



Alabama Department of Examiners of Public Accounts

Report on the **DeKalb County Commission** **DeKalb County, Alabama**

October 1, 2022 through September 30, 2023

Filed: November 15, 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 DeKalb County Commission, DeKalb County, Alabama, for the period October 1, 2022 through September 30, 2023, by Examiners Cade Burk and Nicholas Johnson. I, Cade Burk, 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,

Cade Burk
Examiner of Public Accounts

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Department of **Examiners of Public Accounts**

SUMMARY

DeKalb County Commission October 1, 2022 through September 30, 2023

The DeKalb County Commission (the “Commission”) is governed by a five-member body elected by the citizens of DeKalb County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 16. 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 DeKalb 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, including those applicable to its major federal financial assistance program. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, as well as the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

An unmodified opinion was issued on the basic financial statements, which means that the Commission’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2023.

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

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 16, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Chairman Ricky Harcrow; County Administrator Matt Sharp; and County Commissioner Shane Wootten. Also, in attendance were the following representatives from the Department of Examiners of Public Accounts: Adam Vann, Audit Manager; Cade Burk, Examiner and Nicholas Johnson, Examiner.

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Independent Auditor's Report

Independent Auditor's Report

Members of the DeKalb County Commission and County Administrator
Fort Payne, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeKalb County Commission, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the DeKalb County Commission as listed in the table of contents as Exhibits 1 through 8.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the DeKalb County Commission, as of September 30, 2023, and the respective changes in financial position 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 DeKalb 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.

Responsibility of Management for the Financial Statements

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

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 DeKalb 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 misstatements, 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 DeKalb 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 DeKalb County Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of 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 to Actual (Exhibits 9 through 14), 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

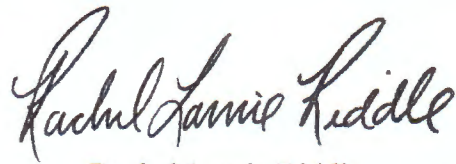
Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeKalb County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 15), as required by Title 2 U. S. *Code of Federal Regulations* Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)***, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated October 11, 2024, on our consideration of the DeKalb County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing 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 DeKalb 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 DeKalb County Commission's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Rachel Laurie Riddle". The signature is written in a cursive, flowing style.

Rachel Laurie Riddle
Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

October 11, 2024

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Basic Financial Statements

Statement of Net Position

September 30, 2023

	Governmental Activities
<u>Assets</u>	
Cash	\$ 14,239,150.90
Cash With Fiscal Agent	824,728.46
Investments	14,064,160.71
Receivables (Note 4)	3,062,225.51
Ad Valorem Taxes Receivable	6,209,782.48
Inventories	303,701.03
Prepaid Items	64,737.81
Capital Assets (Note 5):	
Nondepreciable	3,303,658.93
Depreciable, Net	59,145,287.93
Total Assets	<u>101,217,433.76</u>
<u>Deferred Outflows of Resources</u>	
Employer Pension Contributions	1,165,175.29
Deferred Outflows Related to Net Pension Liability	4,155,664.00
Employer Other Postemployment Benefits (OPEB) Contributions	413,127.00
Deferred Outflows Related to OPEB Liability	914,059.00
Total Deferred Outflows of Resources	<u>6,648,025.29</u>
<u>Liabilities</u>	
Payables (Note 8)	2,283,704.11
Unearned Revenue	7,669,142.59
Accrued Wages Payable	455,610.03
Accrued Interest Payable	184,409.89
Long-Term Liabilities:	
Amounts Due or Payable Within One Year:	
Notes from Direct Borrowing	1,030,078.29
Warrants Payable	745,000.00
Liability for Compensated Absences	174,040.71
Amounts Due or Payable After One Year:	
Notes from Direct Borrowing	2,611,342.80
Warrants Payable	10,760,000.00
Liability for Compensated Absences	740,123.28
OPEB Liability	6,583,349.00
Net Pension Liability	14,985,065.00
Total Liabilities	<u>\$ 48,221,865.70</u>

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

	Governmental Activities
<hr/>	
<u>Deferred Inflows of Resources</u>	
Unavailable Revenue - Property Taxes	\$ 6,113,900.00
Revenue Received in Advance - Motor Vehicle Taxes	438,903.53
Deferred Inflows Related to Net Pension Liability	616,741.00
Deferred Inflows Related to OPEB Liability	1,606,179.00
Total Deferred Inflows of Resources	<u>8,775,723.53</u>
<u>Net Position</u>	
Net Investment in Capital Assets	47,302,525.77
Restricted for:	
Road Projects	5,118,401.48
Debt Service	640,318.57
Capital Projects	2,842,287.86
Other Purposes	906,676.56
Unrestricted	<u>(5,942,340.42)</u>
Total Net Position	<u>\$ 50,867,869.82</u>

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Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	and Changes in Net Position Primary Government
					Total Governmental Activities
Primary Government					
Governmental Activities:					
General Government	\$ 5,974,582.31	\$ 2,512,628.79	\$ 1,022,413.82	\$	(2,439,539.70)
Public Safety	12,995,646.11	2,995,911.76	4,849,829.85	499,041.09	(4,650,863.41)
Highways and Roads	7,567,611.45	206,977.12	5,245,183.20	1,034,446.82	(1,081,004.31)
Sanitation	1,107,986.74	304,633.93			(803,352.81)
Health	524,314.53	18,050.00	20,848.00		(485,416.53)
Welfare	956,652.34	85,888.12	666,064.61		(204,699.61)
Culture and Recreation	228,426.46				(228,426.46)
Education	235,302.64				(235,302.64)
Interest and Fiscal Charges	453,668.08				(453,668.08)
Total Governmental Activities	\$ 30,044,190.66	\$ 6,124,089.72	\$ 11,804,339.48	\$ 1,533,487.91	(10,582,273.55)
General Revenues:					
Taxes:					
Property Taxes for General Purposes					5,341,187.08
Property Taxes for Specific Purposes					1,947,082.46
General Sales Taxes					2,655,742.06
County Gasoline Sales Tax					1,090,398.12
Tobacco Taxes					366,499.23
Miscellaneous Taxes					245,224.49
Simplified Sellers Use Tax					2,124,385.60
TVA in Lieu of Taxes					899,454.06
Gain on Disposal of Capital Assets					2,215,556.91
Interest Earned					285,597.50
Rental Revenue					65,147.51
Miscellaneous					476,879.39
Total General Revenues					17,713,154.41
Change in Net Position					7,130,880.86
Net Position - Beginning of Year					43,736,988.96
Net Position - End of Year				\$	50,867,869.82

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

Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Gasoline Tax Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 5,601,245.73	\$ 2,199,444.16	\$ 254,018.43	\$ 6,184,442.58	\$ 14,239,150.90
Cash with Fiscal Agent				824,728.46	824,728.46
Investments	4,008,092.92		8,042,028.73	2,014,039.06	14,064,160.71
Receivables (Note 4)	1,709,723.18	533,593.09		818,909.24	3,062,225.51
Ad Valorem Taxes Receivable	4,384,753.91			1,825,028.57	6,209,782.48
Interfund Receivables	629,577.14			7,389.17	636,966.31
Inventories		303,701.03			303,701.03
Prepaid Items	7,233.81			57,504.00	64,737.81
Total Assets	16,340,626.69	3,036,738.28	8,296,047.16	11,732,041.08	39,405,453.21
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Payables (Note 8)	231,770.75	308,768.26	726,904.57	1,016,260.53	2,283,704.11
Interfund Payables				636,966.31	636,966.31
Unearned Revenue			7,569,142.59	100,000.00	7,669,142.59
Accrued Wages Payable	301,056.92	101,876.46		52,676.65	455,610.03
Total Liabilities	532,827.67	410,644.72	8,296,047.16	1,805,903.49	11,045,423.04
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	4,300,000.00			1,813,900.00	6,113,900.00
Unavailable Revenue - Motor Vehicle Taxes	387,956.01			50,947.52	438,903.53
Total Deferred Inflows of Resources	\$ 4,687,956.01	\$	\$	\$ 1,864,847.52	\$ 6,552,803.53

Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Gasoline Tax Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
<u>Fund Balances</u>					
Nonspendable:					
Inventories	\$	\$	\$	\$	\$
Prepaid	7,233.81	303,701.03		57,504.00	303,701.03
Restricted for:					
Debt Service				824,728.46	824,728.46
Capital Projects				2,842,287.86	2,842,287.86
Public Safety				251,954.22	251,954.22
Highways and Roads		2,188,001.88		2,626,698.57	4,814,700.45
Welfare				30,480.56	30,480.56
Health				534,729.50	534,729.50
Revenue Commission Office				32,008.28	32,008.28
Committed for:					
Sanitation and Infrastructure	1,040,360.77				1,040,360.77
Assigned for:					
Capital Projects				670,476.38	670,476.38
Public Safety	1,512,928.17			73,371.42	1,586,299.59
Welfare				127,703.44	127,703.44
Health				14,393.07	14,393.07
Highways and Roads	1,677,262.57	134,390.65			1,811,653.22
Unassigned	6,882,057.69			(25,045.69)	6,857,012.00
Total Fund Balances	11,119,843.01	2,626,093.56		8,061,290.07	21,807,226.64
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,340,626.69	\$ 3,036,738.28	\$ 8,296,047.16	\$ 11,732,041.08	\$ 39,405,453.21

