

Report on the

# Baldwin County Commission

Baldwin County, Alabama

October 1, 2020 through September 30, 2021

Filed: September 16, 2022



## Department of Examiners of Public Accounts

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*Rachel Laurie Riddle, Chief Examiner*





Rachel Laurie Riddle  
*Chief Examiner*

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**Examiners of Public Accounts**

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

Dear Madam:

An audit was conducted on the Baldwin County Commission, Baldwin County, Alabama, for the period October 1, 2020 through September 30, 2021, by Examiners Cindy R. Wilson, Carolina Fussell and Holly Henderson. I, Cindy R. Wilson, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

Cindy R. Wilson  
Examiner of Public Accounts

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Department of  
**Examiners of Public Accounts**

**SUMMARY**

**Baldwin County Commission  
October 1, 2020 through September 30, 2021**

The Baldwin County Commission (the “Commission”) is governed by a four-member body elected by the citizens of Baldwin County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 23. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Baldwin County.

This report presents the results of an audit the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the Commission complied with applicable laws and regulations, including those applicable to its major federal financial assistance program. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States as well as the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

An unmodified opinion was issued on the 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, 2021.

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

**EXIT CONFERENCE**

Commission members and administrative personnel, as reflected on Exhibit 23, were invited to discuss the results of this report at an exit conference. Individuals in attendance were: Cian Harrison, Clerk/Treasurer; and County Commissioners: Charles F. Gruber, Joe Davis, III and Billie Jo Underwood. Also in attendance were representatives of the Department of Examiners of Public Accounts: Brian Wheeler, Audit Manager; Carolina Fussell, Examiner; and Holly Henderson, Examiner.

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*Independent Auditor's Report*

## **Independent Auditor's Report**

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

### **Report on the 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, 2021, and the related notes to the financial statements, which collectively comprise the Baldwin County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 11.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 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 that 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, 2021, 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**

The Baldwin County Commission's basic financial statements for the year ended September 30, 2021, reflect the provisions of the Governmental Accounting Standards Board's (GASB) Statement Number 84, *Fiduciary Activities*. The Baldwin County Commission implemented the requirements of GASB Statement Number 84 during the fiscal year. See Note 19 of the accompanying financial statements for the impact of the standard's implementation. 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), the Schedules of Changes in the Employer's Net Pension Liability, the Schedule of the Employer's Proportionate Share of the Net Pension Liability – Judicial Retirement Fund, the Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions, and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 12 through 21), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

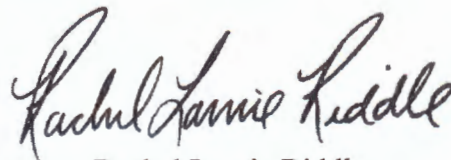
*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Baldwin County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 22), as required by Title 2 U. S. *Code of Federal Regulations* Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)***, is presented for the purpose 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with ***Government Auditing Standards***, we have also issued our report dated July 21, 2022, on our consideration of the Baldwin County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Baldwin County Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Baldwin County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle  
Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

July 21, 2022



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# *Basic Financial Statements*

**Statement of Net Position**  
**September 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 128,817,408.03	\$ 34,155,157.39	\$ 162,972,565.42
Receivables, Net (Note 4)	93,012,642.07	1,559,206.47	94,571,848.54
Taxes Receivable	52,530,732.03		52,530,732.03
Inventories	158.83		158.83
Prepaid Items	192,295.77	112.80	192,408.57
Total Current Assets	274,553,236.73	35,714,476.66	310,267,713.39
<b>Noncurrent Assets</b>			
Restricted Cash and Cash Equivalents	11,633,967.88	3,993.60	11,637,961.48
Restricted Cash with Fiscal Agent	4,650,453.57		4,650,453.57
Capital Assets (Note 5):			
Nondepreciable	96,139,222.37	7,406,877.00	103,546,099.37
Depreciable, Net	391,956,398.28	13,578,922.39	405,535,320.67
Total Capital Asset, Net	488,095,620.65	20,985,799.39	509,081,420.04
Total Noncurrent Assets	504,380,042.10	20,989,792.99	525,369,835.09
Total Assets	778,933,278.83	56,704,269.65	835,637,548.48
<b>Deferred Outflows of Resources</b>			
Deferred Amount on Refunding	3,785,506.42		3,785,506.42
Deferred Outflows Related to Net Pension Liability	13,038,765.65	1,291,125.11	14,329,890.76
Deferred Outflows Related to Other Post Employee Benefits (OPEB) Liability	3,589,478.97	244,263.04	3,833,742.01
Total Deferred Outflows of Resources	20,413,751.04	1,535,388.15	21,949,139.19
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables (Note 8)	21,720,137.24	922,770.93	22,642,908.17
Accrued Wages Payable	258,758.39	47,252.39	306,010.78
Unearned Revenue	29,601,130.25		29,601,130.25
Accrued Interest Payable	1,085,253.39		1,085,253.39
Long-Term Liabilities:			
Portion Payable Within One Year:			
Note from Direct Borrowing	220,865.00		220,865.00
Warrants Payable	7,575,000.00		7,575,000.00
Add: Unamortized Premium	365,468.68		365,468.68
Less: Unamortized Discount	(1,718.21)		(1,718.21)
Leases Payable	1,692,916.85		1,692,916.85
Compensated Absences	1,652,203.12	208,411.53	1,860,614.65
Estimated Liability for Landfill Closure/Postclosure Care Costs		315,543.49	315,543.49
Total Current Liabilities	\$ 64,170,014.71	\$ 1,493,978.34	\$ 65,663,993.05

**Statement of Net Position**  
**September 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>Noncurrent Liabilities</b>			
Portion Payable After One Year:			
Warrants Payable	\$ 63,126,780.35	\$	\$ 63,126,780.35
Add: Unamortized Premium	2,420,248.99		2,420,248.99
Less: Unamortized Discount	(29,209.67)		(29,209.67)
Leases Payable	52,447,567.17		52,447,567.17
Compensated Absences	3,340,144.41	383,586.05	3,723,730.46
Estimated Liability for OPEB	8,598,946.00	938,656.00	9,537,602.00
Net Pension Liability	34,845,606.44	3,442,436.57	38,288,043.01
Estimated Liability for Landfill Closure/Postclosure Care Costs		4,616,927.26	4,616,927.26
Total Noncurrent Liabilities	<u>164,750,083.69</u>	<u>9,381,605.88</u>	<u>174,131,689.57</u>
Total Liabilities	<u>228,920,098.40</u>	<u>10,875,584.22</u>	<u>239,795,682.62</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - Property Taxes	47,589,248.90		47,589,248.90
Revenue Received in Advance - Motor Vehicle Taxes	1,500,068.74		1,500,068.74
Deferred Inflows Related to Net Pension Liability	2,723,109.23	447,145.76	3,170,254.99
Deferred Inflows Related to Net OPEB Liability	129,258.21	60,690.79	189,949.00
Total Deferred Inflows of Resources	<u>51,941,685.08</u>	<u>507,836.55</u>	<u>52,449,521.63</u>
<b>Net Position</b>			
Net Investment in Capital Assets	424,704,932.70	20,985,799.39	445,690,732.09
Restricted for:			
Debt Service	3,565,200.18		3,565,200.18
Landfill Closure and Postclosure Costs		5,456,591.60	5,456,591.60
Road Projects	2,843,028.35		2,843,028.35
Term Endowments	16,161,101.70		16,161,101.70
Other Purposes	23,449,114.44		23,449,114.44
Unrestricted	<u>47,761,869.02</u>	<u>20,413,846.04</u>	<u>68,175,715.06</u>
Total Net Position	<u>\$ 518,485,246.39</u>	<u>\$ 46,856,237.03</u>	<u>\$ 565,341,483.42</u>

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

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**Statement of Activities**

**For the Year Ended September 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General Government	\$ 120,127,118.15	\$ 17,220,151.80	\$ 68,804,486.84	\$	\$ (34,102,479.51)	\$	\$ (34,102,479.51)
Public Safety	45,766,935.33	1,044,269.78	939,349.02		(43,783,316.53)		(43,783,316.53)
Highways and Roads	18,405,610.78	144,895.45			(18,260,715.33)		(18,260,715.33)
Health	2,975,697.61	42,222.83	1,266,535.81		(1,666,938.97)		(1,666,938.97)
Welfare	654,133.29				(654,133.29)		(654,133.29)
Culture and Recreation	5,140,740.29	150,887.14	2,591,920.56		(2,397,932.59)		(2,397,932.59)
Education	112,608.05				(112,608.05)		(112,608.05)
Interest on Long-Term Debt	3,470,486.80				(3,470,486.80)		(3,470,486.80)
Total Governmental Activities	196,653,330.30	18,602,427.00	73,602,292.23		(104,448,611.07)		(104,448,611.07)
<b>Business-Type Activities</b>							
Solid Waste	18,966,763.22	27,519,639.68		(79,508.36)		8,473,368.10	8,473,368.10
Total Business-Type Activities	18,966,763.22	27,519,639.68		(79,508.36)		8,473,368.10	8,473,368.10
Total Primary Government	\$ 215,620,093.52	\$ 46,122,066.68	\$ 73,602,292.23	\$ (79,508.36)	(104,448,611.07)	8,473,368.10	(95,975,242.97)
<b>General Revenues and Transfers:</b>							
Taxes:							
Property Taxes for General Purposes					30,292,546.49		30,292,546.49
Property Taxes for Specific Purposes					15,971,173.33		15,971,173.33
General Sales Tax					28,841,843.14		28,841,843.14
Special Sales Tax					1,172,919.67		1,172,919.67
County Gasoline Sales Tax					9,628,837.51		9,628,837.51
Miscellaneous Taxes					20,260,678.50		20,260,678.50
Grants/Contributions Not Restricted to Specific Programs					2,417,318.75		2,417,318.75
Coronavirus Rescue Relief Funds					673,936.90		673,936.90
Unrestricted Investment Earnings					188,809.08		188,809.08
Miscellaneous					32,769,198.09	642,255.18	33,411,453.27
Gain on Disposition of Capital Assets					1,477,966.76	344,940.00	1,822,906.76
Transfers					54,224.78	(54,224.78)	
Total General Revenues and Transfers					143,749,453.00	932,970.40	144,682,423.40
Change in Net Position					39,300,841.93	9,406,338.50	48,707,180.43
Net Position - Beginning of Year, as Restated (Note 19)					479,184,404.46	37,449,898.53	516,634,302.99
Net Position - End of Year					\$ 518,485,246.39	\$ 46,856,237.03	\$ 565,341,483.42

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

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2021**

	General Fund	Gasoline Tax Fund	Coronavirus Rescue Act Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and Cash Equivalents	\$ 50,924,524.31	\$ 19,480,609.75	\$ 21,071,259.74	\$ 3,497,879.75	\$ 16,481.47	\$ 45,460,620.89	\$ 140,451,375.91
Cash with Fiscal Agent					4,650,453.57		4,650,453.57
Taxes Receivable	43,912,241.15	773,155.90				7,845,334.98	52,530,732.03
Due From Other Funds	789,695.60	1,911,074.94				275.06	2,701,045.60
Receivables, Net (Note 4)	31,550,504.77	2,891,082.51		57,258,096.45		1,312,958.34	93,012,642.07
Interest Receivable on Advance To Other Funds						58,871.84	58,871.84
Inventories	158.83						158.83
Prepaid Items	192,295.77						192,295.77
Advances To Other Funds						7,982,623.20	7,982,623.20
<b>Total Assets</b>	<b>127,369,420.43</b>	<b>25,055,923.10</b>	<b>21,071,259.74</b>	<b>60,755,976.20</b>	<b>4,666,935.04</b>	<b>62,660,684.31</b>	<b>301,580,198.82</b>
<b>Liabilities</b>							
Payables (Note 8)	17,628,335.37	2,179,267.99	56,751.00	451,490.00	2,100.00	1,402,192.88	21,720,137.24
Interest Payable on Advance From Other Funds	58,871.84						58,871.84
Due To Other Funds	1,911,074.94			610,326.59		179,644.07	2,701,045.60
Accrued Wages Payable	131,687.80	69,259.42				57,811.17	258,758.39
Unearned Revenue			21,006,357.10			8,594,773.15	29,601,130.25
Advances From Other Funds	7,982,623.20						7,982,623.20
<b>Total Liabilities</b>	<b>27,712,593.15</b>	<b>2,248,527.41</b>	<b>21,063,108.10</b>	<b>1,061,816.59</b>	<b>2,100.00</b>	<b>10,234,421.27</b>	<b>62,322,566.52</b>
<b>Deferred Inflows of Resources</b>							
Deferred Property Taxes	39,743,913.92					7,845,334.98	47,589,248.90
Revenue Received in Advance - Motor Vehicle Taxes	1,500,068.74						1,500,068.74
<b>Total Deferred Inflows of Resources</b>	<b>\$ 41,243,982.66</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 7,845,334.98</b>	<b>\$ 49,089,317.64</b>

