



Baldwin County Commission

Baldwin County, Alabama

October 1, 2023 through September 30, 2024

Filed: November 28, 2025

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

Rachel Laurie Riddle, *Chief Examiner* | 334-777-0500 | www.alexaminers.gov



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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, 2023 through September 30, 2024, by Examiners Daniel R. Beech and David Quick. I, David Quick, 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,

David A. Quick
Examiner of Public Accounts

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Department of **Examiners of Public Accounts**

SUMMARY

Baldwin County Commission October 1, 2023 through September 30, 2024

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 22. 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, 2024.

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 22, were invited to discuss the results of this report at an exit conference held at Commission’s office. Individuals in attendance were County Administrator, Interim Treasurer/Clerk Roger H. 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 Ryan Beech, Examiner.

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Independent Auditor's Report

Independent Auditor's Report

Members of the Baldwin County Commission and
County Administrator, Interim 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, 2024, 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 10.

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, 2024, 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.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the Baldwin County Commission adopted new accounting guidance, GASB Statement Number 100, ***Accounting Changes and Error Corrections***. Our opinion is not modified with respect to this matter.

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

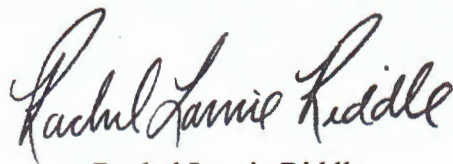
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedules of Changes in the Employer's Net Pension Liability, the Schedule of the Employer's Proportionate Share of the Net Pension Liability – Judicial Retirement 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 11 through 20), 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.

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 21), 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 November 18, 2025, 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

November 18, 2025

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Management's Discussion and Analysis
(Required Supplementary Information)

Baldwin County Commission
Management Discussion and Analysis (MD&A)
For the Fiscal Year Ended September 30, 2024

Introduction

The Baldwin County Commission is proud to present the Management Discussion and Analysis (MD&A) for the fiscal year ended September 30, 2024. This report offers a comprehensive review of Baldwin County's financial performance, highlighting the major initiatives and accomplishments that have defined the past year. With a steadfast commitment to strategic growth, infrastructure modernization, and the efficient delivery of essential services, Baldwin County continues to build a thriving and resilient community for its residents.

Overview of Financial Statements

This section provides a concise introduction to Baldwin County's basic financial statements, which are the cornerstone of its financial reporting framework. These statements encompass three primary components—government-wide financial statements, fund financial statements, and notes to the financial statements offering unique insights into the County's fiscal operations and financial health. To enhance transparency and understanding, the report also includes supplementary information that further supports and complements these financial statements.

- **Government-Wide Financial Statements:** The government-wide financial statements offer a comprehensive snapshot of Baldwin County's financial health, presenting all assets, liabilities, revenues, and expenses using the full accrual basis of accounting—akin to private-sector practices. By including the Statement of Net Position and the Statement of Activities, these statements enable stakeholders to gain valuable insights into the County's overall fiscal position and performance.
- **Fund Financial Statements:** The fund financial statements deliver a detailed view of Baldwin County's individual funds, including governmental, proprietary, and fiduciary categories. Each statement focuses on the unique purpose and financial activity of the respective funds, offering insight into the County's fiscal stewardship and accountability. Unlike government-wide statements, these reports utilize the modified accrual basis of accounting, recognizing revenues when they are measurable and available, and expenses when incurred. By emphasizing short-term financial information, these statements are vital tools for evaluating the County's operational effectiveness and resource allocation.

- **Notes to the Financial Statements:** The Notes to the Financial Statements serve as an essential companion to the government-wide and fund financial statements, offering in-depth narrative and quantitative insights. These notes provide critical explanations of significant accounting policies, detailed financial activity analyses, and key disclosures that enhance transparency and contextual understanding. Together, they ensure that stakeholders have a holistic and accurate perspective of the County's financial landscape.
- **Supplementary Information:** In accordance with accounting principles generally accepted in the United States, the Baldwin County Commission provides supplementary schedules and statistical data alongside the basic financial statements to enhance transparency and understanding. These schedules detail critical aspects of the County's financial condition and operations, including pension liabilities, postemployment benefits, and fund balances.

Additionally, the report includes a Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200 (Uniform Guidance). This schedule is presented as part of additional analysis and offers key information on federal awards received and expended during the fiscal year. While this schedule is not considered a required part of the basic financial statements, it is an essential component in demonstrating compliance with federal regulations and ensuring accountability for grant-funded programs.

This comprehensive compilation of financial statements, accompanying notes, and supplementary information provides stakeholders with a thorough and transparent view of Baldwin County's fiscal operations and financial standing. By presenting detailed data and meaningful disclosures, the County demonstrates its ongoing commitment to financial accountability and effective governance.



Financial Highlights

For the fiscal year ended September 30, 2024, Baldwin County strengthened its financial position and maintained a disciplined approach to growth, reflected in the following highlights:

- Governmental revenues increased by 16.3%, rising from \$210.6 million in FY2023 to \$244.9 million in FY2024. The increase was driven by strong performance in tax collections and intergovernmental support, including program-specific reimbursements and unrestricted federal funds.
- Total governmental expenditures grew by 7.4%, from \$176.2 million in FY2023 to \$189.2 million in FY2024, reflecting measured expansion of services and targeted increases in public safety, infrastructure, and capital investment.
- Total Net Position increased by 1.3%, rising from \$641.6 million in FY2023 to \$649.7 million in FY2024, indicating stable countywide asset expansion and responsible long-term planning.
- Capital Projects Fund expenditures reached \$19.9 million, reflecting major capital improvements such as upgrades to the Sheriff's Office, courthouse renovations, and other facility enhancements.
- Unassigned governmental fund balances increased by 41%, growing from \$53.2 million in FY2023 to \$75 million in FY2024. This increase underscores Baldwin County's disciplined financial planning and enhanced flexibility to fund future obligations and strategic priorities without reliance on debt.

Overall Financial Position and Results of Operations

This section provides a detailed analysis of Baldwin County's financial position and operational outcomes for the fiscal year ended September 30, 2024. By examining key performance metrics and comparing them with the prior fiscal year, the report highlights trends, accomplishments, and areas of focus that have shaped the County's financial trajectory. The analysis reflects Baldwin County's dedication to maintaining fiscal health while addressing community needs and advancing strategic objectives.

The **Statement of Net Position** (Exhibit 1) delivers a clear snapshot of Baldwin County’s financial standing as of the fiscal year ended September 30, 2024. By consolidating governmental and business-type activities, this statement offers stakeholders a comprehensive view of the County's overall fiscal health, highlighting assets, liabilities, and net position trends. The Condensed Statement of Net Position shown next includes comparative data from fiscal year 2023.

Baldwin County Commission								
Condensed Statement of Net Position								
September 30, 2024 and 2023 (millions)								
In Millions	Governmental Activities		Business-type Activities		Total			
	2024	2023	2024	2023	2024	2023		
Assets								
Current and other assets	\$371.0	\$301.3	\$0.0	\$30.3	\$371.0	\$331.7		
Restricted and noncurrent assets	\$19.3	\$12.3	\$0.0	\$0.0	\$19.3	\$12.4		
Capital assets	\$577.1	\$543.2	\$0.0	\$31.1	\$577.1	\$574.3		
Total Assets	\$967.4	\$856.9	\$0.0	\$61.5	\$967.4	\$918.3		
Total Deferred Outflows of Resources	\$31.6	\$32.3	\$0.0	\$2.4	\$31.6	\$34.7		
Liabilities								
Total current liabilities	\$61.7	\$72.3	\$0.0	\$2.1	\$61.7	\$74.4		
Total noncurrent liabilities	\$205.8	\$149.9	\$0.0	\$11.5	\$205.8	\$161.4		
Total Liabilities	\$267.5	\$222.3	\$0.0	\$13.6	\$267.5	\$235.8		
Total Deferred Inflows of Resources	\$81.8	\$75.1	\$0.0	\$0.5	\$81.8	\$75.6		
Net Position								
Net investment in capital assets	\$490.2	\$471.2	\$0.0	\$31.1	\$490.2	\$502.3		
Restricted	\$58.4	\$53.4	\$0.0	\$6.8	\$58.4	\$60.2		
Unrestricted	\$101.1	\$67.2	\$0.0	\$11.9	\$101.1	\$79.0		
Total Net Position	\$649.7	\$591.7	\$0.0	\$49.9	\$649.7	\$641.6		

Governmental Activities:

Total assets rose from \$856.9 million in 2023 to \$967.4 million in 2024, driven by increases in capital assets and cash equivalents, reinforcing Baldwin County's financial growth. Deferred outflows total \$31.6 million, primarily related to the net pension liability and Other Post-Employment Benefits (OPEB) liability, which are gradually recognized over time.

Baldwin County's governmental activities continue to demonstrate a deliberate and forward-thinking approach to financial growth and stability, with total liabilities increasing from \$222.3 million in fiscal year 2023 to \$267.5 million in fiscal year 2024. This change reflects targeted investments in infrastructure, expanded service capabilities, and optimized financial structuring designed to support long-term development while maintaining fiscal responsibility.

A significant driver of this expansion is the increase in long-term debt, particularly warrants payable, which grew from \$34.9 million in 2023 to \$68.7 million in 2024.

The substantial increase is related to the Series 2024 Warrants for \$37.5 million, which are issued by the County under the authority of the Constitution and laws of the State of Alabama, related to a Tax Increment Financing (TIF) District within a Major 21st Century Manufacturing Zone. The TIF Statute authorizes any county or municipality in the State that has created a tax increment district to issue obligations, including warrants, to finance the cost of public works or improvements within the district, and to pledge tax increment within the district for the repayment of associated debt issued. To increase the security and marketability of the tax increment obligations, the County Commission pledged its full faith and credit for the payment of any associated debt service not met by tax increments created within the district. The TIF District includes the County's Mega Site outside of Bay Minette, Alabama, strategically located next to a major U.S. Interstate (I-65), a major rail line (CSX), and just northeast of the Port of Mobile. This warrant issue is directly related to a significant industrial investment in Baldwin County further noted in Future Outlook later in the MD&A.

In parallel, notes from direct borrowing rose from \$49.3 million to \$60.5 million, reflecting strategic investments in government facilities and operational assets that will enhance efficiency and service delivery.

While total liabilities increased, Baldwin County has effectively managed short-term obligations to preserve fiscal balance. Current liabilities decreased from \$72.3 million to \$61.7 million, primarily driven by a \$7.8 million reduction in unearned revenues. This shift suggests strong tax collections and grant funding, ensuring that previously deferred revenues are now recognized and contributing to overall financial stability. Additionally, deferred inflows total \$75.6 million, primarily composed of unavailable revenue from property taxes and other deferred amounts, reinforcing the County's ability to fund future obligations.

Through structured financing, prudent debt management, and strategic revenue allocation, Baldwin County continues to strengthen its financial foundation. These measures provide the County with the ability to advance major infrastructure projects while maintaining fiscal sustainability, ensuring long-term benefits for residents and government operations.

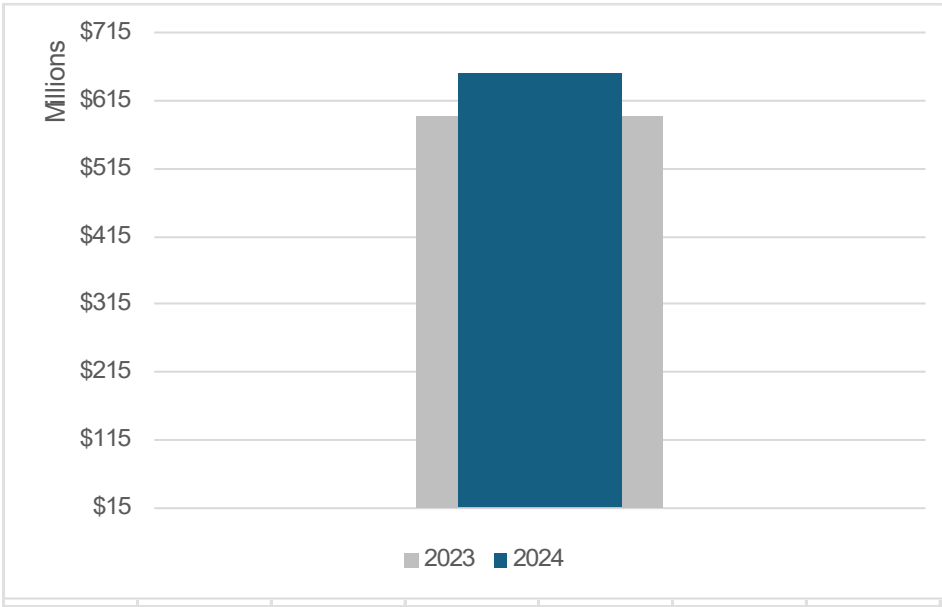
Business-type Activities:

In 2023, the Baldwin County Commission (BCC) approved the establishment of the Baldwin County Solid Waste Disposal Authority (SWDA) to oversee solid waste collection, disposal, and utilization in the unincorporated areas of Baldwin County. This initiative was formalized through BCC Resolution #2023-114 on May 2, 2023, with additional amendments to the articles of incorporation made under Resolution #2024-045 on December 5, 2023.

Following this organizational shift, all assets, liabilities, and operational responsibilities related to solid waste management were officially transferred from the Baldwin County Commission to the SWDA as of September 30, 2023. This transition resulted in the reduction of all relevant balances to \$0 on the Statement of Net Position for the fiscal year ending September 30, 2024. The transferred items included current assets, such as cash and receivables, and noncurrent assets, like capital assets and restricted cash. Similarly, liabilities such as payables, accrued wages, and long-term obligations were fully reassigned to the SWDA.

The SWDA now operates as an independent public, nonprofit entity with a clear mandate to enhance the efficiency, sustainability, and compliance of waste management services in Baldwin County. This new structure is designed to meet environmental standards while prioritizing effective and responsible waste disposal practices for the community.

Total Net Position: As of September 30, 2024, Baldwin County's total net position reached \$649.7 million, reflecting an increase from \$641.6 million in the prior year. This growth highlights the County's commitment to strategic investments and financial stability.



The **Statement of Activities** (Exhibit 2) offers a detailed overview of Baldwin County’s financial performance for fiscal year 2024. It highlights the costs of delivering program services, offset by service charges and grant funding, to provide a clear understanding of net expenditures. The summarized statement below presents a transparent view of the Governmental Activities reliant on general revenues to bridge funding gaps.

