

Report on the

Baldwin County Commission

Baldwin County, Alabama

October 1, 2008 through September 30, 2009

Filed: August 20, 2010



Department of Examiners of Public Accounts

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Ronald L. Jones, Chief Examiner



Ronald L. Jones
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Honorable Ronald L. Jones
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Sir:

Under the authority of the *Code of Alabama 1975*, Section 41-5-21, we submit this report on the results of the audit of the Baldwin County Commission for the period October 1, 2008 through September 30, 2009.

Sworn to and subscribed before me this
the 30th day of July, 2010.

Sandra E Shirley
Notary Public

Sworn to and subscribed before me this
the 26 day of July, 2010.

Dixie A Broadwater
Notary Public

11/20/2013

rb

Respectfully submitted,

Mary E. Dunckley

Mary E. Dunckley
Examiner of Public Accounts

Dixie A Broadwater

Dixie A. Broadwater
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

**Baldwin County Commission
October 1, 2008 through September 30, 2009**

The Baldwin County Commission (the "Commission") is 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 19. 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 41-5-14.

An unqualified 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, 2009.

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

The following officials/employees were invited to an exit conference to discuss this report: Administrator of the County Commission: Michael L. Thompson; County Commissioners: David Ed Bishop, Frank Burt, Jr., Wayne Gruenloh and Charles Gruber; and Clerk/Treasurer: Kyle Baggett. The following individuals attended the exit conference, held at the offices of the County Commission: Michael L. Thompson, Administrator; Charles Gruber, Commissioner; and Kyle Baggett; Clerk/Treasurer. Also in attendance were Kimberly Creech, Chief Accountant, Wanda Gautney, Purchasing Agent, Ron Cink, Budget Director; John Marino, County Auditor; and representatives from the Department of Examiners of Public Accounts: Mary Dunckley and Dixie Broadwater.

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Independent Auditor's Report

Independent Auditor's Report

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, 2009, which collectively comprise the basic financial statements of the Baldwin County Commission as listed in the table of contents as Exhibits 1 through 11. These financial statements are the responsibility of the Baldwin County Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Baldwin County Commission, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Baldwin County Commission adopted the provisions of Governmental Accounting Standard Board (GASB) Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the fiscal year ended September 30, 2009. This represents a change in the Baldwin County Commission's method of accounting for certain postemployment benefits.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2010 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis (MD&A), the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, and the Schedules of Funding Progress (Exhibits 12 through 17), are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 18) as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

July 7, 2010

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Management's Discussion and Analysis
(Required Supplementary Information)

Baldwin County Commission Management's Discussion and Analysis

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

The Management Discussion and Analysis (MD&A) focuses on the activities of the Baldwin County Commission for the fiscal year ended September 30, 2009. The reader should consider the information contained in this MD&A in conjunction with the County's financial statements for the same period.

Financial Highlights

Baldwin County's assets exceeded its liabilities at the close of the fiscal year ended September 30, 2009, by \$244,387,221.14 in Governmental Activities and \$23,197,197.80 in Business-Type Activities for a total of \$267,584,418.94. Of these amounts \$30,332,182.63 and \$9,202,130.82 respectively were available to be used to meet the County's ongoing obligations to its citizens and creditors.

The County's net assets increased by \$18,308,482.08 or 8.1% for Governmental Activities and increased by \$1,167,943.73 or 5.3% for Business-Type Activities. The total net assets increased by \$19,476,425.81 or 7.8%.

As of the end of the current fiscal year Baldwin County's Governmental Funds reported combined ending fund balances of \$100,777,889.84 which reflects a decrease of \$7,787,063.98 or 7.2% below the prior year.

Total long-term liabilities for the Baldwin County Commission for governmental activities decreased by a net of \$9,329,096.11 or 6.7%, during the current fiscal year and total long-term liabilities for business-type activities decreased by a net of \$1,969,562.81 or 26.9%, as described in Note 11 in the Notes to the Financial Statements.

Overview of Financial Statements

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

Government-wide financial statements

Fund financial statements

Proprietary Funds statements

Fiduciary Funds statements

Notes to financial statements

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

Government-wide Financial Statements

The Government-wide financial statements are designed to provide readers with an overview of the County's finances, in a manner similar to those used by private-sector businesses. The Statement of Net Assets includes all of the County's assets and liabilities. Current year revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. This Statement combines and consolidates Governmental Fund's current financial resources (short term spendable resources) with capital assets and long term debt. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. To properly evaluate the overall health of the County you may need to consider other non-financial factors such as changes in the County's property tax base and the condition of the County's infrastructure, buildings and other facilities.

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

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund financial statements more familiar. Fund financial statements provide more detailed information about the County's Funds focusing on its major Funds rather than the County as a whole. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Baldwin County like other state and local governments uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental, Fiduciary, and Proprietary are three categories of Fund types used to keep track of specific sources of funding and spending on particular County programs. Because the focus of Governmental Funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for Governmental Activities in the Government-wide financial statements. In doing so readers may better understand the long-term impact of the County's current financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliation to aid in this comparison between Governmental Funds and Governmental Activities.

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

Baldwin County maintains many Funds that are Governmental Funds. Separate information is presented in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Gasoline Tax Fund, Public Buildings, Roads, and Bridges Fund, Reappraisal Fund, Capital Projects Fund, Debt Service Fund, and Oil and Gas Severance Tax Fund. These Funds are deemed to be major Funds. Data from the remaining Funds are combined into a single aggregated presentation.

Proprietary Funds Statements

The Proprietary Funds maintained by the County are considered Enterprise Funds. These Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the Funds be self supporting. The costs of providing goods or services to the general public on a continuing basis are financed or recovered through user charges.

Exhibits #7 (Statement of Net Assets), #8 (Statement of Revenues, Expenses, and Changes in Fund Net Assets), and #9 (Statement of Cash Flows) account for the activities in the County's two Proprietary Funds (Solid Waste Fund and Solid Waste Collection Fund).

Fiduciary Funds Statements

Fiduciary Funds are Funds in which the County is the trustee or fiduciary for assets that belong to others. The County is responsible for ensuring that the assets in these Funds are used only for their intended purpose and are properly recorded. All the County's fiduciary activities are reported in Exhibit #10 (Statement of Fiduciary Net Assets) and Exhibit #11 (Statement of Changes in Fiduciary Net Assets).

Notes to the Financial Statements

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

Required Supplementary Information

Required supplementary information is expressed in Exhibits #12 (Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget to Actual – General Fund), Exhibit #13 (Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget to Actual – Gasoline Tax Fund), Exhibit #14 (Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget to Actual – Public Buildings, Roads and Bridges Fund), and Exhibit #15 (Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget to Actual – Reappraisal Fund). These Schedules compare the County's budget to actual amounts for the major Governmental Funds. Baldwin County adopts an annual budget for these Funds and the comparison Schedules are presented to demonstrate compliance with the Fund budgets. Also Exhibits #16, #17, and #18 provide information on the County's Defined Benefit Pension Plan, Other Postemployment Benefits, and Expenditures of Federal Awards.

Additional Information

With the implementation of Governmental Accounting Standards Board (GASB) Statement 34, the County now reports and depreciates General Capital Assets. The County has elected to depreciate these assets over their estimated useful life using the straight-line method of depreciation. The capital assets related to general government activities are valued and reported within the Governmental Activities column of the Government-wide statement.

Government-wide Financial Analysis

The County governmental net assets increased by \$18,308,482.08 and the business-type net assets increased by \$1,167,943.73 for a total net increase of \$19,476,425.81. The change in net assets is a useful indicator of the County's financial position. Baldwin County's total assets exceeded total liabilities by \$267,584,418.94 as of the fiscal year ending September 30, 2009.

The following table shows the condensed Statement of Net Assets. Comparative information between the current fiscal year and the previous fiscal year is illustrated.

**Statement of Net Assets
Comparative Analysis**

Governmental Activities				
	As Of 9/30/2009	As Of 9/30/2008	Amount Of Change	Percent Of Change
Current Assets	\$99,605,289.92	\$100,921,702.11	(\$1,316,412.19)	-1.3%
Noncurrent Assets	327,512,301.56	320,030,448.43	7,481,853.13	2.3%
Total Assets	\$427,117,591.48	\$420,952,150.54	\$6,165,440.94	1.5%
Current Liabilities	\$62,626,358.51	\$68,060,962.73	(\$5,434,604.22)	-8.0%
Noncurrent Liabilities	120,104,011.83	126,812,448.75	(6,708,436.92)	-5.3%
Total Liabilities	182,730,370.34	194,873,411.48	(12,143,041.14)	-6.2%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	181,267,978.13	163,630,146.37	17,637,831.76	10.8%
Restricted	32,787,060.38	30,914,144.06	1,872,916.32	6.1%
Unrestricted	30,332,182.63	31,534,448.63	(1,202,266.00)	-3.8%
Total Net Assets	244,387,221.14	226,078,739.06	18,308,482.08	8.1%
Total Liabilities & Net Assets	\$427,117,591.48	\$420,952,150.54	\$6,165,440.94	1.5%

Business Type Activities				
	As Of 9/30/09	As Of 9/30/08	Amount Of Change	Percent Of Change
Current Assets	\$14,978,166.33	\$16,659,821.86	(\$1,681,655.53)	-10.1%
Noncurrent Assets	14,377,216.98	13,411,654.28	965,562.70	7.2%
Total Assets	\$29,355,383.31	\$30,071,476.14	(\$716,092.83)	-2.4%
Current Liabilities	\$2,060,848.53	\$1,634,848.31	\$426,000.22	26.1%
Noncurrent Liabilities	4,097,336.98	6,407,373.76	(2,310,036.78)	-36.1%
Total Liabilities	6,158,185.51	8,042,222.07	(1,884,036.56)	-23.4%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	12,152,795.35	11,156,040.19	996,755.16	8.9%
Restricted	1,842,271.63	1,663,793.76	178,477.87	10.7%
Unrestricted	9,202,130.82	9,209,420.12	(7,289.30)	-0.1%
Total Net Assets	23,197,197.80	22,029,254.07	1,167,943.73	5.3%
Total Liabilities & Net Assets	\$29,355,383.31	\$30,071,476.14	(\$716,092.83)	-2.4%

	Total Activities			
	As Of 9/30/09	As Of 9/30/08	Amount Of Change	Percent Of Change
Current Assets	\$114,583,456.25	\$117,581,523.97	(\$2,998,067.72)	-2.5%
Noncurrent Assets	341,889,518.54	333,442,102.71	8,447,415.83	2.5%
Total Assets	\$456,472,974.79	\$451,023,626.68	\$5,449,348.11	1.2%
Current Liabilities	\$64,687,207.04	\$69,695,811.04	(\$5,008,604.00)	-7.2%
Noncurrent Liabilities	124,201,348.81	133,219,822.51	(9,018,473.70)	-6.8%
Total Liabilities	188,888,555.85	202,915,633.55	(14,027,077.70)	-6.9%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	193,420,773.48	174,786,186.56	18,634,586.92	10.7%
Restricted	34,629,332.01	32,577,937.82	2,051,394.19	6.3%
Unrestricted	39,534,313.45	40,743,868.75	(1,209,555.30)	-3.0%
Total Net Assets	267,584,418.94	248,107,993.13	19,476,425.81	7.8%
Total Liabilities & Net Assets	\$456,472,974.79	\$451,023,626.68	\$5,449,348.11	1.2%

In Governmental Activities the largest portion of net assets is invested in capital assets. In Business-Type Activities the largest portion of net assets is also invested in capital assets. The capital assets are not available for future spending. The County uses capital assets to provide services to its citizens. While the County's capital assets are net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to pay or liquidate these liabilities.

The unrestricted assets may be used to meet the County's ongoing obligations to its citizens.

Statement of Activities

The following schedules compare the revenues and expenses for the current and previous years. Governmental Activities increased the County's net assets by \$18,308,482.08 and Business-Type Activities increased net assets by \$1,167,943.73 for an overall increase of \$19,476,425.81. Property Taxes, Charges for Services, and Operating Grants & Contributions account for the major portion of revenues. Capital Grants and Contributions, Sales Taxes and Gasoline Taxes were also key revenue sources. Cost control, holding expenses within budget, also contributed to the increase in net assets.

**“CHANGES IN NET ASSETS COMPARATIVE ANALYSIS”
CAN BE FOUND
ON THE NEXT TWO PAGES**

Changes in Net Assets Comparative Analysis

	Governmental		Activities	
	As Of 9/30/2009	As Of 9/30/2008	Amount Of Change	Percent Of Change
REVENUES				
Program Revenues				
Charges for Services	12,840,917.41	12,594,306.33	246,611.08	2.0%
Operating Grants & Contributions	16,200,566.39	14,001,911.06	2,198,655.33	15.7%
Capital Grants & Contributions	12,586,709.56	4,720,653.07	7,866,056.49	166.6%
General Revenues				
Property Taxes	39,273,293.08	38,767,981.81	505,311.27	1.3%
General Sales Tax	8,472,710.30	8,984,437.54	(511,727.24)	-5.7%
Special Sales Tax	450,988.82	476,242.75	(25,253.93)	-5.3%
County Gasoline Sales Tax	6,929,893.17	6,925,428.11	4,465.06	0.1%
Miscellaneous Taxes	4,975,689.28	5,384,118.95	(408,429.67)	-7.6%
Grants and Contributions not Restricted for Specific Purposes	1,551,492.81	1,687,724.83	(136,232.02)	-8.1%
Unrestricted Investment Earnings	2,741,988.43	4,047,320.56	(1,305,332.13)	-32.3%
Miscellaneous	3,555,954.56	3,441,003.31	114,951.25	3.3%
Gain on Disposition of Capital Assets	0.00	1,806,430.13	(1,806,430.13)	-100.0%
Transfers	1,449,771.90	(3,384,002.33)	4,833,774.23	142.8%
Total Revenues	<u>111,029,975.71</u>	<u>99,453,556.12</u>	<u>11,576,419.59</u>	<u>11.6%</u>
EXPENSES				
Program Activities				
General Government	30,171,058.92	33,968,091.81	(3,797,032.89)	-11.2%
Public Safety	27,480,489.68	26,217,209.09	1,263,280.59	4.8%
Highways & Roads	24,620,879.38	23,006,847.68	1,614,031.70	7.0%
Sanitation	2,584.68	2,584.68	0.00	0.0%
Health	3,180,484.12	2,830,661.83	349,822.29	12.4%
Welfare	4,890.57	502,445.43	(497,554.86)	-99.0%
Culture & Recreation	1,003,671.02	1,236,770.51	(233,099.49)	-18.8%
Education	414,092.46	282,984.56	131,107.90	46.3%
Interest on Long Term Debt	5,843,342.80	5,217,321.56	626,021.24	12.0%
Intergovernmental	0.00	0.00	0.00	0.0%
Landfill	0.00	0.00	0.00	0.0%
Total Expenses	<u>92,721,493.63</u>	<u>93,264,917.15</u>	<u>(543,423.52)</u>	<u>-0.6%</u>
Increase (Decrease) in Net Assets	18,308,482.08	6,188,638.97	12,119,843.11	195.8%
Net Assets Beg. of Year As Restated	<u>226,078,739.06</u>	<u>219,890,100.09</u>	<u>6,188,638.97</u>	<u>2.8%</u>
Net Assets End of Year	<u>244,387,221.14</u>	<u>226,078,739.06</u>	<u>18,308,482.08</u>	<u>8.1%</u>

	Business Type Activities			
	As Of 9/30/2009	As Of 9/30/2008	Amount Of Change	Percent Of Change
REVENUES				
Program Revenues				
Charges for Services	10,911,757.91	10,268,649.75	643,108.16	6.3%
Operating Grants & Contributions	72,625.12	0.00	72,625.12	100.0%
General Revenues				
Unrestricted Investment Earnings	495,567.72	644,236.24	(148,668.52)	-23.1%
Miscellaneous	15,149.73	29,806.08	(14,656.35)	-49.2%
Gain on Disposition of Capital Assets	310,710.14	254,645.49	56,064.65	22.0%
Transfers	(1,449,771.90)	3,384,002.33	(4,833,774.23)	-142.8%
Total Revenues	10,356,038.72	14,581,339.89	(4,225,301.17)	-29.0%
EXPENSES				
Landfill	9,188,094.99	12,007,872.82	(2,819,777.83)	-23.5%
Total Expenses	9,188,094.99	12,007,872.82	(2,819,777.83)	-23.5%
Increase (Decrease) in Net Assets	1,167,943.73	2,573,467.07	(1,405,523.34)	-54.6%
Net Assets Beg. of Year As Restated	22,029,254.07	19,455,787.00	2,573,467.07	13.2%
Net Assets End of Year	23,197,197.80	22,029,254.07	1,167,943.73	5.3%

	Total Activities			
	As Of 9/30/2009	As Of 9/30/2008	Amount Of Change	Percent Of Change
REVENUES				
Program Revenues				
Charges for Services	23,752,675.32	22,862,956.08	889,719.24	3.9%
Operating Grants & Contributions	16,273,191.51	14,001,911.06	2,271,280.45	16.2%
Capital Grants & Contributions	12,586,709.56	4,720,653.07	7,866,056.49	166.6%
General Revenues				
Property Taxes	39,273,293.08	38,767,981.81	505,311.27	1.3%
General Sales Tax	8,472,710.30	8,984,437.54	(511,727.24)	-5.7%
Special Sales Tax	450,988.82	476,242.75	(25,253.93)	-5.3%
County Gasoline Sales Tax	6,929,893.17	6,925,428.11	4,465.06	0.1%
Miscellaneous Taxes	4,975,689.28	5,384,118.95	(408,429.67)	-7.6%
Grants and Contributions not Restricted for Specific Purposes	1,551,492.81	1,687,724.83	(136,232.02)	-8.1%
Unrestricted Investment Earnings	3,237,556.15	4,691,556.80	(1,454,000.65)	-31.0%
Miscellaneous	3,571,104.29	3,470,809.39	100,294.90	2.9%
Gain on Disposition of Capital Assets	310,710.14	2,061,075.62	(1,750,365.48)	-84.9%
Transfers	0.00	0.00	0.00	0.0%
Total Revenues	121,386,014.43	114,034,896.01	7,351,118.42	6.4%
EXPENSES				
Program Activities				
General Government	30,171,058.92	33,968,091.81	(3,797,032.89)	-11.2%
Public Safety	27,480,489.68	26,217,209.09	1,263,280.59	4.8%
Highways & Roads	24,620,879.38	23,006,847.68	1,614,031.70	7.0%
Sanitation	2,584.68	2,584.68	0.00	0.0%
Health	3,180,484.12	2,830,661.83	349,822.29	12.4%
Welfare	4,890.57	502,445.43	(497,554.86)	-99.0%
Culture & Recreation	1,003,671.02	1,236,770.51	(233,099.49)	-18.8%
Education	414,092.46	282,984.56	131,107.90	46.3%
Interest on Long Term Debt	5,843,342.80	5,217,321.56	626,021.24	12.0%
Intergovernmental	0.00	0.00	0.00	0.0%
Landfill	9,188,094.99	12,007,872.82	(2,819,777.83)	-23.5%
Total Expenses	101,909,588.62	105,272,789.97	(3,363,201.35)	-3.2%
Increase (Decrease) in Net Assets	19,476,425.81	8,762,106.04	10,714,319.77	122.3%
Net Assets Beg. of Year As Restated	248,107,993.13	239,345,887.09	8,762,106.04	3.7%
Net Assets End of Year	267,584,418.94	248,107,993.13	19,476,425.81	7.8%

Charges for Services account for 19.6% and Property Taxes account for 32.4% of total County revenues of \$121,386,014.43 for the fiscal year ended September 30, 2009. Property Taxes were level with slight growth for the fiscal year ended September 30, 2009. Total expenses for the County were \$101,909,588.62. Of this amount 29.6% went towards General Government, 27.0% towards Public Safety, and 24.2% towards Highways and Roads.

The following comments are meant to serve as clarification of the comparison of the current year's revenue to the previous year's revenue. Items not included below are considered normal and routine.

1. Charges for Services:

In Governmental Activities there is one major activity that accounts for the Increase. The Wilderness Fund received over \$1,000,000.00 more from Medicaid Reimbursement in FY09 than in FY08. This more than offset the overall decrease in Charges for Services that was present in the other Funds. In Business-Type Activities the increase is the result of an increase in the residential fee structure that was implemented in FY09.

2. Operating Grants & Contributions and Capital Grants & Contributions:

The grants awarded to the County vary from year to year based on factors such as state and federal funding and County eligibility. It is normal to see fluctuations in grant awards from year to year.

3. Property Taxes:

In Governmental Activities there was an increase of half a million dollars. The County is required by law to reappraise all real property on an annual basis. The Alabama State Revenue Department took over the reappraisal operations in 2008 and conducted almost a 100% verification of tax appraisals. The Alabama State Revenue Department maintained oversight of the reappraisal process in FY09.

4. General & Special Sales Tax:

In Governmental Activities there was a decrease of \$536,981.17. The County has experienced a drop in the sales resulting from the global recession.

5. County Gasoline Tax:

This revenue source remained level during the current fiscal year.

6. Miscellaneous Taxes:

In Governmental Activities there was a decrease of \$408,429.67. The major factor in this category was a decrease in the Mortgage Tax of \$444,454.48. The real estate market remained depressed and lending standards were tightened during the current fiscal year.

7. Unrestricted Investment Earnings:

This decrease was primarily the result of decreases in interest rates which lowered the return on investments and cash balances.

