Report on the

Baldwin County Commission

Baldwin County, Alabama

October 1, 2014 through September 30, 2015

Filed: June 17, 2016

Department of Examiners of Public Accounts

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Ronald L. Jones, Chief Examiner

16-301

State of Alabama
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Ronald L. Jones
Chief Examiner

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, Baldwin County, Alabama, for the period October 1, 2014 through September 30, 2015.

Respectfully submitted,

M. Lynn Benson
M. Lynn Benson
Examiner of Public Accounts

Ashley T. Carlisle
Ashley T. Carlisle
Examiner of Public Accounts

Sworn to and subscribed before me this the 3rd day of May, 2016.

Edith Gray Nasser
Notary Public

Sworn to and subscribed before me this the 5th day of May, 2016.

Nancy Jowers
Notary Public

rb

Notary Public - Alabama State At Large
My Commission Expires
April 10, 2017
Bonded Thru Notary Public Underwriters

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Examiners of Public Accounts

SUMMARY

Baldwin County Commission
October 1, 2014 through September 30, 2015

The Baldwin County Commission (the “Commission”) is governed by a four-member body elected by the citizens of Baldwin County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 21. 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 unmodified opinion was issued on the financial statements, which means that the Commission’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2015.

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

The following officials/administrative personnel were invited to an exit conference to discuss this report: Administrator of the County Commission: Ronald J. Cink; former County Administrator: David A. Z. Brewer; County Commissioners: Frank Burt, Jr., Chris Elliott, Charles F. Gruber, and Tucker Dorsey; and Clerk/Treasurer: Kimberly W. Creech.

The following individuals attended the exit conference, held at the offices of the County Commission: Administrator of the County Commission: Ronald J. Cink; County Commissioners: Frank Burt, Jr., Chris Elliott, Charles F. Gruber, and Tucker Dorsey; and Clerk/Treasurer: Kimberly W. Creech. Also in attendance were representatives from the Department of Examiners of Public Accounts: Brian Wheeler, Audit Manager; and Ashley Carlisle, Examiner. Results of this report were discussed via phone with former County Administrator, David A. Z. Brewer.

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Independent Auditor’s Report

Independent Auditor's Report

To: Members of the Baldwin County Commission and County Administrator

Report on the Financial Statements

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, 2015, which collectively comprise the basic financial statements of the Baldwin County Commission as listed in the table of contents as Exhibits 1 through 11.

Management's Responsibility

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, during the fiscal year ended September 30, 2015, the Baldwin County Commission adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement Number 68, ***Accounting and Financial Reporting for Pensions*** – an amendment of GASB Statement 27. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

The Baldwin County Commission has not presented a Management's Discussion and Analysis (MD&A) that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Baldwin County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 20), 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated April 29, 2016, on our consideration of the Baldwin County Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Baldwin County Commission's internal control over financial reporting and compliance.

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

April 29, 2016

Basic Financial Statements

Statement of Net Position
September 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	$ 62,064,515.52	$ 15,283,241.59	$ 77,347,757.11
Receivables (Note 4)	6,300,368.08	1,000,235.70	7,300,603.78
Taxes Receivable	35,886,307.16		35,886,307.16
Internal Balances	14,501.57	(14,501.57)	
Inventories	7,554.93		7,554.93
Prepaid Items	207,599.47	539.57	208,139.04
Total Current Assets	104,480,846.73	16,269,515.29	120,750,362.02
Noncurrent Assets			
Restricted Cash and Cash Equivalents	3,440,663.57	5,122,789.88	8,563,453.45
Restricted Cash with Fiscal Agent	4,853,307.33		4,853,307.33
Capital Assets (Note 5):			
Nondepreciable	70,523,371.14	4,529,593.84	75,052,964.98
Depreciable, Net	381,565,400.19	10,374,119.15	391,939,519.34
Total Capital Assets, Net	452,088,771.33	14,903,712.99	466,992,484.32
Total Noncurrent Assets	460,382,742.23	20,026,502.87	480,409,245.10
Total Assets	564,863,588.96	36,296,018.16	601,159,607.12
Deferred Outflows of Resources			
Deferred Amount on Refunding	7,255,757.84		7,255,757.84
Deferred Employer Pension Contributions	2,372,220.07		2,372,220.07
Total Deferred Outflows of Resources	9,627,977.91		9,627,977.91
Liabilities			
Current Liabilities			
Payables (Note 8)	13,283,212.26	966,781.59	14,249,993.85
Unearned Revenues	1,105,232.49		1,105,232.49
Accrued Wages Payable	688,040.94	116,177.88	804,218.82
Long-Term Liabilities:			
Portion Payable Within One Year:			
Warrants Payable	6,677,804.85		6,677,804.85
Add: Unamortized Premium	575,938.67		575,938.67
Less: Unamortized Discount	(9,858.64)		(9,858.64)
Leases Payable	1,226,354.04		1,226,354.04
Accrued Interest Payable	1,298,505.58		1,298,505.58
Compensated Absences	1,090,884.26	97,617.79	1,188,502.05
Total Current Liabilities	$ 25,936,114.45	$ 1,180,577.26	$ 27,116,691.71

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

	Governmental Activities	Business-Type Activities	Total
Noncurrent Liabilities			
Portion Payable After One Year:			
Warrants Payable	$ 89,309,129.71	$	$ 89,309,129.71
Add: Unamortized Premium	7,095,020.37		7,095,020.37
Less: Unamortized Discount	(217,605.80)		(217,605.80)
Leases Payable	1,865,451.32		1,865,451.32
Compensated Absences	1,927,774.71	156,406.81	2,084,181.52
Net Pension Liability	21,728,168.00		21,728,168.00
Estimated Liability for Landfill Closure/ Postclosure Care Costs		3,137,314.03	3,137,314.03
Other Post Employment Benefit Obligation	1,746,371.77	202,905.88	1,949,277.65
Total Noncurrent Liabilities	123,454,310.08	3,496,626.72	126,950,936.80
Total Liabilities	149,390,424.53	4,677,203.98	154,067,628.51
Deferred Inflows of Resources			
Deferred Property Taxes	34,403,163.63		34,403,163.63
Deferred Pension Contributions	2,239,759.00		2,239,759.00
Total Deferred Inflows of Resources	36,642,922.63		36,642,922.63
Net Position			
Net Investment in Capital Assets	353,722,477.20	14,903,712.99	368,626,190.19
Restricted for:			
Landfill Closure and Postclosure Costs		5,122,789.88	5,122,789.88
Debt Service	3,554,801.75		3,554,801.75
Road Projects	388,350.31		388,350.31
Term Endowments	16,019,047.15		16,019,047.15
Other Purposes	4,874,548.24		4,874,548.24
Unrestricted	9,898,995.06	11,592,311.31	21,491,306.37
Total Net Position	$ 388,458,219.71	$ 31,618,814.18	$ 420,077,033.89

Statement of Activities
For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government			
Governmental Activities			
General Government	$ 29,597,717.74	$ 10,799,417.67	$ 3,686,382.13
Public Safety	30,051,235.52	3,817,157.97	826,117.02
Highways and Roads	17,748,974.24	46,598.14	1,429,006.27
Sanitation	34,665.60		
Health	2,581,648.99		
Welfare	473,448.70		
Culture and Recreation	1,348,724.18	19,023.62	
Education	100,027.44		
Interest on Long-Term Debt	3,668,363.23		
Total Governmental Activities	85,604,805.64	14,682,197.40	5,941,505.42
Business-Type Activities			
Solid Waste	11,318,380.77	13,129,933.78	(20,648.87)
Total Business-Type Activities	11,318,380.77	13,129,933.78	(20,648.87)
Total Primary Government	$ 96,923,186.41	$ 27,812,131.18	$ 5,920,856.55

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 and Contributions

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year, as Restated (Note 16)

Net Position - End of Year

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

	Net (Expenses) Revenues and Changes in Net Position Primary Government		
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
$ 652,340.72	$ (14,459,577.22)	$	$ (14,459,577.22)
	(25,407,960.53)		(25,407,960.53)
77,081.00	(16,196,288.83)		(16,196,288.83)
	(34,665.60)		(34,665.60)
	(2,581,648.99)		(2,581,648.99)
	(473,448.70)		(473,448.70)
	(1,329,700.56)		(1,329,700.56)
	(100,027.44)		(100,027.44)
	(3,668,363.23)		(3,668,363.23)
729,421.72	(64,251,681.10)		(64,251,681.10)
		1,790,904.14	1,790,904.14
		1,790,904.14	1,790,904.14
$ 729,421.72	(64,251,681.10)	1,790,904.14	(62,460,776.96)
	21,292,589.76		21,292,589.76
	10,698,700.15		10,698,700.15
	11,694,306.50		11,694,306.50
	653,936.75		653,936.75
	7,564,156.22		7,564,156.22
	12,214,232.33		12,214,232.33
	3,846,307.54		3,846,307.54
	152,228.28		152,228.28
	7,352,262.89	178,033.14	7,530,296.03
	741,225.00	110,781.25	852,006.25
	571,098.40	(571,098.40)	
	76,781,043.82	(282,284.01)	76,498,759.81
	12,529,362.72	1,508,620.13	14,037,982.85
	375,928,856.99	30,110,194.05	406,039,051.04
	$ 388,458,219.71	$ 31,618,814.18	$ 420,077,033.89

Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Gasoline Tax Fund
Assets		
Cash and Cash Equivalents	$ 35,985,648.88	$ 19,558,447.57
Cash with Fiscal Agent		
Taxes Receivable	29,615,537.27	610,326.36
Due From Other Funds	3,092,507.55	15,265.19
Receivables (Note 4)	1,156,348.35	2,541,518.89
Interest Receivable on Advance To Other Fund		
Inventories	7,554.93	
Prepaid Items	134,488.68	
Advances To Other Funds		
Total Assets	69,992,085.66	22,725,558.01
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Payables (Note 8)	11,218,951.56	781,673.62
Unearned Revenues		
Interest Payable on Advance From Other Funds	99,015.27	
Due To Other Funds	465.16	59,990.10
Accrued Wages Payable	301,698.63	184,838.79
Advances From Other Funds	13,425,798.99	
Total Liabilities	25,045,929.61	1,026,502.51
Deferred Inflows of Resources		
Deferred Property Taxes	28,742,720.10	
Total Deferred Inflows of Resources	$ 28,742,720.10	$

	Debt Service Fund	Oil and Gas Severance Tax Fund	Other Governmental Funds	Total Governmental Funds
	$ 58,080.23	$ 2,493,699.99	$ 7,409,302.42	$ 65,505,179.09
	4,853,307.33			4,853,307.33
			5,660,443.53	35,886,307.16
			5,811.44	3,113,584.18
	12.52	532.90	2,601,955.42	6,300,368.08
		99,015.27		99,015.27
				7,554.93
			61,870.78	196,359.46
		13,425,798.99		13,425,798.99
	4,911,400.08	16,019,047.15	15,739,383.59	129,387,474.49
			1,282,587.08	13,283,212.26
			1,105,232.49	1,105,232.49
				99,015.27
			3,038,627.35	3,099,082.61
			201,503.52	688,040.94
				13,425,798.99
			5,627,950.44	31,700,382.56
			5,660,443.53	34,403,163.63
	$	$	$ 5,660,443.53	$ 34,403,163.63

