



Alabama Department of Examiners of Public Accounts

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

October 1, 2022 through September 30, 2023

Filed: December 27, 2024

AUDEMUS JURA NOSTRA DEFENDERE
ALABAMA STATE HOUSE

Rachel Laurie Riddle, Chief Examiner



Rachel Laurie Riddle
Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
Telephone (334) 242-9200
FAX (334) 242-1775

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

Dear Madam:

An audit was conducted on the Baldwin County Commission, Baldwin County, Alabama, for the period October 1, 2022 through September 30, 2023, by Examiners Angela B. Waters and Tina Francis. I, Angela B. Waters, 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,

Angela B. Waters

Angela B. Waters
Examiner of Public Accounts

rb

Table of Contents

	<i>Page</i>
Summary	A
Contains items pertaining to federal, state and local legal compliance, Commission operations and other matters.	
Independent Auditor's Report	B
Reports on whether the financial information constitutes a fair presentation of the financial position and results of financial operations in accordance with generally accepted accounting principles (GAAP).	
<u>Basic Financial Statements</u>	1
Provides the minimum combination of financial statements and notes to the financial statements that are required for the fair presentation of the Commission's financial position and results of operations in accordance with GAAP.	
Exhibit #1 Statement of Net Position	2
Exhibit #2 Statement of Activities	4
Exhibit #3 Balance Sheet – Governmental Funds	5
Exhibit #4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	7
Exhibit #5 Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	9
Exhibit #6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Exhibit #7 Statement of Net Position – Proprietary Funds	12
Exhibit #8 Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	14
Exhibit #9 Statement of Cash Flows – Proprietary Funds	15
Exhibit #10 Statement of Fiduciary Net Position	17
Exhibit #11 Statement of Changes in Fiduciary Net Position	18

Table of Contents

	<i>Page</i>
Notes to the Financial Statements	19
<u>Required Supplementary Information</u>	70
Provides information required by the Governmental Accounting Standards Board (GASB) to supplement the basic financial statements. This information has not been audited and no opinion is provided about the information.	
Exhibit #12 Schedule of Changes in the Employer’s Net Pension Liability Baldwin County	71
Exhibit #13 Schedule of Changes in the Employer’s Net Pension Liability Baldwin County Sheriff’s Office Personnel System	72
Exhibit #14 Schedule of the Employer’s Contributions – Pension Baldwin County	73
Exhibit #15 Schedule of the Employer’s Contributions – Pension Baldwin County Sheriff’s Office Personnel System	74
Exhibit #16 Schedule of the Employer’s Proportionate Share of the Net Pension Liability – Judicial Retirement Fund	75
Exhibit #17 Schedule of Changes in the Employer’s Other Postemployment Benefits (OPEB) Liability	77
Exhibit #18 Schedule of the Employer’s Contributions – Other Postemployment Benefits (OPEB)	78
Exhibit #19 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	79
Exhibit #20 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Gasoline Tax Fund	81
Exhibit #21 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Coronavirus Rescue Act Fund	83

Table of Contents

	<i>Page</i>
Supplementary Information	84
Contains financial information and notes relative to federal financial assistance.	
Exhibit #22 Schedule of Expenditures of Federal Awards	85
Notes to the Schedule of Expenditures of Federal Awards	88
<u>Additional Information</u>	89
Provides basic information related to the Commission, including reports and items required by generally accepted government auditing standards and/or Title 2 U. S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</i> for federal compliance audits.	
Exhibit #23 Commission Members and Administrative Personnel – a listing of the Commission members and administrative personnel.	90
Exhibit #24 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> – a report on internal controls related to the financial statements and on whether the Commission complied with laws and regulations which could have a direct and material effect on the Commission’s financial statements.	91
Exhibit #25 Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the <i>Uniform Guidance</i> – a report on internal controls over compliance with requirements of federal statutes, regulations, and the terms and conditions of federal awards applicable to major federal programs and an opinion on whether the Commission complied with federal statutes, regulations, and terms and conditions of its federal awards which could have a direct and material effect on each major program.	93
Exhibit #26 Schedule of Findings and Questioned Costs – a schedule summarizing the results of audit findings relating to the financial statements as required by Government Auditing Standards and findings and questioned costs for federal awards as required by the <i>Uniform Guidance</i> .	97



Department of
Examiners of Public Accounts

SUMMARY

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

The Baldwin County Commission (the “Commission”) is governed by a four-member body elected by the citizens of Baldwin County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 23. 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 Baldwin 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 programs. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States as well as the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

An unmodified opinion was issued on the financial statements, which means that the Commission’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 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 23, were invited to discuss the results of this report at an exit conference held at Commission’s office. Individuals in attendance were County Administrator Roger Rendleman and County Commissioners Charles F. Gruber, Matthew P. McKenzie, James E. Ball, Jr. and Billie Jo Underwood. Representing the Department of Examiners of Public Accounts were Cindy Wilson, Audit Manager and Tina Francis, Examiner.

This Page Intentionally Blank

Independent Auditor's Report

Independent Auditor's Report

Members of the Baldwin County Commission
County Administrator and Clerk/Treasurer
Bay Minette, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Baldwin County Commission, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Baldwin County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 11.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Baldwin County Commission as of September 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Baldwin County Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ◆ exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Baldwin 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 Baldwin 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 Schedules of Changes in the Employer's Net Pension Liability, the Schedule of the Employer's Proportionate Share of the Net Pension Liability – Judicial Retirement Fund, the Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 12 through 21), 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.

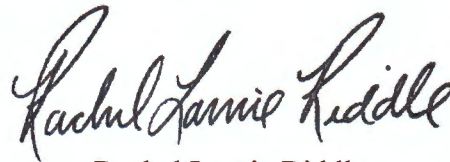
Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is 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 Baldwin County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 22), 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 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 December 18, 2024, on our consideration of the Baldwin County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Baldwin 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 Baldwin County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

December 18, 2024

This Page Intentionally Blank

Basic Financial Statements

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 190,063,354.13	\$ 28,997,223.89	\$ 219,060,578.02
Receivables, Net (Note 4)	37,523,222.10	1,324,033.99	38,847,256.09
Taxes Receivable	73,437,541.43		73,437,541.43
Inventories	430.58		430.58
Prepaid Items	323,272.92	2,916.85	326,189.77
Total Current Assets	301,347,821.16	30,324,174.73	331,671,995.89
Noncurrent Assets			
Leases Receivable	359,604.53		359,604.53
Restricted Cash and Cash Equivalents	7,774,135.44	4,203.17	7,778,338.61
Restricted Cash with Fiscal Agent	3,757,673.69		3,757,673.69
Right to Use Leased Assets, Net of Amortization	457,451.08		457,451.08
Capital Assets (Note 5):			
Nondepreciable	117,859,746.67	15,704,261.48	133,564,008.15
Depreciable, Net	425,319,019.83	15,437,285.03	440,756,304.86
Total Capital Asset, Net	543,178,766.50	31,141,546.51	574,320,313.01
Total Noncurrent Assets	555,527,631.24	31,145,749.68	586,673,380.92
Total Assets	856,875,452.40	61,469,924.41	918,345,376.81
Deferred Outflows of Resources			
Deferred Amount on Refunding	2,273,667.08		2,273,667.08
Deferred Outflows Related to Net Pension Liability	26,223,704.20	2,074,687.08	28,298,391.28
Deferred Outflows Related to Other Postemployment Benefits (OPEB) Liability	3,757,192.14	342,194.87	4,099,387.01
Total Deferred Outflows of Resources	32,254,563.42	2,416,881.95	34,671,445.37
Liabilities			
Current Liabilities			
Payables (Note 8)	26,405,917.09	1,212,518.80	27,618,435.89
Accrued Wages Payable	384,006.53		384,006.53
Unearned Revenue	34,481,213.12		34,481,213.12
Accrued Interest Payable	274,474.08		274,474.08
Long-Term Liabilities:			
Portion Payable Within One Year:			
Warrants Payable	6,270,000.00		6,270,000.00
Add: Unamortized Premium	572,212.76		572,212.76
Less: Unamortized Discount	(7,731.97)		(7,731.97)
Lease Obligations	259,150.82		259,150.82
Notes from Direct Borrowing	1,953,564.88		1,953,564.88
Compensated Absences	1,725,295.13		1,725,295.13
Estimated Liability for Landfill Closure/Postclosure Care Costs		891,180.54	891,180.54
Total Current Liabilities	\$ 72,318,102.44	\$ 2,103,699.34	\$ 74,421,801.78

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

	Governmental Activities	Business-Type Activities	Total
Noncurrent Liabilities			
Portion Payable After One Year:			
Warrants Payable	\$ 34,880,000.00	\$	\$ 34,880,000.00
Add: Unamortized Premium	653,388.78		653,388.78
Less: Unamortized Discount	(7,731.97)		(7,731.97)
Lease Obligations	198,799.22		198,799.22
Notes from Direct Borrowing	49,351,558.33		49,351,558.33
Compensated Absences	2,941,682.09		2,941,682.09
Estimated Liability for OPEB	8,535,630.00	911,889.00	9,447,519.00
Net Pension Liability	53,383,469.13	4,584,322.88	57,967,792.01
Estimated Liability for Landfill Closure/Postclosure Care Costs		5,956,068.89	5,956,068.89
Total Noncurrent Liabilities	<u>149,936,795.58</u>	<u>11,452,280.77</u>	<u>161,389,076.35</u>
Total Liabilities	<u>149,936,795.58</u>	<u>11,452,280.77</u>	<u>161,389,076.35</u>
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	67,768,031.26		67,768,031.26
Revenue Received in Advance - Motor Vehicle Taxes	2,154,369.08		2,154,369.08
Deferred Inflows Related to Net Pension Liability	1,644,232.44	306,736.55	1,950,968.99
Deferred Inflows Related to Net OPEB Liability	1,102,164.02	164,547.98	1,266,712.00
Deferred Inflows Related to Opioid Settlement	2,124,310.60		2,124,310.60
Deferred Inflows Related to Leases	338,228.33		338,228.33
Total Deferred Inflows of Resources	<u>75,131,335.73</u>	<u>471,284.53</u>	<u>75,602,620.26</u>
Net Position			
Net Investment in Capital Assets	471,198,563.77	31,145,749.68	502,344,313.45
Restricted for:			
Debt Service	3,483,199.61		3,483,199.61
Landfill Closure and Postclosure Costs		6,847,249.43	6,847,249.43
Road Projects	5,906,636.63		5,906,636.63
Term Endowments	16,323,229.30		16,323,229.30
Other Purposes	27,673,648.63		27,673,648.63
Unrestricted	<u>67,158,504.13</u>	<u>11,866,542.61</u>	<u>79,025,046.74</u>
Total Net Position	<u>\$ 591,743,782.07</u>	<u>\$ 49,859,541.72</u>	<u>\$ 641,603,323.79</u>

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

This Page Intentionally Blank

Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
General Government	\$ 78,531,861.62	\$ 20,386,246.05	\$ 7,139,360.71	\$	\$ (51,006,254.86)	\$	\$ (51,006,254.86)
Public Safety	56,385,511.19	948,403.23	890,929.58		(54,546,178.38)		(54,546,178.38)
Highways and Roads	28,654,667.53	197,694.05	99,480.57		(28,357,492.91)		(28,357,492.91)
Sanitation	1,143,031.00		350,000.00		(793,031.00)		(793,031.00)
Health	4,275,872.64	28,061.27			(4,247,811.37)		(4,247,811.37)
Welfare	963,947.37				(963,947.37)		(963,947.37)
Culture and Recreation	3,467,579.81	150,627.57	1,711.57		(3,315,240.67)		(3,315,240.67)
Education	101,614.38				(101,614.38)		(101,614.38)
Interest on Long-Term Debt	2,714,842.81				(2,714,842.81)		(2,714,842.81)
Total Governmental Activities	176,238,928.35	21,711,032.17	8,481,482.43		(146,046,413.75)		(146,046,413.75)
Business-Type Activities							
Solid Waste Fund	12,419,454.18	11,452,958.61	864,694.06	1,874.95		(99,926.56)	(99,926.56)
Solid Waste Collection Fund	10,313,096.99	10,401,854.92				88,757.93	88,757.93
Total Business-Type Activities	22,732,551.17	21,854,813.53	864,694.06	1,874.95		(11,168.63)	(11,168.63)
Total Primary Government	\$ 198,971,479.52	\$ 43,565,845.70	\$ 9,346,176.49	\$ 1,874.95	(146,046,413.75)	(11,168.63)	(146,057,582.38)
General Revenues and Transfers:							
Taxes:							
Property Taxes for General Purposes					38,805,040.29		38,805,040.29
Property Taxes for Specific Purposes					20,270,991.96		20,270,991.96
General Sales Tax					34,635,214.60		34,635,214.60
Special Sales Tax					1,323,968.73		1,323,968.73
County Gasoline Sales Tax					9,342,217.05		9,342,217.05
Miscellaneous Taxes					21,289,388.17		21,289,388.17
Grants/Contributions Not Restricted to Specific Programs					1,711,310.66		1,711,310.66
Coronavirus Rescue Relief Funds					4,993,665.53		4,993,665.53
Unrestricted Investment Earnings					7,858,514.15		7,858,514.15
Miscellaneous					40,140,432.57	2,164,471.01	42,304,903.58
Gain on Disposition of Capital Assets						281,000.00	281,000.00
Transfers and Contributions					41,019.05	(1,041,019.05)	(1,000,000.00)
Total General Revenues and Transfers					180,411,762.76	1,404,451.96	181,816,214.72
Change in Net Position					34,365,349.01	1,393,283.33	35,758,632.34
Net Position - Beginning of Year, as Restated (Note 17)					557,378,433.06	48,466,258.39	605,844,691.45
Net Position - End of Year					\$ 591,743,782.07	\$ 49,859,541.72	\$ 641,603,323.79

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

Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Gasoline Tax Fund	Coronavirus Rescue Act Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 84,076,498.88	\$ 33,716,399.78	\$ 25,414,019.68	\$	\$ 17,450.45	\$ 54,613,120.78	\$ 197,837,489.57
Cash with Fiscal Agent					3,757,673.69		3,757,673.69
Taxes Receivable	63,363,353.76	759,502.24				9,314,685.43	73,437,541.43
Due from Other Funds	5,587,244.68						5,587,244.68
Receivables, Net (Note 4)	5,048,180.89	8,339,328.53		22,036,690.01		2,103,966.10	37,528,165.53
Lease Receivable	354,661.10						354,661.10
Interest Receivable on Advance to Other Funds						43,499.55	43,499.55
Inventories	430.58						430.58
Prepaid Items	323,272.92						323,272.92
Advances from Other Funds						5,898,244.71	5,898,244.71
Total Assets	158,753,642.81	42,815,230.55	25,414,019.68	22,036,690.01	3,775,124.14	71,973,516.57	324,768,223.76
Liabilities							
Payables (Note 8)	20,084,373.81	822,261.29	990.00	3,570,987.73	3,600.00	1,923,704.26	26,405,917.09
Interest Payable on Advance from Other Funds	43,499.55						43,499.55
Due to Other Funds				3,235,126.64		2,352,118.04	5,587,244.68
Accrued Wages Payable	204,120.73	103,165.30				76,720.50	384,006.53
Unearned Revenue	194,246.49		24,111,402.52			10,175,564.11	34,481,213.12
Advances to Other Funds	5,898,244.71						5,898,244.71
Total Liabilities	26,424,485.29	925,426.59	24,112,392.52	6,806,114.37	3,600.00	14,528,106.91	72,800,125.68
Deferred Inflows of Resources							
Deferred Property Taxes	58,453,345.83					9,314,685.43	67,768,031.26
Revenue Received in Advance - Motor Vehicle Taxes	2,154,369.08						2,154,369.08
Deferred Inflows - Opioid Settlement	2,124,310.60						2,124,310.60
Deferred Inflows - Leases GASB 87	338,228.33						338,228.33
Total Deferred Inflows of Resources	\$ 63,070,253.84	\$	\$	\$	\$	\$ 9,314,685.43	\$ 72,384,939.27

Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Gasoline Tax Fund	Coronavirus Rescue Act Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances							
Nonspendable:							
Inventories	\$ 430.58	\$	\$	\$	\$	\$	\$ 430.58
Prepaid Items	323,272.92						323,272.92
Term Endowments						16,323,229.30	16,323,229.30
Restricted for:							
Capital Projects				13,223,314.75		163,447.93	13,386,762.68
Debt Service					3,757,673.69		3,757,673.69
Highways and Roads		742,008.36				5,164,628.27	5,906,636.63
Other Purposes	2,181,251.43		21,092.72			25,471,304.48	27,673,648.63
Committed to:							
Other Purposes	1,993,042.38						1,993,042.38
Assigned to:							
Capital Projects						81,627.78	81,627.78
Debt Service					13,850.45		13,850.45
Encumbrances	7,818,280.68	7,393,210.67	173,396.83	2,007,260.89		1,687,672.76	19,079,821.83
Highways and Roads		33,754,584.93				580,564.24	34,335,149.17
Other Purposes			1,107,137.61			2,361,640.55	3,468,778.16
Unassigned	56,942,625.69					(3,703,391.08)	53,239,234.61
Total Fund Balances	69,258,903.68	41,889,803.96	1,301,627.16	15,230,575.64	3,771,524.14	48,130,724.23	179,583,158.81
Total Liabilities, Deferred inflows of Resources and Fund Balances	\$ 158,753,642.81	\$ 42,815,230.55	\$ 25,414,019.68	\$ 22,036,690.01	\$ 3,775,124.14	\$ 71,973,516.57	\$ 324,768,223.76

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

***Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
September 30, 2023***

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 179,583,158.81

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:

Land	\$ 46,904,757.98	
Historical Artifacts	112,000.00	
Infrastructure	396,111,412.76	
Infrastructure in Progress	19,255,753.16	
Construction in Progress	51,587,235.53	
Building and Building Improvements	95,855,735.29	
Improvements Other Than Buildings	60,734,934.23	
Computer and Communication Equipment	20,625,763.02	
Equipment and Furniture	7,451,919.02	
Motor Vehicles and Heavy Equipment	43,822,911.70	
Less: Accumulated Depreciation	<u>(199,283,656.19)</u>	
Total Capital Assets		543,178,766.50

Right-to-Use Leased Assets used in governmental activities are not financial resources
and, therefore, are not reported in the governmental funds. These assets consist of:

Right-to-Use Leased Assets, Net of Amortization	457,451.08
---	------------

Losses on refunding of debt are reported as deferred outflows of resources and are not
available to pay for current period expenditures and, therefore, are deferred on the
Statement of Net Position.

2,273,667.08

Deferred outflows and inflows of resources related to Pension and Net Other
Postemployment Benefits (OPEB) are applicable to future periods and, therefore,
are not reported in the governmental funds.

Deferred Outflows Related to Defined Benefit Pension Plan	\$ 26,223,704.20	
Deferred Inflows Related to Defined Benefit Pension Plan	(1,644,232.44)	
Deferred Outflows Related to Net Other Postemployment Benefits (OPEB)	3,757,192.14	
Deferred Inflows Related to Net Other Postemployment Benefits (OPEB)	<u>(1,102,164.02)</u>	27,234,499.88

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

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

	Due or Payable Within One Year	Due of Payable After One Year	
Accrued Interest Payable	\$ 274,474.08		
Warrants Payable	6,270,000.00	34,880,000.00	
Unamortized Discount	(7,731.97)	(7,731.97)	
Unamortized Premium	572,212.76	653,388.78	
Notes from Direct Borrowing	1,953,564.88	49,351,558.33	
Lease Obligations	259,150.82	198,799.22	
Net Pension Liability		53,383,469.13	
Estimated Liability for Compensated Absences	1,725,295.13	2,941,682.09	
Other Postemployment Benefits (OPEB) Liability		8,535,630.00	
Total Liabilities	<u>\$ 11,046,965.70</u>	<u>\$ 149,936,795.58</u>	<u>(160,983,761.28)</u>
Total Net Position - Governmental Activities (Exhibit 1)			<u><u>\$ 591,743,782.07</u></u>

This Page Intentionally Blank

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

	General Fund	Gasoline Tax Fund	Coronavirus Rescue Act Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 94,656,758.00	\$ 9,342,217.05	\$	\$	\$	\$ 9,397,515.40	\$ 113,396,490.45
Licenses and Permits	2,188,236.45					527,001.22	2,715,237.67
Intergovernmental	5,419,795.99	9,166,930.62	3,609,607.53			18,626,677.57	36,823,011.71
Charges for Services	18,053,579.03	197,694.05				2,439,168.51	20,690,441.59
Fines and Forfeits	43,332.12						43,332.12
Miscellaneous	20,126,533.44	2,338,215.87	1,107,137.61	20,782.81	117,913.46	11,159,847.05	34,870,430.24
Total Revenues	140,488,235.03	21,045,057.59	4,716,745.14	20,782.81	117,913.46	42,150,209.75	208,538,943.78
Expenditures							
Current:							
General Government	44,227,161.46		956,933.67		18,350.00	9,690,225.07	54,892,670.20
Public Safety	38,798,266.10		804,225.43			12,703,531.66	52,306,023.19
Highways and Roads		14,918,597.97	926,755.09			3,428,950.66	19,274,303.72
Sanitation						1,143,031.00	1,143,031.00
Health	653,688.70					3,567,212.81	4,220,901.51
Welfare	877,256.78		2,631.47				879,888.25
Culture and Recreation	2,901,409.73						2,901,409.73
Education	74,833.95						74,833.95
Capital Outlay	4,760,156.27	14,954,768.68	919,061.87	21,897,349.21		6,968,046.21	49,499,382.24
Debt Service:							
Principal Retirement					8,557,044.17		8,557,044.17
Interest and Fiscal Charges	229,214.75				2,754,329.81		2,983,544.56
Total Expenditures	92,521,987.74	29,873,366.65	3,609,607.53	21,897,349.21	11,329,723.98	37,500,997.41	196,733,032.52
Excess (Deficiency) of Revenues Over Expenditures	47,966,247.29	(8,828,309.06)	1,107,137.61	(21,876,566.40)	(11,211,810.52)	4,649,212.34	11,805,911.26
Other Financing Sources (Uses)							
Transfers In	849,623.41	23,227,805.96			11,001,771.35	4,686,480.00	39,765,680.72
Proceeds from Sale of Capital Assets	94,444.37	2,428,307.88				80,061.71	2,602,813.96
Lease Liabilities Issued	118,022.27	24,366.28				16,576.98	158,965.53
Proceeds from Long-Term Debt Issued	810,501.00						810,501.00
Transfers Out	(33,301,704.92)	(2,574,305.92)		(667,829.18)		(3,180,821.65)	(39,724,661.67)
Total Other Financing Sources (Uses)	(31,429,113.87)	23,106,174.20		(667,829.18)	11,001,771.35	1,602,297.04	3,613,299.54
Net Change in Fund Balances	16,537,133.42	14,277,865.14	1,107,137.61	(22,544,395.58)	(210,039.17)	6,251,509.38	15,419,210.80
Fund Balances - Beginning of Year, as Restated (Note 17)	52,721,770.26	27,611,938.82	194,489.55	37,774,971.22	3,981,563.31	41,879,214.85	164,163,948.01
Fund Balances - End of Year	\$ 69,258,903.68	\$ 41,889,803.96	\$ 1,301,627.16	\$ 15,230,575.64	\$ 3,771,524.14	\$ 48,130,724.23	\$ 179,583,158.81

The accompanying Notes to 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 Change in Fund Balances - Total Governmental Funds (Exhibit 5)	\$ 15,419,210.80
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	35,366,720.55
In the Statement of Activities, donation of capital assets is recorded as revenue, whereas in the governmental funds it is not recorded.	2,253,529.28
In the Statement of Activities, only the gain or loss on the sale/disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale/disposal are reported. Thus the changes in net position differs from the change in fund balance by the cost of the assets sold.	(21,221,327.35)
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.	8,367,944.96
This issuance of debt is reported as other financing sources in governmental funds and thus contributes to the change in fund balance. However, in the Statement of Net Position, issuing debt increases long-term liabilities and does not affect the Statement of Activities.	(810,501.00)
Some expenses reported in the Statement of Activities that do not require the use of the current financial resources are not reported as expenditures in the funds.	
Net Decrease in Accrued Interest Payable	\$ 82,110.22
Amortization of Deferred Discount	(7,731.97)
Amortization of Premium	572,212.76
Amortization of Deferred Loss on Refunding	(617,044.11)
Net Increase in Other Postemployment Benefits (OPEB) Expense	(472,062.31)
Net Increase in Pension Amounts	(4,622,621.10)
Net Decrease in Compensated Absences	58,474.29
	(5,006,662.22)

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

Impact of Governmental Accounting Standards Board Statement Number 87:

Amortization of Leased Assets	\$	(192,852.97)	
Elimination of Principal and Interest related to Leases		199,039.31	
Interest Expense related to Lease Agreements		<u>(9,752.35)</u>	
			<u>(3,566.01)</u>
Change in Net Position of Governmental Activities (Exhibit 2)			<u><u>\$ 34,365,349.01</u></u>

Statement of Net Position
Proprietary Funds
September 30, 2023

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 23,420,418.79	\$ 5,576,805.10	\$ 28,997,223.89
Due from Other Funds	100.00		100.00
Receivables, Net (Note 4)	1,133,011.00	191,022.99	1,324,033.99
Prepaid Items	2,916.85		2,916.85
Total Current Assets	<u>24,556,446.64</u>	<u>5,767,828.09</u>	<u>30,324,274.73</u>
Noncurrent Assets			
Restricted Cash and Cash Equivalents	4,203.17		4,203.17
Capital Assets, Net (Note 5):			
Nondepreciable	15,704,261.48		15,704,261.48
Depreciable, Net	11,975,249.65	3,462,035.38	15,437,285.03
Total Noncurrent Assets	<u>27,683,714.30</u>	<u>3,462,035.38</u>	<u>31,145,749.68</u>
Total Assets	<u>52,240,160.94</u>	<u>9,229,863.47</u>	<u>61,470,024.41</u>
Deferred Outflows of Resources			
Deferred Outflows Related to Net Pension Liability	962,855.73	1,111,831.35	2,074,687.08
Deferred Outflows Related to Net Other Postemployment Benefits (OPEB) Liability	167,050.92	175,143.95	342,194.87
Total Deferred Outflows of Resources	<u>1,129,906.65</u>	<u>1,286,975.30</u>	<u>2,416,881.95</u>
Liabilities			
Current Liabilities			
Payables (Note 8)	902,195.60	310,323.20	1,212,518.80
Due to Other Funds	100.00		100.00
Long-Term Liabilities:			
Portion Payable Within One Year:			
Estimated Liability for Landfill Closure/Postclosure Care Costs	891,180.54		891,180.54
Total Current Liabilities	<u>1,793,476.14</u>	<u>310,323.20</u>	<u>2,103,799.34</u>
Noncurrent Liabilities			
Long-Term Liabilities:			
Portion Due After One Year:			
Net Pension Liability	2,353,302.64	2,231,020.24	4,584,322.88
Net Other Postemployment Benefits (OPEB) Liability	365,640.00	546,249.00	911,889.00
Estimated Liability for Landfill Closure/Postclosure Care Costs	5,956,068.89		5,956,068.89
Total Noncurrent Liabilities	<u>8,675,011.53</u>	<u>2,777,269.24</u>	<u>11,452,280.77</u>
Total Liabilities	<u>\$ 10,468,487.67</u>	<u>\$ 3,087,592.44</u>	<u>\$ 13,556,080.11</u>

Statement of Net Position
Proprietary Funds
September 30, 2023

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<u>Deferred Inflows of Resources</u>			
Deferred Inflows Related to Net Pension Liability	\$ 76,108.06	\$ 230,628.49	\$ 306,736.55
Deferred Inflows Related to Net Other Postemployment Benefits (OPEB) Liability	69,728.07	94,819.91	164,547.98
Total Deferred Inflows of Resources	<u>145,836.13</u>	<u>325,448.40</u>	<u>471,284.53</u>
<u>Net Position</u>			
Net Investment in Capital Assets	27,683,714.30	3,462,035.38	31,145,749.68
Restricted for:			
Landfill Closure and Postclosure Costs	6,847,249.43		6,847,249.43
Unrestricted	<u>8,224,780.06</u>	<u>3,641,762.55</u>	<u>11,866,542.61</u>
Total Net Position	<u>\$ 42,755,743.79</u>	<u>\$ 7,103,797.93</u>	<u>\$ 49,859,541.72</u>

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

This Page Intentionally Blank

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2023

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<u>Revenues</u>			
Charges for Services	\$ 11,452,958.61	\$ 10,401,854.92	\$ 21,854,813.53
Intergovernmental	866,569.01		866,569.01
Total Revenues	<u>12,319,527.62</u>	<u>10,401,854.92</u>	<u>22,721,382.54</u>
<u>Operating Expenses</u>			
Salaries and Benefits	3,660,539.01	3,862,648.31	7,523,187.32
Pension Expense	113,475.05	143,457.58	256,932.63
Contractual and Professional Services	1,229,612.18	1,883,220.05	3,112,832.23
Travel	15,156.19		15,156.19
Materials and Supplies	3,264,669.01	2,521,023.61	5,785,692.62
Utilities and Communications	180,057.74	172,693.95	352,751.69
Other Expenses	1,083,589.78	234,137.88	1,317,727.66
Depreciation	1,981,174.68	1,495,915.61	3,477,090.29
Landfill Expenses	891,180.54		891,180.54
Total Operating Expenses	<u>12,419,454.18</u>	<u>10,313,096.99</u>	<u>22,732,551.17</u>
Operating Income (Loss)	<u>(99,926.56)</u>	<u>88,757.93</u>	<u>(11,168.63)</u>
<u>Nonoperating Revenues (Expenses)</u>			
Miscellaneous	436,459.55	305,700.17	742,159.72
Interest Earned	1,194,289.87	228,021.42	1,422,311.29
Gain on Sale of Capital Assets		281,000.00	281,000.00
Total Nonoperating Revenues (Expenses)	<u>1,630,749.42</u>	<u>814,721.59</u>	<u>2,445,471.01</u>
<u>Special Items</u>			
Contribution to Solid Waste Authority	<u>(1,000,000.00)</u>		<u>(1,000,000.00)</u>
Income (Loss) Before Transfers	<u>530,822.86</u>	<u>903,479.52</u>	<u>2,434,302.38</u>
<u>Operating Transfers</u>			
Transfers Out	<u>(41,019.05)</u>		<u>(41,019.05)</u>
Total Operating Transfers	<u>(41,019.05)</u>		<u>(41,019.05)</u>
Changes in Net Position	489,803.81	903,479.52	2,393,283.33
Total Net Position - Beginning of Year	<u>42,265,939.98</u>	<u>6,200,318.41</u>	<u>48,466,258.39</u>
Total Net Position - End of Year	<u>\$ 42,755,743.79</u>	<u>\$ 7,103,797.93</u>	<u>\$ 50,859,541.72</u>

