



# Alabama Department of Examiners of Public Accounts

## *Report on the* **Mobile County Commission** **Mobile County, Alabama**

October 1, 2021 through September 30, 2022

Filed: April 26, 2024

AUDEMUS JURA NOSTRA DEFENDERE  
ALABAMA STATE HOUSE

*Rachel Laurie Riddle, Chief Examiner*





Rachel Laurie Riddle  
*Chief Examiner*

State of Alabama  
Department of  
**Examiners of Public Accounts**

P.O. Box 302251, Montgomery, AL 36130-2251  
401 Adams Avenue, Suite 280  
Montgomery, Alabama 36104-4338  
Telephone (334) 242-9200  
FAX (334) 242-1775

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

Dear Madam:

An audit was conducted on the Mobile County Commission, Mobile County, Alabama, for the period October 1, 2021 through September 30, 2022, by Examiners Angela B. Waters, John Geary, Carolina Fussell and Ryan Beech. I, Angela B. Waters, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

*Angela B. Waters*

Angela B. Waters  
Examiner of Public Accounts

rb



---

---

# *Table of Contents*

---

---

	<i>Page</i>
<b>Summary</b>	A
<p>Contains items pertaining to federal, state and local legal compliance, Commission operations and other matters.</p>	
<b>Independent Auditor’s Report</b>	C
<p>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).</p>	
<b>Management’s Discussion and Analysis</b>	H
<p>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.</p>	
<b><u>Basic Financial Statements</u></b>	1
<p>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.</p>	
Exhibit #1	2
Exhibit #2	4
Exhibit #3	5
Exhibit #4	6
Exhibit #5	8
Exhibit #6	9
Exhibit #7	11
Exhibit #8	12



---

---

## *Table of Contents*

---

---

	<i>Page</i>
<b>Notes to the Financial Statements</b>	13
<b><u>Required Supplementary Information</u></b>	54
Provides information required by the Governmental Accounting Standards Board (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 Employer’s Net Pension Liability	55
Exhibit #10    Schedule of the Employer’s Contributions – Pension	56
Exhibit #11    Schedule of Changes in the Employer’s Other Postemployment Benefits (OPEB) Liability	57
Exhibit #12    Schedule of the Employer’s Contributions Other Postemployment Benefits (OPEB)	58
Exhibit #13    Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	59
Exhibit #14    Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Reappraisal Fund	61
<b><u>Supplementary Information</u></b>	62
Contains financial information and notes relative to federal financial assistance.	
Exhibit #15    Schedule of Expenditures of Federal Awards	63
<b>Notes to the Schedule of Expenditures of Federal Awards</b>	67
<b><u>Additional Information</u></b>	68
Provides basic information related to the Commission, including reports and items required by generally accepted government auditing standards and/or Title 2 U. S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</i> for federal compliance audits.	
Exhibit #16 <b>Commission Members and Administrative Personnel</b> – a listing of the Commission members and administrative personnel.	69





---

---

## *Table of Contents*

---

---

		<i>Page</i>
Exhibit #17	<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b> – 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.	70
Exhibit #18	<b>Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the <i>Uniform Guidance</i></b> – a report on internal controls over compliance with requirements of federal statutes, regulations, and the terms and conditions of federal awards applicable to major federal programs and an opinion on whether the Commission complied with federal statutes, regulations, and terms and conditions of its federal awards which could have a direct and material effect on each major program.	73
Exhibit #19	<b>Schedule of Findings and Questioned Costs</b> – a schedule summarizing the results of audit findings relating to the financial statements as required by <i>Government Auditing Standards</i> and findings and questioned costs for federal awards as required by the <i>Uniform Guidance</i> .	77
Exhibit #20	<b>Summary Schedule of Prior Audit Findings</b> – a report, prepared by the management of the entity, which provides the status of all audit findings included in the prior audit report’s Schedule of Findings and Questioned Costs as well as unresolved findings included in the prior audit report’s Summary Schedule of Prior Audit Findings.	81
Exhibit #21	<b>Auditee Response/Corrective Action Plan</b> – a response by the Commission on the results of the audit and a corrective action plan for federal audit findings.	82

---





Department of  
**Examiners of Public Accounts**

**SUMMARY**

**Mobile County Commission  
October 1, 2021 through September 30, 2022**

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 16. 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 41-5A-12.

Financial statements for the fiscal year ending September 30, 2022, were not prepared by management until November 28, 2023. The Commission’s failure to prepare timely financial statements may impact the relevance of the financial information presented to users of the financial statements.

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, 2022.

