Report on the

Mobile County Commission

Mobile County, Alabama

October 1, 2014 through September 30, 2015

Filed: August 5, 2016

Department of Examiners of Public Accounts

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Ronald L. Jones, Chief Examiner

16-338

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Ronald L. Jones
Chief Examiner

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

Dear Sir:

Under the authority of the *Code of Alabama 1975*, Section 41-5-21, we submit this report on the results of the audit of the Mobile County Commission, Mobile County, Alabama, for the period October 1, 2014 through September 30, 2015.

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

Sworn to and subscribed before me this
the 13th day of July, 2016.

Edith Gray Nassar
Notary Public

Sworn to and subscribed before me this
the 15 day of July, 2016.

Robert Bonner
Notary Public

Sworn to and subscribed before me this
the 15 day of July, 2016.

Robert Bonner
Notary Public

Respectfully submitted,

Angela B. Waters

Angela B. Waters
Examiner of Public Accounts

M. Lynn Benson

M. Lynn Benson
Examiner of Public Accounts

Miranda L. Bonner

Miranda L. Bonner
Examiner of Public Accounts

rb

STATE OF ALABAMA NOTARY PUBLIC
ROBERT BONNER
My Commission Expires
March 24, 2018

16-338

Table of Contents

		Page
Summary		A
Contains items pertaining to federal, state and local legal compliance, Commission operations, and other matters.		
Independent Auditor's Report		B
Reports on whether the financial information constitutes a fair presentation of the financial position and results of financial operations in accordance with generally accepted accounting principles (GAAP).		
Management's Discussion and Analysis		F
Provides information required by the Governmental Accounting Standards Board (GASB) that is prepared by management of the Commission introducing the basic financial statements and providing an analytical overview of the Commission's financial activities for the year. This information has not been audited, and no opinion is provided about the information.		
Basic Financial Statements		1
Provides the minimum combination of financial statements and notes to the financial statements that is required for the fair presentation of the Commission's financial position and results of operations in accordance with GAAP.		
Exhibit #1	Statement of Net Position	2
Exhibit #2	Statement of Activities	4
Exhibit #3	Balance Sheet – Governmental Funds	6
Exhibit #4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	10
Exhibit #5	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Exhibit #6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Exhibit #7	Statement of Fiduciary Net Position	15

Table of Contents

Page

Exhibit #8 Statement of Changes in Fiduciary Net Position 16

Notes to the Financial Statements 17

<u>Required Supplementary Information</u> 51

Provides information required by the GASB to supplement the basic financial statements. This information has not been audited and no opinion is provided about the information.

Exhibit #9 Schedule of Changes in the Net Pension Liability 52

Exhibit #10 Schedule of the Employer's Contributions 53

Exhibit #11 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund 54

Exhibit #12 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Reappraisal Fund 58

Exhibit #13 Schedule of Funding Progress – Other Postemployment Benefits 60

<u>Supplementary Information</u> 61

Contains financial information and notes relative to federal financial assistance.

Exhibit #14 Schedule of Expenditures of Federal Awards 62

Notes to the Schedule of Expenditures of Federal Awards 72

<u>Additional Information</u> 73

Provides basic information related to the Commission, including reports and items required by generally accepted government auditing standards and/or U. S. Office of Management and Budget (OMB) Circular A-133 for federal compliance audits.

Exhibit #15 **Commission Members and Administrative Personnel** – a listing of the Commission members and administrative personnel. 74

Table of Contents

Page

Exhibit #16	**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*** – a report on internal controls related to the financial statements and on whether the Commission complied with laws and regulations which could have a direct and material effect on the Commission's financial statements.	75
Exhibit #17	**Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133** – a report on internal controls over compliance with requirements of laws, regulations, contracts, and grants applicable to major federal programs and an opinion on whether the Commission complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program.	77
Exhibit #18	**Schedule of Findings and Questioned Costs** – a schedule summarizing the results of audit findings relating to the financial statements as required by ***Government Auditing Standards*** and findings and questioned costs for federal awards as required by OMB Circular A-133.	80

Department of

Examiners of Public Accounts

SUMMARY

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

The Mobile County Commission (the “Commission”) is governed by a three-member body elected by the citizens of Mobile County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 15. 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 Mobile County.

This report presents the results of an audit the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the Commission complied with applicable laws and regulations, including those applicable to its major federal financial assistance programs. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States as well as the requirements of the Department of Examiners of Public Accounts under the authority of the ***Code of Alabama 1975***, Section 41-5-14.

An unmodified opinion was issued on the financial statements, which means that the Commission’s financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2015.

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

The following officials/administrative personnel were invited to an exit conference to discuss this report: John Pafenbach, Administrator of the County Commission; Michelle Herman, Director of Finance; and County Commissioners: Connie Hudson, Merceria Ludgood, and Jerry Carl. The following individuals attended an exit conference, held at the offices of the County Commission: John Pafenbach, Administrator; Michelle Herman, Director of Finance; Commissioners: Merceria Ludgood and Jerry Carl; and representatives of the Department of Examiners of Public Accounts: Brian Wheeler, Audit Manager and Angela Waters, Examiner. Results of the audit were discussed via phone with Commissioner Connie Hudson.

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Independent Auditor’s Report

Independent Auditor's Report

To: Members of the Mobile County Commission and County Administrator

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mobile County Commission, as of and for the year ended September 30, 2015, which collectively comprise the basic financial statements of the Mobile County Commission's government as listed in the table of contents as Exhibits 1 through 8.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe 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, each major fund, and the aggregate remaining fund information of the Mobile County Commission, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, during the fiscal year ended September 30, 2015, the Mobile County Commission adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement Number 68, ***Accounting and Financial Reporting for Pensions*** – an amendment of GASB Statement Number 27. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), Schedule of Changes in the Net Pension Liability, Schedule of the Employer's Contributions, Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, and Schedule of Funding Progress (Exhibits 9 through 13), 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mobile County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 14) as required by U. S. Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated July 1, 2016, on our consideration of the Mobile County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Mobile County Commission's internal control over financial reporting and compliance.

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

Montgomery, Alabama

July 1, 2016

Management's Discussion and Analysis (Required Supplementary Information)

MOBILE COUNTY COMMISSION

County Commissioners
Connie Hudson, Commission President
Merceria Ludgood, Commissioner
Jerry Carl, Commissioner
Administration
John F. Pafenbach, County Administrator
Glenn L. Hodge, Deputy Administrator
Michelle T. Herman, Finance Director

Management's Discussion and Analysis

The Mobile County Commission's Management Discussion and Analysis report (MD&A) is designed to provide an objective and easy to read analysis of the County's financial activities for the fiscal year ended September 30, 2015. Please read the report in conjunction with the County's financial statements.

This report is required by the Governmental Accounting Standards Board Statement Number 34 – *Basic Financial Statements* – and *Management's Discussion and Analysis – for State and Local Governments* (Statement 34). This reporting model requires significant changes in the presentation of financial data and the manner in which the information is recorded.

As with other sections of this report, the information contained in the MD&A should be considered only a part of the report. Readers should take time to read and evaluate all sections of this report, which include government-wide statements, fund statements, footnotes and the other Required Supplemental Information (RSI) that is provided in addition to this MD&A.

Understanding the Basic Financial Statements

Government-Wide Financial Statements

The Government-Wide financial statements are designed to provide the reader with a broad overview of the financial position of the Mobile County Commission and are similar to private sector statements. They include a *Statement of Net Position* and a *Statement of Activities.*

The Statement of Net Position shows the County's assets and deferred outflows of resources less its liabilities and deferred inflows of resources at September 30, 2015. The difference is reported as net position. Over time, an increase or decrease in the County's net position is one indicator of whether its financial health is improving or deteriorating. You will also need to consider other non-financial factors, such as changes in the tax base and the condition of the County's roads, to assess the overall health of the County.

The Statement of Activities presents information showing how the net assets changed during the fiscal year. The statement presents all underlying events which give rise to the change, regardless of the timing of the related cash flows. The Statement of Activities is also intended to simplify the analysis of the cost of various governmental services and the amount of taxes necessary to sustain each of these activities.

Fund Financial Statements

The term fund refers to a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and by bond covenants. Mobile County also establishes funds to help control and manage money for specific purposes and to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The fund financial statements provide detailed information about the most significant funds—not the County as a whole. Mobile County's operations are reported in the Governmental Funds section of the MD&A.

The Governmental Funds section focuses on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information may be helpful in evaluating Mobile County's near-term financing requirements and available resources. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in the reconciliation that follows the fund financial statements.

Analysis of the Overall Financial Position and Results of Operations

In evaluating the financial position and short-term financial performance of the County, two tools are used: The Statement of Net Position and the Statement of Activities. It is useful to compare the current year with the prior year. This will point out trends and areas of concern or interest.

We have provided the following summary along with percent change to facilitate comparisons. The County's total assets increased by 4.31 % or $27.5 million. The County's total liabilities increased by 29.69% or $53.3 million. The County's total net position decreased by 6.58 % or $25.8 million. The County shows a deficit of $96 million in unrestricted net position for fiscal 2015 which is an increase from the deficit of fiscal year 2014. This deficit in unrestricted net position is due to $85 million in debt that was issued in fiscal 2008 related to an economic development incentive. There are no assets recorded on the County books in relation to this debt. The deficit will decrease as the debt is paid down.

THE COUNTY AS A WHOLE

Comparative Statement of Net Position
Stated in thousands

	2015	2014	Change	% Change
Assets				
Current and Other Assets	$ 263,476	$ 247,644	$ 15,832	6.39%
Capital Assets, Net	403,490	391,751	11,739	3.00%
Total Assets	$ 666,966	$ 639,395	$ 27,571	4.31%
Deferred Outflows of Resources				
Loss on Refunding of debt	$ 2,648	$ 942	$ 1,706	
Employer Pension Contributions	$ 5,757		$ 5,757	
Total Deferred Outflows of Resources	$ 8,405	$ 942	$ 7,463	
Liabilities				
Current Liabilities	$ 18,862	$ 18,186	$ 676	3.72%
Noncurrent Liabilities	214,147	161,487	52,660	32.61%
Total Liabilities	$ 233,009	$ 179,673	$ 53,336	29.69%
Deferred Inflows of resources				
Unavaliable Revenue -Property Taxes	$ 67,889	$ 65,475	$ 2,414	3.69%
Revenue Received in Advance - Motor Vehicle Taxes	$ 3,652	$ 3,528	$ 124	3.51%
Proportionate Share of Collective Deferred Inflows Related to Net Pension Liability	$ 4,927		$ 4,927	
Total Deferred Inflows of Resources	$ 76,468	$ 69,003	$ 7,465	10.82%
Net Position				
Invested in Capital Assets Net of Related Debt	$ 356,001	$ 349,819	$ 6,182	1.77%
Restricted for:				
Road Projects	66,794	63,038	$ 3,756	5.96%
Debt Service	34,180	30,211	$ 3,969	13.14%
Other Purposes	4,943	3,681	$ 1,262	34.28%
Unrestricted	(96,024)	(55,088)	$ (40,936)	74.31%
Total Net Position	$ 365,894	$ 391,661	$ (25,767)	-6.58%