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2023

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities</u>			
Receipts from Customers	\$ 11,516,076.77	\$ 10,383,432.55	\$ 21,899,509.32
Intergovernmental Revenues	864,694.06		864,694.06
Payments to Employees	(3,707,650.04)	(3,892,694.68)	(7,600,344.72)
Payments to Suppliers	(5,478,467.29)	(5,173,526.95)	(10,651,994.24)
Net Cash Provided (Used) by Operating Activities	3,194,653.50	1,317,210.92	4,511,864.42
<u>Cash Flows from Noncapital Financing Activities</u>			
Miscellaneous	129,889.93		129,889.93
Payments to Solid Waste Authority	(1,000,000.00)		(1,000,000.00)
Transfers Out	(41,019.05)		(41,019.05)
Net Cash Provided (Used) by Noncapital Financing Activities	(911,129.12)		(911,129.12)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Sale of Assets		281,000.00	281,000.00
Purchase of Capital Assets	(9,863,106.36)	(1,360,714.86)	(11,223,821.22)
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,863,106.36)	(1,079,714.86)	(10,942,821.22)
<u>Cash Flows from Investing Activities</u>			
Interest Revenue	1,194,174.10	228,021.42	1,422,195.52
Net Cash Provided (Used) by Investing Activities	1,194,174.10	228,021.42	1,422,195.52
Net Increase (Decrease) in Cash and Cash Equivalents	(6,385,407.88)	465,517.48	(5,919,890.40)
Cash and Cash Equivalents - Beginning of Year	29,810,029.84	5,111,287.62	34,921,317.46
Cash and Cash Equivalents - End of Year	\$ 23,424,621.96	\$ 5,576,805.10	\$ 29,001,427.06

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

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ (99,926.56)	\$ 88,757.93	\$ (11,168.63)
<u>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities</u>			
Depreciation Expense	1,981,174.68	1,495,915.61	3,477,090.29
Landfill Expense	891,180.54		891,180.54
Pension Expense	105,337.05	146,635.26	251,972.31
Change in Assets and Liabilities:			
(Increase)/Decrease Receivables, Net	61,243.21	(18,422.37)	42,820.84
(Increase)/Decrease Prepaid Items	(2,393.01)		(2,393.01)
Increase/(Decrease) Accounts Payable	175,472.42	(368,565.45)	(193,093.03)
Increase/(Decrease) Wages Payable	(30,824.42)	(33,224.05)	(64,048.47)
Increase/(Decrease) Asset Added by Non-Cash Transaction	113,389.59	6,113.99	119,503.58
Net Cash Provided by Operating Activities	<u>\$ 3,194,653.50</u>	<u>\$ 1,317,210.92</u>	<u>\$ 4,511,864.42</u>

Statement of Fiduciary Net Position
September 30, 2023

	Custodial Funds
<u>Assets</u>	
Cash and Cash Equivalents	\$ 6,099,338.00
Investments	1,721,442.06
Due from Other Governments	59,813.62
Total Assets	<u>7,880,593.68</u>
<u>Liabilities</u>	
Accounts Payable	1,929.85
Payable to External Parties	1,752,285.68
Total Liabilities	<u>1,754,215.53</u>
<u>Net Position</u>	
Held in Trust for Other Purposes	6,126,378.15
Total Net Position	<u>\$ 6,126,378.15</u>

The accompanying Notes to 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
<u>Additions</u>	
Contributions from:	
Taxes	\$ 181,156,639.31
Restitution Recovery	209,779.50
Probate Court	2,579,189.78
Licenses and Fees	20,630,303.42
Interest	80,433.92
Miscellaneous Additions	32,305.76
Total Additions	<u>204,688,651.69</u>
<u>Deductions</u>	
Taxes and Fees Paid to Other Governments	157,389,222.52
Administrative Expenses	1,406,802.41
Payments to Beneficiaries	45,408,555.71
Total Deductions	<u>204,204,580.64</u>
Changes in Net Position	484,071.05
Net Position - Beginning of Year	<u>5,642,307.10</u>
Net Position - End of Year	<u>\$ 6,126,378.15</u>

The accompanying Notes to 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 Baldwin 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 Baldwin County Commission is a general purpose local government governed by separately elected commissioners. Generally accepted accounting principles (GAAP) require that the financial statements present the Commission (the primary government) and its component units. Component units are legally separate entities for which a primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Based on the application of the above criteria, the Baldwin County Planning and Zoning Commission and the Baldwin County Pretrial Release and Community Corrections Board are component units that have been included in the accompanying financial statements as a blended component units. Blended component units are legally separate entities that exist solely to provide services (usually financing) exclusively to the County.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

Fund Financial Statements

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

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. The fund is also used to report the expenditures for building and maintaining public buildings, roads, and bridges. The Commission also accounts for health self-insurance in this fund.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the expenditures of gasoline taxes for the activities of the public works/highway department as related to maintenance, development, and resurfacing of roads, bridges, and rights-of-way.
- ◆ **Coronavirus Rescue Act Fund** – This fund is used to account for the funds appropriated and expenditures of the American Rescue Plan Act- State and Local Fiscal Recovery Funds.
- ◆ **Capital Projects Fund** – This fund is 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.
- ◆ **Debt Service Fund** – This fund is 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.

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

Governmental Fund Type

- ◆ **Special Revenue Fund** – 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 some capital projects.

The Commission reports the following major enterprise funds:

- ◆ **Solid Waste Fund** – This fund is used to account for the cost of providing solid waste service for commercial accounts and maintaining the county landfills.
- ◆ **Solid Waste Collection Fund** – This fund is used to account for the cost of providing solid waste service (primarily garbage collection) to county residents.

The Commission reports the following fiduciary fund type:

Fiduciary Fund Type

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

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

2. Receivables

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

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

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects.

Receivables in enterprise funds consist primarily of amounts due from customers who are charged fees for services provided by the Commission. These amounts are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts is based on past collection experience.

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.

Notes to the Financial Statements

For the Year Ended September 30, 2023

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 their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in segregated bank accounts and their use is limited by applicable debt covenants. The Oil and Gas Severance Tax Trust Fund's cash is restricted by local law.

6. Lease Receivable

The Commission's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Commission may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

7. Capital Assets

Capital assets which include property, equipment, and infrastructure assets (e.g., roads, bridges, water and sewer systems, and similar items) are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair value on the date of acquisition. Right-to-use leased assets are recorded at the present value of payments expected to be made during the lease term plus any upfront payments and ancillary charges paid to place the leased asset in service. 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.

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

Depreciation on all assets is provided on the straight-line basis over the assets estimated useful life. Intangible right-to-use leased assets are amortized over the shorter of the lease term or the asset's estimated useful life, unless the lease contains a purchase option the Commission is reasonably certain will be exercised. In those instances, the right-to-use leased asset is amortized over the asset's estimated useful life. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	\$5,000	10 – 30 years
Improvements	\$5,000	30 years
Equipment and Furniture	\$5,000	5 – 7 years
Roads	\$5,000	20 years
Bridges	\$5,000	40 years
Right-to-Use Leased Assets(Equipment)	\$5,000	N/A

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.

8. Deferred Outflows of Resources

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

9. Right-to-Use Assets and Lease Liability

The Commission has recorded right-to-use lease assets and liabilities as a result of implementing GASB Statement Number 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Notes to the Financial Statements

For the Year Ended September 30, 2023

In accordance with GASB Statement Number 87, payments on leases with a term of 12 months or less or leases with a present value of less than \$5,000 (for equipment leases) and less than \$50,000 (for property leases) are expensed as incurred. These leases are not included in assets or liabilities on the statement of net position.

Payments included in the measurement of present value include:

1. Fixed payments
2. Variable payments that depend on an index or a rate, initially measured using the index or rate as of the commencement of the lease term,
3. Variable payments that are fixed in substance,
4. Amounts that are reasonably certain of being required to be paid by the Commission under residual value guarantees,
5. The exercise price of a purchase option if it is reasonably certain that the Commission will exercise that option,
6. Payments for penalties for terminating the lease, if the lease term reflects the Commission exercising (1) an option to terminate the lease or (2) a fiscal funding or cancellation clause,
7. Any lease incentives receivable from the lessor,
8. Any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

10. Long-Term Obligations

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

11. Compensated Absences

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

Annual Leave

Annual vacation leave accrues to all current, full-time classified, appointed and probationary employees with five years or less service at the rate of 1 day per calendar month, for employees with 5 and up to 10 years' service at the rate of 1 and $\frac{1}{4}$ days per month, for employees with 10 and up to 15 years' service at the rate of 1 and $\frac{3}{4}$ days per month, and for employees with more than 15 years of service at the rate of 2 days per month.

Part-time employees accrue paid time off (PTO) at a rate of 0.319 per hour worked for a maximum of forty-eight (48) hours per calendar year. Part-time employees may use accrued PTO for sick leave, annual leave, holiday, or bereavement.

Unused annual vacation leave in excess of two times the amount earned by employee classification at the end of any calendar year is forfeited. Upon separation from county service, the employee may be paid for all unused accrued annual leave.

Sick Leave

Sick leave accrues to regular, full-time classified, appointed and probationary employees at the rate of one day per calendar month worked. Upon retirement, an employee shall be paid $\frac{1}{2}$ of their accumulated sick leave not to exceed 360 hours. The Commission uses the vesting method to accrue its sick leave liability. Under this method an accrual for the sick leave liability is based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

12. Deferred Inflows of Resources

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

13. Net Position/Fund Balances

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

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

Fund balance is reported in the fund financial statements. Under GASB Statement Number 54, fund balance is composed of the following:

- A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories, prepaid items, and long-term receivables, including the portion of the lease receivable that is in excess of the related deferred inflow of resources.
- 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.

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

- C. Committed fund balances consist of amounts that are subject to a specific purpose imposed by formal action of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.
- D. Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the Commission Chairman or County Administrator to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

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.

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

F. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Commission's Retiree Benefits Plan (the "OPEB Plan") and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Commission's Retiree Benefits Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Note 2 – Stewardship, Compliance, and Accountability

A. Budgets

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds, which adopt project-length budgets and the permanent fund, which is not budgeted. All annual appropriations lapse at fiscal year-end.

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

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

B. Stabilization Arrangements

The Commission has established policy number 8.7 for emergency reserves. During the annual budget process, the Commission will compute the amount needed to meet the targeted reserves. Funds from the Reserve Accounts can only be expended for a bona fide emergency and must be approved by the Commission during a regular or special meeting.

As of September 30, 2023, the balance set aside for emergency reserves for the General Fund is \$12,481,734.16, Gasoline Tax Fund is \$4,516,486.67 and Solid Waste Fund is \$1,795,275.57 which is not classified as committed on the financial statements because this agreement does not meet the criteria to be reported as such.

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

C. Deficit Fund Balances/Net Position of Individual Funds

At September 30, 2023, the following governmental funds had the following deficit fund balances:

Animal Shelter Fund	\$1,817,400.72
Eastern Shore Metro Planning	\$ 6,129.80

The deficit in the Animal Shelter Fund resulted from a posting error relating to interfund activity (\$2,250,000) that was corrected in fiscal year 2024. The Commission is continuing to pursue ways to cut expenses to eliminate the deficit fund balance in the Eastern Shore Metro Planning Fund.

Note 3 – Deposits and Investments

Deposits

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

Notes to the Financial Statements

For the Year Ended September 30, 2023

Cash with Fiscal Agent

The Baldwin County Commission follows the requirements set out in Alabama State Law. These investment regulations are contained in the *Code of Alabama 1975*, Sections 19-3-120 and 19-3-120.1.

As of September 30, 2023, the Commission’s cash with fiscal agent was invested as follows:

Investment Type	Maturities	Fair Value	Rating
Fidelity Investments Money Market Treasury Only – Class III	Weighted Average Maturity of 34 days	<u>\$3,757,673.69</u>	S & P AAAM Moody’s AAA-mf

Investments

Policy Statement

This policy is adopted by the County Commission to direct the financial affairs of the Baldwin County Commission. This policy applies to all funds or financial resources which are vested under the responsibility of the Baldwin County Commission only. These policies do not govern funds that are managed under separate County entities and those not under the privity of the Baldwin County Commission.

Investment Policies

It is the policy of the Baldwin County Commission to invest public funds in a manner which will obtain a maximum rate of return while meeting the cash-flow demands of expenditures approved through the budgetary process. Also, this policy is intended to ensure adherence to all State and local statutes governing the investment of funds. This policy sets forth the investment program for the Baldwin County Commission and the guidelines to be followed in achieving its objective.

Designation of Investment Management

The authority to manage the investment program is derived from State statute, local law, and these investment policies. Management responsibility for the investment program is hereby delegated to the County Clerk/Treasurer.

Notes to the Financial Statements

For the Year Ended September 30, 2023

Ethics and Conflict of Interest

The County Clerk/Treasurer and other County employees that may be involved in the investment function shall refrain from personal activity that could conflict with the proper management of the investment program, or that could impair their ability to make impartial investment decisions. The County Clerk/Treasurer or other County employees involved in the investment program shall disclose to the County Commission any material financial interest in financial institutions that conduct business with the County and shall further disclose any large personal investment positions that could be related to the performance of Baldwin County. The County Clerk/Treasurer and any other employee of the county that is involved in the decision process of the investment program shall comply with the *Code of Alabama 1975*, Title 36, Chapter 25. All individuals involved in the decision-making process shall file Statement of Economic Interest with The Alabama Ethics Commission.

Objectives

The objectives of the Baldwin County Commission's investment policy are as follows: protection of the principal, proper cash flow, and optimal rate of return-on-investment vehicles.

The County's Investment Portfolio shall be maintained, keeping all three of these objectives in mind. All investment purchase decisions shall take into considerations these three objectives in each and every decision.