Balance Sheet
Governmental Funds
September 30, 2015

		General Fund		Gasoline Tax Fund
Fund Balances				
Nonspendable:				
Inventories	$	7,554.93	$	
Prepaid Items		134,488.68		
Term Endowments				
Restricted for:				
Debt Service				
Highways and Roads				57,553.49
Capital Projects				
Other Purposes		815,914.02		
Committed to:				
Other Purposes		1,209,496.17		
Assigned to:				
Encumbrances		618,822.14		
Highways and Roads				21,641,502.01
Debt Service				
Capital Projects				
Other Purposes				
Unassigned		13,417,160.01		
Total Fund Balances		16,203,435.95		21,699,055.50
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$	69,992,085.66	$	22,725,558.01

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

Debt Service Fund	Oil and Gas Severance Tax Fund	Other Governmental Funds	Total Governmental Funds
$	$	$	$ 7,554.93
			134,488.68
	16,019,047.15		16,019,047.15
4,853,307.33			4,853,307.33
		330,796.82	388,350.31
		7,994.29	7,994.29
		4,058,634.22	4,874,548.24
			1,209,496.17
			618,822.14
		301,809.22	21,943,311.23
58,092.75			58,092.75
		978,288.11	978,288.11
		583,997.09	583,997.09
		(1,810,530.13)	11,606,629.88
4,911,400.08	16,019,047.15	4,450,989.62	63,283,928.30
$ 4,911,400.08	$ 16,019,047.15	$ 15,739,383.59	$ 129,387,474.49

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2015

Total Fund Balances - Governmental Funds (Exhibit 3)		$ 63,283,928.30
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in governmental funds. These assets consist of:		
Land	$ 57,539,754.64	
Historical Artifacts	45,000.00	
Infrastructure	350,870,895.75	
Infrastructure in Progress	12,647,267.35	
Construction in Progress	291,349.15	
Building and Building Improvements	95,736,481.92	
Improvements Other Than Buildings	11,045,165.12	
Computer and Communication Equipment	17,094,852.08	
Equipment and Furniture	2,793,965.27	
Motor Vehicles and Heavy Equipment	23,966,068.98	
Leased Equipment	4,783,376.23	
Less: Accumulated Depreciation	(124,725,405.16)	
Total Capital Assets		452,088,771.33
Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current period expenditures and therefore are deferred on the Statement of Net Position.		7,255,757.84
Deferred outflows and inflows of resources related to pensions are applicable to future periods, and therefore are not reported in the governmental funds.		
Deferred Outflow Related to Defined Benefit Pension Plan	2,372,220.07	
Deferred Inflow Related to Defined Benefit Pension Plan	(2,239,759.00)	
		132,461.07
Deferred charges related to insurance costs of long-term liabilities are not reported in the funds.		11,240.01

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

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

	Due or Payable Within One Year	Due or Payable After One Year	
Accrued Interest Payable	$ 1,298,505.58		
Warrants Payable	6,677,804.85	89,309,129.71	
Unamortized Discount	(9,858.64)	(217,605.80)	
Unamortized Premium	575,938.67	7,095,020.37	
Leases Payable	1,226,354.04	1,865,451.32	
Net Pension Liability		21,728,168.00	
Estimated Liability for Compensated Absences	1,090,884.26	1,927,774.71	
Estimated Liability for OPEB		1,746,371.77	
Total Liabilities	$ 10,859,628.76	$ 123,454,310.08	(134,313,938.84)
Total Net Position - Governmental Activities (Exhibit 1)			$ 388,458,219.71

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2015

	General Fund	Gasoline Tax Fund
Revenues		
Taxes	$ 43,568,745.95	$ 7,564,156.22
Licenses and Permits	991,250.12	
Intergovernmental	2,401,446.59	6,889,747.87
Charges for Services	9,650,145.11	46,598.14
Fines and Forfeits	26,870.12	
Miscellaneous	1,941,933.43	288,919.66
Total Revenues	58,580,391.32	14,789,421.89
Expenditures		
Current:		
General Government	18,636,414.39	
Public Safety	21,186,624.86	
Highways and Roads		10,293,055.70
Health	865,524.97	
Welfare	470,141.10	
Culture and Recreation	1,234,469.54	
Education	75,236.29	
Capital Outlay	2,178,543.60	6,067,643.97
Debt Service:		
Principal Retirement		
Interest and Fiscal Charges	490,692.89	
Total Expenditures	45,137,647.64	16,360,699.67
Excess (Deficiency) of Revenues Over Expenditures	13,442,743.68	(1,571,277.78)
Other Financing Sources (Uses)		
Transfers In	1,111,026.63	9,366,427.00
Sale of Capital Assets	29,668.33	783,657.56
Warrant Proceeds		
Premium on Warrants		
Transfers Out	(14,891,025.20)	(6,439,904.54)
Payment to Refunded Bond Escrow Agent		
Total Other Financing Sources (Uses)	(13,750,330.24)	3,710,180.02
Net Change in Fund Balances	(307,586.56)	2,138,902.24
Fund Balances - Beginning of Year, as Restated (Note 16)	16,511,022.51	19,560,153.26
Fund Balances - End of Year	$ 16,203,435.95	$ 21,699,055.50

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

Debt Service Fund	Oil and Gas Severance Tax Fund	Other Governmental Funds	Total Governmental Funds
$	$	$ 6,074,051.24	$ 57,206,953.41
		766,744.65	1,757,994.77
		9,037,432.31	18,328,626.77
		4,528,149.43	14,224,892.68
			26,870.12
73,104.65	495,652.77	1,616,809.16	4,416,419.67
73,104.65	495,652.77	22,023,186.79	95,961,757.42
		6,202,445.82	24,838,860.21
		7,500,633.97	28,687,258.83
		2,964,363.74	13,257,419.44
		1,712,227.42	2,577,752.39
			470,141.10
			1,234,469.54
			75,236.29
		3,596,988.73	11,843,176.30
7,464,309.24			7,464,309.24
4,103,816.02			4,594,508.91
11,568,125.26		21,976,659.68	95,043,132.25
(11,495,020.61)	495,652.77	46,527.11	918,625.17
11,798,587.29		1,664,392.74	23,940,433.66
		14,279.92	827,605.81
35,180,000.00			35,180,000.00
4,146,749.60			4,146,749.60
	(463,284.01)	(1,575,121.51)	(23,369,335.26)
(39,333,847.88)			(39,333,847.88)
11,791,489.01	(463,284.01)	103,551.15	1,391,605.93
296,468.40	32,368.76	150,078.26	2,310,231.10
4,614,931.68	15,986,678.39	4,300,911.36	60,973,697.20
$ 4,911,400.08	$ 16,019,047.15	$ 4,450,989.62	$ 63,283,928.30

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, 2015

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)		$ 2,310,231.10
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 ($11,843,176.30) exceeded depreciation ($11,115,760.34) in the current period.		727,415.96
In the Statement of Activities, donation of capital assets is recorded as revenue, whereas in the governmental funds it is not recorded.		1,455,702.40
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the net cost of the assets sold.		(86,380.81)
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		7,464,309.24
Payments to refunding escrow agent are recorded as expenditures or other financing uses in the governmental funds, but reductions to long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.		39,333,847.88
The issuance of debt is reported as other financing sources in governmental funds and thus contributes to the change in fund balance. However, in the Statement of Net Position, issuing debt increases long-term liabilities and does not affect the Statement of Activities.		(35,180,000.00)
Premiums on debt issuance are recorded as financing uses/expenditures in the governmental funds, but are deferred and amortized in the Statement of Activities.		
Premiums on Debt Issued	$ (4,146,749.60)	
		(4,146,749.60)

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

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

Net Increase in Accrued Interest Payable	$ (32,558.69)	
Amortization of Deferred Discount	(9,858.64)	
Amortization of Premium	460,751.18	
Amortization of Deferred Issuance Costs	(661.18)	
Amortization of Deferred Loss on Refunding	(468,973.17)	
Net Increase in OPEB	(120,164.00)	
Pension Expense	876,408.07	
Net Increase in Compensated Absences	(53,957.02)	
Total Additional Expenditures		650,986.55
Change in Net Position of Governmental Activities (Exhibit 2)		$ 12,529,362.72

Statement of Net Position
Proprietary Funds
September 30, 2015

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
Assets			
Current Assets			
Cash and Cash Equivalents	$ 11,311,317.69	$ 3,971,923.90	$ 15,283,241.59
Receivables (Note 4)	578,279.88	421,955.82	1,000,235.70
Due From Other Funds	35,853.76		35,853.76
Prepaid Items	440.42	99.15	539.57
Total Current Assets	11,925,891.75	4,393,978.87	16,319,870.62
Noncurrent Assets			
Restricted Cash with Fiscal Agent	5,122,789.88		5,122,789.88
Capital Assets (Note 5):			
Nondepreciable	4,529,593.84		4,529,593.84
Depreciable, Net	8,912,373.32	1,461,745.83	10,374,119.15
Total Noncurrent Assets	18,564,757.04	1,461,745.83	20,026,502.87
Total Assets	30,490,648.79	5,855,724.70	36,346,373.49
Liabilities			
Current Liabilities			
Payables (Note 8)	518,287.17	448,494.42	966,781.59
Due To Other Funds	20,135.13	30,220.20	50,355.33
Accrued Wages Payable	44,542.22	71,635.66	116,177.88
Long-Term Liabilities:			
Portion Due Within One Year:			
Compensated Absences	39,542.23	58,075.56	97,617.79
Total Current Liabilities	622,506.75	608,425.84	1,230,932.59
Noncurrent Liabilities			
Long-Term Liabilities:			
Portion Due After One Year:			
Compensated Absences	73,728.25	82,678.56	156,406.81
Other Post Employment Benefit Obligation	82,177.00	120,728.88	202,905.88
Estimated Liability for Landfill Closure/ Postclosure Care Costs	3,137,314.03		3,137,314.03
Total Noncurrent Liabilities	3,293,219.28	203,407.44	3,496,626.72
Total Liabilities	$ 3,915,726.03	$ 811,833.28	$ 4,727,559.31

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

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
Net Position			
Net Investment in Capital Assets	$ 13,441,967.16	$ 1,461,745.83	$ 14,903,712.99
Restricted for:			
Landfill Closure and Postclosure Costs	5,122,789.88		5,122,789.88
Unrestricted	8,010,165.72	3,582,145.59	11,592,311.31
Total Net Position	$ 26,574,922.76	$ 5,043,891.42	$ 31,618,814.18