COMPARATIVE STATEMENT OF ACTIVITIES
Stated in Thousands

	2015	2014	Change	% Change
Revenues:				
Program Revenues				
Charges for Services	$ 22,551	$ 21,678	$ 873	4.03%
Operating Grants and Contributions	30,578	31,245	(667)	-2.13%
Capital Grants and Contributions	167	464	(297)	-64.01%
Total Program Revenues	53,296	53,387	(91)	-0.17%
General Revenues:				
Taxes				
Property Taxes for General Purposes	27,050	26,359	691	2.62%
Property Taxes for Specific Purposes	49,194	47,970	1,224	2.55%
General Sales Tax	57,649	55,308	2,341	4.23%
County Gasoline Sales Tax	582	586	(4)	-0.68%
Other County Sales and Use Taxes	7,340	7,029	311	4.42%
Miscellaneous Taxes	1,739	1,942	(203)	-10.45%
Grants and Contributions Not Restricted for Specific Purposes	3,646	4,760	(1,114)	-23.40%
Investment Earnings	1,441	669	772	115.40%
Miscellaneous	3,051	5,124	(2,073)	-40.46%
Gain on Sale of Capital Assets		2,006	(2,006)	-100.00%
Total General Revenues	151,692	151,753	(61)	-0.04%
Total Revenues	$ 204,988	$ 205,140	$ (152)	-0.07%
Program Expenses				
General Government	$ 52,640	$ 59,834	$ (7,194)	-12.02%
Public Safety	63,390	64,905	(1,515)	-2.33%
Highways and Roads	35,108	35,500	(392)	-1.10%
Sanitation	3,450	3,291	159	4.83%
Health	4,251	2,776	1,475	53.13%
Welfare	5,698	4,340	1,358	31.29%
Culture and Recreation	2,676	2,556	120	4.69%
Education	2,918	2,671	247	9.25%
Interest and Fiscal Charges	5,137	6,005	(868)	-14.45%
Total Expenses	$ 175,268	$ 181,878	$ (6,610)	-3.63%
Change in Net Position	$ 29,720	$ 23,262	$ 6,458	27.76%
Net Position, October 1 , as restated	336,174	368,399	(32,225)	-8.75%
Net Position, September 30	$ 365,894	$ 391,661	$ (25,767)	-6.58%

Total Program Revenues decreased by .17%. Program Revenues contain charges for services, program specific operating grants and program specific capital grants. The decrease in total program revenues was due primarily to a decrease in Capital Grants.

General Revenues decreased by .07%. This category contains all taxes, even those levied for a specific purpose as well as all revenues that are not reported as program revenues. The County's total revenues decreased by.04%. There was a 4.23% increase in General Sales Taxes, and a .68% decrease in County Gasoline Sales Tax. Property Taxes for general purposes increased by 2.62%, Property Taxes for specific purposes increased by 2.55%, and Miscellaneous Revenue decreased by 40.46 %.

Total Expenses decreased by 3.63%.

- General Government expenditures decreased by 12.02%
- Public Safety decreased spending by 2.33%.
- Highways and Roads expenditures decreased by 1.10%. Because of the multiyear nature of most Highways and Roads projects, there are often wide swings in expenditures from year to year.
- Sanitation increased by 4.83%.
- Health expenditures increased by 53.13%. Indigent Care funds for fiscal 2015 were distributed.
- Welfare expenditures increased by 31.29%
- Culture and Recreation increased by 4.69%.
- Education increased by 9.25%. Education projects are usually multiyear projects with fluctuations from year to year.
- Interest and Fiscal Charges decreased by 14.45%.

Governmental Funds

Governmental funds presented individually in Mobile County Commission's 2015 statements include three major funds: the General Fund, the Reappraisal Fund, and the Special Highway Tax Fund. Mobile County also has additional smaller governmental funds. These are presented in the Governmental Fund Statements in a total column termed "Other Governmental Funds."

The Mobile County Commission is complying with GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for fiscal years beginning after 6/15/2010. The primary impact of this statement is that funds which are held separately and were reported separately before, namely the Road and Bridge Fund, the Capital Improvement Fund, the FAA Projects Fund, the Maddies Fund, and the Special Events Fund, will now be reported as part of the General Fund; however these funds will continue to be held separately.

MAJOR FUND INFORMATION
Balance Sheet
(in thousands)

	General Fund		Reappraisal Fund		Special Highway Tax Fund	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Total Assets	$ 107,963	$ 94,369	$ 9,089	$ -	$ 61,743	$ 57,344
Total Liabilities	$ 12,926	$ 13,068	$ 3,089	-	-	-
Total Deferred Inflows of Resources	$ 39,183	$ 38,528	$ 6,000	-	$ 26,357	$ 25,640
Fund Balances						
Nonspendable						
Inventories	$ 197	$ 188				
Prepaid Items	$ 1,100	$ 1,124				
Restricted For:						
Debt Service					$ 35,386	$ 31,704
Highways and Roads						
Capital Projects						
Other Purposes						
Assigned To:						
Other Purposes						
Unassigned:						
General	$ 54,557	$ 41,461				
Total Fund Balances	$ 55,854	$ 42,773			$ 35,386	$ 31,704
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 107,963	$ 94,369	$ 9,089	$ -	$ 61,743	$ 57,344

MAJOR FUNDS INFORMATION
(in thousands)
Statement of Revenues, Expenditures and Changes in Fund Balances

	General Fund		Reappraisal Fund		Special Highway Tax Fund	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue and Other Sources	$ 175,397	$ 148,402	$ 4,790	$ -	$ 29,567	$ 28,504
Expenses and Other Uses	$ 162,316	$ 142,277	$ 4,790	$ -	$ 25,885	$ 25,648
Increase (Dec) in Fund Balance	$ 13,081	$ 6,125	$ -	$ -	$ 3,682	$ 2,856
Fund Balance at Beg of Year as Restated	$ 42,773	$ 36,648	$ -	$ -	$ 31,704	$ 28,848
Fund Balance at Year End	$ 55,854	$ 42,773	$ -	$ -	$ 35,386	$ 31,704

In Governmental funds, the ending fund balance is a reflection of the resources that are available to carry over to future years. It is also a reflection of the County's ability to respond to emergencies or take advantage of opportunities that come available. A good rule of thumb for the General Fund is to have at least two to three months of expenditures in unassigned fund balance. The Commission reevaluates the unassigned fund balance annually. The Commission's goal is to maintain a balance between addressing capital needs and maintaining an adequate reserve. At September 30, 2015 the Commission maintained the unassigned fund balance in the General Fund at $54,557,376. This includes the balances of the accounts listed above that must be reported in the General Fund.

General Fund Budget Amendments
(in thousands)
Year ended September 30, 2015

	Original	Amendments	Final
Revenues			
Taxes	$ 83,976	1,017	$ 84,993
Licenses and Permits	1,249	-	1,249
Intergovernmental	21,202	-	21,202
Charges for Services	15,948	-	15,948
Miscellaneous	803	161	964
Total Revenues	123,178	1,178	124,356
Expenditures			
General Government	43,099	3,209	46,308
Public Safety	60,337	626	60,963
Highway and Roads	-	-	-
Sanitation	3,217	561	3,778
Health	877	-	877
Welfare	301	-	301
Culture and Recreation	2,437	8	2,445
Education	2,408	361	2,769
Capital Outlay	-	1,789	1,789
Debt Service:		-	
Principal Retirement	5,846	-	5,846
Interest and Fiscal Charges	2,934	-	2,934
Debt Issuance Costs		237	237
Total Expenditures	121,456	6,791	128,247

General Fund Budget Amendments
(in thousands)

	Original	Amendments	Final
Other Financing Sources/Uses			
Proceeds of Refunding Debt	-	19,295	19,295
Proceeds of Bonds/Warrants	-	4,790	4,790
Premiums on Debt Issued	-	3,708	3,708
Usage of Bonds/Warrants	-	(22,555)	(22,555)
Transfers Net	(1,709)	(6,239)	(7,948)
Total Other Financing Sources	(1,709)	(1,001)	(2,710)
Total Increase (Decrease) in Fund Balance	$ 13	$ (6,614)	$ (6,601)

The FY 2015 Budget was developed to balance expenditures and revenues. The following major General Fund budget amendments were made during fiscal 2015:

$6,614,940 of carryover was amended into the FY 2015 budget. This consisted of designated funds from FY 2014 as well as the following:

- $711,255 for Probate Court judicial case management software and operating system.
- $279,347 to advance salary increase by two months.
- $820,078 for salary adjustments in FY 2015

$1,017,179 of Sales Tax revenue was amended in to replace a transfer from the Tobacco Tax Fund.

Two debt issues were amended into the budget in FY 2015:

- The Series 2014A General Obligation Refunding Warrants were issued in the amount of $19,295,000.00 to refund a portion of the County's General Obligation Improvement Bond Series 2008 and pay the cost of issuing the 2014A Bonds.
- The Series 2014B General Obligation Warrants were issued in the amount of $4,790,000.00 to purchase certain vehicles and equipment for use by the County and pay the cost of issuing the 2014B Warrants.

Debt Administration

Mobile County Commission had $214,147,396.28 in outstanding bonds, notes payable and other long term liabilities at 09/30/2015 compared to $215,145,138.21 at 10/01/2014 – which was restated due to the implementation of new GASB standards pertaining to Net Pension Liability.

- Outstanding debt was decreased by $29,994,133.88 due to:
    - Principal repayments, and amortization of premium and discount on Bonds, Warrants and Notes payable of $28,390,025.74
    - Reduction in Compensated Absences of $584,108.14
    - Reduction in Worker's Compensation of $1,020,000.00
- Outstanding debt was increased by $1,202,998.00 due to the following:
    - An increase in the liability for Other Post-Employment Benefits of $629,000.00
    - An increase in Net Pension Liability of $573,998.00

Capital Assets

The beginning balance for net capital assets was restated to $393,180,511.11. Restatements in the amount of $304,726.00 were made to infrastructure to remove items that were in progress but did not meet the threshold for capitalization when completed. Also, the beginning balance for Construction in Progress was restated by $1,733,830.76 to account for prior period errors.

The County ended the year with net capital assets of $403,489,646.49. The change was due to additions net of depreciation of $18,378,737.30 and retirements/reclassifications net of depreciation in the amount of $8,069,601.92. The additions and retirements columns include a reclassification from Infrastructure in Progress to Infrastructure in the amount of $7,914,665.84.

Economic Factors and Next Year's Budget

Mobile County Commission
Budget Synopsis
FY 2016

The FY 2016 Budget has total revenues of $193,955,385. This is $4,851,424 or 2.56% above the FY 2015 Budget. Expenditures in the FY 2016 Budget are $180,170,669. This is $6,310,413 or 3.63% above the fiscal 2015 Budget. The chart below provides a comparison of expenditures by type between FY 2015 and FY 2016:

	2015	2016	Increase/ (decrease)	%
Grand Total All Budgets All Funds				
Personnel Expenditures	$ 88,789,891	$ 94,112,273	$ 5,322,382	5.99%
Operational Expenditures	$ 59,099,376	$ 61,783,298	$ 2,683,922	4.54%
Debt Service Expenditures	$ 14,727,974	$ 14,788,188	$ 60,214	0.41%
Appropriation Expenditures	$ 6,896,015	$ 7,089,910	$ 193,895	2.81%
Infrastructure Funds	$ 1,701,000	$ 681,000	$ (1,020,000)	(59.96%)
Capital Funds	$ 2,646,000	$ 1,716,000	$ (930,000)	(35.15%)
TOTAL	$ 173,860,256	$ 180,170,669.00	$ 6,310,413.00	3.63%

The FY 2016 General Fund Budget has revenues of $127,328,781. This is $4,150,867 or 3.37% above the fiscal FY 2015 budget.