1. The Protection of Principal shall be the top objective in the County's investment program. Protection of principal shall be controlled by investing in those investments that are only authorized by State and local law, which constitute some of the safest type of securities available in the marketplace. Most importantly, market risk on principal due to maturity dates and interest rates must be the primary focus in determining the investment portfolio diversification.
2. Proper Cash Flow shall be based upon the cash needs as projected through cash management analysis and monitoring. An investment may be liquidated prior to maturity to meet unanticipated cash needs and to re-deploy resources into other investment vehicles expected to outperform the current holdings.
3. Optimal Returns on investments is the third objective once principal safeguards and projected cash needs are established. The investment portfolio shall contain those investments only authorized by State and local law. Such authorized investments shall be purchased with the highest yield available within the constraints outlined in Objective 1 and 2 outlined above.

Notes to the Financial Statements

For the Year Ended September 30, 2023

Investment Strategies

The Baldwin County Commission generally invests funds with the intent to hold to maturity. Investment portfolios shall consist of investments that are based on State and local law and are consistent with the objectives outlined above. Funds designated for immediate expenditure shall be passively invested to allow for liquidity in order to pay for upcoming obligations. Funds that are available for obligations that are not immediate should be invested on a structured laddered basis dependent on market conditions. The County's investment program shall utilize investment strategies based upon the unique characteristics of certain fund types and individual funds (i.e. operational, special, capital, debt).

Due Professional Care

Investments shall be made with professional judgment and due care that would be exhibited by a person of prudence, discretion, and intelligence under the same prevailing circumstances. Investment portfolios should be based upon income production and not speculation.

Authorized Investments

The Baldwin County Commission's authority to invest County funds is granted under the *Code of Alabama 1975*, Title 11, Chapter 81, Section 19 and Title 11, Chapter 81, Section 21.

Maximum Maturities

No investment shall be purchased with maturity greater than three (3) years without direct prior approval of the Baldwin County Commission.

Procedural Requirement

The County Clerk/Treasurer is responsible for overseeing the daily operations in relation to the management of the County's investment portfolio. The County Clerk/Treasurer may assign staff members to assist in managing the overall program. After the passage of each annual fiscal year budget, the County Clerk/Treasurer will establish an overall annual investment strategy based upon the County's current financial position and the established fiscal plan for the upcoming year.

The County Clerk/Treasurer, on a monthly basis, will review the status of the investment program and its portfolio and determine whether changes are required in its overall annual plan due to unanticipated changes in immediate or near future cash needs.

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

Interest Rate Risk

Interest rate risk occurs when market interest rate changes adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair market value to changes in market interest rates. The Baldwin County Commission addresses this above.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The credit rating, if applicable and available, is presented in the table of investments.

Concentration of Credit Risk

The Baldwin County Commission has no policy in place and places no limit on the amount the Commission may invest in any one issuer. The table below reflects all of the investment instruments. A summary of investment category is as follows:

Investments in Money Markets	<u>\$3,757,673.69</u>	100.00%
------------------------------	-----------------------	---------

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Baldwin County Commission has no policy that limits the number of securities that can be held by counterparties.

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 in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts Receivable	Intergovernmental	Other	Total
<u>Receivables:</u>				
General Fund	\$ 41,069.24	\$ 4,477,764.03	\$ 529,347.62	\$ 5,048,180.89
Gasoline Tax Fund	193,234.81	8,146,093.72		8,339,328.53
Capital Projects Fund			22,036,690.01	22,036,690.01
Other Governmental Funds	31,818.22	2,072,147.88		2,103,966.10
Total Governmental Funds	<u>\$266,122.27</u>	<u>\$14,696,005.63</u>	<u>\$22,566,037.63</u>	<u>\$37,528,165.53</u>

Included in “Other” receivables above is \$22,036,690.01 in the Capital Projects Fund which represents amounts due from the Baldwin County Public Building Authority for the construction of the Jail Project.

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<u>Proprietary Funds</u>			
<u>Receivables:</u>			
Accounts Receivable	\$1,109,546.03	\$200,576.62	\$1,310,122.65
Intergovernmental Receivable	30,908.98		30,908.98
Interest Receivable	14,815.69		14,815.69
Gross Receivables	<u>1,155,270.70</u>	200,576.62	1,355,847.32
Less: Allowable for Doubtful Accounts	<u>(22,259.70)</u>	<u>(9,553.63)</u>	<u>(31,813.33)</u>
Net Total Receivables	<u>\$1,133,011.00</u>	<u>\$191,022.99</u>	<u>\$1,324,033.99</u>

Governmental funds report unearned revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2023, the various components of unearned revenues reported in the governmental funds were as follows:

	Unearned
Coronavirus Rescue Act Funds	\$24,111,392.52
Reappraisal Funds	2,309,442.85
Emergency Rental Assistance Funds	33,102.38
ARPA Revenue Reduction Funds	7,833,018.88
Total Unearned Revenue for Governmental Funds	<u>\$34,481,213.12</u>

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	Reclassifications	Additions	Retirements	Balance 09/30/2023
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 67,338,478.00	\$	\$ 100,366.09	\$(20,534,086.11)	\$ 46,904,757.98
Historical Artifacts	112,000.00				112,000.00
Infrastructure in Progress	29,049,996.21	(17,522,734.50)	7,728,491.45		19,255,753.16
Construction in Progress	36,186,497.06	(10,468,356.29)	25,869,094.76		51,587,235.53
Total Capital Assets, Not Being Depreciated	132,686,971.27	(27,991,090.79)	33,697,952.30	(20,534,086.11)	117,859,746.67
Capital Assets Being Depreciated:					
Infrastructure	389,559,094.68	1,163,845.88	5,388,472.20	-	396,111,412.76
Buildings	89,274,077.49	4,923,415.45	2,109,068.83	(450,826.48)	95,855,735.29
Improvements Other Than Buildings	36,664,249.33	20,113,296.49	4,087,814.27	(130,425.86)	60,734,934.23
Computer and Communication					
Equipment	20,662,090.13	1,765,168.97	629,619.76	(2,431,115.84)	20,625,763.02
Equipment and Furniture	7,121,563.75	25,364.00	565,492.88	(260,501.61)	7,451,919.02
Motor Vehicle and Heavy Equipment	41,354,488.74		6,532,375.71	(4,063,952.75)	43,822,911.70
Total Capital Assets Being Depreciated	584,635,564.12	27,991,090.79	19,312,843.65	(7,336,822.54)	624,602,676.02
Less Accumulated Depreciation for:					
Infrastructure	(73,408,747.70)		(3,075,991.75)	-	(76,484,739.45)
Buildings	(58,913,382.14)		(2,323,812.43)	34,516.16	(61,202,678.41)
Improvements Other Than Buildings	(9,065,640.15)		(1,344,988.49)	22,457.65	(10,388,170.99)
Computer and Communication					
Equipment	(18,100,440.29)		(928,031.39)	1,797,183.22	(17,231,288.46)
Equipment and Furniture	(5,218,542.85)		(834,101.07)	146,621.73	(5,906,022.19)
Motor Vehicle and Heavy Equipment	(25,754,058.43)		(5,803,890.39)	3,487,192.14	(28,070,756.68)
Total Accumulated Depreciation	(190,460,811.56)		(14,310,815.52)	5,487,970.90	(199,283,656.18)
Total Capital Assets Being Depreciated, Net	394,174,752.56	27,991,090.79	5,002,028.13	(1,848,851.64)	425,319,019.84
Total Governmental Activities Capital Assets, Net	\$526,861,723.83	\$	\$ 38,699,980.43	\$(22,382,937.75)	\$ 543,178,766.51
Amounts included in the "Reclassifications" column were necessary due to projects that were completed or terminated during the year.					

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

	Balance 10/01/2022	Reclassifications	Additions	Retirements	Balance 09/30/2023
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 7,156,766.50	\$	\$ 576,996.72	\$	\$ 7,733,763.22
Construction in Progress	845,839.28	(717,687.28)	7,842,346.26		7,970,498.26
Total Capital Assets, Not Being Depreciated	8,002,605.78	(717,687.28)	8,419,342.98		15,704,261.48
Capital Assets Being Depreciated:					
Buildings	3,730,163.42			(384,926.48)	3,345,236.94
Infrastructure	153,883.18				153,883.18
Improvements Other Than Buildings	15,281,581.75	717,687.28	231,734.54		16,231,003.57
Computer and Communication					
Equipment	3,899,219.82	(3,706,243.35)	124,900.00		317,876.47
Equipment and Furniture	656,593.04		337,170.06		993,763.10
Motor Vehicle and Heavy Equipment	19,058,973.06	3,706,243.35	2,122,684.87	(702,148.00)	24,185,753.28
Total Capital Assets Being Depreciated	42,780,414.27	717,687.28	2,816,489.47	(1,087,074.48)	45,227,516.54
Less Accumulated Depreciation for:					
Buildings	(1,691,564.99)		(89,199.42)	265,546.08	(1,515,218.33)
Infrastructure	(29,016.81)		(120.67)		(29,137.48)
Improvements Other Than Buildings	(9,883,241.65)		(278,294.26)		(10,161,535.91)
Computer and Communication					
Equipment	(192,976.47)		(2,081.67)		(195,058.14)
Equipment and Furniture	(1,011,479.83)		(64,758.40)		(1,076,238.23)
Motor Vehicle and Heavy Equipment	(14,467,958.87)		(3,042,635.87)	697,551.32	(16,813,043.42)
Total Accumulated Depreciation	(27,276,238.62)		(3,477,090.29)	963,097.40	(29,790,231.51)
Total Capital Assets Being Depreciated, Net	15,504,175.65	717,687.28	(660,600.82)	(123,977.08)	15,437,285.03
Total Business-Type Activities Capital Assets, Net	\$ 23,506,781.43	\$	\$ 7,758,742.16	\$ (123,977.08)	\$ 31,141,546.51
Amounts included in the "Reclassifications" column were to reclassify projects that were completed or terminated during the year and equipment.					

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	\$ 3,383,063.13
Public Safety	1,915,747.26
Highway and Roads	8,555,915.06
Welfare	27,314.45
Culture and Recreation	403,988.00
Education	24,787.62
Total Depreciation Expense - Governmental Activities	<u>\$14,310,815.52</u>

	Current Year Depreciation Expense
<u>Business-Type Activities:</u>	
Solid Waste	\$3,477,090.29
Total Depreciation Expense - Business-Type Activities	<u>\$3,477,090.29</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 the partial lump sum distribution selected.

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

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

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 Number 2011-676, Acts of Alabama. By adopting Act Number 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 pre-retirement death benefit and administrative expenses of the Plan.

Notes to the Financial Statements

For the Year Ended September 30, 2023

For the year ended September 30, 2023, the Baldwin County Commission's active employee contribution rate was 7.50% of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 6.84% of pensionable payroll. For the year ended September 30, 2023, the Baldwin County Sheriff's Office active employee contribution rate was 8.02% of covered employee payroll, and the Baldwin County Sheriff's Office average contribution rate to fund the normal and accrued liability costs was 7.79% of pensionable payroll.

The Baldwin County Commission's contractually required contribution rate for the year ended September 30, 2023, was 7.06% of pensionable pay for Tier 1 employees, and 7.37% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were \$2,377,134 for the year ended September 30, 2023.

The Baldwin County Sheriff's Office contractually required contribution rate for the year ended September 30, 2023, was 8.09% of pensionable pay for Tier 1 employees, and 8.23% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission (Sheriff's Office) were \$1,578,742 for the year ended September 30, 2023.

Notes to the Financial Statements

For the Year Ended September 30, 2023

B. Net Pension Liability

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

	Baldwin County Commission Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2021	\$104,959,444	\$105,128,775	\$105,209,685
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for October 1, 2021 - September 30, 2022	2,834,871	2,834,871	2,837,743
(d) Transfers Among Employers		160,508	160,508
(e) Actual Benefit Payments and Refunds for the period October 1, 2021 - September 30, 2022	(6,469,979)	(6,469,979)	(6,469,979)
(f) Total Pension Liability as of September 30, 2022 = [(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$108,902,808</u>	<u>\$109,245,263</u>	<u>\$109,335,072</u>
(g) Difference between Expected and Actual		\$ 342,455	
(h) Less Liability Transferred for Immediate Recognition		<u>160,508</u>	
(i) Difference between Expected and Actual - Experience (Gain)/Loss		<u>\$ 181,947</u>	
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change (Gain)/Loss			<u>\$ 89,809</u>

	Baldwin County Sheriff's Office Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2021	\$60,352,361	\$59,694,203	\$59,729,008
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for October 1, 2021 - September 30, 2022	1,859,406	1,859,406	1,860,636
(d) Transfers Among Employers:		11,817	11,817
(e) Actual Benefit Payments and Refunds for the period October 1, 2021 - September 30, 2022	(2,920,058)	(2,920,058)	(2,920,058)
(f) Total Pension Liability as of September 30, 2022 = [(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$63,679,188</u>	<u>\$62,983,814</u>	<u>\$63,022,442</u>
(g) Difference between Expected and Actual		\$ (695,374)	
(h) Less Liability Transferred for Immediate Recognition		<u>11,817</u>	
(i) Difference between Expected and Actual - Experience (Gain)/Loss		<u>\$ (707,191)</u>	
(j) Difference between Actual TPL Before and After Plan Changes -Benefit Change (Gain)/Loss			<u>\$ 38,628</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:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U S Large Stocks	32.00%	8.00%
U S Mid Stocks	9.00%	10.00%
U S Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

(*) Includes assumed rate of inflation of 2.0%.