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Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2015

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
Revenues			
Charges for Services	$ 5,945,698.89	$ 7,163,586.02	$ 13,109,284.91
Total Revenues	5,945,698.89	7,163,586.02	13,109,284.91
Operating Expenses			
Salaries and Benefits	2,039,407.95	3,260,550.07	5,299,958.02
Contractual and Professional Services	136,007.09	1,130,748.68	1,266,755.77
Travel	6,054.50	2,423.23	8,477.73
Materials and Supplies	1,357,252.71	1,232,665.96	2,589,918.67
Utilities and Communications	129,507.39	106,530.12	236,037.51
Other Expenses	477,799.62	75,226.34	553,025.96
Depreciation	894,079.12	470,127.99	1,364,207.11
Total Operating Expenses	5,040,108.38	6,278,272.39	11,318,380.77
Operating Income (Loss)	905,590.51	885,313.63	1,790,904.14
Nonoperating Revenues (Expenses)			
Other Miscellaneous	122,499.11	4,246.17	126,745.28
Interest Earned	42,366.28	8,921.58	51,287.86
Gain on Sale of Capital Assets	42,320.92	68,460.33	110,781.25
Total Nonoperating Revenues (Expenses)	207,186.31	81,628.08	288,814.39
Income (Loss) Before Transfers	1,112,776.82	966,941.71	2,079,718.53
Operating Transfers			
Transfers Out	(492,798.40)	(78,300.00)	(571,098.40)
Total Operating Transfers	(492,798.40)	(78,300.00)	(571,098.40)
Changes in Net Position	619,978.42	888,641.71	1,508,620.13
Total Net Position - Beginning of Year, as Restated (Note 16)	25,954,944.34	4,155,249.71	30,110,194.05
Total Net Position - End of Year	$ 26,574,922.76	$ 5,043,891.42	$ 31,618,814.18

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, 2015

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
Cash Flows from Operating Activities			
Receipts from Customers	$ 5,922,921.60	$ 7,107,967.04	$ 13,030,888.64
Payments to Employees	(1,996,470.21)	(3,172,318.19)	(5,168,788.40)
Payments to Suppliers	(1,949,942.36)	(2,472,451.66)	(4,422,394.02)
Net Cash Provided (Used) by Operating Activities	1,976,509.03	1,463,197.19	3,439,706.22
Cash Flows from Noncapital Financing Activities			
Interfund Loans Made/Repaid	72,973.16	(9,648.47)	63,324.69
Miscellaneous	122,499.11	4,246.17	126,745.28
Transfers Out	(492,798.40)	(78,300.00)	(571,098.40)
Net Cash Provided (Used) by Noncapital Financing Activities	(297,326.13)	(83,702.30)	(381,028.43)
Cash Flows from Capital and Related Financing Activities			
Sale of Assets	42,320.92	77,835.67	120,156.59
Purchase of Capital Assets	(2,034,109.90)	(630,507.65)	(2,664,617.55)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,991,788.98)	(552,671.98)	(2,544,460.96)
Cash Flows from Investing Activities			
Interest Revenue	42,366.28	8,921.58	51,287.86
Net Cash Provided (Used) by Investing Activities	42,366.28	8,921.58	51,287.86
Net Increase (Decrease) in Cash and Cash Equivalents	(270,239.80)	835,744.49	565,504.69
Cash and Cash Equivalents - Beginning of Year	16,704,347.37	3,136,179.41	19,840,526.78
Cash and Cash Equivalents - End of Year	$ 16,434,107.57	$ 3,971,923.90	$ 20,406,031.47

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)	$ 905,590.51	$ 885,313.63	$ 1,790,904.14
<u>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Depreciation Expense	894,079.12	470,127.99	1,364,207.11
Change in Assets and Liabilities:			
(Increase)/Decrease Receivables, Net	(22,777.29)	(55,618.98)	(78,396.27)
(Increase)/Decrease Prepaids	(138.56)	1.89	(136.67)
Increase/(Decrease) Accounts Payable	156,817.51	75,140.78	231,958.29
Increase/(Decrease) Wages Payable	11,010.11	25,559.69	36,569.80
Increase/(Decrease) Compensated Absences	17,680.63	36,157.19	53,837.82
Increase/(Decrease) Estimated Liability for Other Postemployment Benefits	14,247.00	26,515.00	40,762.00
Net Cash Provided by Operating Activities	$ 1,976,509.03	$ 1,463,197.19	$ 3,439,706.22

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Statement of Fiduciary Net Position
September 30, 2015

	Private-Purpose Trust Funds	Agency Funds
Assets		
Current Assets		
Cash and Cash Equivalents	$ 13,694,963.99	$ 266,616.37
Investments	3,403,432.11	
Receivables	11,422.57	476.85
Total Current Assets	17,109,818.67	267,093.22
Noncurrent Assets		
Capital Assets, Net	4,624.91	
Total Noncurrent Assets	4,624.91	
Total Assets	17,114,443.58	267,093.22
Liabilities		
Payables (Note 8)	9,802,296.68	266,340.15
Accrued Wages	23,510.63	
Payable to External Parties	3,071.35	753.07
Total Liabilities	9,828,878.66	$ 267,093.22
Net Position		
Held in Trust for Other Purposes	7,285,564.92	
Total Net Position	$ 7,285,564.92	

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

Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2015

	Private-Purpose Trust Funds
Additions	
Contributions from:	
State and Local Governments	$ 324,259.50
Probate Court	4,000,377.72
Fees	1,286,917.26
Miscellaneous	607,549.37
Interest	7,930.68
Total Additions	6,227,034.53
Deductions	
Administrative Expenses	2,507,123.81
Payments to Beneficiaries	3,243,278.52
Total Deductions	5,750,402.33
Changes in Net Position	476,632.20
Net Position - Beginning of Year	6,808,932.72
Net Position - End of Year	$ 7,285,564.92

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

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

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

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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 in the Other Governmental Funds' column.

The Commission reports the following major governmental funds:

- ***General Fund*** – The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. Also, the fund is used to report the expenditure of special county property taxes for building and maintaining public buildings, roads and bridges.

- ***Gasoline Tax Fund*** – This fund is used to account for the expenditures of gasoline taxes for the activities of the public works/highway department as related to maintenance, development, and resurfacing of roads, bridges, and right-of-ways.

- ***Debt Service Fund*** – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for the accumulation of resources for principal and interest payments maturing in future years.

- ***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 and its citizenry.

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

Governmental Fund Types

- ***Special Revenue Funds*** – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or some capital projects.

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

The Commission reports the following major enterprise funds:

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

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

The Commission reports the following fiduciary fund 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.

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

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

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

1. Deposits and Investments

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

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

2. Receivables

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

Millage rates for property taxes are levied 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. Property Tax revenue deferred is reported as a deferred inflow of resources.

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

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

Receivables from external parties are amounts that are being held in a trustee or 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 warrants, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by applicable debt covenants. The Oil and Gas Trust Severance Tax Trust Fund's cash is restricted by local law.

6. Capital Assets

Capital assets which include property, equipment, and infrastructure assets (e.g., roads, bridges, water and sewer systems, and similar items) are reported in the 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. Deferred Outflows of Resources

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

8. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize 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.

9. Compensated Absences

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

Annual Leave

Annual vacation leave accrues to all current, classified and probationary employees *hired before January 1, 2013* 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 ¼ days per month, for employees with 11-15 years' service at the rate of 1 and ¾ days per month, and for employees with more than 15 years of service at the rate of 2 days per month. Classified, appointed and probationary employees *hired on or after January 1, 2013* with five years or less service accrues at the rate of 1 day per calendar month, for employees with 6-10 years' service at the rate of 1 and ¼ days per month, for employees with 11-15 years' service at the rate of 1 and ½ days per month, and for employees with more than 15 years of service at the rate of 1 and ¾ days per month.

Unused annual-vacation leave in excess of two 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. Upon retirement, an employee shall be paid ½ 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.

10. Deferred Inflows of Resources

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

11. Pensions

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

12. Net Position/Fund Balances

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

- ***Net Investment in Capital Assets*** **–** Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction and improvement of those assets should also be included in this component. Any significant unspent related debt proceeds, or deferred inflows of resources attributable to the unspent amount at year-end related to capital assets, are not included in this calculation. Debt proceeds or deferred inflows of resources at the end of the reporting period should be included in the same net position amount (restricted, unrestricted) as the unspent amount.

- ***Restricted*** – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

- ***Unrestricted*** – The net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position. Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Commission.

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

- ***Nonspendable*** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples include inventories, prepaid items, term endowments, etc.

- ***Restricted*** – consists of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provisions or enabling legislation.

- ***Committed*** – consists of amounts that are subject to a purpose constraint imposed by formal resolution of the Baldwin County Commission. Amendments or modifications of the committed fund balance must also be approved by formal resolution of the Baldwin County Commission.

- ***Assigned*** – consists of amounts that are intended to be used by the Commission for specific purposes. The Commission delegated authority to the Commission Chairman or Clerk/Treasurer to make determination of the assigned amounts of fund balance.

- ***Unassigned*** – includes all spendable amounts not contained in one of the other classifications.

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

Note 2 – Stewardship, Compliance, and Accountability

A. Budgets

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

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

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

B. Stabilization Arrangements

The Commission has established policy number 8.7 for emergency reserves. During the annual budget process, the Commission will compute the amount needed to meet the targeted reserves. Funds from the Trust Reserve Accounts can only be expended for a bona fide emergency and must be approved by the Commission during a regular or special meeting. As of September 30, 2015, the balance set aside for emergency reserves for the General Fund is $11,078,991.29, Gasoline Tax Fund is $4,033,916.57 and Solid Waste Fund is $1,601,066.52 which is not classified as committed on the financial statements because this agreement does not meet the criteria to be reported as such.

Note 3 – Deposits and Investments

Deposits

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

Cash with Fiscal Agent

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

As of September 30, 2015, the Commission's cash with fiscal agent was invested as follows:

Investment Type	Maturities	Fair Value	Rating
Fidelity Institutional Money Market	Weighted Average Maturity		S & P AAAm
Treasury Only – Class III	of 51 days or less	$4,005,966.02	Moody Aaa-mf
Federal Treasury Obligations Fund-AS	Weighted Average Maturity		S & P AAAm
	of 42 days or less	847,341.31	Moody Aaa-mf
Total Cash with Fiscal Agent		$4,853,307.33	

Interest Rate Risk

Interest rate risk occurs when market interest rate changes adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair market value to changes in market interest rates. The Baldwin County Commission 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 the issuer of an investment will not fulfill its obligation to the holder of the investment. State law requires that pre-funded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. The credit rating, if applicable and available, is present in the table of investments. The Baldwin County Commission has no policy on credit risk.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party.

Concentrations of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Baldwin County Commission has no policy on concentration of credit risk.