General Fund expenditures are $126,686,098. This is $5,217,300 or 4.30% above the FY 2015 general fund budget. The chart below provides a comparison of general fund expenditures by type between FY 2015 and FY 2016:

	2015	2016	Increase/ (decrease)	%
General Fund				
Personnel Expenditures	$ 68,330,781	$ 72,964,740	$ 4,633,959	6.78%
Operational Expenditures	$ 37,462,018	$ 37,315,400	$ (146,618)	(0.39%)
Debt Service Expenditures	$ 8,779,984	$ 9,316,048	$ 536,064	6.11%
Appropriation Expenditures	$ 6,896,015	$ 7,089,910	$ 193,895	2.81%
TOTAL	$ 121,468,798	$ 126,686,098	$ 5,217,300	4.30%

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have a question about this report or require additional information, please contact the County Finance Director at 205 Government St., Mobile, Alabama 36644-1801, or call (251) 574-8614. You may also contact the Comptroller at (251) 574-5053.

Basic Financial Statements

Statement of Net Position
September 30, 2015

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 83,311,953.88
Cash with Fiscal Agents	2,741,586.90
Investments	103,259,168.67
Receivables (Note 4)	4,783,269.10
Ad Valorem Property Taxes Receivable	67,888,836.02
Inventories	347,707.15
Prepaid Items	1,144,382.77
Capital Assets (Note 5):	
Nondepreciable	88,876,824.27
Depreciable, Net	314,612,822.22
Total Assets	666,966,550.98
Deferred Outflows of Resources	
Loss on Refunding of Debt	2,648,361.65
Employer Pension Contributions	5,757,162.00
Total Deferred Outflows of Resources	8,405,523.65
Liabilities	
Payables (Note 8)	10,267,306.95
Unearned Revenues	3,578,479.28
Accrued Wages Payable	2,904,012.74
Employee Benefits Payable	906,869.54
Accrued Interest Payable	1,205,686.25
Long-Term Liabilities:	
Portion Payable Within One Year:	
Worker's Compensation Claims Payable	1,016,000.00
Compensated Absences	4,132,711.87
Bonds/Warrants Payable	7,211,285.69
Less: Unamortized Discount	(75,542.60)
Plus: Unamortized Premium	674,986.63
Portion Payable After One Year:	
Worker's Compensation Claims Payable	4,064,000.00
Compensated Absences	3,559,241.16
Bonds/Warrants Payable	124,383,649.33
Less: Unamortized Discount	(1,491,368.13)
Plus: Unamortized Premium	6,042,984.33
Net Pension Liability	54,232,448.00
Other Postemployment Benefits	10,397,000.00
Total Liabilities	$ 233,009,751.04

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

	Governmental Activities
Deferred Inflows of Resources	
Unavailable Revenue - Property Taxes	$ 67,888,836.02
Revenue Received in Advance - Motor Vehicle Taxes	3,651,728.79
Proportionate Share of Collective Deferred Inflows Related to Net Pension Liability	4,927,638.00
Total Deferred Inflows of Resources	76,468,202.81
Net Position	
Net Investment in Capital Assets	356,001,278.54
Restricted for:	
Debt Service	34,180,492.10
Road Projects	66,793,592.15
Other Purposes	4,943,071.18
Unrestricted	(96,024,313.19)
Total Net Position	$ 365,894,120.78

Statement of Activities
For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government			
Governmental Activities			
General Government	$ 52,639,710.77	$ 21,125,193.79	$ 503,513.46
Public Safety	63,390,259.95	560,785.06	16,043,229.83
Highways and Roads	35,107,958.06	449,921.19	6,628,798.76
Sanitation	3,450,025.62	43,347.06	2,721,863.14
Health	4,250,740.21	35,712.65	61,653.76
Welfare	5,698,275.90		4,618,997.19
Culture and Recreation	2,676,005.86	336,244.08	
Education	2,918,332.87		
Interest and Fiscal Charges	5,136,590.02		
Total Governmental Activities	$ 175,267,899.26	$ 22,551,203.83	$ 30,578,056.14

General Revenues

Taxes:

Property Taxes for General Purposes

Property Taxes for Specific Purposes

General Sales Tax

County Gasoline Sales Tax

Other County Sales and Use Taxes

Miscellaneous Taxes

Grants and Contributions Not Restricted for Specific Purposes

Investment Earnings

Miscellaneous

Total General Revenues

Changes in Net Position

Net Position - Beginning of Year, as Restated (Note 14)

Net Position - End of Year

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

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Total Governmental Activities
$	$ (31,011,003.52)
	(46,786,245.06)
167,169.52	(27,862,068.59)
	(684,815.42)
	(4,153,373.80)
	(1,079,278.71)
	(2,339,761.78)
	(2,918,332.87)
	(5,136,590.02)
$ 167,169.52	(121,971,469.77)
	27,050,079.44
	49,194,216.48
	57,648,712.67
	582,036.54
	7,339,707.08
	1,739,017.92
	3,645,489.03
	1,441,374.86
	3,051,389.57
	151,692,023.59
	29,720,553.82
	336,173,566.96
	$ 365,894,120.78

Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Reappraisal Fund
Assets		
Cash and Cash Equivalents	$ 35,654,229.90	$ 2,545,925.81
Cash with Fiscal Agents	70.49	
Investments	30,083,728.67	503,473.90
Receivables (Note 4)	3,606,876.50	980.35
Ad Valorem Property Taxes Receivable	36,998,000.00	6,000,836.02
Due From Other Funds	322,784.16	
Inventories	197,153.33	
Prepaid Items	1,100,082.77	38,135.00
Total Assets	107,962,925.82	9,089,351.08
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Payables (Note 8)	8,195,539.48	27,262.13
Due to Other Funds	5,991.62	12,961.63
Unearned Revenues	14,583.16	2,892,547.10
Accrued Wages Payable	2,781,373.95	118,838.67
Employee Benefits Payable	866,345.94	36,905.53
Worker's Compensation Claims Payable	1,016,000.00	
Compensated Absences	45,786.25	
Total Liabilities	12,925,620.40	3,088,515.06
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	36,998,000.00	6,000,836.02
Revenue Received in Advance - Motor Vehicle Taxes	2,184,692.60	
Total Deferred Inflows of Resources	$ 39,182,692.60	$ 6,000,836.02

Special Highway Tax Fund	Other Governmental Funds	Total Governmental Funds
$ 430,642.02	$ 44,681,156.15	$ 83,311,953.88
2,741,516.41		2,741,586.90
33,681,056.11	38,990,909.99	103,259,168.67
	1,175,412.25	4,783,269.10
24,890,000.00		67,888,836.02
	36,276.39	359,060.55
	150,553.82	347,707.15
	6,165.00	1,144,382.77
61,743,214.54	85,040,473.60	263,835,965.04
	2,044,505.34	10,267,306.95
	340,107.30	359,060.55
	671,349.02	3,578,479.28
	3,800.12	2,904,012.74
	3,618.07	906,869.54
		1,016,000.00
		45,786.25
	3,063,379.85	19,077,515.31
24,890,000.00		67,888,836.02
1,467,036.19		3,651,728.79
$ 26,357,036.19	$	$ 71,540,564.81

Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Reappraisal Fund
Fund Balances		
Nonspendable:		
Inventories	$ 197,153.33	$
Prepaid Items	1,100,082.77	
Restricted for:		
Debt Service		
Highways and Roads		
Capital Projects		
Other Purposes		
Assigned to:		
Highways and Roads		
Capital Projects		
Other Purposes		
Unassigned	54,557,376.72	
Total Fund Balances	55,854,612.82	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 107,962,925.82	$ 9,089,351.08

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

Special Highway Tax Fund		Other Governmental Funds		Total Governmental Funds
$	$	150,553.82	$	347,707.15
		6,165.00		1,106,247.77
35,386,178.35				35,386,178.35
		66,793,592.15		66,793,592.15
		6,552,150.79		6,552,150.79
		4,943,071.18		4,943,071.18
		3,122,532.15		3,122,532.15
		175,981.69		175,981.69
		233,046.97		233,046.97
				54,557,376.72
35,386,178.35		81,977,093.75		173,217,884.92
$ 61,743,214.54	$	85,040,473.60	$	263,835,965.04

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

Total Fund Balances - Governmental Funds (Exhibit 3)			$ 173,217,884.92
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:			
The Cost of Capital Assets is		$ 540,507,412.44	
Accumulated Depreciation is		(137,017,765.95)	
			403,489,646.49
Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current period expenditures and therefore are deferred on the Statement of Net Position.			2,648,361.65
Deferred outflows and inflows of resources related to pensions are applicable to future periods, and therefore are not reported in the governmental funds.			
Deferred Outflow Related to Employer Pension Contributions		$ 5,757,162.00	
Proportionate Share of Deferred Inflow Related to Net Pension Liability		(4,927,638.00)	
			829,524.00
Certain liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year-end consist of:			
	Current Liabilities	Noncurrent Liabilities	
Bonds/Warrants Payable	$ 7,211,285.69	$ 124,383,649.33	
Unamortized Premium	674,986.63	6,042,984.33	
Unamortized Discounts	(75,542.60)	(1,491,368.13)	
Worker's Compensation		4,064,000.00	
Accrued Interest Payable	1,205,686.25		
Compensated Absences	4,086,925.62	3,559,241.16	
Net Pension Liability		54,232,448.00	
Postemployment Benefits		10,397,000.00	
Total Long-Term Liabilities	$ 13,103,341.59	$ 201,187,954.69	(214,291,296.28)
Total Net Position - Governmental Activities (Exhibit 1)			$ 365,894,120.78

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

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

	General Fund	Reappraisal Fund
Revenues		
Taxes	$ 105,246,503.45	$ 4,696,541.80
Licenses and Permits	1,375,373.68	
Intergovernmental	21,019,651.72	
Charges for Services	16,801,569.75	
Miscellaneous	3,094,350.74	59,283.63
Total Revenues	147,537,449.34	4,755,825.43
Expenditures		
Current:		
General Government	38,835,102.69	4,454,416.36
Public Safety	59,633,737.88	
Highways and Roads	16,137,938.66	
Sanitation	3,103,183.37	
Health	877,228.00	
Welfare	301,083.00	
Culture and Recreation	2,308,074.31	
Education	2,409,442.32	
Capital Outlay	1,096,577.72	335,736.07
Debt Service:		
Principal	4,685,581.71	
Interest and Fiscal Charges	2,414,680.24	
Debt Issuance Costs	224,418.20	
Total Expenditures	132,027,048.10	4,790,152.43
Excess (Deficiency) of Revenues Over/Under Expenditures	15,510,401.24	(34,327.00)
Other Financing Sources/Uses		
Transfers In		
Sale of Capital Assets	66,839.41	34,327.00
Long-Term Debt Issued	24,085,000.00	
Premiums on Long-Term Debt Issued	3,708,393.95	
Transfers Out	(7,733,524.30)	
Payment to Refunding Bond Escrow Agent	(22,555,731.47)	
Total Other Financing Sources/Uses	(2,429,022.41)	34,327.00
Net Changes in Fund Balances	13,081,378.83	
Fund Balances - Beginning of Year, as Restated (Note 14)	42,773,233.99	
Fund Balances - End of Year	$ 55,854,612.82	$

