, city or county in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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#### **Benefits Provided**

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

Act Number 2012-377, Acts of Alabama, established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30th are paid to the beneficiary.

Act Number 2019-132, Acts of Alabama, allowed employers who participate in the ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6, to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 employers adopting Act Number 2019-132, Acts of Alabama, will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act Number 2019-132, Acts of Alabama.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 104,510 participants. As of September 30, 2021, membership consisted of:

Retirees and beneficiaries currently receiving benefits	29,727
Terminated employees entitled to but not yet receiving benefits	2,130
Terminated employees not entitled to a benefit	16,415
Active Members	56,184
Post-DROP participants who are still active service	54
Total	<u>104,510</u>

#### **Contributions**

Tier 1 covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2022, the Commission's active employee contribution rate was 6.40% of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 11.49% of pensionable payroll.

The Dale County Commission's contractually required contribution rate for the year ended September 30, 2022, was 12.25% of pensionable pay for Tier 1 employees, and 8.99% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2019, a percent of annual pensionable payroll, are actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were \$543,499.68 for the year ended September 30, 2022.

# *Notes to the Financial Statements*

## *For the Year Ended September 30, 2022*

### **B. Net Pension Liability**

The Dale County Commission's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2020, rolled forward to September 30, 2021, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll Forward			Actual After 2020 Experience Study
	Expected	Actual Before Act 2019-132	Actual After Act 2019-132	
(a) Total Pension Liability as of September 30, 2020	\$15,969,002	\$16,065,368	\$16,065,368	\$16,595,740
(b) Discount Rate	7.70%	7.70%	7.70%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2020 – September 30, 2021	382,481	382,481	382,481	418,241
(d) Transfers Among Employers:		(8,213)	(8,213)	(8,213)
(e) Actual Benefit Payments and Refunds for the period October 1, 2020 – September 30, 2021	(1,100,158)	(1,100,158)	(1,100,158)	(1,100,158)
(f) Total Pension Liability as of September 30, 2021 = [(a) x (1+(b))] + (c) + (d) + [ (e) x (1 + 0.5*(b))]	\$16,438,582	\$16,534,156	\$16,534,156	\$17,101,012
(g) Difference between Expected and Actual:		\$ 95,574		
(h) Less Liability Transferred for Immediate Recognition		(8,213)		
(i) Difference between Expected and Actual – Experience (Gain)/Loss		\$ 103,787		
(j) Difference between Actual TPL Before and After Act 2019-132 – Benefit Change (Gain)/Loss			\$	
(k) Difference between Actual TPL Before and After 2020 Experience Study – Assumption Change (Gain)/Loss				\$ 566,856



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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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#### Actuarial Assumptions

The total pension liability as of September 30, 2021, was determined based on the annual actuarial funding valuation prepared as of September 30, 2020. The key actuarial assumptions are summarized below:

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

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

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

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2015 through September 30, 2020.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	15.00%	2.80%
U. S. Large Stocks	32.00%	8.00%
U. S. Mid Stocks	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	<u>100.00%</u>	
(*) Includes assumed rate of inflation of 2.00%.		

#### **Discount Rate**

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

# *Notes to the Financial Statements*

## *For the Year Ended September 30, 2022*

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

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (Asset) (a) – (b)
Balances at September 30, 2020	\$15,969,002	\$ 9,911,783	\$ 6,057,219
Changes for the Year:			
Service Cost	382,481		382,481
Interest	1,187,257		1,187,257
Changes of assumptions	566,856		566,856
Difference between expected and actual experience	103,787		103,787
Contributions – employer		462,529	(462,529)
Contributions – employee		281,018	(281,018)
Net investment income		2,160,559	(2,160,559)
Benefit payments, including refunds of employee contributions	(1,100,158)	(1,100,158)	
Transfers among employers	(8,213)	(8,213)	
Net Changes	1,132,010	1,795,735	(663,725)
Balances at September 30, 2021	\$17,101,012	\$11,707,518	\$ 5,393,494

### **Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the Commission's net pension liability calculated using the discount rate of 7.45%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increases (8.45%)
Commission's Net Pension Liability	\$7,301,377	\$5,393,494	\$3,784,636

### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2021. The auditor's report dated August 19, 2022 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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