Note 4 – Receivables

On September 30, 2015, receivables for the Commission's individual major funds and other governmental funds in the aggregate are as follows:

	Accounts	Intergovernmental	Other	Total
Receivables:				
General Fund	$14,806.55	$1,137,717.38	$3,824.42	$1,156,348.35
Gasoline Tax Fund	5,485.76	2,536,033.13		2,541,518.89
Debt Service Fund	12.52			12.52
Oil and Gas Severance Tax Fund	532.90			532.90
Other Governmental Funds	31,907.85	2,570,047.57		2,601,955.42
Total Governmental Funds	$52,745.58	$6,243,798.08	$3,824.42	$6,300,368.08

On September 30, 2015, receivables for the Commission's proprietary funds were as follows:

	Accounts	Total
Receivables:		
Solid Waste Fund	$ 578,279.88	$ 578,279.88
Solid Waste Collection Fund	421,955.82	421,955.82
Total Proprietary Funds	$1,000,235.70	$1,000,235.70

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance October 1, 2014	Reclassifications
Governmental Activities:		
Capital Assets, Not Being Depreciated:		
Land	$ 57,539,754.64	$
Historical Artifacts	45,000.00	
Infrastructure in Progress	9,447,097.96	(1,436,928.16)
Construction in Progress	3,388,011.08	(4,431,295.77)
Total Capital Assets, Not Being Depreciated	70,419,863.68	(5,868,223.93)
Capital Assets Being Depreciated:		
Infrastructure	346,259,464.40	1,436,928.16
Buildings	93,145,602.16	2,590,879.76
Improvements Other Than Buildings	8,401,563.68	1,516,694.34
Computer and Communication Equipment	18,787,763.64	323,721.67
Equipment and Furniture	2,678,654.61	
Motor Vehicle and Heavy Equipment	23,538,167.79	(1,745.00)
Capital Assets Under Capital Lease	4,674,025.69	1,745.00
Total Capital Assets Being Depreciated	497,485,241.97	5,868,223.93
Less Accumulated Depreciation for:		
Infrastructure	(43,040,936.24)	
Buildings	(38,039,534.76)	
Improvements Other Than Buildings	(2,020,128.90)	
Computer and Communication Equipment	(14,569,069.72)	
Equipment and Furniture	(1,988,231.00)	
Motor Vehicle and Heavy Equipment	(17,561,937.75)	
Capital Assets Under Capital Lease	(693,233.50)	
Total Accumulated Depreciation	(117,913,071.87)	
Total Capital Assets Being Depreciated, Net	379,572,170.10	5,868,223.93
Total Governmental Activities Capital Assets, Net	$ 449,992,033.78	$

Amounts included in the “Reclassifications” column were necessary due to projects that were completed during the year.

Additions	Retirements	Balance September 30, 2015
$	$	$ 57,539,754.64
		45,000.00
4,637,097.55		12,647,267.35
1,334,633.84		291,349.15
5,971,731.39		70,523,371.14
3,174,503.19		350,870,895.75
		95,736,481.92
1,126,907.10		11,045,165.12
531,471.28	(2,548,104.51)	17,094,852.08
147,772.50	(32,461.84)	2,793,965.27
2,238,887.70	(1,809,241.51)	23,966,068.98
107,605.54		4,783,376.23
7,327,147.31	(4,389,807.86)	506,290,805.35
(2,060,164.54)		(45,101,100.78)
(3,784,774.54)		(41,824,309.30)
(351,947.14)		(2,372,076.04)
(1,535,532.36)	2,512,510.87	(13,592,091.21)
(279,708.75)	32,461.84	(2,235,477.91)
(2,155,978.38)	1,758,454.34	(17,959,461.79)
(947,654.63)		(1,640,888.13)
(11,115,760.34)	4,303,427.05	(124,725,405.16)
(3,788,613.03)	(86,380.81)	381,565,400.19
$ 2,183,118.36	$ (86,380.81)	$ 452,088,771.33

	Balance October 1, 2014	Reclassifications
Business-Type Activities:		
Capital Assets, Not Being Depreciated:		
Land	$ 3,798,291.25	$
Construction in Progress	43,448.82	(300,000.00)
Total Capital Assets, Not Being Depreciated	3,841,740.07	(300,000.00)
Capital Assets Being Depreciated:		
Buildings	2,079,480.23	300,000.00
Improvements Other Than Buildings	13,661,602.64	
Computer and Communication Equipment	163,998.12	
Equipment and Furniture	437,032.68	
Motor Vehicle and Heavy Equipment	13,282,048.98	
Total Capital Assets Being Depreciated	29,624,162.65	300,000.00
Less Accumulated Depreciation for:		
Buildings	(916,667.48)	
Improvements Other Than Buildings	(7,662,335.01)	
Computer and Communication Equipment	(108,851.53)	
Equipment and Furniture	(328,426.82)	
Motor Vehicle and Heavy Equipment	(10,836,943.99)	
Total Accumulated Depreciation	(19,853,224.83)	
Total Capital Assets Being Depreciated, Net	9,770,937.82	300,000.00
Total Business-Type Activities Capital Assets, Net	$ 13,612,677.89	$

Amounts included in the “Reclassifications” column were necessary due to projects that were completed during the year.

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$ 4,606,954.94
Public Safety	1,746,702.24
Highways and Roads	4,567,245.71
Sanitation	34,665.60
Health	3,896.60
Welfare	6,216.33
Culture and Recreation	125,287.77
Education	24,791.15
Total Depreciation Expense – Governmental Activities	$11,115,760.34

Additions	Retirements	Balance September 30, 2015
$	$	$ 3,798,291.25
987,853.77		731,302.59
987,853.77		4,529,593.84
		2,379,480.23
		13,661,602.64
		163,998.12
		437,032.68
1,676,763.78	(763,139.20)	14,195,673.56
1,676,763.78	(763,139.20)	30,837,787.23
(72,322.78)		(988,990.26)
(306,560.90)		(7,968,895.91)
(27,573.29)		(136,424.82)
(55,230.22)		(383,657.04)
(902,519.92)	753,763.86	(10,985,700.05)
(1,364,207.11)	753,763.86	(20,463,668.08)
312,556.67	(9,375.34)	10,374,119.15
$ 1,300,410.44	$ (9,375.34)	$ 14,903,712.99

	Current Year Depreciation Expense
Business-Type Activities:	
Solid Waste	$1,364,207.11
Total Depreciation Expense – Business-Type Activities	$1,364,207.11

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Employees' Retirement System of Alabama (ERS), an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The ***Code of Alabama 1975***, Section 36-27-2, grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 13 trustees as follows:

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

Benefits Provided

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

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

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

The ERS serves approximately 846 local participating employers. These participating employers include 287 cities, 65 counties, and 494 other public entities. The ERS membership includes approximately 83,874 participants. As of September 30, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits	21,691
Terminated employees entitled to but not yet receiving benefits	1,252
Terminated employees not entitled to a benefit	5,048
Active Members	55,883
Total	83,874

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members. However, the Commission did elect to increase contribution rates for their members.

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2015, Baldwin County Commission's active employee contribution rate was 6.98% of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 5.71% of covered employee payroll. For the year ended September 30, 2015, the Baldwin County Sheriff's Office active employee contribution rate was 7.50% of covered employee payroll, and the Baldwin County Sheriff's Office average contribution rate to fund the normal and accrued liability costs was 6.57% of covered employee payroll.

The Baldwin County Commission's contractually required contribution rate for the year ended September 30, 2015, was 6.30% of pensionable pay for Tier 1 employees, and 6.16% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were $1,605,106 for the year ended September 30, 2015.

The Baldwin County Sheriff's Office contractually required contribution rate for the year ended September 30, 2015, was 7.18% of pensionable pay for Tier 1 employees, and 7.04% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were $900,621.41 for the year ended September 30, 2015.

B. Net Pension Liability

The Baldwin County Commission's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2013, rolled forward to September 30, 2014, using standard roll-forward techniques as shown in the following table:

	Baldwin County Commission	Baldwin County Sheriff's Office
Total Pension Liability as of September 30, 2013 (a)	$64,388,018	$30,454,910
Entry Age Normal Cost for October 1, 2013 - September 30, 2014 (b)	1,999,024	1,087,588
Actual Benefit Payments and Refunds for October 1, 2013 - September 30, 2014 (c)	(3,671,986)	(1,258,819)
Total Pension Liability as of September 30, 2014 =[(a) x (1.08)] + (b) - [(c) x (1.04)]	$67,719,218	$32,669,719

Actuarial Assumptions

The total pension liability in the September 30, 2013, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	3.75%-7.25%
Investment Rate of Return (*)	8.00%

(*) Net of pension plan investment expense

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2013, valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

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

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	25.00%	5.00%
U. S. Large Stocks	34.00%	9.00%
U. S. Mid Stocks	8.00%	12.00%
U. S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	100.00%	

(*) Includes assumed rate of inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

C. Changes in Net Pension Liability

Baldwin County Commission	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2013	$64,388,018	$47,862,433	$16,525,585
Changes for the Year:			
Service Cost	1,999,024		1,999,024
Interest	5,004,162		5,004,162
Contributions – Employer		1,463,836	(1,463,836)
Contributions – Employee		1,710,015	(1,710,015)
Net Investment Income		5,716,446	(5,716,446)
Benefit Payments, including Refunds of Employee Contributions	(3,671,986)	(3,671,986)	
Transfers among Employers		123,635	(123,635)
Net Changes	3,331,200	5,341,946	(2,010,746)
Balances at September 30, 2014	$67,719,218	$53,204,379	$14,514,839

Baldwin County Sheriff's Office	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2013	$30,454,910	$22,190,714	$ 8,264,196
Changes for the Year:			
Service Cost	1,087,588		1,087,588
Interest	2,386,040		2,386,040
Contributions – Employer		853,830	(853,830)
Contributions – Employee		950,773	(950,773)
Net Investment Income		2,695,338	(2,695,338)
Benefit Payments, including Refunds of Employee Contributions	(1,258,819)	(1,258,819)	
Transfers among Employers		24,554	(24,554)
Net Changes	2,214,809	3,265,676	(1,050,867)
Balances at September 30, 2014	$32,669,719	$25,456,390	$ 7,213,329

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

The following table presents the Baldwin County Commission's and the Baldwin County Sheriff's Office net pension liability calculated using the discount rate of 8%, as well as what the Baldwin County Commission's and the Baldwin County Sheriff's Office proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
Baldwin County Commission net pension liability	$22,279,951	$14,514,839	$7,955,129
Baldwin County Sheriff's Office net pension liability	$11,654,462	$ 7,213,329	$3,517,380

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2014. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2014. The auditor's report dated June 3, 2015, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

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

For the year ended September 30, 2015, the Baldwin County Commission and the Baldwin County Sheriff's Office recognized pension expense of $540,559 and $335,848, respectively. At September 30, 2015, the Baldwin County Commission and the Baldwin County Sheriff's Office reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Baldwin County Commission:		
Differences between expected and actual experience	$	$
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		1,521,945
Employer contributions subsequent to the measurement date	1,515,594	
Total	1,515,594	1,521,945
Baldwin County Sheriff's Office:		
Differences between expected and actual experience		
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		717,814
Employer contributions subsequent to the measurement date	856,625	
Total	$ 856,625	$ 717,814

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

	Deferred Inflows	
Year Ending:	Baldwin County Commission	Baldwin County Sheriff's Office
September 30, 2016	$380,486	$179,453
2017	$380,486	$179,453
2018	$380,486	$179,453
2019	$380,487	$179,455
2020	$	$
Thereafter	$	$

The balances for the deferred outflow of resources for the Baldwin County Commission and the Baldwin County Sheriff's Office will be reversed on October 1, 2015.