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

Special Highway Tax Fund	Other Governmental Funds	Total Governmental Funds
$ 28,692,408.56	$ 4,918,316.32	$ 143,553,770.13
	449,921.19	1,825,294.87
447,731.86	16,711,667.82	38,179,051.40
	136,002.50	16,937,572.25
426,676.49	919,874.60	4,500,185.46
29,566,816.91	23,135,782.43	204,995,874.11
	6,655,768.59	49,945,287.64
	2,182,891.12	61,816,629.00
	15,374,764.98	31,512,703.64
		3,103,183.37
	3,283,876.45	4,161,104.45
	5,388,807.60	5,689,890.60
	147,165.17	2,455,239.48
	502,365.68	2,911,808.00
	18,331,576.39	19,763,890.18
2,550,000.00		7,235,581.71
3,314,794.81		5,729,475.05
		224,418.20
5,864,794.81	51,867,215.98	194,549,211.32
23,702,022.10	(28,731,433.55)	10,446,662.79
	27,753,385.41	27,753,385.41
	23,000.00	124,166.41
		24,085,000.00
		3,708,393.95
(20,019,861.11)		(27,753,385.41)
		(22,555,731.47)
(20,019,861.11)	27,776,385.41	5,361,828.89
3,682,160.99	(955,048.14)	15,808,491.68
31,704,017.36	82,932,141.89	157,409,393.24
$ 35,386,178.35	$ 81,977,093.75	$ 173,217,884.92

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

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5)	$ 15,808,491.68
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays ($19,763,890.18) exceeded depreciation ($9,299,818.72) in the current period.	10,464,071.46
In the Statement of Activities, only the loss ($23,348.64) on the sale/disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale/disposal ($124,166.41) are reported plus insurance recovery proceeds ($7,421.03). Thus the changes in net position differs from the change in fund balance by the costs of the assets sold.	(154,936.08)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	7,235,581.71
The issuance of debt is reported as other financing sources in governmental funds and thus contributes to the change in fund balance. However, in the Statement of Net Position, issuing debt increases long-term liabilities and does not affect the Statement of Activities.	(24,085,000.00)
Premiums on debt issuance are recorded as other financing sources in the governmental funds, but are amortized in the Statement of Activities.	(3,708,393.95)
Payments to refunding escrow agent are recorded as expenditures or other financing uses in the governmental funds, but reductions to long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.	22,555,731.47

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

In the Statement of Activities, the amortization of discounts, premiums and deferred charges on refunding are reported as expenditures, whereas, in the governmental funds it is not recorded.

Amortization of Discounts on Debt Issued	$ (75,542.60)	
Amortization of Deferred Amounts on Refunding	(294,006.93)	
Amortization of Premiums on Debt Issued	674,986.63	
Total		305,437.10

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These items consist of:

Net Decrease in Estimated Liability for Compensated Absences	$ 594,596.50	
Net Decrease in Estimated Liability for Worker's Compensation	791,000.00	
Net Decrease in Accrued Interest Payable	287,447.93	
Net Decrease in Pension Expense	255,526.00	
Net Increase in Postemployment Benefits	(629,000.00)	
Total Additional Expenditures		1,299,570.43
Change in Net Position of Governmental Activities (Exhibit 2)		$ 29,720,553.82

Statement of Fiduciary Net Position
September 30, 2015

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and Cash Equivalents	$ 3,259,796.63	$ 3,586,217.14
Total Assets	3,259,796.63	3,586,217.14
Liabilities		
Due to Individuals		$ 3,586,217.14
Net Position		
Held in Trust for Other Purposes	3,259,796.63	
Total Net Position	$ 3,259,796.63	

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

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

	Private-Purpose Trust Funds
Additions	
Contributions from:	
Inmate Deposits	$ 2,477,115.26
Fiduciary Deposits	7,279,269.59
Fees	1,081,002.06
Total Additions	10,837,386.91
Deductions	
Administrative Expenses	2,413,555.05
Payments to Beneficiaries	8,363,093.48
Distribution of Fees	1,081,002.06
Total Deductions	11,857,650.59
Changes in Net Position	(1,020,263.68)
Net Position - Beginning of Year	4,280,060.31
Net Position - End of Year	$ 3,259,796.63

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

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Mobile 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 Mobile 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 these criteria, there are no component units which should be included as part of the financial reporting entity of the Commission.

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Fund Financial Statements

The fund financial statements provide information about the Commission's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental 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. Also, the fund is used to report the expenditure of special county property taxes for building and maintaining public buildings, roads and bridges. Also, accounted for in the General Fund are workers' compensation benefits and employee health insurance to self-insure the Commission against liability claims.

- ***Reappraisal Fund*** – This fund is used to account for the expenditures of property taxes related to the county's reappraisal program.

- ***Special Highway Tax Fund*** – This fund is used to account for the principal and interest payments when they become due on warrants and to retire debt for pay-as-you-go projects.

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

Governmental Fund Types

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

- ***Debt Service Funds*** – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest and for the accumulation of resources for principal and interest payments maturing in future years.

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

The Commission reports the following fiduciary fund types:

Fiduciary Fund Types

- ***Private-Purpose Trust Funds*** – These funds are used to report all trust agreements under which principal and income benefit individuals, private organizations, or other governments.

- ***Agency Funds*** – These funds are used to report assets held by the Commission in a purely custodial capacity. The Commission collects these assets and transfers them to the proper individual, private organizations, or other government.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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.

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

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 is 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.

State statutes authorize the County Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit. Also, an amendment to the Constitution of Alabama, 1901, allows Mobile County funds to be invested in secured repurchase agreements, secured commercial paper, and secured bankers acceptances. The Commission's investment activities are performed by the Mobile County Treasurer's Office.

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

2. Receivables

Sales tax receivables are based on the amounts collected within 60 days after year-end.

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

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

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects, and amounts due from the State for taxes and cost-sharing.

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. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

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

	Capitalization Threshold	Estimated Useful Life
Buildings	$ 50,000	10 – 50 years
Equipment and Furniture	$ 5,000	5 – 20 years
Infrastructure:		
Roads	$250,000	20 – 25 years
Bridges	$ 50,000	40 years
Water and Sewer Systems	$100,000	25 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.

6. Deferred Outflows of Resources

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

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond/warrant premiums and discounts are deferred and amortized over the life of the bonds/warrants. Bonds/warrants payable are reported at gross with separate line items for the applicable premiums or discounts. Bond/warrant issuance costs are reported as an expense in the period incurred.

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

8. Compensated Absences

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

Annual Leave

Each full-time employee holding a permanent appointment in regular employment on a forty hour week basis shall be entitled to annual leave with pay as follows:

Years of Service	Annual Leave Earned Per Year
0 to 4	10.0 days
5 to 9	12.5 days
10 to 14	15.0 days
15 to 19	17.5 days
20 to 24	20.0 days
25 or more	25.5 days

Each full-time employee holding a permanent appointment in regular employment on an average of 56 hours per week basis shall be entitled to annual leave with pay as follows:

Years of Service	Annual Leave Earned Per Year
0 to 4	14.0 days
5 to 9	17.5 days
10 to 14	21.0 days
15 to 19	24.5 days
20 to 24	28.0 days
25 or more	35.0 days

For employees hired after April 1, 1996, unused annual leave credits may be accumulated and carried over into successive years by employees up to, but not exceeding a maximum of 35 days. For employees hired before April 1, 1996, unused annual leave credits may be accumulated and carried over into successive years by employees up to, but not exceeding a maximum of 60 days.

Upon separation or retirement, employees are paid, up to the maximum, for accrued annual leave in one lump sum payment.

Sick Leave

Sick leave benefits with pay are provided for permanent full-time employees in the amount of 10 workdays per fiscal year for 40 hour a week employees and 14 workdays per fiscal year for employees who work an average of 56 hours per week. Unused sick leave credits may be accumulated and carried over into successive fiscal years by employees. There is no limit on the number of hours an employee may accrue. In the event of death or of retirement due only to the longevity of an employee, 75% of accumulated unused sick leave shall be paid in one lump sum payment.

Compensatory Leave

Compensatory leave is provided to permanent full-time employees in accordance with the Fair Labor Standards Act. The maximum compensatory time, which may be accrued by any affected employee, shall be 120 hours. Any employee who exceeds the maximum 120 hours of accumulated compensatory time must be given sufficient time off within the next pay period to reduce the compensatory time accumulation within the approved limit. According to the Fair Labor Standards Act, employees should be paid for compensatory leave in excess of the maximum hours stipulated. Compensatory leave shall be determined at one and one-half times the regular hours.

The Commission uses the termination method to accrue its sick leave liability. Under this method an accrual for earned sick leave is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

9. 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.

10. Pensions

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

11. Net Position/Fund Balances

Net position is reported on the government-wide 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*** – is 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. Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Commission.

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

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

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

- ***Committed*** – consists of amounts that are subject to a purpose constraint imposed by formal approval by majority vote of the Mobile County Commission, which is the highest level of decision making authority, in an open meeting. Amendments or modifications of the committed fund balance must also be approved by the same method.

- ***Assigned*** – consists of amounts that are intended to be used by the Commission for specific purposes. The Commission delegated authority to the Financial Administration Team acting as a unit to make determination of the assigned amounts of fund balance. The Financial Administration Team is defined as a group composed of those persons actively serving the Mobile County Commission at any given time in the positions of County Administrator, Deputy County Administrator and Director of Finance.

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

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

Minimum Fund Balance Policy

The Commission has adopted a minimum fund balance policy that states the Commission shall maintain an unassigned fund balance in its General Fund equal to 16.67% to 25% of annual budgeted operating expenditures plus transfers out of the General Fund. This benchmark shall be observed in the preparation of the annual proposed budget. Should unassigned fund balance fall below the established minimum level for any reason, the Commission shall implement a budgetary plan to replenish the fund balance to the established minimum within three years.

Note 2 – Stewardship, Compliance, and Accountability

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. 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.

Note 3 – Deposits and Investments

A. 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.

The Commission has $37,570,570.22 of its funds in Certificates of Deposit. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

B. Cash with Fiscal Agents

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

Investment Type	Rating Agency	Rating	Maturities	Fair Value
Money Market Funds:				
Regions Select Treasury Money Market	Standard & Poor's	AAAm	Unknown	$ 70.49
Raymond James Money Market		Unrated	Unknown	2,741,516.41
Total				$2,741,586.90

C. Investments

The ***Code of Alabama 1975***, Section 11-8-11 and Section 11-81-20, authorizes the Commission to invest in obligations of the U. S. Treasury and federal agency securities along with certain pre-refunded public obligation such as bonds or other obligations of any state of the United States of America or any agency, instrumentality or local governmental unit of any such state. Also, an amendment to the Constitution of Alabama 1901, allows Mobile County funds to be invested in secured repurchase agreements, secured commercial paper, and secured bankers acceptances.

As of September 30, 2015, the Commission had the following investments and maturities:

Investments	Maturities	Fair Value
Commercial Paper by Fund:		
General Fund	Less than 1 year	$ 3,997,950.00
Other Governmental Funds	Less than 1 year	999,880.00
Total Commercial Paper		4,997,830.00
Bonds and Notes by Fund:		
General Fund	Less than 10 years	14,955,845.59
Special Highway Tax Fund	Less than 10 years	18,520,454.20
Other Governmental Funds	Less than 10 years	19,733,220.70
General Fund	More than 10 years	3,866,034.72
Special Highway Tax Fund	More than 10 years	2,188,647.73
Other Governmental Funds	More than 10 years	1,426,565.51
Total Bonds and Notes		$60,690,768.45

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission has a formal investment policy to limit its exposure to interest rate risk. The Mobile County Commission will minimize interest rate risk by: (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to see securities on the open market prior to maturity and (2) investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools, thereby limiting the average maturity of the portfolio.

Credit Risk – State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. Investments are rated from AA+ to Aaa. The Commission has a formal investment policy that addresses credit risk. To minimize credit risk, the Mobile County Commission's policy limits investments in the types of securities that the Commission may invest in; requires financial institutions, brokers/dealers, intermediaries and advisers to be prequalified based on policies established by the Commission; and requires their investment portfolio be diversified so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Commission has a formal investment policy that limits the amounts of securities that can be held by counterparties.