8. Miscellaneous Revenue:

This category is the culmination of numerous and diverse revenue sources. Many of these items are one time occurrences and thus make it difficult to compare one period to another. A major contributor to the increase in revenue was from a contract for maintenance services with the State Department of Human Resources that was not in place in the previous fiscal year.

9. Gain on Disposition of Capital Assets:

There were no gains on the disposition of capital assets in the current fiscal year in Governmental Activities. Thus this change from last fiscal year is the result of the County being fiscally conservative in the replacement of capital assets. In the Business Type Activities the increase was more a factor of a high demand for used heavy equipment with high market prices remaining in the market place.

10. Transfers:

This item appears on both the Governmental Activities and Business Activities statements and reflects the movement of funds between the two. For the current year the amount is primarily the result of the Solid Waste Fund paying its share of the debt service and reimbursing the General Fund for administrative support.

The following comments are meant to serve as clarification of the comparison of the current year's expenses to the previous year's expenses. Items not included below are considered normal and routine.

1. General Government:

The decrease in expenditures is directly related to fewer dollars being spent on capital projects. In the previous fiscal year numerous expensive brick and mortar projects were completed. The projects completed this fiscal year were much smaller in scale and expense. Additionally all departments contributed with planned operating expense controls.

2. Public Safety:

The increase in this category is primarily from additional planned expenditures supporting the County Jail, the Community Corrections Program, and Wilderness Youth Facility. Additionally there were increases in grant related expenditures and public projects.

3. Highways & Roads:

A large portion of the increase was due to Right of Way acquisitions for new road construction. Additionally the debt service increased by just over \$1.4 million dollars.

4. Health:

Increased payments in the current fiscal year for the operation of the Baldwin County Health Department was the major factor in this increase. Appropriations to the Baldwin County Health Department were \$510,433.04 larger than in the previous year.

5. Culture and Recreation:

The decrease in this category is primarily the result of a reduction in the expenditures from the Highway 287 Landscaping Grant as well as a reduction of capital purchases in the Parks Department and overall expense control.

6. Interest on Long Term Debt:

During the previous fiscal year the 2008A, 2008B, and 2008C Warrants were issued on December 4, 2007; May 8, 2008; and September 30, 2008. Interest in the previous fiscal year on these warrants was based only on a partial year, whereas interest in the current fiscal year was based on a full year. This is the reason for the increased interest.

7. Landfill

The primary reason for this decrease is the result of an accrual entry made for closure and post closure of the landfill where there was a reduction from last year by a little larger than \$2.8 million. This resulted from a change in the methodology used in forecasting this process.

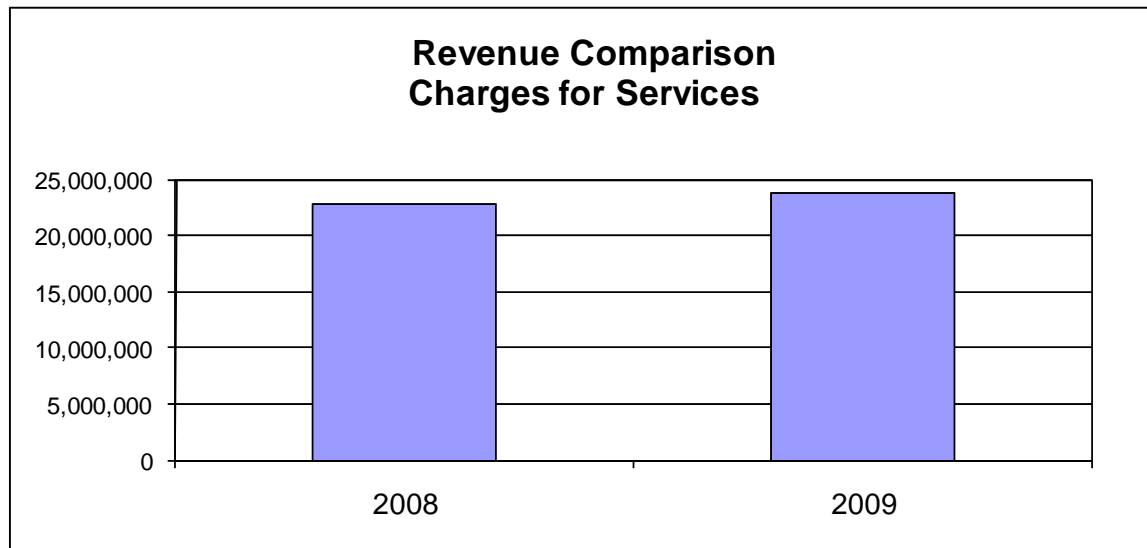
For the fiscal years ended September 30, 2009 and September 30, 2008, the following Attachment A is a graphic comparison of County sources of revenues, and the following Attachment B is a graphic comparison of County expenditures by activity.

**“ATTACHMENT A”
AND
“ATTACHMENT B”
CAN BE FOUND
ON THE FOLLOWING EIGHT PAGES**

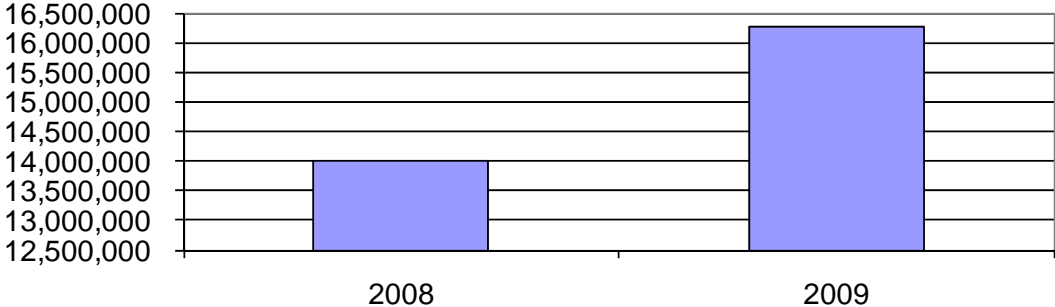
ATTACHMENT A

BALDWIN COUNTY COMMISSION SOURCES OF REVENUE MULTIPLE YEAR COMPARISON

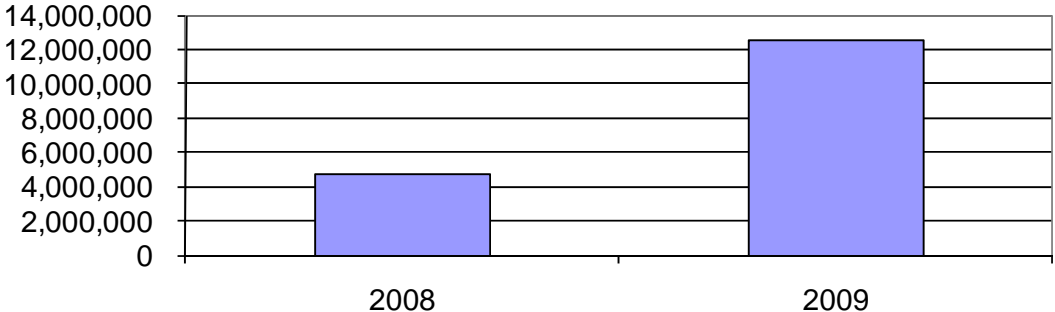
	As Of 9/30/2009	As Of 9/30/2008
Charges for Services	\$ 23,752,675	\$ 22,862,956
Operating Grants & Contributions	16,273,192	14,001,911
Capital Grants & Contributions	12,586,710	4,720,653
Property Taxes	39,273,293	38,767,982
General Sales Tax	8,472,710	8,984,438
Special Sales Tax	450,989	476,243
County Gasoline Sales Tax	6,929,893	6,925,428
Miscellaneous Taxes	4,975,689	5,384,119
Grants and Contributions not Restricted	1,551,493	1,687,725
Unrestricted Investment Earnings	3,237,556	4,691,557
Miscellaneous	3,571,104	3,470,809
Gain on Disposition of Capital Assets	310,710	2,061,076
Total Revenues	<u>\$121,386,014</u>	<u>\$114,034,896</u>



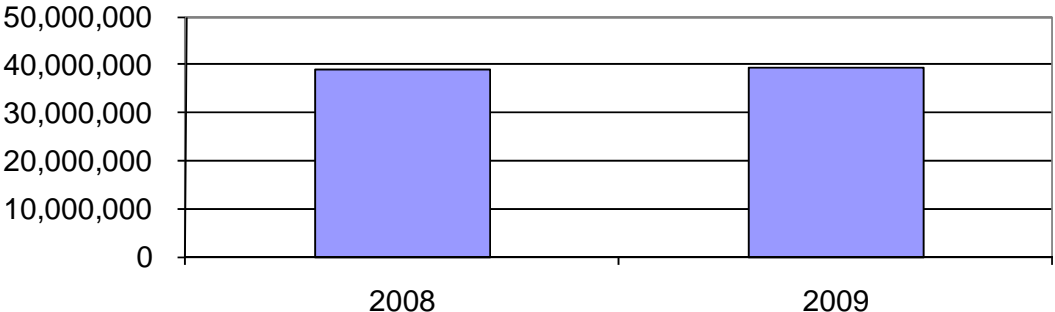
Revenue Comparison Operating Grants & Contributions

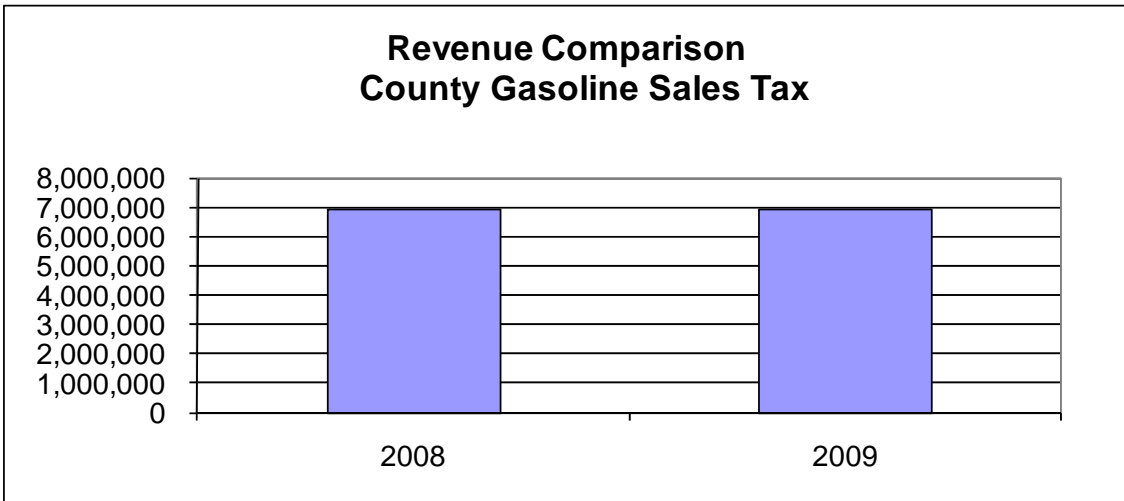
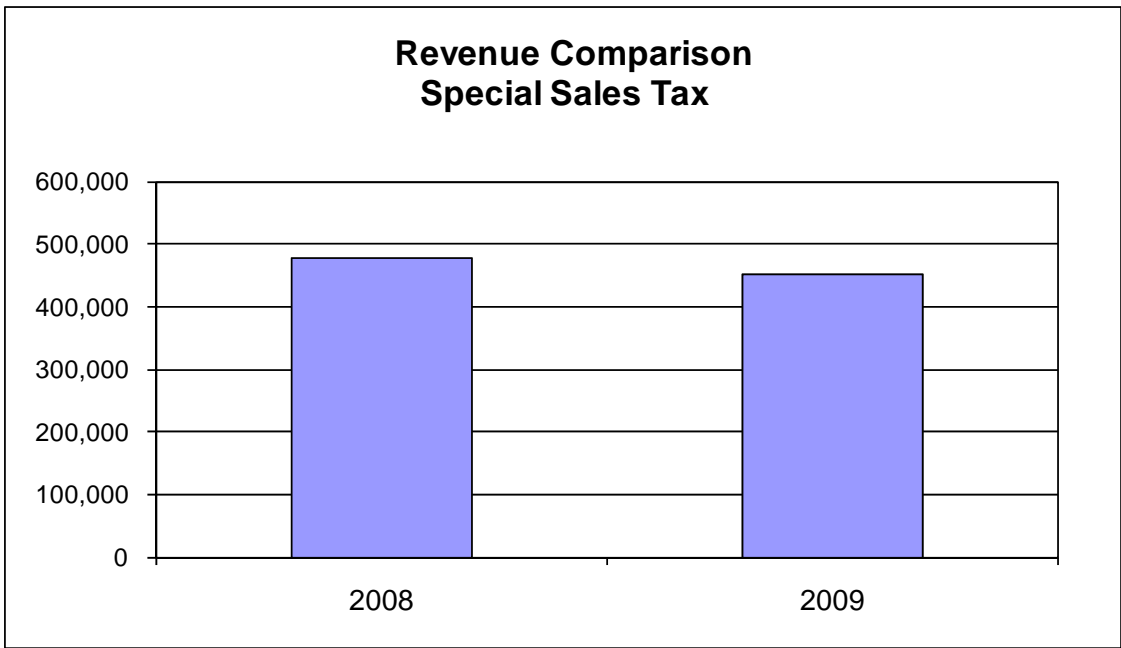
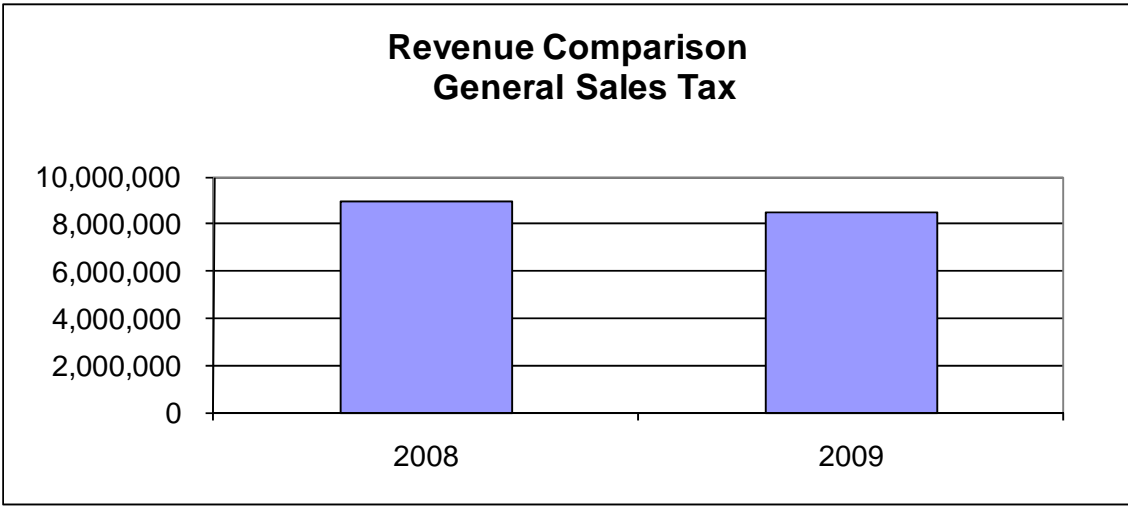