Judicial Retirement Fund – Baldwin County Probate Judge

Summary of Significant Accounting Policies

Pensions

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

General Information about the Pension Plan

Plan Description

The Judicial Retirement Fund of Alabama, a cost-sharing multiple-employer public employee retirement plan, was established as of September 18, 1973, under the provisions of Act Number 1163, Acts of Alabama 1973, for the purpose of providing retirement allowances and other specified benefits for any Justice of the Supreme Court of Alabama, Judge of the Court of Civil Appeals, Judge of the Court of Criminal Appeals, Judge of the Circuit Court, or office holder of any newly created judicial office receiving compensation from the State Treasury. Act Number 1205, Acts of Alabama 1975, supplemented the provisions of Act Number 1163, Acts of Alabama 1973, and enlarged the scope and coverage of the JRF to include District and Probate Judges. The responsibility for the general administration and operation of the JRF is vested in the Board of Control of the Employees' Retirement System of Alabama (ERS). The JRF issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits Provided

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

Contributions

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

Pension Liabilities and Pension Expense

At September 30, 2015, the Baldwin County Commission did not have a liability for a proportionate share of the net pension liability because of the related State of Alabama support. The amount of the State of Alabama's proportionate share of net pension liability associated with the Baldwin County Commission is as follows:

State of Alabama's proportionate share of the net pension liability associated with the Baldwin County Commission	$417,244

The net pension liability was measured as of September 30, 2014. The total pension liability is based on the actuarial valuation as of September 30, 2013. An expected total pension liability as of September 30, 2014 was determined using standard roll-forward techniques. The State of Alabama's proportion of the net pension liability associated with the Baldwin County Commission was based on actuarially determined contributions paid by the State of Alabama during the fiscal year ended September 30, 2014.

For the year ended September 30, 2015, the Baldwin County Commission recognized pension expense and revenue of $43,543 for aid provided by the State of Alabama.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Investment Rate of Return (*)	8.00%
Projected Salary Increases	3.50%-8.25%

(*) Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2013, were based on the results of an investigation of the economic and demographic experience for the JRF based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

Mortality rates for the Plan were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA projected to 2015 and set forward one year for females.

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

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	25.00%	5.00%
U. S. Large Stocks	34.00%	9.00%
U. S. Mid Stocks	8.00%	12.00%
U. S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	100.00%	

(*) Includes assumed rate of inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. The supporting actuarial information is included in the GASB Statement Number 67 for the JRF prepared as of September 30, 2014. The auditor's report dated October 14, 2015, on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of September 30, 2014, along with supporting schedules is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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***, Sections 11-91-1 through 11-91-8, gives authority to the Commission to establish and amend benefit provisions. The plan does not issue a stand-alone financial report.

B. Funding Policy

The Commission's contributions were on a pay-as-you-go basis as of September 30, 2015. For retirees *hired before January 1, 2013,* and retiring with twenty-five (25) years of service in the Retirement Systems of Alabama and fifteen (15) years of service with the Commission and who has not met the age requirement to be eligible for Medicare, are eligible to continue single health coverage at a cost of one hundred dollars ($100.00) per month plus $12.86 in taxes and fees.

For retirees *hired before January 1, 2013*, and retiring with thirty (30) years of service in the Retirement Systems of Alabama and fifteen (15) years of service with the Commission, the Commission will pay 100% of single health coverage. The retiree will pay only $12.86 in taxes and fees.

For retirees *hired on or after January 1, 2013*, who become eligible to retire under the Retirement Systems of Alabama with at least fifteen (15) years of service with the Commission are eligible to continue single health coverage at a rate of 50% of the total cost of single coverage plus taxes and fees.

C. Annual OPEB Cost

For fiscal year 2015, the Commission's annual other postemployment benefit (OPEB) cost (expense) was $392,397.00. The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Cost Contributed Annual OPEB	Net OPEB Obligation
09/30/2015	$392,397.00	47.50%	$1,949,277.65
09/30/2014	$392,578.00	44.90%	$1,788,351.65
09/30/2013	$392,578.00	46.40%	$1,644,150.65

D. Funded Status and Funding Progress

The funding status of the plan as of September 30, 2015, was as follows:

Actuarial Accrued Liability (AAL)	$ 4,248,904
Actuarial Value of Plan Assets	$0
Unfunded Actuarial Accrued Liability (UAAL)	$ 4,248,904
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	$39,593,940
UAAL as a Percentage of Covered Payroll	10.70%

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.

E. Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Baldwin County Commission and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Baldwin County Commission and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Baldwin County Commission and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

1. ***Actuarial Cost Method*** – The Annual Required Contribution (ARC) is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

2. ***Actuarial Value of Plan Assets*** – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement Number 45.

3. ***Turnover Rate*** – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 15%.

4. ***Post Employment Benefit Plan Eligibility Requirements*** – Based on past experience and because of the requirement for at least 25 years of service for the employer to pay any portion of the retiree coverage, we have assumed that entitlement to benefits will commence at retirement at 30 years of service at any age or, if sooner, at the later of age 60 and 25 years of service. Medical benefits are provided to employees upon actual retirement.

5. ***Investment Return Assumption (Discount Rate)*** – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

6. ***Health Care Cost Trend Rate*** – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

7. ***Mortality Rate*** – The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

8. ***Method of Determining Value of Benefits*** – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The retiree contribution for medical coverage is $12.86 (taxes and fees) per month for those retiring with at least 30 years of service and $100.00 plus $12.86 (taxes and fees) per month for those retiring with at least 25 years of service but less than 30. While the employer pays the remaining cost for the employee/retiree only (not dependents) for the medical insurance, it is based on the active/retiree blended rate. There is therefore an implicit employer subsidy since only a portion of the blended rate is attributable to the retiree coverage. Since use of "unblended" rates is required by GASB 45 for valuation purposes, we have estimated the unblended total retiree rate before age 65 to be 130% of the total blended rate. The contribution by the retiree, if any, is then deducted from that estimated total unblended rate to determine the estimated employer-paid rate on an unblended basis. Retiree coverage ceases at age 65.

9. ***Inflation Rate*** – Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

10. ***Projected Salary Increases*** – This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

11. ***Post-Retirement Benefit Increases*** – The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Note 8 – Payables

On September 30, 2015, payables for the Commission's individual major funds and nonmajor and fiduciary funds in the aggregate are as follows:

	Accounts Payable	Due to Other Governments	Other	Total
Governmental Funds:				
General Fund	$ 9,917,844.73	$1,301,106.83	$	$11,218,951.56
Gasoline Tax Fund	781,673.62			781,673.62
Other Governmental Funds	1,282,587.08			1,282,587.08
Total Governmental Funds	11,982,105.43	1,301,106.83		13,283,212.26
Business-Type Activities:				
Solid Waste Fund	518,287.17			518,287.17
Solid Waste Collection Fund	447,940.01	554.41		448,494.42
Total Business-Type Activities	966,227.18	554.41		966,781.59
Fiduciary Funds:				
Private-Purpose Trust Funds	393,383.44	60.01	9,408,853.23	9,802,296.68
Agency Funds	1,779.00	.01	264,561.14	266,340.15
Total Fiduciary Funds	$ 395,162.44	$ 60.02	$9,673,414.37	$10,068,636.83

Note 9 – Lease Obligations

Capital Leases

The Commission is obligated under certain leases accounted for as capital leases. Assets under capital leases totaled $4,783,376.23 for governmental activities at September 30, 2015. 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 included in the net depreciable noncurrent assets on the Statement of Net Position. 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
September 30, 2016	$1,257,613.80
2017	1,257,613.80
2018	628,806.90
Total Minimum Lease Payments	3,144,034.50
Less: Amount Representing Interest	(52,229.14)
Present Value of Net Minimum Lease Payments	$3,091,805.36

Note 10 – Long-Term Debt

In April 2004, General Obligation Warrants with interest rates of 2 to 5 percent were issued to provide Series 2004 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 March 2007, General Obligation Warrants with interest rates of 4 to 5 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 Fund and Gasoline Tax Fund.

In December 2007, General Obligation Warrant with an interest rate of 3.76 percent was issued for Series 2008A 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 3.6 to 5 percent were issued to acquire and construct the Series 2008B 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 the Series 2008C 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 were made by the General Fund. These warrants were advance refunded and are considered defeased.

In January 2010, General Obligation Warrants with interest rates of 1 to 5 percent were issued for the purpose of the Series 2010 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.

In September 2012, General Obligation Warrants with interest rates of 2 to 5 percent were issued for the purpose of the Series 2012 advance refunding of the General Obligation Warrants, Series 2004 issued in June 2004. The debt service payments are made by the Gasoline Tax Fund.

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

In June 2013, General Obligation Warrant with an interest rate of 1.974 percent was issued for the purpose of the Series 2013B construction of a public building for the Baldwin County Residential Wilderness Program/Camp Horizon. The debt service payments are made by the Wilderness Fund.

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

In March 2015, General Obligation Warrants with interest rates of 2.00 to 5.00 percent were issued for the purpose of the Series 2015 advance refunding of the General Obligation Warrant, Series 2008C issued in September 2008 and the partial advance refunding of the General Obligation Warrants, Series 2007A issued in March 2007 and Series 2008B issued in May 2008. The debt service payments are made by the General Fund and Gasoline Tax Fund.