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, 2023

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 21,807,226.64

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:

Nondepreciable	\$ 3,303,658.93	
Depreciable, Net (Note 5)	<u>59,145,287.93</u>	62,448,946.86

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

Employer Pension Contributions	\$ 1,165,175.29	
Deferred Outflows Related to Net Pension Liability	4,155,664.00	
Employer Other Postemployment Benefit (OPEB) Contributions	914,059.00	
Deferred Outflows Related to OPEB Liability	413,127.00	
Deferred Inflows Related to Net Pension Liability	(616,741.00)	
Deferred Inflows Related to OPEB Liability	<u>(1,606,179.00)</u>	4,425,105.29

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

	Current Liabilities	Noncurrent Liabilities	
Accrued Interest Payable	\$ 184,409.89	\$	
Notes from Direct Borrowing	1,030,078.29	2,611,342.80	
Warrants Payable	745,000.00	10,760,000.00	
Liability for Compensated Absences	174,040.71	740,123.28	
Net Pension Liability		14,985,065.00	
OPEB Liability		<u>6,583,349.00</u>	
Total Liabilities	<u>\$ 2,133,528.89</u>	<u>\$ 35,679,880.08</u>	<u>(37,813,408.97)</u>

Total Net Position - Governmental Activities (Exhibit 1) \$ 50,867,869.82

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2023

	General Fund	Gasoline Tax Fund	Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>					
Taxes	\$ 8,842,052.86	\$ 1,090,398.12	\$	\$ 1,713,682.46	\$ 11,646,133.44
Licenses and Permits	60,906.83				60,906.83
Intergovernmental	4,810,010.41	4,800,754.77	3,956,656.02	3,283,198.90	16,850,620.10
Charges for Services	4,808,308.79	45,439.24		654,379.18	5,508,127.21
Fines and Forfeitures				1,774.67	1,774.67
Miscellaneous	275,739.64	2,391.64		613,821.08	891,952.36
Total Revenues	18,797,018.53	5,938,983.77	3,956,656.02	6,266,856.29	34,959,514.61
<u>Expenditures</u>					
Current:					
General Government	4,494,055.39		90,011.08	1,043,003.45	5,627,069.92
Public Safety	9,549,801.61		1,005,409.45	1,111,779.40	11,666,990.46
Highways and Roads	131,720.00	5,208,249.41	101,762.62	542,314.62	5,984,046.65
Sanitation			1,107,985.96	2,312.53	1,110,298.49
Health		10,000.00	50,000.00	429,599.50	489,599.50
Welfare	16,551.93			812,029.87	828,581.80
Culture and Recreation	228,037.96			388.50	228,426.46
Education	66,732.30	168,570.34			235,302.64
Capital Outlay	1,590,753.13	6,575,622.97	1,601,486.91	2,088,997.94	11,856,860.95
Debt Service:					
Principal Retirement	678,621.89	2,398,567.03		757,713.31	3,834,902.23
Interest and Fiscal Charges	38,941.62	75,691.89		312,644.12	427,277.63
Total Expenditures	16,795,215.83	14,436,701.64	3,956,656.02	7,100,783.24	42,289,356.73
Excess (Deficiency) of Revenues Over Expenditures	2,001,802.70	(8,497,717.87)		(833,926.95)	(7,329,842.12)
<u>Other Financing Sources (Uses)</u>					
Transfers In	440,352.52	1,365,940.51		1,314,250.50	3,120,543.53
Sale of Capital Assets	485,698.00	5,455,700.00		7,470.00	5,948,868.00
Proceeds from Issuance of Debt		2,967,828.00			2,967,828.00
Proceeds from Insurance Investments	192,345.01			10,704.77	203,049.78
Other Financing Sources (Uses)		31,585.39			31,585.39
Transfers Out	(1,982,811.04)			(1,137,732.49)	(3,120,543.53)
Total Other Financing Sources (Uses)	(864,415.51)	9,821,053.90		194,692.78	9,151,331.17
Net Change in Fund Balances	1,137,387.19	1,323,336.03		(639,234.17)	1,821,489.05
Fund Balances - Beginning of Year	9,982,455.82	1,302,757.53		8,700,524.24	19,985,737.59
Fund Balances - End of Year	\$ 11,119,843.01	\$ 2,626,093.56	\$	\$ 8,061,290.07	\$ 21,807,226.64

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2023

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 1,821,489.05

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the period.

Capital Outlays	\$ 11,856,860.95	
Depreciation Expense	(2,658,933.17)	9,197,927.78

Proceeds from the issuance of debt are reported as financing sources in governmental funds and thus contribute to the change in fund balance. Issuing long-term debt increases liabilities in the Statement of Net Position but does not affect the Statement of Activities. (2,967,828.00)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 3,834,902.23

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. The change in net position differs from the change in fund balances by the cost of the capital assets sold. (3,733,311.09)

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

Net Decrease in Landfill Postclosure Costs	\$ 20,000.00	
Change in Accrued Interest Payable	(26,390.45)	
Change in Compensated Absences	(65,738.28)	
Change in Net Pension Liability	(3,993,615.00)	
Change in Employer Pension Contributions	24,790.62	
Change in Deferred Inflows and Outflows Related to Pensions	3,027,318.00	
Change in Other Postemployment Benefits (OPEB) Liability	1,057,801.00	
Change in Deferred Inflows and Outflows Related to OPEB	(1,075,220.00)	
Change in OPEB Contributions	8,755.00	
		(1,022,299.11)

Change in Net Position of Governmental Activities (Exhibit 2) \$ 7,130,880.86

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

Statement of Fiduciary Net Position
September 30, 2023

	Custodial Funds	Private-Purpose Trust Funds	Other Employee Benefit Trust Fund	Total Fiduciary Funds
<u>Assets</u>				
Cash	\$ 3,747,173.10	\$	\$	\$ 3,747,173.10
Investments		208,490.49	364,281.36	572,771.85
Receivables (Note 4)	189,429.94			189,429.94
Capital Assets, Net (Note 5)	50,626.40			50,626.40
Total Assets	3,987,229.44	208,490.49	364,281.36	4,560,001.29
<u>Liabilities</u>				
Payables (Note 8)	2,037,225.50	208,490.49		2,245,715.99
Total Liabilities	2,037,225.50	208,490.49		2,245,715.99
<u>Net Position</u>				
Net Investment in Capital Assets	50,626.40			50,626.40
Held for Individuals, Organizations and Other Governments	1,899,377.54			1,899,377.54
Held in Trust for Employees and Beneficiaries			364,281.36	364,281.36
Total Net Position	\$ 1,950,003.94	\$	\$ 364,281.36	\$ 2,314,285.30

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

Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2023

	Custodial Funds	Private-Purpose Trust Funds	Other Employee Benefit Trust Fund	Total Fiduciary Funds
Additions				
Contributions from:				
Other Governments	\$ 4,424,783.63	\$	\$	\$ 4,424,783.63
Taxes	35,579,611.31			35,579,611.31
Employees			3,220.00	3,220.00
Court Fees	205,244.66			205,244.66
District Attorney's Fees	100,309.05			100,309.05
Fines and Forfeits	91,256.96			91,256.96
Excess from Land Sales	31,637.99			31,637.99
Miscellaneous	1,061,103.41	22,965.49		1,084,068.90
Interest	810.92			810.92
Investments			8,782.30	8,782.30
Total Additions	<u>41,494,757.93</u>	<u>22,965.49</u>	<u>12,002.30</u>	<u>41,529,725.72</u>
Deductions				
Administrative Expenses	620,639.42		33.92	620,673.34
Other Governmental Entities	39,577,159.79			39,577,159.79
Withdrawals			13,328.85	13,328.85
Purchase of Capital Assets	30,000.00			30,000.00
Miscellaneous	1,233,365.55	22,965.49		1,256,331.04
Total Deductions	<u>41,461,164.76</u>	<u>22,965.49</u>	<u>13,362.77</u>	<u>41,497,493.02</u>
Changes in Net Position	33,593.17		(1,360.47)	32,232.70
Net Position - Beginning of Year, as Restated (Note 15)	<u>1,916,410.77</u>		<u>365,641.83</u>	<u>2,282,052.60</u>
Net Position - End of Year	<u>\$ 1,950,003.94</u>	<u>\$</u>	<u>\$ 364,281.36</u>	<u>\$ 2,314,285.30</u>

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 1 – Summary of Significant Accounting Policies

The financial statements of the DeKalb 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 the above 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues 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.