For the year ended September 30, 2022, the County recognized pension expense of \$555,023. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 291,798	\$ 74,889
Changes of assumptions	468,594	
Net difference between projected and actual earnings on pension plan investments		843,119
Employer contributions subsequent to the measurement date	543,499.68	
Total	\$1,303,891.68	\$918,008

The \$543,499.68 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the year ending September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ending	
September 30, 2023	\$ 14,524
2024	\$ 40,318
2025	\$ (41,952)
2026	\$(170,506)
2027	\$ 0
Thereafter	\$ 0

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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

##### **General Information about the OPEB Plan**

###### **A. Plan Description**

The Dale County Commission provides medical and dental insurance benefits to its eligible retirees and family. The Commission's OPEB Plan (the "OPEB Plan") is a single-employer defined benefit OPEB plan. The Commission participates in the Local Government Health Insurance Plan (LGHIP), which is a self-insured employer group health benefit plan administered by the Local Government Health Insurance Board (LGHIB). The Local Government Health Insurance Board (LGHIB) is a state agency established by the Alabama Legislature to administer the LGHIP pursuant to the *Code of Alabama 1975*, Section 11-91A-1 through 11-91A-10. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the LGHIB.

No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions – Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria – Defined Benefit*. The Commission assumes the risk of providing health care benefits for their employees instead of paying a risk premium to a third party to insure their employees.

###### **B. Benefits Provided**

Medical and dental insurance benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by the Retirement Systems of Alabama and must meet the eligibility provisions adopted by resolution to receive retiree medical benefits. The earliest retirement eligibility provisions are as follows: Tier 1: Retirement on or after age 60 with at least 10 years of service or after 25 years of service without regard to age at retirement. Tier 2: Retirement on or after age 60 with at least 10 years of service.

For the fiscal year 2022, the Commission contributed \$22,278 to cover eight retired participants. Plan members receiving benefits contribute 100% for family coverage cost and 10% for single coverage costs. For fiscal year 2022, total retired member contributions were \$22,278. The Commission and retirees are required to contribute monthly.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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#### **C. Employees Covered by Benefit Terms**

The following table summarized active and retiree demographic information for the medical plan. This reflects the benefits as of September 30, 2022.

Status	Employee	Employee and Family
Active	93	29
Retired	8	0
Total	101	29

#### **Total OPEB Liability**

The Commission's total OPEB liability of \$2,408,064 as of reporting date September 30, 2022, was measured as of September 30, 2022, and was determined by an actuarial valuation as of that date.

#### **Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined by an actuarial valuation as of September 30, 2022 rolled forward to September 30, 2022, the measurement date. The following actuarial assumptions and other inputs applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Scale	3.50%
Discount Rate	4.77% (2.27% real rate of return plus 2.50% inflation)
Healthcare Cost trend Rates	Level 4.50%

The discount rate was selected by reviewing the recent published Bond Buyer GO-20 bond index as of September 30, 2022, the end of the applicable measurement period.

Mortality rates were based on the RPH-2014 Total Table with Projection MP-2021.

The actuarial assumptions used in the September 30, 2022 valuation were based on data provided by the Dale County Commission as of February 7, 2023.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

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**F. Changes in Net OPEB Liability**

	Total OPEB Liability	Net OPEB Liability
Balances as of 10/01/2021	\$ 1,794,004	\$ 1,794,004
Changes for the year:		
Service Cost	115,376	115,376
Interest Costs	42,710	42,710
Difference between expected and actual experience	1,981,530	1,981,530
Changes in assumptions	(1,503,278)	(1,503,278)
Benefit Payments	(22,278)	(22,278)
Net Change in OPEB Liability	614,060	614,060
Total OPEB Liability 9/30/2022	\$ 2,408,064	\$ 2,408,064

**Sensitivity Analysis of the Trend and Discount Rate**

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

The following table presents the Commission's net OPEB liability calculated using the discount rate of 4.77%, as well as what the Commission's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.77%) or 1-percentage point higher (5.77%) than the current rate:

	1.0% Decrease (3.77%)	Current Discount Rate (4.77%)	1.0% Increase (5.77%)
Total OPEB Liability	\$2,035,367	\$2,408,064	\$2,880,133