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2021**

	General Fund	Gasoline Tax Fund	Coronavirus Rescue Act Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>							
Nonspendable:							
Inventories	\$ 158.83	\$	\$	\$	\$	\$	\$ 158.83
Prepaid Items	192,295.77						192,295.77
Term Endowments						16,161,101.70	16,161,101.70
Restricted for:							
Capital Projects				59,689,939.73		163,135.87	59,853,075.60
Debt Service					4,650,453.57		4,650,453.57
Highways and Roads		551,750.98				2,291,277.37	2,843,028.35
Other Purposes	623,836.90					22,825,277.54	23,449,114.44
Committed to:							
Other Purposes	3,944,473.90						3,944,473.90
Assigned to:							
Capital Projects						68,084.24	68,084.24
Debt Service					14,381.47		14,381.47
Encumbrances	2,038,445.80	4,216,081.69		4,219.88		63,952.86	6,322,700.23
Highways and Roads		18,039,563.02				363,748.51	18,403,311.53
Other Purposes			8,151.64			2,644,349.97	2,652,501.61
Unassigned	51,613,633.42						51,613,633.42
Total Fund Balances	58,412,844.62	22,807,395.69	8,151.64	59,694,159.61	4,664,835.04	44,580,928.06	190,168,314.66
Total Liabilities, Deferred inflows of Resources and Fund Balances	\$ 127,369,420.43	\$ 25,055,923.10	\$ 21,071,259.74	\$ 60,755,976.20	\$ 4,666,935.04	\$ 62,660,684.31	\$ 301,580,198.82

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

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***Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Position  
September 30, 2021***

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Total Fund Balances - Governmental Funds (Exhibit 3) \$ 190,168,314.66

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	\$ 67,492,461.01	
Historical Artifacts	112,000.00	
Infrastructure	381,459,057.35	
Infrastructure in Progress	16,591,362.86	
Construction in Progress	11,943,398.50	
Building and Building Improvements	93,710,522.73	
Improvements Other Than Buildings	35,253,258.59	
Computer and Communication Equipment	19,614,481.76	
Equipment and Furniture	5,574,050.04	
Motor Vehicles and Heavy Equipment	37,337,427.67	
Capital Assets Under Capital Lease	1,425,966.59	
Less: Accumulated Depreciation	<u>(182,418,366.45)</u>	
Total Capital Assets		488,095,620.65

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. 3,785,506.42

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

Deferred Outflows Related to Defined Benefit Pension Plan	\$ 13,038,765.65	
Deferred Inflows Related to Defined Benefit Pension Plan	(2,723,109.23)	
Deferred Outflows Related to Net Other Postemployment Benefits (OPEB)	3,589,478.97	
Deferred Inflows Related to Net Other Postemployment Benefits (OPEB)	<u>(129,258.21)</u>	
		13,775,877.18

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



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

	Due or Payable Within One Year	Due of Payable After One Year	
Accrued Interest Payable	\$ 1,085,253.39		\$
Installment Notes Payable	220,865.00		
Warrants Payable	7,575,000.00	63,126,780.35	
Unamortized Discount	(1,718.21)	(29,209.67)	
Unamortized Premium	365,468.68	2,420,248.99	
Leases Payable	1,692,916.85	52,447,567.17	
Net Pension Liability		34,845,606.44	
Estimated Liability for Compensated Absences	1,652,203.12	3,340,144.41	
Other Postemployment Benefits (OPEB) Liability		8,598,946.00	
Total Liabilities	<u>\$ 12,589,988.83</u>	<u>\$ 164,750,083.69</u>	<u>(177,340,072.52)</u>
Total Net Position - Governmental Activities (Exhibit 1)			<u><u>\$ 518,485,246.39</u></u>

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**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2021**

	General Fund	Gasoline Tax Fund	Coronavirus Rescue Act Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 78,250,786.04	\$ 9,628,837.51	\$	\$	\$	\$ 7,801,140.41	\$ 95,680,763.96
Licenses and Permits	1,836,888.35					983,706.28	2,820,594.63
Intergovernmental	72,209,860.64	6,305,171.02	673,936.90			14,314,985.14	93,503,953.70
Charges for Services	15,676,532.61	144,895.45				2,370,858.66	18,192,286.72
Fines and Forfeits	20,101.52						20,101.52
Miscellaneous	14,144,037.84	554,082.03	8,151.64	8,300.00	398.47	8,859,976.95	23,574,946.93
Total Revenues	182,138,207.00	16,632,986.01	682,088.54	8,300.00	398.47	34,330,667.44	233,792,647.46
<b>Expenditures</b>							
Current:							
General Government	104,656,449.33		454,888.28		9,100.00	10,849,779.19	115,970,216.80
Public Safety	32,228,878.44					10,406,575.09	42,635,453.53
Highways and Roads		9,532,742.55				1,232,972.04	10,765,714.59
Health	812,321.90					2,148,943.78	2,961,265.68
Welfare	636,579.07						636,579.07
Culture and Recreation	4,802,054.42						4,802,054.42
Education	67,815.48					20,000.00	87,815.48
Capital Outlay	7,295,678.35	17,205,637.42	219,048.62	4,944,236.41		2,957,687.64	32,622,288.44
Debt Service:							
Principal Retirement					43,059,946.63		43,059,946.63
Interest and Fiscal Charges	301,618.00				3,311,872.73		3,613,490.73
Issuance Costs				254,351.75	350,944.22		605,295.97
Total Expenditures	150,801,394.99	26,738,379.97	673,936.90	5,198,588.16	46,731,863.58	27,615,957.74	257,760,121.34
Excess (Deficiency) of Revenues Over Expenditures	31,336,812.01	(10,105,393.96)	8,151.64	(5,190,288.16)	(46,731,465.11)	6,714,709.70	(23,967,473.88)
<b>Other Financing Sources (Uses)</b>							
Transfers In	1,860,195.62	18,810,606.33			46,932,949.40	2,343,729.63	69,947,480.98
Proceeds from Sale of Capital Assets	111,641.52	1,454,226.15				20,055.00	1,585,922.67
Proceeds from Long-Term Debt Issued	48,374,817.60				33,695,000.00		82,069,817.60
Proceeds from Capital Lease				19,735,000.00			19,735,000.00
Payment to Refunded Bond Escrow Agent					(33,794,634.54)		(33,794,634.54)
Premium on Long-Term Debt Issued				2,519,351.75			2,519,351.75
Transfers Out	(61,207,095.27)	(4,290,896.19)		(1,827,834.27)		(2,567,430.47)	(69,893,256.20)
Total Other Financing Sources (Uses)	(10,860,440.53)	15,973,936.29		20,426,517.48	46,833,314.86	(203,645.84)	72,169,682.26
Net Change in Fund Balances	20,476,371.48	5,868,542.33	8,151.64	15,236,229.32	101,849.75	6,511,063.86	48,202,208.38
Fund Balances - Beginning of Year, as Restated (Note 19)	37,936,473.14	16,938,853.36		44,457,930.29	4,562,985.29	38,069,864.20	141,966,106.28
Fund Balances - End of Year	\$ 58,412,844.62	\$ 22,807,395.69	\$ 8,151.64	\$ 59,694,159.61	\$ 4,664,835.04	\$ 44,580,928.06	\$ 190,168,314.66

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

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***Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2021***

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Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 48,202,208.38

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

Governmental funds report capital outlays as expenditures. However, in the Statement  
of Activities, the cost of those assets is allocated over their estimated useful lives as  
depreciation expense. This is the amount by which capital outlay (\$32,622,288.44)  
exceeded depreciation (\$12,890,557.41) in the current period. 19,731,731.03

In the Statement of Activities, donation of capital assets is recorded as revenue,  
whereas in the governmental funds it is not recorded. 930,951.23

In the Statement of Activities, only the gain or loss on the sale/disposal of capital assets  
is reported, whereas in the governmental funds, the proceeds from the sale/disposal  
are reported. Thus the changes in net position differs from the change in fund balance  
by the cost of the assets sold. (107,955.91)

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. 43,059,946.63

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 does not affect the Statement of Activities. 33,794,634.54

This issuance of debt is reported as other financing sources in governmental funds  
and thus contributes to the change in fund balance. However, in the Statement of  
Net Position, issuing debt increases long-term liabilities and does not affect the  
Statement of Activities. (101,804,817.60)

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

Premiums on Debt Issued (2,519,351.75)

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

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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	\$ (148,311.51)	
Amortization of Deferred Discount	(1,718.21)	
Amortization of Premium	2,884,820.43	
Amortization of Deferred Loss on Refunding	(2,465,512.43)	
Net Increase in Other Postemployment Benefits (OPEB) Expense	1,041,938.11	
Net Increase in Pension Expense	(2,812,266.26)	
Net Increase in Compensated Absences	(485,454.75)	
		<u>(1,986,504.62)</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 39,300,841.93

**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2021**

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 29,380,042.77	\$ 4,775,114.62	\$ 34,155,157.39
Receivables, Net (Note 4)	1,331,416.80	227,789.67	1,559,206.47
Prepaid Items	112.80		112.80
Total Current Assets	<u>30,711,572.37</u>	<u>5,002,904.29</u>	<u>35,714,476.66</u>
<b>Noncurrent Assets</b>			
Restricted Cash and Cash Equivalents	3,993.60		3,993.60
Capital Assets (Note 5):			
Nondepreciable	7,406,877.00		7,406,877.00
Depreciable, Net	10,162,482.45	3,416,439.94	13,578,922.39
Total Noncurrent Assets	<u>17,573,353.05</u>	<u>3,416,439.94</u>	<u>20,989,792.99</u>
Total Assets	<u>48,284,925.42</u>	<u>8,419,344.23</u>	<u>56,704,269.65</u>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Net Pension Liability	568,449.18	722,675.93	1,291,125.11
Deferred Outflows Related to Net Other Postemployment Benefits (OPEB) Liability	90,683.25	153,579.79	244,263.04
Total Deferred Outflows of Resources	<u>659,132.43</u>	<u>876,255.72</u>	<u>1,535,388.15</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables (Note 8)	471,688.62	451,082.31	922,770.93
Accrued Wages Payable	21,349.61	25,902.78	47,252.39
Long-Term Liabilities:			
Portion Payable Within One Year:			
Compensated Absences	97,728.15	110,683.38	208,411.53
Estimated Liability for Landfill Closure/Postclosure Care Costs	315,543.49		315,543.49
Total Current Liabilities	<u>906,309.87</u>	<u>587,668.47</u>	<u>1,493,978.34</u>
<b>Noncurrent Liabilities</b>			
Long-Term Liabilities:			
Portion Due After One Year:			
Compensated Absences	185,258.75	198,327.30	383,586.05
Net Pension Liability	1,769,069.43	1,673,367.14	3,442,436.57
Net Other Postemployment Benefits (OPEB) Liability	345,253.00	593,403.00	938,656.00
Estimated Liability for Landfill Closure/Postclosure Care Costs	4,616,927.26		4,616,927.26
Total Noncurrent Liabilities	<u>6,916,508.44</u>	<u>2,465,097.44</u>	<u>9,381,605.88</u>
Total Liabilities	<u>\$ 7,822,818.31</u>	<u>\$ 3,052,765.91</u>	<u>\$ 10,875,584.22</u>

**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2021**

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Net Pension Liability	\$ 172,864.77	\$ 274,280.99	\$ 447,145.76
Deferred Inflows Related to Net Other Postemployment Benefits (OPEB) Liability	28,202.13	32,488.66	60,690.79
Total Deferred Inflows of Resources	<u>201,066.90</u>	<u>306,769.65</u>	<u>507,836.55</u>
<b>Net Position</b>			
Net Investment in Capital Assets	17,569,359.45	3,416,439.94	20,985,799.39
Restricted for:			
Landfill Closure and Postclosure Costs	5,456,591.60		5,456,591.60
Unrestricted	17,894,221.59	2,519,624.45	20,413,846.04
Total Net Position	<u>\$ 40,920,172.64</u>	<u>\$ 5,936,064.39</u>	<u>\$ 46,856,237.03</u>

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

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**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2021**

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<b>Revenues</b>			
Charges for Services	\$ 18,201,513.05	\$ 9,190,974.52	\$ 27,392,487.57
Intergovernmental	46,267.85	1,375.90	47,643.75
Total Revenues	<u>18,247,780.90</u>	<u>9,192,350.42</u>	<u>27,440,131.32</u>
<b>Operating Expenses</b>			
Salaries and Benefits	3,081,414.18	3,839,331.28	6,920,745.46
Pension Expense	132,483.72	152,486.11	284,969.83
Contractual and Professional Services	1,095,663.73	2,135,257.75	3,230,921.48
Travel	4,877.44		4,877.44
Materials and Supplies	2,089,052.71	1,700,275.93	3,789,328.64
Utilities and Communications	136,477.75	154,381.24	290,858.99
Other Expenses	1,033,530.18	241,952.48	1,275,482.66
Depreciation	1,636,660.96	1,217,374.27	2,854,035.23
Landfill Expenses	315,543.49		315,543.49
Total Operating Expenses	<u>9,525,704.16</u>	<u>9,441,059.06</u>	<u>18,966,763.22</u>
Operating Income (Loss)	<u>8,722,076.74</u>	<u>(248,708.64)</u>	<u>8,473,368.10</u>
<b>Nonoperating Revenues (Expenses)</b>			
Other Miscellaneous	593,514.51		593,514.51
Interest Earned	42,159.57	6,581.10	48,740.67
Gain on Sale of Capital Assets	62,980.00	281,960.00	344,940.00
Total Nonoperating Revenues (Expenses)	<u>698,654.08</u>	<u>288,541.10</u>	<u>987,195.18</u>
Income (Loss) Before Transfers	<u>9,420,730.82</u>	<u>39,832.46</u>	<u>9,460,563.28</u>
<b>Operating Transfers</b>			
Transfers Out	(54,224.78)		(54,224.78)
Total Operating Transfers	<u>(54,224.78)</u>		<u>(54,224.78)</u>
Changes in Net Position	9,366,506.04	39,832.46	9,406,338.50
Total Net Position - Beginning of Year	<u>31,553,666.60</u>	<u>5,896,231.93</u>	<u>37,449,898.53</u>
Total Net Position - End of Year	<u>\$ 40,920,172.64</u>	<u>\$ 5,936,064.39</u>	<u>\$ 46,856,237.03</u>