Notes to the Financial Statements

For the Year Ended September 30, 2023

Fund Financial Statements

The fund financial statements provide information about the Commission's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental 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. This fund is also used to account for the expenditures of special county property taxes for building and maintaining public buildings, roads and bridges.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the seven-cent State gasoline tax revenue for construction, improvement, maintenance, and supervision of the highways, bridges, and streets. As presented, this Fund also includes the four-cent and five cent State (RRR) gasoline taxes which are used for the restoration, rehabilitation and resurfacing of existing paved roads and new paving of County dirt roads. It also includes the local three-cent gasoline tax and two-cent diesel tax which are used primarily for operation of the County Road Department, except as set out by local legislation.
- ◆ **Coronavirus State and Local Fiscal Recovery Fund** – This fund is used to account for the expenditures of federal funds received to assist in the recovery of the COVID pandemic.

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.

Notes to the Financial Statements

For the Year Ended September 30, 2023

- ◆ **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.
- ◆ **Capital Projects Funds** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

The Commission reports the following fiduciary fund types:

Fiduciary Fund Types

- ◆ **Custodial Funds** – These funds are used to account for fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.
- ◆ **Private-Purpose Trust Funds** – These funds are used to account for all fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds or investments trust funds and are held in a trust that meets the criteria in GASB 84.
- ◆ **Other Employee Benefit Trust Fund** – This fund is used to account for resources held in trust for employees and their beneficiaries based on another postemployment benefit (OPEB) plan that meets the criteria in GASB 84.

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 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. Non-exchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

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

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

1. Deposits and Investments

Cash and cash equivalents include cash on hand and demand deposits.

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

Investments are reported at fair value, with the exception of certificates of deposit, which are reported at cost and money market investments, which are reported at amortized cost.

2. Receivables

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects. Receivables also include various licenses, taxes, and fees collected and not yet remitted to the Commission and amounts due for housing the inmates.

Receivables from external parties are amounts that are being held in a trustee or custodial 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.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted Assets

Certain general obligation warrants, as well as certain resources set aside for repayment of debt, are classified as cash with fiscal agent on the balance sheet because they are maintained separately, and their use is limited by applicable warrant covenants.

Notes to the Financial Statements

For the Year Ended September 30, 2023

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, and similar items) are reported in the governmental 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 on the date of acquisition. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

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

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 50,000	20 – 50 years
Equipment and Furniture	\$ 5,000	5 – 10 years
System Infrastructure	\$100,000	25 – 40 years
Roads	\$250,000	20 – 50 years
Bridges	\$ 50,000	40 – 50 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.

7. Deferred Outflows of Resources

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Warrant premiums and discounts are deferred and amortized over the life of the debt. Warrants payable are reported net of the applicable warrant premium or discount. Warrant issuance costs are reported as an expense in the period incurred.

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

9. Compensated Absences

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

Annual Leave

Employees of the Commission earn annual leave each bi-weekly pay period according to the following schedule:

Years of Service	Hours Earned
0-2	3.25
3-5	4.00
6-10	4.75
11-15	5.75
16 and over	6.25

Employees may carry over up to a maximum of 40 days (320 hours) of annual leave each year. Upon separation or retirement, employees are paid for accumulated annual leave up to 320 hours. In 2016, the County Commission adopted a policy to authorize payment to current employees for 50% of the accumulated annual leave over 320 hours at the end of the calendar year. The remaining 50% is converted into Sick Leave. Employees with less than 160 hours of sick leave would have all of their annual leave over 320 hours converted to sick leave.

Notes to the Financial Statements

For the Year Ended September 30, 2023

Sick Leave

Employees earn sick leave at a rate of 4 hours per bi-weekly pay period. Employees may carry up to a maximum of 150 days (1,200 hours) of sick leave each year; however, all unused sick leave is forfeited upon separation and is not compensated to the employee. The sick leave balance is paid to the estate of any employee who passes away prior to termination of employment.

10. Deferred Inflows of Resources

Deferred inflows of resources are reported in the government-wide and governmental funds 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.

11. Net Position/Fund Balances

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

- A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories, prepaid items, etc.
- B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- C. Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.
- D. Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the County Administrator or Commission President to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

12. Minimum Fund Balance Policies

The Commission has established a minimum fund balance policy that requires an average unassigned balance equivalent to three months operating revenue. The Commission shall require a minimum unassigned fund balance of two months reserves at all times in the General Fund.

Notes to the Financial Statements

For the Year Ended September 30, 2023

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 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 the benefit terms.

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting, and ad valorem taxes, which are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. The Gasoline Tax Fund budgets on a basis consistent with GAAP with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. The Reappraisal Fund budgets on a basis of accounting consistent with GAAP with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. All appropriations lapse at fiscal year-end. No budget was prepared for the Coronavirus State and Local Fiscal Recovery Fund.

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

A. Deposits

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

The Commission's investments were in certificates of deposit, money market accounts and U. S. Treasury securities. The total investments in certificates of deposits totaled \$10,000,000.00. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

Notes to the Financial Statements

For the Year Ended September 30, 2023

B. Cash with Fiscal Agent/Investments

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

As of September 30, 2023, the Commission had the following investments in cash held by fiscal agents:

Money Market Funds/Treasury Notes	Amortized Cost
Fidelity Treasury Only Portfolio	\$824,726.46
Build America Mutual Assurance	2.00
Total	<u>\$824,728.46</u>

As of September 30, 2023, the Commission had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity in Years
		Less Than 1
Fidelity Treasury Only Portfolio	\$ 89,255.91	\$ 89,255.91
United States Treasury Note/Bond	3,974,904.80	3,974,904.80
Total	<u>\$4,064,160.71</u>	<u>\$4,064,160.71</u>

Fair Value Measurement

The Commission categorizes its fair value measurements within the fair value hierarchy established by the Governmental Accounting Standards Board 72 standard. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Commission has the following fair value measurements as of September 30, 2023:

Fidelity Treasury Only Portfolio and U. S. Treasury Notes/Bonds of \$4,064,160.71 for Governmental Funds are valued based on an independent vendor service (Level 1 inputs).

Notes to the Financial Statements

For the Year Ended September 30, 2023

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. As of September 30, 2023, the Commission's investments in Fidelity Treasury Only Portfolio were rated AAAm by Standard & Poor's and Aaa-mf by Moody's, and the Build America Mutual Assurance was rated AA/Stable by Standard & Poor's.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have an investment policy which limits the amount of securities that can be held by counterparties. The funds transferred to meet the Commission's annual debt service are invested until payments are made.

Concentrations of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Commission does not have an investment policy which limits the amount of exposure to this risk. The Commission's procedure is to limit investment activities to U. S. Securities, Money Market Accounts and Certificates of Deposit.

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 4 – Receivables

On September 30, 2023, receivables for the Commission's individual major funds and other governmental funds and fiduciary funds in the aggregate are as follows:

	Accounts Receivable	Due From Other Governments	Sales Tax Receivable	Totals
<u>Governmental Funds:</u>				
General Fund	\$419,440.21	\$1,012,682.47	\$277,600.50	\$1,709,723.18
Gasoline Tax Fund	193,061.45	340,531.64		533,593.09
Other Governmental Funds	28,861.32	790,047.92		818,909.24
Total Governmental Funds	641,362.98	2,143,262.03	277,600.50	3,062,225.51
<u>Fiduciary Funds:</u>				
Custodial Funds	48,413.23	141,016.71		189,429.94
Total Fiduciary Funds	\$ 48,413.23	\$ 141,016.71	\$	\$ 189,429.94

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2023, the Commission had \$7,569,142.59 in unearned revenue for the Coronavirus Rescue Act Fund that have been received but not yet earned.