### **AUDIT FINDINGS**

Problems were found with the Commission's internal controls over financial reporting (Exhibit 19) and they are summarized below:

- ◆ 2022-001: The Commission failed to ensure that the financial statements are substantiated by underlying accounting records and accurate financial statements are prepared.
- ◆ 2022-002: The Commission failed to ensure monthly bank reconciliations are prepared and reconciled to the general ledger.
- ◆ 2022-003: The Commission failed to ensure capital assets balances are accurately recorded in the accounting records.

### **EXIT CONFERENCE**

Commission members and administrative personnel, as reflected on Exhibit 16, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Glenn L. Hodge, County Administrator; Eddie Kerr, Deputy County Administrator; Dana Foster-Allen, Director of Finance; and County Commissioners Merceria Ludgood, Connie Hudson and Randall Dueitt. Representing the Department of Examiners of Public Accounts were Ashli O. Page, Assistant Director; Brian Wheeler, Audit Manager; and Angie Waters, Examiner.

---

*Independent Auditor's Report*

## **Independent Auditor's Report**

Members of the Mobile County Commission, County Administrator,  
Deputy County Administrator and Director of Finance  
Mobile, Alabama

### **Report on the Audit of the Financial Statements**

#### **Opinions**

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, 2022, and the related notes to the financial statements, which collectively comprise the Mobile County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 8.

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, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States (***Government Auditing Standards***). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mobile County Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter**

The Mobile County Commission's basic financial statements for the year ended September 30, 2022, reflect the provisions of the Governmental Accounting Standards Board's (GASB) Statement Number 87, ***Leases***. The Mobile County Commission implemented the requirements of GASB Statement Number 87 during the fiscal year. See Note 5 and 9 of our accompanying financial statements for the impact of the standard's implementation. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mobile County Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and ***Government Auditing Standards*** will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and ***Government Auditing Standards***, we:

- ◆ exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mobile County Commission's internal control. Accordingly, no such opinion is expressed.
- ◆ evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- ◆ conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mobile County Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 9 through 14), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

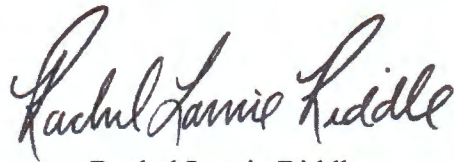
### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mobile County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 15), as required by Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for the purpose of additional analysis, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**Other Reporting Required by Government Auditing Standards**

In accordance with ***Government Auditing Standards***, we have also issued our report dated March 27, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mobile County Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Mobile County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

March 27, 2024

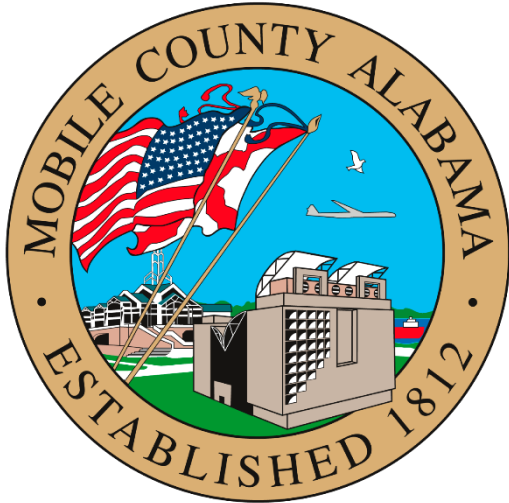
---

*This Page Intentionally Blank*

---

---

*Management's Discussion and Analysis*  
*(Required Supplementary Information)*



MOBILE COUNTY COMMISSION  
**County Commissioners**  
Connie Hudson, Commission President  
Merceria Ludgood, Commissioner  
Randall Dueitt, Commissioner

**Administration**  
Glenn Hodge, County Administrator  
Eddie Kerr, Deputy Administrator  
Dana Foster-Allen, Director of Finance

## **Management's Discussion and Analysis**

The Mobile County Commission's Management Discussion and Analysis report (MD&A) is designed to provide an objective, easy-to-read analysis of the County's financial activities for the fiscal year that ended September 30, 2022. 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.

### **Financial Highlights**

- Mobile County's governmental funds' ending balances total \$335,827,403, of which 33% (\$108,239,175) is unassigned.
- At the end of the Fiscal Year 2022, the County's unassigned fund balance in the general fund increased by \$4,054,625. The total ending fund balance in the general fund as of September 30, 2022, was \$111,456,301.
- Mobile County received an allocation of approximately \$80 million from the Coronavirus Rescue Act (American Rescue Plan Act or ARPA) funds, 50% of which was received in Fiscal Year 2022.

- The Commission approved its Strategic Spending Plan for ARPA, obligating \$58.1 million of the County’s allocation during a special meeting on August 1, 2022.
- Mobile County Commissioners Merceria Ludgood, Connie Hudson, and Randall Dueitt approved 32 projects for funding. These aim to respond to the public health crisis, improve public facilities and infrastructure, provide aid to the most vulnerable populations, strengthen local government operations and increase economic recovery and growth efforts.