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

### ***For the Year Ended September 30, 2022***

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

The following table presents the Commission's net OPEB liability calculated using the health care cost trend rate of 4.50%, as well as what the Commission's proportionate share of the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage point lower (3.50%) or 1-percentage point higher (5.50%) than the current rate:

	1.0% Decrease (3.50%)	Current Trend (4.50%)	1.0% Increase (5.50%)
Total OPEB Liability	\$1,911,387	\$2,408,064	\$2,851,306

#### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2022, the County recognized OPEB expense of \$209,549. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$1,368,117	\$ 206,162
Changes of assumptions	160,177	949,497
Total	<u>\$1,528,294</u>	<u>\$1,155,659</u>

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

Year Ending	
September 30, 2021	\$ 51,463
2022	\$ 51,463
2023	\$ 51,463
2024	\$ 51,463
2025	\$ 51,463
Thereafter	\$115,320



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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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#### **Note 8 – Payables**

On September 30, 2022, payables for the Commission's individual major funds and nonmajor funds in the aggregate are as follows:

	Accounts Payable	Deposits Payable	Total
<b><u>Governmental Activities:</u></b>			
General Fund	\$803,069.45	\$	\$803,069.45
Gasoline Fund	38,549.37		38,549.37
Reappraisal Fund	440.34		440.34
RRR Gasoline Tax Fund	96,894.26		96,894.26
Other Governmental Funds	43,650.00		43,650.00
Total Governmental Activities	<u>982,603.42</u>		<u>982,603.42</u>
<b><u>Business-Type Activities:</u></b>			
Residential Garbage Fund	11,358.11	200,570.19	211,928.30
Inert Landfill Fund	23.86		23.86
Total Business-Type Activities	<u>\$ 11,381.97</u>	<u>\$200,570.19</u>	<u>\$211,952.16</u>

#### **Note 9 – Long-Term Debt**

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

On August 1, 2014, the Commission issued General Obligation Warrants in the amount of \$2,810,000, with various interest rates of 2% to 3.5%, to provide funds for the renovation of the Dale County Courthouse. In the event of default of the terms and conditions of the general obligation warrants, remedies are limited in the fact that these warrants are obligations of the Commission and may be subject to (1) the provisions of the United States Bankruptcy Code and (2) the provisions of other laws hereafter enacted by the Congress of the United States or the State of Alabama legislature.

On June 11, 2018, the Commission issued General Obligation Warrants in the amount of \$1,500,000, with an interest rate of 3.63%, to provide funds for the resurfacing and repair of various County roads. Repayment is in equal installments over 11 annual payments beginning June 11, 2019. In the event of default of the terms and conditions of the general obligation warrants, remedies are limited in the fact that these warrants are obligations of the Commission and may be subject to (1) the provisions of the United States Bankruptcy Code and (2) the provisions of other laws hereafter enacted by the Congress of the United States or the State of Alabama legislature.

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

On March 7, 2016, the Commission issued a note from direct borrowing in the amount of \$849,500.06 with an interest rate of 2.290%, to purchase Sherriff Radio System. Repayment to begin in 2016 in equal installments until 2025.

On December 15, 2017, the Commission issued a note from direct borrowing in the amount of \$23,819.03 with an interest rate of 2.670%, to purchase a Ford F-150 truck. Repayment to begin in 2018 in equal installments until 2022.

On November 1, 2018, the Commission issued a note from direct borrowing in the amount of \$88,693.00 with an interest rate of 3.76%, to purchase a Caterpillar Backhoe. Repayment to begin in 2019 in equal installments until 2023.

On April 4, 2020, the Commission issued a note from direct borrowing in the amount of \$250,000 with an interest rate of 2.74%, to purchase two Kenworth Trucks. Repayment to begin in 2021 in equal installments until 2025.