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 (Asset) (a) - (b)
Baldwin County Commission			
Balances at September 30, 2021	\$104,959,444	\$ 85,445,710	\$19,513,734
Changes for the year:			
Service cost	2,834,871		2,834,871
Interest	7,578,472		7,578,472
Changes of benefit terms	89,809		89,809
Difference between expected and actual experience	181,947		181,947
Contributions – employer		2,043,045	(2,043,045)
Contributions – employee		2,406,959	(2,406,959)
Net investment income		(10,808,692)	10,808,692
Benefit payments, including refunds of employee contributions	(6,469,979)	(6,469,979)	
Transfers Among Employers	160,508	160,508	
Net Changes	4,375,628	(12,668,159)	17,043,787
Balances at September 30, 2022	\$109,335,072	\$ 72,777,551	\$36,557,521

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Baldwin County Sheriff's Office			
Balances at September 30, 2021	\$60,352,361	\$47,636,740	\$12,715,621
Changes for the year:			
Service cost	1,859,406		1,859,406
Interest	4,387,479		4,387,479
Changes of benefit forms	38,628		38,628
Difference between expected and actual experience	(707,191)		(707,191)
Contributions – employer		1,402,485	(1,402,485)
Contributions – employee		1,578,041	(1,578,041)
Net investment income		(6,096,854)	6,096,854
Benefit payments, including refunds of employee contributions	(2,920,058)	(2,920,058)	
Transfers Among Employers	11,817	11,817	
Net Changes	2,670,081	(6,024,569)	8,694,650
Balances at September 30, 2022	\$63,022,442	\$41,612,171	\$21,410,271

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

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

The following table presents the Baldwin County Commission's and the Baldwin County Sheriff's Office net pension liability calculated using the discount rate of 7.45%, as well as what the Baldwin County Commission's and the Baldwin County Sheriff's Office 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%)
Baldwin County Commission Net Pension Liability	\$49,587,003	\$36,557,521	\$25,590,453
Baldwin County Sheriff's Office Net Pension Liability	\$30,082,518	\$21,410,271	\$14,221,901

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 <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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

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

For the year ended September 30, 2023, the Baldwin County Commission and the Baldwin County Sheriff's Office recognized pension expense of \$5,388,237 and \$3,464,995 respectively. At September 30, 2023, the Baldwin County Commission and the Baldwin County Sheriff's Office reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Baldwin County Commission</u>		
Differences between expected and actual experience	\$ 2,820,327	821,634
Changes in assumptions	2,160,223	
Net difference between projected and actual earnings on pension plan investments	8,792,067	
Employer contributions subsequent to the measurement date	2,377,134	
Total	16,149,751	821,634
<u>Baldwin County Sheriff's Office</u>		
Differences between expected and actual experience	3,028,994	1,129,335
Changes in assumptions	2,555,287	
Net difference between projected and actual earnings on pension plan investments	4,985,618	
Employer contributions subsequent to the measurement date	1,578,742	
Total	\$12,148,641	\$1,129,335

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

The \$2,377,134 for the Commission and the \$1,578,742 for the Baldwin County Sheriff's Office, reported as deferred outflows of resources related to pensions resulting from 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	Deferred Inflows/Outflows	
	Baldwin County Commission	Baldwin County Sheriff's Office
September 30, 2024	\$3,514,861	\$2,461,409
2025	\$3,264,057	\$1,946,864
2026	\$2,327,748	\$1,567,255
2027	\$3,830,840	\$2,677,788
2028	\$ 13,477	\$ 499,568
Thereafter	\$ 0	\$ 287,680

Judicial Retirement Fund – Baldwin County Probate Judge

Summary of Significant Accounting Policies

Pensions

The Judicial Retirement Fund of Alabama (JRF) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized as revenues when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the JRF is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

Notes to the Financial Statements

For the Year Ended September 30, 2023

General Information about the Pension Plan

Plan Description

The JRF, a cost-sharing multiple-employer public employee retirement plan, was established as of September 18, 1973, pursuant to the *Code of Alabama 1975*, Title 12, Chapter 18 (Act 1163 of the Legislature of 1973) for the purpose of providing retirement allowances and other specified benefits for any Justice of the Supreme Court of Alabama, Judge of the Court of Civil Appeals, Judge of the Court of Criminal Appeals, Judge of the Circuit Court, or office holder of any newly created judicial office receiving compensation from the State Treasury. The *Code of Alabama 1975*, Title 12, Chapter 18, Articles 3 & 4 (Act 1205 of the Legislature of 1975) enlarged the scope and coverage of the JRF to include District and Probate Judges, respectively. The responsibility for the general administration and operation of the JRF is vested in the Board of Control of the ERS. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits Provided

The Plan benefits vest from five to eighteen years. Except for justices or judges who were either disabled, elected prior to July 30, 1979, or have at least 25 years of creditable service, no justice or judge is eligible to receive judicial service retirement pay prior to attaining age 60. Service retirement benefits for justices and judges are dependent upon the particular office held in the judicial branch of government. A retirement benefit is payable upon the request of any member who has: (1) 25 years of creditable service (regardless of age), (2) completed 12 years of creditable service and has attained age 65, (3) completed 15 years of creditable service and whose age plus service equals or exceeds 77, (4) completed 10 years of creditable service and has attained age 70 or (5) been elected prior to July 30, 1979, and has 18 years of service (regardless of age). A member eligible to retire who has not requested his or her retirement benefit to commence at the end of the term in which the member's 70th birthday occurs is entitled only to the refund of his or her contributions (except for members with at least 25 years of creditable service). The service retirement benefit for circuit, appellate, and probate judges is 75% of the member's salary at the time of separation from service. The service retirement benefit for a district judge is 75% of the position's salary immediately prior to retirement.

Notes to the Financial Statements

For the Year Ended September 30, 2023

Act 498 of the Legislature of 2015 established a new group (Group 3) of members within JRF which consists of all justices, judges, circuit clerks, and district attorneys elected or appointed on or after November 8, 2016. Group 3 members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. A district attorney who has Tier 1 ERS transferred service as an assistant or deputy district attorney is eligible for service retirement with 25 years of service credit, regardless of age. Service and disability retirement benefits are calculated using a retirement formula. Group 3 members who are judges or justices are allowed 4% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 75% of their average final compensation. Group 3 members who are clerks or district attorneys are allowed 3% 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.

Contributions

Plan members contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, Plan members were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, Plan members are required by statute to contribute 8.50% of earnable compensation.

Pension Liabilities and Pension Expense

At September 30, 2023, the Baldwin County Commission did not have a liability for a proportionate share of the net pension liability because of the related State of Alabama support. The amount of the State of Alabama's proportionate share of net pension liability associated with the Baldwin County Commission is as follows:

State of Alabama's Proportionate Share of the Net Pension Liability associated with the Baldwin County Commission	\$517,664
--	-----------

The net pension liability was measured as of September 30, 2022. The total pension liability is based on the actuarial valuation as of September 30, 2021. An expected total pension liability as of September 30, 2022, was determined using standard roll-forward techniques. The State of Alabama's proportion of the net pension liability associated with the Baldwin County Commission was based on actuarially determined contributions paid by the State of Alabama during the fiscal year ended September 30, 2022.

For the year ended September 30, 2023, the Baldwin County Commission recognized pension expense and revenue of \$56,857 for aid provided by the State of Alabama.

Notes to the Financial Statements

For the Year Ended September 30, 2023

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected Salary increases	2.75% - 3.50%
Investment rate of return (*)	7.40%

(*) Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2021, were based on the results of an investigation of the economic and demographic experience for the JRF based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021, which became effective at the beginning of fiscal year 2021.

Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward(+)/ Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree- Below Median	Male: +2, Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63 -67 Female: 112% ages < 69 98% > age 74 Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None

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:

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	22.0%	2.8%
U. S. Large Stocks	39.0%	8.0%
U. S. Mid Stock	11.0%	10.0%
U. S. Small Stocks	5.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	1.0%	9.0%
Real Estate	2.0%	6.5%
Cash Equivalents	5.0%	1.5%
Total	100.0%	

(*) Includes assumed rate of inflation of 2.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.40%. 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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

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 67 for the JRF prepared as of September 30, 2022. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB Number 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

Note 7 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan Description

The Baldwin County Commission (the "Commission") provides certain continuing health care and life insurance benefits for its retired employees. The Baldwin County Commission's OPEB Plan (the "OPEB Plan") is a single-employer defined benefit OPEB plan administered by the Commission. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Commission. 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

Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by the Retirement System of Alabama and must meet the eligibility provisions adopted by resolution to receive retiree medical benefits. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier 1" members). Employees hired on and after January 1, 2013 (called "Tier 2" members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service.

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

Employees Covered by Benefit Terms

At September 30, 2023, the following employees were covered by the benefit terms:

Active employees	867
Inactive employees or beneficiaries currently receiving benefit payments	66
Total	933

Total OPEB Liability

The Commission's total OPEB liability of \$9,447,519 was measured as of September 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% annually
Salary increases	4.0% annually
Discount Rate	4.02% annually (Beginning of Year to Determine ADC) 4.09%, annually (As of End of Year Measurement Date)
Healthcare Cost Trend Rates	5.5% annually for ten years, 4.5% thereafter
Mortality	RP-2000 without projection

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2023, the end of the applicable measurement period.

The actuarial assumptions used in the September 30, 2023 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2023.

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

Changes in the Total OPEB Liability

Balance at September 30, 2022	\$8,931,126
Changes for the Year:	
Service Cost	114,910
Interest	346,700
Differences between expected and actual experience	720,574
Changes in assumptions	(52,297)
Benefit payments and net transfers	(613,494)
Net Changes	<u>516,393</u>
Balance at September 30, 2023	<u>\$9,447,519</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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 a discount rate that is 1-percentage point lower (3.09%) or 1-percentage point higher (5.09%) than the current discount rate:

	1.0% Decrease (3.09%)	Current (4.09%)	1.0% Increase (5.09%)
Total OPEB Liability	\$11,461,132	\$9,447,519	\$7,889,911

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

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 (4.5%) or 1-percentage point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB Liability	\$8,067,081	\$9,447,519	\$11,244,870

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

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 \$1,080,596. 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	\$3,060,568	\$
Changes in assumptions	1,038,819	1,266,712
Total	<u>\$4,099,387</u>	<u>\$1,266,712</u>

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

Year Ending:	
September 30, 2024	\$618,986
2025	\$618,986
2026	\$618,986
2027	\$290,862
2028	\$125,132
Thereafter	\$559,703

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

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	Other	Total
<u>Governmental Fund:</u>				
General Fund	\$10,155,027.73	\$ 9,869,223.23	\$ 60,122.85	\$20,084,373.81
Gasoline Tax Fund	782,666.71	39,594.58		822,261.29
Coronavirus Rescue Act Fund	990.00			990.00
Capital Projects Fund	3,570,987.73			3,570,987.73
Debt Service Fund	3,600.00			3,600.00
Other Governmental Funds	1,771,991.08	151,713.18		1,923,704.26
Total Governmental Funds	<u>16,285,263.25</u>	<u>10,060,530.99</u>	<u>60,122.85</u>	<u>26,405,917.09</u>
<u>Business-Type Activities:</u>				
Solid Waste Fund	871,515.48	30,680.12		902,195.60
Solid Waste Collection Fund	271,885.07	38,438.13		310,323.20
Total Business-Type Activities	<u>1,143,400.55</u>	<u>69,118.25</u>		<u>1,212,518.80</u>
<u>Fiduciary Funds:</u>				
Custodial	1,929.85		1,752,285.68	1,754,215.53
Total Fiduciary Funds	<u>\$ 1,929.85</u>	<u>\$</u>	<u>\$1,752,285.68</u>	<u>\$ 1,754,215.53</u>

Note 9 – Long-Term Debt

In February 2013, General Obligation Warrants with interest rates of 2 to 5 percent were issued for the purpose of the Series 2013 advance refunding of the General Obligation Warrants, Series 2006A issued in January 2006. The debt service payments are made by the General Fund and Gasoline Tax Fund. Warrant was paid in full on January 31, 2023.

In June 2014, General Obligation Warrants with interest rates of 2.10 to 4.25 percent were issued for the purpose of the Series 2014 current refunding of the General Obligation Warrant, Series 2012-B, dated June 7, 2012. The payments are made from the General Fund.

Notes to the Financial Statements

For the Year Ended September 30, 2023

In March 2015, General Obligation Warrants with interest rates of 2.00 to 5.00 percent were issued for the purpose of the Series 2015 advance refunding of the General Obligation Warrant, Series 2008C issued in September 2008 and the partial advance refunding of the General Obligation Warrants, Series 2007A issued in March 2007 and Series 2008B issued in May 2008. The debt service payments are made by the General Fund and Gasoline Tax Fund. In April 2018, the Commission set up a trust for \$1,000,000.00 for the future payment to warrant holders of the General Obligation Warrants, Series 2015 using current resources. In February 2022, the \$1,000,000, in addition to \$1,880,000 for a total of \$2,880,000 was defeased using current resources.

In October 2019, the Commission entered a financial agreement, a direct borrowing with Motorola Solutions, Inc., to provide additional cell phone coverage to the Gulf Shores and Fort Morgan areas of the County. The Commission will make five (5) annual payments with an interest rate of 3.42%. Any payments received later than (10) days from the due date will bear interest at 6% per annum. The payments are made from the General Fund.

In January 2020, General Obligation Warrants 2020, with an interest rate of 4.00 to 5.00 percent were issued for the purposes of 2020 improvement projects and the advance refunding of the General Obligation Warrants, Series 2010 issued in January 2010. The debt service payments are made by the General Fund, Gasoline Tax Fund, Archives Fund, and Solid Waste Fund.

In March 2020, the Public Building Authority of Baldwin County (the “PBA”) issued Building Revenue Warrants, Series 2020 (Jail Project), a direct borrowing for the purposes of acquiring, constructing, and equipping a new public jail facility, and paying issuance expenses. The PBA and the Commission entered into an agreement in order to provide for ultimate payment of the debt by the Commission. The payments to the PBA are made from the General Fund.

In October 2020, General Obligation Warrants 2020B, with an interest rate of 0.323 to 2.346 percent were issued for the purposes of (1) advance refunding and redeeming a (i) \$2,710,000 principal portion of the County’s outstanding General Obligation Warrants, Series 2013, dated February 1, 2013 on January 1, 2023, (ii) \$7,975,000 principal portion of the County’s outstanding General Obligation Taxable Warrants, Series 2014, dated June 1, 2014 on June 1, 2024, and (iii) \$18,350,000 principal portion of the County’s outstanding General Obligation Warrants, Series 2015, dated March 1, 2015 on November 1, 2024, and (2) paying issuance expenses.

In July 2021, the Public Building Authority of Baldwin County (the “PBA”) issued Building Revenue Warrants, Series 2021 (Jail Project), a direct borrowing for the purposes of additional funding of acquiring, constructing, and equipping a new public jail facility, and paying issuance expenses. The PBA and the Commission entered into an agreement in order to provide for ultimate payment of the debt by the Commission. The payments to the PBA are made from the General Fund.

Notes to the Financial Statements

For the Year Ended September 30, 2023

In August 2023, the Baldwin County Sheriff's Office entered into a note from direct borrowing for equipment, software, and other services for body worn cameras and in-car audio and video capabilities. The terms of the agreement are for three years with the ability to extend. The debt service payments are made from the General Fund. The three-year Note will be paid in full in August 2025.

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

	Debt Outstanding 10/01/2022	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2023	Due Within One Year
Governmental Activities:					
Warrants Payable:					
Warrants, 2013	\$ 1,595,000.00	\$	\$(1,595,000.00)	\$	\$
Warrants, 2014	1,235,000.00		(400,000.00)	835,000.00	410,000.00
Warrants, 2015	4,265,000.00		(2,265,000.00)	2,000,000.00	2,000,000.00
Warrants, 2020	7,545,000.00		(1,535,000.00)	6,010,000.00	1,615,000.00
Warrants, 2020B	32,925,000.00		(620,000.00)	32,305,000.00	2,245,000.00
Sub-Total Warrants Payable	47,565,000.00		(6,415,000.00)	41,150,000.00	6,270,000.00
Unamortized Amounts:					
Less: Unamortized Discount	(23,195.91)		7,731.97	(15,463.94)	(7,731.97)
Plus: Unamortized Premium	1,797,814.30		(572,212.76)	1,225,601.54	572,212.76
Total Warrants Payable, Net	49,339,618.39		(6,979,480.79)	42,360,137.60	6,834,480.79
Total Warrants Payable and Notes Payable	49,339,618.39		(6,979,480.79)	42,360,137.60	6,834,480.79
Other Liabilities:					
Notes from Direct Borrowing	52,447,567.17	850,501.00	(1,952,944.96)	51,305,123.21	1,953,564.88
Lease Obligations per GASB 87	179,986.09	467,063.16	(189,099.21)	457,950.04	259,150.82
Compensated Absences	4,725,451.51		(58,474.29)	4,666,977.22	1,725,295.13
OPEB Liability	8,069,603.00	466,027.00		8,535,630.00	
Net Pension Liability	29,247,532.14	24,135,936.99		53,383,469.13	
Total Other Liabilities	94,670,139.91	25,879,528.15	(2,200,518.46)	118,349,149.60	3,938,010.83
Total Governmental Activities Long-Term Liabilities	\$144,009,758.30	\$25,879,528.15	\$(9,179,999.25)	\$160,709,287.20	\$10,772,491.62

Notes to the Financial Statements

For the Year Ended September 30, 2023

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. In the past, the largest portion was paid by the General Fund and the Gasoline Tax Fund with the remainder paid by the other governmental funds.