Primary Government - Fiscal Year 2024 (millions)								
Functions/Programs	Total Cost of Services		Charges for Services		Operating Grants and Contributions		Net Cost of Services	
General Government	\$74.7	39.5%	\$37.6	90.1%	\$7.2	45.4%	\$29.9	22.7%
Public Safety	63.2	33.4%	1.9	4.6%	2.6	16.1%	58.7	44.6%
Highways and Roads	33.5	17.7%	1.8	4.4%	1.0	6.5%	30.7	23.3%
Sanitation	3.7	2.0%	0.0	0.0%	0.0	0.0%	3.7	2.8%
Health	4.1	2.2%	0.0	0.1%	0.1	0.3%	4.0	3.1%
Welfare	1.3	0.7%	0.0	0.0%	0.1	0.9%	1.1	0.8%
Culture and Recreation	5.3	2.8%	0.3	0.8%	4.9	30.7%	0.1	0.1%
Education	0.1	0.1%	0.0	0.0%	0.0	0.0%	0.1	0.1%
Interest on Long-Term Debt	3.3	1.8%	0.0	0.0%	0.0	0.0%	3.3	2.5%
Total Governmental Activities	\$189.2	100.0%	\$41.7	100.0%	\$15.8	100.0%	\$131.7	100.0%

Total Governmental Activities resulted in a net cost of \$131.7 million, reflecting \$189.2 million in total expenses offset by \$57.5 million in program revenues. The net costs of these services were funded through general revenues, which totaled \$189.7 million and are summarized next.

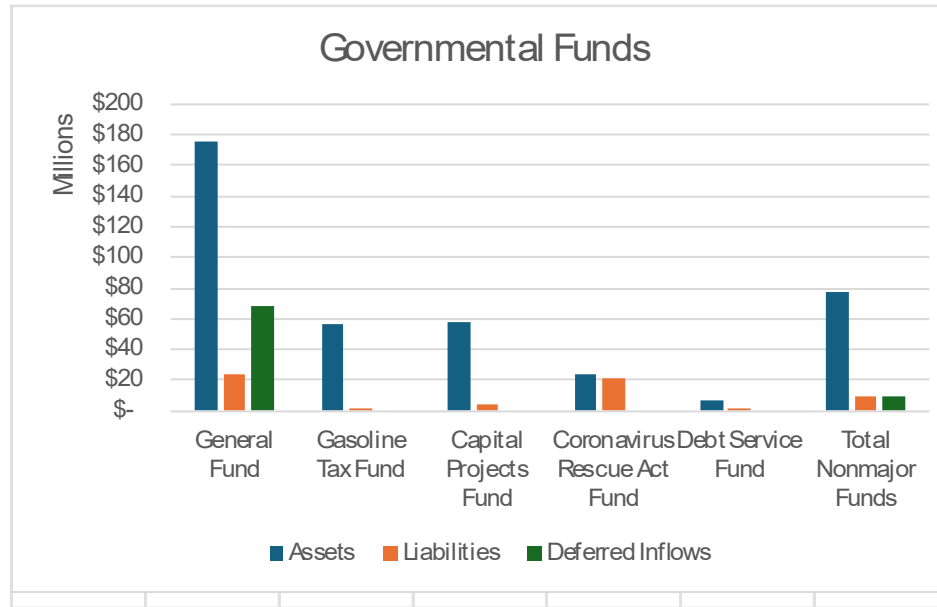
Sources of General Revenues	Fiscal Year 2024 (millions)	
Taxes	\$137.3	72.4%
Investment Earnings	11.6	6.1%
Grants / Relief Funds	9.8	5.2%
Royalties	6.1	3.2%
Permit Fees	2.9	1.6%
Gain on Disposition of Capital Asset	2.4	1.3%
Contractual Considerations	2.2	1.2%
Miscellaneous	17.3	9.1%
TOTAL	\$189.7	100.0%

Throughout fiscal year 2024, Baldwin County's governmental activities primarily depended on general revenues to fund their operations. Business-type activities were discontinued following the establishment of the Baldwin County Waste Disposal Authority, as previously discussed. The County achieved a positive change in net position, demonstrating robust financial performance and effective fiscal management during the year.

In fiscal year 2024, the Baldwin County Commission conducted a thorough review of its revenue classifications to ensure alignment with generally accepted accounting principles (GAAP) and improve clarity in financial reporting. As part of this effort, certain revenues previously categorized as General Revenues under "Miscellaneous" were reclassified as Program Revenues. This reclassification better reflects the direct association of these revenues with specific program activities and enhances the transparency of financial statements. The summary to follow illustrates the comparability between fiscal year 2023 and 2024 with the revised revenue classifications.

Statement of Activities	2023	2023	2024
	As Reported	With Reclassification	
Charges for Services	\$21.7	\$37.8	\$41.7
Operating Grants and Contributions	8.5	10.3	15.8
Total Government Program Revenues	\$30.2	\$48.2	\$57.5
Total General Revenues and Transfers	\$180.4	\$162.4	\$189.7

These adjustments were made solely for presentation purposes and did not affect the total revenues reported for fiscal years 2023 or 2024. By adopting this refined classification, the Commission underscores its commitment to accurate and transparent financial reporting, providing stakeholders with a clearer understanding of revenue streams and their allocation.

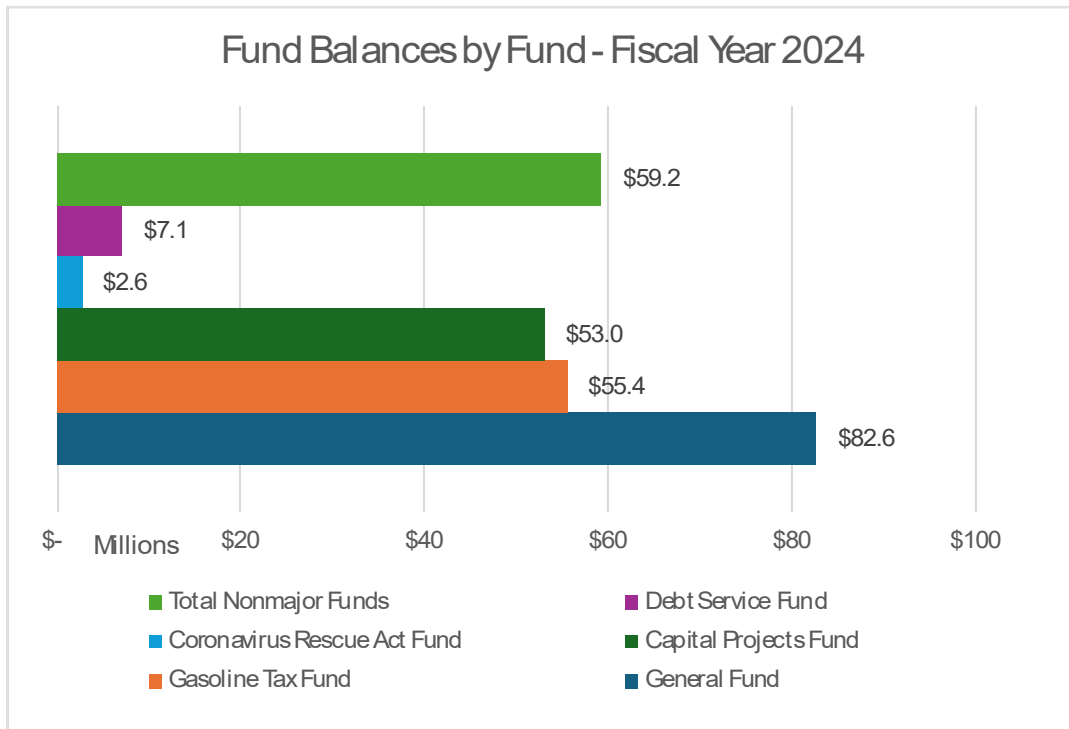


The **Balance Sheet** (Exhibit 3) for Baldwin County's governmental funds offers a comprehensive view of the financial position of each fund as of the fiscal year end. Below is a visual representation of Assets, Liabilities, and Deferred Inflows of Resources categorized by fund, providing stakeholders with key insights into the County's fiscal health and resource allocation.

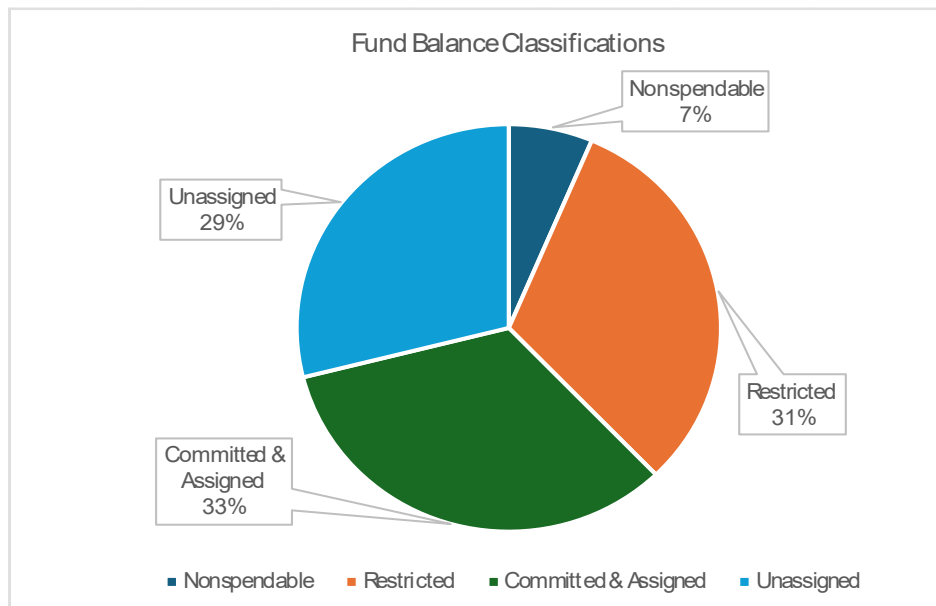
Total assets amounting to \$397.0 million consist of cash and cash equivalents, taxes receivable, trade receivables (net), and other assets. Liabilities total \$59.7 million, encompassing payables, interfund balances, unearned revenue, and other current obligations. Deferred inflows of resources, totaling \$77.5 million, primarily include deferred property taxes and other anticipated inflows.

The \$259.9 million in total fund balances represents a strategic allocation across all governmental funds, effectively supporting both general operations and dedicated projects.

The **Allocation of Fund Balances by Fund** is shown below.



Fund Balances (by Characterization)



Fund Balances (by Characterization – continued)

- **Nonspendable Fund Balances:** Totaling \$16.4 million, comprising inventories, prepaid items, and term endowments.
- **Restricted Fund Balances:** Amounting to \$81.6 million, reserved for capital projects, debt service, highways and roads, and other designated purposes.
- **Assigned and Committed Fund Balances:** Totals \$86.5 million, allocated for specific uses, including capital projects and encumbrances.
- **Unassigned Fund Balances:** \$75.1 million, reflecting available resources for general use.

The Balance Sheet highlights Baldwin County's substantial financial position, with significant cash reserves and receivables across governmental funds. Current liabilities and deferred inflows represent obligations and anticipated revenues, while fund balances demonstrate the County's strong fiscal health, with resources strategically allocated for both dedicated projects and general operations.

This reconciliation shown in Exhibit 4 addressed the modified accrual basis used for fund-level reporting in Exhibit 3 and the full accrual basis employed in Exhibit 1. By addressing these variances, the reconciliation ensures transparency and provides clarity into how assets, liabilities, and fund balances align across governmental funds and the County's overall financial position. It offers a complete view of Baldwin County's fiscal operations, fostering a better understanding of the distinctions between short-term fund-level obligations and long-term government-wide commitments.

The **Statement of Revenues, Expenditure and Changes in Fund Balances** (Exhibit 5) provides a detailed summary of Baldwin County's governmental fund revenues, expenditures, and changes in fund balances for the fiscal year ended September 30, 2024. Unlike the Statement of Activities (Exhibit 2), which presents a government-wide, full accrual perspective, Exhibit 5 focuses on the modified accrual basis of accounting, offering insights into the short-term financial resources available for current obligations and operations.

To reconcile the differences between the fund-based financial perspective in Exhibit 5 and the government-wide perspective in the Statement of Activities, stakeholders can refer to the reconciliation provided in Exhibit 6. This reconciliation bridges the modified accrual and full accrual views, ensuring transparency and clarity regarding the County's overall financial position.

Total governmental fund revenues for the year amounted to \$235.8 million reflecting strong performance across key revenue streams, including property taxes, intergovernmental grants, and charges for services. Expenditures totaled \$215.1 million supporting critical services, infrastructure projects, and community-focused initiatives.

The net changes in fund balances highlight the County’s ability to align financial resources with operational priorities, while maintaining reserves to address both current needs and future opportunities. Fund balances at the end of the fiscal year totaled \$259.9 million, underscoring Baldwin County’s fiscal health and effective financial management practices.



Budgetary Highlights

Original Budget compared to Final Budget

The fiscal year 2024 General Fund budget began at \$110,894,260 and with the roll forward of prior year project budgets and encumbrances, as well as the mid-year adjustment and use of unallocated reserves for capital projects, the final Revised Expenditure budget amount, including Transfers Out, rose to \$132,233,781.

Final Budget compared to Actual Expenditures

The Baldwin County Commission has always maintained a conservative budgeting approach and fiscal year 2024 was no different. As a result, General Fund Revenues came in at 10.4% above the Revised Revenue budget* of \$112,407,163, yielding an additional \$11,667,562 in unallocated funding.

General Fund Revenues

Revenue Type	Revised Budget*	Actual Revenue	Over / (Under) Budget	Percent Variance
All Revenue	\$ 109,903,150	\$ 122,136,618	\$ 12,233,468	
Transfers In	2,504,013	1,938,106	\$ (565,907)	
	\$ 112,407,163	\$ 124,074,724	\$ 11,667,562	10.4%

**Revised Revenue budget equals Revised Expenditure budget less Fund Balance usage and Encumbrance Roll Forward*

Employing the same conservative method, each Department worked diligently to preserve their budget across all expense types, especially in their most governable category, Operational costs. These costs expended throughout the various departments were 8.6% below budget, resulting in a total of \$5,459,910 unused funding within General Fund alone.