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2022:

	Debt Outstanding 10/01/2021	Additions	Reductions	Debt Outstanding 09/30/2022	Amounts Due within One Year
<b>Governmental Activities:</b>					
General Obligation Warrants, Series 2014	\$ 1,965,000.00	\$	\$ (130,000.00)	\$ 1,835,000.00	\$130,000.00
General Obligation Warrants, Series 2018	1,199,118.11		(118,434.98)	1,080,683.13	114,595.69
Notes from Direct Borrowing:					
Sheriff Radio Tower System	146,972.51		(109,301.69)	37,670.82	37,670.82
Ford F150 Truck	6,196.91		(6,196.91)		
2018 CAT Backhoe	55,289.96		(17,715.10)	37,574.86	18,390.55
2020 Kenworth (2)	202,700.42		(48,613.60)	154,086.82	49,964.11
Total Warrants and Notes from Direct Borrowing	3,575,277.91		(430,262.28)	3,145,015.63	350,621.17
<b>Other Liabilities:</b>					
Other Postemployment Liability	1,794,001.00	555,175.74		2,349,176.74	
Pension Liability	6,057,219.00		(792,799.97)	5,264,419.03	
Compensated Absences	181,884.70	25,749.34		207,634.04	20,763.40
Total Other Liabilities	8,033,104.70	580,925.08	(792,799.97)	7,821,229.81	20,763.40
Total Governmental Activities Long-Term Activities	\$11,608,382.61	\$580,925.08	\$(1,223,062.25)	\$10,966,245.44	\$371,384.65

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

	Debt Outstanding 10/01/2021	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2022	Amounts Due within One Year
<b>Business-Type Activities:</b>					
Other Liabilities:					
Compensated Absences	\$3,709.04	\$	\$(2,371.38)	\$ 1,337.66	\$133.80
Other Postemployment Liability		58,887.26		58,887.26	
Pension Liability		129,074.97		129,074.97	
Total Other Liabilities	3,709.04	187,962.23	(2,371.38)	189,299.89	133.80
Total Business-Type Activities					
Long-Term Debt	\$3,709.04	\$187,962.23	\$(2,371.38)	\$189,299.89	\$133.80

Payments on the warrants payable that pertain to the Commission's governmental activities are made by the Debt Service Funds. The long-term notes payable will be repaid by the Gasoline Tax Fund and the General Fund (Governmental Activities).

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. Approximately 71% will be paid by the General Fund, 24% by the Gasoline Tax Fund, and 5% by the Reappraisal Fund. The compensated absences liability attributable to the business-type activities will be liquidated by the Residential Garbage Fund.

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

Fiscal Year Ending	General Obligation Warrants Payable		Notes Payable		Total Principal and Interest Requirements to Maturity
	Principal	Interest	Principal	Interest	
September 30, 2023	\$ 244,595.69	\$ 95,049.63	\$106,025.48	\$ 6,419.28	\$ 452,090.08
2024	253,715.84	87,940.48	70,528.53	3,628.36	415,813.21
2025	258,182.52	80,233.80	52,778.49	1,466.21	392,661.02
2026	267,716.15	72,325.17			340,041.32
2027	277,416.64	63,949.68			341,366.32
2028-2032	1,259,056.29	178,216.91			1,437,273.20
2033-2034	355,000.00	18,725.00			373,725.00
Total	\$2,915,683.13	\$596,440.67	\$229,332.50	\$11,513.85	\$3,752,970.15

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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#### **Note 10 – Risk Management**

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

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

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

The Commission purchases commercial insurance for its other risks of loss, including property and casualty insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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#### **Note 11 – Interfund Transactions**

##### **Interfund Receivables and Payables**

The amounts of interfund payables and receivables during the fiscal year ended September 30, 2022, were as follows:

	Due to Other Funds			
	General Fund	Gasoline Tax Fund	Custodial Funds	Totals
Due from Other Funds:				
General Fund	\$11,000.00	\$	\$10,000.00	\$ 21,000.00
RRR Gasoline Tax Fund		115,285.05		115,285.05
Total Governmental Funds	\$11,000.00	\$115,285.05	\$10,000.00	\$136,285.05

##### **Interfund Transfers**

The amounts of interfund transfers during the fiscal year ended September 30, 2022, were as follows:

	Transfers In	
	RRR Gasoline Tax Fund	Total
Transfers Out:		
Other Governmental Funds	\$308,000.00	\$308,000.00
Totals	\$308,000.00	\$308,000.00

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

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#### **Note 12 – Related Organizations**

A majority of the members of the Board of the organizations listed below are appointed by the Dale County Commission. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship for these organizations, and the organizations are not considered part of the Commission's financial reporting entity. The organizations presented below are considered related organizations of the County Commission.