Revenue Comparison Capital Grants & Contributions

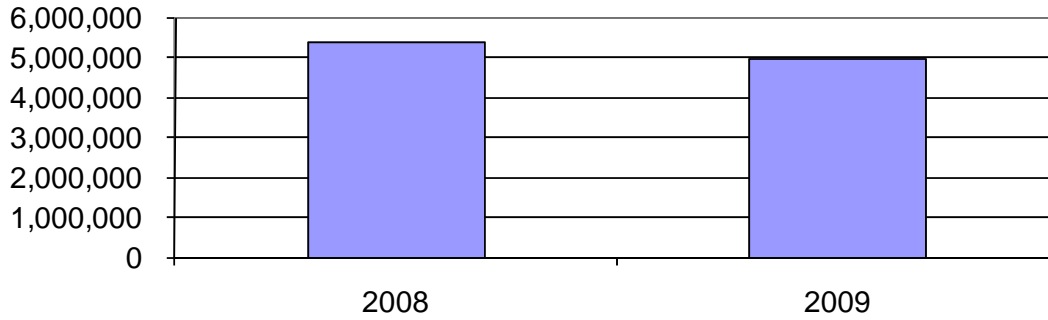


Revenue Comparison Property Taxes

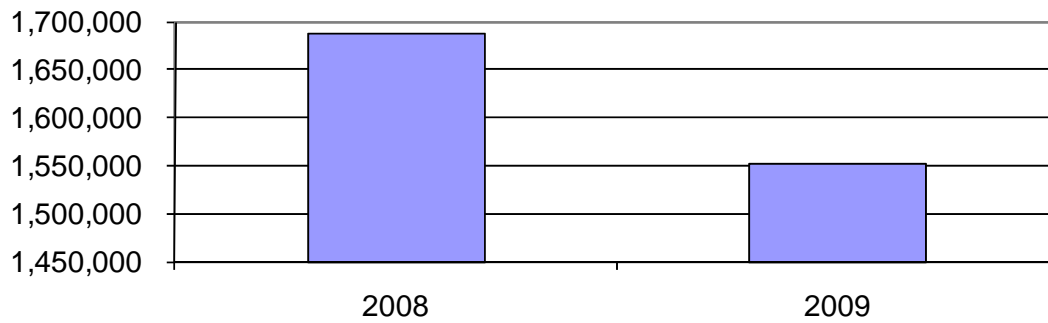




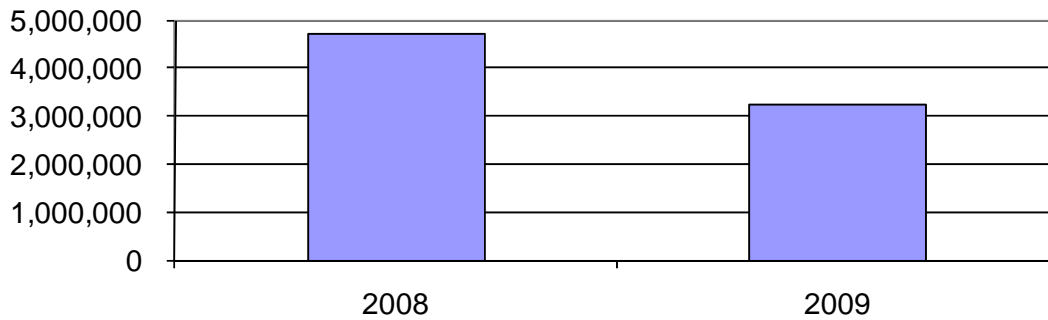
Revenue Comparison Miscellaneous Taxes

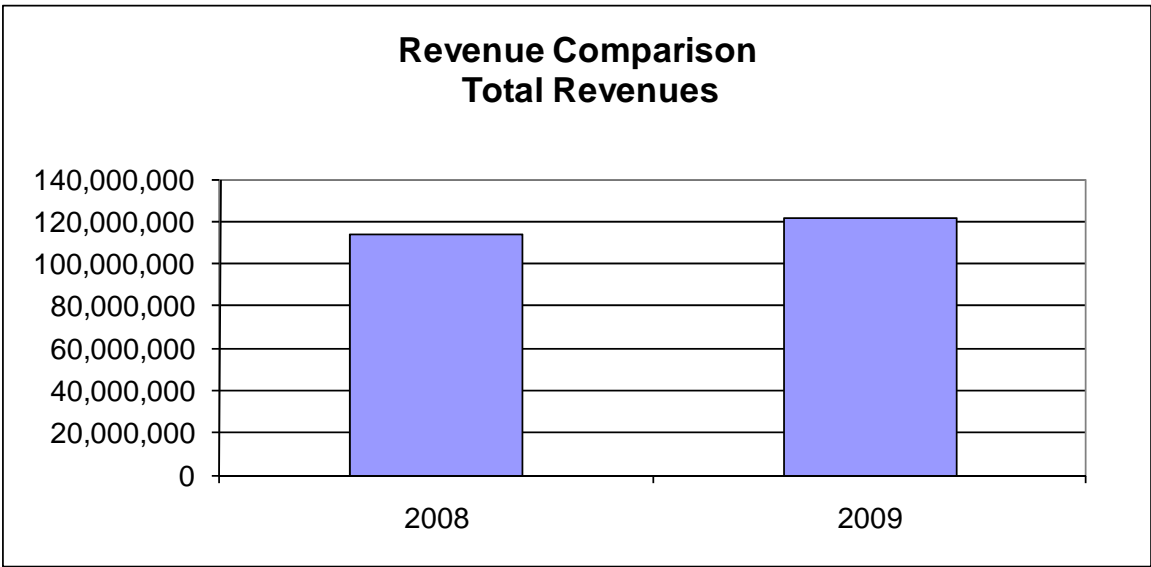
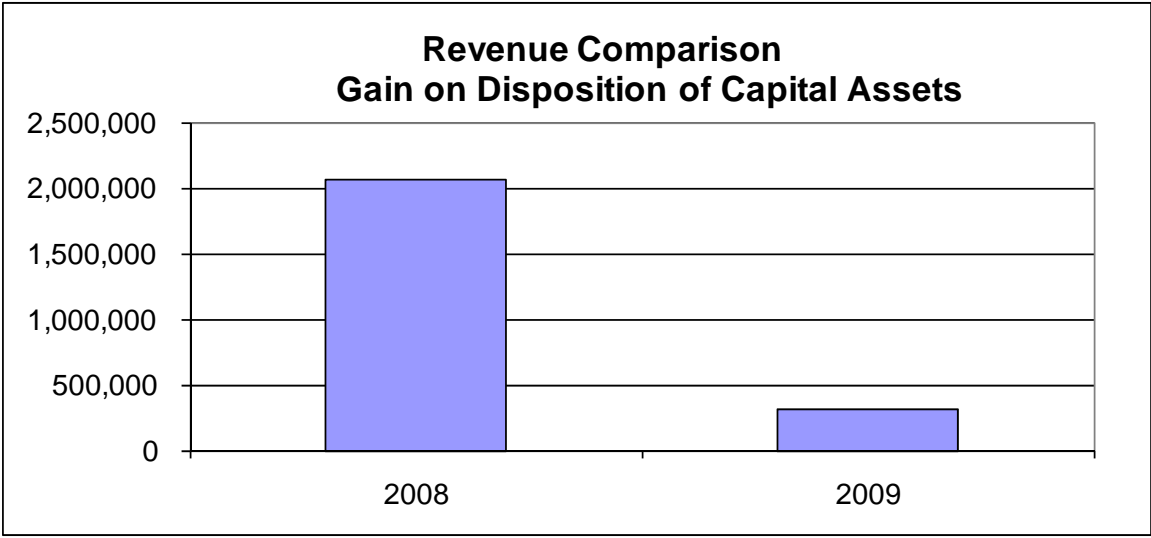
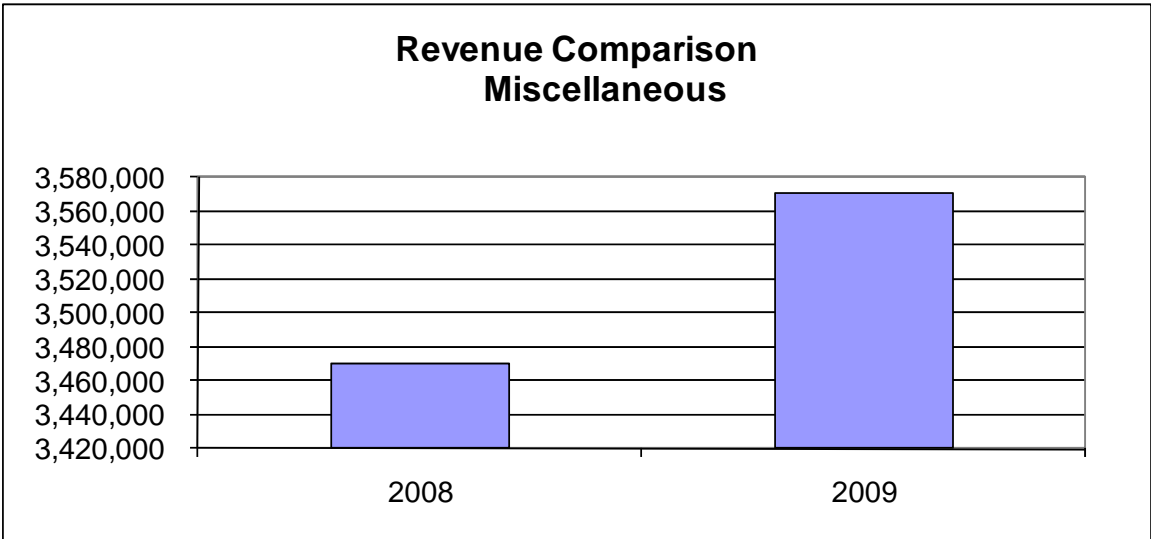


Revenue Comparison Grants & Contributions Not Restricted



Revenue Comparison Unrestricted Investment Earnings

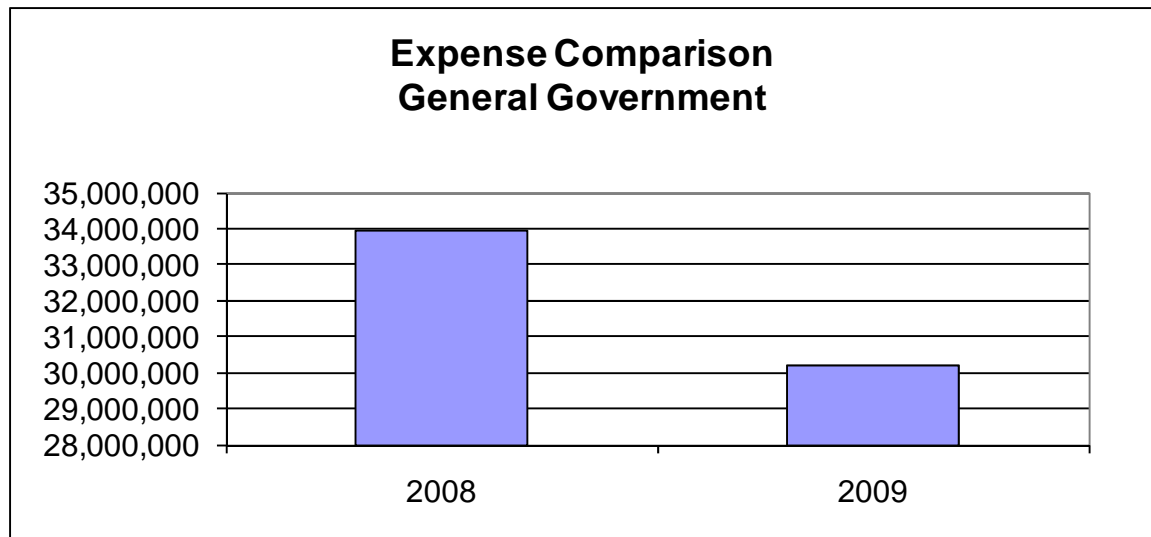




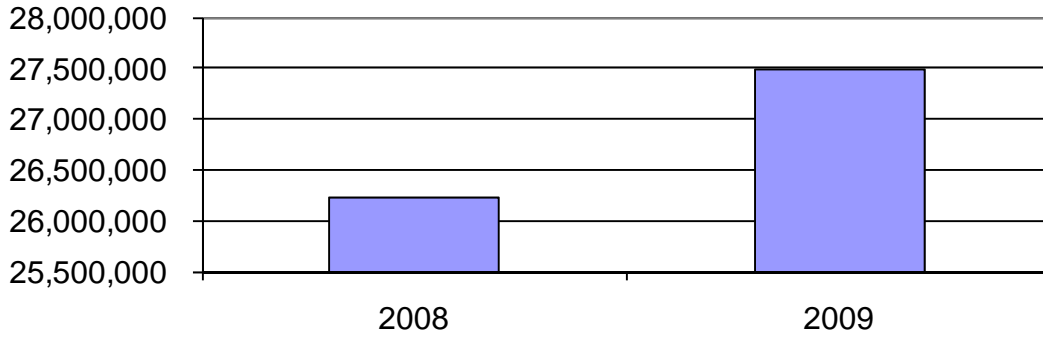
ATTACHMENT B

BALDWIN COUNTY COMMISSION EXPENDITURES BY ACTIVITY MULTIPLE YEAR COMPARISON

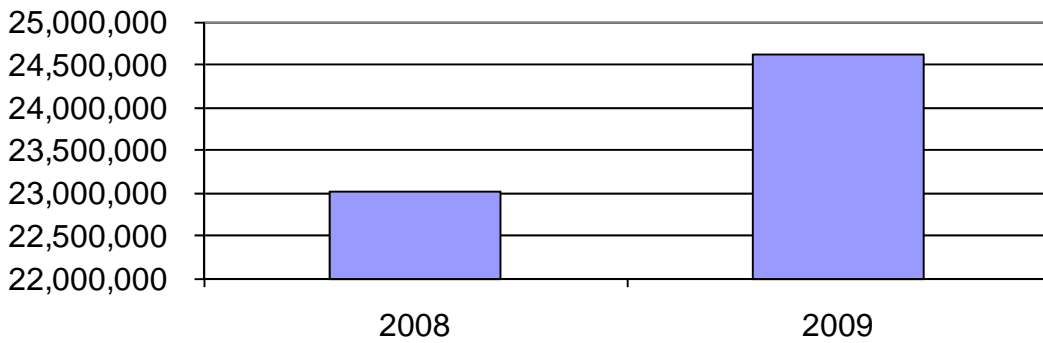
	AS OF 9/30/2009	AS OF 9/30/2008
General Government	\$ 30,171,059	\$ 33,968,092
Public Safety	27,480,490	26,217,209
Highways & Roads	24,620,879	23,006,848
Sanitation	2,585	2,585
Health	3,180,484	2,830,662
Welfare	4,891	502,445
Culture & Recreation	1,003,671	1,236,771
Education	414,092	282,985
Interest on Long-Term Debt	5,843,343	5,217,322
Intergovernmental	0	0
Landfill	9,188,095	12,007,873
Total Expenditures	<u>\$ 101,909,589</u>	<u>\$ 105,272,790</u>



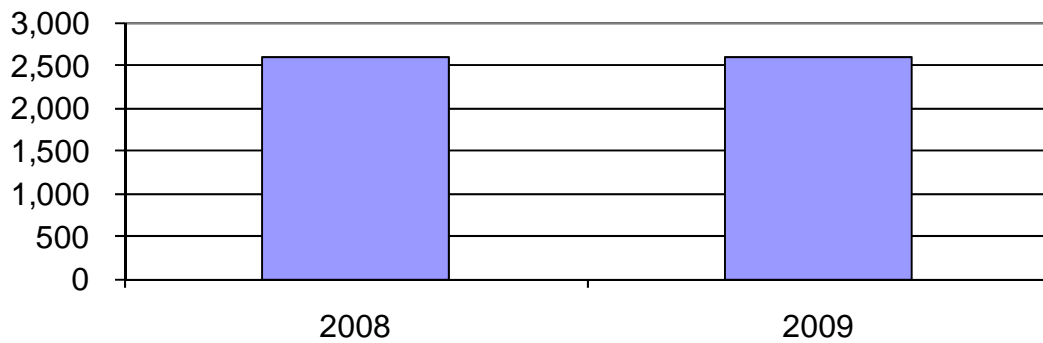
Expense Comparison Public Safety



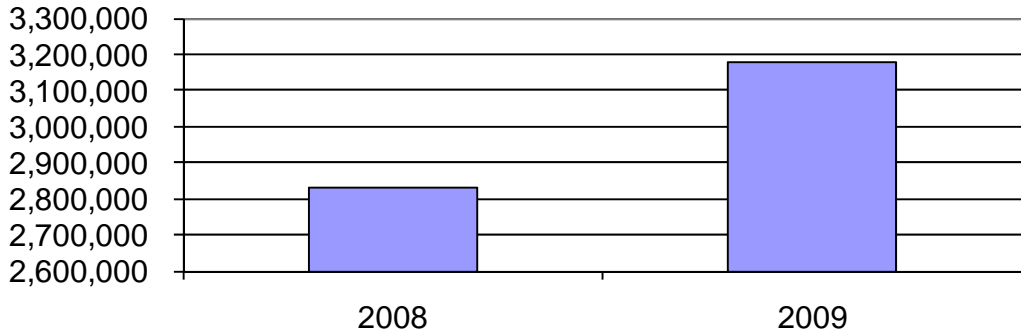
Expense Comparison Highways & Roads



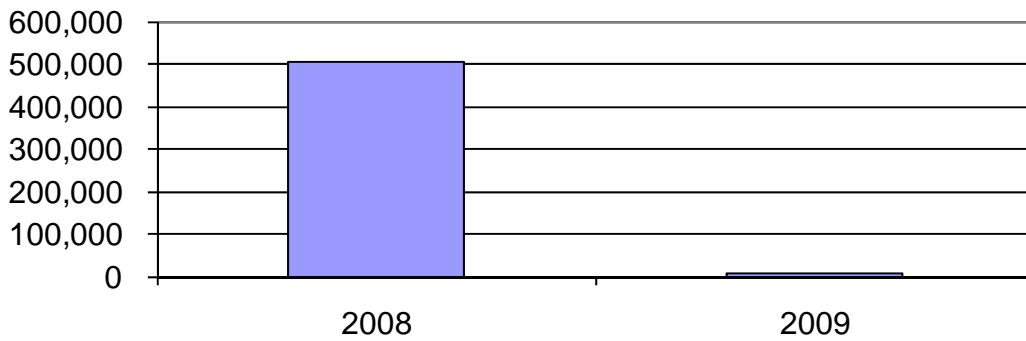
Expense Comparison Sanitation



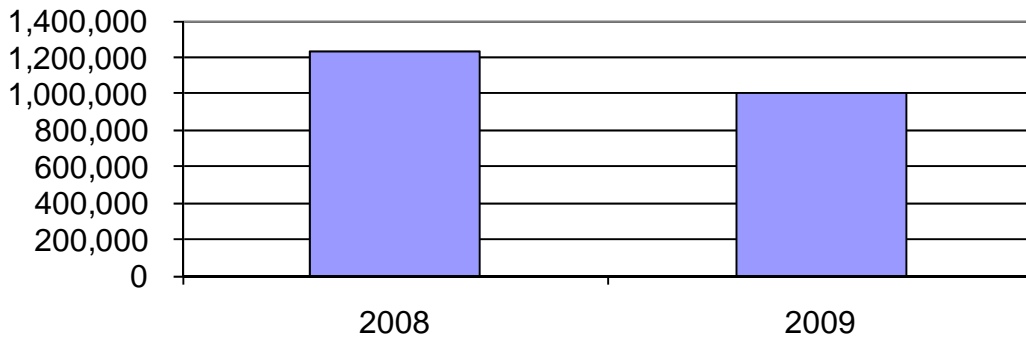
Expense Comparison Health



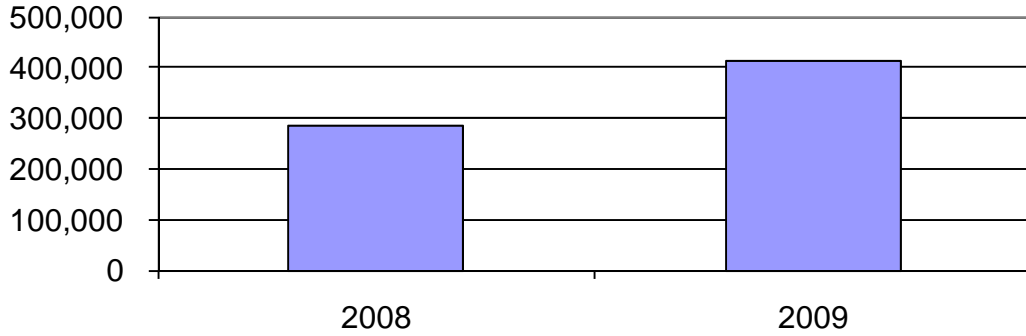
Expense Comparison Welfare



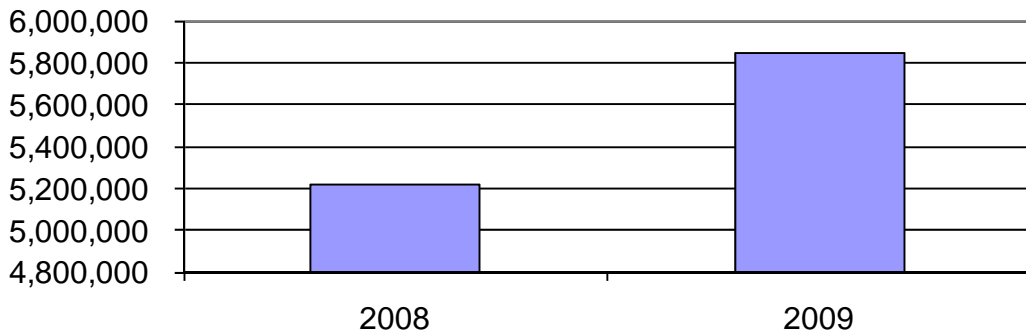
Expense Comparison Culture & Recreation



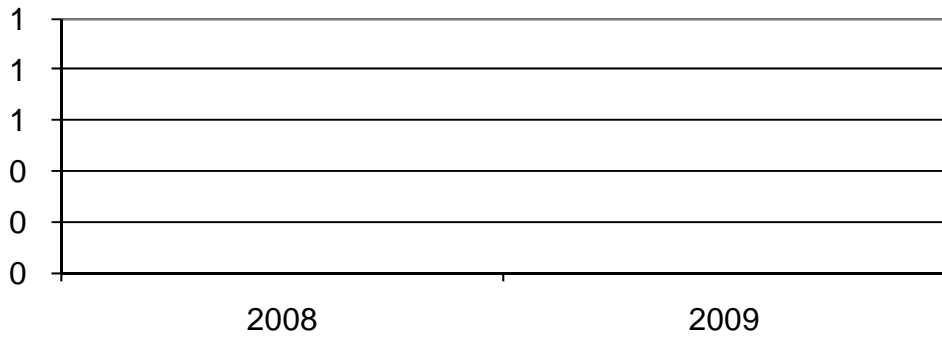
Expense Comparison Education



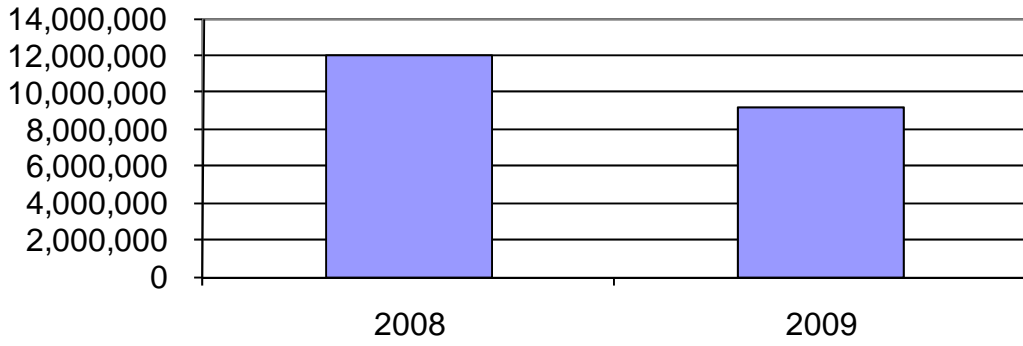
Expense Comparison Interest on Long-Term Debt



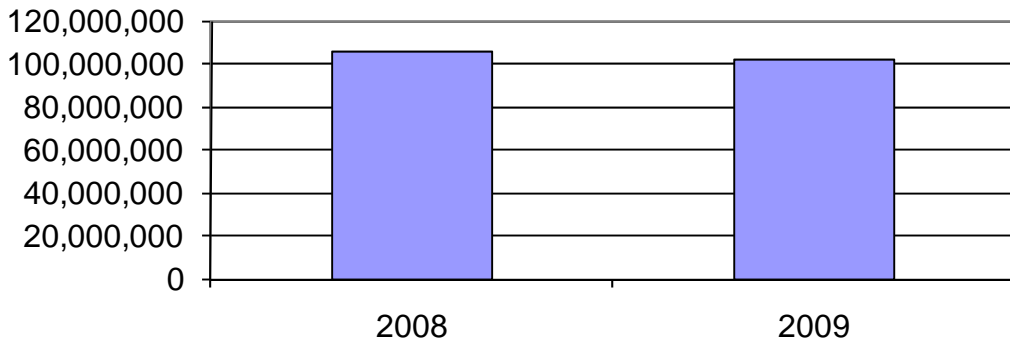
Expense Comparison Intergovernmental



Expense Comparison Landfill



Expense Comparison Total Expenditures



Net Cost of Services

The Net Cost of Services is a comparison of the total cost of primary government functions and programs and the net cost remaining after reducing the total by the revenue generated from the specific function or program. For the current year total cost of services were \$101,909,588.62 and the combined charges for services plus operating and capital grants received were \$52,612,576.39 leaving a net cost to the County of \$49,297,012.23.

Charges for services amounted to \$23,752,675.32 and combined grants and contributions totaled \$28,859,901.07. The charges for services are the payments made by those that received the services while grants and contributions are monies and assets that were received from other governments and organizations that subsidized the functions or programs.

**Net Cost of Services
Comparative Analysis**

Function/Program	As Of 9/30/2009	As Of 9/30/2008	Amount Of Change	Percent Of Change
General Government	\$14,410,926.25	\$14,538,449.23	(\$127,522.98)	-0.9%
Public Safety	24,859,920.05	24,765,824.71	94,095.34	0.4%
Highways and Roads	1,489,091.32	12,593,707.54	(11,104,616.22)	-88.2%
Sanitation	2,584.68	2,584.68	0.00	0.0%
Health	3,180,484.12	2,830,661.83	349,822.29	12.4%
Welfare	(110,812.43)	479,742.07	(590,554.50)	-123.1%
Culture and Recreation	1,003,671.02	1,236,770.51	(233,099.49)	-18.8%
Education	414,092.46	282,984.56	131,107.90	46.3%
Interest on Long-Term Debt	5,843,342.80	5,217,321.56	626,021.24	12.0%
Intergovernmental	0.00	0.00	0.00	0.0%
Landfill	(1,796,288.04)	1,739,223.07	(3,535,511.11)	-203.3%
Total Government Activities	\$49,297,012.23	\$63,687,269.76	(\$14,390,257.53)	-22.6%

Financial Analysis of Fund Balances

The financial performance of the County as a whole is reflected in its Governmental Funds. Total Governmental Fund balances at the end of the fiscal year decreased from \$108,564,953.82 to \$100,777,889.84. This decrease of \$7,787,063.98, or 7.2%, was primarily due to decreases in the Capital Projects Fund. Exhibit #5 gives a full breakdown of Revenues, Expenditures, and Changes in Fund Balances of all Governmental Funds.