Concentrations of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Commission has a formal investment policy which placed limits on the amount that the Commission may invest in any one issuer.

Note 4 – Receivables

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

	General Fund	Reappraisal Fund	Other Governmental Funds	Total
Receivables:				
Accounts	$ 493,089.48	$980.35	$ 290,044.49	$ 784,114.32
Intergovernmental	3,113,787.02		885,367.76	3,999,154.78
Total Receivables	$3,606,876.50	$980.35	$1,175,412.25	$4,783,269.10

Governmental funds report unearned revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2015, the various components of unearned revenue reported in the governmental funds were as follows:

Governmental Funds:	
Grant Funds Received Prior to Meeting Eligibility Requirements	$ 685,932.18
Unused Reappraisal Maintenance Funds	2,892,547.10
Total Unearned Revenue	$3,578,479.28

Note 5 – Capital Assets

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

	Balance 10/01/2014, as Restated (*)	Additions/ Reclassifications (**)	Retirements/ Reclassifications (**)	Balance 09/30/2015
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 39,989,051.17	$ 1,905,581.38	$	$ 41,894,632.55
Construction in Progress	2,092,027.02	1,265,654.12		3,357,681.14
Infrastructure in Progress	41,756,654.96	9,782,521.46	(7,914,665.84)	43,624,510.58
Total Capital Assets, Not Being Depreciated	83,837,733.15	12,953,756.96	(7,914,665.84)	88,876,824.27
Capital Assets Being Depreciated:				
Infrastructure	216,378,178.98	8,138,971.80		224,517,150.78
Buildings	174,214,651.85			174,214,651.85
Equipment and Furniture	13,605,683.57	1,028,203.93		14,633,887.50
Vehicles and Heavy Equipment	34,716,546.50	5,557,623.33	(2,009,271.79)	38,264,898.04
Total Capital Assets Being Depreciated	438,915,060.90	14,724,799.06	(2,009,271.79)	451,630,588.17
Less Accumulated Depreciation for:				
Infrastructure	(28,983,057.73)	(2,567,517.47)		(31,550,575.20)
Buildings	(62,057,586.36)	(3,781,329.36)		(65,838,915.72)
Equipment and Furniture	(10,559,444.92)	(658,136.28)		(11,217,581.20)
Vehicles and Heavy Equipment	(27,972,193.93)	(2,292,835.61)	1,854,335.71	(28,410,693.83)
Total Accumulated Depreciation	(129,572,282.94)	(9,299,818.72)	1,854,335.71	(137,017,765.95)
Total Capital Assets Being Depreciated, Net	309,342,777.96	5,424,980.34	(154,936.08)	314,612,822.22
Governmental Activities Capital Assets, Net	$ 393,180,511.11	$18,378,737.30	$(8,069,601.92)	$ 403,489,646.49

(*) Beginning balance for Infrastructure in Progress was restated by $304,726.00 to remove items that were in progress but did not meet the threshold for capitalization when completed. Also, beginning balance for Construction in Progress was restated by $1,733,830.76 to account for prior period errors.

(**) The additions and retirements columns include a reclassification from Infrastructure in Progress to Infrastructure in the amount of $7,914,665.84.

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$3,458,778.79
Public Safety	1,573,630.95
Highway and Roads	3,595,254.42
Sanitation	346,842.25
Health	89,635.76
Welfare	8,385.30
Culture and Recreation	220,766.38
Education	6,524.87
Total Depreciation Expense – Governmental Activities	$9,299,818.72

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

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

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

1) The Governor, ex officio.
2) The State Treasurer, ex officio.
3) The State Personnel Director, ex officio.
4) The State Director of Finance, ex officio.
5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
   a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a county, 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***, 36-27-6.

Benefits Provided

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

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

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

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

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

Contributions

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2015, the Mobile County Commission's active employee contribution rate was 5.059 percent of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 8.84 percent of covered employee payroll.

The Mobile County Commission's contractually required contribution rate for the year ended September 30, 2015, was 10.26% of pensionable pay for Tier 1 employees, and 7.96% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission were $5,757,161.88 for the year ended September 30, 2015.

B. Net Pension Liability

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

Total Pension Liability as of September 30, 2013 (a)	$216,753,116
Entry Age Normal Cost for October 1, 2013 – September 30, 2014 (b)	5,011,299
Actual Benefit Payments and Refunds for October 1, 2013 – September 30, 2014 (c)	(14,124,377)
Total Pension Liability as of September 30, 2014 [(a) x (1.08)] + (b) – [(c) x (1.04)]	$224,415,312

Actuarial Assumptions

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

Inflation	3.00%
Salary increases	3.75% - 7.25%
Investment rate of return (*)	8.00%

(*) Net of pension plan investment expense

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

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

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

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

(*) Includes assumed rate of inflation of 2.50%

Discount Rate

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

C. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2013	$216,753,116	$157,362,532	$59,390,584
Changes for the Year:			
Service Cost	5,011,299		5,011,299
Interest	16,775,274		16,775,274
Contributions – Employer		5,732,134	(5,732,134)
Contributions – Employee		2,982,538	(2,982,538)
Net Investment Income		18,520,541	(18,520,541)
Benefit Payments, including Refunds of Employee Contributions	(14,124,377)	(14,124,377)	
Transfers Among Employers		(290,505)	290,505
Net Changes	7,662,196	12,820,332	(5,158,136)
Balances at September 30, 2014	$224,415,312	$170,182,864	$54,232,448

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

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

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
County's net pension liability	$77,342,959	$54,232,448	$34,538,808

Pension Plan Fiduciary Net Position

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

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

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

For the year ended September 30, 2015, the Mobile County Commission recognized pension expense of $5,501,637. At September 30, 2015, the Mobile County Commission 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
Differences between expected and actual experience	$	$
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		4,927,638
Changes in proportion and differences between Employer contributions and proportionate share of contributions		
Employer contributions subsequent to the measurement date	5,757,162	
Total	$5,757,162	$4,927,638

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

Year Ending	
September 30, 2016	$1,231,909
2017	$1,231,909
2018	$1,231,909
2019	$1,231,911
2020	$
Thereafter	$

Note 7 – Other Postemployment Benefits (OPEB)

Plan Description

The Mobile County Commission provides a defined benefit medical and life insurance plan for eligible retirees and their eligible dependents to Medicare eligibility. The Commission contributes to the Local Government Health Insurance Program, an agent multiple-employer defined benefit postemployment healthcare plan administered by the Local Government Health Insurance Board. The plan provides medical and dental insurance benefits to eligible retirees and their eligible dependents. The ***Code of Alabama 1975***, Sections 11-91-1 through 11-91-8, gives authority to the Commission to establish and amend benefit provisions. The medical and life insurance plans do not issue stand-alone financial reports.

Funding Policy

The Commission's contributions were on a pay-as-you-go basis as of September 30, 2015. The Commission anticipates setting up a trust fund within the near future to fund its postemployment medical and life insurance plans.

The Commission contributes 50% of the cost of current-year premiums for eligible retirees' medical insurance premiums for family coverage and 65% for single coverage. For fiscal year 2015, the Commission contributed $639,104.00 to cover approximately 93 participants. Plan members receiving benefits contribute 50% for family coverage cost and 35% for single coverage costs.

Retired employees also may elect to participate in a life insurance plan. The Commission pays $34.80 annually for retirees if retired after March 1, 1992, and pays $17.40 annually if retired prior to March 1, 1992. The Commission's expenditures for retirees' life insurance for the year ending September 30, 2015, to cover approximately 442 participants, totaled $15,065.50.

Annual OPEB Cost

For fiscal year 2015, the Commission's annual other postemployment benefit (OPEB) cost (expense) for medical and life insurance was $1,343,000. The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2015	$1,343,000	53%	$10,397,000
09/30/2014	$1,350,000	53%	$ 9,768,000
09/30/2013	$2,104,000	40%	$ 9,132,000

Funded Status and Funding Progress

The funding status of the plan as of October 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial Accrued Liability (AAL)	$12,312,000
Actuarial Value of Plan Assets	$0
Unfunded Actuarial Accrued Liability (UAAL)	$12,312,000
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	$53,498,000
UAAL as a Percentage of Covered Payroll	23.0%

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

Actuarial Methods and Assumptions

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

The actuarial cost method used was the projected unit credit method. The actuarial assumptions included a 4 percent investment return assumption (or discount rate) and an annual healthcare cost trend rate of 0 percent initially, reduced by decrements to an ultimate rate of 4 percent after ten years. It was assumed that 95 percent of future retirees would elect medical and life insurance coverage and 75 percent of retirees electing coverage who have spouses would elect spousal coverage. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open period. The unfunded actuarial accrued liability (UAAL) is being amortized over 10 years.

Note 8 – Payables

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

	Governmental Funds			
	General Fund	Reappraisal Fund	Other Governmental Funds	Total
Vendors	$2,389,146.87	$27,262.13	$1,935,163.78	$ 4,351,572.78
Other Payables	300.00			300.00
Intergovernmental	82,261.28		109,341.56	191,602.84
Employee Health Claims	1,815,900.00			1,815,900.00
Health Insurance Pool	373,408.33			373,408.33
Automobile Liability Claims	391,593.00			391,593.00
General Liability	3,142,930.00			3,142,930.00
Total Payables	$8,195,539.48	$27,262.13	$2,044,505.34	$10,267,306.95

Note 9 – Short-Term Debt

During the month of January 2015, the Commission issued and redeemed a short-term note payable to free up property taxes in the Special Highway Tax Fund that are to be used for the retirement of long-term debt. Short-term debt activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Proceeds	Repaid	Ending Balance
Note Payable – 2014A Pay-As-You Go	$	$20,000,000	$20,000,000	$
Total Note Payable	$	$20,000,000	$20,000,000	$

Note 10 – Long-Term Debt

The General Obligation Improvements Bonds, Series 2005, dated July 1, 2005, were issued for the purposes of (i) providing funding for the acquisition, improvement, construction, installation and equipping of capital projects comprising a new animal control shelter, a new addition to the courthouse annex, including demolition of the old courthouse adjacent thereto, leveling of remaining surface, grassing, and erosion controls and landscaping, and certain road, bridge, and drainage improvements (together, the "Governmental Improvements"), and (ii) providing for payments by the Commission toward the acquisition, construction and installation of site and infrastructure improvements for use by Austal USA, LLC (the "Economic Development Project").

The General Obligation Improvement Bonds, Series 2008, dated April 1, 2008, were issued for the purpose of promoting economic development in Mobile County.

The General Obligation Build America Warrants, Series 2010A, dated March 1, 2010, were issued for the purposes of (i) providing funding for a portion of the acquisition and improvement of land as a site for construction of an industrial facility for ThyssenKrupp Steel and Stainless USA, LLC and (ii) providing funding for the acquisition, construction, installation and equipping of capital improvements, all for the purpose of promoting economic development in Mobile County.

The General Obligation Recovery Zone Economic Development Warrants, Series 2010B, dated March 1, 2010, were issued for the purposes of (i) providing funding for a portion of the acquisition and improvement of land as a site for construction of an industrial facility for ThyssenKrupp Steel and Stainless USA, LLC and (ii) providing funding for the acquisition, construction, installation and equipping of capital improvements, all for the purpose of promoting economic development in Mobile County.

The General Obligation Refunding Bonds, Series 2010C, dated March 1, 2010, were issued for the purposes of refunding a portion of the Commission's $70,000,000 Series 2008 General Obligation Improvement Bonds.

The General Obligation Warrant, Series 2010 (Taxable), dated December 30, 2010, were issued for the purposes of providing funds for the acquisition of the Theodore Oaks Shopping Center in order to furnish necessary and appropriate facilities for the Mobile County Sheriff's Department and the Theodore Branch of the Mobile Public Library, and to provide expansion space for the County and its agencies.