### Understanding the Basic Financial Statements

This discussion and the following analysis are intended to introduce the reader to Mobile County Commission’s basic financial statements. The County’s basic financial statements consist of the following major components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements (see Figure 1)

Figure 1



### Government-Wide Financial Statements

The Government-Wide financial statements 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 less its liabilities on September 30, 2022. The difference is reported as net position. Over time, an increase or decrease in 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 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 its legal responsibilities for using certain taxes, grants, and other funding. The fund financial statements provide detailed information about the most significant funds—not about 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 Mobile 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**

The evaluation of an entity's net position is a tool that may serve as a useful indicator of its financial condition. The following page presents a condensed comparative Statement of Net Position for the period that ended September 30, 2022.

**Comparative Statement of Net Position**  
Stated in Thousands

	2022	2021	\$ Change	% Change
<b>Assets</b>				
Current and Other Assets	534,975	501,445	33,530	7%
Capital Assets, Net	502,886	463,671	39,215	8%
<b>Total Assets</b>	<b>1,037,861</b>	<b>965,116</b>	<b>72,745</b>	<b>8%</b>
<b>Deferred Outflows of Resources</b>				
Loss on Refunding of Debt	3,486	3,831	(345)	-9%
Deferred Outflows Related to Lease Liability	619		619	
Employer Pension Contributions	6,663	6,457	206	3%
Proportionate share of deferred outflows related to pension liability	23,769	13,463	10,306	77%
Proportionate share of deferred outflows related to pension liability	5,618	6,902	(1,284)	-19%
<b>Total Deferred Outflows of Resources</b>	<b>40,155</b>	<b>30,653</b>	<b>9,502</b>	<b>31%</b>
<b>Liabilities</b>				
Current Liabilities	112,748	68,198	44,550	65%
Noncurrent Liabilities	317,180	338,922	(21,742)	-6%
<b>Total Liabilities</b>	<b>429,928</b>	<b>407,120</b>	<b>22,808</b>	<b>6%</b>
<b>Deferred Inflows of resources</b>				
Unavailable Revenue - Property Taxes	77,931	76,702	1,229	2%
Revenue Received in Advance - Motor Vehicle Taxes	4,556	3,967	589	15%
Deferred Lease Receivable	4,806		4,806	
Proportionate Share of Collective				
Deferred Inflows Related to Net Pension Liability	24,473	2,295	22,178	966%
Proportionate Share of Collective				
Deferred Inflows Related to Net Other Postemployment Benefits (OPEB) Liability	26,904	30,177	26,904	100%
<b>Total Deferred Inflows of Resources</b>	<b>138,670</b>	<b>113,141</b>	<b>55,706</b>	<b>49%</b>
<b>Net Position</b>				
Invested in Capital Assets	410,087	391,517	18,570	5%
Restricted for:				
Debt Service	68,701	41,482	27,219	66%
Road Projects	104,065	118,271	(14,206)	-12%
Other Purposes	762	4,739	(3,977)	-84%
Unrestricted	(74,197)	(80,501)	6,304	-8%
<b>Total Net Position</b>	<b>509,418</b>	<b>475,508</b>	<b>33,910</b>	<b>7%</b>

As shown above, Mobile County's total assets increased by 8% or \$72.7 million. The County's total liabilities increased nominally by 6% (\$22.8 million). Overall, the County's assets and deferred outflows exceeded liabilities and deferred inflows by \$509.4 million. The County increased its net position by 7% over the period that ended September 30, 2021.

The table on the following page displays a condensed statement reflecting the changes in net position from Fiscal Year 2021 to Fiscal Year 2022.