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

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2021**

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	\$ 18,065,926.29	\$ 9,388,419.48	\$ 27,454,345.77
Intergovernmental Revenues	46,267.85	1,375.90	47,643.75
Payments to Employees	(3,205,420.37)	(4,088,445.04)	(7,293,865.41)
Payments to Suppliers	(4,243,039.50)	(4,286,774.67)	(8,529,814.17)
Net Cash Provided (Used) by Operating Activities	<u>10,663,734.27</u>	<u>1,014,575.67</u>	<u>11,678,309.94</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Interfund Loans Made/Repaid	(17,688.08)	(20,163.06)	(37,851.14)
Miscellaneous	593,514.51		593,514.51
Transfers Out	(54,224.78)		(54,224.78)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>521,601.65</u>	<u>(20,163.06)</u>	<u>501,438.59</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Sale of Assets	62,980.00	281,960.00	344,940.00
Purchase of Capital Assets	(1,999,003.19)	(1,120,456.71)	(3,119,459.90)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,936,023.19)</u>	<u>(838,496.71)</u>	<u>(2,774,519.90)</u>
<b>Cash Flows from Investing Activities</b>			
Interest Revenue	42,159.57	6,581.10	48,740.67
Net Cash Provided (Used) by Investing Activities	<u>42,159.57</u>	<u>6,581.10</u>	<u>48,740.67</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,291,472.30	162,497.00	9,453,969.30
Cash and Cash Equivalents - Beginning of Year	<u>20,092,564.07</u>	<u>4,612,617.62</u>	<u>24,705,181.69</u>
Cash and Cash Equivalents - End of Year	<u>\$ 29,384,036.37</u>	<u>\$ 4,775,114.62</u>	<u>\$ 34,159,150.99</u>

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2021**

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>			
<b>by Operating Activities</b>			
Operating Income (Loss)	\$ 8,722,076.74	\$ (248,708.64)	\$ 8,473,368.10
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used)</b>			
<b>by Operating Activities</b>			
Depreciation Expense	1,636,660.96	1,217,374.27	2,854,035.23
Landfill Expense	315,543.49		315,543.49
Pension Expense	132,483.72	152,486.11	284,969.83
Other Postemployment Benefits Expense	(51,592.45)	(86,884.84)	(138,477.29)
Change in Assets and Liabilities:			
(Increase)/Decrease Receivables, Net	(135,586.76)	145,649.30	10,062.54
(Increase)/Decrease Prepaid Items	252.47		252.47
Increase/(Decrease) Accounts Payable	112,995.87	(6,541.00)	106,454.87
Increase/(Decrease) Wages Payable	(135,557.56)	(168,305.39)	(303,862.95)
Increase/(Decrease) Compensated Absences	66,457.79	9,505.86	75,963.65
Net Cash Provided by Operating Activities	<u>\$ 10,663,734.27</u>	<u>\$ 1,014,575.67</u>	<u>\$ 11,678,309.94</u>

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

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***Statement of Fiduciary Net Position***  
***September 30, 2021***

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	<b>Custodial Funds</b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$ 6,018,731.74
Investments	2,848,403.63
Receivables, Net (Note 4)	68,136.45
Total Assets	<u>8,935,271.82</u>
<b><u>Liabilities</u></b>	
Payables (Note 8)	1,179.65
Payable to External Parties	2,080,816.54
Total Liabilities	<u>2,081,996.19</u>
<b><u>Net Position</u></b>	
Held in Trust for Other Purposes	6,853,275.63
Total Net Position	<u>\$ 6,853,275.63</u>

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

***Statement of Changes in Fiduciary Net Position  
For the Year Ended September 30, 2021***

	<b>Custodial Funds</b>
<b><u>Additions</u></b>	
Contributions From:	
Taxes	\$ 142,158,886.20
Restitution Recovery	188,444.78
Probate Court	2,718,934.46
Licenses and Fees	21,442,422.33
Interest	3,558.31
Miscellaneous Additions	22,105.45
Total Additions	<u>166,534,351.53</u>
<b><u>Deductions</u></b>	
Taxes and Fees Paid to Other Governments	162,997,850.71
Administrative Expenses	393,190.42
Payments to Beneficiaries	3,226,338.03
Total Deductions	<u>166,617,379.16</u>
Changes in Net Position	(83,027.63)
Net Position - Beginning of Year, as Restated (Note 19)	<u>6,936,303.26</u>
Net Position - End of Year	<u><u>\$ 6,853,275.63</u></u>

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### **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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### **Fund Financial Statements**

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

The Commission reports the following major governmental funds:

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

The Commission reports the following governmental fund type 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.



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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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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 account for all fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds or investments trust funds and are held in a trust that meets the criteria in GASB 84.
- ◆ **Custodial Funds** – These funds are used to account for fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

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

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

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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

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

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

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

##### **1. Deposits and Investments**

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

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

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### **2. Receivables**

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

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

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

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

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

#### **3. Inventories**

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

#### **4. Prepaid Items**

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

#### **5. Restricted Assets**

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

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

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**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 value on the date of acquisition. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred, for repairs and maintenance, are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed. 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 government-wide and proprietary funds Statement of Net Position. Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### **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 payables are reported at gross with the applicable warrant premium or discount reported separately. Warrant issuance costs are reported as an expense in the period incurred.

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

#### **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, full-time classified, appointed and probationary employees with five years or less service at the rate of 1 day per calendar month, for employees with 5 and up to 10 years' service at the rate of 1 and ¼ days per month, for employees with 10 and up to 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.

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

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

##### **Sick Leave**

Sick leave accrues to regular, full-time classified, appointed and probationary employees at the rate of one day per calendar month worked. Upon retirement, an employee shall be paid ½ of their accumulated sick leave not to exceed 360 hours.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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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. Net Position/Fund Balances**

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

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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

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

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### **E. Pensions**

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

#### **F. Postemployment Benefits Other Than Pensions (OPEB)**

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

#### **Note 2 – Stewardship, Compliance, and Accountability**

##### **A. Budgets**

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

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

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



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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

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**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, 2021 the balance set aside for emergency reserves for the General Fund is \$11,844,052.58, Gasoline Tax Fund is \$4,301,073.17 and Solid Waste Fund is \$1,704,013.83 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 or money market funds.

**Cash with Fiscal Agent**

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

As of September 30, 2021, the Commission’s cash with fiscal agent was invested as follows:

Investment Type	Maturities	Value	Rating
Fidelity Investments Money Market Treasury Only – Class III	Weighted Average Maturity of 52 days	<u>\$4,650,453.57</u>	S & P AAAm Moody’s AAA-mf

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### **Investments**

##### **Policy Statement**

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

##### **Investment Policies**

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

##### **Designation of Investment Management**

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

##### **Ethics and Conflict of Interest**

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

##### **Objectives**

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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

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

#### **Investment Strategies**

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

#### **Due Professional Care**

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

#### **Authorized Investments**

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

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

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**Maximum Maturities**

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

**Procedural Requirement**

The County Clerk/Treasurer is responsible for overseeing the daily operations in relation to the management of the County's investment portfolio. The County Clerk/Treasurer may assign staff members to assist in managing the overall program. After the passage of each annual fiscal year budget, the County Clerk/Treasurer will establish an overall annual investment strategy based upon the County's current financial position and the established fiscal plan for the upcoming year. The County Clerk/Treasurer, on a monthly basis, will review the status of the investment program and its portfolio and determine whether changes are required in its overall annual plan due to unanticipated changes in immediate or near future cash needs.

**Interest Rate Risk**

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

**Credit Risk**

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

**Concentration of Credit Risk**

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

Investments in Money Markets	<u>\$4,650,453.57</u>	100.00%
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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

**Custodial Credit Risk**

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

**Note 4 – Receivables**

On September 30, 2021, receivables for the Commission’s individual major funds and other governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts	Intergovernmental	Other	Total
<u>Receivables:</u>				
General Fund	\$129,986.74	\$31,198,748.68	\$ 221,769.35	\$31,550,504.77
Gasoline Tax Fund	10,192.24	2,880,890.27		2,891,082.51
Capital Projects Fund			57,258,096.45	57,258,096.45
Other Governmental Funds	62,564.60	1,199,462.36	50,931.38	1,312,958.34
Total Governmental Funds	<u>\$202,743.58</u>	<u>\$35,279,101.31</u>	<u>\$57,530,797.18</u>	<u>\$93,012,642.07</u>

Included in “Other” receivables above is \$57,258,096.45 in the Capital Projects Fund which represents amounts due from the Baldwin County Public Building Authority for the construction of the Jail Project.

	Solid Waste Fund	Solid Waste Collection Fund	Total Enterprise Funds
<u>Proprietary Funds:</u>			
<u>Receivables:</u>			
Accounts Receivable	\$1,311,774.21	\$226,402.59	\$1,538,176.80
Intergovernmental Receivable	45,314.10	5,429.48	50,743.58
Interest Receivable	548.10		548.10
Gross Receivables	<u>1,357,636.41</u>	<u>231,832.07</u>	<u>1,589,468.48</u>
Less: Allowable for Doubtful Accounts	(26,219.61)	(4,042.40)	(30,262.01)
Net Total Receivables	<u>\$1,331,416.80</u>	<u>\$227,789.67</u>	<u>\$1,559,206.47</u>

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

**Note 5 – Capital Assets**

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance 10/01/2020	Reclassifications (*)
<b>Governmental Activities:</b>		
<b>Capital Assets, Not Being Depreciated:</b>		
Land	\$ 65,476,236.87	\$
Historical Artifacts	112,000.00	
Infrastructure in Progress	11,679,996.10	(2,686,256.44)
Construction in Progress	2,944,771.36	(12,911.39)
Total Capital Assets, Not Being Depreciated	80,213,004.33	(2,699,167.83)
<b>Capital Assets Being Depreciated:</b>		
Infrastructure	373,266,844.88	2,266,829.53
Buildings	93,689,675.59	
Improvements Other Than Buildings	33,353,620.48	419,426.91
Computer and Communication Equipment	18,429,376.34	12,911.39
Equipment and Furniture	5,240,291.54	
Motor Vehicle and Heavy Equipment	35,234,415.68	
Capital Assets Under Capital Lease	1,425,966.59	
Total Capital Assets Being Depreciated	560,640,191.10	2,699,167.83
<b>Less Accumulated Depreciation for:</b>		
Infrastructure	(67,637,447.10)	
Buildings	(55,325,940.10)	
Improvements Other Than Buildings	(6,554,953.91)	
Computer and Communication Equipment	(16,954,644.87)	
Equipment and Furniture	(3,708,431.04)	
Motor Vehicle and Heavy Equipment	(22,931,618.23)	
Capital Assets Under Capital Lease	(199,265.88)	
Total Accumulated Depreciation	(173,312,301.13)	
Total Capital Assets Being Depreciated, Net	387,327,889.97	2,699,167.83
Total Governmental Activities Capital Assets, Net	\$ 467,540,894.30	\$
(*) Amounts included in the "Reclassifications" column were necessary due to projects that were completed or terminated during the year.		

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

Additions	Retirements	Balance 09/30/2021
\$ 2,016,224.14	\$	\$ 67,492,461.01
		112,000.00
7,597,623.20		16,591,362.86
9,011,538.53		11,943,398.50
18,625,385.87		96,139,222.37
5,925,382.94		381,459,057.35
20,847.14		93,710,522.73
1,480,211.20		35,253,258.59
1,172,194.03		19,614,481.76
333,758.50		5,574,050.04
5,995,459.99	(3,892,448.00)	37,337,427.67
		1,425,966.59
14,927,853.80	(3,892,448.00)	574,374,764.73
(2,848,580.75)		(70,486,027.85)
(2,801,913.41)		(58,127,853.51)
(1,138,934.23)		(7,693,888.14)
(620,354.15)		(17,574,999.02)
(535,681.32)		(4,244,112.36)
(4,659,865.87)	3,784,492.09	(23,806,992.01)
(285,227.68)		(484,493.56)
(12,890,557.41)	3,784,492.09	(182,418,366.45)
2,037,296.39	(107,955.91)	391,956,398.28
\$ 20,662,682.26	\$ (107,955.91)	\$ 488,095,620.65