The General Obligation Refunding Bonds, Series 2012-A, dated August 21, 2012, were issued for the purposes of refunding a portion of the Commission's $27,500,000 Series 2005 General Obligation Improvement Bonds and paying the costs of issuance of such bonds.

The General Obligation Refunding Warrants, Series 2012-B, dated August 21, 2012, were issued for the purposes of refunding a portion of the Commission's $34,805,000 Series 2004 General Obligation Refunding and Improvement Warrants and paying the costs of issuance of such warrants.

The General Obligation Improvement Warrants, Series 2012-C, dated October 10, 2012, were issued for the purposes of funding the cost of certain capital improvements, paying the costs of an economic development project, and paying the costs of issuance of such warrants.

The General Obligation Refunding Warrants (Taxable), Series 2013, dated March 26, 2013, were issued for the purposes of refunding a portion of the Commission's $20,390,000 Series 2004 General Obligation Refunding and Improvement Warrants and paying the expenses of issuing the Series 2013 Warrants.

The General Obligation Refunding Bonds, Series 2014A, dated December 30, 2014, were issued for the purposes of refunding a portion of the Commission's $25,095,000 Series 2008 General Obligation Improvement Bonds and paying the expenses of issuing the 2014A Bonds.

The General Obligation Warrants, Series 2014B, dated December 30, 2014, were issued for the purposes of funding the purchase of certain vehicles and equipment and paying the expenses of issuing the 2014B Warrants.

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

	Debt Outstanding 10/01/2014 (*)	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2015	Amounts Due Within One Year
Governmental Activities:					
Bonds/Warrants and Notes Payable:					
General Obligation Warrants	$135,300,516.73	$24,085,000.00	$(27,790,581.71)	$131,594,935.02	$ 7,211,285.69
Unamortized Amounts:					
Less: Unamortized Discount	(1,642,453.33)		75,542.60	(1,566,910.73)	(75,542.60)
Add: Unamortized Premium	3,684,563.64	3,708,393.95	(674,986.63)	6,717,970.96	674,986.63
Total Bonds/Warrants and Notes Payable	137,342,627.04	27,793,393.95	(28,390,025.74)	136,745,995.25	7,810,729.72
Other Liabilities:					
Compensated Absences	8,276,061.17		(584,108.14)	7,691,953.03	4,132,711.87
Worker's Compensation	6,100,000.00		(1,020,000.00)	5,080,000.00	1,016,000.00
Other Postemployment Benefits	9,768,000.00	629,000.00		10,397,000.00	
Net Pension Liability	53,658,450.00	573,998.00		54,232,448.00	
Total Other Liabilities	77,802,511.17	1,202,998.00	(1,604,108.14)	77,401,401.03	5,148,711.87
Total Governmental Activities Long-Term Liabilities	$215,145,138.21	$28,996,391.95	$(29,994,133.88)	$214,147,396.28	$12,959,441.59

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

Payments on the bonds/warrants payable that pertain to the Commission's governmental activities are made by the General Fund and Debt Service Funds.

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds. In the past, approximately 73% has been paid by the General Fund, 20% by the Public Buildings, Roads and Bridges Fund, and the remainder by the other governmental funds. The worker's compensation liability will generally be liquidated through the Commission's General Fund.

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

	Governmental Activities General Obligation Bonds/Warrants		
Fiscal Year Ending	Principal	Interest	Total Principal and Interest Requirements to Maturity
September 30, 2016	$ 7,211,285.69	$ 5,583,552.76	$ 12,794,838.45
2017	7,422,954.25	5,358,219.23	12,781,173.48
2018	7,494,551.12	5,102,472.32	12,597,023.44
2019	7,736,432.51	4,850,108.43	12,586,540.94
2020	4,498,326.76	4,579,364.20	9,077,690.96
2021-2025	25,121,384.69	19,545,655.96	44,667,040.65
2026-2030	31,175,000.00	13,414,042.50	44,589,042.50
2031-2035	27,025,000.00	6,296,950.00	33,321,950.00
2036-2038	13,910,000.00	1,267,425.00	15,177,425.00
Total	$131,594,935.02	$65,997,790.40	$197,592,725.42

Discounts and Premiums

The Commission has a premium in connection with the issuance of its Series 2014A General Obligation Refunding Bonds. The premium is being amortized using the straight-line method over a period of thirteen years.

The Commission has a premium in connection with the issuance of its Series 2014B General Obligation Warrants. The premium is being amortized using the straight-line method over a period of five years.

The Commission has a premium in connection with the issuance of its Series 2012-A General Obligation Refunding Bonds. The premium is being amortized using the straight-line method over a period of twelve years.

The Commission has a premium in connection with the issuance of its Series 2012-B General Obligation Refunding Warrants. The premium is being amortized using the straight-line method over a period of seven years.

The Commission has a premium in connection with the issuance of its Series 2012-C General Obligation Warrants. The premium is being amortized using the straight-line method over a period of twenty years.

The Commission has a discount in connection with the issuance of its Series 2010A General Obligation Improvement Building America Warrants. The discount is being amortized using the straight-line method over a period of thirteen years.

The Commission has a discount in connection with the issuance of its Series 2010B General Obligation Economic Development Warrants. The discount is being amortized using the straight-line method over a period of twenty years.

The Commission has a discount in connection with the issuance of its Series 2010C General Obligation Refunding Warrants. The discount is being amortized using the straight-line method over a period of twenty-nine years.

The Commission has a discount in connection with the issuance of its Series 2008 General Obligation Improvement Bonds. The discount is being amortized using the straight-line method over a period of thirty years.

The Commission has a premium in connection with the issuance of its Series 2005 General Obligation Improvement Bonds. The premium is being amortized using the straight-line method over a period of fifteen years.

	Discount	Premium
Total Discount and Premium	$2,035,064.48	$12,075,214.10
Amount Amortized Prior Years	392,611.15	4,682,256.51
Balance Discount and Premium	1,642,453.33	7,392,957.59
Current Amount Amortized	75,542.60	674,986.63
Balance Discount and Premium	$1,566,910.73	$ 6,717,970.96

Defeased Debt

On December 30, 2014, the Commission issued $19,295,000 (i) to refund, in advance of its maturity, a portion of the Commission's $25,095,000.00 General Obligation Improvement Bonds, Series 2008, dated April 1, 2008 and (ii) to pay certain costs of issuance of the Series 2014A Bonds. The net proceeds of $22,555,731.47 (after payment of $199,594.18 in issuance costs and original issue premium of $3,460,325.65) were used to refund a portion of the General Obligation Improvement Bonds, Series 2008. As a result, that portion of the Series 2008 General Obligation Improvement Bonds is considered to be defeased and the liability for those bonds have been removed.

The Commission decreased its total debt service payment by approximately $1,510,000.00 which resulted in an economic gain (difference between present values of the debt service payments on the old and new debt) of $1,296,749.00.

Note 11 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through a commercial insurance carrier. Coverage is provided up to $300,000 per claim with $1,000,000 aggregate limit for general liability; $1,000,000 per occurrence and $1,000,000 aggregate limit for public officials' liability. Effective December 31, 2014, coverage is provided up to $300,000 per claim with $5,000,000 aggregate limit for general liability; $5,000,000 per occurrence and $5,000,000 aggregate limit for public officials' liability. The Commission also purchases commercial insurance for other risks of loss, including property and casualty insurance. Settled claims resulting from these claims have not exceeded commercial insurance coverage in any of the past three years.

The Commission is self-insured with regard to automobile liability coverage. The Commission purchases excess automobile liability insurance through a commercial insurance carrier. Coverage is provided up to $300,000 per claim with $1,000,000 aggregate limit for automobile liability. Effective December 31, 2014, coverage is provided up to $300,000 per claim with $5,000,000 aggregate limit for automobile liability. Settled claims resulting from these claims have not exceeded commercial insurance coverage in any of the past three years. The claims liability is reported in the General Fund.

For the period of October 1, 2014 through December 31, 2014, the Commission was self-insured with regard to worker's compensation coverage. The Commission retains the risk of loss of $850,000 per occurrence and also has an aggregate limit of indemnity of $1,000,000 for the liability period. The Commission purchases insurance for claims in excess of the specific and aggregate limits. An estimate of the short-term claims liability is reported in the General Fund. The entire long-term estimated liability is included in the government-wide financial statements. These liabilities are based on estimates utilizing past experience.

Effective January 1, 2015, the Commission has workers' compensation insurance through the Association of County Commissions of Alabama (ACCA) Workers' Compensation Self Insurance Fund, a public entity risk pool. The premium level for the fund is calculated to adequately cover the anticipated losses and expenses of the Fund. Fund rates are calculated for each job class based on the current NCCI Alabama loss costs and a loss cost modifier to meet the required premiums of the Fund. Member premiums are then calculated on a rate per $100 of estimated remuneration for each job class, which is adjusted by an experience modifier for the individual county. The Commission may qualify for additional discounts based on losses and premium size. Pool participants are eligible to receive refunds of unused premiums and the related investment earnings.

The Commission has employee health insurance coverage through the Local Government Health Insurance Program, administered by the Local Government Health Insurance Board (LGHIB). The Commission participates in a plan administered by Blue Cross/Blue Shield which functions as a public entity risk pool. This plan is self-sustaining through member premiums. Monthly premiums are determined annually by the plan's actuary and are based on the pool's claims experience, considering any remaining fund balance on hand available for claims.

Note 12 – Interfund Transactions

Due To/From Other Funds

The amounts due to/from other funds at September 30, 2015, were as follows:

	Due From Other Funds		
	General Fund	Other Governmental Funds	Totals
Due To Other Funds:			
General Fund	$	$ 5,991.62	$ 5,991.62
Reappraisal Fund	12,961.63		12,961.63
Other Governmental Funds	309,822.53	30,284.77	340,107.30
Totals	$322,784.16	$36,276.39	$359,060.55

Interfund Transfers

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

	Transfers Out		
	General Fund	Special Highway Tax Fund	Totals
Transfers In:			
Other Governmental Funds	$7,733,524.30	$20,019,861.11	$27,753,385.41
Totals	$7,733,524.30	$20,019,861.11	$27,753,385.41

The Commission typically uses transfers to fund ongoing operating subsidies and to transfer the portion from the special revenue and capital projects funds to the debt service funds to service current-year debt requirements.

Note 13 – Related Organizations

A majority of the members of the Board of the following organizations are appointed by the Mobile County Commission. The Commission, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship for the organizations, and the organizations are not considered part of the Commission's financial reporting entity. The following organizations are related organizations of the County Commission.

Industrial Development Authority
Kushla Water Board
Mobile County Recreation Board
St. Elmo-Irvington Water Authority
Dauphin Island Water and Sewer Authority
Turnerville Water and Fire Protection Authority
Mobile County Water, Sewer and Fire Protection Authority
Mobile County Hospital Board
Residential Building Code Advisory Committee

Note 14 – Restatements

Beginning fund balance/net position has been restated in the Other Governmental Funds in order to properly reflect the undistributed prior year amounts of cigarette taxes in the Cigarette Tax Fund.

In fiscal year 2015, the Mobile County Commission adopted Governmental Accounting Standards Board (GASB) Statement Number 68, ***Accounting and Financial Reporting for Pensions***. The provisions of this statement establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of this statement requires a restatement to beginning net position. The adoption of this statement has a significant impact on the Mobile County Commission's financial statements. For fiscal year 2015, the Commission made prior period adjustments due to the adoption of GASB Statement Number 68 which require the restatement of the September 30, 2014, net position in governmental activities. The result is a decrease in net position at October 1, 2014 of $53,658,450.00.