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2015:

	Debt Outstanding 10/01/2014 (*)	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2015	Due Within One Year
Governmental Activities:					
Warrants Payable:					
Warrants, 2004	$ 2,450,000.00	$	$ (1,195,000.00)	$ 1,255,000.00	$1,255,000.00
Warrants, 2007-A	13,045,000.00		(9,075,000.00)	3,970,000.00	515,000.00
Warrants, 2008-A	3,666,133.48		(999,086.79)	2,667,046.69	1,037,065.46
Warrants, 2008-B	24,715,000.00		(22,710,000.00)	2,005,000.00	
Warrants, 2008-C	3,965,139.75		(3,965,139.75)		
Warrants, 2010	15,435,000.00		(1,510,000.00)	13,925,000.00	1,555,000.00
Warrants, 2012	9,120,000.00		(605,000.00)	8,515,000.00	620,000.00
Warrants, 2013	17,660,000.00		(1,200,000.00)	16,460,000.00	1,235,000.00
Warrants, 2013-B	1,812,630.48		(152,742.61)	1,659,887.87	155,739.39
Warrants, 2014	10,350,000.00			10,350,000.00	
Warrants, 2015		35,180,000.00		35,180,000.00	305,000.00
Sub-Total Warrants Payable	102,218,903.71	35,180,000.00	(41,411,969.15)	95,986,934.56	6,677,804.85
Unamortized Amounts:					
Less: Unamortized Discount	(290,913.32)		63,448.88	(227,464.44)	(9,858.64)
Plus: Unamortized Premium	4,146,927.00	4,146,749.60	(622,717.56)	7,670,959.04	575,938.67
Total Warrants Payable, Net	106,074,917.39	39,326,749.60	(41,971,237.83)	103,430,429.16	7,243,884.88
Other Liabilities:					
Net Pension Liability	22,472,115.00		(743,947.00)	21,728,168.00	
Capital Leases	4,304,514.64		(1,212,709.28)	3,091,805.36	1,226,354.04
Compensated Absences	2,964,701.95	53,957.02		3,018,658.97	1,090,884.26
Estimated Liability for OPEB	1,626,207.77	120,164.00		1,746,371.77	
Total Other Liabilities	31,367,539.36	174,121.02	(1,956,656.28)	29,585,004.10	2,317,238.30
Total Governmental Activities Long-Term Liabilities:	$137,442,456.75	$39,500,870.62	$(43,927,894.11)	$133,015,433.26	$9,561,123.18

(*) Beginning balance was restated due to the implementation of new GASB standards pertaining to Net Pension Liability.

	Debt Outstanding 10/01/2014 (*)	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2015	Due Within One Year
Business-Type Activities:					
Estimated Liability for Compensated Absences	$ 200,186.78	$53,837.82	$	$ 254,024.60	$97,617.79
Estimated Liability for Landfill Closure/Postclosure Costs	3,137,314.03			3,137,314.03	
Estimated Liability for OPEB	162,143.88	40,762.00		202,905.88	
Total Business-Type Activities Long-Term Liabilities	$3,499,644.69	$94,599.82	$	$3,594,244.51	$97,617.79

(*) Beginning balance was restated due to the recalculation of Closure/Postclosure Costs.

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

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

	Governmental Activities				Total Principal and Interest Requirements
	Warrants Payable		Capital Lease Payable		
Fiscal Year Ending	Principal	Interest	Principal	Interest	
September 30, 2016	$ 6,677,804.85	$ 5,261,873.87	$1,226,354.04	$31,259.76	$ 13,197,292.52
2017	6,640,461.40	4,836,732.94	1,240,152.34	17,461.46	12,734,808.14
2018	6,310,678.02	4,414,306.58	625,298.98	3,507.92	11,353,791.50
2019	5,985,460.57	3,080,546.17			9,066,006.74
2020	6,583,750.12	2,862,031.62			9,445,781.74
2021-2025	31,768,779.60	10,360,335.92			42,129,115.52
2026-2030	18,710,000.00	4,651,376.30			23,361,376.30
2031-2035	10,555,000.00	1,585,710.00			12,140,710.00
2036-2039	2,755,000.00	298,775.00			3,053,775.00
Total	$95,986,934.56	$37,351,688.40	$3,091,805.36	$52,229.14	$136,482,657.46

Prepaid Insurance Costs, Premiums and Discounts

The Commission has prepaid insurance costs and premiums/discounts in connection with the issuance of its 2007-A, 2008-B, 2008-C, 2012, 2013, 2014 and 2015 General Obligation Warrants. The deferred amounts are being amortized using the straight-line method over a period of 25, 25, 20, 15, 13, 25 and 18 years respectively. For the 2010 General Obligation Warrants the premium is being amortized over 16 years.

	Prepaid Insurance Costs	Discount	Premium
Total Insurance Costs and Discount/Premium	$1,081,725.90	$328,151.80	$9,296,304.20
Amount Amortized Prior Years	986,920.35	37,238.48	1,002,627.60
Balance Insurance Costs and Discount/Premium	94,805.55	290,913.32	8,293,676.60
Current Amount Amortized or Reduced	83,565.54	63,448.88	622,717.56
Balance Insurance Costs and Discount/Premium	$ 11,240.01	$227,464.44	$7,670,959.04

Defeasance of Debt

Series 2015 General Obligation Warrants

On March 1, 2015, the Commission issued $35,180,000.00 in General Obligation Warrants, Series 2015 with interest rates of 2% to 5% for the advance refunding of $3,865,369.19 of outstanding General Obligation Warrants, Series 2008-C; a partial advance refunding of $8,585,000.00 of outstanding General Obligation Warrants, Series 2007-A; and a partial advance refunding of $22,710,000.00 of outstanding General Obligation Warrants, Series 2008-B. The net proceeds of $39,411,856.55 (after payment of issuance costs and net of the discount) were used to refund the General Obligation Warrants, Series 2008-C, to partially refund the General Obligation Warrants, Series 2007-A, and to partially refund the General Obligation Warrants, Series 2008-B.

As a result of the refundings, the Commission decreased its total debt service requirements by $1,909,770.17, which resulted in an economic gain (difference between the present value using the interest rate structure of the Series 2015 warrants of the debt service payments on the old and new debt) of $1,665,902.11.

Prior Year Defeasance of Debt

In prior years, the Commission defeased certain general obligation warrants by placing the proceeds of the new warrants in an irrevocable trust to provide for all future debt service payments of the old warrants. Accordingly, the trust account assets and the liability for the defeased debt are not included on the Commission's financial statements. At September 30, 2015, the total of $16,575,000 of general obligation warrants outstanding are considered defeased.

Note 11 – Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the Commission place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition, to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount the landfill is used during the year. The estimated liability for closure and postclosure care costs has a balance of $3,137,314.03 as of September 30, 2015, which is based on 26.6 percent usage (filled) of the landfill. It is estimated that an additional $8,672,450.64 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care ($11,809,764.67) 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, 2015. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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, 2015, funds of $5,122,789.88 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 postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

Note 12 – Conduit Debt Obligations

On June 1, 2007, the Public Building Authority of Baldwin County (PBA), which is a related organization of Baldwin County, issued $6,405,000 of Building Revenue Warrants (DHR Project), Series 2007-A for the purpose of financing the acquisition, construction and installation of an office building for use by the Baldwin County Department of Human Resources. Simultaneously, with the issuance of the warrants, a lease agreement was executed between the PBA and Baldwin County in addition to a sub-lease agreement between Baldwin County and the State of Alabama, acting by and through its Department of Human Resources. The sub-lease agreement was amended on August 1, 2007. The lease is limited obligation debt of the County and is payable solely from the revenues generated through the sub-lease agreement, as amended. The warrants nor the lease do not constitute a debt or pledge of the faith and credit of the County and accordingly have not been reported in the accompanying financial statements. As of September 30, 2015, the outstanding balance of the lease is $4,755,000.00.

Note 13 – 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 and unlimited defense costs. Employment-related practices damage protections are limited to $1,000,000 per incident with a $5,000 deductible and defense expenses are included within and reduce the limits of coverage. County specific coverage and limits can be added by endorsement.

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

The Commission 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 14 – Interfund Transfers

The amounts of interfund transfers during the fiscal year ending September 30, 2015, were as follows:

	Operating Transfers In				
	General Fund	Gasoline Tax Fund	Debt Service Fund	Other Governmental Funds	Totals
Operating Transfers Out:					
General Fund	$	$9,366,427.00	$ 3,984,335.20	$1,540,263.00	$14,891,025.20
Gasoline Tax Fund	4,500.00		6,391,739.54	43,665.00	6,439,904.54
Oil and Gas Severance Tax Fund	463,284.01				463,284.01
Other Governmental Funds	187,942.62		1,306,714.15	80,464.74	1,575,121.51
Solid Waste Fund	377,000.00		115,798.40		492,798.40
Solid Waste Collection Fund	78,300.00				78,300.00
Totals	$1,111,026.63	$9,366,427.00	$11,798,587.29	$1,664,392.74	$23,940,433.66

Note 15 – Related Organizations

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

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
Altapointe Health Systems, Inc.
Baldwin County Housing Authority
Baldwin County Library Board
Public Building Authority of Baldwin County, Alabama
Cypress Point Improvement District

Note 16 – Restatements

During the fiscal year ended September 30, 2015, the Baldwin County Commission added three accounts maintained by the Sheriff. These funds were the Law Enforcement Fund, the Law Enforcement Money Market Fund, and the Pistol Permit Fund. All three are considered special revenue funds. Beginning fund balances/net position have been restated due to this implementation.

In fiscal year 2015, the Baldwin County Commission adopted Governmental Accounting Standards Board (GASB) Statement Number 68, ***Accounting and Financial Reporting for Pensions***. The provisions of this Statement establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of this statement requires a restatement to beginning net position. The adoption of this statement has a significant impact on the Baldwin County Commission's financial statements. For fiscal year 2015, the Commission made prior period adjustments due to the adoption of GASB Statement Number 68 which required the restatement of the September 30, 2014, net position in Governmental Activities. The result is a decrease in net position at October 1, 2014, of $22,472,115.00.

During the fiscal year ended September 30, 2015, the Baldwin County Commission had an Engineering Study completed on the Magnolia Landfill usage of capacity. As a result of this study, the Baldwin County Commission restated the usage and adjusted the Closure and Postclosure Liability, which resulted in a restatement of net position in Business-Type Activities.