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 5 – Capital Assets

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

	Balance 10/01/2022	Additions/ Reclassifications (*)	Deletions/ Reclassifications (*)	Balance 09/30/2023
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,562,039.32	\$ 1,090.24	\$ (54,500.00)	\$ 1,508,629.56
Construction in Progress	3,077,745.58	1,649,879.37	(2,932,595.58)	1,795,029.37
Total Capital Assets Not Being Depreciated	4,639,784.90	1,650,969.61	(2,987,095.58)	3,303,658.93
Capital Assets Being Depreciated:				
Infrastructure	38,855,493.86	5,829,920.68		44,685,414.54
Land Improvements	216,903.40			216,903.40
Buildings	13,213,943.52			13,213,943.52
Building Improvements	5,335,920.98	29,860.00	(181,737.50)	5,184,043.48
Equipment, Vehicles, and Furniture	18,131,694.51	7,278,706.24	(4,766,085.15)	20,644,315.60
Total Capital Assets Being Depreciated	75,753,956.27	13,138,486.92	(4,947,822.65)	83,944,620.54
Less Accumulated Depreciation for:				
Infrastructure	(4,754,070.52)	(329,761.98)		(5,083,832.50)
Land Improvements	(168,718.24)	(8,159.66)		(176,877.90)
Buildings	(5,061,392.65)	(315,346.08)		(5,376,738.73)
Building Improvements	(3,565,597.74)	(113,371.66)	109,034.86	(3,569,934.54)
Equipment, Vehicles, and Furniture	(9,859,631.85)	(1,892,293.79)	1,159,976.70	(10,591,948.94)
Total Accumulated Depreciation	(23,409,411.00)	(2,658,933.17)	1,269,011.56	(24,799,332.61)
Total Capital Assets, Being Depreciated, Net	52,344,545.27	10,479,553.75	(3,678,811.09)	59,145,287.93
Total Governmental Activities Capital Assets, Net	56,984,330.17	12,130,523.36	(6,665,906.67)	62,448,946.86
<u>Fiduciary Funds:</u>				
Capital Assets Being Depreciated:				
Equipment and Vehicles	153,218.43	30,000.00		183,218.43
Less Accumulated Depreciation for:				
Equipment and Vehicles	(121,601.63)	(10,990.40)		(132,592.03)
Total Capital Assets, Being Depreciated, Net	31,616.80	19,009.60		50,626.40
Total Fiduciary Funds Capital Assets, Net	\$ 31,616.80	\$ 19,009.60	\$	\$ 50,626.40
(*) The additions and deletions columns above include reclassifications from Construction in Progress to Infrastructure in the amount of \$2,932,595.58.				

Notes to the Financial Statements
For the Year Ended September 30, 2023

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

	Current Year Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$ 380,350.56
Public Safety	824,443.39
Highway and Roads	1,341,452.27
Health	17,546.25
Welfare	95,140.70
Total Depreciation Expense – Governmental Activities	<u>\$2,658,933.17</u>

	Current Year Depreciation Expense
<u>Fiduciary Funds:</u>	
Administrative	\$10,990.40
Total Depreciation Expense – Fiduciary Funds	<u>\$10,990.40</u>

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

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

Benefits Provided

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

Act Number 2012-377, Acts of Alabama, established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

Contributions

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

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2023, the Commission's active employee contribution rate was 6.33 percent of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 11.48 percent of pensionable payroll.

Notes to the Financial Statements

For the Year Ended September 30, 2023

The Commission's contractually required contribution rate for the year ended September 30, 2023, was 12.88% of pensionable pay for Tier 1 employees, and 10.63% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2020, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were \$1,165,175.29 for the year ended September 30, 2023.

B. Net Pension Liability

The 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 of September 30, 2021 rolled forward to September 30, 2022, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2021	\$34,758,228	\$34,075,265	\$34,096,198
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2021 through September 30, 2022	870,169	870,169	871,024
(d) Transfers Among Employers		(185,546)	(185,546)
(e) Actual Benefit Payments and Refunds for the period October 1, 2021 through September 30, 2022	(2,167,883)	(2,167,883)	(2,167,883)
(f) Total Pension Liability as of September 30, 2022 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$35,969,248</u>	<u>\$35,049,858</u>	<u>\$35,073,206</u>
(g) Difference between Expected and Actual		\$ (919,390)	
(h) Less Liability Transferred for Immediate Recognition		<u>(185,546)</u>	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		<u>\$ (733,844)</u>	
(j) Difference between Actual TPL Before and After Plan Changes – Benefit Change (Gain)/Loss			<u>\$ 23,348</u>

Notes to the Financial Statements

For the Year Ended September 30, 2023

Actuarial Assumptions

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

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

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

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

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an actuarial experience study for the period October 1, 2015 through September 30, 2020.

Notes to the Financial Statements

For the Year Ended September 30, 2023

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:

Asset Class	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, 2023

C. Changes in Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at September 30, 2021	\$34,758,228	\$23,766,778	\$10,991,450
Changes for the Year:			
Service Cost	870,169		870,169
Interest	2,508,734		2,508,734
Changes in benefit terms	23,348		23,348
Differences between Expected and Actual Experience	(733,844)		(733,844)
Contributions – Employer		1,086,603	(1,086,603)
Contributions – Employee		584,047	(584,047)
Net Investment Income		(2,995,858)	2,995,858
Benefit Payments, including Refunds of Employee Contributions	(2,167,883)	(2,167,883)	
Transfers Among Employers	(185,546)	(185,546)	
Net Changes	314,978	(3,678,637)	3,993,615
Balances at September 30, 2022	\$35,073,206	\$20,088,141	\$14,985,065

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Commission's Net Pension Liability	\$19,125,629	\$14,985,065	\$11,523,967

Notes to the Financial Statements

For the Year Ended September 30, 2023

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023, the Commission recognized pension expense of \$2,052,900. At September 30, 2023, the Commission reported deferred outflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 992,132	\$616,741
Changes of assumptions	743,403	
Net difference between projected and actual earnings on pension plan investments	2,420,129	
Employer contributions subsequent to the measurement date	1,165,175	
Total	\$5,320,839	\$616,741

The \$1,165,175 reported as deferred outflows of resources related to pension liability reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ending:	
September 30, 2024	\$1,096,604
2025	\$ 836,247
2026	\$ 648,445
2027	\$ 972,016
2028	\$ (14,389)
Thereafter	\$ 0

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 7 – Other Postemployment Benefits (OPEB)

A. General Information about OPEB

Plan Description

The DeKalb County Commission provides a single-employer defined benefit postemployment healthcare plan for eligible retirees and their spouses included within the Local Government Health Insurance Program (LGHIP), in which the county participates. LGHIP covers both active and retired members and provides medical insurance and dental benefits to eligible retirees and their spouses. The *Code of Alabama 1975*, Sections 11-91-1 through 11-91-8, gives authority to the Commission to establish and amend benefit provisions. The Plan does not issue a stand-alone financial report. The Commission does not have a special funding situation. 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*.

Benefits Provided

LGHIP covers both active and retired members and provides medical insurance and dental benefits to eligible retirees and their spouses. Employees must meet the following eligibility requirements to receive post-employment healthcare benefits: (1) be considered to be a retired employee of the Retirement System of Alabama with 25 years of creditable service, regardless of age, or with 10 years of service and is 60 years old, or (2) is determined disabled by the Social Security Administration or the Retirement Systems of Alabama's Medical Board. Employees that retire from the County with a minimum of twenty-five (25) years of creditable service within the retirement system will have the full cost of retiree coverage administered by the LGHIP paid for by the County. Additionally, the Commission only grants health care benefits to employees who have a minimum of 10 years of service with DeKalb County. Dependents of eligible retirees can participate in the plan, but full cost of coverage must be paid for by the retiree. Retiree health care costs for employees hired after January 1, 2010 will be shared equally between the Commission and the retirees.

Employees Covered by Benefit Terms

At September 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	59
Inactive Members Entitled To But Not Yet Receiving Benefits	0
Active Employees	227
Total Membership	<u>286</u>

Notes to the Financial Statements

For the Year Ended September 30, 2023

Contributions

The Commission's contributions were on a pay-as-you-go basis through September 30, 2023, and it does not plan to set up a trust fund to fund the postemployment medical plan. Retired employees contribute a percentage of their medical insurance premiums for family and single coverage as established by the Commission. Total retiree contributions for fiscal year 2023 were \$30,445.00. During the period ended September 30, 2023, the Commission paid healthcare premiums for retired employees in the amount of \$413,127.00.

B. Total OPEB Liability

The Commission's total OPEB liability of \$6,583,349 was measured as of September 30, 2022, and was determined by an actuarial valuation as of September 30, 2021, based on the census information, benefit schedules and costs from the September 30, 2021, actuarial evaluation.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2021, actuarial evaluation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary increases, including wage inflation	3.25% - 6.00%
Municipal Bond Index Rate:	
Prior Measurement Date	2.26%
Measurement Date	4.02%
Health Care Cost Rates:	
Pre-Medicare Medicare and Prescription Drugs	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031
Medicare Medical and Prescription Drug	5.125% for 2021 decreasing to an ultimate rate of 4.50% by 2024
Dental	3.50%

The discount rate was selected by reviewing the recent published Bond Buyer 20 Year General Obligation municipal bond index as of September 30, 2021, the end of the applicable measurement period.

Mortality rates were based on the Pub-2010 Public Mortality Plans Mortality Tables, with adjustments for AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.

Notes to the Financial Statements

For the Year Ended September 30, 2023

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2021 valuation were based on the actuarial experience study for the period October 1, 2015 – September 30, 2020, and were submitted to and adopted by the Board of the Employees' Retirement System of Alabama on September 14, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2021 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2021 valuation.

C. Changes in the Total OPEB Liability

Total OPEB Liability as of September 30, 2021	\$ 7,641,150
Changes for the year:	
Service Cost at the end of the year (*)	330,519
Interest on Total OPEB Liability and Cash Flows	168,146
Difference between expected and actual experience	(26,606)
Changes of assumptions or other inputs	(1,125,488)
Net Benefit payments	(404,372)
Net Changes	<u>(1,057,801)</u>
Total OPEB Liability as of September 30, 2022	<u>\$ 6,583,349</u>
(*) The service cost includes interest for the year.	