Still, this trend continued throughout the General Fund subsidized funds, such as Animal Shelter, Juvenile Detention, Archives & History, Council on Aging, BRATS Public Transportation, and Parks. Each of these funds managed their spending well and were together able to bring in their Operational costs \$3,382,517 and 39.5% below budget. The second major fund, Highway, was also able to wrap up their Operational spending well under budget at \$3,257,534 and 32.2%. Collectively, the Commission was able to experience a healthy Operational margin for a combined amount \$12,099,961 and 14.8%.

Operational Costs: Budget vs Actual

Expense Type	Revised Budget	Actual and Encumbrances	(Over) / Under Budget	Percent Variance
General Fund	\$ 63,249,841	\$ 57,789,931	\$ 5,459,910	8.6%
Gen Fund Subsidized	\$ 8,560,342	\$ 5,177,824	\$ 3,382,517	39.5%
Highway	\$ 10,112,989	\$ 6,855,455	\$ 3,257,534	32.2%
	\$ 81,923,172	\$ 69,823,211	\$ 12,099,961	14.8%

Conservative budgeting and conscientious management of individual department budgets, as well as diligent leadership and oversight by the Commission, not just in fiscal year 2024 but across the years, have afforded the Baldwin County Commission the opportunity to capitalize on the unrecognized Revenues and Expenditure savings. Taking this into account, during fiscal year 2024 two major steps were made to take strategic advantage of these funds and promote sound financial management of them.

The initial significant step was the utilization of \$8,000,000 of these unallocated funds and applying them to current capital projects; specifically, the construction of the new District Attorney's Office, Phase II Renovation of the Sheriff's Office and the Bay Minette Courthouse Renovations. The use of unallocated Fund Balance to supply a portion of these infrastructure projects allowed the County to defer the immediate need for seeking additional funding from outside sources and opened the possibility of the use of short-term loans as opposed to securing municipal bonds.

Secondly, the Commission opted to gain on these additional funds by revamping their existing Financial Management Policy to provide clarity, elevate the minimums for Reserve Balances and establish an Unassigned Balances policy for both General Fund and Highway. Existing policies had Reserve Balances between fifteen to twenty percent (15% to 20%). However, policy modifications solidified and raised the minimum to thirty percent (30%). Also, guidelines for an Unassigned Balance policy were added in order that five to ten percent (5% to 10%) would be maintained for more immediate, one-time needs that may arise during the year.

For both the Reserve Balances and Unassigned Balances policies, the Commission collectively committed \$60,709,896 for General Fund and Highway, which was obtainable due to continued sound financial management and conservative budgeting.

Fiscal Year 2024 was a great year both financially and strategically. Capitalizing on the soundness of its Fund Balance, the Commission took great strides to secure its future financial position.

Fiscal Year 2025 Budget

During the fiscal year 2025 budgeting process it was determined that solid Fund Balances still existed and were being added to by the fiscal responsibility of the Commission departments who were conservatively managing their budgets. With that, approximately \$7.0 million unallocated General Fund balance was used for Capital expenditures for the fiscal year 2025 budget, covering nearly ninety-seven percent (97%) of its Capital budget need within General Fund.

Basis of Accounting and Budgetary Highlights

The budgetary highlights are based on the County's budgetary basis of accounting. This budgetary perspective focuses on cash flows and available fund balances, emphasizing financial resources allocated for planned expenditures and policy decisions. As a result, variances may arise between MD&A budget highlights and the financial statements due to differences in revenue recognition timing, expenditure classifications, and fund reporting structures. The County remains committed to transparency in financial reporting and fiscal responsibility, ensuring stakeholders can effectively interpret financial data across multiple accounting perspectives.



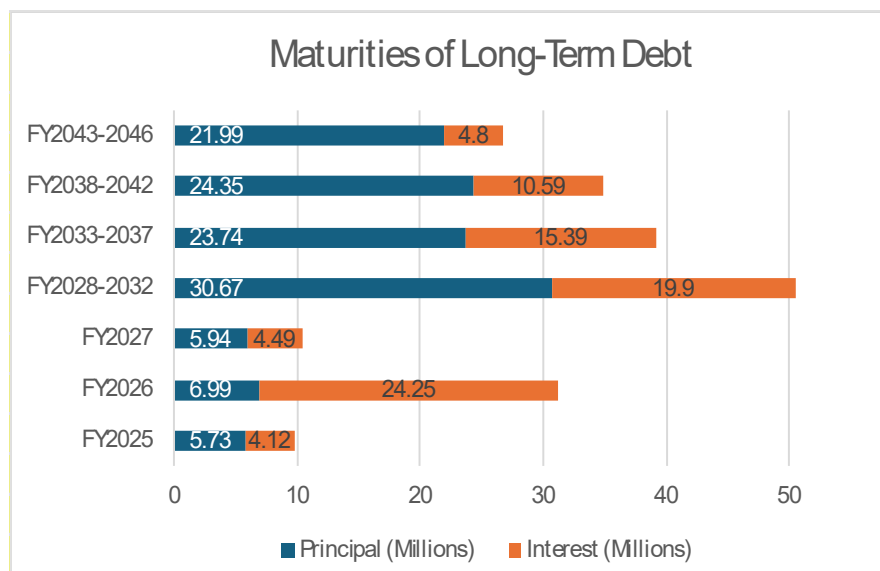
Capital Assets and Long-term Debt

This section outlines significant capital asset transactions and changes in long-term debt for the fiscal year ended September 30, 2024. It provides context for Baldwin County's continued investment in infrastructure and its proactive debt management strategy.

Net Capital Assets for Governmental Activities increased from \$543.2 million to \$577.1 million, reflecting strong asset investments paired with effective depreciation management and retirements. For Business-type Activities, net capital assets were reduced to zero following the transfer of assets to the Baldwin County Solid Waste Disposal Authority, as previously discussed.

Baldwin County's robust investments in infrastructure and capital projects underscore its commitment to development and modernization.

Baldwin County's **Long-Term Debt** portfolio includes General Obligation Warrants and notes from direct borrowings, primarily funded through the General Fund and Gasoline Tax Fund. The following is an illustration of long-term debt maturities over the next twenty years.



This summary reflects the County's diligent management of its debt obligations, balancing the reduction of existing liabilities with the strategic issuance of new debt to fund critical projects and initiatives.

Baldwin County maintained the **highest-grade credit ratings** for its general obligation debt. Moody's Aa1 GOLT (General Obligation Limited Tax) rating and Standard & Poor's AA+ rating highlight the County's strong financial position, reliable tax revenue streams, and prudent fiscal policies.



Key Initiatives

1. **Infrastructure Development:** A significant portion of capital expenditures supported infrastructure modernization, including renovation projects for the Bay Minette Courthouse and Sheriff's Office, ensuring these facilities meet contemporary standards.
2. **Improved Fiscal Management:** Baldwin County upheld its balanced budget, demonstrating sound financial policies and enabling ambitious projects without compromising fiscal health.
3. **Service Enhancements:** Investments led to improvements in critical areas:
 - **Juvenile Detention Center:** Enhanced security and upgraded facilities for improved service delivery.
 - **Animal Shelter:** Continued funding for welfare programs and operational efficiency.
4. **Economic Development:** The County fostered economic growth through public-private partnerships and streamlined processes that attracted new businesses and boosted job creation.

Future Outlook

Looking ahead, Baldwin County remains steadfast in its commitment to financial stability and sustainable growth. With a focus on strategic investments, the County prioritizes infrastructure modernization, expanded public services, and initiatives designed to strengthen long-term economic resilience. The prudent financial management demonstrated throughout fiscal year 2024 provides a strong foundation for future achievements, ensuring continued progress and fiscal responsibility.

A key initiative driving this progress is the Commission's newly launched "30 Cubed" program, a transformative investment in local roadway capacity. Through collaborative municipal partnerships, the program commits \$30 million in County funding, matched by \$30 million in local contributions, with the goal of completing or initiating \$60 million in infrastructure projects by 2030. Supplementing existing roadway programs, 30 Cubed enhances transportation networks and supports regional development. The County's financial commitment will be executed through a combination of cash reserves and strategic short- to long-term financing, ensuring both project sustainability and fiscal responsibility.



In parallel, Baldwin County is experiencing unprecedented economic momentum with the arrival of Novelis, a global leader in aluminum rolling and recycling. The company's \$4.1 billion investment at the South Alabama Mega Site in Bay Minette marks the largest capital



project in Alabama history and is expected to create approximately 1,000 high-wage jobs. The facility—spanning the equivalent of 44 football fields—will be the first fully integrated aluminum mill built in the U.S. in four decades and will serve both the beverage and automotive industries.

In addition, Novelis is establishing an Advanced Manufacturing and Leadership Training Center in Daphne, positioning Baldwin County as a regional hub for innovation and workforce development.

Through sound financial governance and forward-thinking initiatives like 30 Cubed—and transformative partnerships like Novelis—Baldwin County remains well-positioned for continued prosperity and long-term economic vitality.

Conclusion

The Baldwin County Commission's proactive and responsible governance reflects its dedication to serving residents through efficient service delivery, infrastructure modernization, and economic growth. The fiscal year 2024 accomplishments position the County well to address future challenges and opportunities.

Requests for Information

This discussion and analysis are designed to provide a general overview of Baldwin County's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the:

Office of the Baldwin County Commissioners
312 Courthouse Square, Suite 12
Bay Minette, AL 36507.

Email: info@baldwincountyal.gov



Basic Financial Statements

Statement of Net Position

September 30, 2024

	Governmental Activities
<u>Assets</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 260,100,299.30
Receivables, Net (Note 4)	31,674,454.67
Taxes Receivable	78,864,583.87
Prepaid Items	349,618.70
Total Current Assets	<u>370,988,956.54</u>
<u>Noncurrent Assets</u>	
Restricted Cash and Cash Equivalents	12,277,386.04
Restricted Cash with Fiscal Agent	7,061,932.98
Capital Assets (Note 5):	
Nondepreciable	134,596,394.98
Depreciable, Net	<u>442,473,812.45</u>
Total Capital Asset, Net	<u>577,070,207.43</u>
Total Noncurrent Assets	<u>596,409,526.45</u>
Total Assets	<u>967,398,482.99</u>
<u>Deferred Outflows of Resources</u>	
Deferred Amount on Refunding	1,846,877.72
Deferred Outflows Related to Net Pension Liability	19,567,566.10
Deferred Outflows Related to Other Postemployment Benefits Liability	<u>10,182,941.00</u>
Total Deferred Outflows of Resources	<u>31,597,384.82</u>
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Payables (Note 8)	24,907,310.16
Accrued Wages Payable	1,003,020.68
Unearned Revenue	27,006,053.82
Accrued Interest Payable	750,303.06
Long-Term Liabilities:	
Portion Payable Within One Year:	
Warrants Payable	3,715,000.00
Add: Unamortized Premium	403,577.77
Less: Unamortized Discount	(7,731.97)
Notes from Direct Borrowing	2,301,665.35
Compensated Absences	1,660,326.24
Interest Payable on Advance From Other Funds	<u>35,399.24</u>
Total Current Liabilities	<u>\$ 61,774,924.35</u>

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

	Governmental Activities
<u>Noncurrent Liabilities</u>	
Portion Payable After One Year:	
Warrants Payable	\$ 68,665,000.00
Add: Unamortized Premium	2,993,581.35
Notes from Direct Borrowing	60,500,107.36
Compensated Absences	3,207,624.42
Estimated Liability for OPEB	16,747,299.00
Net Pension Liability	53,646,479.13
Total Noncurrent Liabilities	<u>205,760,091.26</u>
Total Liabilities	<u>267,535,015.61</u>
<u>Deferred Inflows of Resources</u>	
Unavailable Revenue - Property Taxes	75,509,683.91
Deferred Inflows Related to Net Pension Liability	686,474.44
Deferred Inflows Related to Net OPEB Liability	1,033,858.00
Deferred Inflows Related to Opioid Settlement	1,980,327.57
Deferred Inflows Warrant Premiums	2,575,135.35
Total Deferred Inflows of Resources	<u>81,785,479.27</u>
<u>Net Position</u>	
Net Investment in Capital Assets	490,188,085.08
Restricted for:	
Debt Service	6,311,629.92
Road Projects	6,791,727.67
Term Endowments	16,392,317.43
Other Purposes	28,908,596.36
Unrestricted	<u>101,083,016.47</u>
Total Net Position	<u><u>\$ 649,675,372.93</u></u>

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Statement of Activities
For the Year Ended September 30, 2024

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	\$ 74,664,899.90	\$ 37,580,838.33	\$ 7,182,092.69	\$	(29,901,968.88)	\$	(29,901,968.88)
Public Safety	63,191,986.64	1,920,896.26	2,550,093.81		(58,720,996.57)		(58,720,996.57)
Highways and Roads	33,522,427.60	1,836,374.91	1,024,251.08		(30,661,801.61)		(30,661,801.61)
Sanitation	3,746,739.28				(3,746,739.28)		(3,746,739.28)
Health	4,131,407.84	32,589.71	52,274.48		(4,046,543.65)		(4,046,543.65)
Welfare	1,257,306.24		145,052.00		(1,112,254.24)		(1,112,254.24)
Culture and Recreation	5,297,277.78	337,854.62	4,855,447.94		(103,975.22)		(103,975.22)
Education	95,115.52				(95,115.52)		(95,115.52)
Interest on Long-Term Debt	3,337,161.66				(3,337,161.66)		(3,337,161.66)
Total Governmental Activities	189,244,322.46	41,708,553.83	15,809,212.00		(131,726,556.63)		(131,726,556.63)
Total Primary Government	\$ 189,244,322.46	\$ 41,708,553.83	\$ 15,809,212.00	\$	(131,726,556.63)		(131,726,556.63)
General Revenues, Transfers and Special Items:							
Taxes:							
Property Taxes for General Purposes					49,703,145.98		49,703,145.98
Property Taxes for Specific Purposes					24,646,068.93		24,646,068.93
General Sales Tax					35,689,004.22		35,689,004.22
Special Sales Tax					2,453,264.67		2,453,264.67
County Gasoline Sales Tax					18,592,473.83		18,592,473.83
Miscellaneous Taxes					6,199,231.22		6,199,231.22
Intergovernmental Transfers					149,327.90		149,327.90
Grants/Contributions Not Restricted to Specific Programs					1,637,044.32		1,637,044.32
Coronavirus Rescue Relief Funds					8,003,017.57		8,003,017.57
Permit Fees					2,948,956.81		2,948,956.81
Royalties					6,062,777.45		6,062,777.45
Restricted Investment Earning					350,443.55		350,443.55
Unrestricted Investment Earnings					11,297,253.81		11,297,253.81
Miscellaneous					17,299,683.01	236,791.48	17,536,474.49
Gain on Disposition of Capital Assets					2,376,734.73		2,376,734.73
Transfers and Contributions					2,245,432.25	(2,245,432.25)	
Special Items						(47,850,900.95)	(47,850,900.95)
Total General Revenues, Transfers and Special Items					189,653,860.25	(49,859,541.72)	139,794,318.53
Change in Net Position					57,927,303.62	(49,859,541.72)	8,067,761.90
Net Position - Beginning of Year, as Restated (Note 19)					591,748,069.31	49,859,541.72	641,607,611.03
Net Position - End of Year					\$ 649,675,372.93	\$	\$ 649,675,372.93