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

	General Fund	Gasoline Tax Fund	Debt Service Fund	Oil and Gas Severance Tax Fund	Other Governmental Funds	Total Governmental Activities
Fund Balances, September 30, 2014, as Previously Reported	$16,511,022.51	$19,560,153.26	$4,614,931.68	$15,986,678.39	$2,202,818.87	$58,875,604.71
Restatements:						
Sheriff Accounts Included					2,098,092.49	2,098,092.49
Fund Balances, September 30, 2014, as Restated	$16,511,022.51	$19,560,153.26	$4,614,931.68	$15,986,678.39	$4,300,911.36	$60,973,697.20

Net Position, September 30, 2014, as Previously Reported	$396,302,879.50
Restatements:	
Sheriff Accounts Included	2,098,092.49
Net Pension Liability Due to Adoption of GASB Number 68	(22,472,115.00)
Net Position, September 30, 2014, as Restated	$375,928,856.99

	Solid Waste Fund	Solid Waste Collection Fund	Total Business-Type Activities
Business-Type Activities Net Position, September 30, 2014, as Previously Reported	$21,389,407.45	$4,155,249.71	$25,544,657.16
Restatements:			
Landfill Closure/Postclosure Care Costs Due to Recalculation from Engineering Study	4,565,536.89		4,565,536.89
Business-Type Activities Net Position, September 30, 2014, as Restated	$25,954,944.34	$4,155,249.71	$30,110,194.05

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Required Supplementary Information

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Schedule of Changes in the Net Pension Liability
Baldwin County
For the Year Ended September 30, 2015
(dollar amounts in thousands)

		2015
Total pension liability		
Service cost	$	1,999,024
Interest		5,004,162
Benefit payments, including refunds of employee contributions		(3,671,986)
Net change in total pension liability		3,331,200
Total pension liability - beginning		64,388,018
Total pension liability - ending (a)		67,719,218
Plan fiduciary net position		
Contributions - employer		1,463,836
Contributions - employee		1,710,015
Net investment income		5,716,446
Benefit payments, including refunds of employee contributions		(3,671,986)
Other (Transfers among employers)		123,635
Net change in plan fiduciary net position		5,341,946
Plan fiduciary net positions - beginning		47,862,433
Plan fiduciary net positions - ending (b)	$	53,204,379
County's net pension liability - ending (a) - (b)	$	14,514,839
Plan fiduciary net position as a percentage of the total pension liability		78.57%
Covered-employee payroll	$	23,806,739
County's net pension liability as a percentage of covered-employee payroll		60.97%

Schedule of Changes in the Net Pension Liability
Baldwin County Sheriff's Office Personnel System
For the Year Ended September 30, 2015
(dollar amounts in thousands)

	2015
Total pension liability	
Service cost	$ 1,087,588
Interest	2,386,040
Benefit payments, including refunds of employee contributions	(1,258,819)
Net change in total pension liability	2,214,809
Total pension liability - beginning	30,454,910
Total pension liability - ending (a)	32,669,719
Plan fiduciary net position	
Contributions - employer	853,830
Contributions - employee	950,773
Net investment income	2,695,338
Benefit payments, including refunds of employee contributions	(1,258,819)
Other (Transfers among employers)	24,554
Net change in plan fiduciary net position	3,265,676
Plan fiduciary net positions - beginning	22,190,714
Plan fiduciary net positions - ending (b)	$ 25,456,390
County's net pension liability - ending (a) - (b)	$ 7,213,329
Plan fiduciary net position as a percentage of the total pension liability	77.92%
Covered-employee payroll	$ 12,446,067
County's net pension liability as a percentage of covered-employee payroll	57.96%

Schedule of the Employer's Contributions
Baldwin County
For the Year Ended September 30, 2015
(dollar amounts in thousands)

		2015		2014
Actuarially determined contribution	$	1,515,594	$	1,463,836
Contributions in relation to the actuarially determined contribution	$	1,515,594	$	1,463,836
Contribution deficiency (excess)	$		$	
Covered-employee payroll	$	26,549,073	$	23,806,739
Contributions as a percentage of covered-employee payroll		5.71%		6.15%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2015 were based on the September 30, 2012, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	27 years
Asset valuation method	Five year smoothed market
Inflation	3%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8%, net of pension plan investment expense, including inflation

Schedule of the Employer's Contributions
Baldwin County Sheriff's Office Personnel System
For the Year Ended September 30, 2015
(dollar amounts in thousands)

	2015	2014
Actuarially determined contribution	$ 856,626	$ 853,830
Contributions in relation to the actuarially determined contribution	$ 856,626	$ 853,830
Contribution deficiency (excess)	$	$
Covered-employee payroll	$ 13,044,867	$ 12,446,067
Contributions as a percentage of covered-employee payroll	6.57%	6.86%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2015 were based on the September 30, 2012, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	27 years
Asset valuation method	Five year smoothed market
Inflation	3%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8%, net of pension plan investment expense, including inflation

Schedule of the Employer's Proportionate Share of the Net Pension Liability - Judicial Retirement Fund For the Year Ended September 30, 2015 (dollar amounts in thousands)

		2015
Employer's proportion of the net pension liability		0.00%
Employer's proportionate share of the net pension liability	$	
State of Alabama's proportionate share of the net pension liability associated with the Employer	$	417,244
Total	$	417,244
Employer's covered-employee payroll	$	123,409
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll		N/A
Plan fiduciary net position as a percentage of the total pension liability		65.46%

Changes in assumptions

In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended September 30, 2015, reported in that schedule:

Valuation date	September 30, 2012
Actuarial cost method	Entry age normal
Amortization method	Level percent open
Single equivalent remaining amortization period	27 years
Asset valuation method	Five-year smoother market value (*)
Inflation rate	3.00%
Ultimate investment rate of return	8.00%
Projected salary increases	4.00%
Cost-of-living adjustments	3.25% per year for certain members hired prior to July 30, 1979 and spouses benefits subject to increase.

(*) Actuarial value of assets was set equal to the market value on September 30, 2012. Smoothing will commence again in future years.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 35,549,378.00	$ 35,589,334.00	$ 35,188,786.09
Licenses and Permits	806,000.00	806,000.00	991,250.12
Intergovernmental	2,237,294.00	2,252,294.00	1,887,179.42
Charges for Services	9,589,900.00	9,589,900.00	9,577,099.49
Fines and Forfeits	45,000.00	45,000.00	26,870.12
Miscellaneous	1,798,350.00	1,873,900.81	1,619,295.93
Total Revenues	50,025,922.00	50,156,428.81	49,290,481.17
Expenditures			
Current:			
General Government	18,852,101.00	18,497,738.81	18,474,697.24
Public Safety	21,712,776.00	21,783,093.00	21,186,624.86
Health	994,035.00	994,035.00	865,524.97
Welfare	11,000.00	11,000.00	4,500.00
Culture and Recreation	96,757.00	96,757.00	91,273.44
Education	76,315.00	76,315.00	75,236.29
Capital Outlay	1,678,387.00	2,100,439.00	2,130,524.00
Interest and Fiscal Charges	496,560.00	496,560.00	490,692.89
Total Expenditures	43,917,931.00	44,055,937.81	43,319,073.69
Excess (Deficiency) of Revenues Over Expenditures	6,107,991.00	6,100,491.00	5,971,407.48
Other Financing Sources (Uses)			
Transfers In	1,453,169.00	1,470,669.00	1,422,530.63
Sale of Capital Assets			28,113.33
Transfers Out	(7,421,600.00)	(7,431,600.00)	(7,687,035.16)
Other Financing Uses	(456,000.00)	(456,000.00)	
Total Other Financing Sources (Uses)	(6,424,431.00)	(6,416,931.00)	(6,236,391.20)
Net Change in Fund Balances	(316,440.00)	(316,440.00)	(264,983.72)
Fund Balances - Beginning of Year	316,440.00	316,440.00	15,484,055.12
Fund Balances - End of Year	$	$	$ 15,219,071.40

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1)	$ 8,379,959.86	$ 43,568,745.95
		991,250.12
(1)	514,267.17	2,401,446.59
(1)	73,045.62	9,650,145.11
		26,870.12
(1)	322,637.50	1,941,933.43
	9,289,910.15	58,580,391.32
(2)	(161,717.15)	18,636,414.39
		21,186,624.86
		865,524.97
(2)	(465,641.10)	470,141.10
(2)	(1,143,196.10)	1,234,469.54
		75,236.29
(2)	(48,019.60)	2,178,543.60
		490,692.89
	(1,818,573.95)	45,137,647.64
	7,471,336.20	13,442,743.68
(3)	(311,504.00)	1,111,026.63
(3)	1,555.00	29,668.33
(3)	(7,203,990.04)	(14,891,025.20)
	(7,513,939.04)	(13,750,330.24)
	(42,602.84)	(307,586.56)
(4)	1,026,967.39	16,511,022.51
	$ 984,364.55	$ 16,203,435.95

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2015

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

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

(1) Revenues		
General Fund	$	(71,272.96)
Self Insurance Fund		871.38
Road and Bridge Fund		9,021,690.02
Legislative Delegation Fund		54,333.41
Supernumerary Fund		37.69
AAA Donation Fund		7.09
Council on Aging Fund		130,222.87
Utilities Permit Fund		758.92
Parks Fund		153,261.73
(2) Expenditures		
Legislative Delegation Fund		161,717.15
Council on Aging Fund		489,623.10
Parks Fund		1,167,233.70
(3) Other Financing Sources/(Uses), Net		
General Fund		1,850,932.96
Road and Bridge Fund		(9,366,427.00)
Council on Aging	$	1,555.00
Net Change in Fund Balance - Budget to GAAP		

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

$	9,289,910.15
	(1,818,573.95)
	(7,513,939.04)
$	(42,602.84)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 7,000,000.00	$ 7,000,000.00	$ 7,564,156.22
Intergovernmental	2,724,444.00	2,730,694.00	6,007,387.18
Charges for Services	55,211.00	55,211.00	46,598.14
Miscellaneous	473,616.00	493,590.00	288,401.85
Total Revenues	10,253,271.00	10,279,495.00	13,906,543.39
Expenditures			
Current:			
Highways and Roads	16,281,230.00	17,104,199.00	15,241,612.02
Capital Outlay	1,335,000.00	1,335,000.00	1,119,087.65
Total Expenditures	17,616,230.00	18,439,199.00	16,360,699.67
Excess (Deficiency) of Revenues Over Expenditures	(7,362,959.00)	(8,159,704.00)	(2,454,156.28)
Other Financing Sources (Uses)			
Transfers In	10,513,200.00	10,513,200.00	10,371,627.00
Sale of Capital Assets		581,000.00	783,657.56
Transfers Out	(6,303,322.00)	(6,307,822.00)	(6,439,904.54)
Total Other Financing Sources (Uses)	4,209,878.00	4,786,378.00	4,715,380.02
Net Change in Fund Balances	(3,153,081.00)	(3,373,326.00)	2,261,223.74
Fund Balances - Beginning of Year	3,153,081.00	3,373,326.00	19,235,656.76
Fund Balances - End of Year	$	$	$ 21,496,880.50

	Budget to GAAP Differences	Actual Amounts GAAP Basis
	$	$ 7,564,156.22
(1)	882,360.69	6,889,747.87
		46,598.14
(1)	517.81	288,919.66
	882,878.50	14,789,421.89
(2)	4,948,556.32	10,293,055.70
(2)	(4,948,556.32)	6,067,643.97
		16,360,699.67
	882,878.50	(1,571,277.78)
(3)	(1,005,200.00)	9,366,427.00
		783,657.56
		(6,439,904.54)
	(1,005,200.00)	3,710,180.02
	(122,321.50)	2,138,902.24
(3)	324,496.50	19,560,153.26
	$ 202,175.00	$ 21,699,055.50

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Gasoline Tax Fund For the Year Ended September 30, 2015

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

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

(1) Revenues	
Public Highway and Traffic Fund	$ 750,883.98
Severed Material Severance Tax Fund	131,994.52
(2) Expenditures	
Reclassification Gasoline Tax Fund	4,948,556.32
Reclassification Gasoline Tax Fund	(4,948,556.32)
(3) Other Financing Sources/(Uses)	
Public Highway and Traffic Fund	(910,000.00)
Severed Material Severance Tax Fund	$ (95,200.00)
Net Change in Fund Balance - Budget to GAAP	