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using the discount rate of that is 1-percentage point lower (3.02%) or 1-percentage point higher (5.02%) than the current discount rate:

	1% Decrease 3.02%	Current Rate 4.02%	1% Increase 5.02%
Total OPEB Liability	\$7,196,867	\$6,583,349	\$6,033,109

Notes to the Financial Statements

For the Year Ended September 30, 2023

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	Health Cost Trend Rate Sensitivity		
	1% Decrease	Current Rate	1% Increase
Commission's Total OPEB liability	\$5,847,730	\$6,583,349	\$7,456,925

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the Commission recognized OPEB expense of \$421,791 prior to recording the actual OPEB benefit amounts. At September 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 210,267	\$ 409,367
Changes of assumptions or other inputs	703,792	1,196,812
Employer contributions subsequent to the measurement date	413,127	
Total	<u>\$1,327,186</u>	<u>\$1,606,179</u>

Notes to the Financial Statements

For the Year Ended September 30, 2023

The \$413,127 shown as deferred outflows of resources related to OPEB contributions after the measurement date will be recognized in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources to OPEB will be recognized in OPEB expense as follows:

Year Ending:	
September 30, 2024	\$ 76,874
2025	\$ (74,059)
2026	\$ (27,769)
2027	\$ 5,780
2028	\$(145,067)
Thereafter	\$(374,131)

Note 8 – Payables

On September 30, 2023, payables for the Commission's individual major funds and nonmajor and fiduciary funds in the aggregate are as follows:

	Accounts Payable	Due To Other Governments	Totals
<u>Governmental Funds:</u>			
General Fund	\$ 228,719.94	\$ 3,050.81	\$ 231,770.75
Gasoline Tax Fund	278,758.66	30,009.60	308,768.26
Coronavirus State and Local Fiscal Recovery Fund	726,904.57		726,904.57
Other Governmental Funds	681,001.21	335,259.32	1,016,260.53
Total Governmental Funds	<u>1,915,384.38</u>	<u>368,319.73</u>	<u>2,283,704.11</u>
<u>Fiduciary Funds:</u>			
Custodial Funds	177,902.88	1,859,322.62	2,037,225.50
Private-Purpose Trust Funds	208,490.49		208,490.49
Total Fiduciary Funds	<u>\$ 386,393.37</u>	<u>\$1,859,322.62</u>	<u>\$2,245,715.99</u>

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 9 – Long-Term Debt

In March 2021, the Commission issued General Obligation Warrants, Series 2021-A in the amount of \$7,040,000 and Series 2021-B in the amount of \$5,675,000. The purpose of issuing the Series 2021-A and 2021-B were: to refund the General Obligation Warrants, Series 2011, 2012 and 2013; and to finance various 2021 improvements.

The County has entered into other various financial agreements for direct borrowing on road equipment, Sheriff's Office vehicles and Mack trucks.

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

	Debt Outstanding 10/01/2022	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2023	Amounts Due Within One Year
Governmental Activities:					
Series 2021-A GO Warrants	\$ 6,635,000.00	\$	\$ (510,000.00)	\$ 6,125,000.00	\$ 530,000.00
Series 2021-B GO Warrants	5,600,000.00		(220,000.00)	5,380,000.00	215,000.00
Sub-Total Warrants Payable	12,235,000.00		(730,000.00)	11,505,000.00	745,000.00
Other Liabilities:					
Notes from Direct Borrowings	3,778,495.32	2,967,828.00	(3,104,902.23)	3,641,421.09	1,030,078.29
Liability for Compensated Absences	848,425.71	65,738.28		914,163.99	174,040.71
Estimated Liability for Landfill Postclosure Costs	20,000.00		(20,000.00)		
Estimated Liability for OPEB	7,641,150.00		(1,057,801.00)	6,583,349.00	
Net Pension Liability	10,991,450.00	3,993,615.00		14,985,065.00	
Total Governmental Activities and Long-Term Liabilities	\$35,514,521.03	\$7,027,181.28	\$(4,912,703.23)	\$37,628,999.08	\$1,949,119.00

Payments on the Warrants payable that pertain to the Commission's governmental activities are made by Debt Service Funds. Payments on the Commission's outstanding notes from direct borrowings are made by the General Fund, Gasoline Tax Fund, and Reappraisal Fund.

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds.

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

Fiscal Year Ending	General Obligation Warrants Series 2021-A		General Obligation Warrants Series 2021-B	
	Principal	Interest	Principal	Interest
September 30, 2024	\$ 530,000.00	\$ 201,950.00	\$ 215,000.00	\$ 91,830.00
2025	540,000.00	185,900.00	220,000.00	90,850.00
2026	565,000.00	166,500.00	215,000.00	89,332.50
2027	535,000.00	144,500.00	270,000.00	86,947.50
2028	490,000.00	124,000.00	340,000.00	83,235.00
2029-2033	1,025,000.00	428,700.00	2,950,000.00	282,153.00
2034-2038	1,540,000.00	268,350.00	1,170,000.00	23,246.00
2039-2041	900,000.00	41,100.00		
Totals	<u>\$6,125,000.00</u>	<u>\$1,561,000.00</u>	<u>\$5,380,000.00</u>	<u>\$747,594.00</u>

Note 10 – Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the Commission place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The DeKalb County Commission closed its landfill in 1991. The amortization of these costs was fulfilled as of September 30, 2023. There may be additional costs associated with this landfill; however, there have been no actual costs to the landfill in many years and the management of the Commission has determined no material financial obligations will be needed in the future.

Note 11 – 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.

Notes to the Financial Statements
For the Year Ended September 30, 2023

Notes from Direct Borrowings		Total Principal and Interest Requirements to Maturity
Principal	Interest	
\$1,030,078.29	\$173,603.55	\$ 2,242,461.84
649,298.05	134,256.32	1,820,304.37
681,484.74	102,069.76	1,819,387.00
623,608.70	68,467.92	1,728,524.12
656,951.31	35,125.31	1,729,311.62
		4,685,853.00
		3,001,596.00
		941,100.00
\$3,641,421.09	\$513,522.86	\$17,968,537.95

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 12 – Interfund Transactions

Interfund Receivables/Payables

The amounts due to/from other funds at September 30, 2023, were as follows:

	Interfund Receivables		Total
	General Fund	Other Governmental Funds	Governmental Funds
<u>Interfund Payables:</u>			
Other Governmental Funds	\$629,577.14	\$7,389.17	\$636,966.31
Totals	<u>\$629,577.14</u>	<u>\$7,389.17</u>	<u>\$636,966.31</u>

Interfund Transfers

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

	Transfers Out		Total
	General Fund	Other Governmental Funds	Governmental Funds
<u>Transfers In:</u>			
General Fund	\$	\$ 440,352.52	\$ 440,352.52
Gasoline Tax Fund	1,365,940.51		1,365,940.51
Other Governmental Funds	616,870.53	697,379.97	1,314,250.50
Totals	<u>\$1,982,811.04</u>	<u>\$1,137,732.49</u>	<u>\$3,120,543.53</u>

The Commission typically used transfers to fund ongoing operating subsidies.

Note 13 – Related Organizations

A majority of the members of the Board of the DeKalb County Library Authority, the DeKalb County Park Board, the DeKalb County Hospital Board, and the DeKalb County Emergency 911 Board are appointed by the DeKalb County Commission. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship for the Boards, and the Boards are not considered part of the Commission's financial reporting entity. The Boards are considered related organizations of the County Commission.

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 14 – Subsequent Events

On January 9, 2024, the Commission authorized JM Wood Auction Company to sell twenty-one (21) 2024 Mack trucks, along with other equipment at auction with a minimum guarantee of \$3,777,815.00. The auction will be held March, June and September 2024.

On January 26, 2024, the Commission entered into a direct borrowing agreement for the purchase of 7 Mack dump trucks in the amount of \$1,298,573.00.

On April 23, 2024, the Commission entered into a direct borrowing agreement for the purchase of 10 Mack Trucks for \$1,915,910.00.

Note 15 – Restatements

Pursuant to GASB Statement Number 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities, other employee benefit trust funds should be reported for resources held in trust for employees and their beneficiaries based on other postemployment benefits (OPEB) plans that meet the criteria. The Commission restated the beginning balance for the Other Employee Benefit Trust Fund for additional postemployment benefits that are provided to employees upon retirement that were in existence in the prior audit but not reported. Additionally, the Commission reclassified certain fiduciary activities previously classified as custodial funds to private-purpose trust funds due to these activities being reported in a trust not required to be reported in pension (and other employee benefit) trust funds.