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

Balance Sheet
Governmental Funds
September 30, 2024

	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	\$ 98,462,160.43	\$ 46,955,243.28	\$ 23,473,231.03	\$ 42,380,515.35	\$ 14,702.04	\$ 61,091,833.21	\$272,377,685.34
Cash with Fiscal Agent					7,061,932.98		7,061,932.98
Taxes Receivable	69,161,924.02	735,460.92				8,967,198.93	78,864,583.87
Due from Other Funds	1,907,725.63						1,907,725.63
Receivables, Net (Note 4)	5,489,170.25	9,084,316.38		14,904,124.46		2,196,843.74	31,674,454.83
Interest Receivable on Advance to Other Funds						35,399.24	35,399.24
Prepaid Items	349,618.70						349,618.70
Advances to Other Funds						4,799,898.98	4,799,898.98
Total Assets	175,370,599.03	56,775,020.58	23,473,231.03	57,284,639.81	7,076,635.02	77,091,174.10	397,071,299.57
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Payables (Note 8)	18,685,989.98	1,084,339.17	530,756.96	3,702,725.55	3,183.33	935,714.57	24,942,709.56
Interest Payable on Advance from Other Funds	35,399.24						35,399.24
Due to Other Funds				610,326.59		1,297,399.04	1,907,725.63
Accrued Wages Payable	534,818.18	277,372.92				190,829.58	1,003,020.68
Unearned Revenue	194,246.49		20,322,164.52			6,489,642.81	27,006,053.82
Advances from Other Funds	4,799,898.98						4,799,898.98
Total Liabilities	24,250,352.87	1,361,712.09	20,852,921.48	4,313,052.14	3,183.33	8,913,586.00	59,694,807.91
Deferred Inflows of Resources							
Unavailable Revenue - Property Taxes	64,322,888.04					8,967,198.93	73,290,086.97
Revenue Received in Advance - Motor Vehicle Taxes	2,219,596.94						2,219,596.94
Deferred Inflows - Opioid Settlement	1,980,327.57						1,980,327.57
Total Deferred Inflows of Resources	\$ 68,522,812.55	\$	\$	\$	\$	\$ 8,967,198.93	\$ 77,490,011.48

Balance Sheet
Governmental Funds
September 30, 2024

	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	\$ 284.49	\$	\$	\$	\$	\$	\$ 284.49
Prepaid Items	349,334.21						349,334.21
Term Endowments						16,392,317.43	16,392,317.43
Restricted for:							
Capital Projects				34,538,485.99		186,140.08	34,724,626.07
Debt Service					7,061,932.98		7,061,932.98
Highways and Roads		738,877.45				6,052,850.22	6,791,727.67
Other Purposes	2,967,435.44					30,050,295.32	33,017,730.76
Assigned to:							
Capital Projects						104,988.72	104,988.72
Debt Service					11,518.71		11,518.71
Encumbrances	6,035,095.64	13,805,238.62		18,433,101.68		1,614,669.14	39,888,105.08
Highways and Roads		40,869,192.42				880,261.27	41,749,453.69
Other Purposes			2,620,309.55			2,093,399.76	4,713,709.31
Unassigned	73,245,283.83					1,835,467.23	75,080,751.06
Total Fund Balances	82,597,433.61	55,413,308.49	2,620,309.55	52,971,587.67	7,073,451.69	59,210,389.17	259,886,480.18
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 175,370,599.03	\$ 56,775,020.58	\$ 23,473,231.03	\$ 57,284,639.81	\$ 7,076,635.02	\$ 77,091,174.10	\$397,071,299.57

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, 2024***

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 259,886,480.18

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	\$ 47,602,272.63	
Historical Artifacts	112,000.00	
Infrastructure	405,451,493.69	
Infrastructure in Progress	21,832,286.74	
Construction in Progress	65,049,835.61	
Building and Building Improvements	101,166,093.88	
Improvements Other Than Buildings	65,033,476.18	
Computer and Communication Equipment	19,851,339.50	
Equipment and Furniture	8,673,518.76	
Motor Vehicles and Heavy Equipment	51,478,988.04	
Less: Accumulated Depreciation	<u>(209,181,097.60)</u>	
Total Capital Assets		577,070,207.43

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. 1,846,877.72

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	\$ 19,567,566.10	
Deferred Inflows Related to Defined Benefit Pension Plan	(686,474.44)	
Deferred Outflows Related to Net Other Postemployment Benefits (OPEB)	10,182,941.00	
Deferred Inflows Related to Net Other Postemployment Benefits (OPEB)	(1,033,858.00)	
Deferred Inflow Related to Warrant Premiums	<u>(2,575,135.35)</u>	
		25,455,039.31

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 or Payable After After One Year	
Accrued Interest Payable	\$ 750,303.06	\$	
Warrants Payable	3,715,000.00	68,665,000.00	
Unamortized Discount	(7,731.97)		
Unamortized Premium	403,577.77	2,993,581.35	
Notes from Direct Borrowing	2,301,665.35	60,500,107.36	
Net Pension Liability		53,646,479.13	
Estimated Liability for Compensated Absences	1,660,326.24	3,207,624.42	
Other Postemployment Benefits (OPEB) Liability		16,747,299.00	
Total Liabilities	\$ 8,823,140.45	\$ 205,760,091.26	(214,583,231.71)
Total Net Position - Governmental Activities (Exhibit 1)			<u>\$ 649,675,372.93</u>

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Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2025

	General Fund	Gasoline Tax Fund	Coronavirus Rescue Act Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 106,722,646.18	\$ 9,411,527.30	\$	\$	\$	\$ 10,294,719.15	\$ 126,428,892.63
Licenses and Permits	3,290,594.95					945,824.66	4,236,419.61
Fines and Forfeits	15,186.91						15,186.91
Intergovernmental	9,506,533.57	6,162,269.57	3,789,238.00			23,761,751.71	43,219,792.85
Charges for Services	34,867,211.64	764,962.46				2,604,883.67	38,237,057.77
Miscellaneous	8,167,829.02	1,846,449.79	1,318,682.39	411,833.23	150,957.75	11,762,971.28	23,658,723.46
Total Revenues	162,570,002.27	18,185,209.12	5,107,920.39	411,833.23	150,957.75	49,370,150.47	235,796,073.23
Expenditures							
Current:							
General Government	52,619,634.09			2,120,679.64	465,721.61	11,453,159.46	66,659,194.80
Public Safety	45,781,961.37		6,500.00			12,440,387.69	58,228,849.06
Highways and Roads		14,556,328.94	596,014.22			5,387,640.71	20,539,983.87
Sanitation						3,746,739.28	3,746,739.28
Health	587,625.26					3,444,475.08	4,032,100.34
Welfare	954,451.58		158,875.10				1,113,326.68
Culture and Recreation	4,594,091.96						4,594,091.96
Education	70,327.90						70,327.90
Capital Outlay	2,170,521.33	17,026,185.90	3,027,848.68	17,504,017.39		4,632,863.19	44,361,436.49
Debt Service:							
Principal retirement					8,506,172.07		8,506,172.07
Interest and Fiscal Charges	191,062.46				2,826,600.84		3,017,663.30
Issuance Costs				227,741.75			227,741.75
Total Expenditures	106,969,675.95	31,582,514.84	3,789,238.00	19,852,438.78	11,798,494.52	41,105,265.41	215,097,627.50
Excess (Deficiency) of Revenues Over Expenditures	55,600,326.32	(13,397,305.72)	1,318,682.39	(19,440,605.55)	(11,647,536.77)	8,264,885.06	20,698,445.73
Other Financing Sources (Uses)							
Proceeds from Long-Term Debt Issued	847,821.57			47,888,890.83	2,496,109.17		51,232,821.57
Premium on Long-Term Debt Issued				342,741.75	2,575,135.35		2,917,877.10
Proceeds from Sale of Capital Assets	93,668.06	3,085,663.53				29,413.13	3,208,744.72
Transfers In	3,249,643.81	25,761,939.12		8,949,985.00	9,878,219.80	7,182,098.00	55,021,885.73
Transfers Out	(46,452,929.83)	(1,926,792.40)				(4,396,731.25)	(52,776,453.48)
Total Other Financing Sources (Uses)	(42,261,796.39)	26,920,810.25		57,181,617.58	14,949,464.32	2,814,779.88	59,604,875.64
Net Change in Fund Balances	13,338,529.93	13,523,504.53	1,318,682.39	37,741,012.03	3,301,927.55	11,079,664.94	80,303,321.37
Fund Balances - Beginning 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
Fund Balances - End of Year	\$ 82,597,433.61	\$ 55,413,308.49	\$ 2,620,309.55	\$ 52,971,587.67	\$ 7,073,451.69	\$ 59,210,389.17	\$ 259,886,480.18

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, 2024***

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 80,303,321.37

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.

Capital Outlay Expenditures	\$ 44,361,436.49	
Depreciation Expense	<u>(16,582,433.90)</u>	
		27,779,002.59

In the Statement of Activities, donation of capital assets is recorded as revenue,
whereas in the governmental funds it is not recorded. 6,944,448.33

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. (832,009.99)

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. 8,506,172.07

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. (51,232,821.57)

Discounts, premiums, and insurance costs on debt issuance are recorded as financing
uses/expenditures in the governmental funds, but are deferred and amortized in
the Statement of Activities.

Premiums on Debt Issued	(2,917,877.10)
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The accompanying Notes to Financial Statements are an integral part of this statement.

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	\$	(479,617.26)	
Amortization of Deferred Discount		(7,731.97)	
Amortization of Premium		(1,828,815.83)	
Amortization of Deferred Loss on Refunding		(426,789.36)	
Net Increase in Other Postemployment Benefits (OPEB) Expense		(1,717,614.12)	
Net Increase in Pension Amounts		(5,961,390.10)	
Net Decrease in Compensated Absences		<u>(200,973.44)</u>	
			<u>(10,622,932.08)</u>

Change in Net Position of Governmental Activities (Exhibit 2)	\$	<u><u>57,927,303.62</u></u>
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Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2024

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<u>Nonoperating Revenues (Expenses)</u>			
Interest Earned	\$ 185,781.69	\$ 51,009.79	\$ 236,791.48
Total Nonoperating Revenues (Expenses)	185,781.69	51,009.79	236,791.48
Income (Loss) Before Transfers	185,781.69	51,009.79	236,791.48
<u>Special Items</u>			
Transfer of Operations - Cash and Investments	(20,521,264.07)	(4,587,945.74)	(25,109,209.81)
Transfer of Operations - Receivables	(1,090,694.75)	(184,471.94)	(1,275,166.69)
Transfer of Operations - Capital Assets	(27,973,725.44)	(3,462,104.49)	(31,435,829.93)
Transfer of Operations - Prior Obligations	(265,713.55)	(41,658.57)	(307,372.12)
Transfer of Operations - Employee Related Obligations	1,650,537.73	1,778,890.44	3,429,428.17
Transfer of Operations - Landfill Postclosure Liabilities	6,847,249.43		6,847,249.43
Total Special Items	(41,353,610.65)	(6,497,290.30)	(47,850,900.95)
<u>Operating Transfers</u>			
Transfer to General Fund	(1,587,914.83)	(657,517.42)	(2,245,432.25)
Total Operating Transfers	(1,587,914.83)	(657,517.42)	(2,245,432.25)
Changes in Net Position	(42,755,743.79)	(7,103,797.93)	(49,859,541.72)
Total Net Position - Beginning of Year	42,755,743.79	7,103,797.93	49,859,541.72
Total Net Position - End of Year	\$	\$	\$

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, 2024

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<u>Cash Flows from Investing Activities</u>			
Interest Revenue	\$ 185,781.69	\$ 51,009.79	\$ 236,791.48
Net Cash Provided (Used) by Investing Activities	185,781.69	51,009.79	236,791.48
<u>Cash Flows from Special Items</u>			
Transfer of Cash and Investments	(20,521,264.07)	(4,587,945.74)	(25,109,209.81)
Transfer to the General Fund	(1,587,914.83)	(657,517.42)	(2,245,432.25)
Obligation Payments on Behalf of the Solid Waste Authority	(1,501,224.75)	(382,351.73)	(1,883,576.48)
Net Cash Provided (Used) by Special Items	(23,610,403.65)	(5,627,814.89)	(29,238,218.54)
Net Increase (Decrease) in Cash and Cash Equivalents	(23,424,621.96)	(5,576,805.10)	(29,001,427.06)
Balances - Beginning of Year	23,424,621.96	5,576,805.10	29,001,427.06
Balances - End of the Year	\$	\$	\$

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

Statement of Fiduciary Net Position
September 30, 2024

	Custodial Funds
<u>Assets</u>	
Cash and Cash Equivalents	\$ 5,514,829.17
Investments	2,344,512.23
Accounts Receivable	25,199.00
Due from Other Governments	53,345.61
Total Assets	7,937,886.01
<u>Liabilities</u>	
Accounts Payable	2,528.91
Payable to External Parties	1,536,983.11
Total Liabilities	1,539,512.02
<u>Net Position</u>	
Held in Trust for Other Purposes	6,398,373.99
Total Net Position	\$ 6,398,373.99

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, 2024

	Custodial Funds
<u>Additions</u>	
Contributions from:	
Taxes	\$ 194,587,107.53
Restitution Recovery	190,431.60
Probate Court	49,999,602.50
Licenses and Fees	519,817.68
Interest	107,298.46
Miscellaneous Additions	33,098.70
Total Additions	<u>245,437,356.47</u>
<u>Deductions</u>	
Taxes and Fees Paid to Other Governments	194,587,107.53
Administrative Expenses	798,752.85
Payments to Beneficiaries	49,779,500.25
Total Deductions	<u>245,165,360.63</u>
Changes in Net Position	271,995.84
Net Position - Beginning of Year	<u>6,126,378.15</u>
Net Position - End of Year	<u><u>\$ 6,398,373.99</u></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, 2024

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, 2024

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 on 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

- ◆ **Debt Service Fund** – This fund has been presented as a major fund to provide additional information to the financial statement users. 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.