Also, the beginning net position has been restated to correct prior year capital assets errors.

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

	General Fund	Special Highway Tax Fund	Other Governmental Funds	Total
Fund Balance, September 30, 2014, as Previously Reported	$42,773,233.99	$31,704,017.36	$86,190,603.71	$160,667,855.06
Fund Restatement:				
Prior Period Corrections of Undistributed Cigarette Taxes			(3,258,461.82)	(3,258,461.82)
Fund Balance, September 30, 2014, as Restated	$42,773,233.99	$31,704,017.36	$82,932,141.89	$157,409,393.24
Net Position Balance, September 30, 2014, as Previously Reported				$391,661,374.02
Restatements of Net Position:				
Prior Period Corrections of Undistributed Cigarette Taxes				(3,258,461.82)
Net Pension Liability Due to Adoption of GASB 68				(53,658,450.00)
Effect of Prior Period Errors on Capital Assets				1,429,104.76
Governmental Activities Net Position, September 30, 2014, as Restated				$336,173,566.96

Note 15 – Subsequent Events

On October 6, 2015, the Commission issued General Obligation Improvement Warrants, Series 2015 in the amount of $26,285,000.00. The Series 2015 Warrants are being issued for the purposes of funding various capital improvement projects and paying the expenses of issuing the Series 2015 Warrants.

On November 9, 2015, the Commission authorized the sale of $15,000,000 of Series 2012B Pay-As-You-Go Road, Bridge and Drainage Facilities Bonds. These bonds were issued for the purpose of constructing and improving hard surfaced roads, hard surfaced bridges, and drainage facilities in Mobile County.

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Required Supplementary Information

Schedule of Changes in the Net Pension Liability
For the Year Ended September 30, 2015

		2015
Total pension liability		
Service cost	$	5,011,299
Interest		16,775,274
Benefit payments, including refunds of employee contributions		(14,124,377)
Net change in total pension liability		7,622,196
Total pension liability - beginning		216,753,116
Total pension liability - ending (a)		224,415,312
Plan fiduciary net position		
Contributions - employer		5,732,134
Contributions - employee		2,982,538
Net investment income		18,520,541
Benefit payments, including refunds of employee contributions		(14,124,376)
Other (Transfers among employers)		(290,505)
Net change in plan fiduciary net position		12,820,331
Plan fiduciary net positions - beginning		157,362,532
Plan fiduciary net positions - ending (b)	$	170,182,864
County's net pension liability - ending (a) - (b)	$	54,232,448
Plan fiduciary net position as a percentage of the total pension liability		75.83%
Covered-employee payroll	$	63,771,767
County's net pension liability as a percentage of covered-employee payroll		85.04%

Schedule of the Employer's Contributions
For the Year Ended September 30, 2015

	2015	2014
Actuarially determined contribution	$ 5,757,162	$ 5,732,134
Contributions in relation to the actuarially determined contribution	$ 5,757,162	$ 5,732,134
Contribution deficiency (excess)	$	$
Covered-employee payroll	$ 65,145,725	$ 63,771,767
Contributions as a percentage of covered-employee payroll	8.84%	8.99%

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

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

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

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 83,976,172.00	$ 84,993,351.00	$ 89,213,472.25
Licenses and Permits	1,248,500.00	1,248,500.00	1,375,373.68
Intergovernmental	21,202,395.00	21,202,395.00	20,627,628.72
Charges for Services	15,948,000.00	15,948,000.00	16,801,569.75
Miscellaneous	802,847.00	963,512.00	3,059,516.13
Total Revenues	123,177,914.00	124,355,758.00	131,077,560.53
Expenditures			
Current:			
General Government	43,099,458.00	46,307,841.00	38,820,477.09
Public Safety	60,336,507.00	60,962,902.00	59,633,737.88
Highways and Roads			
Sanitation	3,216,824.00	3,777,649.00	3,083,312.87
Health	877,228.00	877,228.00	877,228.00
Welfare	301,083.00	301,083.00	301,083.00
Culture and Recreation	2,436,785.00	2,445,062.00	2,308,074.31
Education	2,407,537.00	2,769,124.00	2,409,442.32
Capital Outlay		1,788,746.00	1,069,240.22
Debt Service:			
Principal Retirement	5,845,582.00	5,845,582.00	4,685,581.71
Interest and Fiscal Charges	2,934,402.00	2,934,402.00	2,414,680.24
Debt Issuance Costs		237,453.00	224,418.20
Total Expenditures	121,455,406.00	128,247,072.00	115,827,275.84
Excess (Deficiency) of Revenues Over Expenditures	1,722,508.00	(3,891,314.00)	15,250,284.69
Other Financing Sources (Uses)			
Transfers In	1,017,179.00		
Sale of Capital Assets			66,839.41
Long-Term Debt Issued		24,085,000.00	24,085,000.00
Premiums on Long-Term Debt Issued		3,708,394.00	3,708,393.95
Transfers Out	(2,726,295.00)	(7,947,897.00)	(7,733,524.30)
Payment to Refunding Bond Escrow Agent		(22,555,731.00)	(22,555,731.47)
Total Other Financing Sources (Uses)	(1,709,116.00)	(2,710,234.00)	(2,429,022.41)
Net Change in Fund Balances	13,392.00	(6,601,548.00)	12,821,262.28
Fund Balances - Beginning of Year		6,614,940.00	42,623,312.30
Fund Balances - End of Year	$ 13,392.00	$ 13,392.00	$ 55,444,574.58

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1)	$ 16,033,031.20	$ 105,246,503.45
		1,375,373.68
(1)	392,023.00	21,019,651.72
		16,801,569.75
(1)	34,834.61	3,094,350.74
	16,459,888.81	147,537,449.34
(2)	(14,625.60)	38,835,102.69
		59,633,737.88
(2)	(16,137,938.66)	16,137,938.66
(2)	(19,870.50)	3,103,183.37
		877,228.00
		301,083.00
		2,308,074.31
		2,409,442.32
(2)	(27,337.50)	1,096,577.72
		4,685,581.71
		2,414,680.24
		224,418.20
	(16,199,772.26)	132,027,048.10
	260,116.55	15,510,401.24
		66,839.41
		24,085,000.00
		3,708,393.95
		(7,733,524.30)
		(22,555,731.47)
		(2,429,022.41)
	260,116.55	13,081,378.83
(3)	149,921.69	42,773,233.99
	$ 410,038.24	$ 55,854,612.82

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

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

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

(1) Revenues	
Public Buildings, Roads and Bridges Fund	$ 16,399,103.02
Maddies Fund	41,721.94
FTA Grant	14,625.60
Special Events Fund	4,438.25
(2) Expenditures	
Public Buildings, Roads and Bridges Fund	$ 16,137,938.66
Maddies Fund	41,721.94
FTA Grant	14,625.60
Special Events Fund	5,486.06
Net Increase in Fund Balance - Budget to GAAP	

(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.

$ 16,459,888.81
(16,199,772.26)
$ 260,116.55

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

	Budgeted Amounts		Actual Amounts
	Original	**Final**	**Budgetary Basis**
Revenues			
Taxes	$ 7,359,259.00	$ 7,359,259.00	$ 4,696,541.80
Miscellaneous	70,000.00	70,000.00	59,283.63
Total Revenues	7,429,259.00	7,429,259.00	4,755,825.43
Expenditures			
Current:			
General Government	6,434,259.00	6,450,144.19	4,454,416.36
Capital Outlay	995,000.00	979,114.81	335,736.07
Total Expenditures	7,429,259.00	7,429,259.00	4,790,152.43
Excess (Deficiency) of Revenues Over Expenditures			(34,327.00)
Other Financing Sources (Uses)			
Sale of Capital Assets			34,327.00
Total Other Financing Sources (Uses)			34,327.00
Net Change in Fund Balances			
Fund Balances - Beginning of Year			
Fund Balances - End of Year	$	$	$

Budget to GAAP Differences	Actual Amounts GAAP Basis
$	$ 4,696,541.80
	59,283.63
	4,755,825.43
	4,454,416.36
	335,736.07
	4,790,152.43
	(34,327.00)
	34,327.00
	34,327.00
$	$

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/01/2014	$0	$12,312,000	$12,312,000	0%	$53,498,000	23.0%
07/01/2012	$0	$17,437,000	$17,437,000	0%	$53,061,000	32.9%
04/01/2010	$0	$17,851,000	$17,851,000	0%	$51,007,000	35.0%

Supplementary Information

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
U. S. Department of Agriculture		
Passed Through Alabama Department of Education		
Child Nutrition Cluster:		
School Breakfast Program	10.553	N/A
National School Lunch Program	10.555	N/A
Total Child Nutrition Cluster		
U. S. Department of Housing and Urban Development		
Direct Program		
Community Development Block Grants/Entitlement Grants	14.218	B-10-UC-01-0002
Community Development Block Grants/Entitlement Grants	14.218	B-11-UC-01-0002
Community Development Block Grants/Entitlement Grants	14.218	B-12-UC-01-0002
Community Development Block Grants/Entitlement Grants	14.218	B-13-UC-01-0002
Community Development Block Grants/Entitlement Grants	14.218	B-14-UC-01-0002
Sub-Total Community Development Block Grants/ Entitlement Grants (M)		
Home Investment Partnerships Program	14.239	M-07-UC-01-0206
Home Investment Partnerships Program	14.239	M-10-UC-01-0206
Home Investment Partnerships Program	14.239	M-11-UC-01-0206
Home Investment Partnerships Program	14.239	M-12-UC-01-0206
Home Investment Partnerships Program	14.239	M-13-UC-01-0207
Home Investment Partnerships Program	14.239	M-14-UC-01-0207
Sub-Total Home Investment Partnerships Program		
Emergency Solutions Grants Program	14.231	E-13-UC-01-0007
Emergency Solutions Grants Program	14.231	E-14-UC-01-0007
Sub-Total Emergency Solutions Grants Program		
Passed Through Alabama Department of Economic Community Affairs		
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	NSP-GV-08-043
Total U. S. Department of Housing and Urban Development		
Sub-Total Forward		

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
10-01-2014 to 09-30-2015	$ 44,231.91	$ 44,231.91	$ 44,231.91	$ 44,231.91
10-01-2014 to 09-30-2015	71,495.37	71,495.37	71,495.37	71,495.37
	115,727.28	115,727.28	115,727.28	115,727.28
06-01-2010 to completion	2,114,102.00	2,114,102.00	29,792.10	29,792.10
06-01-2011 to completion	1,791,526.00	1,791,526.00	67,171.74	67,171.74
06-01-2012 to completion	1,621,180.00	1,621,180.00	213,072.51	213,072.51
06-01-2013 to completion	1,652,536.00	1,652,536.00	751,172.67	751,172.67
06-01-2014 to completion	1,577,243.00	1,577,243.00	608,108.31	608,108.31
	8,756,587.00	8,756,587.00	1,669,317.33	1,669,317.33
06-01-2007 to completion	879,464.00	879,464.00	7,002.05	7,002.05
06-01-2010 to completion	918,618.00	918,618.00	169,608.41	169,608.41
06-01-2011 to completion	819,763.00	819,763.00	609,926.34	609,926.34
06-15-2012 to completion	745,922.46	745,922.46	652,555.51	652,555.51
07-30-2013 to completion	519,116.00	519,116.00	41,441.65	41,441.65
06-01-2014 to 05-31-2015	579,040.88	579,040.88	554,194.14	554,194.14
	4,461,924.34	4,461,924.34	2,034,728.10	2,034,728.10
06-01-2013 to completion	118,270.00	118,270.00	118,270.00	118,270.00
06-01-2014 to 05-31-2015	134,250.00	134,250.00	78,307.49	78,307.49
	252,520.00	252,520.00	196,577.49	196,577.49
04-28-2009 to completion	2,000,000.00	2,000,000.00	92,928.00	92,928.00
	15,471,031.34	15,471,031.34	3,993,550.92	3,993,550.92
	$ 15,586,758.62	$ 15,586,758.62	$ 4,109,278.20	$ 4,109,278.20