The impact of the restatements on the net position as previously reported is as follows:

	Custodial Funds	Other Employee Benefit Trust Fund	Total Fiduciary Activities
Net Position, September 30, 2022, as Previously Reported	\$1,916,410.77	\$	\$1,916,410.77
Addition of Other Employee Benefit Trust Fund Due to GASB Statement Number 84		365,641.83	365,641.83
Net Position, September 30, 2022, as Restated	<u>\$1,916,410.77</u>	<u>\$365,641.83</u>	<u>\$2,282,052.60</u>

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 16 – Abatements

The DeKalb County Commission is subject to tax abatements granted by the municipalities within DeKalb County. These governments utilize the *Code of Alabama 1975*, Sections 40-9B-1 through 40-9B-13, to grant tax abatements. During the fiscal year ended September 30, 2023, the following taxes were abated:

Granting Agency	County Sales Tax Abated	County Real Property Tax Abated	County Personal Property Tax Abated	Total County Tax Abated
City of Fort Payne	\$	\$33,422.91	\$ 94,707.56	\$128,130.47
City of Rainsville	3,270.96	15,301.90	24,269.83	42,842.69
City of Henagar		28,082.08	48,615.56	76,697.64
Town of Collinsville		4,689.70	36,373.58	41,063.28
Town of Crossville			2,126.12	2,126.12
Town of Fyffe		3,183.89	2,823.94	6,007.83
Town of Ider		683.10		683.10
Town of Valley Head			656.65	656.65
Total Abatements	\$3,270.96	\$85,363.58	\$209,573.24	\$298,207.78

Required Supplementary Information

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 870,169	\$ 756,253	\$ 645,695	\$ 602,862	\$ 594,694	\$ 595,869	\$ 585,122	\$ 596,779	\$ 592,259
Interest	2,508,734	2,374,312	2,251,823	2,109,226	2,077,402	2,039,500	1,944,032	1,862,758	1,795,548
Changes of benefit terms	23,348		404,801						
Difference between expected and actual experience	(733,844)	1,100,075	384,203	594,461	(361,638)	(422,243)	253,456	120,409	
Changes of assumptions		1,163,888			142,900		875,773		
Benefit payments, including refunds of employee contributions	(2,167,883)	(2,156,217)	(2,074,633)	(1,980,837)	(1,741,071)	(1,654,321)	(1,620,088)	(1,507,953)	(1,587,419)
Transfers among employers	(185,546)	(393,406)	19,663	573,089	(5,036)	(26,371)	(5,456)		
Net change in total pension liability	314,978	2,844,905	1,631,552	1,898,801	707,251	532,434	2,032,839	1,071,993	800,388
Total pension liability - beginning	34,758,228	31,913,323	30,281,771	28,382,970	27,675,719	27,143,285	25,110,446	24,038,453	23,238,065
Total pension liability - ending (a)	\$ 35,073,206	\$ 34,758,228	\$ 31,913,323	\$ 30,281,771	\$ 28,382,970	\$ 27,675,719	\$ 27,143,285	\$ 25,110,446	\$ 24,038,453
Plan fiduciary net position									
Contributions - employer	\$ 1,086,603	\$ 1,027,345	\$ 921,183	\$ 911,357	\$ 767,787	\$ 739,849	\$ 802,009	\$ 764,721	\$ 742,402
Contributions - employee	584,047	605,928	538,977	442,985	394,297	379,787	404,615	392,156	365,281
Net investment income	(2,995,858)	4,401,995	1,112,354	495,454	1,661,420	2,102,681	1,563,144	184,823	1,716,870
Benefit payments, including refunds of employee contributions	(2,167,883)	(2,156,217)	(2,074,633)	(1,980,837)	(1,741,071)	(1,654,321)	(1,620,088)	(1,507,953)	(1,587,419)
Other (Transfers among employers)	(185,546)	(393,406)	19,663	573,089	(5,036)	(26,371)	(5,456)	(59,673)	(3,444)
Net change in plan fiduciary net position	(3,678,637)	3,485,645	517,544	442,048	1,077,397	1,541,625	1,144,224	(225,926)	1,233,690
Plan fiduciary net position - beginning	23,766,778	20,281,133	19,763,589	19,321,541	18,244,144	16,702,519	15,558,295	15,784,221	14,550,531
Plan fiduciary net position - ending (b)	\$ 20,088,141	\$ 23,766,778	\$ 20,281,133	\$ 19,763,589	\$ 19,321,541	\$ 18,244,144	\$ 16,702,519	\$ 15,558,295	\$ 15,784,221
Commission's Net pension liability - ending (a) - (b)	\$ 14,985,065	\$ 10,991,450	\$ 11,632,190	\$ 10,518,182	\$ 9,061,429	\$ 9,431,575	\$ 10,440,766	\$ 9,552,151	\$ 8,254,232
Plan fiduciary net position as a percentage of the total pension liability	57.27%	68.38%	63.55%	65.27%	68.07%	65.92%	61.53%	61.96%	65.66%
Covered payroll (*)	\$ 10,122,938	\$ 8,993,186	\$ 8,815,275	\$ 8,096,306	\$ 7,278,569	\$ 7,008,937	\$ 7,134,213	\$ 6,961,543	\$ 6,975,645
Commission's net pension liability as a percentage of covered payroll	148.03%	122.22%	131.95%	129.91%	124.49%	134.56%	146.35%	137.21%	118.33%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2023, the measurement period is October 1, 2021 through September 30, 2022. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll for fiscal year 2017.

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 1,165,175	\$ 1,086,603	\$ 1,027,345	\$ 921,183	\$ 911,357	\$ 767,787	\$ 739,849	\$ 802,009	\$ 764,721	\$ 742,402
Contributions in relation to the actuarially determined contribution	\$ 1,165,175	\$ 1,086,603	\$ 1,027,345	\$ 921,183	\$ 911,357	\$ 767,787	\$ 739,849	\$ 802,009	\$ 764,721	\$ 742,402
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 10,148,176	\$ 10,122,938	\$ 8,993,186	\$ 8,815,275	\$ 8,096,306	\$ 7,278,569	\$ 7,008,937	\$ 7,134,213	\$ 6,961,543	\$ 6,975,645
Contributions as a percentage of covered payroll	11.48%	10.73%	11.42%	10.45%	11.26%	10.55%	10.56%	11.24%	10.98%	10.64%

(*) 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 the Employer's Contributions is based on the 12 month period of the underlying financial statement.

(**) Employer's covered payroll for fiscal year 2023 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

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

Methods and assumptions used to determine contribution rates for the period October 1 2022 to September 30, 2023:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	26.5 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 Net Other Postemployment Benefits (OPEB) Liability
For the Year Ended September 30, 2023***

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 330,519	\$ 315,344	\$ 228,526	\$ 184,533	\$ 207,284	\$ 228,654
Interest	168,146	172,035	189,920	244,394	214,651	182,678
Change in benefit terms			275,319			
Difference between expected and actual experience	(26,606)	(510,112)	15,995	372,816	23,526	14,298
Changes of assumptions or other inputs	(1,125,488)	85,780	336,693	856,231	(306,919)	(387,179)
Benefit payments (*)	(404,372)	(410,347)	(393,123)	(335,764)	(274,140)	(247,605)
Net change in total OPEB liability	(1,057,801)	(347,300)	653,330	1,322,210	(135,598)	(209,154)
Total OPEB liability - beginning	7,641,150	7,988,450	7,335,120	6,012,910	6,148,508	6,357,662
Total OPEB liability - ending	<u>\$ 6,583,349</u>	<u>\$ 7,641,150</u>	<u>\$ 7,988,450</u>	<u>\$ 7,335,120</u>	<u>\$ 6,012,910</u>	<u>\$ 6,148,508</u>
Covered-employee payroll (**)	\$ 8,569,197	\$ 8,569,197	\$ 7,885,235	\$ 7,885,235	\$ 7,278,569	\$ 7,278,569
Employer's total OPEB liability as a percentage of covered-employee payroll	76.83%	89.17%	101.31%	93.02%	82.61%	84.47%

Changes in Assumptions. The discount rate as of September 30, 2021, was 2.26% and changed to 4.02% as of September 30, 2022.

(*) Benefit payments are net of participant contributions, include an amount for the implicit subsidy, if applicable, and includes amounts paid outside an OPEB trust, if applicable.

(**) For the years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll for the most recent valuation.

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 - Other Postemployment Benefits (OPEB)
For the Year Ended September 30, 2023

	2023	2022	2021	2020	2019	2018
Contractually determined contribution (*)	\$ 413,127	\$ 404,372	\$ 410,347	\$ 393,123	\$ 335,764	\$ 274,140
Contributions in relation to the contractually determined contribution	\$ 413,127	\$ 404,372	\$ 410,347	\$ 393,123	\$ 335,764	\$ 274,140
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$
Covered annual payroll	\$ 8,569,197	\$ 8,569,197	\$ 8,569,197	\$ 7,885,235	\$ 7,885,235	\$ 7,278,569
Contributions as a percentage of covered-employee payroll	4.82%	4.72%	4.79%	4.99%	4.26%	3.77%

Notes to Schedule

(*) Per Actuary Report, there were not actuarially determined contributions (ADC). However, premiums charged to the employer by the Plan are shown here.