The Commission reports the following governmental fund types 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.

As of October 1, 2023, the Commission's major enterprise funds have been transferred to the Solid Waste Disposal Authority of Baldwin County and will no longer be reported under the Commission's enterprise funds. A description of each is provided below.

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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

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

As of October 1, 2023, the Commission's enterprise funds, including the Solid Waste Fund and the Solid Waste Collection Fund, have been transferred to the Solid Waste Disposal Authority of Baldwin County. Consequently, the financial activities related to these funds will now be managed and reported by the Solid Waste Disposal Authority and no longer be reported under the Commission's proprietary funds.

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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

1. Deposits and Investments

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

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

Investments 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 from external parties are amounts that are being held in a trustee or custodial capacity by the fiduciary funds.

Notes to the Financial Statements

For the Year Ended September 30, 2024

3. Inventories

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

4. Prepaid Items

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

5. Restricted Assets

Certain general obligation warrants, as well as certain resources set aside for 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. 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 governmental column 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. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred, for repairs and maintenance, are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

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

	Capitalization Threshold	Estimated Useful Life
Buildings	\$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

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

As of October 1, 2023, the Commission's proprietary funds, including the Solid Waste Fund and the Solid Waste Collection Fund, have been transferred to the Solid Waste Disposal Authority of Baldwin County. Consequently, the financial activity related to the depreciation and capitalization of assets previously reported under these proprietary (enterprise) funds will now be managed and reported by the Solid Waste Disposal Authority.

7. Right to Use Assets

The County does not meet the materiality thresholds for GASB Statement Number 87 and, therefore, does not apply it to its financial statements. As a result, right-to-use lease assets and liabilities are not recorded. Instead, lease payments are recognized as expenditures or expenses in the periods incurred.

8. Deferred Outflows of Resources

Deferred outflows of resources are reported in the government-wide fund 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. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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.

As of October 1, 2023, the Solid Waste Fund and the Solid Waste Collection Fund have been transferred to the Solid Waste Disposal Authority of Baldwin County. Consequently, the financial activities related to long-term debt and other obligations previously reported under these enterprise funds will now be managed and reported by the Solid Waste Disposal Authority.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

10. 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

11. 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 or fund balances by the government that is applicable to a future reporting period. Deferred inflows of resources decrease net position or fund balances, similar to liabilities.

12. Net Position and 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. As of October 1, 2023, the Solid Waste Fund and the Solid Waste Collection Fund have been transferred to the Solid Waste Disposal Authority of Baldwin County. Consequently, the financial activities related to these funds, including the net investment in capital assets, will now be managed and reported by the Solid Waste Disposal Authority.
- ◆ **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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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

- ◆ **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 prepaid items, and long-term receivables. Inventory is considered immaterial and included with prepaid items.
- ◆ **Restricted** fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- ◆ **Committed** 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.
- ◆ **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.
- ◆ **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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

F. Postemployment Benefits Other Than Pensions (OPEB)

For 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

B. Stabilization Arrangements

The Commission has established policy number 8.7 for emergency reserves. During the annual budget process, the Commission determines 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, 2024, the balance set aside for emergency reserves is as follows:

- ◆ General Fund: \$39,482,252
- ◆ Gasoline Tax Fund: \$10,992,503

The amounts stated above are not classified as committed on the financial statements because this agreement does not meet the criteria to be reported as such.

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 the Commission's investments were in certificates of deposits or money market funds.

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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

As of September 30, 2024, 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 40 days	<u>\$7,061,932.98</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 privy 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.

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 a Statement of Economic Interest with The Alabama Ethics Commission.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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 consideration 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.

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 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

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 investment policy limiting the amount invested in any one issuer.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

Note 4 – Receivables

On September 30, 2024, receivables for the Commission’s individual major funds and other governmental funds in the aggregate are as follows:

	Accounts Receivable	Intergovernmental	Other	Total
Receivables:				
General Fund	\$ 78,804	\$ 5,135,581	\$ 274,786	\$ 5,489,171
Gasoline Tax Fund	185,683	8,898,633		9,084,316
Capital Projects Fund			14,904,124	14,904,124
Other Governmental Funds	10,309	2,186,535		2,196,844
Total Governmental Funds	<u>\$274,796</u>	<u>\$16,220,749</u>	<u>\$15,178,910</u>	<u>\$31,674,455</u>

Included in “Other” receivables above is \$14,904,124 in the Capital Projects Fund which represents amounts due from the Baldwin County Public Building Authority for the construction of the Jail Project.

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, 2024, the various components of unearned revenues reported in the governmental funds were as follows:

	Total
General Fund	\$ 194,246
Reappraisal Fund	2,870,404
Coronavirus Rescue Act Funds	20,322,165
ARPA Revenue Replacement Funds	3,619,239
Total Governmental Funds	<u>\$27,006,054</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Balance 10/01/2023	Reclassifications	Additions	Retirements	Balance 09/30/2024
<u>Governmental Activities:</u>					
Capital Assets, Not Being Depreciated:					
Land	\$ 46,904,758	\$	\$ 697,515	\$	\$ 47,602,273
Historical Artifacts	112,000				112,000
Infrastructure in Progress	19,255,753	(5,894,153)	8,470,687		21,832,287
Construction in Progress	51,587,236	(7,370,324)	20,832,924		65,049,836
Total Capital Assets, Not Being Depreciated	117,859,747	(13,264,477)	30,001,126		134,596,396
Capital Assets Being Depreciated:					
Infrastructure	396,111,413	2,395,633	6,944,448		405,451,494
Buildings	95,855,735	5,227,999	82,360		101,166,094
Improvements Other Than Buildings	60,734,934	4,251,246	47,296		65,033,476
Computer and Communication Equipment	20,625,763		1,701,311	(2,475,734)	19,851,340
Equipment and Furniture	7,451,919		1,264,075	(42,475)	8,673,519
Motor Vehicle and Heavy Equipment	43,822,912	1,389,599	11,265,269	(4,998,793)	51,478,987
Total Capital Assets Being Depreciated	624,602,676	13,264,477	21,304,759	(7,517,002)	651,654,910
Less Accumulated Depreciation for:					
Infrastructure	(76,484,739)		(3,240,810)		(79,725,549)
Buildings	(61,202,678)		(2,424,947)		(63,627,625)
Improvements Other Than Buildings	(10,388,171)		(2,432,884)		(12,821,055)
Computer and Communication Equipment	(17,231,288)		(1,172,862)	2,457,452	(15,946,698)
Equipment and Furniture	(5,906,022)		(823,415)	42,475	(6,686,962)
Motor Vehicle and Heavy Equipment	(28,070,758)		(6,496,664)	4,185,065	(30,382,357)
Total Accumulated Depreciation	(199,283,656)		(16,591,582)	6,684,992	(209,190,246)
Total Capital Assets Being Depreciated, Net	425,319,020	13,264,477	4,713,177	(832,010)	442,464,664
Total Governmental Activities Capital Assets, Net	\$ 543,178,767	\$	\$ 34,714,303	\$ (832,010)	\$ 577,061,060
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, 2024

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

	Current Year Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$ 3,724,002
Public Safety	2,242,649
Highway and Roads	10,139,013
Welfare	31,865
Culture and Recreation	429,266
Education	24,787
Total Depreciation Expense - Governmental Activities	<u>\$16,591,582</u>

As of October 1, 2023, the Solid Waste Fund and the Solid Waste Collection Fund have been transferred to the Solid Waste Disposal Authority of Baldwin County. Consequently, the financial activities related to these funds, including depreciation and capitalization of assets, will now be managed and reported by the Solid Waste Disposal Authority.

The County does not meet the materiality thresholds for GASB Statement Number 87 and, therefore, does not apply it to its financial statements. As a result, right-to-use lease assets and liabilities are not recorded. Instead, lease payments are recognized as expenditures or expenses in the periods incurred.

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 plan (the "Plan"), was established October 1, 1945 under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act Number 2021-390 of the Legislature of 2021 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, 2024

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

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

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, 2024

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 590 employers adopted Act Number 2019-132, Acts of Alabama.

The ERS serves approximately 884 local participating employers. The ERS membership includes approximately 113,079 participants. As of September 30, 2023, membership consisted of:

Retirees and beneficiaries currently receiving benefits	31,481
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	2,350
Terminated participants not entitled to a benefit	20,556
Active Participants	58,659
Post-DROP participants who are still in active service	33
Total	<u>113,079</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

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. ERS local participating employers are not required by statute to increase contribution rates for their members. However, the Commission did elect to increase contribution rates for their members.

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, 2024

For the year ended September 30, 2024, the Baldwin County Commission's active employee contribution rate was 7.66% of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 7.05% of pensionable payroll. For the year ended September 30, 2024, the Baldwin County Sheriff's Office active employee contribution rate was 8.01% of covered employee payroll, and the Baldwin County Sheriff's Office average contribution rate to fund the normal and accrued liability costs was 8.24% of pensionable payroll.

The Baldwin County Commission's contractually required contribution rate for the year ended September 30, 2024, was 7.32% of pensionable pay for Tier 1 employees, and 7.53% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2021, 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 \$2,249,958 for the year ended September 30, 2024.

The Baldwin County Sheriff's Office contractually required contribution rate for the year ended September 30, 2024, was 8.53% of pensionable pay for Tier 1 employees, and 8.72% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2021, 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 \$1,880,691 for the year ended September 30, 2024.

Notes to the Financial Statements

For the Year Ended September 30, 2024

B. Net Pension Liability

The Baldwin County Commission's net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2022, rolled forward to September 30, 2023, using standard roll-forward techniques as shown in the tables below. The information presented hereafter for the pension liability includes the liability for Solid Waste employees that were transferred upon creation of the Solid Waste Disposal Authority of Baldwin County on October 1, 2023. The actuarial report prepared for the fiscal year ended September 30, 2024 still included these employees, therefore the pension liability reported in the financial statements for government activities differs due the effect of the transfer of these employees.

	Baldwin County Commission		
	Total Pension Liability Roll-Forward		
	Expected	Actual Before Act 2019-132	Actual After Act 2019-132
(a) Total Pension Liability as of September 30, 2022	\$109,335,072	\$112,837,475	\$112,837,475
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for October 1, 2022 - September 30, 2023	3,134,353	3,134,353	3,134,353
(d) Transfers Among Employers		508,550	508,550
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 - September 30, 2023	(7,009,778)	(7,009,778)	(7,009,778)
(f) Total Pension Liability as of September 30, 2023 = [(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	\$113,343,996	\$117,615,877	\$117,615,877
(g) Difference between Expected and Actual		\$ 4,271,881	
(h) Less Liability Transferred for Immediate Recognition		508,550	
(i) Difference between Expected and Actual - Experience (Gain)/Loss		\$ 3,763,331	
(j) Difference between Actual TPL Before and After Act 2019-132 – Benefit Change (Gain)/Loss			\$

	Baldwin County Sheriff's Office		
	Total Pension Liability Roll-Forward		
	Expected	Actual Before Act 2019-132	Actual After Act 2019-132
(a) Total Pension Liability as of September 30, 2022	\$63,022,442	\$64,851,792	\$64,851,792
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for October 1, 2022 - September 30, 2023	2,120,977	2,120,977	2,120,977
(d) Transfers Among Employers		671,963	671,963
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 - September 30, 2023	(3,223,674)	(3,223,674)	(3,223,674)
(f) Total Pension Liability as of September 30, 2023 = [(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	\$66,494,835	\$69,132,435	\$69,132,435
(g) Difference between Expected and Actual		\$ 2,637,600	
(h) Less Liability Transferred for Immediate Recognition		671,963	
(i) Difference between Expected and Actual - Experience (Gain)/Loss		\$ 1,965,637	
(j) Difference between Actual TPL Before and After Act 2019-132 – Benefit Change (Gain)/Loss			\$

Notes to the Financial Statements

For the Year Ended September 30, 2024

Actuarial Assumptions

The total pension liability as of September 30, 2023, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2022. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected Salary increases	3.25% - 6.00%
Investment rate of return (*)	7.45%

(*) Net of pension plan investment expense.

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

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
FLC/State Police Service Retirees	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 – September 30, 2020.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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	15.0%	2.8%
U. S. Large Stocks	32.0%	8.0%
U. S. Mid Stocks	9.0%	10.0%
U. S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real Estate	10.0%	6.5%
Cash Equivalents	5.0%	1.5%
Total	<u>100.0%</u>	

(*) 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, 2024

C. Changes in Net Pension Liability

	Baldwin County Commission		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2022	\$109,335,072	\$72,777,551	\$36,557,521
Changes for the year:			
Service cost	3,134,353		3,134,353
Interest	7,884,349		7,884,349
Difference between expected and actual experience	3,763,331		3,763,331
Contributions – employer		2,382,158	(2,382,158)
Contributions – employee		2,672,545	(2,672,545)
Net investment income		9,354,398	(9,354,398)
Benefit payments, including refunds of employee contributions	(7,009,778)	(7,009,778)	
Transfers Among Employers	508,550	508,550	
Net Changes	8,280,805	7,907,873	372,932
Balances at September 30, 2023	\$117,615,877	\$80,685,424	\$36,930,453

	Baldwin County Sheriff's Office		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2022	\$63,022,442	\$41,612,171	\$21,410,271
Changes for the year:			
Service cost	2,120,977		2,120,977
Interest	4,575,090		4,575,090
Difference between expected and actual experience	1,965,637		1,965,637
Contributions – employer		1,634,363	(1,634,363)
Contributions – employee		1,685,151	(1,685,151)
Net investment income		5,452,112	(5,452,112)
Benefit payments, including refunds of employee contributions	(3,223,674)	(3,223,674)	
Transfers Among Employers	671,963	671,963	
Net Changes	6,109,993	6,219,915	109,922
Balances at September 30, 2023	\$69,132,435	\$47,832,086	\$21,300,349

Notes to the Financial Statements

For the Year Ended September 30, 2024

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	\$50,952,849	\$36,930,453	\$25,150,674
Baldwin County Sheriff's Office Net Pension Liability	\$30,817,291	\$21,300,349	\$13,421,639

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, 2023. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2023. 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, 2024

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

For the year ended September 30, 2024, the Baldwin County Commission and the Baldwin County Sheriff's Office recognized pension expense of \$6,379,945 and \$4,148,202 respectively. At September 30, 2024, 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	\$ 4,695,609	\$ 99,721
Changes in assumptions	1,474,325	
Net difference between projected and actual earnings on pension plan investments	3,255,915	
Employer contributions subsequent to the measurement date	2,249,958	
Total	11,675,807	99,721
<u>Baldwin County Sheriff's Office</u>		
Differences between expected and actual experience	3,946,565	893,490
Changes in assumptions	1,949,441	
Net difference between projected and actual earnings on pension plan investments	1,814,287	
Employer contributions subsequent to the measurement date	1,880,691	
Total	\$ 9,590,984	\$893,490

Notes to the Financial Statements

For the Year Ended September 30, 2024

The \$2,249,958 for the Commission and the \$1,880,691 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, 2025	\$3,151,028	\$1,751,448
2026	\$2,214,719	\$1,371,839
2027	\$3,717,811	\$2,482,372
2028	\$ (99,551)	\$ 304,152
2029	\$ 342,121	\$ 586,011
Thereafter	\$ 0	\$ 320,981

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, 2024

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, 2024

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, 2024, 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	<u>\$582,772</u>
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The net pension liability was measured as of September 30, 2023. The total pension liability is based on the actuarial valuation as of September 30, 2022. An expected total pension liability as of September 30, 2023, 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, 2023.