**Notes to the Financial Statements**  
**For the Year Ended September 30, 2021**

	Balance 10/01/2020	Additions	Retirements	Balance 09/30/2021
<b>Business-Type Activities</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 7,111,830.59	\$ 44,935.91	\$	\$ 7,156,766.50
Construction in Progress	83,542.40	323,932.63	(157,364.53)	250,110.50
Total Capital Assets, Not Being Depreciated	<u>7,195,372.99</u>	<u>368,868.54</u>	<u>(157,364.53)</u>	<u>7,406,877.00</u>
<b>Capital Assets Being Depreciated:</b>				
Infrastructure	153,883.18			153,883.18
Buildings	3,311,479.30	167,313.62		3,478,792.92
Improvements Other Than Buildings	14,275,453.45			14,275,453.45
Computer and Communication Equipment	192,976.47			192,976.47
Equipment and Furniture	645,976.83	10,616.21		656,593.04
Motor Vehicle and Heavy Equipment	18,934,134.04	2,730,026.06	(1,516,185.50)	20,147,974.60
Total Capital Assets Being Depreciated	<u>37,513,903.27</u>	<u>2,907,955.89</u>	<u>(1,516,185.50)</u>	<u>38,905,673.66</u>
<b>Less Accumulated Depreciation for:</b>				
Infrastructure	(28,775.47)	(120.67)		(28,896.14)
Buildings	(1,490,659.42)	(100,681.08)		(1,591,340.50)
Improvements Other Than Buildings	(9,387,625.44)	(241,799.37)		(9,629,424.81)
Computer and Communication Equipment	(179,006.24)	(9,313.49)		(188,319.73)
Equipment and Furniture	(564,253.58)	(161,669.86)		(725,923.44)
Motor Vehicle and Heavy Equipment	(12,338,581.39)	(2,340,450.76)	1,516,185.50	(13,162,846.65)
Total Accumulated Depreciation	<u>(23,988,901.54)</u>	<u>(2,854,035.23)</u>	<u>1,516,185.50</u>	<u>(25,326,751.27)</u>
Total Capital Assets Being Depreciated, Net	<u>13,525,001.73</u>	<u>53,920.66</u>		<u>13,578,922.39</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 20,720,374.72</u>	<u>\$ 422,789.20</u>	<u>\$ (157,364.53)</u>	<u>\$ 20,985,799.39</u>

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

	Current Year Depreciation Expense
<b>Governmental Activities:</b>	
General Government	\$ 3,264,990.69
Public Safety	2,010,832.26
Highways and Roads	7,300,139.81
Welfare	1,615.45
Culture and Recreation	288,186.63
Education	24,792.57
Total Depreciation Expense – Governmental Activities	<u>\$12,890,557.41</u>

	Current Year Depreciation Expense
<b>Business-Type Activities:</b>	
Solid Waste	\$2,854,035.23
Total Depreciation Expense – Business-Type Activities	<u>\$2,854,035.23</u>



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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### Note 6 – Defined Benefit Pension Plan

##### A. General Information about the Pension Plan

###### Plan Description

The Employees' Retirement System of Alabama (ERS), an agent multiple-employer plan (the "Plan"), was established October 1, 1945 under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. Effective October 1, 2021, Act Number 2021-390, Acts of Alabama, will create two additional representatives and change the composition of representatives within the ERS Board of Control. 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](http://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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### *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 equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30th are paid to the beneficiary.

Act Number 2019-132, Acts of Alabama, allowed employers who participate in the ERS pursuant to the *Code of Alabama 1975*, Section 36-27-6, to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 employers adopting Act Number 2019-132, Acts of Alabama, will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act Number 2019-132, Acts of Alabama.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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The ERS serves approximately 853 local participating employers. The ERS membership includes approximately 101,245 participants. As of September 30, 2020, membership consisted of:

Retired participants and beneficiaries currently receiving benefits	28,672
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	1,974
Terminated participants entitled to a refund of contributions	14,133
Active Participants	56,369
Post-DROP participants who are still active service	97
Total	101,245

### Contributions

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

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

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

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

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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, 2021, the Baldwin County Commission's active employee contribution rate was 7.50% of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 5.86% of pensionable payroll. For the year ended September 30, 2021, the Baldwin County Sheriff's Office active employee contribution rate was 8.00% of covered employee payroll, and the Baldwin County Sheriff's Office average contribution rate to fund the normal and accrued liability costs was 7.03% of pensionable payroll.

The Baldwin County Commission's contractually required contribution rate for the year ended September 30, 2021, was 5.97% of pensionable pay for Tier 1 employees, and 5.52% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2018, 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 \$1,720,295 for the year ended September 30, 2021.

The Baldwin County Sheriff's Office contractually required contribution rate for the year ended September 30, 2021, was 7.17% of pensionable pay for Tier 1 employees, and 5.92% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2018, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission (Sheriff's Office) were \$1,207,347 for the year ended September 30, 2021.

**Notes to the Financial Statements**  
**For the Year Ended September 30, 2021**

**B. Net Pension Liability**

The Baldwin County Commission's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2019, rolled forward to September 30, 2020, using standard roll-forward techniques as shown in the following table:

	Baldwin County Commission		
	Total Pension Liability Roll-Forward		
	Expected	Actual Before Act Number 2019-132	Actual After Act Number 2019-132
(a) Total Pension Liability as of September 30, 2019	\$91,063,376	\$90,685,883	\$91,539,361
(b) Discount Rate	7.70%	7.70%	7.70%
(c) Entry Age Normal Cost for October 1, 2019 – September 30, 2020	2,215,238	2,215,238	2,403,138
(d) Transfers Among Employers		36,419	36,419
(e) Actual Benefit Payments and Refunds for the period October 1, 2019 – September 30, 2020	(5,247,228)	(5,247,228)	(5,247,228)
(f) Total Pension Liability as of September 30, 2020 [(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$94,841,248</u>	<u>\$94,471,106</u>	<u>\$95,578,202</u>
(g) Difference between Expected and Actual		\$ (370,142)	
(h) Less Liability Transferred for Immediate Recognition		<u>36,419</u>	
(i) Difference between Expected and Actual – Experience (Gain)/Loss = (g) - (h)		<u>\$ (406,561)</u>	
(j) Difference between Actual TPL Before and After Act Number 2019-132 – Benefit Change (Gain)/Loss			<u>\$ 1,107,096</u>

	Baldwin County Sheriff's Office		
	Total Pension Liability Roll-Forward		
	Expected	Actual Before Act Number 2019-132	Actual After Act Number 2019-132
(a) Total Pension Liability as of September 30, 2019	\$49,934,063	\$49,261,056	\$49,897,055
(b) Discount Rate	7.70%	7.70%	7.70%
(c) Entry Age Normal Cost for October 1, 2019 – September 30, 2020	1,402,986	1,402,986	1,547,272
(d) Transfers Among Employers		74,352	74,352
(e) Actual Benefit Payments and Refunds for the period October 1, 2019 – September 30, 2020	(2,430,105)	(2,430,105)	(2,430,105)
(f) Total Pension Liability as of September 30, 2020 [(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$52,658,308</u>	<u>\$52,007,831</u>	<u>\$52,837,088</u>
(g) Difference between Expected and Actual		\$ (650,477)	
(h) Less Liability Transferred for Immediate Recognition		<u>74,352</u>	
(i) Difference between Expected and Actual – Experience (Gain)/Loss = (g) - (h)		<u>\$ (724,829)</u>	
(j) Difference between Actual TPL Before and After Act Number 2019-132 – Benefit Change (Gain)/Loss			<u>\$ 829,257</u>

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### Actuarial Assumptions

The total pension liability as of September 30, 2020, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2019. The key actuarial assumptions are summarized below:

Inflation	2.75%
Salary increases	3.25% - 5.00%
Investment rate of return (*)	7.70%

(\*) Net of pension plan investment expense.

Mortality rates for ERS were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the actuarial valuation as of September 30, 2018, 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, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

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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	17.00%	4.40%
U. S. Large Stocks	32.00%	8.00%
U. S. Mid Stocks	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	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, 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the rates currently in effect and that employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Notes to the Financial Statements**  
**For the Year Ended September 30, 2021**

**C. Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<b>Baldwin County Commission</b>			
Balances at September 30, 2019	\$ 91,063,376	\$ 68,957,369	\$22,106,007
Changes for the Year:			
Service Cost	2,215,238		2,215,238
Interest	6,809,862		6,809,862
Changes of benefit terms	1,107,096		1,107,096
Differences Between Expected and Actual Experience	(406,561)		(406,561)
Contributions – Employer		1,477,459	(1,477,459)
Contributions – Employee		2,005,379	(2,005,379)
Net Investment Income		3,891,046	(3,891,046)
Benefit Payments, including Refunds of Employee Contributions	(5,247,228)	(5,247,228)	
Transfers among Employers	36,419	36,419	
Net Changes	4,514,826	2,163,075	2,351,751
Balances at September 30, 2020	\$ 95,578,202	\$ 71,120,444	\$24,457,758

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<b>Baldwin County Sheriff's Office</b>			
Balances at September 30, 2019	\$49,934,063	\$36,878,133	\$13,055,930
Changes for the Year:			
Service Cost	1,402,986		1,402,986
Interest	3,751,364		3,751,364
Changes of benefit forms	829,257		829,257
Differences Between Expected and Actual Experience	(724,829)		(724,829)
Contributions – Employer		1,081,331	(1,081,331)
Contributions – Employee		1,295,177	(1,295,177)
Net Investment Income		2,107,915	(2,107,915)
Benefit Payments, including Refunds of Employee Contributions	(2,430,105)	(2,430,105)	
Transfers among Employers	74,352	74,352	
Net Changes	2,903,025	2,128,670	774,355
Balances at September 30, 2020	\$52,837,088	\$39,006,803	\$13,830,285



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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

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

The following table presents the Baldwin County Commission's and the Baldwin County Sheriff's Office net pension liability calculated using the discount rate of 7.70%, as well as what the Baldwin County Commission's and the Baldwin County Sheriff's Office proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Baldwin County Commission Net Pension Liability	\$35,448,554	\$24,457,758	\$15,183,674
Baldwin County Sheriff's Office Net Pension Liability	\$20,911,437	\$13,830,285	\$ 7,942,583

***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, 2020. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2020. The auditor's report dated April 30, 2021, 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](http://www.rsa-al.gov).

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

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

For the year ended September 30, 2021, the Baldwin County Commission and the Baldwin County Sheriff's Office recognized pension expense of \$3,578,481 and \$2,458,964 respectively. At September 30, 2021, the Baldwin County Commission and the Baldwin County Sheriff's Office reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Baldwin County Commission</u>		
Differences between expected and actual experience	\$3,546,889	\$2,265,456
Changes in assumptions	634,721	
Net difference between projected and actual earnings on pension plan investments	2,216,547	
Employer contributions subsequent to the measurement date	1,720,295	
Total	8,118,452	2,265,456
<u>Baldwin County Sheriff's Office</u>		
Differences between expected and actual experience	2,999,296	904,799
Changes in assumptions	804,407	
Net difference between projected and actual earnings on pension plan investments	1,200,388	
Employer contributions subsequent to the measurement date	1,207,347	
Total	\$6,211,438	\$ 904,799

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

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The \$1,720,295 for the Commission and the \$1,207,347 for the Baldwin County Sheriff's Office, reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ending:	Deferred Inflows/Outflows	
	Baldwin County Commission	Baldwin County Sheriff's Office
September 30, 2022	\$ 840,584	\$ 724,690
2023	\$1,237,726	\$1,016,727
2024	\$1,164,103	\$1,168,983
2025	\$ 913,299	\$ 654,438
2026	\$ (23,011)	\$ 274,830
Thereafter	\$ 0	\$ 259,624

**Judicial Retirement Fund– Baldwin County Probate Judge**

**Summary of Significant Accounting Policies**

**Pensions**

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### **General Information about the Pension Plan**

##### **Plan Description**

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

##### **Benefits Provided**

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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Act Number 498 of the Legislature of 2015 established a new group (Group 3) of members within JRF which consists of all justices, judges, circuit clerks, and district attorneys elected or appointed on or after November 8, 2016. Group 3 members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. A district attorney who has Tier 1 ERS transferred service as an assistant or deputy district attorney is eligible for service retirement with 25 years of service credit, regardless of age. Service and disability retirement benefits are calculated using a retirement formula. Group 3 members who are judges or justices are allowed 4% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 75% of their average final compensation. Group 3 members who are clerks or district attorneys are allowed 3% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation.

#### **Contributions**

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

#### **Pension Liabilities and Pension Expense**

At September 30, 2021, 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	\$455,282
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The net pension liability was measured as of September 30, 2020. The total pension liability is based on the actuarial valuation as of September 30, 2019. An expected total pension liability as of September 30, 2020 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, 2020.

For the year ended September 30, 2021, the Baldwin County Commission recognized pension expense and revenue of \$33,318 for aid provided by the State of Alabama.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 3.50%
Investment rate of return (*)	7.65%
(*) Net of pension plan investment expense	

The actuarial assumptions used in the actuarial valuation as of September 30, 2019, 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, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

Mortality rates for the Plan were based on the sex distinct RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for males and 112% for females age 78 and older.

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 Stock	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 Equivalents	2.00%	1.50%
Total	100.00%	
(*) Includes assumed rate of inflation of 2.50%		

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### **Discount Rate**

The discount rate used to measure the total pension liability was 7.65%. 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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement Number 67 for the JRF prepared as of September 30, 2020. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

#### **Note 7 – Other Postemployment Benefits (OPEB)**

##### **General Information about the OPEB Plan**

##### **Plan Description**

The Commission provides certain continuing health care and life insurance benefits for its retired employees. The Commission's OPEB Plan (the "OPEB Plan") is a single employer defined benefit OPEB plan administered by the Commission. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Commission. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions – Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria – Defined Benefit*.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### **Benefits Provided**

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

#### **Employees Covered by Benefit Terms**

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

Inactive employees or beneficiaries currently receiving benefit payments	66
Inactive employees entitled to but not yet receiving benefit payments	0
Active Employees	818
Total	884

#### **Total OPEB Liability**

The Commission's total OPEB liability of \$9,537,602 was measured as of September 30, 2021 and was determined by an actuarial valuation as of that date.

#### **Actuarial Assumptions and Other Inputs**

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

Inflation	2.5% annually
Salary Increases	4.0% annually
Discount Rate	2.21%, annually (Beginning of Year to Determine ADC) 2.15%, annually (As of End of Year Measurement Date)
Healthcare Cost Trend Rates	5.5% annually for ten years, 4.5% thereafter
Mortality	SOA RP-2000 Table



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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

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The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2021, the end of the applicable measurement period.