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Budget to GAAP</u>	<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>		<u>Differences</u>	<u>GAAP Basis</u>
<u>Revenues</u>						
Taxes	\$ 6,146,000.00	\$ 6,146,000.00	\$ 7,216,684.10	(1) (3)	\$ 1,625,368.76	\$ 8,842,052.86
Licenses and Permits	60,000.00	60,000.00	60,906.83			60,906.83
Intergovernmental	1,174,300.00	1,174,300.00	1,711,867.88	(3)	3,098,142.53	4,810,010.41
Charges for Services	1,955,000.00	1,955,000.00	2,491,212.79	(3)	2,317,096.00	4,808,308.79
Miscellaneous	73,000.00	73,000.00	250,833.24	(3) (6)	24,906.40	275,739.64
Total Revenues	9,408,300.00	9,408,300.00	11,731,504.84		7,065,513.69	18,797,018.53
<u>Expenditures</u>						
Current:						
General Government	4,657,300.00	4,657,300.00	4,864,743.80	(2) (4) (6)	370,688.41	4,494,055.39
Public Safety	845,100.00	845,100.00	1,384,520.57	(2) (4) (6)	(8,165,281.04)	9,549,801.61
Highway and Roads				(4)	(131,720.00)	131,720.00
Welfare	43,100.00	43,100.00	16,278.36	(2)	(273.57)	16,551.93
Culture and Recreation	173,200.00	173,200.00	218,066.46	(2) (4)	(9,971.50)	228,037.96
Education	60,500.00	60,500.00	60,613.77	(2)	(6,118.53)	66,732.30
Capital Outlay				(6)	(1,590,753.13)	1,590,753.13
Debt Service:						
Principal Retirement			415,874.72	(6)	(262,747.17)	678,621.89
Interest and Fiscal Charges			9,005.91	(6)	(29,935.71)	38,941.62
Total Expenditures	5,779,200.00	5,779,200.00	6,969,103.59		(9,826,112.24)	16,795,215.83
Excess (Deficiency) of Revenues Over Expenditures	3,629,100.00	3,629,100.00	4,762,401.25		(2,760,598.55)	2,001,802.70
<u>Other Financing Sources (Uses)</u>						
Transfers In			157,675.96	(5) (6)	282,676.56	440,352.52
Sale of Capital Assets			484,852.00	(5)	846.00	485,698.00
Other Financing Sources (Uses)			(104,747.84)	(5)	297,092.85	192,345.01
Transfers Out	(3,629,100.00)	(3,629,100.00)	(4,341,885.70)	(5) (6)	2,359,074.66	(1,982,811.04)
Total Other Financing Sources (Uses)	(3,629,100.00)	(3,629,100.00)	(3,804,105.58)		2,939,690.07	(864,415.51)
Net Change in Fund Balances			958,295.67		179,091.52	1,137,387.19
Fund Balances - Beginning of Year	1,500,000.00	1,500,000.00	6,703,890.05	(7)	3,278,565.77	9,982,455.82
Fund Balances - End of Year	\$ 1,500,000.00	\$ 1,500,000.00	\$ 7,662,185.72	(7)	\$ 3,457,657.29	\$ 11,119,843.01

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

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

- (1) The Commission budgets for motor vehicle revenues to the extent expected to be received, rather than on the modified accrual basis.

Deferred Motor Vehicle Tax - Fiscal Year 2022	\$	257,324.11	
Deferred Motor Vehicle Tax - Fiscal Year 2023		<u>(303,202.10)</u>	\$ (45,877.99)

- (2) The Commission budgets for salaries only to the extent expected to be paid, rather than on the modified accrual basis of accounting.

Fiscal Year 2022	\$	267,530.47	
Fiscal Year 2023		<u>(301,056.92)</u>	(33,526.45)

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

- (3) Revenues

General Reserve Fund	\$	1,283.00	
SSUT Fund		2,124,385.60	
Federal Inmate Revenue Fund		918,456.17	
Jail Operating Fund		244,764.69	
Land Fill Fees Fund		305,165.85	
Public Roads, Buildings and Bridges Fund		1,724,160.77	
Public Highway and Traffic Fund		1,822,270.88	
Payroll Fund		<u>142.72</u>	7,140,629.68

- (4) Expenditures

SSUT Fund	\$	(106,673.46)	
Federal Inmate Revenue Fund		(1,091,095.14)	
Jail Operating Fund		(2,544,785.95)	
Public Highway and Traffic Fund		(5,930,713.00)	
Land Fill Fees Fund		(141,590.00)	
Payroll Fund		<u>(142.72)</u>	(9,815,000.27)

- (5) Other Financing Sources/(Uses), Net

General Reserve Fund			
SSUT Fund	\$	(776,133.05)	
Public Buildings, Road and Bridge Fund		(1,177,269.76)	
Jail Operating Fund		2,419,028.41	
Public Highway and Traffic Fund		2,570,727.37	
Tipping Fee Fund		<u>(125,900.89)</u>	2,910,452.08

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

(6) To Reclassify Expenditures to Capital Outlay and Other Reclassifications		
Miscellaneous Revenue	\$ (29,238.00)	
Transfers In/Out	29,237.99	
Capital Outlay	(1,590,753.13)	
General Government	413,815.97	
Public Safety	<u>1,199,351.64</u>	<u>22,414.47</u>
Net Change in Fund Balance - Budget to GAAP		179,091.52
(7) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.		
		<u>3,278,565.77</u>
		<u><u>\$ 3,457,657.29</u></u>

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

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
Revenues						
Taxes	\$	\$	\$	(2)	\$ 1,090,398.12	\$ 1,090,398.12
Intergovernmental	1,525,000.00	1,525,000.00	1,420,143.80	(2)	3,380,610.97	4,800,754.77
Charges for Service	1,400.00	1,400.00	3,500.00		41,939.24	45,439.24
Fines and Forfeitures						
Miscellaneous	5,100.00	5,100.00	1,366.44	(2)	1,025.20	2,391.64
Total Revenues	1,531,500.00	1,531,500.00	1,425,010.24		4,513,973.53	5,938,983.77
Expenditures						
Current:						
Public Safety						
Highways and Roads	4,617,200.00	4,617,200.00	13,105,885.18	(1) (3) (5)	7,897,635.77	5,208,249.41
Health				(3)	(10,000.00)	10,000.00
Education				(3)	(168,570.34)	168,570.34
Capital Outlay				(5)	(6,575,622.97)	6,575,622.97
Debt Service:						
Principal Retirement				(5)	(2,398,567.03)	2,398,567.03
Interest and Fiscal Charges				(5)	(75,691.89)	75,691.89
Total Expenditures	4,617,200.00	4,617,200.00	13,105,885.18		(1,330,816.46)	14,436,701.64
Excess (Deficiency) of Revenues Over Expenditures	(3,085,700.00)	(3,085,700.00)	(11,680,874.94)		3,183,157.07	(8,497,717.87)
Other Financing Sources (Uses)						
Transfers In	3,085,700.00	3,085,700.00	3,083,227.92	(4)	(1,717,287.41)	1,365,940.51
Sale of Capital Assets			5,305,125.00	(4)	150,575.00	5,455,700.00
Proceeds from Issuance of Debt			2,967,828.00			2,967,828.00
Other Financing Source			182,160.39	(4)	(150,575.00)	31,585.39
Total Other Financing Sources (Uses)	3,085,700.00	3,085,700.00	11,538,341.31		(1,717,287.41)	9,821,053.90
Net Change in Fund Balances			(142,533.63)		1,465,869.66	1,323,336.03
Fund Balances - Beginning of Year			580,625.31	(6)	722,132.22	1,302,757.53
Fund Balances - End of Year	\$	\$	\$ 438,091.68		\$ 2,188,001.88	\$ 2,626,093.56