	Debt Outstanding 10/01/2022	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2023	Due Within One Year
Business-Type Activities:					
Compensated Absences	\$ 601,771.85	\$	\$(601,771.85)	\$	\$
Lease Obligations per GASB 87	11,876.15		(11,876.15)		
Estimated Liability for Landfill Closure/Postclosure Costs	5,956,068.89	891,180.54		6,847,249.43	891,180.54
OPEB Liability	861,523.00	50,366.00		911,889.00	
Net Pension Liability	2,981,822.87	1,602,500.01		4,584,322.88	
Total Business-Type Activities					
Long-Term Liabilities	<u>\$10,413,062.76</u>	<u>\$2,544,046.55</u>	<u>\$(613,648.00)</u>	<u>\$12,343,461.31</u>	<u>\$891,180.54</u>

The following is a schedule at September 30, 2023, of debt service requirements to maturity:

Fiscal Year Ending	Governmental Activities				Total Principal and Interest Requirements
	Warrants Payable		Notes from Direct Borrowing		
	Principal	Interest	Principal	Interest	
September 30, 2024	\$ 6,270,000.00	\$ 986,818.28	\$ 1,953,564.88	\$ 1,886,254.65	\$ 11,096,637.81
2025	3,715,000.00	733,610.21	2,019,058.16	1,825,490.53	8,293,158.90
2026	4,825,000.00	523,058.71	1,625,000.00	1,756,000.00	8,729,058.71
2027	3,970,000.00	446,990.63	1,690,833.38	1,691,000.00	7,798,824.01
2028	4,040,000.00	386,565.90	1,760,833.39	1,691,000.00	7,878,399.29
2029-2033	14,290,000.00	1,087,660.05	9,946,666.73	7,299,783.30	32,624,110.08
2034-2038	3,330,000.00	282,341.10	11,999,166.82	4,982,049.96	20,593,557.88
2039-2043	710,000.00	8,328.30	14,579,166.61	2,437,066.57	17,734,561.48
2044-2048			5,730,833.35	252,558.39	5,983,391.74
Total	<u>\$41,150,000.00</u>	<u>\$4,455,373.18</u>	<u>\$51,305,123.32</u>	<u>\$23,821,203.40</u>	<u>\$120,731,699.90</u>

Premiums and Discounts

The Commission has premiums/discounts in connection with the issuance of its 2013, 2014, 2015 and 2020 General Obligation Warrants. The deferred amounts are being amortized using the straight-line method over a period of 13, 25, 18 and 10 years respectively.

	Discount	Premium
Total Discount/Premium	\$328,151.80	\$10,851,010.95
Amount Amortized Prior Years	304,955.90	9,053,196.66
Balance Discount/Premium	23,195.90	1,797,814.29
Current Amount Amortized or Reduced	7,731.97	572,212.76
Balance Discount/Premium	<u>\$ 15,463.93</u>	<u>\$ 1,225,601.53</u>

Notes to the Financial Statements

For the Year Ended September 30, 2023

Prior Year Defeasance of Debt

In prior years, the Commission defeased certain general obligation warrants by placing the proceeds of the new warrants in an irrevocable trust to provide for all future debt service payments of the old warrants. Accordingly, the trust account assets and the liability for the defeased debt are not included on the Commission's financial statements. At September 30, 2023, the total of \$29,205,000 of general obligation warrants outstanding are considered defeased.

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. In addition, to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount the landfill is used during the year.

The fiscal year 2023 estimated liability for closure and postclosure care costs has a balance of \$6,847,249.43 as of September 30, 2023, which is based on 38 percent usage (filled) of the landfill. It is estimated that an additional \$9,945,408.14 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care (\$16,792,657.57) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2023. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. This calculation is performed annually based on usage determined by flyover of site, density/compaction ratio, and gate tonnage for twelve-month period ended September 30, 2023.

The Commission is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. The Commission is in compliance with these requirements, and at September 30, 2023, fund balance was reserved in the amount of \$6,847,249.43 for closure and postclosure care. These funds are deposits on hand and are presented on the Commission's balance sheet as "Cash." It is anticipated that future inflation costs will be financed in part from earnings on these funds. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

- (1) Code of Federal Regulations, Title 40, Part 258, Subparts F & G
Code of Alabama 1975, Section 22-27-8
ADEM Regulations, 335-13-4

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 11 – Risk Management

General Liability and Workers Compensation

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 \$5,000,000 in aggregate. Defense costs are included in the limits of the coverage. Employment practices liability coverage provides up to \$1,000,000 per occurrence with a \$5,000 deductible for loss only. Defense costs are included in the limits of the coverage. Equitable Defense coverage per occurrence is limited to \$225,000.00. 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. Premiums are based on a rate per \$100 of remuneration for each class of employee which is adjusted by an experience modifier for the individual county. At year-end, pool participants are eligible to receive refunds of unused premiums and the related investment earnings. The Commission may qualify for additional discounts based on losses and premium size.

Health Insurance

The Commission was self-insured for 12 months and paid their administrator for claims processing. For October 2022 through September 2023, the Commission pays BCBS administrative fee of 11.1% of medical claims cost; the stop loss carrier \$34.88 for single coverage and \$97.39 for family coverage; and has set funding rates at \$589.00 for single coverage and \$1,467.00 for family coverage. The Carrier/Administrator was paid a total of \$10,649,640 for fiscal year 2023, \$8,900,204 in self-insured medical and Rx claims plus \$726,048 in self-insured stop loss premium plus \$1,023.388 in self-insured BCBS admin fees. The Commission purchases a stop loss insurance policy for claims in excess of \$125,000 per individual with \$100,000 aggregating specific deductible up to unlimited. The estimated liability for claims cost for medical and prescriptions as of September 30, 2023, was \$606,314. However, after considering Pharmacy Rebates (\$265,000), the total estimated liability for claims cost reduces to \$341,314.

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

Note 12 – Interfund Transactions

Interfund Transfers

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

	Transfers In				Totals
	General Fund	Gasoline Tax Fund	Debt Service Fund	Other Governmental Funds	
<u>Transfers Out</u>					
General Fund	\$	\$22,590,738.81	\$ 7,453,199.11	\$3,257,767.00	\$33,301,704.92
Gasoline Tax Fund	50,000.00		2,524,305.92		2,574,305.92
Capital Projects Fund	30,762.03	637,067.15			667,829.18
Other Governmental Funds	768,861.38		983,247.27	1,428,713.00	3,180,821.65
Solid Waste Fund			41,019.05		41,019.05
Totals	<u>\$849,623.41</u>	<u>\$23,227,805.96</u>	<u>\$11,001,771.35</u>	<u>\$4,686,480.00</u>	<u>\$39,765,680.72</u>

Advances To/From Other Funds

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

	Advances to Other Funds	Totals
	General Fund	
<u>Advances From Other Funds</u>		
Other Governmental Funds	<u>\$5,898,244.71</u>	<u>\$5,898,244.71</u>

Interfund Receivables/Payables

	Interfund Payables		Totals
	Capital Projects Fund	Other Governmental Funds	
<u>Transfers Out</u>			
General Fund	\$3,235,126.64	\$2,352,118.04	\$5,587,244.68
Totals	<u>\$3,235,126.64</u>	<u>\$2,352,118.04</u>	<u>\$5,587,244.68</u>

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

Note 13 – Related Organizations

Several agencies are considered related organizations of the Baldwin County Commission. For each agency, a majority of the members are appointed by the Baldwin County Commission. The Commission, however, is not financially accountable because it does not impose its will and does not have a financial benefit or burden relationship; therefore, they are not considered part of the Commission’s financial reporting entity. The following is a list of the related organizations:

Eastern Shore Health Care Authority North Baldwin Health Care Authority South Baldwin Health Care Authority Baldwin County Historic Development Commission Baldwin County Human Resources Board Baldwin County Emergency Communications District Altapointe Health Systems, Inc. Baldwin County Housing Authority Baldwin County Library Board Public Building Authority of Baldwin County, Alabama Cypress Point Improvement District Baldwin County Water and Sewer District East Central Baldwin County Water, Sewer and Fire Protection Authority (Rosinton) Governmental Utility Services Corporation Ono Island Water, Sewer and Fire Protection Authority Orange Beach Water, Sewer and Fire Protection Authority Park City Water Authority Perdido Bay Water, Sewer and Fire Protection District

Note 14 – Subsequent Events

On May 2, 2023, the Baldwin County Commission approved the formation of a Solid Waste Disposal Authority, which is a public, nonprofit corporation responsible for the collection, disposal and utilization of solid waste pursuant to §§ 11-89A-1, et seq., Code of Alabama (1975). Upon completion of the incorporation a series of actions were taken to transfer the Solid Waste Department’s assets and liabilities as reported in the County Commission’s proprietary funds to the newly incorporated authority, which officially took over control and operations on October 1, 2023.

On April 16, 2024, the Baldwin County Commission created the Tax Increment Financing District 1 in Baldwin County for a duration of 35 years and approved the Project Plan for district. The County Commission previously adopted Resolution #2024-086, designating a portion of the proposed boundaries of the district as a Major 21st Century Manufacturing Zone, in accordance with Act 2023-51, Alabama Code § 11-99-1, et seq. The district is intended to capture increases in tax revenue associated with economic growth within the district for the purpose of funding infrastructure projects within the district.

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

On June 18, 2024, the Baldwin County Commission entered into a Second Supplemental Lease Agreement between the County and The Public Building Authority of Baldwin County (PBA) with approximately \$870,000 of annual lease payments in connection with the issuance, sale and delivery by The PBA of its \$12,845,000 principal amount of Building Revenue Warrants, Series 2024 (Jail Project), to be used to complete construction of the new County Jail facility.

On August 8, 2024, the Baldwin County Commission authorized the issuance of up to \$37,500,000 principal amount of General Obligation Tax Increment Economic Development Warrants, Series 2024. The issuance will allow the County to provide financing for various capital improvements, including acquisition of right-of-way property, construction of new roads and related drainage and bridges, improvement of existing roads and installation of infrastructure facilities for economic development, related to the TIF District 1 in Baldwin County.

Note 15 – Construction and Other Significant Commitments

As of September 30, 2023, the Commission was obligated for the remaining amounts unpaid under the following construction contracts:

Project Name	Amount Remaining
Drainage Improvements Leiterman, Shoots, and CR87	\$ 17,117.72
Turberville Road Drainage Improvements	23,362.12
Bridge Replacement -Pine Grove Road Ext Styx River	469,719.69
Engr/Environmental for Lillian Park Beach Habitat	42,442.00
Summerdale Box Culverts (4) Projects	1,650,851.99
Baldwin County Animal Shelter Intake Building	393,262.65
Renovations and Addition to the BCC	25,087,143.00
Phase II and Phase III of Security Equipment at BCCC	1,863,340.89
Jill Hall Trail Restoration Project	16,069.85
Labor and Incidental Materials for Roof Repairs	290,319.50
Resurfacing Projects 2021: Group 2	427,390.06
Mega Site - Novelis Site Development	3,128,802.42
Total	<u>\$33,409,821.89</u>

Notes to the Financial Statements

For the Year Ended September 30, 2023

Note 16 – Tax Abatements

The Baldwin County Commission is subject to tax abatements granted by local municipalities as allowed under law. These governments entered into property tax abatement agreements with local businesses under the State Tax Incentive Reform Act of 1992, *Code of Alabama 1975*, Section 40-9B-(1-13). Under the Act, localities may grant property tax abatements for all state and local noneducational property taxes, all construction related transaction taxes, except those local construction taxes levied for educational purposes or for capital improvement for education, and/or all mortgage and recording taxes. The abatements may be granted to any business located within or promising to relocate to Baldwin County. These programs have the stated purpose of increasing business activity and employment in the County.

For fiscal year ended September 30, 2023, total property taxes abated were \$463,684.93, including the following tax abatement agreements:

Granting Jurisdiction	Type	Property Tax
City of Bay Minette	Construction	\$ 5,732.11
City of Bay Minette	Land Development	6,092.73
City of Bay Minette	Manufacturing	19,254.22
City of Fairhope	Brewery/Distillery	1,480.29
City of Fairhope	Manufacturing	5,493.47
City of Foley	Amusement	164,220.23
City of Foley	Construction	39,365.91
City of Foley	Land Development	1,615.95
City of Foley	Manufacturing	49,823.32
City of Gulf Shores	Brewery/Distillery	2,873.75
City of Loxley	Distribution	119,154.13
City of Loxley	Land Development	45.79
City of Loxley	Manufacturing	41,809.12
County Only	Manufacturing	6,723.91
Total County Abated Taxes		\$463,684.93

The following tax abatements exceeded 10 percent of the total amount abated:

- ◆ A 35 percent property tax abatement to an Amusement/Entertainment business for increasing the size of its facilities and increasing employment.
- ◆ A 11 percent property tax abatement to two separate Distribution Centers for increasing the size of its facilities and increasing employment.

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

Sales tax in the amount of \$336.44 was also abated as follows:

Granting Jurisdiction	Type	Sales Tax
City of Bay Minette	Manufacturing	\$ 6.15
City of Foley	Amusement	312.09
City of Daphne	Manufacturing	18.20
Total County Abated Taxes		<u>\$336.44</u>

Note 17 – Restatements

During the fiscal year ended September 30, 2023, an accounting error was discovered from the end of the 2022 fiscal year. Certain accounting entries related to fixed asset purchases created automatic system entries that associated cash with the fixed asset fund reporting Governmental Activities. These automatic system entries caused cash and fund balance in Nonmajor Funds to be underreported at September 30, 2023. Beginning net position has been restated to reflect these changes.