Related Organizations
Dale County Health Care Authority Dale County Water Authority Dale County AgPlex Authority, Inc. Vivian B. Adams School Board

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## *Required Supplementary Information*

***Schedule of Changes in the Employer's Net Pension Liability***  
***For the Year Ended September 30, 2022***

	2021	2020	2019	2018	2017	2016	2015	2014
<b><u>Total pension liability</u></b>								
Service cost	\$ 382,481	\$ 329,848	\$ 327,460	\$ 318,757	\$ 314,479	\$ 312,973	\$ 317,723	\$ 331,590
Interest	1,187,257	1,112,584	1,099,918	1,105,745	1,043,457	1,020,174	1,002,498	970,724
Changes in Assumptions	566,856	291,851		72,725		498,718		
Difference between expected and actual experience	103,787	312,014	2,769	(274,589)	373,463	(50,155)	(139,268)	
Benefit payments, including refunds of employee contributions	(1,100,158)	(1,092,861)	(1,148,887)	(1,024,785)	(1,022,879)	(1,016,192)	(903,824)	(906,457)
Transfers Among Employees	(8,213)	19,999	(144,787)	(118,831)	96,150	(50,381)		
Net change in total pension liability	1,132,010	973,435	136,473	79,022	804,670	715,137	277,129	395,857
Total pension liability - beginning	15,969,002	14,995,567	14,859,094	14,780,072	13,975,402	13,260,265	12,983,136	12,587,279
Total pension liability - ending (a)	\$ 17,101,012	\$ 15,969,002	\$ 14,995,567	\$ 14,859,094	\$ 14,780,072	\$ 13,975,402	\$ 13,260,265	\$ 12,983,136
<b><u>Plan fiduciary net position</u></b>								
Contributions - employer	\$ 462,529	\$ 471,399	\$ 424,196	\$ 371,053	\$ 376,154	\$ 366,396	\$ 347,671	\$ 341,429
Contributions - member	281,018	244,369	245,111	211,935	205,394	203,469	190,863	223,752
Net investment income	2,160,559	545,421	251,244	879,003	1,129,485	854,245	103,482	974,623
Benefit payments, including refunds of employee contributions	(1,100,158)	(1,092,861)	(1,148,887)	(1,024,785)	(1,022,879)	(1,016,192)	(903,824)	(906,457)
Transfers among employers	(8,213)	19,999	(144,787)	(118,831)	96,150	(50,381)	(14,074)	(29,146)
Net change in plan fiduciary net position	1,795,735	188,327	(373,123)	318,375	784,304	357,537	(275,882)	604,201
Plan net position - beginning	9,911,783	9,723,456	10,096,579	9,778,204	8,993,900	8,636,363	8,912,245	8,308,044
Plan net position - ending (b)	\$ 11,707,518	\$ 9,911,783	\$ 9,723,456	\$ 10,096,579	\$ 9,778,204	\$ 8,993,900	\$ 8,636,363	\$ 8,912,245
Net pension liability (asset) - ending (a) - (b)	\$ 5,393,494	\$ 6,057,219	\$ 5,272,111	\$ 4,762,515	\$ 5,001,868	\$ 4,981,502	\$ 4,623,902	\$ 4,070,891
Plan fiduciary net position as a percentage of the total pension liability	68.46%	62.07%	64.84%	67.95%	66.16%	64.36%	65.13%	68.64%
Covered payroll (*)	\$ 4,408,132	\$ 4,342,266	\$ 4,049,421	\$ 3,996,105	\$ 3,748,196	\$ 3,751,061	\$ 3,555,554	\$ 3,653,766
Net pension liability (asset) as a percentage of covered payroll	122.35%	139.49%	130.19%	119.18%	133.45%	132.80%	130.05%	111.42%

(\*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2022, the measurement period is October 1, 2020 through September 30, 2021. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll for the 2017 fiscal year.