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

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

(1) The Commission budgets for salaries only to the extent expected to be paid, rather than on the modified accrual basis of accounting.		
Fiscal Year 2022	\$ 82,967.96	
Fiscal Year 2023	<u>(101,876.46)</u>	\$ (18,908.50)
Some amounts are combined with the Gasoline Tax Fund for reporting purposes, but are budgeted separately.		
(2) Revenues		
Local Fuel Tax Fund	\$ 1,090,398.12	
RRR Gas Tax Fund	1,198,069.14	
County Rebuild Alabama Fund	1,275,472.10	
Federal Aid Exchange Fund	<u>950,034.17</u>	4,513,973.53
(3) Expenditures		
Local Fuel Tax Fund	\$ (178,570.34)	
County Rebuild Alabama Fund	<u>(1,133,337.62)</u>	(1,311,907.96)
(4) Other Financing Sources/(Uses), Net		
Local Fuel Tax Fund (Transfer Out)	\$ (885,091.60)	
RRR Gas Tax Fund (Transfer Out)	<u>(832,195.81)</u>	(1,717,287.41)
(5) Recognize Principal and Interest and Capital Outlay, and Reclassify Insurance Proceeds		
Principal	\$ (2,398,567.03)	
Interest	(75,691.89)	
Capital Outlay	(6,575,622.97)	
Highways and Roads	9,049,881.89	
Other Financing Sources	(150,575.00)	
Sale of Capital Assets	<u>150,575.00</u>	
Net Change in Fund Balances - Budget to GAAP		1,465,869.66
(6) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.		
		<u>722,132.22</u>
		<u><u>\$ 2,188,001.88</u></u>

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Supplementary Information

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
<u>U. S. Department of Housing and Urban Development</u>				
<u>Passed Through Alabama Department of Economic and Community Affairs</u>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CV-NC-20-023	\$	\$ 276,507.50
Total U. S. Department of Housing and Urban Development				276,507.50
<u>U. S. Department of the Interior</u>				
<u>Direct Program</u>				
Payments in Lieu of Taxes	15.226	N/A		15,500.00
Total U. S. Department of the Interior				15,500.00
<u>U. S. Department of Justice</u>				
<u>Direct Program</u>				
Public Safety Partnership and Community Policing Grants	16.710	N/A		103,238.87
<u>Passed Through Alabama Department of Economic and Community Affairs</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2022-DJ-01-138	167,513.23	220,965.58
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2023-DJ-01-120		141,959.40
Sub-Total Edward Byrne Memorial Justice Assistance Grant Program			167,513.23	362,924.98
Total U. S. Department of Justice			167,513.23	466,163.85
<u>U. S. Department of Transportation</u>				
<u>Passed Through Franklin County Commission</u>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	23-FP-PT-027		5,144.24
State and Community Highway Safety	20.600	23-FP-OP-012		1,287.68
Sub-Total State and Community Highway Safety				6,431.92
National Priority Safety Programs	20.616	23-ID-M5-028		1,419.36
National Priority Safety Programs	20.616	23-ID-DS-024		2,527.72
Sub-Total National Priority Safety Programs				3,947.08
Sub-Total Highway Safety Cluster				10,379.00
<u>Passed Through Alabama Department of Transportation</u>				
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPT-25		288,214.00
<u>Passed Through Alabama Department of Economic and Community Affairs</u>				
State Recreational Trails Program	20.219	21-RT-54-02		79,814.19
<u>Passed Through Alabama Emergency Management Agency</u>				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	23 DOT		15,929.78
Total U. S. Department of Transportation				394,336.97
Sub-Total Forward			\$ 167,513.23	\$ 1,152,508.32

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
Sub-Total Brought Forward			\$ 167,513.23	\$ 1,152,508.32
<u>U. S. Department of the Treasury</u>				
<u>Direct Program</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,107,985.96	3,956,656.02
Total U. S. Department of the Treasury			1,107,985.96	3,956,656.02
<u>General Services Administration</u>				
<u>Passed Through Alabama Department of Economic and Community Affairs</u>				
Donation of Federal Surplus Personal Property (N)	39.003	N/A		1,139.39
Total General Services Administration				1,139.39
<u>U. S. Department of Health and Human Services</u>				
<u>Passed Through Top of Alabama Council of Governments</u>				
Special Programs for the Aging:				
Title III, Part D-Disease Prevention and Health Promotion Services	93.043	N/A		3,856.00
COVID-19 Title III, Part D-Disease Prevention and Health Promotion Services	93.043	FAIN-2101ALPHC6		2,071.18
Sub-Total Title III, Part D-Disease Prevention and Health Promotion Services				5,927.18
Aging Cluster:				
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A		24,014.00
COVID-19 Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	FAIN-2101ALSSC6		26,079.13
Sub-Total Title III, Part B - Grants for Supportive Services and Senior Centers				50,093.13
Title III, Part C-Nutrition Services	93.045			101,660.00
COVID-19 Title III, Part C-Nutrition Services	93.045	FAIN-2101ALCMC6		41,080.64
COVID-19 Title III, Part C-Nutrition Services	93.045	FAIN-2101ALHDC6		48,552.78
Sub-Total Title III, Part C - Nutrition Services				191,293.42
Sub-Total Aging Cluster				241,386.55
State Health Insurance Assistance Program	93.324	23-SHIP-DeK-1		2,500.00
State Health Insurance Assistance Program	93.324	24-SHIP-DeK-1		2,500.00
Sub-Total State Health Insurance Assistance Program				5,000.00
Total U. S. Department of Health and Human Services				252,313.73
Sub-Total Forward			\$ 1,275,499.19	\$ 5,362,617.46

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
Sub-Total Brought Forward			\$ 1,275,499.19	\$ 5,362,617.46
<u>U. S. Department of Homeland Security</u>				
<u>Passed Through Alabama Emergency Management Agency</u>				
Emergency Management Performance Grants	97.042	22EMF		39,303.00
Emergency Management Performance Grants	97.042	23EMF		39,303.00
Sub-Total Emergency Management Performance Grants				78,606.00
<u>Passed Through Alabama Law Enforcement Agency</u>				
Homeland Security Grant Program	97.067	2021-FIL-003		17,478.78
Homeland Security Grant Program	97.067	2021-1LOC-STS-161		33,294.00
Homeland Security Grant Program	97.067	2021-1LOC-EOC-225		10,107.00
Homeland Security Grant Program	97.067	2022-2LOC-CPR-78		23,692.51
Homeland Security Grant Program	97.067	2021-1LOC-EOC-135		45,899.92
Homeland Security Grant Program	97.067	2021-1LOC-IOC-112		45,768.48
Homeland Security Grant Program	97.067	2021-1LOC-IOC-136		45,476.10
Sub-Total Homeland Security Grant Program				221,716.79
Total U. S. Department of Homeland Security				300,322.79
Total Expenditures of Federal Awards			\$ 1,275,499.19	\$ 5,662,940.25

(N) = Non-Cash Assistance

N/A = Not Available

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2023

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the DeKalb County Commission (the “Commission”) under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)***. Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position or changes in net position of the Commission.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The Commission has elected not to use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

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Additional Information

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

Commission Members		Term Expires
Hon. Ricky Harcrow	President	2023
Hon. Shane Wootten	Member District I	2024
Hon. Terry Harris	Member District II	2024
Hon. Ron Saferite	Member District III	2026
Hon. M. Chris Kuykendall	Member District III	2022
Hon. Lester Black	Member District IV	2026
<u>Administrative Personnel</u>		
Mr. Matt G. Sharp, CPA, CCA	County Administrator	Indefinite

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

Independent Auditor's Report

Members of the DeKalb County Commission and County Administrator
Fort Payne, 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, each major fund, and the aggregate remaining fund information of the DeKalb County Commission (the "Commission"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated October 11, 2024.

Report on Internal Control Over Financial Reporting

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

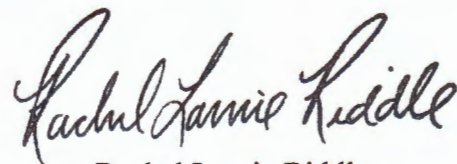
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

October 11, 2024

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Members of the DeKalb County Commission and County Administrator
Fort Payne, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the DeKalb County Commission's compliance with the types of compliance requirements identified as subject to audit in the ***OMB Compliance Supplement*** that could have a direct and material effect on the DeKalb County Commission's major federal programs for the year ended September 30, 2023. The DeKalb County Commission's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the DeKalb County Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***); and the audit requirements of Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)***. Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the DeKalb County Commission and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the DeKalb County Commission's compliance with the compliance requirements referred to above.

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the DeKalb County Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the DeKalb County Commission's compliance based on our audit. 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 GAAS, ***Government Auditing Standards***, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the DeKalb County Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, ***Government Auditing Standards***, and the *Uniform Guidance*, we

- ◆ exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ identify and assess the risks of material noncompliance, 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 DeKalb County Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ◆ obtain an understanding of the DeKalb County Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the DeKalb County Commission's internal control over compliance. Accordingly, no such opinion is expressed.

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

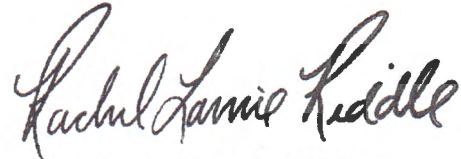
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

***Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance***

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



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

October 11, 2024

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2023

Section I – Summary of Examiner's Results

Financial Statements

Type of report the auditor issued on whether the audited financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the *Uniform Guidance*?

_____ Yes X No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000.00

Auditee qualified as low-risk auditee?

_____ Yes X No

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

Section II – Financial Statement Findings (GAGAS)

No matters were reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.