The Proprietary Funds of the County are for Solid Waste activities. The Fund Balance for the Proprietary funds increased by \$1,167,943.73, or 5.3%. Exhibit #8 gives a full breakdown of Revenues, Expenditures, and Changes in Fund Balances of the Proprietary Funds.

The following table provides a summary of changes in fund balances of the County's major Funds as well as the combined Other Governmental Funds.

Fund	Beginning Fund Balance	Net Increase (Decrease)	Ending Fund Balance
General Fund	\$ 30,204,483.61	\$ (682,736.38)	\$ 29,521,747.23
Gasoline Tax Fund	10,643,787.67	2,114,874.08	12,758,661.75
Public Buildings, Roads, and Bridges Fund	850,971.10	85,382.57	936,353.67
Capital Projects Fund	33,172,757.81	(7,579,228.76)	25,593,529.05
Debt Service Fund	4,890,852.08	(261,586.54)	4,629,265.54
Oil & Gas Severance Tax Fund	15,618,792.39	(566.09)	15,618,226.30
Other Governmental Funds	13,183,309.16	(1,463,202.86)	11,720,106.30
Totals	<u>\$ 108,564,953.82</u>	<u>\$ (7,787,063.98)</u>	<u>\$ 100,777,889.84</u>
Proprietary (Business) Funds	<u>\$ 22,029,254.07</u>	<u>\$ 1,167,943.73</u>	<u>\$ 23,197,197.80</u>

The following comments are presented in order to provide additional insight related to the fund balances. Items not addressed below are considered normal and routine.

1. General Fund:

During FY09 the Commission and staff projected decreasing revenue from many sources and thus set limits and controls on expenditures. The main cause of the decrease to fund balance was an increase of over \$2.0 million in transfers to other funds. The largest of these transfer increases was for debt service.

2. Gasoline Tax Fund:

During FY09 the Commission and staff projected a decrease in the revenues supporting this fund and implemented controls on expenditures. This in conjunction with an increase in support from the General Fund in the form of transfers in contributed to the increase in fund balance in FY09.

3. Public Buildings, Roads, and Bridges Fund:

This fund is primarily a resource for road and bridge infrastructure. The demands related to highways and roads required the usage of these funds as transfers into the Gasoline Tax Fund. The revenue received from Property Taxes in the current year exceeded the transfers into the Gasoline Tax Fund resulting in the increase in fund balance.

4. Capital Projects Fund:

During FY09 there was no proceeds received from the issuance of new debt. Thus the expenditures for planned capital projects were the predominate activities that occurred. Since these expenditures were the dominate factor, this created a decrease in fund balance.

5. Debt Service Fund:

The repayment of a number of the warrant issues is handled by a third party fiscal agent. Payments are made monthly to the fiscal agent who then pays the semiannual principal and interest. This created timing differences that contributed to the decrease in fund balance.

6. Oil & Gas Severance Tax Fund:

The only source of revenue in this fund is from interest earned on the bank balance. Ninety percent of this interest is transferred quarterly to the General Fund. The combination of falling interest rates and the timing of the quarterly transfers to the General Fund created this small decrease in fund balance.

Budgetary Highlights – General Fund

Exhibit #12 shows the changes made in the original budget for the fiscal year ended September 30, 2009. The major budgetary revenue change was an increase in Intergovernmental Revenue, which was primarily from increases from Financial Institution Excise Tax and Federal and State Grants. Actual revenues were less than final budgeted revenues by \$3,338,971.77 (6.0%), which was from licenses and permits, intergovernmental revenue, and charges for services, being less than expected. The major change in budgeted expenses was in Public Safety and Capital Outlay. Actual total expenditures were less than the final budgeted amount by \$7,725,411.52 (14.9%).

Actual Total Other Financing Sources (Uses) exceeded the final budgeted amount by \$110,245.67 (1.3%).

The net result of budgeted revenues and expenses to actual revenues and expenses was that the actual Net Change in Fund Balance increased over what was budgeted.

Capital Assets and Debt Administration

Capital Assets

Depreciation of capital assets other than land, construction in progress, and infrastructure in progress is reported on an annual basis using the straight-line method of depreciation. All infrastructure assets (roads and bridges) are reported on the financial statements. All capital assets going back at least 20 years are completely reported.

At the end of fiscal year 2009, the County had invested over \$287 million in a broad range of capital assets. (See the following table). This amount represents a net increase (including additions and deductions) of over \$17 million, or 6.5 percent, over last year.

**BALDWIN COUNTY COMMISSION
CAPITAL ASSETS
(Net of Depreciation)**

	GOVERNMENTAL ACTIVITIES		AMOUNT OF CHANGE	PERCENT OF CHANGE
	2009	2008		
Land	\$16,679,395.01	\$14,679,887.95	\$1,999,507.06	13.6%
Infrastructure in Progress	9,341,111.65	4,964,183.06	4,376,928.59	88.2%
Construction in Progress	3,444,282.30	3,208,227.71	236,054.59	7.4%
Infrastructure	173,493,146.10	160,625,991.02	12,867,155.08	8.0%
Buildings	57,358,294.37	57,083,239.73	275,054.64	0.5%
Improvements Other than Bldg	3,431,061.79	3,567,121.29	(136,059.50)	-3.8%
Computer and Communication Equipment	1,834,012.70	1,753,469.90	80,542.80	4.6%
Equipment and Furniture	436,963.20	518,993.96	(82,030.76)	-15.8%
Motor Vehicles and Construction Equipment	6,775,631.71	8,780,356.62	(2,004,724.91)	-22.8%
Capital Assets Under Capital Lease	1,878,898.11	2,816,375.03	(937,476.92)	-33.3%
	<u>\$274,672,796.94</u>	<u>\$257,997,846.27</u>	<u>\$16,674,950.67</u>	6.5%

	BUSINESS-TYPE ACTIVITIES		AMOUNT OF CHANGE	PERCENT OF CHANGE
	2009	2008		
Land	\$3,440,612.97	\$1,697,096.62	\$1,743,516.35	102.7%
Infrastructure in Progress	0.00	0.00	0.00	0.0%
Construction in Progress	0.00	0.00	0.00	0.0%
Infrastructure	0.00	0.00	0.00	0.0%
Buildings	700,124.49	717,751.49	(17,627.00)	-2.5%
Improvements Other than Bldg	4,168,876.17	4,191,797.75	(22,921.58)	-0.5%
Computer and Communication Equipment	0.00	0.00	0.00	0.0%
Motor Vehicles and Construction Equipment	3,696,706.98	4,461,257.17	(764,550.19)	-17.1%
Equipment and Furniture	62,120.86	79,451.50	(17,330.64)	-21.8%
Capital Assets Under Capital Lease	466,503.88	600,505.99	(134,002.11)	-22.3%
	<u>\$12,534,945.35</u>	<u>\$11,747,860.52</u>	<u>\$787,084.83</u>	<u>6.7%</u>

	TOTAL ACTIVITIES		AMOUNT OF CHANGE	PERCENT OF CHANGE
	2009	2008		
Land	\$20,120,007.98	\$16,376,984.57	\$3,743,023.41	22.9%
Infrastructure in Progress	9,341,111.65	4,964,183.06	4,376,928.59	88.2%
Construction in Progress	3,444,282.30	3,208,227.71	236,054.59	7.4%
Infrastructure	173,493,146.10	160,625,991.02	12,867,155.08	8.0%
Buildings	58,058,418.86	57,800,991.22	257,427.64	0.4%
Improvements Other than Bldg	7,599,937.96	7,758,919.04	(158,981.08)	-2.0%
Computer and Communication Equipment	1,834,012.70	1,753,469.90	80,542.80	4.6%
Equipment and Furniture	499,084.06	598,445.46	(99,361.40)	-16.6%
Motor Vehicles and Construction Equipment	10,472,338.69	13,241,613.79	(2,769,275.10)	-20.9%
Capital Assets Under Capital Lease	2,345,401.99	3,416,881.02	(1,071,479.03)	-31.4%
	<u>\$287,207,742.29</u>	<u>\$269,745,706.79</u>	<u>\$17,462,035.50</u>	<u>6.5%</u>

Debt Outstanding

At October 1, 2008, the County's long-term bonded indebtedness and notes payable totaled \$133,854,667.84. At September 30, 2009, the County's long-term bonded indebtedness and notes payable decreased to \$124,934,019.65. During the fiscal year the County issued no warrants and repaid/decreased warrants and notes in the total amount of \$9,163,756.49.

At October 1, 2008, the County's capital lease debt was \$2,673,339.63. At September 30, 2009, the County's capital lease debt was \$1,490,492.27. The County entered into no additional capital leases during the year and made capital lease payments of \$1,182,847.36.

The liability for compensated absences at September 30, 2009, was \$4,149,021.39.

The total of all long-term debt for the County at September 30, 2009, was \$135,656,382.62 which was \$11,298,658.92 less than the prior year ending balance of \$146,955,041.54. This was a decrease of 7.7%.

The assessed valuation of taxable property in the County on October 1, 2009, was not less than \$4,589,663,788. Based on the County's legal limit of debt at 5% of net assessed value of property as of October 1, 2009, Baldwin County's maximum debt limit was \$229,483,189.40. With total liabilities of the County being \$188,888,555.85 as of the end of the current fiscal year, the County was at 82.3% of the legal debt limit.

Economic Factors

Agriculture, timber, commercial fishing and support industries are a large part of the basic economy, as are oil and gas development, manufacturing, and tourism and recreation. The major agricultural products of the County include greenhouse products such as sod and nursery plants, cattle, and to a lesser degree, soybeans, fruits, vegetables, and nuts. The major mineral products are oil and gas.

The County's population has experienced significant growth. From 1990 to 2000 the population of Baldwin County increased by 42.9%. The Bureau of the Census estimates that from 2000 to 2009 the population of Baldwin County increased by 28.1% from 140,415 to an estimated 179,878.

The per capita income of Baldwin County, according to the U. S. Department of Commerce, has exceeded the Alabama state average since 1991. According to the U. S. Census Bureau, Census 2000, and 2008 data the median family income of Baldwin County has exceeded the Alabama state level since 1970.

Based on data available from the Alabama Department of Industrial Relations, the unemployment rate for Baldwin County has been below the Alabama state average since 1996.

According to the U. S. Census Bureau, Census 2000, approximately 82% of Baldwin County residents were high school graduates and approximately 23.1% of Baldwin County residents were college graduates. State averages were 75.3% and 19%, respectively.

Tourism in the County has been steady during each of the past years. The Alabama Bureau of Tourism and Travel vigorously promotes tourism in the state, and local organizations such as the Gulf Coast Convention and Visitors Bureau aggressively promote the County as a tourist destination.

According to a study prepared for the Alabama Bureau of Tourism and Travel entitled "Economic Impact, Alabama Travel Industry 2008" dated April 10, 2009, an estimated 22 million tourists visited the state in 2008. Of these 22 million tourists, 4.5 million (20%) visited Baldwin County.

On April 20, 2010 the Deepwater Horizon drilling rig exploded in the Gulf of Mexico. Attempts to stop the oil leaking from this offshore site have proven to be only partially successful. The tourist industry in south Baldwin County has been negatively affected by this ongoing disaster. The business community is currently experiencing a decrease in revenue from this situation and the Baldwin County Commission is therefore planning on tax revenues to be smaller and is planning accordingly. The future timeframe of this situation is uncertain.

Financial Information Contact

The County's financial statements are designed to provide our citizens, taxpayers, customers, creditors, and readers with a general overview of the County's finances and to demonstrate the County's accountability. Questions concerning the report or requests for financial information should be directed to the County Administration Office located at 312 Courthouse Square, Suite 12, Bay Minette, Alabama, 36507.

Basic Financial Statements

Statement of Net Assets
September 30, 2009

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 52,509,191.29	\$ 13,645,304.91	\$ 66,154,496.20
Taxes Receivable	39,434,302.96		39,434,302.96
Receivables, Net (Note 4)	7,509,367.22	1,284,773.48	8,794,140.70
Internal Balances	(47,933.36)	47,933.36	
Inventories	10,406.71		10,406.71
Receivable from External Parties	75,792.28		75,792.28
Prepaid Items	68,633.27	154.58	68,787.85
Deferred Charges	45,529.55		45,529.55
Total Current Assets	99,605,289.92	14,978,166.33	114,583,456.25
<u>Noncurrent Assets</u>			
Restricted Cash and Cash Equivalents	47,409,808.01	1,842,271.63	49,252,079.64
Restricted Cash with Fiscal Agent	4,484,866.49		4,484,866.49
Deferred Charges	944,830.12		944,830.12
Capital Assets (Note 5):			
Nondepreciable	29,464,788.96	3,440,612.97	32,905,401.93
Depreciable, Net	245,208,007.98	9,094,332.38	254,302,340.36
Total Noncurrent Assets	327,512,301.56	14,377,216.98	341,889,518.54
Total Assets	427,117,591.48	29,355,383.31	456,472,974.79
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Payables (Note 10)	9,103,799.74	593,828.40	9,697,628.14
Accrued Interest Payable	1,747,530.39	10,187.54	1,757,717.93
Deferred Revenue	40,192,536.27		40,192,536.27
Accrued Wages Payable	1,380,209.02	204,081.87	1,584,290.89
Long-Term Liabilities:			
Portion Payable Within One Year:			
Notes Payable	77,687.60	40,000.00	117,687.60
Capital Leases Payable	562,995.29	167,745.64	730,740.93
Warrants Payable	7,573,578.15		7,573,578.15
Add: Unamortized Premium	45,388.76		45,388.76
Less: Unamortized Discount	(11,657.60)		(11,657.60)
Compensated Absences	1,954,290.89		1,954,290.89
Estimated Liability for Landfill Closure/ Postclosure Care Costs		1,045,005.08	1,045,005.08
Total Current Liabilities	\$ 62,626,358.51	\$ 2,060,848.53	\$ 64,687,207.04

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

	Governmental Activities	Business-Type Activities	Total
<u>Noncurrent Liabilities</u>			
Long-Term Liabilities:			
Portion Payable After One Year:			
Notes Payable	\$ 165,420.70	\$	\$ 165,420.70
Capital Leases Payable	585,346.20	174,405.14	759,751.34
Warrants Payable	116,387,802.80		116,387,802.80
Add: Unamortized Premium	856,261.84		856,261.84
Less: Unamortized Discount	(200,462.60)		(200,462.60)
Estimated Liability for OPEB	487,284.29	32,903.72	520,188.01
Compensated Absences	1,822,358.60	372,371.90	2,194,730.50
Estimated Liability for Landfill Closure/ Postclosure Care Costs		3,517,656.22	3,517,656.22
Total Noncurrent Liabilities	<u>120,104,011.83</u>	<u>4,097,336.98</u>	<u>124,201,348.81</u>
 Total Liabilities	 <u>182,730,370.34</u>	 <u>6,158,185.51</u>	 <u>188,888,555.85</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	181,267,978.13	12,152,795.35	193,420,773.48
Restricted for:			
Landfill Closure and Postclosure Costs		1,842,271.63	1,842,271.63
Indigent Care	578,200.43		578,200.43
Debt Service	2,744,706.22		2,744,706.22
Road Projects	13,845,927.43		13,845,927.43
Term Endowments	15,618,226.30		15,618,226.30
Unrestricted	<u>30,332,182.63</u>	<u>9,202,130.82</u>	<u>39,534,313.45</u>
 Total Net Assets	 <u>\$ 244,387,221.14</u>	 <u>\$ 23,197,197.80</u>	 <u>\$ 267,584,418.94</u>

Statement of Activities
For the Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General Government	\$ 30,171,058.92	\$ 10,807,487.31	\$ 3,919,399.24
Public Safety	27,480,489.68	1,969,152.51	538,498.62
Highways and Roads	24,620,879.38	64,277.59	11,626,965.53
Sanitation	2,584.68		
Health	3,180,484.12		
Welfare	4,890.57		115,703.00
Culture and Recreation	1,003,671.02		
Education	414,092.46		
Interest on Long-Term Debt	5,843,342.80		
Total Governmental Activities	<u>92,721,493.63</u>	<u>12,840,917.41</u>	<u>16,200,566.39</u>
Business-Type Activities			
Solid Waste	9,188,094.99	10,911,757.91	72,625.12
Total Business-Type Activities	<u>9,188,094.99</u>	<u>10,911,757.91</u>	<u>72,625.12</u>
Total Primary Government	<u>\$ 101,909,588.62</u>	<u>\$ 23,752,675.32</u>	<u>\$ 16,273,191.51</u>

General Revenues

- Taxes:
 - Property Taxes for General Purposes
 - Property Taxes for Specific Purposes
 - General Sales Tax
 - Special Sales Tax
 - County Gasoline Sales Tax
 - Miscellaneous Taxes
- Grants/Contributions Not Restricted to Specific Programs
- Unrestricted Investment Earnings
- Miscellaneous
- Gain on Disposition of Capital Assets
- Transfers
- Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning of Year, as Restated (Note 19)

Net Assets - End of Year

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

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 1,033,246.12	\$ (14,410,926.25)	\$	\$ (14,410,926.25)
112,918.50	(24,859,920.05)		(24,859,920.05)
11,440,544.94	(1,489,091.32)		(1,489,091.32)
	(2,584.68)		(2,584.68)
	(3,180,484.12)		(3,180,484.12)
	110,812.43		110,812.43
	(1,003,671.02)		(1,003,671.02)
	(414,092.46)		(414,092.46)
	(5,843,342.80)		(5,843,342.80)
12,586,709.56	(51,093,300.27)		(51,093,300.27)
		1,796,288.04	1,796,288.04
		1,796,288.04	1,796,288.04
<u>\$ 12,586,709.56</u>	<u>(51,093,300.27)</u>	<u>1,796,288.04</u>	<u>(49,297,012.23)</u>
	22,112,060.80		22,112,060.80
	17,161,232.28		17,161,232.28
	8,472,710.30		8,472,710.30
	450,988.82		450,988.82
	6,929,893.17		6,929,893.17
	4,975,689.28		4,975,689.28
	1,551,492.81		1,551,492.81
	2,741,988.43	495,567.72	3,237,556.15
	3,555,954.56	15,149.73	3,571,104.29
		310,710.14	310,710.14
	1,449,771.90	(1,449,771.90)	
	69,401,782.35	(628,344.31)	68,773,438.04
	18,308,482.08	1,167,943.73	19,476,425.81
	226,078,739.06	22,029,254.07	248,107,993.13
<u>\$ 244,387,221.14</u>	<u>\$ 23,197,197.80</u>	<u>\$ 267,584,418.94</u>	<u>\$ 267,584,418.94</u>

Balance Sheet
Governmental Funds
September 30, 2009

	General Fund	Gasoline Tax Fund	Public Buildings, Roads and Bridges Fund
<u>Assets</u>			
Cash and Cash Equivalents	\$ 35,162,606.77	\$ 8,075,433.07	\$ 1,234,180.74
Cash with Fiscal Agent			
Taxes Receivable	21,755,026.46	555,945.76	10,260,386.45
Receivables, Net (Note 4)	687,119.60	5,584,486.86	
Due From Other Funds	604,966.56	155,375.32	
Inventories	10,406.71		
Prepaid Items	68,633.27		
Total Assets	<u>58,288,759.37</u>	<u>14,371,241.01</u>	<u>11,494,567.19</u>
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Payables (Note 10)	6,501,084.55	1,249,480.23	
Due To Other Funds	50,449.53	2,466.84	
Deferred Revenue	21,554,922.56		10,558,213.52
Accrued Wages Payable	660,555.50	360,632.19	
Total Liabilities	<u>28,767,012.14</u>	<u>1,612,579.26</u>	<u>10,558,213.52</u>
<u>Fund Balances</u>			
Reserved for:			
Prepaid Expenses	68,633.27		
Debt Service			
Capital Projects			
Encumbrances	516,205.32	185,956.04	
Inventories	10,406.71		
Indigent Care	578,200.43		
Other Purposes	9,688,209.14	2,619,120.04	
Unreserved, Reported in:			
General Fund	18,660,092.36		
Special Revenue		9,953,585.67	936,353.67
Total Fund Balances	<u>29,521,747.23</u>	<u>12,758,661.75</u>	<u>936,353.67</u>
Total Liabilities and Fund Balances	<u>\$ 58,288,759.37</u>	<u>\$ 14,371,241.01</u>	<u>\$ 11,494,567.19</u>

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

Reappraisal Fund	Capital Projects Fund	Debt Service Fund	Oil and Gas Severance Tax Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,429,728.43	\$ 25,845,550.42	\$ 144,399.05	\$15,618,226.30	\$ 12,408,874.52	\$ 99,918,999.30
		4,484,866.49			4,484,866.49
4,810,867.00				2,052,077.29	39,434,302.96
50,000.00				1,187,760.76	7,509,367.22
				14,580.91	774,922.79
					10,406.71
					68,633.27
6,290,595.43	25,845,550.42	4,629,265.54	15,618,226.30	15,663,293.48	152,201,498.74
169,592.79	213,460.12			970,182.05	9,103,799.74
38,924.43	38,561.25			616,661.82	747,063.87
5,967,757.51				2,111,642.68	40,192,536.27
114,320.70				244,700.63	1,380,209.02
6,290,595.43	252,021.37			3,943,187.18	51,423,608.90
		4,629,265.54			68,633.27
	21,603,020.60			5,065,689.81	4,629,265.54
	3,990,508.45			261,005.89	26,668,710.41
					4,953,675.70
					10,406.71
					578,200.43
			15,618,226.30	117,609.22	28,043,164.70
					18,660,092.36
				6,275,801.38	17,165,740.72
	25,593,529.05	4,629,265.54	15,618,226.30	11,720,106.30	100,777,889.84
\$ 6,290,595.43	\$ 25,845,550.42	\$ 4,629,265.54	\$15,618,226.30	\$ 15,663,293.48	\$ 152,201,498.74