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2021.

**Changes in the Total OPEB Liability**

Balance at September 30, 2020	\$8,608,799
Changes for the Year:	
Service Cost	146,105
Interest	184,050
Differences between expected and actual experience	1,005,916
Changes in assumptions	154,194
Benefit payments and net transfers	(561,462)
Net Changes	<u>928,803</u>
Balance at September 30, 2021	<u>\$9,537,602</u>

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

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.15%) or 1-percentage point higher (3.15%) than the current discount rate:

	1.0% Decrease (1.15%)	Current (2.15%)	1.0% Increase (3.15%)
Total OPEB Liability	\$11,526,700	\$9,537,602	\$8,002,274

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

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

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (4.5%) or 1-percentage point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB Liability	\$8,195,403	\$9,537,602	\$11,292,286

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

For the year ended September 30, 2021, the Commission recognized OPEB expense of \$931,913. At September 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$2,383,785	\$
Changes in assumptions	1,449,957	189,949
Total	\$3,833,742	\$189,949

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

Year Ending:	
September 30, 2022	\$571,646
2023	\$571,646
2024	\$571,646
2025	\$571,646
2026	\$571,646
Thereafter	\$785,549

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

**Note 8 – Payables**

On September 30, 2021, 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
<b><u>Governmental Fund:</u></b>				
General Fund	\$15,599,549.78	\$1,955,284.50	\$ 60,122.85	\$17,614,957.13
Gasoline Tax Fund	2,132,924.18	46,343.81		2,179,267.99
Coronavirus Rescue Act Fund	56,751.00			56,751.00
Capital Projects Fund	451,490.00			451,490.00
Debt Service Fund	2,100.00			2,100.00
Other Governmental Funds	1,065,552.83	45,867.09		1,111,419.92
<b>Total Governmental Funds</b>	<b>19,308,367.79</b>	<b>2,047,495.40</b>	<b>60,122.85</b>	<b>21,415,986.04</b>
<b><u>Business-Type Activities:</u></b>				
Solid Waste Fund	457,180.10	14,508.52		471,688.62
Solid Waste Collection Fund	422,311.50	28,770.81		451,082.31
<b>Total Business-Type Activities</b>	<b>879,491.60</b>	<b>43,279.33</b>		<b>922,770.93</b>
<b><u>Fiduciary Funds:</u></b>				
Private-Purpose Trust	199,591.00	3,499.34	1,745,335.81	1,948,426.15
Custodial	44,749.15	128.48	148,774.50	193,652.13
<b>Total Fiduciary Funds</b>	<b>\$ 244,340.15</b>	<b>\$ 3,627.82</b>	<b>\$1,894,110.31</b>	<b>\$ 2,142,078.28</b>

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

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**Note 9 – Lease Obligations**

**Capital Leases**

The Commission is obligated under certain leases accounted for as capital leases. 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 and buildings 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 and buildings will be identified separately on the balance sheet. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of September 30.

Fiscal Year Ending	Governmental Activities
September 30, 2022	\$ 3,691,678.80
2023	3,587,216.49
2024	3,587,591.53
2025	3,592,320.69
2026	3,381,000.00
2027-2031	16,935,833.38
2032-2036	16,954,850.12
2037-2041	17,018,516.59
2042-2046	12,784,325.03
Total Minimum Lease Payments	81,533,332.63
Less: Amount Representing Interest	(27,392,848.61)
Present Value of Net Minimum Lease Payments	<u>\$ 54,140,484.02</u>

**Note 10 – Long-Term Debt**

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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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

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

In May 2016, General Obligation Warrants with an interest rate of 1.72 percent were issued for the purpose of the Series 2016 construction of a RV Park at the county owned Live Oak Landing. The debt service payments are made by the Parks Fund with the support of transfers from the General Fund.

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

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

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

In September 2020, the Baldwin County Sheriff's Office entered into a Note from Direct Borrowing for equipment, software, and other services for body worn cameras and in-car audio and video capabilities. The terms of the agreement are for three years with the ability to extend. The debt service payments are made from the General Fund.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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

In November 2020, General Obligation Warrants with an interest rate of 0.74 percent were issued as a line of credit to provide funds needed for disaster recover, mainly debris removal, following significant hurricane damage sustained in the County due to Hurricane Sally that made landfall in the County on September 16, 2020. The debt service payments are made from the General Fund. The County does not have an outstanding balance on this line of credit as of September 30, 2021.

In April 2021, General Obligation Warrants with an interest rate of 1.07 percent were issued as an additional line of credit to provide funds needed for disaster recovery, mainly debris removal, following significant hurricane damage sustained in the County due to Hurricane Sally that made landfall in the County on September 16, 2020. The debt service payments are made from the General Fund. The County has an outstanding amount of \$13,681,780.35 on this line of credit and will be repaid with anticipated FEMA reimbursement funding.

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

**Notes to the Financial Statements**  
**For the Year Ended September 30, 2021**

The following is a summary of long-term debt obligations for the Commission for the year ended September 30, 2021:

	Debt Outstanding 10/01/2020	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2021	Due Within One Year
<b>Governmental Activities:</b>					
<b>Warrants Payable:</b>					
Warrants, 2012	\$ 1,550,000.00	\$	\$ (755,000.00)	\$ 795,000.00	\$ 795,000.00
Warrants, 2013	7,335,000.00		(4,195,000.00)	3,140,000.00	1,545,000.00
Warrants, 2014	9,980,000.00		(8,355,000.00)	1,625,000.00	390,000.00
Warrants, 2015	28,735,000.00		(20,425,000.00)	8,310,000.00	2,165,000.00
Warrants, 2016	124,145.12		(124,145.12)		
Warrants, 2020	11,570,000.00		(1,965,000.00)	9,605,000.00	2,060,000.00
Warrants, 2020B		33,695,000.00	(150,000.00)	33,545,000.00	620,000.00
Warrants, 2020-C		34,693,037.25	(34,693,037.25)		
Warrants, 2021-A		13,681,780.35		13,681,780.35	
Sub-Total Warrants Payable	59,294,145.12	82,069,817.60	(70,662,182.37)	70,701,780.35	7,575,000.00
<b>Unamortized Amounts:</b>					
Less: Unamortized Discount	(162,497.74)		131,569.86	(30,927.88)	(1,718.21)
Plus: Unamortized Premium	5,202,959.22	2,519,351.75	(4,936,593.30)	2,785,717.67	365,468.68
Total Warrants Payable, Net	64,334,606.60	84,589,169.35	(75,467,205.81)	73,456,570.14	7,938,750.47
Note from Direct Borrowing	441,730.00		(220,865.00)	220,865.00	220,865.00
Total Warrants and Notes Payable	64,776,336.60	84,589,169.35	(75,688,070.81)	73,677,435.14	8,159,615.47
<b>Other Liabilities:</b>					
Capital Leases	35,617,383.28	19,735,000.00	(1,211,899.26)	54,140,484.02	1,692,916.85
Compensated Absences	4,506,892.78	485,454.75		4,992,347.53	1,652,203.12
OPEB Liability	7,761,819.00	837,127.00		8,598,946.00	
Net Pension Liability	32,086,051.52	2,759,554.92		34,845,606.44	
Total Other Liabilities	79,972,146.58	23,817,136.67	(1,211,899.26)	102,577,383.99	3,345,119.97
Total Governmental Activities Long-Term Liabilities	\$144,748,483.18	\$108,406,306.02	\$(76,899,970.07)	\$176,254,819.13	\$11,504,735.44

	Debt Outstanding 10/01/2020	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2021	Due Within One Year
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 516,033.93	\$ 75,963.65	\$	\$ 591,997.58	\$208,411.53
Estimated Liability for Landfill Closure/Postclosure Costs	4,616,927.26	315,543.49		4,932,470.75	315,543.49
OPEB Liability	846,980.00	91,676.00		938,656.00	
Net Pension Liability	3,075,885.48	366,551.09		3,442,436.57	
Total Business-Type Activities Long-Term Liabilities	\$9,055,826.67	\$849,734.23	\$	\$9,905,560.90	\$523,955.02

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.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

The following is a schedule at September 30, 2021, of debt service requirements to maturity:

Fiscal Year Ending	Governmental Activities	
	Warrants Payable	
	Principal	Interest
September 30, 2022	\$ 7,575,000.00	\$1,517,180.30
2023	20,096,780.35	1,217,669.90
2024	6,650,000.00	986,818.28
2025	5,215,000.00	758,610.21
2026	4,825,000.00	523,058.71
2027-2031	17,105,000.00	1,632,562.58
2032-2036	7,145,000.00	505,072.50
2037-2041	2,090,000.00	74,250.90
2042-2046		
Total	<u>\$70,701,780.35</u>	<u>\$7,215,223.38</u>

(\*) The Note bears no interest.

**Premiums and Discounts**

The Commission has premiums/discounts in connection with the issuance of its 2012, 2013, 2014, 2015, and 2020 General Obligation Warrants. The deferred amounts are being amortized using the straight-line method over a period of 15, 13, 25, 18, and 10 years respectively.

	Discount	Premium
Total Discount/Premium	\$328,151.80	\$10,851,010.95
Amount Amortized Prior Years	165,654.06	5,648,051.73
Balance Discount/Premium	162,497.74	5,202,959.22
Current Amount Amortized or Reduced	131,569.86	2,417,241.55
Balance Discount/Premium	<u>\$ 30,927.88</u>	<u>\$ 2,785,717.67</u>

**Defeasance of Debt**

On October 22, 2020, the Commission issued \$33,695,000 in General Obligation Warrants, Series 2020B with interest rates of 0.323% to 2.346% for the advance refunding of \$2,710,000 General Obligation Warrants, Series 2013; \$7,975,000 General Obligation Warrants, Series 2014 and \$18,350,000 General Obligation Warrants, Series 2015. As a result of the refunding, the Commission decreased its total debt service requirements by \$2,212,135.76 which resulted in an economic gain of \$1,478,697.74.



***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

Governmental Activities				Total Principal and Interest Requirements
Capital Lease Payable		Note from Direct Borrowing (*)		
Principal	Interest	Principal	Interest	
\$ 1,692,916.85	\$ 1,998,761.95	\$220,865.00	\$	\$ 13,004,724.10
1,646,899.96	1,940,316.53			24,901,666.74
1,701,336.88	1,886,254.65			11,224,409.81
1,766,830.16	1,825,490.53			10,565,930.90
1,625,000.00	1,756,000.00			8,729,058.71
9,185,833.38	7,750,000.00			35,673,395.96
11,122,083.59	5,832,766.53			24,604,922.62
13,524,166.62	3,494,349.97			19,182,767.49
11,875,416.58	908,908.45			12,784,325.03
<b>\$54,140,484.02</b>	<b>\$27,392,848.61</b>	<b>\$220,865.00</b>	<b>\$</b>	<b>\$160,671,201.36</b>

**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, 2021, the total of \$36,135,000 of general obligation warrants outstanding are considered defeased.

**Note 11 – Landfill Closure and Post-Closure Care Costs**

State and federal laws and regulations require that the Commission place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition, to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount the landfill is used during the year.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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The fiscal year 2021 estimated liability for closure and post-closure care costs has a balance of \$4,932,470.75 as of September 30, 2021, which is based on 38 percent usage (filled) of the landfill. It is estimated that an additional \$8,531,379.90 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and post-closure care (\$13,463,850.65) 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, 2021. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. This calculation is performed annually based on usage determined by flyover of site, density/compaction ratio, and gate tonnage for twelve-month period ended September 30, 2021.

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, 2021, funds of \$5,456,591.60 are held for these purposes. These funds are deposits on hand and are presented on the Commission's balance sheet as "Cash." It is anticipated that future inflation costs will be financed in part from earnings on these funds. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

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

#### **Note 12 – Conduit Debt Obligations**

On June 1, 2007, the Public Building Authority of Baldwin County (PBA), which is a related organization of Baldwin County, issued \$6,405,000 of Building Revenue Warrants (DHR Project), Series 2007-A for the purpose of financing the acquisition, construction, and installation of an office building for use by the Baldwin County Department of Human Resources. Simultaneously, with the issuance of the warrants, a lease agreement was executed between the PBA and Baldwin County in addition to a sub-lease agreement between Baldwin County and the State of Alabama, acting by and through its Department of Human Resources. The sub-lease agreement was amended on August 1, 2007. The lease is limited obligation debt of the Commission and is payable solely from the revenues generated through the sub-lease agreement, as amended. The warrants nor the lease do not constitute a debt or pledge of the faith and credit of the Commission and accordingly have not been reported in the accompanying financial statements. As of September 30, 2021, the outstanding balance of the lease is \$2,870,000.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### *Note 13 – Risk Management*

##### *General Liability and Workers Compensation*

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through the Association of County Commissions of Alabama (ACCA) Liability Self Insurance Fund, a public entity risk pool. The Fund is self-sustaining through member contributions. The Commission pays an annual premium based on the Commission's individual claims experience and the experience of the Fund as a whole. Coverage is provided up to \$1,000,000 per claim for a maximum total coverage of \$5,000,000 in aggregate. Defense costs are included in the limits of the coverage. Employment practices liability coverage provides up to \$1,000,000 per occurrence with a \$5,000 deductible for loss only. Defense costs are included in the limits of the coverage. Equitable Defense coverage per occurrence is limited to \$225,000.00. The Commission has workers' compensation insurance through the Association of County Commissions of Alabama (ACCA) Workers' Compensation Self Insurance Fund, a public entity risk pool. Premiums are based on a rate per \$100 of remuneration for each class of employee which is adjusted by an experience modifier for the individual county. At year-end, pool participants are eligible to receive refunds of unused premiums and the related investment earnings. The Commission may qualify for additional discounts based on losses and premium size.