For the year ended September 30, 2024, the Baldwin County Commission recognized pension expense and revenue of \$102,577 for aid provided by the State of Alabama.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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%
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, 2022, 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	TeacherRetiree- 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, 2024

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	<u>100.0%</u>	
(*) 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, 2024

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, 2023. The supporting actuarial information is included in the GASB Statement Number 67 for the JRF prepared as of September 30, 2023. 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 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 the attainment of age 62 or later completion of 10 years of service.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Employees Covered by Benefit Terms

At September 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	88
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	907
Total	995

Total OPEB Liability

The Commission's total OPEB liability of \$17,659,188 was measured as of September 30, 2024, and was determined by an actuarial valuation as of that date. The information presented hereafter for the OPEB liability includes the liability for Solid Waste employees that were transferred upon creation of the Solid Waste Disposal Authority of Baldwin County on October 1, 2023. The actuarial report prepared for the fiscal year ended September 30, 2024 still included these employees, therefore the OPEB liability reported in the financial statements for government activities differs due the effect of the transfer of these employees.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0% annually	
Salary increases	Service Years	Annual Rate
	0	6.00%
	1-5	4.25%
	6-10	4.00%
	11-15	3.75%
	16-19	3.50%
	20	3.25%
Discount Rate	4.09% annually (Beginning of Year to Determine ADC)	
	3.81%, annually (As of End of Year Measurement Date)	
Healthcare Cost Trend Rates	Getzen model, with an initial trend of 5.5%	
Mortality	PubG.H-2010(B) & PubS.H-2010(B)	

Notes to the Financial Statements

For the Year Ended September 30, 2024

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2024, the end of the applicable measurement period.

The actuarial assumptions used in the September 30, 2024, valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2024.

Changes in the Total OPEB Liability

Balance at September 30, 2023	\$ 9,447,519
Changes for the Year:	
Service Cost	522,148
Interest	391,696
Differences between expected and actual experience	568,030
Changes in assumptions	7,523,263
Benefit payments and net transfers	(793,468)
Net Changes	8,211,669
Balance at September 30, 2024	\$17,659,188

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 (2.81%) or 1-percentage point higher (4.81%) than the current discount rate:

	1.0% Decrease (2.81%)	Current (3.81%)	1.0% Increase (4.81%)
Total OPEB Liability	\$19,529,556	\$17,659,188	\$15,993,119

Notes to the Financial Statements

For the Year Ended September 30, 2024

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	\$15,608,341	\$17,659,188	\$20,106,698

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

For the year ended September 30, 2024, the Commission recognized OPEB expense of \$2,688,729. At September 30, 2024, 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	\$ 2,901,180	\$
Changes in assumptions	7,281,761	(1,033,858)
Total	<u>\$10,182,941</u>	<u>\$(1,033,858)</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, 2025	\$1,774,885
2026	\$1,774,885
2027	\$1,446,761
2028	\$1,281,036
2029	\$1,329,160
Thereafter	\$1,542,356

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 8 – Payables

On September 30, 2024, payables for the Commission's individual major funds and non-major and fiduciary funds in the aggregate are as follows:

	Accounts Payable	Due to Other Governments	Other	Total
Governmental Fund:				
General Fund	\$ 5,826,578	\$12,787,349	\$72,063	\$ 18,685,990
Gasoline Tax Fund	1,080,507	3,779	53	1,084,339
Coronavirus Rescue Act Fund	530,757			530,757
Capital Projects Fund	3,702,727			3,702,727
Debt Service Fund	3,183			3,183
Other Governmental Funds	720,990	212,333	2,391	935,714
Total Governmental Funds	<u>\$11,864,742</u>	<u>\$13,003,461</u>	<u>\$74,507</u>	<u>\$24,942,710</u>

Note 9 – Long-Term Debt

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.

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. Warrant was paid in full on May 1, 2024.

In October 2019, the Commission entered into a direct borrowing agreement 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. Lease is scheduled to be paid in full October 1, 2024.

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. The Solid Waste Fund portion of the debt service payments are now paid through General Fund with funds set aside from Solid Waste Fund during the transfer to Solid Waste Disposal Authority (SWDA).

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

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 is scheduled to be paid in full in August 1, 2025.

On October 25, 2023, Baldwin County entered into a direct borrowing for Cisco Network Refresh with Key Government Finance, Inc. Under the terms of the agreement, annual payments of \$282,607 are scheduled on January 15 of each year, beginning in 2024 and continuing through 2026.

In June 2024, the Public Building Authority of Baldwin County (“PBA”) issued Building Revenue Warrants, Series 2024 (Jail Project), a direct borrowing to provide additional funding for the acquisition, construction, and equipping of a new public jail facility, as well as to cover issuance expenses. To facilitate the repayment of this debt, the PBA and the Baldwin County Commission entered into an agreement, under which the Commission is responsible for the ultimate payment of the warrants. Debt service payments to the PBA are made from the General Fund. The total amount of the issuance was \$12,885,000.

Notes to the Financial Statements

For the Year Ended September 30, 2024

On August 27, 2024, Baldwin County, Alabama issued \$37,500,000 in General Obligation Economic Development Warrants, Series 2024 (the “Series 2024 Warrants”). The proceeds of the Series 2024 Warrants are intended to finance certain capital improvements for an economic development project, primarily supporting infrastructure enhancements related to a low-carbon aluminum recycling and rolling facility in Bay Minette, Alabama, operated by Novelis Corporation. The planned improvements include road access enhancements, a rail spur and bridge connection, and a water tower expansion for potable water distribution. The total estimated project cost is approximately \$37,500,000, with any unfunded portion covered by other financing sources.

The Series 2024 Warrants constitute general obligations of Baldwin County and are secured by the County’s full faith and credit. Additionally, repayment is supported by a pledge of the Tax Increment derived from increased ad valorem tax revenues within Tax Increment District 1, effective May 1, 2024. Debt service payments on the Series 2024 Warrants are scheduled semiannually on April 1 and October 1, commencing April 1, 2025, with interest computed on a 360-day year basis.

The following is a summary of long-term debt obligations for the Commission for the year ended September 30, 2024:

	Debt Outstanding 10/01/2023	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2024	Due Within One Year
Governmental Activities:					
Warrants Payable:					
Warrants, 2014	\$ 835,000	\$	\$ (410,000)	\$ 425,000	\$ 425,000
Warrants, 2015	2,000,000		(2,000,000)		
Warrants, 2020	6,010,000		(1,615,000)	4,395,000	1,700,000
Warrants, 2020B	32,305,000		(2,245,000)	30,060,000	1,590,000
Warrants, 2024 TIF District		37,500,000		37,500,000	
Sub-Total Warrants Payable	41,150,000	37,500,000	(6,270,000)	72,380,000	3,715,000
Unamortized Amounts:					
Less: Unamortized Discount	(15,464)		7,732	(7,732)	(7,732)
Plus: Unamortized Premium	1,225,602	2,575,135	(403,578)	3,397,159	403,578
Total Warrants Payable	42,360,138	40,075,135	(6,665,846)	75,769,427	4,110,846
Other Liabilities:					
Notes from Direct Borrowing	52,194,706	13,732,822	(2,236,172)	63,691,356	2,263,749
Compensated Absences	4,666,977	200,973		4,867,950	1,660,326
OPEB Liability	8,535,630	8,211,669		16,747,299	
Net Pension Liability	53,383,469	372,932	(109,922)	53,646,479	
Total Other Liabilities	118,780,782	22,518,396	(2,346,094)	138,953,084	3,924,075
Total Governmental Activities Long-Term Liabilities	\$161,140,920	\$62,593,531	\$(9,011,940)	\$214,722,511	\$8,034,921

The County does not meet the materiality thresholds for GASB Statement Number 87 and, therefore, does not apply it to its financial statements. As a result, right-to-use lease assets and liabilities are not recorded. Instead, lease payments are recognized as expenditures or expenses in the periods incurred.

Notes to the Financial Statements

For the Year Ended September 30, 2024

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.

The following is a schedule for September 30, 2024, of debt service requirements to maturity:

Year Ending	Governmental Activities				Total Principal and Interest Requirements
	Warrants Payable		Notes from Direct Borrowing		
	Principal	Interest	Principal	Interest	
September 30, 2025	\$ 3,715,000	\$ 1,683,190	\$ 2,263,749	\$ 2,437,261	\$ 10,099,200
2026	4,825,000	2,288,709	2,167,607	2,360,612	11,641,928
2027	3,970,000	2,212,641	1,965,000	2,280,563	10,428,204
2028-2032	19,525,000	9,819,743	11,140,000	10,078,138	50,562,881
2033-2037	10,115,000	7,789,206	13,620,000	7,598,144	39,122,350
2038-2042	7,620,000	6,100,446	16,730,000	4,487,903	34,938,349
2043-2046	6,180,000	3,639,850	15,805,000	1,165,534	26,790,384
2047-2050	7,515,000	2,307,850			9,822,850
2051-2054	8,915,000	908,800			9,823,800
Total	\$72,380,000	\$36,750,435	\$63,691,356	\$30,408,155	\$203,229,946

Premiums and Discounts

The Commission has premiums/discounts in connection with the issuance of 2014, 2015, 2020, and 2024 General Obligation Warrants. The deferred amounts are being amortized using the straight-line method over a period of 25, 18, 10 and 30 years respectively.

	Discount	Premium
Total Discount/Premium	\$328,152	\$13,426,146
Amount Amortized Prior Years	312,688	9,625,409
Balance Discount/Premium	15,464	3,800,737
Current Amount Amortized or Reduced	7,732	403,578
Balance Discount/Premium	\$ 7,732	\$ 3,397,159

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. On September 30, 2024, the total of \$7,975,000 of general obligation warrants outstanding are considered defeased.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 11 – Landfill Closure and Postclosure Care Costs

As of October 1, 2023, the Solid Waste Fund and the Solid Waste Collection Fund have been transferred to the Solid Waste Disposal Authority of Baldwin County (SWDA). Consequently, the financial activities related to Landfill Closure and Postclosure care costs will now be managed and reported by the Solid Waste Disposal Authority.

Note 12 – Conduit Debt Obligations

On June 1, 2007, the Public Building Authority of Baldwin County (PBA), which is a related organization of Baldwin County, issued \$6,405,000 of Building Revenue Warrants (DHR Project), Series 2007-A for the purpose of financing the acquisition, construction, and installation of an office building for use by the Baldwin County Department of Human Resources. Simultaneously, with the issuance of the warrants, a lease agreement was executed between the PBA and Baldwin County in addition to a sub-lease agreement between Baldwin County and the State of Alabama, acting by and through its Department of Human Resources.

The sub-lease agreement was amended on August 1, 2007. The lease is limited obligation debt of the Commission and is payable solely from the revenues generated through the sub-lease agreement, as amended. The warrants nor the lease do not constitute a debt or pledge of the faith and credit of the Commission and accordingly have not been reported in the accompanying financial statements. As of September 30, 2024, the outstanding balance of the lease is \$1,745,000.

Note 13 – 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Health Insurance

The Commission was self-insured for 12 months and paid their administrator for claims processing. For October 2023 through September 2024, the Commission incurred fixed costs that changed effective January 1, 2024.

Fixed Costs (PEPM):

- ◆ 10/1/23 – 12/31/23: BCBS administrative fee of 11.1% of medical claims cost; Stop Loss premium of \$37.36 for single coverage and \$105.89 for family coverage; funding rates of \$607.00 for single coverage and \$1,511.00 for family coverage.
- ◆ 1/1/24 – 9/30/24: BCBS administrative fee of \$65.00 per employee per month; Stop Loss premium of \$49.85 for single coverage and \$140.23 for family coverage; funding rates of \$661.63 for single coverage and \$1,646.99 for family coverage.

Additional fees during the fiscal year included AirMed (\$1.23 PEPM), EPS (\$8.00 single/\$24.00 family through 12/31/23; \$11.00 single/\$33.00 family beginning 1/1/24), Rx Interface (\$1.25 through 12/31/23; \$1.75 beginning 1/1/24), and MedOne Rx administration (\$3.10 PMPM).

The Carrier/Administrator was paid a total of \$13,149,733 for fiscal year ending September 30, 2024, consisting of \$10,950,069 in self-insured medical and Rx claims + \$956,615 in self-insured stop loss premium + \$1,243,049 in self-insured BCBS/MedOne administrative fees.

In 2023, the Commission purchased a stop loss insurance policy for claims in excess of \$125,000 per individual with a \$100,000 aggregating specific deductible up to unlimited. Effective 2024, the Commission increased coverage to claims in excess of \$150,000 per individual with a \$150,000 aggregating specific deductible up to unlimited.

The estimated liability for claims cost for medical and prescriptions as of September 30, 2024, was a “target” liability of \$636,679. After factoring in estimated Pharmacy Rebates (~\$463,964), the total estimated liability reduces to \$172,715.