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***Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets
September 30, 2009***

Total Fund Balances - Governmental Funds (Exhibit 3) \$ 100,777,889.84

Amounts reported for governmental activities in the Statement of Net Assets (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	\$ 16,679,395.01	
Infrastructure	206,083,122.07	
Infrastructure in Progress	9,341,111.65	
Construction in Progress	3,444,282.30	
Building and Building Improvements	78,710,510.57	
Improvements Other Than Buildings	4,344,469.56	
Computer and Communication Equipment	10,868,603.50	
Equipment and Furniture	1,491,073.60	
Motor Vehicles and Heavy Equipment	21,428,646.78	
Capital Assets Under Capital Lease	4,539,217.23	
Less: Accumulated Depreciation	<u>(82,257,635.33)</u>	
Total Capital Assets, Net of Depreciation		274,672,796.94

Deferred charges related to issuance costs of long-term liabilities are
not reported in the funds. 990,359.67

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

	Due or Payable Within One Year	Due or Payable After One Year	
Accrued Interest Payable	\$ 1,747,530.39		
Capital Lease Contracts Payable	562,995.29	585,346.20	
Notes Payable	77,687.60	165,420.70	
Warrants Payable	7,573,578.15	116,387,802.80	
Unamortized Discount	(11,657.60)	(200,462.60)	
Unamortized Premium	45,388.76	856,261.84	
Estimated Liability for Compensated Absences	1,954,290.89	1,822,358.60	
Estimated Liability for OPEB		487,284.29	
Total Liabilities	<u>\$ 11,949,813.48</u>	<u>\$ 120,104,011.83</u>	<u>(132,053,825.31)</u>

Total Net Assets - Governmental Activities (Exhibit 1) \$ 244,387,221.14

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2009

	General Fund	Gasoline Tax Fund	Public Buildings, Roads and Bridges Fund
<u>Revenues</u>			
Taxes	\$ 35,468,203.67	\$ 6,929,893.17	\$ 11,047,970.75
Licenses and Permits	1,900,145.31		
Intergovernmental	3,397,082.90	8,483,348.42	
Charges for Services	8,384,281.61	57,707.59	
Fines and Forfeits	65,500.87		
Miscellaneous	3,084,173.41	473,907.54	60,411.82
Total Revenues	<u>52,299,387.77</u>	<u>15,944,856.72</u>	<u>11,108,382.57</u>
<u>Expenditures</u>			
Current:			
General Government	18,676,399.64		
Public Safety	21,405,431.33		
Highways and Roads		16,371,045.33	
Health	921,122.34		
Welfare	4,000.00		
Culture and Recreation	198,214.38		
Education	171,741.68		
Capital Outlay	2,422,459.67	1,548,594.68	
Debt Service:			
Principal Retirement	278,671.19	734,506.62	
Interest and Fiscal Charges	11,063.25	74,749.07	
Total Expenditures	<u>44,089,103.48</u>	<u>18,728,895.70</u>	
Excess (Deficiency) of Revenues Over Expenses	<u>8,210,284.29</u>	<u>(2,784,038.98)</u>	<u>11,108,382.57</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	1,837,946.74	13,540,601.10	
Sale of Capital Assets	167.48	6,200.00	
Debt Issued		243,108.30	
Transfers Out	(10,731,134.89)	(8,890,996.34)	(11,023,000.00)
Total Other Financing Sources (Uses)	<u>(8,893,020.67)</u>	<u>4,898,913.06</u>	<u>(11,023,000.00)</u>
Changes in Fund Balances	(682,736.38)	2,114,874.08	85,382.57
Fund Balances - Beginning of Year, as Restated (Note 19)	<u>30,204,483.61</u>	<u>10,643,787.67</u>	<u>850,971.10</u>
Fund Balances - End of Year	<u>\$ 29,521,747.23</u>	<u>\$ 12,758,661.75</u>	<u>\$ 936,353.67</u>

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

Reappraisal Fund	Capital Projects Fund	Debt Service Fund	Oil and Gas Severance Tax Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,964,859.60	\$	\$	\$	\$ 2,691,647.46	\$ 60,102,574.65
				2,970.00	1,903,115.31
100,000.00				8,267,966.54	20,248,397.86
				2,248,677.43	10,690,666.63
					65,500.87
71,716.88	486,257.12	10,973.51	428,183.75	1,054,129.41	5,669,753.44
4,136,576.48	486,257.12	10,973.51	428,183.75	14,265,390.84	98,680,008.76
4,046,770.58				3,294,624.22	26,017,794.44
				4,486,211.93	25,891,643.26
				4,246,738.56	20,617,783.89
				2,242,150.90	3,163,273.24
				579.92	4,579.92
				668,236.06	866,450.44
				217,559.62	389,301.30
60,542.00	8,065,485.88			2,806,303.99	14,903,386.22
		9,090,025.33			10,103,203.14
		5,928,290.47			6,014,102.79
4,107,312.58	8,065,485.88	15,018,315.80		17,962,405.20	107,971,518.64
29,263.90	(7,579,228.76)	(15,007,342.29)	428,183.75	(3,697,014.36)	(9,291,509.88)
		14,745,755.75		4,839,069.44	34,963,373.03
				9,017.88	15,385.36
					243,108.30
(29,263.90)			(428,749.84)	(2,614,275.82)	(33,717,420.79)
(29,263.90)		14,745,755.75	(428,749.84)	2,233,811.50	1,504,445.90
	(7,579,228.76)	(261,586.54)	(566.09)	(1,463,202.86)	(7,787,063.98)
	33,172,757.81	4,890,852.08	15,618,792.39	13,183,309.16	108,564,953.82
\$	\$ 25,593,529.05	\$ 4,629,265.54	\$ 15,618,226.30	\$ 11,720,106.30	\$ 100,777,889.84

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Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2009

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)	\$ (7,787,063.98)
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 outlays (\$14,903,386.22) exceeded depreciation (\$8,824,346.06) in the current period.	6,079,040.16
In the Statement of Activities, donation of capital assets is recorded as revenue, whereas in the governmental funds it is not recorded.	10,656,058.05
In the Statement of Activities, only the loss (\$16,757.00) on the sale of capital assets is reported, whereas in the governmental funds, the proceeds (\$15,385.36) from the sale increase financial resources. Thus the change in net assets differs from the change in fund balance by the net cost of the assets sold.	(32,142.36)
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.	10,103,203.14
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 Assets, issuing debt increases long term liabilities and does not affect the Statement of Activities.	(243,108.30)
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	\$ 137,028.83
Amortization of Deferred Discount	(11,657.60)
Amortization of Premium	45,388.76
Amortization of Deferred Issuance Costs	(45,529.55)
Net Increase in OPEB	(487,284.29)
Net Increase in Compensated Absences	(77,445.60)
Total Additional Expenditures	<u>(439,499.45)</u>
In the Statement of Activities, the contribution of capital assets to Proprietary Funds is recorded as an expenditure, whereas in the governmental funds it is not recorded.	(14,925.30)
In the Statement of Activities, the depreciation expense for capital assets transferred to Proprietary Funds is recorded as an expenditure, whereas in the governmental funds it is not recorded.	<u>(13,079.88)</u>
Change in Net Assets of Governmental Activities (Exhibit 2)	<u>\$ 18,308,482.08</u>

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

Statement of Net Assets
Proprietary Funds
September 30, 2009

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<u>Assets</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 12,414,022.34	\$ 1,231,282.57	\$ 13,645,304.91
Accounts Receivable, Net (Note 4)	572,055.63	712,717.85	1,284,773.48
Due From Other Funds	33,203.25	25,678.88	58,882.13
Prepaid Items	144.71	9.87	154.58
Total Current Assets	13,019,425.93	1,969,689.17	14,989,115.10
<u>Noncurrent Assets</u>			
Restricted Cash and Cash Equivalents	1,842,271.63		1,842,271.63
Capital Assets, Net (Note 5)	10,693,346.13	1,841,599.22	12,534,945.35
Total Noncurrent Assets	12,535,617.76	1,841,599.22	14,377,216.98
Total Assets	25,555,043.69	3,811,288.39	29,366,332.08
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Payables (Note 10)	273,995.90	319,832.50	593,828.40
Accrued Interest Payable		10,187.54	10,187.54
Due To Other Funds	815.27	10,133.50	10,948.77
Accrued Wages Payable	95,069.29	109,012.58	204,081.87
Long-Term Liabilities:			
Portion Due Within One Year:			
Capital Leases Payable		167,745.64	167,745.64
Notes Payable	40,000.00		40,000.00
Estimated Liability for Landfill Closure/ Postclosure Care Costs	1,045,005.08		1,045,005.08
Total Current Liabilities	1,454,885.54	616,911.76	2,071,797.30
<u>Noncurrent Liabilities</u>			
Long-Term Liabilities:			
Portion Due After One Year:			
Capital Leases Payable		174,405.14	174,405.14
Estimated Liability for OPEB	11,882.00	21,021.72	32,903.72
Compensated Absences	197,683.24	174,688.66	372,371.90
Estimated Liability for Landfill Closure/ Postclosure Care Costs	3,517,656.22		3,517,656.22
Total Noncurrent Liabilities	3,727,221.46	370,115.52	4,097,336.98
Total Liabilities	\$ 5,182,107.00	\$ 987,027.28	\$ 6,169,134.28

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

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	\$ 10,653,346.13	\$ 1,499,449.22	\$ 12,152,795.35
Restricted for:			
Landfill Closure and Postclosure Costs	1,842,271.63		1,842,271.63
Unrestricted	7,877,318.93	1,324,811.89	9,202,130.82
Total Net Assets	<u>\$ 20,372,936.69</u>	<u>\$ 2,824,261.11</u>	<u>\$ 23,197,197.80</u>

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Statement of Revenues, Expenditures and Changes in Net Assets
Proprietary Funds
For the Year Ended September 30, 2009

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<u>Revenues</u>			
Charges for Services	\$ 5,312,922.20	\$ 5,598,835.71	\$ 10,911,757.91
Intergovernmental	31,966.27	40,658.85	72,625.12
Total Revenues	<u>5,344,888.47</u>	<u>5,639,494.56</u>	<u>10,984,383.03</u>
<u>Operating Expenses</u>			
Salaries and Benefits	2,468,073.72	2,623,794.62	5,091,868.34
Contractual and Professional Services	120,511.89	1,277,285.78	1,397,797.67
Travel	13,442.78		13,442.78
Materials and Supplies	932,199.93	827,028.29	1,759,228.22
Utilities and Communications	125,282.56	75,772.91	201,055.47
Other Expenses	324,711.67	145,731.11	470,442.78
Depreciation	1,406,771.33	588,985.39	1,995,756.72
Landfill Expenses	(1,799,967.50)		(1,799,967.50)
Total Operating Expenses	<u>3,591,026.38</u>	<u>5,538,598.10</u>	<u>9,129,624.48</u>
Operating Income (Loss)	<u>1,753,862.09</u>	<u>100,896.46</u>	<u>1,854,758.55</u>
<u>Nonoperating Revenues (Expenses)</u>			
Other Miscellaneous	8,189.42	6,960.31	15,149.73
Interest Earned	471,586.40	23,981.32	495,567.72
Interest Expense		(8,470.51)	(8,470.51)
Capital Contribution (Capital Assets)		14,925.30	14,925.30
Gain on Sale of Capital Assets	297,750.06	12,960.08	310,710.14
Intergovernmental	(50,000.00)		(50,000.00)
Total Nonoperating Revenues (Expenses)	<u>727,525.88</u>	<u>50,356.50</u>	<u>777,882.38</u>
Income (Loss) Before Transfers	<u>2,481,387.97</u>	<u>151,252.96</u>	<u>2,632,640.93</u>
<u>Operating Transfers</u>			
Transfers Out	<u>(1,127,480.86)</u>	<u>(337,216.34)</u>	<u>(1,464,697.20)</u>
Changes in Net Assets	1,353,907.11	(185,963.38)	1,167,943.73
Total Net Assets - Beginning of Year, as Restated (Note 19)	<u>19,019,029.58</u>	<u>3,010,224.49</u>	<u>22,029,254.07</u>
Total Net Assets - End of Year	<u>\$ 20,372,936.69</u>	<u>\$ 2,824,261.11</u>	<u>\$ 23,197,197.80</u>

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2009

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities</u>			
Receipts from Customers	\$ 5,502,520.34	\$ 5,712,294.21	\$ 11,214,814.55
Intergovernmental Revenues	31,966.27	40,658.85	72,625.12
Payments to Employees	(2,483,978.91)	(2,563,991.04)	(5,047,969.95)
Payments to Suppliers	(1,519,965.56)	(2,238,352.77)	(3,758,318.33)
Net Cash Provided (Used) by Operating Activities	<u>1,530,542.14</u>	<u>950,609.25</u>	<u>2,481,151.39</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Interfund Loans Made/Repaid	183,416.71	(78,419.51)	104,997.20
Miscellaneous	8,189.42	6,960.31	15,149.73
Transfers In			
Transfers Out	(1,127,480.86)	(337,216.34)	(1,464,697.20)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(935,874.73)</u>	<u>(408,675.54)</u>	<u>(1,344,550.27)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Sale of Assets	322,073.74	12,960.08	335,033.82
Purchase of Capital Assets	(2,204,627.93)	(587,612.00)	(2,792,239.93)
Repayment of Principal	(40,000.00)	(169,669.55)	(209,669.55)
Interest Expense		(8,470.51)	(8,470.51)
Intergovernmental	(50,000.00)		(50,000.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,972,554.19)</u>	<u>(752,791.98)</u>	<u>(2,725,346.17)</u>
<u>Cash Flows from Investing Activities</u>			
Interest Revenue	471,586.40	23,981.32	495,567.72
Net Cash Provided (Used) by Investing Activities	<u>471,586.40</u>	<u>23,981.32</u>	<u>495,567.72</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(906,300.38)	(186,876.95)	(1,093,177.33)
Cash and Cash Equivalents - Beginning of Year, as Restated (Note 19)	<u>15,162,594.35</u>	<u>1,418,159.52</u>	<u>16,580,753.87</u>
Cash and Cash Equivalents - End of Year	<u>\$ 14,256,293.97</u>	<u>\$ 1,231,282.57</u>	<u>\$ 15,487,576.54</u>

The beginning cash balance for the Solid Waste Fund was restated by \$1,995,677.57, See Note 19.

Noncash Investing, Capital and Financing Activities:

The Governmental Funds transferred Capital Assets with a cost of \$162,008.00 to the Solid Waste Fund and \$57,600.00 to the Solid Waste Collection Fund.

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

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$ 1,753,862.09	\$ 100,896.46	\$ 1,854,758.55
<u>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Depreciation Expense	1,406,771.33	588,985.39	1,995,756.72
Landfill Expense	(1,799,967.50)		(1,799,967.50)
Change in Assets and Liabilities:			
(Increase)/Decrease Receivables, Net	189,598.14	113,458.50	303,056.64
(Increase)/Decrease Prepays	454.50	1,491.99	1,946.49
Increase/(Decrease) Accounts Payable	(4,271.23)	97,822.09	93,550.86
Increase/(Decrease) Wages Payable	(4,848.59)	8,672.74	3,824.15
Increase/(Decrease) Compensated Absences	(22,938.60)	30,109.12	7,170.52
Increase/(Decrease) Accrued Interest Payable		(11,848.76)	(11,848.76)
Increase/(Decrease) Estimated Liability for OPEB	11,882.00	21,021.72	32,903.72
Net Cash Provided by Operating Activities	<u>\$ 1,530,542.14</u>	<u>\$ 950,609.25</u>	<u>\$ 2,481,151.39</u>

Statement of Fiduciary Net Assets
September 30, 2009

	Private-Purpose Trust Funds	Agency Funds
<u>Assets</u>		
Cash and Cash Equivalents	\$ 31,511,223.56	\$ 2,788,264.74
Receivables (Note 4)	4,241.72	15,729.25
Lease Taxes Receivable	6,517.16	
Total Assets	<u>31,521,982.44</u>	<u>2,803,993.99</u>
<u>Liabilities</u>		
Payables (Note 10)	26,668,886.35	2,768,952.56
Due To Other Funds	60,063.03	15,729.25
Payable to External Parties		19,312.18
Total Liabilities	<u>26,728,949.38</u>	<u>\$ 2,803,993.99</u>
<u>Net Assets</u>		
Held in Trust for Other Purposes	<u>4,793,033.06</u>	
Total Net Assets	<u>\$ 4,793,033.06</u>	

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

***Statement of Changes in Fiduciary Net Assets
For the Year Ended September 30, 2009***

	Private-Purpose Trust Funds
<u>Additions</u>	
Contributions from:	
State and Local Governments	\$ 215,003.99
Probate Court	14,212,071.41
Fees	1,572,089.65
Miscellaneous	73,728.78
Interest	58,539.82
Transfers In	462,881.96
Total Additions	<u>16,594,315.61</u>
<u>Deductions</u>	
Administrative Expenses	1,695,599.04
Payments to Beneficiaries	13,904,397.48
Transfers Out	244,137.00
Total Deductions	<u>15,844,133.52</u>
Changes in Net Assets	750,182.09
Net Assets - Beginning of Year	<u>4,042,850.97</u>
Net Assets - End of Year	<u>\$ 4,793,033.06</u>

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

Notes to the Financial Statements

For the Year Ended September 30, 2009

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 is a component unit that has been included in the accompanying financial statements as a blended component unit. 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 assets 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, 2009

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 and enterprise funds are aggregated and reported as nonmajor funds.

The Commission reports the following major governmental funds:

- ◆ **General Fund** – The general fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission.
- ◆ **Gasoline Tax Fund** – This fund is used to account for the activities of the public works/highway department as related to maintenance, development, and resurfacing of roads, bridges, and right-of-ways.
- ◆ **Public Buildings, Roads and Bridges Fund** – This fund is used to account for the expenditures of special county property taxes for building and maintaining public buildings, roads and bridges.
- ◆ **Reappraisal Fund** – This fund is used to account for the expenditures related to the county's reappraisal program.
- ◆ **Capital Projects Fund** – This fund is used to account for the expenditures of acquiring and constructing certain capital improvements in the county.

Notes to the Financial Statements

For the Year Ended September 30, 2009

- ◆ **Debt Service Fund** – This fund is used to account for the accumulation of resources for and the payment of the Commission’s general long-term debt principal and interest.
- ◆ **Oil and Gas Severance Tax Fund** – This fund is used to account for resources, specifically oil and gas severance tax proceeds, that are legally restricted by local laws to the extent that only earnings, not principal, may be used for purposes that support the Commission’s programs or its citizenry.

The Commission reports the following major enterprise funds:

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

The Commission reports the following fund types:

Governmental Fund Types

- ◆ **Special Revenue Funds** – These funds are used to account for the proceeds of specific revenue sources (other than those derived from special assessments or dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.
- ◆ **Debt Service Funds** – These funds are used to account for the accumulation of resources for and the payment of, the Commission’s principal and interest on governmental bonds.
- ◆ **Capital Projects Funds** – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
- ◆ **Permanent Funds** – These funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Commission’s programs or its citizenry.

Notes to the Financial Statements

For the Year Ended September 30, 2009

The Commission reports the following fiduciary fund types:

Fiduciary Fund Types

- ◆ **Private-Purpose Trust Funds** – These funds are used to report all trust agreements under which principal and income benefit individuals, private organizations, or other governments.
- ◆ **Agency Funds** – These funds are used to report assets held by the Commission in a purely custodial capacity. The Commission collects these assets and transfers them to the proper individual, private organizations, or other government.

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

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

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

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

Notes to the Financial Statements

For the Year Ended September 30, 2009

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

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Commission has not elected to follow subsequent private-sector guidance.

D. Assets, Liabilities, and Net Assets/Fund Balances

1. Deposits

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.

2. Receivables

Sales tax receivables are based on the amounts collected within 60 days after year-end. Sales tax receivables consist of taxes that have been paid by consumers in September. This tax is normally remitted to the Commission within the next 60 days.

Notes to the Financial Statements
For the Year Ended September 30, 2009

Millage rates for property taxes are levied at the first regular meeting of the Commission in February of each year. Property taxes are assessed for property 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.

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

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

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

3. Inventories

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

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, special revenue bonds, as well as certain resources set aside for their repayment are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The Oil and Gas Trust Severance Tax Trust Fund's cash is restricted by local law.

Notes to the Financial Statements
For the Year Ended September 30, 2009

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 applicable governmental and business-type activities columns in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

	Capitalization Threshold	Estimated Useful Life
Buildings	\$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

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

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Warrant premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Warrants payable are reported net of the applicable warrant premium or discount. Warrant issuance costs are reported as deferred charges and amortized over the term of the related debt.

Notes to the Financial Statements

For the Year Ended September 30, 2009

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.