##### *Health Insurance*

The Commission was self-insured for 12 months and paid their administrator for claims processing. For October 2020 through September 2021. The Commission pays BCBS administrative fee of \$68.29 for single coverage and \$79.60 for family coverage; the stop loss carrier \$36.36 for single coverage and \$104.49 for family coverage; and has set funding rates at \$575.00 for single coverage and \$1431.00 for family coverage. The Carrier/Administrator was paid a total of \$10,082,799 for fiscal year 2021, \$8,542,678 in self-insured medical and Rx claims plus \$767,193 in self-insured stop loss premium plus \$772,928 in self-insured BCBS admin fees. The Commission purchases a stop loss insurance policy for claims in excess of \$100,000 per individual with \$125,000 aggregating specific deductible up to unlimited. The estimated liability for claims cost for medical and prescriptions as of September 30, 2021, was \$497,798. However, after considering Pharmacy Rebates (\$171,000), the total estimated liability for claims cost reduces to \$326,798.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

**Note 14 – Interfund Transactions**

**Interfund Transfers**

The amounts of interfund transfers during the fiscal year ended September 30, 2021, were as follows:

	Transfers In				Totals
	General Fund	Gasoline Tax Fund	Debt Service Fund	Other Governmental Funds	
<b>Transfers Out:</b>					
General Fund	\$	\$18,422,229.56	\$41,875,550.71	\$ 909,315.00	\$61,207,095.27
Gasoline Tax Fund	50,000.00		4,240,896.19		4,290,896.19
Capital Projects Fund	1,439,457.50	388,376.77			1,827,834.27
Other Governmental Funds	370,738.12		762,277.72	1,434,414.63	2,567,430.47
Solid Waste Fund			54,224.78		54,224.78
Totals	<u>\$1,860,195.62</u>	<u>\$18,810,606.33</u>	<u>\$46,932,949.40</u>	<u>\$2,343,729.63</u>	<u>\$69,947,480.98</u>

**Advances To/From Other Funds**

The amounts advance to/from other funds at September 30, 2021, were as follows:

	Advances from Other Funds	
	General Fund	Totals
<b>Advances to Other Funds:</b>		
Other Governmental Funds	<u>\$7,982,623.20</u>	<u>\$7,982,623.20</u>

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

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**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 Human Resources Board Baldwin County Emergency Communications District Altapointe Health Systems, Inc. Baldwin County Housing Authority Baldwin County Library Board Public Building Authority of Baldwin County, Alabama Cypress Point Improvement District Baldwin County Water and Sewer District East Central Baldwin County Water, Sewer, and Fire Protection Authority (Rosinton) Governmental Utility Services Corporation Ono Island Water, Sewer, and Fire Protection Authority Orange Beach Water, Sewer, and Fire Protection Authority Park City Water Authority Perdido Bay Water, Sewer, and Fire Protection Authority
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**Note 16 – Subsequent Events**

**Baldwin County Coliseum**

On September 29, 2008, the County entered into a purchase agreement and subsequent lease with Cattle and Fair to acquire the building and property where the Baldwin County Coliseum is located and lease the operation of the building to Cattle and Fair. The building was constructed utilizing a \$10,198,388 FEMA Grant and \$4,864,651 matching funds provided by Cattle and Fair. In short, the county acquired a \$15 million building for \$5 million which included the FEMA requirement that the facility be used as a shelter forever.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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The 2008 Warrant was refinanced in 2015 to the 2015 Warrant. In 2016, FEMA sent an additional \$2,052,412 which was split between the County and Cattle and Fair. The County immediately took its share of the split approximately \$1M and defeased these funds against the Series 2015 Warrant. Currently the County has \$35,180,000 original principal amount of General Obligation Warrants, Series 2015, dated March 1, 2015. The Warrants are presently outstanding in the principal amount of \$8,310,000 and are due, with respect to interest, on May 1 and November 1, and, with respect to principal, on May 1, with a final maturity on May 1, 2025.

The Warrants are callable at the option of the County on or after November 1, 2024, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium or penalty. The outstanding debt on the coliseum was estimated to be \$2.2M and the county was incurring approximately \$350K per year cost on upkeep of the facility with little usage.

Note that the Coliseum is within the corporate limits of the City of Robertsdale. Thus the County has determined that it is in the best public and financial interest of the County to sell the coliseum to the City of Robertsdale and apply the proceeds from the sale and combine these proceeds with the \$1M previously defeased which were held by the Trustee to the defeasance of such portion of the Warrants as funds are available based on prevailing market conditions (the "Refunded Warrants") on November 1, 2024, in accordance with the Verification Report prepared for the County by The Arbitrage Group and pursuant to the Refunding Trust Agreement. The City of Robertsdale has agreed to make the facility available as a shelter in perpetuity and is using it a civic center.

#### **Revenue Replacement ARPA Funds**

Final Rule published on January 6, 2022, by the U. S. Department of Treasury, Counties will be required to make a one-time, irrevocable election of revenue replacement on their project and expenditure report. This allows counties to assume up to \$10 million in revenue replacement from ARPA Funds. The county has elected to take the standard allowance of \$10 million; this action was voted on by the Commission at its regularly scheduled meeting on January 18, 2022.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

**Note 17 – Construction and Other Significant Commitments**

As of September 30, 2021, the Commission was obligated for the remaining amounts unpaid under the following construction contracts:

Project Name	Amount Remaining
ADA Compliance Project within Baldwin County ROW - Phase IV	\$ 7,681.45
Bridge Replacement on CR 34 S over W Tributary to Baker Branch	1,250.00
Bridge Replacement on CR 65 over Turkey Branch	15,237.37
Bridge Replacement on CR 65 over Turkey Branch	12,668.81
Bridge Replacement on Davis Rd over Baker Branch	1,221.35
Bridge Replacement on Doc McDuffie Rd over Wolf Creek	182,918.85
Bridge Replacement on Doc McDuffie Rd over Wolf Creek	32,964.39
Bridge Replacement on Pine Grove Rd Ext over Styx River	22,914.39
Bridge Replacement on River Rd N over Keller Creek	21,440.55
Construct New Building at Area 100 Maintenance Facility	1,643,269.65
Construct New Building at Area 200 Maintenance Facility	1,947,231.55
Design and Construct CR 6 Boat Launch	117,800.00
Design and Construct CR 6 Boat Launch	5,705.00
Drainage Improvements on CR 11 (Greeno Rd) 2355 Ft South of US 98 (FEMA - Sally)	6,586.00
Drainage Improvements on Surfside Dr from Driftwood Dr to Mobile Bay	31,551.00
Drainage Improvements on Turberville Ln 530' north of Old Mobile Rd	19,300.00
Extend CR 20 from EOP to CR 65	9,300.00
Extend CR 20 from EOP to CR 65	280,172.50
Extend Pleasant Rd from Hwy 181 to Larry Street Rd	39,640.00
Extend Pleasant Rd from Hwy 181 to Larry Street Rd	10,000.00
FY21 Resurfacing CE&I	9,795.63
FY21 Resurfacing Group 1	12,188.18
FY21 Resurfacing Group 2	199,399.74
FY21 Resurfacing Group 3	468,398.78
FY21 Resurfacing Group 3A	175,384.33
Intersection Improvements on CR13 at CR44	33,030.76
Intersection Improvements on CR13 at CR44	13,400.00
Intersection Improvements on FBE at Wahoo Plaza	15,888.40
Repairs to Bon Secour Dredge Site (BP Portal)	886.00
Shoulder Widening on CR 99 from Carrier Dr to Spanish Cove Dr	85,155.59
Striping and Signing BBE at FBE	7,834.87
The Launch (ICW) Design and Construct)	231,316.60
The Launch (ICW) Design and Construct)	6,428,728.72
Traffic Light Installation at intersection of CR 28 and SR 59 and CR 71 and SR 59	119,334.64
Traffic light installation at intersection of CR 34 and US 98	216,142.50
Widening, Resurfacing and Intersection Improvements on CR 64 from SR 181 to Montelucia Way	272,151.72
Total	<u>\$12,697,889.32</u>

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2021*

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#### Note 18 – Tax Abatements

The Baldwin County Commission is subject to tax abatements granted by (1) the City of Fairhope, (2) City of Foley, (3) City of Bay Minette, (4) City of Spanish Fort, (5) Town of Loxley and (6) City of Robertsdale. These governments entered into property tax abatement agreements with local businesses under the State Tax Incentive Reform Act of 1992, *Code of Alabama 1975*, Section 40-9B-(1-13). Under the Act, localities may grant property tax abatements for all state and local noneducational property taxes, all construction related transaction taxes, except those local construction taxes levied for educational purposes or for capital improvement for education, and/or all mortgage and recording taxes. The abatements may be granted to any business located within or promising to relocate to Baldwin County. These programs have the stated purpose of increasing business activity and employment in the County.

For fiscal year ended September 30, 2021, total property taxes abated were \$58,116.82, including the following tax abatement agreements:

Granting Jurisdiction	Type	Property Tax
City of Orange Beach	Aviation	\$ 34.39
City of Fairhope	Repair Parts for Aircrafts	2,391.72
City of Bay Minette	Manufacturing	726.75
City of Bay Minette	Air Compressor Manufacturing	10,653.11
City of Fairhope	Manufacturing Automotive Parts	7,098.78
City of Foley	Hotel Construction	31,505.23
City of Foley	Metal Manufacturing	4,956.72
Town of Loxley	Industrial Gaskets and Hoses	52.63
City of Robertsdale	Marine Equipment Manufacturing	697.49
Total County Abated Taxes		<u>\$58,116.82</u>

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

- ◆ A 35 percent property tax abatement to a compressor manufacturing business for increasing the size of its facilities and increasing employment. The abatement amounted to \$10,653.11.
- ◆ A 34 percent property tax abatement to an automotive parts manufacturing business for increasing the size of its facilities and increasing employment. The abatement amounted to \$7,098.78.
- ◆ A 53 percent property tax abatement to a hotel construction business for increasing the size of its facilities and increasing employment. The abatement amounted to \$31,505.23.



***Notes to the Financial Statements***  
***For the Year Ended September 30, 2021***

**Note 19 – Restatements**

During the fiscal year ended September 30, 2021, the Commission adopted new accounting guidance by implementing the provisions of GASB Statement Number 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by reclassifying funds previously reported as private purpose trust funds and agency funds to custodial funds and governmental funds, which have beginning net position. Also, some clearing funds previously reported as agency funds were reclassified to the General Fund and some funds previously reported as private purpose trust funds were reclassified as special revenue funds. Beginning net position has been restated to reflect these changes.

	Other Governmental Funds	Total Governmental Funds	Custodial Funds	Private-Purpose Trust Funds
Fund Balance, September 30, 2020, as Previously Reported	\$36,288,610.28	\$140,184,852.36	\$	\$ 8,717,557.18
<u>Fund Restatements:</u>				
Funds Reclassified Due to GASB 84 Implementation	1,781,253.92	1,781,253.92	6,936,303.26	(8,717,557.18)
Fund Balance, September 30, 2020, as Restated	<u>\$38,069,864.20</u>	<u>\$141,966,106.28</u>	<u>\$6,936,303.26</u>	<u>\$</u>

	Governmental Activities	Fiduciary Activities
Net Position, September 30, 2020, as Previously Reported	\$477,403,150.04	\$ 8,717,557.18
Funds reclassified due to GASB 84 Implementation	1,781,253.92	(1,781,253.92)
Net Position, September 30, 2020, as Restated	<u>\$479,184,404.46</u>	<u>\$ 6,936,303.26</u>

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*Required Supplementary Information*

***Schedule of Changes in the Employer's Net Pension Liability***  
***Baldwin County***  
***For the Year Ended September 30, 2021***

	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service cost	\$ 2,215,238	\$ 2,270,323	\$ 1,994,386	\$ 2,269,268	\$ 2,285,752	\$ 2,124,165	\$ 1,999,024
Interest	6,809,862	6,199,094	6,230,474	5,881,345	5,597,368	5,263,314	5,004,162
Difference between expected and actual experience	(406,561)	4,717,240	(3,871,208)	89,178	697,193	771,757	
Changes of assumptions			429,592		1,732,191		
Changes of benefit terms	1,107,096						
Benefit payments, including refunds of employee contributions	(5,247,228)	(5,069,515)	(4,559,735)	(4,725,538)	(4,111,516)	(3,855,591)	(3,671,986)
Transfers among employers	36,419	(96,242)	145,887	417,258	27,240		
Net change in total pension liability	4,514,826	8,020,900	369,396	3,931,511	6,228,228	4,303,645	3,331,200
Total pension liability - beginning	91,063,376	83,042,476	82,673,080	78,251,091	72,022,863	67,719,218	64,388,018
Total pension liability - ending (a)	\$ 95,578,202	\$ 91,063,376	\$ 83,042,476	\$ 82,182,602	\$ 78,251,091	\$ 72,022,863	\$ 67,719,218
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 1,477,459	\$ 1,342,489	\$ 1,491,391	\$ 1,329,683	\$ 1,543,632	\$ 1,515,594	\$ 1,463,836
Contributions - employee	2,005,379	1,867,721	1,965,650	1,714,050	2,011,404	1,922,193	1,710,015
Net investment income	3,891,046	1,750,841	5,899,089	7,361,170	5,396,684	627,785	5,716,446
Benefit payments, including refunds of employee contributions	(5,247,228)	(5,069,515)	(4,559,735)	(4,725,538)	(4,111,516)	(3,855,591)	(3,671,986)
Other (Transfers among employers)	36,419	(96,242)	145,887	417,258	27,240	(158,634)	123,635
Net change in plan fiduciary net position	2,163,075	(204,706)	4,942,282	6,096,623	4,867,444	51,347	5,341,946
Plan fiduciary net position - beginning	68,957,369	69,162,075	64,219,793	58,123,170	53,255,726	53,204,379	47,862,433
Plan fiduciary net position - ending (b)	\$ 71,120,444	\$ 68,957,369	\$ 69,162,075	\$ 64,219,793	\$ 58,123,170	\$ 53,255,726	\$ 53,204,379
County's net pension liability - ending (a) - (b)	\$ 24,457,758	\$ 22,106,007	\$ 13,880,401	\$ 17,962,809	\$ 20,127,921	\$ 18,767,137	\$ 14,514,839
County's net position liability as a percentage of the total pension liability	74.41%	75.72%	83.29%	78.14%	74.28%	73.94%	78.57%
Covered payroll (*)	\$ 27,913,016	\$ 26,178,878	\$ 26,798,989	\$ 23,529,058	\$ 26,919,548	\$ 26,549,073	\$ 23,806,739
Net pension liability as a percentage of covered-employee payroll	87.62%	84.44%	51.79%	76.34%	74.77%	70.69%	60.97%

(\*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2021, the measurement period is October 1, 2019 through September 30, 2020. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with fiscal year 2017.