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
U. S. Department of Interior		
Direct Programs		
Payments in Lieu of Taxes	15.226	N/A
Coastal Impact Assistance Program	15.426	F12AF00794
Coastal Impact Assistance Program	15.426	F12AF70153
Coastal Impact Assistance Program	15.426	F12AF70189
Sub-Total Coastal Impact Assistance Program		
Coastal Impact Assistance Program	15.668	F13AF00130
Coastal Impact Assistance Program	15.668	F13AF00136
Coastal Impact Assistance Program	15.668	F12AF01453
Coastal Impact Assistance Program	15.668	F13AF00154
Sub-Total Coastal Impact Assistance Program		
Total Coastal Impact Assistance Program (M)		
GoMESA	15.435	N/A
Total U. S. Department of Interior		
Sub-Total Forward		

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
	$ 15,586,758.62	$ 15,586,758.62	$ 4,109,278.20	$ 4,109,278.20
10-01-2014 to 09-30-2015	24,987.00	24,987.00	24,987.00	24,987.00
11-27-2009 to 12-31-2016	1,067,331.71	1,067,331.71	76,933.71	76,933.71
02-22-2011 to 12-31-2016	2,336,158.36	2,336,158.36	435,873.55	435,873.55
07-06-2011 to 06-30-2016	3,000,000.00	3,000,000.00	116,394.09	116,394.09
	6,403,490.07	6,403,490.07	629,201.35	629,201.35
01-01-2013 to 12-31-2016	700,000.00	700,000.00	260,169.34	260,169.34
01-01-2013 to 12-31-2016	1,670,000.00	1,670,000.00	814,249.48	814,249.48
10-01-2012 to 12-31-2015	2,700,000.00	2,700,000.00	884,491.62	884,491.62
01-01-2013 to 12-31-2016	637,382.85	637,382.85	130,531.35	130,531.35
	5,707,382.85	5,707,382.85	2,089,441.79	2,089,441.79
	12,110,872.92	12,110,872.92	2,718,643.14	2,718,643.14
N/A	831,892.19	831,892.19	3,220.00	3,220.00
	12,967,752.11	12,967,752.11	2,746,850.14	2,746,850.14
	$ 28,554,510.73	$ 28,554,510.73	$ 6,856,128.34	$ 6,856,128.34

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
U. S. Department of Justice		
Direct Program		
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2012-WE-AX-0048
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0658
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0378
Sub-Total Edward Byrne Memorial Justice Assistance Grant Program		
Equitable Sharing Program	16.922	N/A
Passed Through Alabama Department of Economic and Community Affairs		
Crime Victim Assistance	16.575	13-VA-CA-026
Violence Against Women Formula Grant	16.588	13-WF-PR-007
Violence Against Women Formula Grant	16.588	14-WF-PR-010
Sub-Total Violence Against Women Formula Grant		
Total U. S. Department of Justice		
Sub-Total Forward		

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
	$ 28,554,510.73	$ 28,554,510.73	$ 6,856,128.34	$ 6,856,128.34
10-01-2012 to 01-31-2015	887,884.00	887,884.00	85,803.68	85,803.68
10-01-2012 to 09-30-2016	230,504.00	230,504.00	18,986.58	18,986.58
10-01-2013 to 09-30-2017	82,419.00	82,419.00	73,906.66	73,906.66
	312,923.00	312,923.00	92,893.24	92,893.24
10-01-2014 to 09-30-2015	702,947.80	702,947.80	702,947.80	186,532.91
10-01-2014 to 09-30-2015	173,575.01	138,859.69	138,859.69	138,859.69
01-01-2014 to 12-31-2014	54,466.67	40,849.85	12,557.67	12,557.67
01-01-2015 to 12-31-2015	54,466.67	40,850.00	28,694.70	28,694.70
	108,933.34	81,699.85	41,252.37	41,252.37
	2,186,263.15	2,124,314.34	1,061,756.78	545,341.89
	$ 30,740,773.88	$ 30,678,825.07	$ 7,917,885.12	$ 7,401,470.23

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
U. S. Department of Transportation		
Passed Through Alabama Department of Transportation		
Airport Improvement Program	20.106	3-01-0023-012-2015
Passed Through Alabama Department of Economic and Community Affairs		
Highway Safety Cluster:		
State and Community Highway Safety	20.600	15-SP-PT-004
State and Community Highway Safety	20.600	15-SP-CP-004
Sub-Total State and Community Highway Safety		
Alcohol Impaired Driving Countermeasures Incentives Grants I	20.601	15-HS-K8-004
National Priority Safety Programs	20.616	15-HS-M2-004
National Priority Safety Programs	20.616	15-HS-M5-004
Sub-Total National Priority Safety Programs		
Total Highway Safety Cluster (M)		
Total U. S. Department of Transportation		
Corporation for National and Community Service		
Direct Programs		
Retired and Senior Volunteer Program	94.002	13SRSAL002
Retired and Senior Volunteer Program	94.002	13SRSAL002
Sub-Total Retired and Senior Volunteer Program		
Foster Grandparent/Senior Companion Cluster:		
Foster Grandparent Program	94.011	13SFSAL006
Foster Grandparent Program	94.011	13SFSAL006
Senior Companion Program	94.016	12SCSAL001
Senior Companion Program	94.016	12SCSAL001
Sub-Total Foster Grandparent/Senior Companion Cluster		
Total Corporation for National and Community Service		
Sub-Total Forward		

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
	$ 30,740,773.88	$ 30,678,825.07	$ 7,917,885.12	$ 7,401,470.23
10/01/2014 to completion	161,422.00	145,280.00	49,164.00	49,164.00
10-01-2014 to 09-30-2015	174,498.40	174,498.40	174,498.40	174,498.40
10-01-2014 to 09-30-2015	112,398.72	106,667.51	106,667.51	106,667.51
	286,897.12	281,165.91	281,165.91	281,165.91
08-21-2015 to 09-07-2015	23,299.04	23,299.04	23,299.04	23,299.04
05-18-2015 to 05-31-2015	23,260.00	23,260.00	23,260.00	23,260.00
10-01-2014 to 09-30-2015	109,880.94	109,880.94	109,880.94	109,880.94
	133,140.94	133,140.94	133,140.94	133,140.94
	443,337.10	437,605.89	437,605.89	437,605.89
	604,759.10	582,885.89	486,769.89	486,769.89
04-01-2014 to 03-31-2015	60,500.00	60,500.00	36,045.00	36,045.00
04-01-2015 to 03-31-2016	57,500.00	57,500.00	28,754.00	28,754.00
	118,000.00	118,000.00	64,799.00	64,799.00
09-30-2014 to 06-30-2015	258,797.00	258,797.00	258,797.00	258,797.00
07-01-2015 to 06-30-2016	344,741.00	344,741.00	76,004.30	76,004.30
09-30-2014 to 06-30-2015	240,309.00	240,309.00	240,309.00	240,309.00
07-01-2015 to 06-30-2016	320,113.00	320,113.00	78,464.97	78,464.97
	1,163,960.00	1,163,960.00	653,575.27	653,575.27
	1,281,960.00	1,281,960.00	718,374.27	718,374.27
	$ 32,627,492.98	$ 32,543,670.96	$ 9,123,029.28	$ 8,606,614.39

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
U. S. Department of Homeland Security		
Direct Program		
Port Security Grant Program	97.056	EMW-2013-PU-00500
Passed Through Alabama Emergency Management Agency		
Disaster Grants - Public Assistance		
(Presidentially Declared Disasters)	97.036	FEMA-4176-DR-AL
Passed Through Alabama Department of		
Homeland Security		
Homeland Security Grant	97.067	14-NLLMOA-02-001
Homeland Security Grant	97.067	15-NLLMOA-12-001
Sub-Total Homeland Security Grant		
Total U. S. Department of Homeland Security		
General Services Administration		
Passed Through Alabama Department of		
Economic and Community Affairs		
Donation of Federal Surplus Personal Property (N)	39.003	N/A
Total Expenditures of Federal Awards		

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

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

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
	$ 32,627,492.98	$ 32,543,670.96	$ 9,123,029.28	$ 8,606,614.39
09-01-2013 to 08-31-2015	140,000.00	105,000.00	8,135.00	8,135.00
N/A	132,143.83	132,143.83	132,143.83	132,143.83
10/01/2013 to 09/30/2015	155,206.00	155,206.00	135,088.28	135,088.28
01/01/2015 to 08/31/2016	98,916.66	98,916.66	58,638.77	58,638.77
	254,122.66	254,122.66	193,727.05	193,727.05
	526,266.49	491,266.49	334,005.88	334,005.88
10-01-2014 to 09-30-2015			33,066.78	33,066.78
	$ 33,153,759.47	$ 33,034,937.45	$ 9,490,101.94	$ 8,973,687.05

Note 1 – Basis of Presentation

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

Note 2 – Subrecipients

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant/Entitlement Grants	14.218	$625,304.85
Community Development Block Grant/State's Program	14.228	$ 92,816.50
Homeless Prevention and Rapid Re-Housing Program	14.257	$197,781.54
Violence Against Women Formula Grant	16.588	$ 41,252.37
Highway Safety Cluster	20.600, 20.601 and 20.616	$437,655.89
Retired and Senior Volunteer Program	94.002	$ 64,799.00
Foster Grandparent/Senior Companion Cluster	94.011 and 94.016	$653,575.27

Additional Information

Commission Members and Administrative Personnel
October 1, 2014 through September 30, 2015

Commission Members		**Term Expires**
Connie Hudson	President	2016
Merceria Ludgood	Member	2016
Jerry Carl	Member	2016

Administrative Personnel

Mr. John F. Pafenbach	Administrator
Ms. Michelle Herman	Director of Finance

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

Independent Auditor's Report

To: Members of the Mobile County Commission and County Administrator

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mobile County Commission, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Mobile County Commission's basic financial statements and have issued our report thereon dated July 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mobile County Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mobile County Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mobile 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 consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mobile 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards***.

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.

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

Montgomery, Alabama

July 1, 2016

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

Independent Auditor's Report

To: Members of the Mobile County Commission and County Administrator

Report on Compliance for Each Major Federal Program

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Mobile County Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; and OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Mobile County Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Mobile County Commission's compliance.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Mobile 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 Mobile County Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Mobile County Commission's internal control over compliance.

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

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

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

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

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

Montgomery, Alabama

July 1, 2016

Section I – Summary of Examiner's Results

Financial Statements

Type of opinion issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? ______ Yes __X__ No

Significant deficiency(ies) identified? ______ Yes __X__ None reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

Federal Awards

Internal control over major programs:
Material weakness(es) identified? ______ Yes __X__ No

Significant deficiency(ies) identified? ______ Yes __X__ None reported

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.218	Community Development Block Grants/ Entitlement Grants
20.600, 20.601 and 20.616	Highway Safety Cluster
15.426 and 15.668	Coastal Impact Assistance Program

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

Auditee qualified as low-risk auditee? ______ Yes __X__ No

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

Section II – Financial Statement Findings (GAGAS)

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

Section III – Federal Awards Findings and Questioned Costs

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