	Other Governmental Funds	Total Governmental Funds
Fund Balance, September 30, 2022, as Previously Reported	\$41,323,279.71	\$163,608,012.87
Fund Restatements:		
Accounting Error of Underreporting Cash	555,935.14	555,935.14
Fund Balance, September 30, 2022, as Restated	<u>\$41,879,214.85</u>	<u>\$164,163,948.01</u>

	Governmental Activities
Net Position, September 30, 2022, as Previously Reported	\$556,904,377.73
Prior Period Error relating to Capital Assets	(81,879.81)
Accounting Error of Underreporting Cash	555,935.14
Net Position, September 30, 2022, as Restated	<u>\$557,378,433.06</u>

Required Supplementary Information

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 2,834,871	\$ 2,436,225	\$ 2,215,238	\$ 2,270,323	\$ 1,994,386	\$ 2,269,268	\$ 2,285,752	\$ 2,124,165	\$ 1,999,024
Interest	7,578,472	7,137,104	6,809,862	6,199,094	6,230,474	5,881,345	5,597,368	5,263,314	5,004,162
Changes of benefit terms	89,809		1,107,096						
Difference between expected and actual experience	181,947	1,760,360	(406,561)	4,717,240	(3,871,208)	89,178	697,193	771,757	
Changes of assumptions		3,317,228			429,592		1,732,191		
Benefit payments, including refunds of employee contributions	(6,469,979)	(5,777,067)	(5,247,228)	(5,069,515)	(4,559,735)	(4,725,538)	(4,111,516)	(3,855,591)	(3,671,986)
Transfers among employers	160,508	507,392	36,419	(96,242)	145,887	417,258	27,240		
Net change in total pension liability	4,375,628	9,381,242	4,514,826	8,020,900	369,396	3,931,511	6,228,228	4,303,645	3,331,200
Total pension liability - beginning	104,959,444	95,578,202	91,063,376	83,042,476	82,673,080	78,251,091	72,022,863	67,719,218	64,388,018
Total pension liability - ending (a)	\$ 109,335,072	\$ 104,959,444	\$ 95,578,202	\$ 91,063,376	\$ 83,042,476	\$ 82,673,080	\$ 78,251,091	\$ 72,022,863	\$ 67,719,218
Plan Fiduciary Net Position									
Contributions - employer	\$ 2,043,045	\$ 1,730,216	\$ 1,477,459	\$ 1,342,489	\$ 1,491,391	\$ 1,329,683	\$ 1,543,632	\$ 1,515,594	\$ 1,463,836
Contributions - employee	2,406,959	2,218,046	2,005,379	1,867,721	1,965,650	1,714,050	2,011,404	1,922,193	1,710,015
Net investment income	(10,808,692)	15,646,679	3,891,046	1,750,841	5,899,089	7,361,170	5,396,684	627,785	5,716,446
Benefit payments, including refunds of employee contributions	(6,469,979)	(5,777,067)	(5,247,228)	(5,069,515)	(4,559,735)	(4,725,538)	(4,111,516)	(3,855,591)	(3,671,986)
Other (Transfers among employers)	160,508	507,392	36,419	(96,242)	145,887	417,258	27,240	(158,634)	123,635
Net change in plan fiduciary net position	(12,668,159)	14,325,266	2,163,075	(204,706)	4,942,282	6,096,623	4,867,444	51,347	5,341,946
Plan fiduciary net position - beginning	85,445,710	71,120,444	68,957,369	69,162,075	64,219,793	58,123,170	53,255,726	53,204,379	47,862,433
Plan fiduciary net position - ending (b)	\$ 72,777,551	\$ 85,445,710	\$ 71,120,444	\$ 68,957,369	\$ 69,162,075	\$ 64,219,793	\$ 58,123,170	\$ 53,255,726	\$ 53,204,379
County's net pension liability - ending (a) - (b)	\$ 36,557,521	\$ 19,513,734	\$ 24,457,758	\$ 22,106,007	\$ 13,880,401	\$ 18,453,287	\$ 20,127,921	\$ 18,767,137	\$ 14,514,839
County's net position liability as a percentage of the total pension liability	66.56%	81.41%	74.41%	75.72%	83.29%	77.68%	74.28%	73.94%	78.57%
Covered payroll (*)	\$ 31,719,027	\$ 29,366,257	\$ 27,913,016	\$ 26,178,878	\$ 26,798,989	\$ 23,529,058	\$ 26,919,548	\$ 26,549,073	\$ 23,806,739
Net pension liability as a percentage of payroll	115.25%	66.45%	87.62%	84.44%	51.79%	78.43%	74.77%	70.69%	60.97%

(*) 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 beginning with fiscal year 2017.

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 Pension Liability
Baldwin County Sheriff's Office Personnel System
For the Year Ended September 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 1,859,406	\$ 1,614,488	\$ 1,402,986	\$ 1,411,641	\$ 1,239,267	\$ 1,228,839	\$ 1,173,731	\$ 1,128,915	\$ 1,087,588
Interest	4,387,479	3,968,472	3,751,364	3,330,284	3,177,134	2,910,589	2,656,684	2,543,684	2,386,040
Difference between expected and actual experience	(707,191)	1,587,300	(724,829)	2,862,263	(209,564)	1,136,048	663,924	(552,698)	
Changes of assumptions		2,962,572			263,378		1,580,665		
Changes of benefit terms	38,628		829,257						
Benefit payments, including refunds of employee contributions	(2,920,058)	(2,596,972)	(2,430,105)	(2,186,688)	(2,075,137)	(1,754,865)	(1,667,433)	(1,747,348)	(1,258,819)
Transfers among employers	11,817	(20,587)	74,352	172,780	(84,137)	78,816	(16,428)		
Net change in total pension liability	2,670,081	7,515,273	2,903,025	5,590,280	2,310,941	3,599,427	4,391,143	1,372,553	2,214,809
Total pension liability - beginning	60,352,361	52,837,088	49,934,063	44,343,783	42,032,842	38,433,415	34,042,272	32,669,719	30,454,910
Total pension liability - ending (a)	\$ 63,022,442	\$ 60,352,361	\$ 52,837,088	\$ 49,934,063	\$ 44,343,783	\$ 42,032,842	\$ 38,433,415	\$ 34,042,272	\$ 32,669,719
Plan Fiduciary Net Position									
Contributions - employer	\$ 1,402,485	\$ 1,214,352	\$ 1,081,331	\$ 1,058,091	\$ 907,775	\$ 813,364	\$ 843,625	\$ 856,624	\$ 853,830
Contributions - employee	1,578,041	1,374,288	1,295,177	1,227,053	1,226,260	1,059,001	1,045,197	985,808	950,773
Net investment income	(6,096,854)	8,658,856	2,107,915	919,858	3,024,039	3,699,210	2,651,790	303,056	2,695,338
Benefit payments, including refunds of employee contributions	(2,920,058)	(2,596,972)	(2,430,105)	(2,186,688)	(2,075,137)	(1,754,865)	(1,667,433)	(1,747,348)	(1,258,819)
Other (Transfers among employers)	11,817	(20,587)	74,352	172,780	(84,137)	78,816	(16,428)	81,432	24,554
Net change in plan fiduciary net position	(6,024,569)	8,629,937	2,128,670	1,191,094	2,998,800	3,895,526	2,856,751	479,572	3,265,676
Plan fiduciary net position - beginning	47,636,740	39,006,803	36,878,133	35,687,039	32,688,239	28,792,713	25,935,962	25,456,390	22,190,717
Plan fiduciary net position - ending (b)	\$ 41,612,171	\$ 47,636,740	\$ 39,006,803	\$ 36,878,133	\$ 35,687,039	\$ 32,688,239	\$ 28,792,713	\$ 25,935,962	\$ 25,456,390
County's net pension liability - ending (a) - (b)	\$ 21,410,271	\$ 12,715,621	\$ 13,830,285	\$ 13,055,930	\$ 8,656,744	\$ 9,344,603	\$ 9,640,702	\$ 8,106,310	\$ 7,213,329
County's net position liability as a percentage of the total pension liability	66.03%	78.93%	73.82%	73.85%	80.48%	77.77%	74.92%	76.19%	77.92%
Covered payroll(*)	\$ 19,267,337	\$ 17,168,529	\$ 17,271,152	\$ 16,066,764	\$ 15,739,067	\$ 13,766,815	\$ 13,562,984	\$ 13,044,867	\$ 12,446,067
County's net pension liability as a percentage of covered payroll	111.12%	74.06%	80.08%	81.26%	55.00%	67.88%	71.08%	62.14%	57.96%

(*) 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 beginning with 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
Baldwin County
For the Year Ended September 30, 2023***

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 2,377,134	\$ 2,043,045	\$ 1,730,216	\$ 1,477,459	\$ 1,342,489	\$ 1,491,391	\$ 1,329,683	\$ 1,543,632	\$ 1,515,594	\$ 1,463,836
Contributions in relation to the actuarially determined contribution (*)	\$ 2,377,134	\$ 2,043,045	\$ 1,730,216	\$ 1,477,459	\$ 1,342,489	\$ 1,491,391	\$ 1,329,683	\$ 1,543,632	\$ 1,515,594	\$ 1,463,836
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 34,743,333	\$ 31,719,027	\$ 29,366,257	\$ 27,913,016	\$ 26,178,878	\$ 26,798,989	\$ 23,529,058	\$ 26,919,548	\$ 26,549,073	\$ 23,806,739
Contributions as a percentage of covered payroll	6.84%	6.44%	5.89%	5.29%	5.13%	5.57%	5.65%	5.73%	5.71%	6.15%

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

Valuation date:

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	26.4
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 the Employer's Contributions - Pension
Baldwin County Sheriff's Office Personnel System
For the Year Ended September 30, 2023***

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 1,578,742	\$ 1,402,485	\$ 1,214,352	\$ 1,081,329	\$ 1,058,091	\$ 907,775	\$ 813,364	\$ 843,625	\$ 856,626	\$ 853,830
Contributions in relation to the actuarially determined contribution (*)	\$ 1,578,742	\$ 1,402,485	\$ 1,214,352	\$ 1,081,329	\$ 1,058,091	\$ 907,775	\$ 813,364	\$ 843,625	\$ 856,626	\$ 853,830
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 20,271,193	\$ 19,267,337	\$ 17,168,529	\$ 17,271,152	\$ 16,066,764	\$ 15,739,067	\$ 13,766,815	\$ 13,562,984	\$ 13,044,867	\$ 12,446,067
Contributions as a percentage of covered payroll	7.79%	7.28%	7.07%	6.26%	6.59%	5.77%	5.91%	6.22%	6.57%	6.86%

(*) The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer's Contributions is based on the 12 month period of the underlying financial statement.

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

Notes to Schedule

Valuation date:

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	18.7 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.75%, 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 the Employer's Proportionate Share of the Net Pension Liability
Judicial Retirement Fund
For the Year Ended September 30, 2023***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employer's proportionate share of the net pension liability	\$	\$	\$	\$	\$	\$	\$	\$	\$
State of Alabama's proportionate share of the net pension liability associated with the employer	\$ 517,664	\$ 361,319	\$ 455,282	\$ 415,665	\$ 427,905	\$ 453,447	\$ 492,200	\$ 465,614	\$ 417,244
Total	\$ 517,664	\$ 361,319	\$ 455,282	\$ 415,665	\$ 427,905	\$ 453,447	\$ 492,200	\$ 465,614	\$ 417,244
Employer's covered payroll	\$ 139,000	\$ 129,706	\$ 129,164	\$ 126,088	\$ 129,357	\$ 127,869	\$ 126,383	\$ 124,896	\$ 123,409
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	58.94%	72.50%	66.20%	67.44%	68.68%	66.22%	62.54%	62.20%	65.46%

Member and Employer Contributions

Judicial Retirement Fund (JRF) members contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, JRF members were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, JRF members are required by statute to contribute 8.50% of earnable compensation. Group 3 members of the JRF contribute 8.50% of earnable compensation to the JRF as required by statute.

Changes in assumptions

In 2021, rates of retirement and mortality were adjusted to more closely reflect actual experience. In 2021, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience, including a change in the discount rate from 7.65% to 7.40%. In 2021 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher Retiree Below Median Tables projected generationally with 66-2/3% of the MP-2020 scale beginning in 2019.

In 2018, the discount rate was changed from 7.75% to 7.65%.

In 2016, rates of retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 the expectation of retired life mortality was changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for males and 112% for females older than 78.

Schedule of the Employer's Proportionate Share of the Net Pension Liability
Judicial Retirement Fund
For the Year Ended September 30, 2023

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended September 30, 2023, reported in that schedule:

Valuation date	September 30, 2020
Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Single equivalent remaining amortization period	19.8 years
Asset valuation method	Five-year smoothed market value
Inflation rate	2.75%
Ultimate investment rate of return	7.65%
Projected salary increases	3.25% - 3.50%
Cost-of-living adjustments	3.00% per year for certain members hired prior to July 30, 1979, and for spouses' benefits subject to increase.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	2.50%
Projected Salary Increases	2.75% - 3.50%
Investment Rate of Return	7.40%

The actuarial assumptions used in the actuarial valuation as of September 30, 2021, were based on the results of an investigation of the economic and demographic experience for the JRF based upon participant data as of September 30, 2020 completed by the JRF and its actuaries. The purpose of the investigation was to assess the reasonableness of the actuarial assumptions and methods currently used by the JRF. This investigation resulted in changes to the actuarial assumptions. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2020.

***Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability
For the Year Ended September 30, 2023***

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 114,910	\$ 139,486	\$ 146,105	\$ 135,335	\$ 110,283	\$ 76,106
Interest	346,700	198,527	184,050	167,731	216,896	194,224
Changes of benefit terms						
Differences between expected and actual experience	720,574	1,145,812	1,005,916	1,362,149	484,789	198,920
Changes of assumptions	(52,297)	(1,482,703)	154,194	934,719	800,164	(244,221)
Benefit payments	(613,494)	(607,598)	(561,462)	(593,658)	(396,999)	(376,302)
Net change in total OPEB liability	516,393	(606,476)	928,803	2,006,276	1,215,133	(151,273)
Total OPEB liability - beginning	8,931,126	9,537,602	8,608,799	6,602,523	5,387,390	5,538,663
Total OPEB liability - ending	<u>\$ 9,447,519</u>	<u>\$ 8,931,126</u>	<u>\$ 9,537,602</u>	<u>\$ 8,608,799</u>	<u>\$ 6,602,523</u>	<u>\$ 5,387,390</u>
Covered-employee payroll	\$ 43,829,909	\$ 42,144,143	\$ 38,837,498	\$ 37,343,749	\$ 44,100,388	\$ 40,618,410
County's OPEB liability as a percentage of covered-employee payroll	21.55%	21.19%	24.56%	23.05%	14.97%	13.26%

Notes to Schedule:

Benefit changes. There were no changes of benefit terms for the year ended September 30, 2023.

Changes in assumptions. The discount rate as of September 30, 2021, was 2.15% and it changed to 4.02% as of September 30, 2022. The discount rate has remained the same 4.02% for the year ended September 30, 2023.

This schedule is presented using the optional format of combining the required schedules in paragraphs 57a and 57b of GASB Statement Number 75.