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



***Schedule of the Employer's Contributions - Pension***  
***For the Year Ended September 30, 2022***

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 543,500	\$ 462,529	\$ 471,399	\$ 424,196	\$ 371,053	\$ 376,154	\$ 366,396	\$ 347,671	\$ 341,429
Contributions in relation to the actuarially determined contribution (*)	\$ 543,500	\$ 462,529	\$ 471,399	\$ 424,196	\$ 371,053	\$ 376,154	\$ 366,396	\$ 347,671	\$ 341,429
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 4,730,169	\$ 4,408,132	\$ 4,342,266	\$ 4,049,421	\$ 3,996,105	\$ 3,748,196	\$ 3,751,061	\$ 3,555,554	\$ 3,653,766
Contributions as a percentage of covered payroll	11.49%	10.49%	10.86%	10.48%	9.29%	10.04%	9.77%	9.78%	9.34%

(\*) The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments.

The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

(\*\*) Employer's covered payroll for fiscal year 2022 is the total covered payroll for the 12 month period of the underlying financial statement.

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2022 were based on the September 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	27.6 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

***Schedule of Changes in the Employer's Total Other Postemployment Benefits (OPEB) Liability***  
***For the Year Ended September 30, 2022***

	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service cost	\$ 115,376	\$ 115,376	\$ 83,093	\$ 83,093	\$ 79,851
Interest	42,710	39,700	68,184	60,719	60,430
Difference between expected and actual experience	1,981,530		(316,019)		
Changes in assumptions	(1,503,278)		245,527		
Benefit payments	(22,278)	(20,259)	(35,845)	(50,231)	(56,387)
Net change in total OPEB liability	614,060	134,817	44,940	93,581	83,894
Total OPEB Liability - Beginning	1,794,004	1,659,187	1,614,247	1,520,666	1,436,772
Total OPEB Liability - Ending	\$ 2,408,064	\$ 1,794,004	\$ 1,659,187	\$ 1,614,247	\$ 1,520,666
Covered employee payroll	\$ 4,157,052	\$ 3,973,853	\$ 3,973,853	\$ 3,602,127	\$ 3,602,127
Employer's total OPEB liability as a percentage of covered employee payroll	57.93%	45.15%	41.75%	44.81%	42.22%

**Notes to Schedule**

**Benefit Changes** . There were no changes of benefit terms for the year ended September 30, 2022.

**Changes in Assumptions** . The discount rate as of September 30, 2021, was 2.25% and was 4.77% as of September 30, 2022.

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

***Schedule of Employer's Contributions - Other Postemployment Benefits (OPEB)***  
***For the Year Ended September 30, 2022***

	2021	2021	2020	2019	2018
Actuarially determined contribution (*)	\$ 22,278	\$ 20,259	\$ 35,845	\$ 50,231	\$ 56,387
Contributions in relation to the actuarially determined contribution (*)	\$ 22,278	\$ 20,259	\$ 35,845	\$ 50,231	\$ 56,387
Contribution deficiency (excess)	\$	\$	\$	\$	\$
Covered employee payroll	\$ 4,157,052	\$ 3,973,853	\$ 3,973,853	\$ 3,602,127	\$ 3,602,127
Contributions as a percentage of covered employee payroll	0.54%	0.51%	0.90%	1.39%	1.57%

(\*) There are no actuarially determined contributions. The benefit payments made by the Commission are shown instead.

**Notes to Schedule**

Valuation date: September 30, 2021, rolled forward to September 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percentage of projected salary
Inflation	2.50%
Healthcare cost trend rates	Level 4.50%
Salary scale	3.50%
Discount Rate	4.77% (2.27% real rate of return plus 2.50% inflation)
Retirement age	Retirement with 25 years of service and retirement age plus years of service at retirement equal to 75 or greater.
Mortality	RPH-2014 Total Table with Projection MP-2021
Turnover	Termination rates are based on the termination rates in the latest actuarial valuation for the Retirement Systems of Alabama ("RSA").

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

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - General Fund***  
***For the Year Ended September 30, 2022***