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

$	882,878.50
	(1,005,200.00)
$	(122,321.50)

Schedule of Funding Progress
Other Postemployment Benefits
For the Year Ended September 30, 2015

For Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/2015	09/30/2014	$	$4,248,904.00	$4,248,904.00	0%	$39,593,940.13	10.7%
09/30/2014	09/30/2013	$	$4,592,087.00	$4,592,087.00	0%	$36,397,831.65	12.6%
09/30/2013	09/30/2013	$	$4,592,087.00	$4,592,087.00	0%	$34,630,649.16	13.3%

Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
U. S. Department of Agriculture		
Passed Through Alabama Department of Education		
Child Nutrition Cluster:		
School Breakfast Program	10.553	690-1660
National School Lunch Program	10.555	690-1660
Total Child Nutrition Cluster (M)		
Total U. S. Department of Agriculture		
U. S. Department of Commerce		
Passed Through Alabama Department of Environmental Management		
Coastal Zone Management Administration Awards	11.419	C50599036
Total U. S. Department of Commerce		
U. S. Department of Housing and Urban Development		
Passed Through Alabama Department of Economic and Community Affairs		
Community Development Block Grants/State's Program	14.228	CY-CM-PF-13-013
Total U. S. Department of Housing and Urban Development (M)		
U. S. Department of Interior		
Direct Program		
Payments in Lieu of Taxes	15.226	N/A
Gulf of Mexico Energy Security Act	15.435	N/A
National Wildlife Refuge Fund	15.659	N/A
Coastal Impact Assistance Program	15.426	N/A
Sub-Total Coastal Impact Assistance Program		
Coastal Impact Assistance Program	15.668	N/A
Coastal Impact Assistance Program	15.668	N/A
Sub-Total Coastal Impact Assistance Program		
Total Coastal Impact Assistance Program (M)		
Total U. S. Department of Interior		
Sub-Total Forward		

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
10/01/2014-09/30/2015	$ 33,141.03	$ 33,141.03	$ 33,141.03	$ 33,141.03
10/01/2014-09/30/2015	86,782.68	86,782.68	86,782.68	86,782.68
	119,923.71	119,923.71	119,923.71	119,923.71
	119,923.71	119,923.71	119,923.71	119,923.71
10/01/2013-09/30/2015	35,000.00	35,000.00	35,000.00	35,000.00
	35,000.00	35,000.00	35,000.00	35,000.00
11/06/2013-Completion	742,629.00	350,000.00	311,100.00	311,100.00
	742,629.00	350,000.00	311,100.00	311,100.00
10/01/2014-09/30/2015	33,511.00	33,511.00	33,511.00	33,511.00
10/01/2014-09/30/2015	61,612.41	61,612.41	61,612.41	61,612.41
10/01/2014-09/30/2015	286,556.00	286,556.00	286,556.00	286,556.00
01/13/2010-12/31/2016	2,281,246.39	2,281,246.39	128,716.12	128,716.12
	2,281,246.39	2,281,246.39	128,716.12	128,716.12
06/01/2012-05/31/2015	200,000.00	200,000.00	137,643.33	137,643.33
07/01/2012-12/31/2016	3,629,590.97	3,629,590.97	2,226,201.57	2,226,201.57
	3,829,590.97	3,829,590.97	2,363,844.90	2,363,844.90
	6,110,837.36	6,110,837.36	2,492,561.02	2,492,561.02
	6,492,516.77	6,492,516.77	2,874,240.43	2,874,240.43
	$ 7,390,069.48	$ 6,997,440.48	$ 3,340,264.14	$ 3,340,264.14

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
U. S. Department of Justice		
Direct Program		
Equitable Sharing Program (M)	16.922	N/A
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-DJ-BX-0435
Passed Through Alabama Department of Economic and Community Affairs (Law Enforcement/Traffic Safety Division - LETS)		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-DJ-01-008
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	12-JF-C3-012
Total U. S. Department of Justice		
U. S. Department of Transportation		
Passed Through Alabama Department of Transportation		
Formula Grants for Rural Areas	20.509	RPTO-100056955
Formula Grants for Rural Areas	20.509	RPTO-100056957
Formula Grants for Rural Areas	20.509	RPTO-100055258
Formula Grants for Rural Areas	20.509	RPTO-100056956
Sub-Total Formula Grants for Rural Areas		
Total U. S. Department of Transportation		
U. S. Department of Health and Human Services		
Passed Through the South Alabama Regional Planning Commission		
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	302-AAA-2015
Passed Through the Alabama Department of Public Health		
Public Health Emergency Preparedness	93.069	CEP-15-PV4-15
Total U. S. Department of Health and Human Services		
Sub-Total Forward		

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
	$ 7,390,069.48	$ 6,997,440.48	$ 3,340,264.14	$ 3,340,264.14
10/01/2014-09/30/2015	745,118.65	745,118.65	976,307.08	745,118.62
10/01/2013-09/30/2015	16,035.00	11,903.00	11,903.00	11,903.00
10/01/2014-09/30/2015	172,942.67	129,706.99	129,706.99	129,706.99
04/01/2014-03/31/2015	43,284.77	43,284.77	43,284.77	43,284.77
	977,381.09	930,013.41	1,161,201.84	930,013.38
10/01/2014-09/30/2015	750,273.00	750,273.00	750,273.00	750,273.00
10/01/2014-09/30/2015	335,857.37	335,857.37	335,857.37	335,857.37
10/01/2014-09/30/2015	9,723.00	9,723.00	9,723.00	9,723.00
10/01/2014-09/30/2015	407,727.00	407,727.00	407,727.00	407,727.00
	1,503,580.37	1,503,580.37	1,503,580.37	1,503,580.37
	1,503,580.37	1,503,580.37	1,503,580.37	1,503,580.37
10/01/2014-09/30/2015	467,738.00	112,998.00	112,998.00	112,998.00
07/01/2013-06/30/2015	10,000.00	10,000.00	9,993.71	9,993.71
	477,738.00	122,998.00	122,991.71	122,991.71
	$ 10,348,768.94	$ 9,554,032.26	$ 6,128,038.06	$ 5,896,849.60

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	**Federal CFDA Number**	**Pass-Through Grantor's Number**
Sub-Total Brought Forward		
Executive Office of the President		
Passed Through the Alabama Department of Public Safety		
High Intensity Drug Trafficking Areas Program	95.001	4HBC
Total Executive Office of the President		
U. S. Department of Homeland Security		
Passed Through Alabama Department of Homeland Security		
Pre-Disaster Mitigation	97.047	PDMC-PL-04-AL-2014-005
Passed Through Alabama Emergency Management Agency		
Emergency Management Performance Grants	97.042	15-EMPG
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4176-DR-AL
Total U. S. Department of Homeland Security		
Social Security Administration		
Direct Program		
Social Security - Disability Insurance	96.001	N/A
General Services Administration		
Passed Through Alabama Department of Economic and Community Affairs		
Donation of Federal Surplus Personal Property (N)	39.003	N/A
Total Expenditures of Federal Awards		

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

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

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
	$ 10,348,768.94	$ 9,554,032.26	$ 6,128,038.06	$ 5,896,849.60
01/01/2014-12/31/2015	25,602.00	25,602.00	11,780.36	11,780.36
	25,602.00	25,602.00	11,780.36	11,780.36
04/21/2014-09/30/2016	40,000.00	30,000.00	29,000.00	29,000.00
10/01/2014-09/30/2015	79,834.00	79,834.00	79,834.00	79,834.00
04/30/2014-09/30/2015	7,513,725.30	5,635,293.98	1,219,719.66	1,219,719.66
	7,633,559.30	5,745,127.98	1,328,553.66	1,328,553.66
10/01/2014-09/30/2015	2,600.00	2,600.00	2,600.00	2,600.00
10/01/2014-09/30/2015			56,280.50	56,280.50
	$ 18,010,530.24	$ 15,327,362.24	$ 7,527,252.58	$ 7,296,064.12

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

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 primary government financial statements.

Note 2 – CDBG Program

The Commission received federal awards under the Community Development Block Grants/State's Program (CFDA #14.228). However, pursuant to instructions from the pass-through entity, the compliance requirements relative to the Community Development Block Grants/Entitlement Grants (CFDA #14.218) were used for testing.

Note 3 – 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	$311,100.00

Additional Information

Commission Members and Administrative Personnel

October 1, 2014 through September 30, 2015

Commission Members		**Term Expires**
Hon. J. Tucker Dorsey (**)	Chairman	2018
Hon. Charles F. Gruber (*)	Member	2018
Hon. Frank Burt, Jr.	Member	2018
Hon. Chris Elliott	Member	2018

<u>Administrative Personnel</u>

Kimberly W. Creech	Clerk/Treasurer
Ronald J. Cink (****)	County Administrator
David A. Z. Brewer (***)	Former County Administrator

(*) Chairman through November 2014.
(**) Chairman beginning November 2014.
(***) County Administrator through November 2014.
(****) County Administrator beginning November 2014.

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

Independent Auditor's Report

To: Members of the Baldwin County Commission and County Administrator

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, 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, 2015, and the related notes to the financial statements, which collectively comprise the Baldwin County Commission's basic financial statements, and have issued our report thereon dated April 29, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

<u>Compliance and Other Matters</u>

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***.

<u>Purpose of this Report</u>

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

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

April 29, 2016

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

<u>Independent Auditor's Report</u>

To: Members of the Baldwin County Commission and County Administrator

<u>Report on Compliance for Each Major Federal Program</u>

We have audited the Baldwin County Commission's compliance with the types of compliance requirements described in the ***OMB Circular A-133 Compliance Supplement*** that could have a direct and material effect on each of the Baldwin County Commission's major federal programs for the year ended September 30, 2015. 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.

<u>Management's Responsibility</u>

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

<u>Auditor's Responsibility</u>

Our responsibility is to express an opinion on compliance for each of the Baldwin County Commission's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Baldwin County Commission's compliance.

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Opinion on Each Major Federal Program

In our opinion, the Baldwin County Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of the Baldwin County Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Baldwin County Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriated in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

April 29, 2016

Section I – Summary of Examiner's Results

Financial Statements

Type of opinion issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	______ Yes __X__ No
Significant deficiency(ies) identified?	______ Yes __X__ None reported
Noncompliance material to financial statements noted?	______ Yes __X__ No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	______ Yes __X__ No
Significant deficiency(ies) identified?	______ Yes __X__ None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	______ Yes __X__ No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster
14.228	Community Development Block Grants/State's Program
15.426 and 15.668	Coastal Impact Assistance Program
16.922	Equitable Sharing Program

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000.00
Auditee qualified as low-risk auditee?	______ Yes __X__ No

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.	