This analysis does not include Symbol Clinic costs or reimbursements received from stop loss. However, there is an estimated \$294,408.90 pending in stop loss reimbursements for claims paid through September 30, 2023.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 14 – Interfund Transactions

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2024, were as follows:

	Transfers In					
	General Fund	Gasoline Tax Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
Transfers Out						
General Fund	\$ 19,960	\$25,761,939	\$7,038,948	\$8,949,985	\$4,682,098	\$46,452,930
Gasoline Tax Fund	50,000		1,876,792			1,926,792
Other Governmental Funds	934,252		962,480		2,500,000	4,396,732
Total Governmental Funds	1,004,212	25,761,939	9,878,220	8,949,985	7,182,098	52,776,454
Solid Waste Fund	1,587,915					1,587,915
Solid Waste Collection Fund	657,517					657,517
Totals	\$3,249,644	\$25,761,939	\$9,878,220	\$8,949,985	\$7,182,098	\$55,021,886

Advances To/From Other Funds

The amounts advance to/from other funds at September 30, 2024, were as follows:

	Advances from Other Funds	
	General Fund	Totals
Advances to Other Funds		
Other Governmental Funds	\$4,799,899	\$4,799,899

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 15 – 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:

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

Note 16 – Subsequent Events

Following the reporting period, the Baldwin County Commission allocated \$8 million from the General Fund Balance for capital projects, including Sheriff's Office Renovations Phase II, Bay Minette Courthouse Renovations, and a new District Attorney's Office building. This funding will delay the need for warrant financing.

Additionally, the Commission launched the "30 Cubed" program, committing \$30 million to enhance roadway capacity through municipal collaboration, matched by \$30 million in local funding. The initiative aims to have \$60 million in infrastructure projects completed or underway by 2030, supplementing existing County roadway programs. The Commission's \$30 million commitment will be funded through cash reserves and a series of short- to long-term financing strategies to ensure project execution and sustainability.

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 17 – Construction and Other Significant Commitments

As of September 30, 2024, the Commission was obligated for the remaining amounts unpaid under the following construction contracts:

Project Name	Amount Remaining
Drainage Improvements along Faircloth Road	\$ 18,008
Resurfacing Projects FY 2024 Group #3/BCR-2024-3	259,407
Resurfacing Projects FY 2023 Group #3RA	118,816
Drainage Improvements CR 11 (Greeno Road)	1,459,106
Summerdale Box Culverts (4) Projects	84,785
Construction The Launch CR 6	3,597,283
Drainage Improvements Main St. South of Forest Pk	33,019
Project HW24083 and HW24086 Novelis Access Roads	4,900,847
Construction of Mega Site Novelis Rail Spur	13,836,517
Phase II and Phase III of Security Equipment at BCCC	400,994
Renovations and Addition to the BCC	8,427,537
Mega Site - Novelis Site Development	2,539,759
Engr/Environmental for Lillian Park Beach Habitat	35,570
Resurfacing Projects 2021: Group 2	427,390
Purchase and Installation of Chillers at Central Annex II	234,654
Group 5 of ERPR 9072 - Various Drainage Projects	1,144,179
Labor and Incident Materials for Roof Repairs	650,170
Group 4 of ERPR 9072 - Various Drainage Projects	976,677
Sherman Road Drainage Improvements	1,294,544
Purchase and Installation of HVAC Foley Courthouse	359,528
Group 1 of ERPR 9072 - Various Drainage Projects	1,129,658
Totals	<u>\$41,928,448</u>

Note 18 – 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 non-educational 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.

Notes to the Financial Statements

For the Year Ended September 30, 2024

For the fiscal year ended September 30, 2024, total property taxes abated were \$564,589, including the following tax abatement agreements:

Granting Jurisdiction	Type	Property Tax
City of Bay Minette	Construction	\$ 9,889
City of Bay Minette	Land Development	9,380
City of Bay Minette	Manufacturing	18,009
City of Fairhope	Brewery/Distillery	1,380
City of Fairhope	Manufacturing	5,482
City of Foley	Amusement	184,414
City of Foley	Construction	38,940
City of Foley	Land Development	1,101
City of Foley	Manufacturing	34,090
City of Gulf Shores	Brewery/Distillery	2,712
City of Loxley	Distribution	196,260
City of Loxley	Land Development	71
City of Loxley	Manufacturing	58,503
County Only	Manufacturing	4,358
Total County Abated Taxes		<u>\$564,589</u>

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

- ◆ A 20 percent property tax abatement to an Amusement/Entertainment business for increasing the size of its facilities and increasing employment.
- ◆ A 22 percent property tax abatement to a Distribution Center for increasing the size of its facilities and increasing employment.

Sales tax in the amount of \$2,743 was also abated as follows:

Granting Jurisdiction	Type	Sales Tax
City of Bay Minette	Manufacturing	\$ 273
City of Foley	Amusement	2,439
Town of Summerdale	Manufacturing	31
Total County Abated Taxes		<u>\$2,743</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 19 – Restatements

Changes to or Within the Financial Reporting Entity

During the fiscal year ended September 30, 2024, the Commission adopted new accounting guidance by implementing the provisions of GASB Statement Number 100, ***Accounting Changes and Error Corrections***. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, consistent, and comparable information for making decisions or assessing accountability. Accounting changes include changes in accounting principles, changes in estimates, and changes to or within the financial reporting entity. Upon implementation of GASB Statement Number 100, the Commission had a change in the financial reporting entity resulting in a restatement of beginning net position.

During the fiscal year ending September 30, 2024, the Baldwin County Commission identified the need to reverse prior-year adjusting entries related to the implementation of Governmental Accounting Standards Board (GASB) Statement Number 87, ***Leases***. These adjustments were originally recorded in the prior fiscal year to comply with GASB 87 requirements but were subsequently reversed due to immateriality.

As a result, the beginning net position as of October 1, 2023, has been restated to reflect the reversal of these prior-year adjustments. The financial impact of this restatement is presented in the accompanying table within this note.

The restatement does not affect current-year revenues or expenses but ensures accurate financial reporting by reflecting the immateriality of the prior adjustments under GASB 87.

	Governmental Activities	Total
Net Position, September 30, 2023, as Previously Reported	\$591,743,782	\$641,603,324
Reversal of Prior Year Adjusting Entries for GASB 87	<u>4,287</u>	<u>4,287</u>
Net Position October 1, 2023, as Restated	<u>\$591,748,069</u>	<u>\$641,607,611</u>

Notes to the Financial Statements

For the Year Ended September 30, 2024

Note 20 – Reclassification of Revenues

During the fiscal year ended September 30, 2024, the Baldwin County Commission reassessed the classification of certain revenue streams to more accurately present them in accordance with generally accepted accounting principles. As a result, amounts previously reported as General Revenues in the fiscal year ended September 30, 2023, have been reclassified to Program Revenues for the fiscal year ended September 30, 2024. These reclassifications primarily involved revenues originally reported under the "Miscellaneous" category.

The reclassification reflects management's determination that these revenues are more appropriately classified as directly attributable to specific programs. This change enhances the relevance and reliability of the financial statement presentation and does not result from a change in accounting policy.

Because the fiscal year 2024 financial statements are presented for a single year only and not comparatively with fiscal year 2023, the prior year's financial statements have not been restated. However, for purposes of comparability, the impact of these reclassifications is described in the Management's Discussion and Analysis section.

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability
Baldwin County
For the Year Ended September 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 3,134,353	\$ 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	7,884,349	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	3,763,331	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	(7,009,778)	(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	508,550	160,508	507,392	36,419	(96,242)	145,887	417,258	27,240		
Net change in total pension liability	8,280,805	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	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	64,388,018
Total pension liability - ending (a)	\$ 117,615,877	\$ 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	\$ 2,382,158	\$ 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	2,672,545	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	9,354,398	(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	(7,009,778)	(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)	508,550	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	7,907,873	(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	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	47,862,433
Plan fiduciary net position - ending (b)	\$ 80,685,424	\$ 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)	\$ 36,930,453	\$ 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	68.60%	66.56%	81.41%	74.41%	75.72%	83.29%	77.68%	74.28%	73.94%	78.57%
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
Net pension liability as a percentage of payroll	106.30%	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 2024 the measurement period is October 1, 2022 through September 30, 2023. GASB issued a statement "Pension Issues" in March, 2016 to redefine covered payroll beginning with fiscal year 2017.

Schedule of Changes in the Employer's Net Pension Liability
Baldwin County Sheriff's Office Personnel System
For the Year Ended September 30, 2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 2,120,977	\$ 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	4,575,090	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	1,965,637	(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	(3,223,674)	(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	671,963	11,817	(20,587)	74,352	172,780	(84,137)	78,816	(16,428)		
Net change in total pension liability	6,109,993	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	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	30,454,910
Total pension liability - ending (a)	\$ 69,132,435	\$ 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	\$ 1,634,363	\$ 1,402,485	\$ 1,214,352	\$ 1,081,331	\$ 1,058,091	\$ 907,775	\$ 813,364	\$ 843,625	\$ 856,624	\$ 853,830
Contributions - employee	1,685,151	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	5,452,112	(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	(3,223,674)	(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)	671,963	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	6,219,915	(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	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	22,190,717
Plan fiduciary net position - ending (b)	\$ 47,832,086	\$ 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)	\$ 21,300,349	\$ 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	69.19%	66.03%	78.93%	73.82%	73.85%	80.48%	77.77%	74.92%	76.19%	77.92%
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
County's net pension liability as a percentage of covered payroll	105.08%	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 2024 the measurement period is October 1, 2022 through September 30, 2023. GASB issued a statement "Pension Issues" in March, 2016 to redefine covered payroll beginning with fiscal year 2017.

Schedule of the Employer's Contributions - Pension
Baldwin County
For the Year Ended September 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution (*)	\$ 2,249,958	\$ 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
Contributions in relation to the actuarially determined contribution (*)	\$ 2,249,958	\$ 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
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 31,908,854	\$ 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
Contributions as a percentage of covered payroll	7.05%	6.84%	6.44%	5.89%	5.29%	5.13%	5.57%	5.65%	5.73%	5.71%

(*) 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 2024 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 2024 were based on the September 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2023 to September 30, 2024:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	26 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

Schedule of the Employer's Contributions - Pension
Baldwin County Sheriff's Office Personnel System
For the Year Ended September 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution (*)	\$ 1,880,691	\$ 1,578,742	\$ 1,402,485	\$ 1,214,352	\$ 1,081,329	\$ 1,058,091	\$ 907,775	\$ 813,364	\$ 843,625	\$ 856,626
Contributions in relation to the actuarially determined contribution (*)	\$ 1,880,691	\$ 1,578,742	\$ 1,402,485	\$ 1,214,352	\$ 1,081,329	\$ 1,058,091	\$ 907,775	\$ 813,364	\$ 843,625	\$ 856,626
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 22,815,549	\$ 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
Contributions as a percentage of covered payroll	8.24%	7.79%	7.28%	7.07%	6.26%	6.59%	5.77%	5.91%	6.22%	6.57%

(*) 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 2024 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 2024 were based on the September 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2023 to September 30, 2024:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	18.8 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

Schedule of the Employer's Proportionate Share of the Net Pension Liability
Judicial Retirement Fund
For the Year Ended September 30, 2024

	2024	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%	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	582,772	517,664	361,319	455,282	415,665	427,905	453,447	492,200	465,614	417,244
Total	<u>\$ 582,772</u>	<u>\$ 517,664</u>	<u>\$ 361,319</u>	<u>\$ 455,282</u>	<u>\$ 415,665</u>	<u>\$ 427,905</u>	<u>\$ 453,447</u>	<u>\$ 492,200</u>	<u>\$ 465,614</u>	<u>\$ 417,244</u>
Employer's covered payroll	\$ 147,452	\$ 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	N/A
Plan fiduciary net position as a percentage of the total pension liability	58.62%	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, 2024

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, 2024, reported in that schedule:

Valuation date	September 30, 2023
Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Single equivalent remaining amortization period	17.5 years
Asset valuation method	Five-year market related value
Inflation rate	2.75%
Ultimate investment rate of return	7.40%
Projected salary increases	2.75%
Cost-of-living adjustments	2.75% 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, 2022, 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, 2022, 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, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 522,148	\$ 114,910	\$ 139,486	\$ 146,105	\$ 135,335	\$ 110,283	\$ 76,106
Interest	391,696	346,700	198,527	184,050	167,731	216,896	194,224
Differences between expected and actual experience	568,030	720,574	1,145,812	1,005,916	1,362,149	484,789	198,920
Changes of assumptions	7,523,263	(52,297)	(1,482,703)	154,194	934,719	800,164	(244,221)
Benefit payments	(793,468)	(613,494)	(607,598)	(561,462)	(593,658)	(396,999)	(376,302)
Net change in total OPEB liability	8,211,669	516,393	(606,476)	928,803	2,006,276	1,215,133	(151,273)
Total OPEB liability - beginning	9,447,519	8,931,126	9,537,602	8,608,799	6,602,523	5,387,390	5,538,663
Total OPEB liability - ending	\$ 17,659,188	\$ 9,447,519	\$ 8,931,126	\$ 9,537,602	\$ 8,608,799	\$ 6,602,523	\$ 5,387,390
Covered-employee payroll	\$ 49,397,707	\$ 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	35.75%	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, 2024.