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
<b>Revenues</b>						
Taxes	\$ 3,224,223.00	\$ 3,224,223.00	\$ 3,430,219.18	(1)	\$ 1,444,348.35	\$ 4,874,567.53
Licenses and Permits	78,500.00	78,500.00	91,092.34			91,092.34
Intergovernmental	843,076.67	1,253,346.84	2,413,628.28	(1)	197,950.03	2,611,578.31
Charges for Services	1,108,701.00	1,108,701.00	1,292,653.49	(1)	81,125.00	1,373,778.49
Miscellaneous	193,692.11	193,692.11	337,589.37	(1)	11,796.30	349,385.67
Total Revenues	5,448,192.78	5,858,462.95	7,565,182.66		1,735,219.68	9,300,402.34
<b>Expenditures</b>						
Current:						
General Government	3,639,453.64	3,721,646.04	3,124,196.35	(2)	54,754.91	3,178,951.26
Public Safety	3,702,966.14	4,781,817.04	4,772,173.21	(2)	103,287.64	4,875,460.85
Health	119,250.00	119,250.00	118,750.00			118,750.00
Welfare	96,466.00	97,616.00	95,022.27			95,022.27
Culture and Recreation	63,100.00	63,100.00	63,100.00			63,100.00
Education	28,000.00	28,000.00	28,000.00			28,000.00
Capital Outlay			296,308.20			296,308.20
Debt Service:						
Principal Retirement			17,631.18	(2)	97,867.34	115,498.52
Interest and Fiscal Charges			1,615.91	(2)	7,819.86	9,435.77
Total Expenditures	7,649,235.78	8,811,429.08	8,516,797.12		263,729.75	8,780,526.87
Excess (Deficiency) of Revenues Over Expenditures	(2,201,043.00)	(2,952,966.13)	(951,614.46)		1,471,489.93	519,875.47
<b>Other Financing Sources (Uses)</b>						
Transfers In	1,780,000.00	1,780,000.00	1,629,000.00	(3)	(1,629,000.00)	
Sale of Capital Assets			7,180.00			7,180.00
Transfers Out	(151,000.00)	(151,000.00)				
Total Other Financing Sources (Uses)	1,629,000.00	1,629,000.00	1,636,180.00		(1,629,000.00)	7,180.00
Net Change in Fund Balances	(572,043.00)	(1,323,966.13)	684,565.54		(157,510.07)	527,055.47
Fund Balances - Beginning of Year	572,043.00	1,347,043.00	4,969,159.44	(4)	670,232.00	5,639,391.44
Fund Balances - End of Year	\$	\$ 23,076.87	\$ 5,653,724.98		\$ 512,721.93	\$ 6,166,446.91

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***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - General Fund***  
***For the Year Ended September 30, 2022***

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

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

The Commission budgets revenues as they are collected, rather than on the modified accrual basis (GAAP).

(1) Revenues		
Public Buildings, Road and Bridges Fund	\$ 1,456,778.95	
Public Highway and Traffic Fund	196,635.31	
Sheriff's Service of Process Fee Fund	81,125.00	
Coronavirus Relief Fund	<u>680.42</u>	\$ 1,735,219.68
(2) Expenditures		
Public Buildings, Road and Bridges Fund	\$ (54,754.91)	
Sheriff's Service of Process Fee Fund	<u>(208,974.84)</u>	(263,729.75)
(3) Some Transfers between funds combined with the General Fund are eliminated for reporting purposes, but are budgeted separately.		
Public Buildings, Road and Bridges Fund	\$ (1,565,000.00)	
Public Highway and Traffic Fund	(215,000.00)	
Sheriff's Service of Process Fee Fund	<u>151,000.00</u>	<u>(1,629,000.00)</u>
Net Decrease in Fund Balance - Budget to GAAP		<u>\$ (157,510.07)</u>
(4) The amounts reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in fund Balances because of the effect of transactions such as those described above.		

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - Gasoline Tax Fund***  
***For the Year Ended September 30, 2022***

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
<b>Revenues</b>					
Intergovernmental	\$ 2,220,000.00	\$ 2,220,000.00	\$ 2,655,121.18	\$	\$ 2,655,121.18
Miscellaneous	733,000.00	733,000.00	770,949.96		770,949.96
Total Revenues	2,953,000.00	2,953,000.00	3,426,071.14		3,426,071.14
<b>Expenditures</b>					
Current:					
Highways and Roads	3,588,393.76	3,814,071.76	2,791,552.48		2,791,552.48
Capital Outlay			100,525.47		100,525.47
Debt Service:					
Principal Retirement	106,604.00	106,604.00	184,763.76		184,763.76
Interest and Fiscal Charges	47,777.00	47,777.00	43,681.72		43,681.72
Total Expenditures	3,742,774.76	3,968,452.76	3,120,523.43		3,120,523.43
Excess (Deficiency) of Revenues Over Expenditures	(789,774.76)	(1,015,452.76)	305,547.71		305,547.71
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	183,000.00	183,000.00	92,150.00		92,150.00
Total Other Financing Sources (Uses)	183,000.00	183,000.00	92,150.00		92,150.00
Net Change in Fund Balances	(606,774.76)	(832,452.76)	397,697.71		397,697.71
Fund Balances - Beginning of Year	606,774.76	834,074.76	1,486,900.59	(1) 69,178.00	1,556,078.59
Fund Balances - End of Year	\$	\$ 1,622.00	\$ 1,884,598.30	\$ 69,178.00	\$ 1,953,776.30