8. 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 full-time employees with five years or less service at the rate of 1 day per calendar month, for employees with 6-10 years service at the rate of 1 and $\frac{1}{4}$ days per month, for employees with 11-15 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. Unused annual-vacation leave in excess of three times the amount earned by employee classification at the end of any fiscal 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 employees at the rate of one day per calendar month worked to a maximum accrual of 90 days. 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.

9. Net Assets/Fund Equity

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

- ◆ **Invested in Capital Assets, Net of Related Debt** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Any significant unspent related debt proceeds at year-end related to capital assets are not included in this calculation.

Notes to the Financial Statements
For the Year Ended September 30, 2009

- ◆ **Restricted** – Constraints imposed on net assets by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.
- ◆ **Unrestricted** – Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Commission.

Fund equity is reported in the fund financial statements. Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Budgets are adopted on a basis of accounting consistent with accounting principals generally accepted in the United States of America (GAAP) for the General Fund, Public Buildings, Roads and Bridges Fund and Reappraisal Fund with the exception of ad valorem taxes which are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. Capital projects funds adopt project length budgets. All 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.

Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

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, 2009

Note 3 – 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 Depository 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.

As of September 30, 2009, the Commission's cash with fiscal agent was invested as follows:

Investment Type	Maturities	Fair Value	Rating
Federated U. S. Treasury Cash Reserves Installation Service	Average Maturity of 60 days or less	\$3,004,525.05	S & P AAAM Moody Aaa
Federated Auto Government Money TR Number 44	Weighted Average Maturity of 90 days or less	1,480,341.44	S & P AAAM Moody Aaa
Total Cash with Fiscal Agent		<u>\$4,484,866.49</u>	

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 Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair market value losses arising from market interest rate changes.

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. The Commission has no policy on credit risk.

Notes to the Financial Statements
For the Year Ended September 30, 2009

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer), a government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have an investment policy that limits the amount of securities that can be held by counterparties.

Concentrations of Credit Risk – The Commission has no policy in place and places no limit on the amount the Commission may invest in any one issuer.

Note 4 – Receivables

On September 30, 2009, receivables for the Commission’s individual major funds and other governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds	General Fund	Gasoline Tax Fund	Reappraisal Fund	Other Governmental Funds	Total Governmental Funds
Receivables:					
Accounts Receivable	\$ 1,054.15	\$ 840.41	\$	\$ 49,230.51	\$ 51,125.07
Intergovernmental	686,065.45	5,583,646.45	50,000.00	1,138,530.25	7,458,242.15
Total Receivables	<u>\$687,119.60</u>	<u>\$5,584,486.86</u>	<u>\$50,000.00</u>	<u>\$1,187,760.76</u>	<u>\$7,509,367.22</u>

Proprietary Funds	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
Receivables:			
Accounts Receivable	\$577,691.55	\$ 954,835.38	\$1,532,526.93
Intergovernmental	3,760.74	6,219.81	9,980.55
Gross Receivables	581,452.29	961,055.19	1,542,507.48
Less: Allowable for Doubtful Accounts	(9,396.66)	(248,337.34)	(257,734.00)
Net Total Receivables	<u>\$572,055.63</u>	<u>\$ 712,717.85</u>	<u>\$1,284,773.48</u>

Notes to the Financial Statements
For the Year Ended September 30, 2009

Fiduciary Funds	Private-Purpose Trust Funds	Agency Funds
Receivables:		
Accounts Receivable	\$ 23.64	\$
Intergovernmental	4,218.08	
Other		15,729.25
Total Receivables	\$4,241.72	\$15,729.25

Governmental funds report deferred 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, 2009, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Real Property Ad Valorem Taxes	\$38,070,189.74	\$
Motor Vehicle Ad Valorem Taxes		965,456.02
Unexpended Reappraisal Funds		1,156,890.51
Total Deferred/Unearned for Governmental Funds	\$38,070,189.74	\$2,122,346.53

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2009, was as follows:

	Balance 10/01/2008	Reclassifications	Additions	Reductions	Balance 09/30/2009
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 14,679,887.95	\$	\$ 1,999,507.06	\$	\$ 16,679,395.01
Infrastructure in Progress	4,964,183.06	(1,071,746.37)	5,448,674.96		9,341,111.65
Construction in Progress	3,208,227.71	(2,526,486.67)	2,762,541.26		3,444,282.30
Total Capital Assets, Not Being Depreciated	22,852,298.72	(3,598,233.04)	10,210,723.28		29,464,788.96
Capital Assets Being Depreciated:					
Infrastructure	191,994,572.94	1,071,746.37	13,016,802.76		206,083,122.07
Buildings	75,884,251.24	2,526,486.67	299,772.66		78,710,510.57
Improvements Other Than Buildings	4,334,997.17		9,472.39		4,344,469.56
Computer and Communication					
Equipment	12,630,149.20		865,691.06	(2,627,236.76)	10,868,603.50
Equipment and Furniture	1,474,389.38		97,582.70	(80,898.48)	1,491,073.60
Motor Vehicle and Heavy					
Equipment	22,054,916.33		1,059,399.42	(1,685,668.97)	21,428,646.78
Capital Assets Under Capital Lease	4,589,016.23			(49,799.00)	4,539,217.23
Total Capital Being Depreciated	312,962,292.49	3,598,233.04	15,348,720.99	(4,443,603.21)	327,465,643.31
Less Accumulated Depreciation for:					
Infrastructure	(31,368,581.92)		(1,221,394.05)		(32,589,975.97)
Buildings	(18,801,011.51)		(2,551,204.69)		(21,352,216.20)
Improvements Other Than Buildings	(767,875.88)		(145,531.89)		(913,407.77)
Computer and Communication					
Equipment	(10,876,679.30)		(783,122.21)	2,625,210.71	(9,034,590.80)
Equipment and Furniture	(955,395.42)		(174,713.89)	75,998.91	(1,054,110.40)
Motor Vehicle and Heavy					
Equipment	(13,274,559.71)		(3,037,169.56)	1,658,714.20	(14,653,015.07)
Capital Assets Under Capital Lease	(1,772,641.20)		(911,209.77)	23,531.85	(2,660,319.12)
Total Accumulated Depreciation	(77,816,744.94)		(8,824,346.06)	4,383,455.67	(82,257,635.33)
Total Capital Assets Being Depreciated, Net	235,145,547.55	3,598,233.04	6,524,374.93	(60,147.54)	245,208,007.98
Total Governmental Activities Capital Assets, Net	\$257,997,846.27	\$	\$16,735,098.21	\$ (60,147.54)	\$274,672,796.94

Amounts included in the 'reclassifications' column were necessary due to projects that were completed during the year.

There were donated assets totaling \$10,656,058.05 consisting of subdivision roads.

Notes to the Financial Statements
For the Year Ended September 30, 2009

The Governmental Funds transferred Construction Equipment with a cost of \$145,621.00 and Motor Vehicles with a cost of \$16,387.00 to the Solid Waste Fund; and Construction Equipment and Leased Equipment with a cost of \$30,249.00 and \$27,351.00, respectively, to the Solid Waste Collection Fund.

	Balance 10/01/2008	Additions	Reductions	Balance 09/30/2009
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,697,096.62	\$ 1,743,516.35	\$	\$ 3,440,612.97
Total Capital Assets, Not Being Depreciated	1,697,096.62	1,743,516.35		3,440,612.97
Capital Assets Being Depreciated:				
Buildings	1,277,936.22	27,517.99		1,305,454.21
Improvements Other Than Buildings	10,427,329.44	215,797.63		10,643,127.07
Computer and Communication Equipment	71,323.34		(6,045.70)	65,277.64
Motor Vehicle and Heavy Equipment	10,865,450.41	980,518.00	(1,135,771.61)	10,710,196.80
Equipment and Furniture	205,627.40	17,146.96	(17,462.40)	205,311.96
Fixed Assets Under Capital Lease	717,874.42	27,351.00		745,225.42
Total Capital Assets Being Depreciated	23,565,541.23	1,268,331.58	(1,159,279.71)	23,674,593.10
Total Capital Assets	25,262,637.85	3,011,847.93	(1,159,279.71)	27,115,206.07
Less Accumulated Depreciation for:				
Buildings	(560,184.73)	(45,144.99)		(605,329.72)
Improvements Other Than Buildings	(6,235,531.69)	(238,719.21)		(6,474,250.90)
Computer and Communication Equipment	(71,323.34)		6,045.70	(65,277.64)
Motor Vehicle and Heavy Equipment	(6,404,193.24)	(1,720,744.51)	1,111,447.93	(7,013,489.82)
Equipment and Furniture	(126,175.90)	(34,477.60)	17,462.40	(143,191.10)
Fixed Assets Under Capital Lease	(117,368.43)	(161,353.11)		(278,721.54)
Total Accumulated Depreciation	(13,514,777.33)	(2,200,439.42)	1,134,956.03	(14,580,260.72)
Total Capital Assets Being Depreciated, Net	10,050,763.90	(932,107.84)	(24,323.68)	9,094,332.38
Business-Type Activities Capital Assets, Net	\$ 11,747,860.52	\$ 811,408.51	\$ (24,323.68)	\$ 12,534,945.35

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	\$3,261,062.51
Public Safety	1,391,592.30
Highways and Roads	3,997,880.12
Sanitation	2,584.68
Health	17,210.88
Welfare	5,667.00
Culture and Recreation	123,557.41
Education	24,791.16
Total Depreciation Expense – Governmental Activities	<u>\$8,824,346.06</u>

Notes to the Financial Statements
For the Year Ended September 30, 2009

	Current Year Depreciation Expense
Business-Type Activities:	
Solid Waste	\$1,995,756.72
Total Depreciation Expense – Business-Type Activities	\$1,995,756.72

The depreciation expense listed above for Business-Type Activities differs from Additions to Accumulated Depreciation by \$204,682.70. This amount represents the Net Accumulated Depreciation transferred from Governmental Funds.

Note 6 – Defined Benefit Pension Plan

A. Plan Description

The Commission contributes to the Employees’ Retirement System of Alabama, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the various state agencies and departments. Pursuant to Act Number 2002-463, Acts of Alabama, the Baldwin County Sheriff’s Department contributes separately to the Employees’ Retirement System of Alabama and therefore the rates differ and will be presented separately.

Substantially all employees of the Commission are members of the Employees’ Retirement System of Alabama. Membership is mandatory for covered or eligible employees of the Commission. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method which yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members.

Notes to the Financial Statements

For the Year Ended September 30, 2009

The Employees' Retirement System was established as of 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 general administration and operation of the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the *Code of Alabama 1975*, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the Commission authority to accept or reject various Cost-Of-Living-Adjustments (COLAs) granted to retirees.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

B. Funding Policy

Employees of the Commission, with the exception of full-time law enforcement officers, are required by statute to contribute 5 percent of their salary to the Employees' Retirement System. As of January 1, 2001, full-time law enforcement officers are required by statute to contribute 6 percent of their salary to the Employees' Retirement System. The Commission is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. The contribution requirements of the Commission are established by the Employees' Retirement System based on annual actuarial valuations. The employer's contribution rate for the year ended September 30, 2009 was 9.41% for percent based on the actuarial valuation performed as of September 30, 2006 for employees of the Baldwin County Sheriff's Department and 7.30% for all other employees.

Notes to the Financial Statements
For the Year Ended September 30, 2009

C. Annual Pension Cost

For the year ended September 30, 2009, the Commission’s annual pension cost for employees of the Baldwin County Sheriff’s Department of \$1,038,249.59 and \$1,789,087.95 for all other employees was equal to the Commission’s required and actual contribution. The required contribution was determined using the “entry age normal” method. The actuarial assumptions as of September 30, 2008, the latest actuarial valuation date, were: (a) 8 percent investment rate of return on present and future assets, and (b) projected salary increases ranging from 7.75 percent at age 20 to 4.61 percent at age 65. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period as of September 30, 2008 was 20 years for the Baldwin County Sheriff’s Department and 16 years for the Commission.

The following is three-year trend information for the Commission:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/2009	\$1,789,088	100%	\$0
09/30/2008	\$1,777,047	100%	\$0
09/30/2007	\$1,378,364	100%	\$0

The following is three-year trend information for the Baldwin County Sheriff’s Department:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/2009	\$1,038,249	100%	\$0
09/30/2008	\$ 789,103	100%	\$0
09/30/2007	\$ 631,871	100%	\$0

D. Funded Status and Funding Progress

As of September 30, 2008, the most recent actuarial valuation date, the plan for the Commission was 79.90 percent funded. The actuarial accrued liability for benefits was \$49,764,007 and the actuarial value of assets was \$39,773,614, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,990,393. The covered payroll (annual payroll of active employees covered by the plan) was \$24,912,277, and the ratio of the UAAL to the covered payroll was 40.10 percent.

Notes to the Financial Statements

For the Year Ended September 30, 2009

As of September 30, 2008, the most recent actuarial valuation date, the plan for the Baldwin County Sheriff's Department was 66.30 percent funded. The actuarial accrued liability for benefits was \$23,885,192 and the actuarial value of assets was \$15,843,227, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,041,965. The covered payroll (annual payroll of active employees covered by the plan) was \$11,037,601, and the ratio of the UAAL to the covered payroll was 72.90 percent.

The Schedule of Funding Progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 7 – Other Postemployment Benefits (OPEB)

A. Plan Description

The Baldwin County Commission provides a single-employer defined benefit medical plan for eligible retirees and their spouses. The medical insurance plan covers both active and retired members. The *Code of Alabama 1975*, Section 11-91-1 through 11-91-8 gives authority to the Commission to establish and amend benefit provisions. The plan does not issue a stand-alone financial report. The provisions of GASB Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, were implemented prospectively.

B. Funding Policy

The Commission's contributions were on a pay-as-you-go basis as of September 30, 2009.

For retirees with at least 25 years of service, the Commission pays all but \$100 of single coverage. For retirees with at least 30 years of service, the Commission pays 100% of single coverage. The Commission does not pay the family coverage portion. For fiscal year 2009, total retired member contributions were \$25,500.00.

Notes to the Financial Statements
For the Year Ended September 30, 2009

C. Annual OPEB Cost

For fiscal year 2009, the Commission's annual other postemployment benefit (OPEB) cost (expense) was \$609,093.00. The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	\$609,093.00	14.6%	\$520,188.01

D. Funded Status and Funding Progress

The funding status of the plan as of September 30, 2008, was as follows:

Actuarial Accrued Liability (AAL)	\$ 6,733,684
Actuarial Value of Plan Assets	\$0
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 6,733,684</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$35,537,168.33
UAAL as a Percentage of Covered Payroll	18.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will in future years present multiyear trend information that will show whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Notes to the Financial Statements
For the Year Ended September 30, 2009

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used was the projected unit credit method. The actuarial assumptions included a 4% percent investment return assumption (or discount rate) and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2014. It was assumed that 100 percent of future retirees would elect medical insurance coverage and 50 percent of retirees electing coverage who have spouses would elect spousal coverage. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open period. The unfunded actuarial accrued liability (UAAL) is being amortized over 30 years.

Note 8 – Construction and Other Significant Commitments

Project Name	Amount Remaining
Hazardous Waste Building	\$ 8,000.00
Customer Relationship Software	5,000.00
Bay Minette Courthouse 2nd Floor Renovations	39,751.25
Foley Courthouse Expansion	3,051,287.79
Styx River Bridge on CR68	8,497,091.55
Durban Branch Bridge	90,329.48
CR 13 from SR 104 to CR 64	2,550,324.84
CR 11 Bridge at Weeks Branch	9,569.09
CR 32 Bridge ER Repair Work at Fish River	3,755.13
Point Clear Trail – CR 32 to Grand Hotel	222,444.49
BM Creek Bridge on Bromley Road	328,664.07
Sheriff's Office Technology Enhancement Software – Smart Cop	173,800.03
Total	\$14,980,017.72

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 9 – Contingent Liabilities

In December 2008, the Office of Inspector General issued an audit report recommending FEMA disallow \$10,495,626 of disaster payments related to the elimination of debris and the tipping fees charged to FEMA for using the Commission’s landfill after Hurricanes Ivan, Dennis and Katrina. In August 2009, FEMA’s Regional Administrator issued a determination that “deobligated” or “disallowed” \$5,792,490 of disaster assistance grants that were received by the Commission. The Commission appealed the disallowance which was rejected by FEMA’s Regional Administrator on April 15, 2010. The Commission has filed a second appeal to FEMA’s Assistant Administrator for the Directorate and has sought binding arbitration from a panel of the U. S. Civilian Board of Contract Appeals.

Note 10 – Payables

On September 30, 2009, payables for the Commission’s individual major funds and nonmajor (other governmental) and fiduciary funds in the aggregate are as follows:

	Accounts Payable	Due to Other Governments	Other	Total
<u>Governmental Funds</u>				
General Fund	\$4,908,771.64	\$1,575,558.94	\$ 16,753.97	\$ 6,501,084.55
Gasoline Tax Fund	1,249,480.23			1,249,480.23
Reappraisal Fund	169,592.79			169,592.79
Capital Projects Fund	213,460.12			213,460.12
Other Governmental Funds	895,059.20		75,122.85	970,182.05
Total Governmental Funds	7,436,363.98	1,575,558.94	91,876.82	9,103,799.74
<u>Business-Type Activities</u>				
Solid Waste Fund	273,995.90			273,995.90
Solid Waste Collection Fund	319,832.50			319,832.50
Total Business-Type Activities	593,828.40			593,828.40
<u>Fiduciary Funds</u>				
Private-Purpose Trust	23,105.24	263,065.26	26,382,715.85	26,668,886.35
Agency	2,048,245.36		720,707.20	2,768,952.56
Total Fiduciary Funds	\$2,071,350.60	\$ 263,065.26	\$27,103,423.05	\$29,437,838.91

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 11 – Lease Obligations

Capital Leases

The Commission is obligated under certain leases accounted for as capital leases. Assets under capital leases totaled \$4,539,217.23 for governmental activities and \$745,225.42 for business-type activities at September 30, 2009. If the Commission completes the lease payments according to the schedules below, which is the stated intent of the Commission, ownership of the leased equipment will pass to the Commission. The lease purchase contracts give the Commission the right to cancel the lease with 30 days written notice and payment of a pro rata share of the current year's lease payments. Until that time, the leased equipment will be identified separately on the balance sheet. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of September 30.

Fiscal Year Ending	Governmental Activities	Business-Type Activities
September 30, 2010	\$ 608,584.45	\$181,329.02
2011	608,584.45	181,329.02
Total Minimum Lease Payments	1,217,168.90	362,658.04
Less: Amount Representing Interest	(68,827.41)	(20,507.26)
Present Value of Net Minimum Lease Payments	<u>\$1,148,341.49</u>	<u>\$342,150.78</u>

Note 12 – Long-Term Debt

In March 1999, General Obligation Warrants with interest rates of 4.00 to 5.05 percent were issued to provide funds for road improvements, landfill improvements, vehicles, Courthouse renovations, Courthouse Annex renovations, new Board of Education building, old Board of education building renovations, renovate old Bay Minette Police Station, Convenience Station/Recycling Center Building, and Landfill equipment. Debt service payments are made by the General Fund, Gasoline Tax Fund and the Solid Waste Fund.

In September 2001, General Obligation Warrants with interest rates of 3.20 to 4.50 percent were issued to provide funding for acquisition of the Refunded Series 1994 Warrants. Debt service payments are made by the General Fund and Gasoline Tax Fund.

In March 2002, General Obligation Warrants with interest rates of 2.60 to 5.10 percent were issued to provide funds for bridge construction, construction of shelled in top floor of jail, acquisition of Packard Hughes Building in Robertsedale, and construction of facilities and capital purchases for Wilderness Intervention Programs for juveniles. Debt service payments are made by the General Fund and Gasoline Tax Fund.

Notes to the Financial Statements
For the Year Ended September 30, 2009

In December 2002, General Obligation Warrants with an interest rate of 4.90 percent were issued to provide funds for facilities and equipment necessary or desirable for the protection and preservation of the public health and safety of the residents of Baldwin County. Debt service payments are made by the Health Tax Fund.

In December 2003, General Obligation Warrants with interest rates of 1.45 to 4.70 percent were issued to provide funds for an additional Subtitle D cell at Magnolia Landfill, renovate store for use as Probate offices, renovate Bay Minette Courthouse, new archives building, additional offices at school board, renovate Packard Hughes building, and create a fiber network. Debt service payments are made by General Fund, Archives Fund, and Solid Waste Fund.

In April 2004, General Obligation Warrants with interest rates of 2 to 5 percent were issued to provide funds for current refunding of Series 1994 Warrants, advanced refunding of Series 1996 Warrants, and acquisition of capital improvements. Debt service payments are made by General Fund and Gasoline Tax Fund.

In June 2004, General Obligation Warrants with interest rates of 2.6 to 5.25 percent were issued to provide funds for capital improvements to public roads, including preliminary engineering costs and Phase 1 County Road-64 to U. S. Highway 90 costs as estimated in that certain agreement between the State of Alabama and Baldwin County dated May 6, 2004. Debt service payments are made by Gasoline Tax Fund.

In January 2006, General Obligation Warrants with interest rates of 3.20 to 5.00 percent were issued to purchase and renovate the Regions Bank Building and property in Robertsdale, and to cover project cost overruns for Bay Minette Courthouse, Central Annex, and Girls Wilderness Facility. The debt service payments are made by the General Fund (42.82%), the Gasoline Tax Fund (41.29%), and the Wilderness fund (15.89%).