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

***Schedule of Changes in the Employer's Net Pension Liability  
Baldwin County Sheriff's Office Personnel System  
For the Year Ended September 30, 2021***

	2019	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service cost	\$ 1,402,986	\$ 1,411,641	\$ 1,239,267	\$ 1,228,839	\$ 1,173,731	\$ 1,128,915	\$ 1,087,588
Interest	3,751,364	3,330,284	3,177,134	2,910,589	2,656,684	2,543,684	2,386,040
Difference between expected and actual experience	(724,829)	2,862,263	(209,564)	1,136,048	663,924	(552,698)	
Changes of assumptions			263,378		1,580,665		
Changes of benefit terms	829,257						
Benefit payments, including refunds of employee contributions	(2,430,105)	(2,186,688)	(2,075,137)	(1,754,865)	(1,667,433)	(1,747,348)	(1,258,819)
Transfers among employers	74,352	172,780	(84,137)	78,816	(16,428)		
Net change in total pension liability	2,903,025	5,590,280	2,310,941	3,599,427	4,391,143	1,372,553	2,214,809
Total pension liability - beginning	49,934,063	44,343,783	42,032,842	38,433,415	34,042,272	32,669,719	30,454,910
Total pension liability - ending (a)	\$ 52,837,088	\$ 49,934,063	\$ 44,343,783	\$ 42,032,842	\$ 38,433,415	\$ 34,042,272	\$ 32,669,719
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 1,081,331	\$ 1,058,091	\$ 907,775	\$ 813,364	\$ 843,625	\$ 856,624	\$ 853,830
Contributions - employee	1,295,177	1,227,053	1,226,260	1,059,001	1,045,197	985,808	950,773
Net investment income	2,107,915	919,858	3,024,039	3,699,210	2,651,790	303,056	2,695,338
Benefit payments, including refunds of employee contributions	(2,430,105)	(2,186,688)	(2,075,137)	(1,754,865)	(1,667,433)	(1,747,348)	(1,258,819)
Other (Transfers among employers)	74,352	172,780	(84,137)	78,816	(16,428)	81,432	24,554
Net change in plan fiduciary net position	2,128,670	1,191,094	2,998,800	3,895,526	2,856,751	479,572	3,265,676
Plan fiduciary net position - beginning	36,878,133	35,687,039	32,688,239	28,792,713	25,935,962	25,456,390	22,190,717
Plan fiduciary net position - ending (b)	\$ 39,006,803	\$ 36,878,133	\$ 35,687,039	\$ 32,688,239	\$ 28,792,713	\$ 25,935,962	\$ 25,456,393
County's net pension liability - ending (a) - (b)	\$ 13,830,285	\$ 13,055,930	\$ 8,656,744	\$ 9,344,603	\$ 9,640,702	\$ 8,106,310	\$ 7,213,329
County's net position liability as a percentage of the total pension liability	73.82%	73.85%	80.48%	77.77%	74.92%	76.19%	77.92%
Covered payroll (*)	\$ 17,271,152	\$ 16,066,764	\$ 15,739,067	\$ 13,766,815	\$ 13,562,984	\$ 13,044,867	\$ 12,446,067
County's net pension liability as a percentage of payroll	80.08%	81.26%	55.00%	67.88%	71.08%	62.14%	57.96%

(\*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2021, the measurement period is October 1, 2019 through September 30, 2020. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with fiscal year 2017.

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

***Schedule of the Employer's Contributions - Pension  
Baldwin County  
For the Year Ended September 30, 2021***

	2020	2020	2019	2019	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 1,720,295	\$ 1,464,895	\$ 1,342,489	\$ 1,491,391	\$ 1,329,683	\$ 1,543,632	\$ 1,515,594	\$ 1,463,836
Contributions in relation to the actuarially determined contribution (*)	\$ 1,720,295	\$ 1,464,895	\$ 1,342,489	\$ 1,491,391	\$ 1,329,683	\$ 1,543,632	\$ 1,515,594	\$ 1,463,836
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 29,366,257	\$ 27,913,016	\$ 26,178,878	\$ 26,798,989	\$ 23,529,058	\$ 26,919,548	\$ 26,549,073	\$ 23,806,739
Contributions as a percentage of covered payroll	5.86%	5.25%	5.13%	5.57%	5.65%	5.73%	5.71%	6.15%

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

(\*\*) Employer's covered payroll for fiscal year 2021 is the total covered payroll for the 12 month period of the underlying financial statement.

**Notes to Schedule**

**Valuation date:**

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2021 were based on the September 30, 2018, actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2020 to September 30, 2021:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	28.4 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

***Schedule of the Employer's Contributions - Pension  
Baldwin County Sheriff's Office Personnel System  
For the Year Ended September 30, 2021***

	2021	2020	2019	2019	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 1,207,347	\$ 1,081,329	\$ 1,058,091	\$ 907,775	\$ 813,364	\$ 843,625	\$ 856,626	\$ 853,830
Contributions in relation to the actuarially determined contribution (*)	\$ 1,207,347	\$ 1,081,329	\$ 1,058,091	\$ 907,775	\$ 813,364	\$ 843,625	\$ 856,626	\$ 853,830
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 17,168,529	\$ 17,271,152	\$ 16,066,764	\$ 15,739,067	\$ 13,766,815	\$ 13,562,984	\$ 13,044,867	\$ 12,446,067
Contributions as a percentage of covered payroll	7.03%	6.26%	6.59%	5.77%	5.91%	6.22%	6.57%	6.86%

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

(\*\*) Employer's covered payroll for fiscal year 2021 is the total covered payroll for the 12 month period of the underlying financial statement.

**Notes to Schedule**

Valuation date:

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2021 were based on the September 30, 2018, actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2020 to September 30, 2021:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	19.7 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

***Schedule of the Employer's Proportionate Share of the Net Pension Liability  
Judicial Retirement Fund  
For the Year Ended September 30, 2021***

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

**Member and Employer Contributions**

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

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of September 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	2.75%
Projected Salary Increases	3.25% - 3.50%
Investment Rate of Return	7.65%

The actuarial assumptions used in the actuarial valuation as of September 30, 2019, 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, 2015 completed by the JRF and its actuaries. The purpose of the investigation was to assess the reasonableness of the actuarial assumptions and methods currently used by the JRF. This investigation resulted in changes to the actuarial assumptions. The Board of Control accepted and approved these changes in September 2016 which became effective at the beginning of fiscal year 2016.



***Schedule of Changes in the Employer's - Other Postemployment Benefits (OPEB) Liability  
For the Year Ended September 30, 2021***

	2021	2020	2019	2018
<b>Total OPEB liability</b>				
Service cost	\$ 146,105	\$ 135,335	\$ 110,283	\$ 76,106
Interest	184,050	167,731	216,896	194,224
Differences between expected and actual experience	1,005,916	1,362,149	484,789	198,920
Changes of assumptions	154,194	934,719	800,164	(244,221)
Benefit payments	(561,462)	(593,658)	(396,999)	(376,302)
Net change in total OPEB liability	928,803	2,006,276	1,215,133	(151,273)
Total OPEB liability - beginning	8,608,799	6,602,523	5,387,390	5,538,663
Total OPEB liability - ending	<u>\$ 9,537,602</u>	<u>\$ 8,608,799</u>	<u>\$ 6,602,523</u>	<u>\$ 5,387,390</u>
Covered-employee payroll	\$ 38,837,498	\$ 37,343,749	\$ 44,100,388	\$ 40,618,410
County's OPEB liability as a percentage of covered-employee payroll	24.56%	23.05%	14.97%	13.26%

**Notes to Schedule:**

**Benefit changes** . There were no changes of benefit terms for the year ended September 30, 2020.

**Changes in assumptions** . The discount rate as of September 30, 2020, was 2.21% and it changed to 2.15% as of September 30, 2021.

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

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

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***Schedule of the Employer's Contributions - Other Postemployment Benefits (OPEB)***  
***For the Year Ended September 30, 2021***

	2021	2020	2019	2018
Actuarially determined contribution	\$ 541,675	\$ 457,556	\$ 428,681	\$ 382,175
Contributions in relation to the actuarially determined contribution	\$ 561,462	\$ 593,658	\$ 396,999	\$ 376,302
Contribution deficiency (excess)	\$ (19,787)	\$ (136,102)	\$ 31,682	\$ 5,873
Covered-employee payroll	\$ 38,837,498	\$ 37,343,749	\$ 44,100,388	\$ 40,618,410
Contributions as a percentage of covered-employee payroll	1.45%	1.59%	0.90%	0.93%

**Notes to Schedule**

Valuation date: October 1, 2020

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	Market Value
Inflation	2.5% annually
Healthcare cost trend rates	Flat 5.5% annually for ten years, 4.5% thereafter
Salary increases	4.0% annually
Discount Rate	2.21% annually (Beginning of Year to Determine ADC) 2.15% annually (As of End of Year Measurement Date)
Retirement age	The earlier of 30 years of service at any age or attainment of age 60 and 25 years of service; employees hired on and after January, 2013 are not eligible to retire until age 62.
Mortality	RP-2000 without projection
Turnover	Age specific table with an average of 15% when applied to the active census

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

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - General Fund***  
***For the Year Ended September 30, 2021***

	Budgeted Amounts		Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final				
<b>Revenues</b>						
Taxes	\$ 57,018,034.00	\$ 57,018,034.00	\$ 64,863,247.66	(1)	\$ 13,387,538.38	\$ 78,250,786.04
Licenses and Permits	1,289,000.00	1,289,000.00	1,836,888.35			1,836,888.35
Intergovernmental	2,039,900.00	2,039,900.00	69,013,187.44	(1)	3,196,673.20	72,209,860.64
Charges for Services	13,960,185.00	13,960,185.00	15,525,645.47	(1)	150,887.14	15,676,532.61
Fines and Forfeits			20,101.52			20,101.52
Miscellaneous	3,227,115.00	3,247,590.00	2,527,490.34	(1)	11,378,962.14	13,906,452.48
Total Revenues	<u>77,534,234.00</u>	<u>77,554,709.00</u>	<u>153,786,560.78</u>		<u>28,114,060.86</u>	<u>181,900,621.64</u>
<b>Expenditures</b>						
Current:						
General Government	25,062,881.00	25,062,881.00	93,117,744.31	(2)	(11,301,119.66)	104,418,863.97
Public Safety	32,909,446.00	32,943,575.00	32,228,878.44			32,228,878.44
Health	882,500.00	882,500.00	812,321.90			812,321.90
Welfare	11,000.00	11,000.00	7,900.00	(2)	(628,679.07)	636,579.07
Culture and Recreation	100,600.00	100,600.00	(26,862.02)	(2)	(4,828,916.44)	4,802,054.42
Education	76,212.00	76,212.00	67,815.48			67,815.48
Capital Outlay	5,294,205.00	5,586,411.00	4,959,382.79	(2)	(2,336,295.56)	7,295,678.35
Debt Service:						
Interest and Fiscal Charges	308,909.00	308,909.00	301,618.00			301,618.00
Total Expenditures	<u>64,645,753.00</u>	<u>64,972,088.00</u>	<u>131,468,798.90</u>		<u>(19,095,010.73)</u>	<u>150,563,809.63</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>12,888,481.00</u>	<u>12,582,621.00</u>	<u>22,317,761.88</u>		<u>9,019,050.13</u>	<u>31,336,812.01</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	609,437.00	609,437.00	1,860,195.62	(3)		1,860,195.62
Sale of Capital Assets			77,680.53	(3)	33,960.99	111,641.52
Proceeds from Long-Term Debt Issued					48,374,817.60	48,374,817.60
Transfers Out	(15,219,918.00)	(17,357,018.00)	(4,088,050.67)	(3)	(57,119,044.60)	(61,207,095.27)
Total Other Financing Sources (Uses)	<u>(14,610,481.00)</u>	<u>(16,747,581.00)</u>	<u>(2,150,174.52)</u>		<u>(8,710,266.01)</u>	<u>(10,860,440.53)</u>
Net Change in Fund Balances	(1,722,000.00)	(4,164,960.00)	20,167,587.36		308,784.12	20,476,371.48
Fund Balances - Beginning of Year	<u>29,382,782.00</u>	<u>29,382,782.00</u>	<u>35,016,132.37</u>	(4)	<u>2,920,340.77</u>	<u>37,936,473.14</u>
Fund Balances - End of Year	<u>\$ 27,660,782.00</u>	<u>\$ 25,217,822.00</u>	<u>\$ 55,183,719.73</u>		<u>\$ 3,229,124.89</u>	<u>\$ 58,412,844.62</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - General Fund***  
***For the Year Ended September 30, 2021***