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

- (1) The amounts reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because the Gasoline Tax Equipment Fund is combined with the Gasoline Tax Fund for reporting purposes, but is budgeted separately.

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - RRR Gasoline Tax Fund***  
***For the Year Ended September 30, 2022***

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Budget to GAAP</b>	<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Differences</b>	<b>GAAP Basis</b>
<b><u>Revenues</u></b>					
Intergovernmental	\$ 999,000.00	\$ 999,000.00	\$ 970,174.20	\$	\$ 970,174.20
Other			76,355.64		76,355.64
Total Revenues	999,000.00	999,000.00	1,046,529.84		1,046,529.84
<b><u>Expenditures</u></b>					
Current:					
Highways and Roads	1,310,000.00	1,310,000.00	1,124,209.43		1,124,209.43
Total Expenditures	1,310,000.00	1,310,000.00	1,124,209.43		1,124,209.43
Excess (Deficiency) of Revenues Over Expenditures	(311,000.00)	(311,000.00)	(77,679.59)		(77,679.59)
<b><u>Other Financing Sources (Uses)</u></b>					
Transfers In	311,000.00	311,000.00	308,000.00		308,000.00
Total Other Financing Sources (Uses)	311,000.00	311,000.00	308,000.00		308,000.00
Net Change in Fund Balances			230,320.41		230,320.41
Fund Balances - Beginning of Year			270,441.03		270,441.03
Fund Balances - End of Year	\$	\$	\$ 500,761.44	\$	\$ 500,761.44

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - Reappraisal Fund***  
***For the Year Ended September 30, 2022***

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Budget to GAAP</b>	<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Differences</b>	<b>GAAP Basis</b>
<b><u>Revenues</u></b>					
Taxes	\$ 423,695.53	\$ 423,695.53	\$ 417,844.96	\$	\$ 417,844.96
Miscellaneous			14.00		14.00
Total Revenues	423,695.53	423,695.53	417,858.96		417,858.96
<b><u>Expenditures</u></b>					
Current:					
General Government	503,350.87	503,350.87	417,858.96		417,858.96
Total Expenditures	503,350.87	503,350.87	417,858.96		417,858.96
Net Change in Fund Balances	(79,655.34)	(79,655.34)			
Fund Balances - Beginning of Year	79,655.34	79,655.34			
Fund Balances - End of Year	\$	\$	\$	\$	\$



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## *Additional Information*

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***Commission Members and Administrative Personnel***  
***October 1, 2021 through September 30, 2022***

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<b>Commission Members</b>		<b>Term Expires</b>
Hon. Steve McKinnon	Chairman	November 2024
Hon. Christopher Carroll	Commissioner	November 2026
Hon. Charles W. Gary	Commissioner	November 2022
Hon. Donald O. Grantham	Commissioner	November 2024
Hon. Louie Frankie Wilson, Jr.	Commissioner	November 2024
<b><u>Administrative Personnel</u></b>		
Cheryl Ganey	Administrator	Indefinite

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

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## **Independent Auditor's Report**

Members of the Dale County Commission and County Administrator  
Ozark, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dale County Commission, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Dale County Commission's basic financial statements, and have issued our report thereon dated August 27, 2024.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Dale County Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Dale County Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Dale County Commission's internal control.

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

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

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

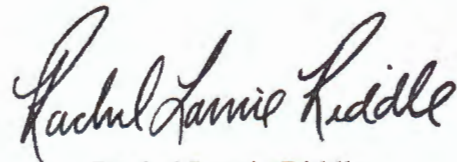
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## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Dale County Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards***.

## **Purpose of this Report**

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



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

August 27, 2024