In March 2007, General Obligation Warrants with interest rates of 4.00 to 5.00 percent were issued to acquire and construct the Series 2007A improvements and to pay any remaining issuance expenses. The debt service payments are made by the General and Gasoline Tax Funds.

In June 2007, a General Obligation Taxable Warrant with an interest rate of 5.54 percent was issued for the purchase of the Robertsdale Regions Bank Building and the rehabilitation, renovation, and equipment costs associated with the building. The debt service payments are made by the General and Gasoline Tax Funds.

Notes to the Financial Statements
For the Year Ended September 30, 2009

In September 2007, General Obligation Warrant with an interest rate of 3.96 percent was issued for the purchase of property located on Fish River in the Fairhope area. The debt service payments are made by the Parks Fund.

In December 2007, General Obligation Warrant with an interest rate of 3.76 percent was issued for projects and purchases of resurfacing 125 miles of existing roads, construct 11 miles of new roads and the purchase of various pieces of capital equipment. The debt service payments are made by the Seven Cent Tax Fund.

In May 2008, General Obligation Warrants with interest rates of 3.60 to 5.00 percent were issued to acquire and construct the capital improvements and pays costs of issuing the warrants. The debt service payments are made by the General Fund and the Seven Cent Tax Fund.

In September 2008, General Obligation Warrant with an interest rate of 4.96 percent was acquired to pay issuance expense of the warrant, to purchase real property and improvements and remaining proceeds used for the County improvements on the real property or other capital projects. The debt service payments are made by the General Fund.

Notes Payable

Promissory notes were used to finance property acquisition of land on CR 24 in Foley. The debt service payments are made by the Gasoline Tax Fund.

Notes to the Financial Statements

For the Year Ended September 30, 2009

The following is a summary of general long-term debt transactions for the Commission for the year ended September 30, 2009:

	Debt Outstanding 10/01/2008	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2009	Due Within One Year
Governmental Activities:					
Warrants and Notes Payable:					
Warrants, 1999	\$ 3,120,000.00	\$	\$ (670,000.00)	\$ 2,450,000.00	\$ 695,000.00
Warrants, 2001	1,865,000.00		(1,865,000.00)		
Warrants, 2002	14,410,000.00		(670,000.00)	13,740,000.00	785,000.00
Warrants, 2002	50,000.00		(10,000.00)	40,000.00	10,000.00
Warrants, 2003	7,335,000.00		(315,000.00)	7,020,000.00	325,000.00
Warrants, 2004	8,620,000.00		(935,000.00)	7,685,000.00	960,000.00
Warrants, 2004-B	12,770,000.00		(480,000.00)	12,290,000.00	495,000.00
Warrants, 2006-A	23,435,000.00		(860,000.00)	22,575,000.00	895,000.00
Warrant, 2007 Taxable	2,375,000.00		(345,000.00)	2,030,000.00	365,000.00
Warrants, 2007-A	13,045,000.00			13,045,000.00	
Warrant, 2007-B	476,182.62		(233,385.48)	242,797.14	242,797.14
Warrant, 2008-A	15,835,223.66		(2,545,881.06)	13,289,342.60	2,642,658.61
Warrants, 2008-B	24,715,000.00			24,715,000.00	
Warrant, 2008-C	5,000,000.00		(160,758.79)	4,839,241.21	158,122.40
Less: Unamortized Discount	(223,777.80)		11,657.60	(212,120.20)	(11,657.60)
Plus: Unamortized Premium	947,039.36		(45,388.76)	901,650.60	45,388.76
Total Warrants Payable, Net	133,774,667.84		(9,123,756.49)	124,650,911.35	7,607,309.31
Notes Payable		243,108.30		243,108.30	77,687.60
Total Warrants and Notes Payable	133,774,667.84	243,108.30	(9,123,756.49)	124,894,019.65	7,684,996.91
Other Liabilities:					
Capital Leases	2,161,519.30		(1,013,177.81)	1,148,341.49	562,995.29
Compensated Absences	3,699,203.89	77,445.60		3,776,649.49	1,954,290.89
Estimated Liability for OPEB		487,284.29		487,284.29	
Total Other Liabilities	5,860,723.19	564,729.89	(1,013,177.81)	5,412,275.27	2,517,286.18
Total Governmental Activities Long-Term Liabilities	\$139,635,391.03	\$807,838.19	\$(10,136,934.30)	\$130,306,294.92	\$10,202,283.09
Business-Type Activities:					
Capital Lease Contracts Payable	511,820.33		(169,669.55)	342,150.78	167,745.64
Note Payable	80,000.00		(40,000.00)	40,000.00	40,000.00
Estimated Liability for OPEB		32,903.72		32,903.72	
Estimated Liability for Compensated Absences	365,201.38	7,170.52		372,371.90	
Estimated Liability for Landfill Closure/Postclosure Costs	6,362,628.80		(1,799,967.50)	4,562,661.30	1,045,005.08
Total Business-Type Activities Long-Term Liabilities	\$ 7,319,650.51	\$ 40,074.24	\$ (2,009,637.05)	\$ 5,350,087.70	\$ 1,252,750.72

Notes to the Financial Statements

For the Year Ended September 30, 2009

The capital lease liability for the governmental activities will be liquidated by the General Fund (27%) and the Gasoline Tax Fund (73%). The capital lease for business-type activities will be liquidated by the Solid Waste Collection Fund.

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. In the past, approximately 39% has been paid by the General Fund, 26% by Gasoline Tax Fund, and the remainder by the other governmental funds.

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

Fiscal Year Ending	Governmental Activities						Total Principal and Interest Requirements to Maturity
	General Obligation Warrants		Notes Payable		Capital Leases Contracts Payable		
	Principal	Interest	Principal	Interest	Principal	Interest	
September 30, 2010	\$ 7,573,578.15	\$ 5,535,058.19	\$ 77,687.60	\$ 10,332.10	\$ 562,995.29	\$ 45,589.16	\$ 13,805,240.49
2011	7,283,409.76	5,226,134.99	80,989.32	7,030.38	585,346.20	23,238.25	13,206,148.90
2012	6,545,079.54	4,939,463.23	84,431.38	3,588.32			11,572,562.47
2013	6,173,185.05	4,656,797.11					10,829,982.16
2014	5,834,855.22	4,378,939.32					10,213,794.54
2015-2019	30,757,875.89	17,682,058.23					48,439,934.12
2020-2024	29,596,737.84	10,691,071.26					40,287,809.10
2025-2029	19,601,659.50	4,535,663.38					24,137,322.88
2030-2033	10,595,000.00	1,122,526.50					11,717,526.50
Total	\$123,961,380.95	\$58,767,712.21	\$243,108.30	\$20,950.80	\$1,148,341.49	\$68,827.41	\$184,210,321.16

Fiscal Year Ending	Business-Type Activities				Total Principal and Interest Requirements to Maturity
	Notes Payable		Capital Leases Contracts Payable		
	Principal	Interest	Principal	Interest	
September 30, 2010	\$40,000.00	\$	\$167,745.64	\$13,583.38	\$221,329.02
2011			174,405.14	6,923.88	181,329.02
Total	\$40,000.00	\$	\$342,150.78	\$20,507.26	\$402,658.04

Notes to the Financial Statements
For the Year Ended September 30, 2009

Bond Issuance Costs, Deferred Charges on Refunding and Discounts

The Commission has issuance costs as well as premiums and discounts in connection with the issuance of its 2002, 2003, 2004-B, 2006-A, 2007-A, 2007-B, 2008-B, and 2008-C, General Obligation Warrants. The deferred amounts are being amortized using the straight-line method over a period of 10, 21, 23, 20, 25, 3, 25 and 20 years respectively.

	Issuance Costs	Discount	Premium
Total Issuance Costs, and Discount/Premium	\$1,196,963.01	\$267,945.10	\$1,074,851.80
Amount Amortized Prior Years	161,073.79	44,167.30	127,812.44
Balance Issuance Costs, and Discount/Premium	1,035,889.22	223,777.80	947,039.36
Current Amount Amortized	45,529.55	11,657.60	45,388.76
Balance Issuance Costs, and Discount/Premium	<u>\$ 990,359.67</u>	<u>\$212,120.20</u>	<u>\$ 901,650.60</u>

Pledged Revenues

The Commission issued Series 2002 Health Tax General Obligation Warrants which are pledged to be repaid from the proceeds of the county's ad valorem tax levied at the rate of 0.5 mills on each dollar of the assessed value of taxable property in the county (the "Special Tax") pursuant to Amendment Number 559 of the Alabama Constitution of 1901 and Resolution Number 2002-27 of the County Commission. The proceeds are to be used for facilities and equipment necessary or desirable for the protection and preservation of the public health and safety of the residents of Baldwin County. Future revenues in the amount of \$43,920.00 are pledged to repay the principal and interest on the warrants at September 30, 2009. Proceeds of the special Ad Valorem tax in the amount of \$2,164,422.37 were received by the Commission during the fiscal year ended September 30, 2009, of which \$12,205.00 was used to pay principal and interest on the warrants. The Series 2002 Health Tax General Obligation Warrants will mature in fiscal year 2013.

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 13 – Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the Commission place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition, to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount the landfill is used during the year. The estimated liability for closure and post-closure care costs has a balance of \$4,562,661.30 as of September 30, 2009, which is based on 60% usage (filled) of the landfill. It is estimated that an additional \$3,030,316.33 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and post-closure care (\$7,592,977.63) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2009. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The Commission is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The Commission is in compliance with these requirements, and at September 30, 2009, funds of \$1,842,271.63 are held for these purposes. These funds are deposits on hand and are presented on the Commission's balance sheet as "Cash." It is anticipated that future inflation costs will be financed in part from earnings on these funds. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

Note 14 – Conduit Debt Obligations

On June 1, 2007, the Public Building Authority of Baldwin County (PBA), which is a related organization of Baldwin County, issued \$6,405,000.00 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 County and is payable solely from the revenues generated through the sub-lease agreement, as amended. The warrants and the lease do not constitute a debt or pledge of the faith and credit of the County and accordingly have not been reported in the accompanying financial statements. As of September 30, 2009, the outstanding balance of the lease is \$6,195,000.00.

Notes to the Financial Statements

For the Year Ended September 30, 2009

Note 15 – Risk Management

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

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 less a 15% discount. 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. Employment-related practices damage protection is limited to \$750,000 per incident with a \$25,000 deductible.

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

Note 16 – Interfund Transactions

Due To/From Other Funds

The amounts due to/from other funds at September 30, 2009, were as follows:

	Due From Other Funds					Totals
	General Fund	Gasoline Tax Fund	Other Governmental Funds	Solid Waste Fund	Solid Waste Collection Fund	
<u>Due to Other Funds</u>						
General Fund	\$	\$ 43,161.81	\$ 7,287.72	\$	\$	\$ 50,449.53
Gasoline Tax Fund	606.61		1,860.23			2,466.84
Reappraisal Fund	38,897.25	27.18				38,924.43
Capital Projects Fund		34,725.99	3,835.26			38,561.25
Other Governmental Funds	485,587.63	76,391.21	1,549.75	28,069.28	25,063.95	616,661.82
Solid Waste Fund	200.34				614.93	815.27
Solid Waste Collection Fund	3,882.45	1,069.13	47.95	5,133.97		10,133.50
Agency Fund	15,729.25					15,729.25
Private-Purpose Trust Funds	60,063.03					60,063.03
Totals	\$604,966.56	\$155,375.32	\$14,580.91	\$33,203.25	\$25,678.88	\$833,804.92

Notes to the Financial Statements
For the Year Ended September 30, 2009

Interfund Transfers

The amounts of interfund transfers during the fiscal year ending September 30, 2009, were as follows:

	Operating Transfers In					Totals
	General Fund	Gasoline Tax Fund	Debt Service Fund	Other Governmental Funds	Private-Purpose Trust Fund	
<u>Operating Transfers Out</u>						
General Fund	\$	\$ 1,301,201.10	\$ 4,370,719.44	\$4,596,332.39	\$462,881.96	\$10,731,134.89
Gasoline Tax Fund			8,809,553.29	81,443.05		8,890,996.34
Public Buildings, Roads and Bridges Fund		11,023,000.00				11,023,000.00
Reappraisal Fund	29,263.90					29,263.90
Oil and Gas Trust Fund	428,749.84					428,749.84
Other Governmental Funds	504,296.00	1,216,400.00	732,285.82	161,294.00		2,614,275.82
Solid Waste Fund	489,500.00		637,980.86			1,127,480.86
Solid Waste Collection Fund	142,000.00		195,216.34			337,216.34
Private-Purpose Trust Funds	244,137.00					244,137.00
Totals	\$1,837,946.74	\$13,540,601.10	\$14,745,755.75	\$4,839,069.44	\$462,881.96	\$35,426,254.99

The Commission typically used transfers to fund ongoing operating subsidies and to transfer the portion from the General Fund to the Debt Service Funds to service current-year debt requirements.

Note 17 – 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:

- | |
|--|
| North Baldwin Health Care Authority
Eastern Shore Health Care Authority
South Baldwin Health Care Authority
Baldwin County Historic Development Commission
Baldwin County Emergency Communications District
Baldwin County Board of Mental Health
Baldwin County Housing Authority
Baldwin County Library Board
Public Building Authority of Baldwin County, Alabama |
|--|

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 18 – Subsequent Events

On January 20, 2010, the Commission approved the finalization of the issuance of \$21,480,000 General Obligation Warrants, Series 2010, dated January 1, 2010. These warrants were issued for the purpose of the current refunding of the General Obligation Warrants, Series 1999, Dated March 1, 1999 and the advanced refunding and redemption of the General Obligation Warrants, Series 2002 and Series 2003, dated March 1, 2002 and December 1, 2003 respectively.

On March 16, 2010, the Commission awarded a bid to Racon, Inc., in the amount of \$1,791,024.73 for the bridge replacement on County Road 68 extension. The expenditures for this project are to be paid from the Series 2007A Warrants and the 2008B Warrants which are both held in the Capital Projects Fund.

On April 20, 2010, the Deepwater Horizon drilling rig exploded in the Gulf of Mexico. Attempts to stop the oil leaking from this offshore site have proven to be only partially successful. The tourist industry in south Baldwin County has been negatively affected by this ongoing disaster. The business community is currently experiencing a decrease in revenue from this situation and the Baldwin County Commission is therefore expecting tax revenues will be smaller and is planning accordingly. The future time frame of this situation is uncertain.

At its April 20, 2010 meeting, the Commission awarded a bid for the construction of Phase II of the Magnolia Landfill Methane Gas Collection System Expansion. This bid award was amended at its May 18, 2010 meeting for a total cost of \$416,253.91.

At its May 4, 2010 meeting, the Commission awarded a bid for alterations and addition to the Baldwin County Fairhope Satellite Courthouse. Subsequently, the vendor awarded the bid chose not to proceed in signing the contract. Because of this, at its June 1, 2010 meeting, the Commission awarded the bid to the next lowest bidder for \$4,869,700.

Notes to the Financial Statements
For the Year Ended September 30, 2009

Note 19 – Restatements

Restatements were made to correct errors from the prior period resulting from a change in the uses of warrant proceeds.

The impact of the restatements on the fund balances/net assets as previously reported is as follows:

Governmental Activities	
Fund Balance, September 30, 2008, as Previously Reported	\$106,569,276.25
<u>Fund Restatements:</u>	
Correction to Cash – Capital Projects Fund	1,995,677.57
Fund Balance, September 30, 2008, as Restated	<u>\$108,564,953.82</u>
Net Assets Balance, September 30, 2008, as Previously Reported	\$224,083,061.49
<u>Restatement:</u>	
Correction to Cash – Capital Projects Fund	1,995,677.57
Governmental Activities Net Assets, September 30, 2008, as Restated	<u>\$226,078,739.06</u>

Business-Type Activities	Solid Waste Fund	Solid Waste Collection Fund	Total
Net Assets Balance, September 30, 2008, as Previously Reported	\$21,014,707.15	\$3,010,224.49	\$24,024,931.64
<u>Restatement:</u>			
Correction to Cash – Solid Waste Fund	(1,995,677.57)		(1,995,677.57)
Governmental Activities Net Assets, September 30, 2008, as Restated	<u>\$19,019,029.58</u>	<u>\$3,010,224.49</u>	<u>\$22,029,254.07</u>

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Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	\$ 35,730,330.00	\$ 35,730,330.00	\$ 35,458,164.13
Licenses and Permits	1,078,000.00	1,078,000.00	1,900,145.31
Intergovernmental	3,457,600.00	5,766,667.00	3,397,082.90
Charges for Services	9,998,500.00	9,998,500.00	8,384,281.61
Fines and Forfeits			65,500.87
Miscellaneous	2,868,918.00	3,054,823.00	3,084,173.41
Total Revenues	<u>53,133,348.00</u>	<u>55,628,320.00</u>	<u>52,289,348.23</u>
Expenditures			
Current:			
General Government	23,368,193.67	22,506,715.00	18,676,399.64
Public Safety	22,262,097.00	24,903,182.00	21,405,431.33
Health	1,170,161.00	1,170,161.00	921,122.34
Welfare	2,500.00	4,500.00	4,000.00
Culture and Recreation	410,216.00	410,216.00	198,214.38
Education	147,580.00	147,580.00	171,741.68
Capital Outlay	639,956.00	2,256,982.00	2,422,459.67
Debt Service:			
Principal Retirement	415,179.00	415,179.00	278,671.19
Interest and Fiscal Charges			11,063.25
Total Expenditures	<u>48,415,882.67</u>	<u>51,814,515.00</u>	<u>44,089,103.48</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,717,465.33</u>	<u>3,813,805.00</u>	<u>8,200,244.75</u>
Other Financing Sources (Uses)			
Transfers In	1,832,637.00	1,880,798.00	1,837,946.74
Other Financing Sources	44,000.00	44,000.00	
Sale of Capital Assets			167.48
Transfers Out	(9,386,559.00)	(10,257,573.00)	(10,731,134.89)
Other Financing Uses	(450,000.00)	(450,000.00)	
Total Other Financing Sources (Uses)	<u>(7,959,922.00)</u>	<u>(8,782,775.00)</u>	<u>(8,893,020.67)</u>
Net Change in Fund Balances	(3,242,456.67)	(4,968,970.00)	(692,775.92)
Fund Balances - Beginning of Year	<u>3,242,457.00</u>	<u>4,968,970.00</u>	<u>30,822,586.71</u>
Fund Balances - End of Year	<u>\$ 0.33</u>	<u>\$</u>	<u>\$ 30,129,810.79</u>

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1) \$	10,039.54	\$ 35,468,203.67
		1,900,145.31
		3,397,082.90
		8,384,281.61
		65,500.87
		3,084,173.41
	<u>10,039.54</u>	<u>52,299,387.77</u>
		18,676,399.64
		21,405,431.33
		921,122.34
		4,000.00
		198,214.38
		171,741.68
		2,422,459.67
		278,671.19
		11,063.25
		<u>44,089,103.48</u>
	<u>10,039.54</u>	<u>8,210,284.29</u>
		1,837,946.74
		167.48
		(10,731,134.89)
		<u>(8,893,020.67)</u>
	10,039.54	(682,736.38)
(2)	<u>(618,103.10)</u>	<u>30,204,483.61</u>
	<u>\$ (608,063.56)</u>	<u>\$ 29,521,747.23</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2009***

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

- (1) The Commission budgets for Motor Vehicle Ad Valorem Tax as it is collected, rather than on the modified accrual basis.

Net Increase in Fund Balance - Budget to GAAP

- (2) 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. Encumbrances outstanding at year-end are reported only as reservations of fund balances and do not constitute expenditures or liabilities.

\$ 10,039.54

\$ 10,039.54

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2009***

	Budgeted Amounts	
	Original	Final
<u>Revenues</u>		
Taxes	\$ 6,633,551.00	\$ 6,633,551.00
Intergovernmental	2,791,000.00	2,871,200.00
Charges for Services	125,000.00	125,000.00
Miscellaneous	330,000.00	658,009.00
Total Revenues	<u>9,879,551.00</u>	<u>10,287,760.00</u>
<u>Expenditures</u>		
Current:		
Highways and Roads		14,886,082.00
Capital Outlay		73,400.00
Debt Service:		
Principal Retirement	809,256.00	809,256.00
Interest and Fiscal Charges		
Total Expenditures	<u>809,256.00</u>	<u>15,768,738.00</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,070,295.00</u>	<u>(5,480,978.00)</u>
<u>Other Financing Sources (Uses)</u>		
Transfers In	13,440,000.00	13,718,242.00
Sale of Capital Assets		
Debt Issued		
Transfers Out	(8,819,047.00)	(8,914,047.00)
Total Other Financing Sources (Uses)	<u>4,620,953.00</u>	<u>4,804,195.00</u>
Net Change in Fund Balances	13,691,248.00	(676,783.00)
Fund Balances - Beginning of Year	<u>579,072.00</u>	<u>676,784.00</u>
Fund Balances - End of Year	<u>\$ 14,270,320.00</u>	<u>\$ 1.00</u>

<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Actual Amounts</u> <u>GAAP Basis</u>
\$ 6,929,893.17	\$ 6,929,893.17
8,483,348.42	8,483,348.42
57,707.59	57,707.59
473,907.54	473,907.54
<u>15,944,856.72</u>	<u>15,944,856.72</u>
16,371,045.33	16,371,045.33
1,548,594.68	1,548,594.68
734,506.62	734,506.62
74,749.07	74,749.07
<u>18,728,895.70</u>	<u>18,728,895.70</u>
<u>(2,784,038.98)</u>	<u>(2,784,038.98)</u>
13,540,601.10	13,540,601.10
6,200.00	6,200.00
243,108.30	243,108.30
(8,890,996.34)	(8,890,996.34)
<u>4,898,913.06</u>	<u>4,898,913.06</u>
2,114,874.08	2,114,874.08
<u>10,643,787.67</u>	<u>10,643,787.67</u>
<u>\$ 12,758,661.75</u>	<u>\$ 12,758,661.75</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Buildings, Roads and Bridges Fund
For the Year Ended September 30, 2009***

	Budgeted Amounts		Actual Amounts Budgetary Basis
	Original	Final	
Revenues			
Taxes	\$ 10,750,000.00	\$ 10,750,000.00	\$ 11,043,048.35
Licenses and Permits			
Intergovernmental	218,000.00	218,000.00	
Charges for Services			
Fines and Forfeits			
Miscellaneous	55,000.00	55,000.00	60,411.82
Total Revenues	11,023,000.00	11,023,000.00	11,103,460.17
Other Financing Sources (Uses)			
Transfers Out	(11,023,000.00)	(11,023,000.00)	(11,023,000.00)
Total Other Financing Sources (Uses)	(11,023,000.00)	(11,023,000.00)	(11,023,000.00)
Net Change in Fund Balances			80,460.17
Fund Balances - Beginning of Year			1,153,720.57
Fund Balances - End of Year	\$	\$	\$ 1,234,180.74

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

- (1) The Commission budgets for Motor Vehicle Ad Valorem Tax as it is collected, rather than on the modified accrual basis.