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. The discount rate changed to 3.81% for the year ended September 30, 2024

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, 2024

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 1,105,715	\$ 632,653	\$ 574,173	\$ 541,675	\$ 457,556	\$ 428,681	\$ 382,175
Contributions in relation to the actuarially determined contribution	\$ 793,468	\$ 613,494	\$ 607,598	\$ 561,462	\$ 593,658	\$ 396,999	\$ 376,302
Contribution deficiency (excess)	\$ 312,247	\$ 19,159	\$ (33,425)	\$ (19,787)	\$ (136,102)	\$ 31,682	\$ 5,873
Covered-employee payroll	\$ 49,397,707	\$ 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	1.61%	1.40%	1.44%	1.45%	1.59%	0.90%	0.93%

Notes to Schedule

Valuation date: October 1, 2023

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	29 years														
Asset valuation method	Market Value														
Inflation	2.0% annually														
Healthcare cost trend rates	Getzen Model, with an initial trend of 5.5%														
Salary increases	<table> <tr> <th>Service Years</th><th>Annual Rate</th></tr> <tr> <td>0</td><td>6.00%</td></tr> <tr> <td>1-5</td><td>4.25%</td></tr> <tr> <td>6-10</td><td>4.00%</td></tr> <tr> <td>11-15</td><td>3.75%</td></tr> <tr> <td>16-19</td><td>3.50%</td></tr> <tr> <td>20+</td><td>3.25%</td></tr> </table>	Service Years	Annual Rate	0	6.00%	1-5	4.25%	6-10	4.00%	11-15	3.75%	16-19	3.50%	20+	3.25%
Service Years	Annual Rate														
0	6.00%														
1-5	4.25%														
6-10	4.00%														
11-15	3.75%														
16-19	3.50%														
20+	3.25%														
Discount Rate	4.09% annually (Beginning of Year to Determine ADC) 3.81% annually (As of End of Year Measurement Date)														
Retirement age	25 years of service at any age; or, age 60 and 10 years of service. Employees hired on and after January 1, 2013 are eligible to retire only after attainment of age 62 or later completion of 10 years of service.														
Mortality	PubG.H-2010 & PubS.H-2010 (B)														
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, 2024

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
Revenues						
Taxes	\$ 82,843,288.00	\$ 82,843,288.00	\$ 86,039,759.94	(1)	\$ 20,682,886.24	\$ 106,722,646.18
Licenses and Permits	1,965,000.00	2,177,000.00	3,290,594.95			3,290,594.95
Charges for Services	19,939,828.00	19,939,828.00	20,192,275.74	(1)	14,674,935.90	34,867,211.64
Fines and Forfeits	35,000.00	35,000.00	15,186.91			15,186.91
Intergovernmental	3,332,264.00	3,531,261.88	3,671,954.80	(1)	5,834,578.77	9,506,533.57
Contractual Consideration		12,584,303.31				
Miscellaneous	1,108,514.00	1,452,278.00	6,544,534.17	(1)	1,623,294.85	8,167,829.02
Total Revenues	109,223,894.00	122,562,959.19	119,754,306.51		42,815,695.76	162,570,002.27
Expenditures						
Current:						
General Government	36,594,046.00	42,265,441.34	38,829,626.50	(2)	(13,790,007.59)	52,619,634.09
Public Safety	46,452,242.00	48,046,828.24	45,781,961.37			45,781,961.37
Health	882,500.00	906,500.00	587,625.26			587,625.26
Welfare			10,400.00	(2)	(944,051.58)	954,451.58
Culture and Recreation				(2)	(4,594,091.96)	4,594,091.96
Education	76,662.00	76,662.00	70,327.90			70,327.90
Capital Outlay	4,738,343.00	9,028,312.40	(415,715.09)	(2)	(2,586,236.42)	2,170,521.33
Debt Service:						
Interest and Fiscal Charges	199,163.00	199,163.00	191,062.46			191,062.46
Total Expenditures	88,942,956.00	100,522,906.98	85,055,288.40		(21,914,387.55)	106,969,675.95
Excess (Deficiency) of Revenues Over Expenditures	20,280,938.00	22,040,052.21	34,699,018.11		20,901,308.21	55,600,326.32
Other Financing Sources (Uses)						
Proceeds from Long-Term Debt Issued		847,824.00	847,821.57			847,821.57
Proceeds from Sale of Capital Assets		7,757.00	93,668.06			93,668.06
Transfers In	1,553,966.00	1,573,926.00	3,249,643.81			3,249,643.81
Transfers Out	(12,735,614.00)	(22,146,934.00)	(31,611,682.83)	(3)	(14,841,247.00)	(46,452,929.83)
Total Other Financing Sources (Uses)	(11,181,648.00)	(19,717,427.00)	(27,420,549.39)		(14,841,247.00)	(42,261,796.39)
Net Change in Fund Balances	9,099,290.00	2,322,625.21	7,278,468.72		6,060,061.21	13,338,529.93
Fund Balances - Beginning of Year	27,128,583.00	14,878,997.00	66,666,068.68	(4)	2,592,835.00	69,258,903.68
Fund Balances - End of Year	\$ 36,227,873.00	\$ 17,201,622.21	\$ 73,944,537.40		\$ 8,652,896.21	\$ 82,597,433.61

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2024

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		
Pistol Revenue Permit Loss Fund - 029	\$ 343,337.79	
Opioid Settlement Fund - 031	201,027.89	
Legislative Delegation Fund - 104	382,201.15	
Road and Bridge Fund - 112	20,980,355.79	
Council on Aging Fund - 140	178,773.41	
Parks Fund - 144	5,313,745.10	
Flexible Benefits Fund - 717	232,012.22	
Supernumerary Fund - 733	874.11	
Utilities Permit Fund - 788	17,633.51	
Self Insurance Fund - 790	<u>15,165,734.79</u>	\$ 42,815,695.76
(2) Expenditures		
Legislative Delegation Fund	\$ 347,017.33	
Council on Aging Fund	983,052.08	
Parks Fund	5,262,193.49	
Flexible Benefits Fund	234,382.92	
Self Insurance Fund	<u>15,087,741.73</u>	(21,914,387.55)
(3) Other Financing Sources/(Uses), Net		
Legislative Delegation Fund	\$ 200,000.00	
Road and Bridge Fund	(19,948,058.00)	
Council on Aging Fund	965,952.00	
Parks Fund	<u>3,940,859.00</u>	(14,841,247.00)
Net Change in Fund Balance - Budget to GAAP		<u>\$ 6,060,061.21</u>
(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, 2024

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
Revenues						
Taxes	\$ 9,175,000.00	\$ 9,200,000.00	\$ 9,411,527.30		\$	\$ 9,411,527.30
Intergovernmental	2,852,700.00	11,735,406.53	5,019,100.48	(1)	1,143,169.09	6,162,269.57
Charges for Services	390,000.00	704,535.00	764,962.46			764,962.46
Miscellaneous	50,000.00	50,000.00	1,772,173.83	(1)	74,275.96	1,846,449.79
Total Revenues	12,467,700.00	21,689,941.53	16,967,764.07		1,217,445.05	18,185,209.12
Expenditures						
Current:						
Highways and Roads	32,174,113.00	66,472,366.45	14,556,328.94			14,556,328.94
Capital Outlay	7,223,036.00	10,066,533.58	17,026,185.90			17,026,185.90
Total Expenditures	39,397,149.00	76,538,900.03	31,582,514.84			31,582,514.84
Excess (Deficiency) of Revenues Over Expenditures	(26,929,449.00)	(54,848,958.50)	(14,614,750.77)		1,217,445.05	(13,397,305.72)
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	1,849,750.00	1,849,750.00	3,085,663.53			3,085,663.53
Other Financing Sources	243,426.00	20,669,724.83				
Transfers In	25,681,089.00	25,781,089.00	25,761,939.12			25,761,939.12
Transfers Out	(1,991,116.00)	(1,991,116.00)	(780,492.40)	(2)	(1,146,300.00)	(1,926,792.40)
Total Other Financing Sources (Uses)	25,783,149.00	46,309,447.83	28,067,110.25		(1,146,300.00)	26,920,810.25
Net Change in Fund Balances	(1,146,300.00)	(8,539,510.67)	13,452,359.48		71,145.05	13,523,504.53
Fund Balances - Beginning of Year	20,162,975.00	20,162,975.00	41,003,901.25	(3)	885,902.71	41,889,803.96
Fund Balances - End of Year	\$ 19,016,675.00	\$ 11,623,464.33	\$ 54,456,260.73		\$ 957,047.76	\$ 55,413,308.49

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	\$ 1,014,046.65		
Severed Material Severance Tax Fund	203,398.40	\$ 1,217,445.05	
(2) Other Financing Sources/(Uses)			
Public Highway and Traffic Fund	\$ (930,500.00)		
Severed Material Severance Tax Fund	(215,800.00)	(1,146,300.00)	
Net Change in Fund Balance - Budget to GAAP		\$ 71,145.05	

(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, 2024

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Intergovernmental	\$ 24,785,339.39	\$ 24,785,339.39	\$ 3,789,238.00	\$	\$ 3,789,238.00
Miscellaneous	(863,302.61)	(856,093.52)	1,318,682.39		1,318,682.39
Total Revenues	23,922,036.78	23,929,245.87	5,107,920.39		5,107,920.39
Expenditures					
Current:					
General Government	14,932,006.12	1,854,257.74			
Public Safety	(14,989.57)	6,500.00	6,500.00		6,500.00
Highways and Roads	4,281,086.91	11,621,134.32	596,014.22		596,014.00
Welfare	692,714.53	692,714.53	158,875.10		158,875.10
Capital Outlay	5,139,257.62	10,862,678.11	3,027,848.68		3,027,848.68
Total Expenditures	25,030,075.61	25,037,284.70	3,789,238.00		3,789,238.00
Excess (Deficiency) of Revenues Over Expenditures	(1,108,038.83)	(1,108,038.83)	1,318,682.39		1,318,682.39
Net Change in Fund Balances	(1,108,038.83)	(1,108,038.83)	1,318,682.39		1,318,682.39
Fund Balances - Beginning of Year	1,975,724.00	1,975,724.00	1,301,627.16		1,301,627.16
Fund Balances - End of Year	\$ 867,685.17	\$ 867,685.00	\$ 2,620,309.55	\$	\$ 2,620,309.55

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Supplementary Information

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipient	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	\$	\$ 8,454.81
National School Lunch Program:				
Cash Assistance	10.555	N/A		17,709.09
Supply Chain Assistance Allocation	10.555	N/A		5,743.35
Sub-Total National School Lunch Program				23,452.44
Sub-Total Child Nutrition Cluster				31,907.25
Total U. S. Department of Agriculture				31,907.25
<u>U. S. Department of Commerce</u>				
<u>Passed Through Alabama Department of Environmental Management</u>				
Coastal Zone Management Administration Awards	11.419	C240590004		38,500.00
Total U. S. Department of Commerce				38,500.00
<u>U. S. Department of Housing and Urban Development</u>				
<u>Passed Through Alabama Department of Economic and Community Affairs</u>				
Community Development Block Grant	14.228	CY-CM-PF-18-009	15,511.05	15,511.05
Community Development Block Grant	14.228	DR 21 001		310,061.45
Total U. S. Department of Housing and Urban Development			15,511.05	325,572.50
<u>U. S. Department of Interior</u>				
<u>Direct Programs</u>				
Payments in Lieu of Taxes	15.226	N/A		43,790.00
GoMESA	15.435	N/A		363,976.08
National Wildlife Refuge Fund	15.659	N/A		296,247.00
Total U. S. Department of Interior				704,013.08
<u>U. S. Department of Justice</u>				
<u>Direct Programs</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A		15,951.00
Equitable Sharing Program	16.922	N/A		180,035.20
Total U. S. Department of Justice				195,986.20
<u>U. S. Department of the Treasury</u>				
<u>Direct Program</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,190,531.95	8,003,017.57
Total U. S. Department of the Treasury			1,190,531.95	8,003,017.57
Sub-Total Forward			\$ 1,206,043.00	\$ 9,298,996.60

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipient	Total Federal Expenditures
Sub-Total Brought Forward			\$ 1,206,043.00	\$ 9,298,996.60
<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	18,652.00	18,652.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FTA 9C1000 75819	517,459.00	517,459.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FTA 9C1000 75820	40,722.00	40,722.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FTA 9C1000 77387	206,977.00	206,977.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2022-021-01 3000-A1		32,980.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2023-027-01 3000-A1		172,162.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2022-021-01 1140-A4		587.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2023-027-01 1140-A3		20,598.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2022-021-01 1170-A3		19,484.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2023-027-01 1170-A4		15,021.00
Sub-Total Federal Transit - Formula Grants (Urbanized Area Formula Program)			783,810.00	1,044,642.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTO 100077 923		573,609.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTO 100077 924		775,058.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTOC 100077 925		173,358.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTO8 100076 060		11,376.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTO8 100077 922		100,000.00
Sub-Total Formula Grants for Rural Areas and Tribal Transit Program				1,633,401.00
<u>Passed Through Florida Department of Transportation</u>				
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FL-2020-052		66,114.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FL-2022-007		66,293.00
Sub-Total Federal Transit - Formula Grants (Urbanized Area Formula Program)				132,407.00
<u>Passed Through Alabama Emergency Management Agency</u>				
Hazardous Materials Emergency Preparedness Grant	20.703	24DOT		39,548.00
Total U. S. Department of Transportation			783,810.00	2,849,998.00
<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-2024		145,052.00
<u>Passed Through Alabama Department of Public Health</u>				
Public Health Emergency Preparedness	93.069	5NU90TP922030-05		11,000.00
Detection and Mitigation of COVID-19 in Confinement Facilities	93.323	6NU50CK000545-03-01		7,157.75
Total U. S. Department of Health and Human Services				163,209.75
Sub-Total Forward			\$ 1,989,853.00	\$ 12,312,204.35

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipient	Total Federal Expenditures
Sub-Total Brought Forward			\$ 1,989,853.00	\$ 12,312,204.35
<u>Executive Office of the President</u>				
<u>Passed Through Alabama Law Enforcement Agency</u>				
High Intensity Drug Trafficking Areas Program	95.001	G21GC006A		90,104.68
Total U. S. Executive Office of the President				90,104.68
<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		202,036.91
Emergency Management Performance Grant Program	97.042	EMA-2024-EP-00005		66,419.00
<u>Passed Through Alabama Law Enforcement Agency</u>				
Homeland Security Grant Program	97.067	3LOC		102,842.93
Total U. S. Department of Homeland Security				371,298.84
Total Expenditures of Federal Awards			\$ 1,989,853.00	\$ 12,773,607.87

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, 2024

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, 2024. 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 or changes in net position 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*.

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Additional Information

Commission Members and Administrative Personnel
October 1, 2023 through September 30, 2024

Commission Members		Term Expires
Hon. Matthew P. McKenzie	Chairperson	2026
Hon. James E. Ball, Jr.	Vice-Chairperson	2026
Hon. Billie Jo Underwood	Member	2026
Hon. Charles F. Gruber	Member	2026
<u>Administrative Personnel</u>		
Roger H. Rendleman	County Administrator, Interim Clerk/Treasurer	Indefinite

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

Independent Auditor's Report

Members of the Baldwin County Commission and
County Administrator, Interim 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, 2024, 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 November 18, 2025.

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.

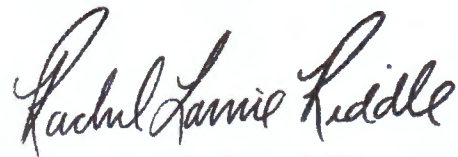
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

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

November 18, 2025

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 and
County Administrator, Interim 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 program for the year ended September 30, 2024. The Baldwin County Commission's major federal program is 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 its major federal program for the year ended September 30, 2024.

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 program.

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

November 18, 2025

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2024

Section I – Summary of Examiner's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

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

Unmodified

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

_____ Yes X No

Identification of major federal programs:

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

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

\$750,000.00

Auditee qualified as low-risk auditee?

_____ Yes X No

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2024

Section II – Financial Statement Findings (GAGAS)

No matters were reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.