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
Actuarially determined contribution	\$ 632,653	\$ 574,173	\$ 541,675	\$ 457,556	\$ 428,681	\$ 382,175
Contributions in relation to the actuarially determined contribution	\$ 613,494	\$ 607,598	\$ 561,462	\$ 593,658	\$ 396,999	\$ 376,302
Contribution deficiency (excess)	\$ 19,159	\$ (33,425)	\$ (19,787)	\$ (136,102)	\$ 31,682	\$ 5,873
Covered-employee payroll	\$ 43,829,909	\$ 42,144,143	\$ 38,837,498	\$ 37,343,749	\$ 44,100,388	\$ 40,618,410
Contributions as a percentage of covered-employee payroll	1.40%	1.44%	1.45%	1.59%	0.90%	0.93%

Notes to Schedule

Valuation date: October 1, 2022

Actuarially determined contribution rates are calculated as of September 30, of the last day of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	Market Value
Inflation	2.5% annually
Healthcare cost trend rates	Flat 5.5% annually for ten years, 4.5% thereafter
Salary increases	4.0% annually
Discount Rate	4.02% annually (Beginning of Year to Determine ADC) 4.02% annually (As of End of Year Measurement Date)
Retirement age	The earlier of 30 years of service at any age or attainment of age 60 and 25 years of service; employees hired on and after January, 2013 are not eligible to retire until age 62.
Mortality	RP-2000 without projection
Turnover	Age specific table with an average of 15% when applied to the active census

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

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

	Budgeted Amounts		Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final				
Revenues						
Taxes	\$ 78,436,518.00	\$ 78,436,518.00	\$ 77,042,063.96	(1)	\$ 17,614,694.04	\$ 94,656,758.00
Licenses and Permits	1,974,000.00	2,060,861.00	2,188,236.45			2,188,236.45
Intergovernmental	3,365,400.00	3,545,835.00	5,293,602.84	(1)	126,193.15	5,419,795.99
Charges for Services	18,950,137.00	18,950,137.00	17,892,754.55	(1)	160,824.48	18,053,579.03
Fines and Forfeits	35,000.00	35,000.00	43,332.12			43,332.12
Miscellaneous	3,109,057.00	3,795,722.88	6,181,653.25	(1)	13,944,880.19	20,126,533.44
Total Revenues	105,870,112.00	106,824,073.88	108,641,643.17		31,846,591.86	140,488,235.03
Expenditures						
Current:						
General Government	34,491,156.00	33,643,984.24	27,992,625.30	(2)	(16,234,536.16)	44,227,161.46
Public Safety	42,296,703.00	42,704,490.42	38,798,266.10			38,798,266.10
Health	882,500.00	882,500.00	653,688.70			653,688.70
Welfare	11,000.00	11,000.00	7,920.00	(2)	(869,336.78)	877,256.78
Culture and Recreation	106,202.00	133,263.69	693,461.63	(2)	(2,207,948.10)	2,901,409.73
Education	72,033.00	77,123.00	74,833.95			74,833.95
Capital Outlay	7,609,819.00	14,811,593.13	3,573,360.74	(2)	(1,186,795.53)	4,760,156.27
Debt Service:						
Interest and Fiscal Charges	237,036.00	237,036.00	229,214.75			229,214.75
Total Expenditures	85,706,449.00	92,500,990.48	72,023,371.17		(20,498,616.57)	92,521,987.74
Excess (Deficiency) of Revenues over Expenditures	20,163,663.00	14,323,083.40	36,618,272.00		11,347,975.29	47,966,247.29
Other Financing Sources (Uses)						
Transfers In	567,771.00	567,771.00	(4,104,795.83)	(3)	4,954,419.24	849,623.41
Proceeds from Sale of Capital Assets		35,000.00	91,355.23	(3)	3,089.14	94,444.37
Lease Liabilities Issued			118,022.27			118,022.27
Proceeds from Long-Term Debt Issued			810,501.00			810,501.00
Transfers Out	(21,199,423.00)	(23,682,223.00)	(16,232,481.04)	(3)	(17,069,223.88)	(33,301,704.92)
Other Financing Sources						
Total Other Financing Sources (Uses)	(20,631,652.00)	(23,079,452.00)	(19,317,398.37)		(12,111,715.50)	(31,429,113.87)
Net Change in Fund Balances	(467,989.00)	(8,756,368.60)	17,300,873.63		(763,740.21)	16,537,133.42
Fund Balances - Beginning of Year	467,989.00	8,756,368.60	49,365,194.64	(4)	3,356,575.62	52,721,770.26
Fund Balances - End of Year	\$	\$	\$ 66,666,068.27		\$ 2,592,835.41	\$ 69,258,903.68

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 GAAP Basis:

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

(1) Revenues			
Legislative Delegation Fund	\$	330,408.36	
Road and Bridge Fund		17,512,291.55	
Council on Aging Fund		170,022.40	
Parks Fund		252,700.38	
Flexible Benefits Fund		237,852.64	
Supernumerary Fund		671.25	
Utilities Permit Fund		13,541.31	
Self Insurance Fund		13,329,103.97	
			\$ 31,846,591.86
(2) Expenditures			
Legislative Delegation Fund	\$	299,904.31	
Council on Aging Fund		869,336.78	
Parks Fund		3,394,743.63	
Flexible Benefits Fund		242,855.49	
Self Insurance Fund		15,691,776.36	
			(20,498,616.57)
(3) Other Financing Sources/(Uses), Net			
Legislative Delegation Fund	\$	197,513.24	
Road and Bridge Fund		(17,000,000.00)	
Council on Aging Fund		806,760.26	
Parks Fund		3,884,011.00	
			(12,111,715.50)
Net Change in Fund Balance - Budget to GAAP			\$ (763,740.21)

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

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Taxes	\$ 9,625,000.00	\$ 9,830,078.00	\$ 9,342,217.05	\$	\$ 9,342,217.05
Intergovernmental	2,837,550.00	4,832,800.00	7,949,343.21	(1) 1,217,587.41	9,166,930.62
Charges for Services	170,300.00	172,100.00	197,694.05		197,694.05
Miscellaneous	460,000.00	1,225,164.00	2,305,775.15	(1) 32,440.72	2,338,215.87
Total Revenues	13,092,850.00	16,060,142.00	19,795,029.46	1,250,028.13	21,045,057.59
Expenditures					
Current:					
Highways and Roads	30,675,451.00	47,491,966.45	14,918,597.97		14,918,597.97
Capital Outlay	3,340,431.00	7,945,909.26	14,954,768.68		14,954,768.68
Total Expenditures	34,015,882.00	55,437,875.71	29,873,366.65		29,873,366.65
Excess (Deficiency) of Revenues over Expenditures	(20,923,032.00)	(39,377,733.71)	(10,078,337.19)	1,250,028.13	(8,828,309.06)
Other Financing Sources (Uses)					
Transfers In	23,884,656.00	23,964,656.00	23,227,805.96		23,227,805.96
Proceeds from Sale of Capital Assets	598,000.00	773,998.00	2,428,307.88		2,428,307.88
Lease Liabilities Issued			24,366.28		24,366.28
Transfers Out	(2,663,357.00)	(2,663,357.00)	(1,432,805.92)	(2) (1,141,500.00)	(2,574,305.92)
Total Other Financing Sources (Uses)	21,819,299.00	22,075,297.00	24,247,674.20	(1,141,500.00)	23,106,174.20
Net Change in Fund Balances	896,267.00	(17,302,436.71)	14,169,337.01	108,528.13	14,277,865.14
Fund Balances - Beginning of Year	(896,267.00)	17,302,436.71	26,834,564.24	(3) 777,374.58	27,611,938.82
Fund Balances - End of Year	\$	\$	\$ 41,003,901.25	\$ 885,902.71	\$ 41,889,803.96

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 GAAP Basis:

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

(1) Revenues		
Public Highway and Traffic Fund	\$ 982,011.28	
Severed Material Severance Tax Fund	<u>268,016.85</u>	\$ 1,250,028.13
(2) Other Financing Sources/(Uses)		
Public Highway and Traffic Fund	\$ (930,700.00)	
Severed Material Severance Tax Fund	<u>(210,800.00)</u>	<u>(1,141,500.00)</u>
Net Change in Fund Balance - Budget to GAAP		<u>\$ 108,528.13</u>

(3) 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 Balance because of the cumulative effect of transactions such as those described above.

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
Revenues					
Intergovernmental	\$ 28,394,946.92	\$ 28,394,946.92	\$ 3,609,607.53	\$	\$ 3,609,607.53
Miscellaneous	10,084.00	10,084.00	1,107,137.61		1,107,137.61
Total Revenues	28,405,030.92	28,405,030.92	4,716,745.14		4,716,745.14
Expenditures					
Current:					
General Government	22,555,670.44	16,807,100.44	956,933.67		956,933.67
Public Safety	787,735.86	789,235.86	804,225.43		804,225.43
Highways and Roads	710,818.00	5,207,842.00	926,755.09		926,755.09
Welfare		695,346.00	2,631.47		2,631.47
Capital Outlay	5,138,355.62	5,139,257.62	919,061.87		919,061.87
Total Expenditures	29,192,579.92	28,638,781.92	3,609,607.53		3,609,607.53
Excess (Deficiency) of Revenues Over Expenditures	(787,549.00)	(233,751.00)	1,107,137.61		1,107,137.61
Net Change in Fund Balances	(787,549.00)	(233,751.00)	1,107,137.61		1,107,137.61
Fund Balances - Beginning of Year	2,763,273.00	233,751.00	194,489.55		194,489.55
Fund Balances - End of Year	\$ 1,975,724.00	\$	\$ 1,301,627.16	\$	\$ 1,301,627.16

Supplementary Information

This Page Intentionally Blank

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
<u>U. S. Department of Agriculture</u>				
<u>Passed Through Alabama Department of Education</u>				
Child Nutrition Cluster:				
School Breakfast Program - Cash Assistance	10.553	N/A	\$	\$ 21,331.80
National School Lunch Program:				
Cash Assistance	10.555	N/A		40,565.96
Supply Chain Assistance Allocation	10.555	N/A		5,574.44
Sub-Total National School Lunch Program				<u>46,140.40</u>
Sub-Total Child Nutrition Cluster				<u>67,472.20</u>
Total U. S. Department of Agriculture				<u>67,472.20</u>
<u>U. S. Department of Commerce</u>				
<u>Passed Through Alabama Department of Environmental Management</u>				
Coastal Zone Management Administration Awards	11.419	C90593016		38,500.00
Total U. S. Department of Commerce				<u>38,500.00</u>
<u>U. S. Department of Interior</u>				
<u>Direct Programs</u>				
Payments in Lieu of Taxes	15.226	N/A		41,174.00
GoMESA	15.435	N/A		422,179.81
National Wildlife Refuge Fund	15.659	N/A		307,715.00
Total U. S. Department of Interior				<u>771,068.81</u>
<u>U. S. Department of Justice</u>				
<u>Direct Programs</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A		15,467.96
Equitable Sharing Program	16.922	N/A		104,520.79
Total U. S. Department of Justice				<u>119,988.75</u>
<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	2,631.47	4,993,665.53
COVID-19 Emergency Rental Assistance Program	21.023	N/A		2,025.96
Total U. S. Department of the Treasury			<u>2,631.47</u>	<u>4,995,691.49</u>
Sub-Total Forward			\$ 2,631.47	\$ 5,992,721.25

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
Sub-Total Brought Forward			\$ 2,631.47	\$ 5,992,721.25
<u>U. S. Department of Transportation</u>				
<u>Passed Through Alabama Department of Transportation</u>				
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FTA 9C1000 69246	538,930.94	709,827.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FTA 9C1000 75820	19,285.00	48,720.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2022-021-01 3000-A1		59,520.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2022-021-01 1140-A4		11,413.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2022-021-01 1170-A3		14,130.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2022-021-01 1130-A5		134,677.00
Sub-Total Federal Transit - Formula Grants (Urbanized Area Formula Program)			558,215.94	978,287.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTO 100075 953		666,353.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTO 100075 954		711,442.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTOC 100075 956		127,787.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTOC 100075 955		162,721.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTO8 100076 060		12,181.00
Sub-Total Formula Grants for Rural Areas and Tribal Transit Program				1,680,484.00
Total U. S. Department of Transportation			558,215.94	2,658,771.00
<u>U. S. Department of Health and Human Services</u>				
<u>Passed Through South Alabama Regional Planning Commission</u>				
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	302-AAA-2023		145,052.00
<u>Passed Through Alabama Department of Public Health</u>				
Public Health Emergency Preparedness	93.069	5NU90TP922030		10,998.14
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6NU50CK000545-03-01		76,365.58
<u>Passed Through NNPHI</u>				
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health	93.421	CDC-OT18-1802		20,285.00
Total U. S. Department of Health and Human Services				252,700.72
<u>Executive Office of the President</u>				
<u>Passed Through Alabama Law Enforcement Agency</u>				
High Intensity Drug Trafficking Areas Program	95.001	G21C0006A		66,736.09
Total U. S. Executive Office of the President				66,736.09
Sub-Total Forward			\$ 560,847.41	\$ 8,970,929.06

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
Sub-Total Brought Forward			\$ 560,847.41	\$ 8,970,929.06
<u>U. S. Department of Homeland Security</u>				
<u>Passed Through Alabama Emergency Management Agency</u>				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4563-DR		1,493,900.02
Emergency Management Performance Grant Program	97.042	EMA-2023-EP-00005		66,419.00
<u>Passed Through Alabama Law Enforcement Agency</u>				
Homeland Security Grant Program	97.067	20LOC		40,136.70
Total U. S. Department of Homeland Security				<u>1,600,455.72</u>
<u>Gulf Coast Ecosystem Restoration Council (RESTORE)</u>				
<u>Passed Through Alabama Department of Conservation and Natural Resources</u>				
Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program	87.052	S1P13-BSWQ		639,432.04
Total Gulf Coast Ecosystem Restoration Council (RESTORE)				<u>639,432.04</u>
Total Expenditures of Federal Awards			<u>\$ 560,847.41</u>	<u>\$ 11,210,816.82</u>

N/A = Not Available or Not Applicable

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 Baldwin County 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 Baldwin County Commission, it is not intended to and does not present the financial position, changes in net position or cash flows of the Baldwin County 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 Baldwin County Commission has elected not to use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

Additional Information

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

Commission Members		Term Expires
Hon. Charles F. Gruber	Chairperson	2026
Hon. Billie Jo Underwood	Vice-Chairperson	2026
Hon. James E. Ball, Jr.	Member	2026
Hon. Matthew P. McKenzie	Member	2026
<u>Administrative Personnel</u>		
Cian Harrison (*)	Clerk/Treasurer	2023
Roger Rendleman (**)	County Administrator	Indefinite
Ronald J. Cink (***)	County Administrator	2023

(*) Resignation effective November 3, 2023

(**) Appointed by Commission May 8, 2023

(***) Resignation effective May 10, 2023

***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 Baldwin County Commission,
County Administrator, and Clerk/Treasurer
Bay Minette, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Baldwin County Commission, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Baldwin County Commission's basic financial statements and have issued our report thereon December 18, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we considered 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 Baldwin County Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards***.

Purpose of this Report

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



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

December 18, 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 Baldwin County Commission,
County Administrator, and Clerk/Treasurer
Bay Minette, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal program

We have audited the Baldwin 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 each of the Baldwin County Commission's major federal programs for the year ended September 30, 2023. The Baldwin 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 Baldwin 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 Baldwin 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 Baldwin 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 Baldwin 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 Baldwin 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 Baldwin 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 Baldwin 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 Baldwin 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 Baldwin 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

December 18, 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 Numbers	Name of Federal Program or Cluster
21.027	COVID-19, Coronavirus State and Local Fiscal Recovery Funds
20.507	Federal Transit – Formula Grants (Urbanized Area Formula Program)

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.