Net Increase in Fund Balance - Budget to GAAP

- (2) 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.

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1)	\$ 4,922.40	\$ 11,047,970.75
		60,411.82
	<u>4,922.40</u>	<u>11,108,382.57</u>
		(11,023,000.00)
		<u>(11,023,000.00)</u>
	4,922.40	85,382.57
(2)	<u>(302,749.47)</u>	<u>850,971.10</u>
	<u>\$ (297,827.07)</u>	<u>\$ 936,353.67</u>
	<u>\$ 4,922.40</u>	
	<u>\$ 4,922.40</u>	

***Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Reappraisal Fund
For the Year Ended September 30, 2009***

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	\$ 5,034,250.00	\$ 5,034,250.00	\$ 3,996,904.00
Intergovernmental			100,000.00
Miscellaneous	67,000.00	117,000.00	71,716.88
Total Revenues	5,101,250.00	5,151,250.00	4,168,620.88
Expenditures			
Current:			
General Government	4,865,249.67	5,050,589.00	4,046,770.58
Education			60,542.00
Capital Outlay	258,500.00	103,500.00	
Total Expenditures	5,123,749.67	5,154,089.00	4,107,312.58
Excess (Deficiency) of Revenues Over Expenditures	(22,499.67)	(2,839.00)	61,308.30
Other Financing Sources (Uses)			
Other Financing Sources	87,500.00	87,500.00	
Transfers Out	(65,000.00)	(84,661.00)	(29,263.90)
Total Other Financing Sources (Uses)	22,500.00	2,839.00	(29,263.90)
Net Change in Fund Balances	0.33		32,044.40
Fund Balances - Beginning of Year			1,124,846.11
Fund Balances - End of Year	\$ 0.33	\$	\$ 1,156,890.51

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

- (1) The Commission budgets for Ad Valorem Tax as it is collected, rather than on the modified accrual basis.

Net Decrease in Fund Balance - Budget to GAAP

- (2) 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.

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1) \$	(32,044.40)	\$ 3,964,859.60
		100,000.00
		71,716.88
	<u>(32,044.40)</u>	<u>4,136,576.48</u>
		4,046,770.58
		60,542.00
		<u>4,107,312.58</u>
	<u>(32,044.40)</u>	<u>29,263.90</u>
		<u>(29,263.90)</u>
	<u>(32,044.40)</u>	
(2)	<u>(1,124,846.11)</u>	
\$	<u>(1,156,890.51)</u>	\$
	<u>(32,044.40)</u>	
	<u>(32,044.40)</u>	

***Schedule of Funding Progress
Defined Benefit Pension Plan
For the Year Ended September 30, 2009***

The following table represents information received from the Employee's Retirement Systems of Alabama concerning employees paid by the Baldwin County Commission:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)*	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/2008	\$39,773,614	\$49,764,007	\$9,990,393	79.90%	\$24,912,277	40.10%
09/30/2007	\$37,179,264	\$43,577,572	\$6,398,308	85.30%	\$21,380,087	29.90%
09/30/2006**	\$33,357,350	\$39,849,423	\$6,492,073	83.70%	\$18,665,927	34.80%

* Reflects liability for cost of living benefit increases granted on and after October 1, 1978.

**Reflects changes in actuarial assumptions.

The following table represents information received from the Employees' Retirement System of Alabama concerning employees paid by the Baldwin County Sheriff as prescribed by Act Number 2002-463, Acts of Alabama.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)*	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/2008	\$15,843,227	\$23,885,192	\$8,041,965	66.30%	\$11,037,601	72.90%
09/30/2007	\$14,685,341	\$19,691,006	\$5,005,665	74.60%	\$ 8,760,004	57.10%
09/30/2006**	\$13,117,258	\$18,038,082	\$4,920,824	72.70%	\$ 8,179,524	60.20%

* Reflects liability for cost of living benefit increases granted on and after October 1, 1978.

**Reflects changes in actuarial assumptions.

***Schedule of Funding Progress
Other Postemployment Benefits
For the Year Ended September 30, 2009***

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/2008	\$0	\$6,733,684.00	\$6,733,684.00	0%	\$35,537,168.33	18.9%

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Supplementary Information

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
<u>U. S. Department of Agriculture</u>		
<u>Passed Through Alabama Department of Education</u>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	690-1660
National School Lunch Program	10.555	690-1660
Sub-Total Child Nutrition Cluster		
Total U. S. Department of Agriculture		
<u>U. S. Department of Commerce, National Oceanographic and Atmospheric Administration (NOAA), National Geodetic Survey (NGS)</u>		
<u>Passed Through Alabama Department of Revenue</u>		
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	11.400	N/A
<u>Passed Through Alabama Department of Environmental Management</u>		
Coastal Zone Management Administration Awards	11.419	C90593016
Total U. S. Department of Commerce		
<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/State's Program (M)	14.228	DR-06-004
Emergency Shelter Grants Program	14.231	ESG-07-003
Emergency Shelter Grants Program	14.231	ESG-008-009
Sub-Total Emergency Shelter Grants Program		
Total U. S. Department of Housing and Urban Development		
<u>U. S. Department of Interior</u>		
<u>Direct Program</u>		
Distribution of Receipts to State and Local Governments (M)	15.227	N/A
Payments in Lieu of Taxes	15.226	N/A
Total U. S. Department of Interior		
<u>U. S. Department of Justice</u>		
<u>Direct Program</u>		
Public Safety Partnership and Community Policing Grants	16.710	2008-CKWX-0218
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-0571
Sub-Total Forward		

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
10/01/2008 - 09/30/2009	\$ 16,446.94	\$ 16,446.94	\$ 16,446.94	\$ 16,446.94
10/01/2008 - 09/30/2009	30,088.51	30,088.51	30,088.51	30,088.51
	<u>46,535.45</u>	<u>46,535.45</u>	<u>46,535.45</u>	<u>46,535.45</u>
	<u>46,535.45</u>	<u>46,535.45</u>	<u>46,535.45</u>	<u>46,535.45</u>
10/01/2008 - 09/30/2009	62,500.00	50,000.00	50,000.00	50,000.00
10/01/2008 - 09/30/2009	20,000.00	20,000.00	20,000.00	20,000.00
	<u>82,500.00</u>	<u>70,000.00</u>	<u>70,000.00</u>	<u>70,000.00</u>
06/27/2006 - Completion	4,700,000.00	4,200,000.00	445,947.18	445,947.18
06/20/2007 - 02/02/2009	22,000.00	11,000.00	636.25	636.25
06/11/2008 - 06/10/2010	240,860.00	119,830.00	69,515.76	69,515.76
	<u>262,860.00</u>	<u>130,830.00</u>	<u>70,152.01</u>	<u>70,152.01</u>
	<u>4,962,860.00</u>	<u>4,330,830.00</u>	<u>516,099.19</u>	<u>516,099.19</u>
10/01/2008 - 09/30/2009	389,801.00	389,801.00	389,801.00	389,801.00
10/01/2008 - 09/30/2009	60,866.00	60,866.00	60,866.00	60,866.00
	<u>450,667.00</u>	<u>450,667.00</u>	<u>450,667.00</u>	<u>450,667.00</u>
12/26/2007 - 12/25/2010	280,590.00	280,590.00	237,230.72	237,230.72
03/01/2009 - 02/28/2013	69,070.00	69,070.00	8,122.51	8,122.51
	<u>\$ 5,892,222.45</u>	<u>\$ 5,247,692.45</u>	<u>\$ 1,328,654.87</u>	<u>\$ 1,328,654.87</u>

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
<u>Passed Through Alabama Department of Economic and Community Affairs (Law Enforcement/Traffic Safety Division - LETS)</u>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	06-DH-03-014
Edward Byrne Memorial Justice Assistance Grant Program	16.738	06-DH-03-016
Edward Byrne Memorial Justice Assistance Grant Program	16.738	06-DH-03-023
Total Edward Byrne Memorial Justice Grant Program (M)		
Total U. S. Department of Justice		
<u>U. S. Department of Transportation Federal Transit Administration Passed Through the Alabama Department of Transportation</u>		
Highway Planning and Construction	20.205	STPTE-TE07(932)
Highway Planning and Construction	20.205	STPTE-TE08 (948)
Highway Planning and Construction	20.205	STPTE-TE 06 (938)
Total Highway Planning and Construction		
Federal Transit - Formula Grants	20.507	FTA9C-100052329
Federal Transit - Formula Grants	20.507	FTA9C-100052330
Total Federal Transit - Formula Grants		
Formula Grants for Other Than Urbanized Areas	20.509	RPTO-100049557
Formula Grants for Other Than Urbanized Areas	20.509	RPTO-100049558
Formula Grants for Other Than Urbanized Areas	20.509	RPTO-100053041
Formula Grants for Other Than Urbanized Areas	20.509	HPRH8-100050801
Formula Grants for Other Than Urbanized Areas	20.509	HPR8L-100052032
Formula Grants for Other Than Urbanized Areas	20.509	HPR8L-100052998
Total Formula Grants For Other Than Urbanized Areas		
<u>Passed Through Alabama Department of Economic and Community Affairs</u>		
Recreational Trails Program	20.219	08-RT-54-002
Total U. S. Department of Transportation		
Sub-Total Forward		

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 5,892,222.45	\$ 5,247,692.45	\$ 1,328,654.87	\$ 1,328,654.87
12/01/2007 - 11/30/2008	187,356.68	168,620.82	30,051.57	30,051.57
06/01/2008 - 05/31/2009	396,856.27	357,170.18	244,199.78	244,199.78
12/01/2008 - 09/30/2009	116,138.22	104,524.29	104,524.29	104,524.29
	<u>700,351.17</u>	<u>630,315.29</u>	<u>378,775.64</u>	<u>378,775.64</u>
	1,050,011.17	979,975.29	624,128.87	624,128.87
10/26/2007 - 03/31/2010	674,314.00	539,452.00	234,902.54	234,902.54
09/25/2008 - 03/31/2011	313,622.00	250,897.00	106,116.35	106,116.35
07/20/2006 - 12/31/2008	400,000.00	320,000.00	58,059.51	58,059.51
	<u>1,387,936.00</u>	<u>1,110,349.00</u>	<u>399,078.40</u>	<u>399,078.40</u>
08/22/2008 - 09/30/2008	3,150.00	2,674.00	2,674.00	2,674.00
08/22/2008 - 09/30/2008	4,880.00	4,847.00	4,847.00	4,847.00
	<u>8,030.00</u>	<u>7,521.00</u>	<u>7,521.00</u>	<u>7,521.00</u>
10/01/2008 - 09/30/2009	463,978.00	463,978.00	427,107.00	427,107.00
10/01/2008 - 09/30/2009	261,663.00	261,663.00	261,663.00	261,663.00
10/01/2008 - 09/30/2009	9,652.00	9,652.00	9,652.00	9,652.00
04/22/2005 - 09/30/2008	462,500.00	370,000.00	93,936.29	93,936.29
10/01/2008 - 09/30/2009	132,500.00	106,000.00	92,843.00	92,843.00
10/01/2008 - 09/30/2009	63,253.00	50,602.00	50,601.00	50,601.00
	<u>1,393,546.00</u>	<u>1,261,895.00</u>	<u>935,802.29</u>	<u>935,802.29</u>
12/01/2007 - 12/01/2009	20,000.00	16,000.00	14,802.79	14,802.79
	<u>2,809,512.00</u>	<u>2,395,765.00</u>	<u>1,357,204.48</u>	<u>1,357,204.48</u>
	\$ 9,402,085.62	\$ 8,273,772.74	\$ 3,064,634.99	\$ 3,064,634.99

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
<u>U. S. Department of Health and Human Services</u>		
<u>Passed Through Alabama Department of Public Health</u>		
National Bioterrorism Hospital Preparedness Program	93.889	CEP-45-QW9-09 C90118192
<u>Passed Through the South Alabama Regional Planning Commission</u>		
Special Programs for the Aging - Title III Part C Nutrition Services	93.045	302-AAA-2009
Total U. S. Department of Health and Human Services		
<u>U. S. Department of Homeland Security</u>		
<u>Passed Through Alabama Department of Homeland Security</u>		
Homeland Security Grant Program	97.067	7SHL
Homeland Security Grant Program	97.067	7CCL
Homeland Security Grant Program	97.067	ALDHS-06-0522
Homeland Security Grant Program	97.067	ALDHS-07-0496
Homeland Security Grant Program	97.067	ALDHS-08-0585
Homeland Security Grant Program	97.067	ALDHS-08-0683
Homeland Security Grant Program	97.067	6SHL
Homeland Security Grant Program	97.067	ALDHS-08-0806
Total Homeland Security Grant Program		
<u>Passed Through Alabama Emergency Management Agency</u>		
Emergency Management Performance Grants	97.042	08-EMPG-05
Emergency Management Performance Grants	97.042	09-EMPG
Total Emergency Management Performance Grants		
<u>Passed Through Alabama Emergency Management Agency</u>		
Hazard Mitigation Grant	97.039	HMGP-DR-1605-0203 FEMA 203-R
Hazard Mitigation Grant	97.039	HMGP-DR-1605-0208 FEMA 208-R
Hazard Mitigation Grant	97.039	HMGP-DR-1605-0223 FEMA 223-R
Total Hazard Mitigation Grants		
Sub-Total Forward		

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 9,402,085.62	\$ 8,273,772.74	\$ 3,064,634.99	\$ 3,064,634.99
04/23/2009 - 08/08/2009	9,500.00	9,500.00	9,500.00	9,500.00
10/01/2008 - 09/30/2009	437,248.00	115,578.00	115,578.00	115,578.00
	446,748.00	125,078.00	125,078.00	125,078.00
10/11/2007 - 12/30/2009	34,896.00	34,896.00	34,839.00	34,839.00
10/11/2007 - 12/30/2009	23,000.00	23,000.00	16,582.58	16,582.58
10/11/2007 - 12/31/2009	2,500.00	2,500.00	487.50	487.50
10/11/2007 - 12/31/2009	5,500.00	5,500.00	2,225.36	2,225.36
10/10/2008 - 06/30/2010	65,357.11	65,357.11	50,772.35	50,772.35
10/10/2008 - 06/30/2010	23,000.00	23,000.00	10,709.64	10,709.64
03/23/2009 - 06/01/2009	525.00	525.00	521.16	521.16
09/01/2008 - 08/31/2011	5,000.00	5,000.00	3,692.78	3,692.78
	159,778.11	159,778.11	119,830.37	119,830.37
10/01/2007 - 09/30/2008	6,879.00	6,879.00	6,879.00	6,879.00
10/01/2008 - 09/30/2009	65,559.00	65,559.00	65,559.00	65,559.00
	72,438.00	72,438.00	72,438.00	72,438.00
06/09/2008 - Completion	83,335.00	62,501.00	26,708.50	26,708.50
06/09/2008 - Completion	103,000.00	77,250.00	10,250.00	10,250.00
08/27/2008 - 10/31/2009	101,280.00	75,960.00	75,960.00	75,960.00
	287,615.00	215,711.00	112,918.50	112,918.50
	\$ 10,368,664.73	\$ 8,846,777.85	\$ 3,494,899.86	\$ 3,494,899.86

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
<u>Passed Through Alabama Emergency Management Agency</u>		
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1835-DR-AL
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1789-DR-AL
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1797-DR-AL
Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)		
Total U. S. Department of Homeland Security		
<u>General Services Administration</u>		
<u>Passed Through Alabama Department of Economic and Community Affairs</u>		
Donation of Federal Surplus Personal Property (N)	39.003	N/A
<u>Social Security Administration</u>		
<u>Direct Program</u>		
Social Security - Disability Insurance	96.001	N/A
<u>Other Federal Assistance</u>		
<u>Department of Justice</u>		
<u>Direct Program</u>		
Federally Forfeited Property	N/A	N/A
<u>Passed Through Alabama Department of Public Safety</u>		
High Intensity Drug Trafficking Area Grant	N/A	17PGCP504Z
High Intensity Drug Trafficking Area Grant	N/A	I8PCP504Z
Total High Intensity Drug Trafficking Area Grant		
Total Expenditures of Federal Awards		

(M) = Major Program
(N) = Non-Cash Assistance
(N/A) = Not Available

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

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 10,368,664.73	\$ 8,846,777.85	\$ 3,494,899.86	\$ 3,494,899.86
03/25/2009 - 09/30/2009	303,068.85	227,301.71	227,301.71	227,301.71
09/01/2008 - 09/30/2009	319,952.88	239,964.66	31,527.47	31,527.47
09/26/2008 - 09/30/2009	445,990.41	334,492.83	334,492.83	334,492.83
	1,069,012.14	801,759.20	593,322.01	593,322.01
	1,588,843.25	1,249,686.31	898,508.88	898,508.88
10/01/2008 - 09/30/2009			5,900.03	5,900.03
10/01/2008 - 09/30/2009			3,600.00	3,600.00
10/01/2008 - 09/30/2009	432,750.49	432,750.49	432,750.49	193,059.41
01/01/2007 - 12/31/2008	23,973.00	23,973.00	2,950.65	2,950.65
01/21/2009 - 12/31/2009	24,524.00	24,524.00	17,806.66	17,806.66
	48,497.00	48,497.00	20,757.31	20,757.31
	\$ 11,918,924.36	\$ 10,129,784.54	\$ 4,551,229.70	\$ 4,311,538.62

***Notes to the Schedule of Expenditures
of Federal Awards
For the Year Ended September 30, 2009***

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Baldwin County Commission and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic government financial statements.

Note 2 – Subrecipients

Of the federal expenditures presented in the schedule, the Baldwin County Commission provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant/State's Program	14.228	<u>\$445,947.18</u>

Additional Information

Commission Members and Administrative Personnel
October 1, 2008 through September 30, 2009

Commission Members			Term Expires
Hon. David Ed Bishop (*)	Chairman	687 Greenwood Avenue Fairhope, AL 36532	November 9, 2010
Hon. Frank Burt, Jr. (**)	Member	46780 Rockhill Road Bay Minette, AL 36507	November 9, 2010
Hon. Wayne A. Gruenloh	Member	13525 Rue Royal Lane Silverhill, AL 36576	November 9, 2010
Hon. Charles F. Gruber	Member	13295 Illinois Street Elberta, AL 36530	November 9, 2010

Administrative Personnel

David Kyle Baggett	Clerk/ Treasurer	10480 Clearview Lane Bay Minette, AL 36507	Indefinite
Michael L. Thompson	County Administrator	14257 Greeno Road Fairhope, AL 36532	Indefinite

(*) Chairman beginning November 4, 2008.

(**) Chairman through November 4, 2008.

***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***

We have audited 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, 2009, which collectively comprise the Baldwin County Commission's basic financial statements and have issued our report thereon dated July 7, 2010. 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.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

***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***

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the members of the Baldwin County Commission, the County Administrator, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

July 7, 2010

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of the Baldwin County Commission with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The Baldwin County Commission's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Baldwin County Commission's management. Our responsibility is to express an opinion on the Baldwin County Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Baldwin County Commission's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Baldwin County Commission's compliance with those requirements.

In our opinion, the Baldwin County Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the Baldwin County Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Baldwin County Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Baldwin County Commission's internal control over compliance.

***Report on Compliance With Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133***

A control deficiency in an entity's internal control over compliance exists when the design and operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the County Administrator and the Baldwin County Commissioners, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

July 7, 2010

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009

Section I – Summary of Examiner's Results

Financial Statements

Type of opinion issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of opinion issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grant/State's Program
15.227	Distribution of Receipts to State and Local Governments
16.738	Edward Byrne Memorial Justice Assistance Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.00

Auditee qualified as low-risk auditee? X Yes _____ No

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009

Section II – Financial Statement Findings (GAGAS)

Ref. No.	Type of Finding	Finding/Noncompliance	Questioned Costs
		No matters were reportable.	

Section III – Federal Awards Findings and Questioned Costs

Ref. No.	CFDA No.	Program	Finding/Noncompliance	Questioned Costs
			No matters were reportable.	