**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			
Self Insurance Fund	\$	11,347,746.71	
Road and Bridge Fund		13,431,137.78	
Legislative Delegation Fund		250,885.28	
Supernumerary Fund		24.19	
Council on Aging Fund		101,548.95	
Utilities Permit Fund		487.93	
Parks Fund		2,982,230.02	
			\$ 28,114,060.86
(2) Expenditures			
Self Insurance Fund	\$	11,088,119.11	
Legislative Delegation Fund		213,000.55	
Council on Aging Fund		628,679.07	
Parks Fund		7,165,212.00	
			(19,095,010.73)
(3) Other Financing Sources/(Uses), Net			
Legislative Delegation Fund	\$	200,000.00	
Road and Bridge Fund		(13,430,000.00)	
Council on Aging Fund		518,633.00	
Parks Fund		4,001,100.99	
			(8,710,266.01)
Net Increase in Fund Balance - Budget to GAAP			\$ 308,784.12

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

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - Gasoline Tax Fund***  
***For the Year Ended September 30, 2021***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
<b>Revenues</b>					
Taxes	\$ 8,400,000.00	\$ 8,400,000.00	\$ 9,628,837.51	\$	\$ 9,628,837.51
Intergovernmental	2,827,125.00	2,827,125.00	5,188,670.57	(1) 1,116,500.45	6,305,171.02
Charges for Services	130,300.00	130,300.00	144,895.45		144,895.45
Miscellaneous	496,000.00	496,000.00	553,443.17	(1) 638.86	554,082.03
Total Revenues	11,853,425.00	11,853,425.00	15,515,846.70	1,117,139.31	16,632,986.01
<b>Expenditures</b>					
Current:					
Highways and Roads	21,838,119.00	21,838,119.00	9,532,742.55		9,532,742.55
Capital Outlay	5,908,794.00	13,002,929.00	17,205,637.42		17,205,637.42
Total Expenditures	27,746,913.00	34,841,048.00	26,738,379.97		26,738,379.97
Excess (Deficiency) of Revenues Over Expenditures	(15,893,488.00)	(22,987,623.00)	(11,222,533.27)	1,117,139.31	(10,105,393.96)
<b>Other Financing Sources (Uses)</b>					
Transfers In	17,548,000.00	17,548,000.00	19,840,106.33	(2) (1,029,500.00)	18,810,606.33
Proceeds from Sale of Capital Assets	1,055,900.00	1,055,900.00	1,454,226.15		1,454,226.15
Transfers Out	(3,293,060.00)	(3,293,060.00)	(4,240,896.19)	(2) (50,000.00)	(4,290,896.19)
Total Other Financing Sources (Uses)	15,310,840.00	15,310,840.00	17,053,436.29	(1,079,500.00)	15,973,936.29
Net Change in Fund Balances	(582,648.00)	(7,676,783.00)	5,830,903.02	37,639.31	5,868,542.33
Fund Balances - Beginning of Year	19,854,356.00	19,854,356.00	16,318,698.68	(3) 620,154.68	16,938,853.36
Fund Balances - End of Year	\$ 19,271,708.00	\$ 12,177,573.00	\$ 22,149,601.70	\$ 657,793.99	\$ 22,807,395.69

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - Gasoline Tax Fund***  
***For the Year Ended September 30, 2021***

**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	\$ 915,613.98	
Severed Material Severance Tax Fund	<u>201,525.33</u>	\$ 1,117,139.31
(2) Other Financing Sources/(Uses)		
Public Highway and Traffic Fund	\$ (875,700.00)	
Severed Material Severance Tax Fund	<u>(203,800.00)</u>	<u>(1,079,500.00)</u>
Net Increase in Fund Balance - Budget to GAAP		<u>\$ 37,639.31</u>

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

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - Coronavirus Rescue Act Fund***  
***For the Year Ended September 30, 2021***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
<b>Revenues</b>					
Intergovernmental	\$	\$ 1,786,747.60	\$ 673,936.90	\$	\$ 673,936.90
Miscellaneous			8,151.64		8,151.64
Total Revenues		1,786,747.60	682,088.54		682,088.54
<b>Expenditures</b>					
Current:					
General Government		1,204,000.00	454,888.28		454,888.28
Public Safety		11,875.00			
Capital Outlay		570,872.60	219,048.62		219,048.62
Total Expenditures		1,786,747.60	673,936.90		673,936.90
Excess (Deficiency) of Revenues Over Expenditures			8,151.64		8,151.64
Net Change in Fund Balances			8,151.64		8,151.64
Fund Balances - Beginning of Year					
Fund Balances - End of Year	\$	\$	\$ 8,151.64	\$	\$ 8,151.64



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*Supplementary Information*

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2021***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Grantor's Identifying Number</b>	<b>Pass-Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b><u>U. S. Department of Agriculture</u></b>				
<b><u>Passed Through Alabama Department of Education</u></b>				
Child Nutrition Cluster:				
School Breakfast Program - Cash Assistance	10.553	N/A	\$	\$ 15,080.27
National School Lunch Program:				
Cash Assistance	10.555	N/A		33,742.74
Non-Cash Assistance (Commodities)	10.555	N/A		806.62
Sub-Total National School Lunch Program				<u>34,549.36</u>
Sub-Total Child Nutrition Cluster				49,629.63
State Administrative Expenses for Child Nutrition	10.560	N.A.		142.21
Total U. S. Department of Agriculture				<u>49,771.84</u>
<b><u>U. S. Department of Commerce</u></b>				
<b><u>Passed Through Alabama Department of Environmental Management</u></b>				
Coastal Zone Management Administration Awards	11.419	C90593016		35,000.00
Total U. S. Department of Commerce				<u>35,000.00</u>
<b><u>U. S. Department of Housing and Urban Development</u></b>				
<b><u>Passed Through Alabama Department of Economic and Community Affairs</u></b>				
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	CY CM PF 18 009		2,174.70
Total U. S. Department of Housing and Urban Development				<u>2,174.70</u>
<b><u>U. S. Department of Interior</u></b>				
<b><u>Direct Programs</u></b>				
Payments in Lieu of Taxes	15.226	N/A		37,512.00
GoMESA	15.435	N/A		3,194,876.69
National Wildlife Refuge Fund	15.659	N/A		277,329.00
Total U. S. Department of Interior				<u>3,509,717.69</u>
<b><u>U. S. Department of Justice</u></b>				
<b><u>Direct Programs</u></b>				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	N/A		21,385.61
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A		10,395.00
Equitable Sharing Program	16.922	N/A		200,842.67
Total U. S. Department of Justice				<u>232,623.28</u>
Sub-Total Forward			\$	\$ 3,829,287.51

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2021***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Grantor's Identifying Number</b>	<b>Pass-Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
Sub-Total Brought Forward			\$	\$ 3,829,287.51
<b><u>U. S. Department of the Treasury</u></b>				
<b><u>Passed Through Alabama Department of Finance</u></b>				
COVID-19 Coronavirus Relief Fund	21.019	N/A		1,221,754.74
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		426,749.83
<b><u>Direct Program</u></b>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		673,936.90
Sub-Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds				1,100,686.73
<b><u>Direct Program</u></b>				
COVID-19 Emergency Rental Assistance Program	21.023	N/A		1,827,239.91
Total U. S. Department of the Treasury				4,149,681.38
<b><u>U. S. Department of Transportation</u></b>				
<b><u>Passed Through Alabama Department of Transportation</u></b>				
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FTA 981000 72628		116,415.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	N/A		24,240.00
Sub-Total Federal Transit - Formula Grants (Urbanized Area Formula Program)				140,655.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTO 81000 72537		1,303,300.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTO 81000 72538		692,837.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTO 81000 72745		2,212.00
Sub-Total Formula Grants for Rural Areas and Tribal Transit Program				1,998,349.00
Public Transportation Innovation Program	20.530	N/A		201,920.00
Total U. S. Department of Transportation				2,340,924.00
<b><u>U. S. Department of Health and Human Services</u></b>				
<b><u>Passed Through South Alabama Regional Planning Commission</u></b>				
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	302-AAA-2021		97,681.25
<b><u>Passed Through Alabama Department of Public Health</u></b>				
Public Health Emergency Preparedness	93.069	N/A		5,049.90
Total U. S. Department of Health and Human Services				102,731.15
<b><u>U. S. Elections Assistance Commission</u></b>				
<b><u>Passed Through Alabama Office of Secretary of State</u></b>				
COVID-19 - CARES Election Expenses Grant	90.404	N/A		62,853.23
Total U. S. Elections Assistance Commission				62,853.23
Sub-Total Forward			\$	\$ 10,485,477.27

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2021***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Grantor's Identifying Number</b>	<b>Pass-Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
Sub-Total Brought Forward			\$	\$ 10,485,477.27
<b><u>Executive Office of the President</u></b>				
<b><u>Passed Through Alabama Law Enforcement Agency</u></b>				
High Intensity Drug Trafficking Areas Program	95.001	G20C0006A		67,804.44
Total U. S. Executive Office of the President				<u>67,804.44</u>
<b><u>U. S. Department of Homeland Security</u></b>				
<b><u>Passed Through Alabama Emergency Management Agency</u></b>				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4563-DR		61,101,973.28
<b><u>Passed Through Alabama Law Enforcement Agency</u></b>				
Homeland Security Grant Program	97.067	20LOC	114,411.92	114,411.92
Total U. S. Department of Homeland Security			<u>114,411.92</u>	<u>61,216,385.20</u>
<b><u>Gulf Coast Ecosystem Restoration Council (RESTORE)</u></b>				
<b><u>Passed Through Alabama Department of Conservation and Natural Resources</u></b>				
Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program	87.052	S1P13-BSWQ		98,476.00
Total Gulf Coast Ecosystem Restoration Council (RESTORE)				<u>98,476.00</u>
Total Expenditures of Federal Awards			<u>\$ 114,411.92</u>	<u>\$ 71,868,142.91</u>

N/A = Not Available or Not Applicable

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

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***Notes to the Schedule of Expenditures  
of Federal Awards  
For the Year Ended September 30, 2021***

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**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Baldwin County Commission under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Baldwin County Commission, it is not intended to and does not present the financial position or changes in net position of the Baldwin County Commission.

**Note 2 – Summary of Significant Accounting Policies**

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

**Note 3 – Indirect Cost Rate**

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

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*Additional Information*

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***Commission Members and Administrative Personnel***  
***October 1, 2020 through September 30, 2021***

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<b>Commission Members</b>		<b>Term Expires</b>
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Hon. Joe Davis, III	Chairperson	2022
Hon. Charles F. Gruber	Member	2022
Hon. James E. Ball, Jr.	Member	2022
Hon. Billie Jo Underwood	Member	2022

**Administrative Personnel**

Cian Harrison	Clerk/Treasurer	2022
Wayne Dyess	County Administrator	Indefinite



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***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***

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**Independent Auditor's Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States, 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, 2021, 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 July 21, 2022.

**Internal Control Over Financial Reporting**

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

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

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

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***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***

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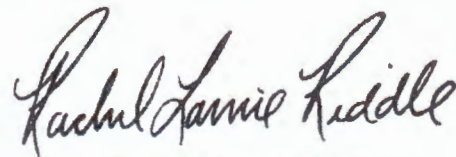
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**Compliance and Other Matters**

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

**Purpose of this Report**

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



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

July 21, 2022

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

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***Independent Auditor's Report***

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

***Report on Compliance for the Major Federal Program***

We have audited the Baldwin County Commission's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Baldwin County Commission's major federal programs for the year ended September 30, 2021. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance with 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 the audit requirements of Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)***. Those standards and the *Uniform Guidance* 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 of the major federal programs. However, our audit does not provide a legal determination of the Baldwin County Commission's compliance.

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

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***Opinion on the 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 its major federal programs for the year ended September 30, 2021.

***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 a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

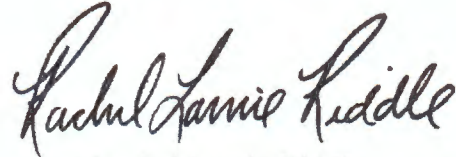
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify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

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

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



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

July 21, 2022

***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2021***

**Section I – Summary of Examiner's Results**

**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes      X   None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with

2 CFR 200.516(a) of the *Uniform Guidance*?

\_\_\_\_\_ Yes      X   No

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
21.027	COVID-19, Coronavirus State and Local Fiscal Recovery Fund
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between

Type A and Type B programs:

\$2,156,044.29

Auditee qualified as low-risk auditee?

  X   Yes    \_\_\_\_\_ No

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***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2021***

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**Section II – Financial Statement Findings (GAGAS)**

No matters were reportable.

**Section III – Federal Awards Findings and Questioned Costs**

No matters were reportable.