## Comparitive Statement of Changes in Net Position

Stated in Thousands

	2022	2021	\$ Change	% Change
<b>Revenues:</b>				
Program Revenues				
Charges for Services	28,383	26,617	1,766	7%
Operating Grants and Contributions	48,752	70,643	(21,891)	-31%
Capital Grants and Contributions	1,614	1,190	424	0%
<b>Total Program Revenues</b>	<b>78,749</b>	<b>98,450</b>	<b>(19,701)</b>	<b>-20%</b>
<b>General Revenues:</b>				
Taxes				
Property Taxes for General Purposes	32,771	32,454	317	1%
Property Taxes for Specific Purposes	61,272	59,640	1,632	3%
General Sales Tax	90,137	83,982	6,155	7%
County Gasoline Sales Tax	1,147	2,063	(916)	-44%
Other County Sales and Use Taxes	14,523	14,085	438	3%
Miscellaneous Taxes	-	-	-	
Grants and Contributions Not Restricted for Specific Purposes	8,317	4,754	3,563	75%
Investment Earnings	1,039	302	2,915	965%
Miscellaneous	728	2,285	(1,557)	-68%
Gain on Sale of Capital Assets	996	661	335	100%
<b>Total General Revenues</b>	<b>210,929</b>	<b>200,226</b>	<b>12,882</b>	<b>6%</b>
<b>Total Revenues</b>	<b>289,678</b>	<b>298,676</b>	<b>(6,819)</b>	<b>-2%</b>
<b>Program Expenses</b>				
General Government	90,935	86,505	4,430	5%
Public Safety	84,051	78,283	5,768	7%
Highways and Roads	43,916	39,962	3,954	10%
Sanitation	6,265	6,147	118	2%
Health	4,438	7,730	(3,292)	-43%
Welfare	8,537	16,591	(8,054)	-49%
Culture and Recreation	9,955	2,939	7,016	239%
Education	6,164	3,190	2,974	93%
Interest and Fiscal Charges	3,686	3,683	3	0%
<b>Total Expenses</b>	<b>257,947</b>	<b>245,030</b>	<b>12,917</b>	<b>5%</b>
Change in Net Position	31,731	53,646	(19,736)	-37%
Net Position, Beginning of Year	477,687	421,862	53,646	13%
<b>Net Position, September 30</b>	<b>\$ 509,418</b>	<b>\$ 475,508</b>	<b>\$ 33,910</b>	<b>7%</b>



Mobile County recorded program revenue of \$78.7 million for the fiscal year that ended September 30, 2022. Program revenues consist of revenue collected through charges for services, program-specific operating grants, and preprogram-specific capital grants. The amount collected during Fiscal Year 2022 represents a 2% decrease over Fiscal Year 2021 collections.

The County's recorded general revenues of \$213.1 million for the fiscal year that ended September 30, 2022. General revenue consists of the following revenue categories:

1. All County taxes
2. Unrestricted grants
3. Investment earnings
4. Miscellaneous revenue
5. Gains on the sale of capital assets

The amount collected represents a 6% increase over Fiscal Year 2021 collections. A major factor leading to the increase in general revenue is due to the overall increase in the collection of taxes. Revenue generated from taxes increased by 4% or \$7.6 million over Fiscal Year 2021. In total, revenue decreased by \$6.8 million, or 2%, over Fiscal Year 2022.

For the period ending September 30, 2022, expenditures remained relatively unchanged. Notable expenses during Fiscal Year 2022 are as follows:

1. In October 2021, the County Commission approved for employees both a 5% cost of living adjustment and a one-time non-recurring benefit of \$2,500.
2. The County absorbed the projected 2022 increase in employee benefits and did not pass those costs to the employees.

The County's expenditures on general government activities increased by 5% and its expenditures for public safety increased by 7%, due to capital equipment purchases and increased payroll costs. Expenditures on all other categories increased by a cumulative amount of \$12.9 million.

### **Governmental Funds**

Governmental funds presented individually in Mobile County Commission's 2022 governmental fund balance sheet include four major funds:

- General Fund,
- Reappraisal Fund,
- Special Highway Tax Fund, and the
- Coronavirus Rescue Act Fund

The Commission’s statement of revenues, expenditures, and changes in fund balance includes four major funds:

- General Fund,
- Reappraisal Fund,
- Special Highway Tax Fund, and the
- Coronavirus Rescue Act 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 June 15, 2010. The primary impact of this statement is that funds that were held and reported separately, namely the Road and Bridge Fund, Maddie’s Fund, and the Special Events Fund, will now be reported as part of the general fund; however, these funds continue to be held separately.

**MAJOR FUND INFORMATION**

**Governmental Fund Balance Sheet**

(in Thousands)

	General Fund		Reappraisal Fund	
	2022	2021	2022	2021
<b>Total Assets</b>	170,250	162,427	11,615	10,311
<b>Total Liabilities</b>	12,823	11,773	3,195	2,336
<b>Total Deferred Inflows of Resources</b>	<b>45,971</b>	<b>44,857</b>	<b>8,420</b>	<b>7,975</b>
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Inventories	108	278	-	-
Prepaid Items	3,109	1,334	-	-
<b>Restricted For:</b>				
Debt Service	-	-	-	-
Highways and Roads	-	-	-	-
<b>Assigned To:</b>				
Other Purposes	-	-	-	-
Unassigned	108,239	104,185	-	-
<b>Total Fund Balances</b>	<b>111,456</b>	<b>105,797</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 170,250</b>	<b>\$ 162,427</b>	<b>\$ 11,615</b>	<b>\$ 10,311</b>

**MAJOR FUND INFORMATION****Governmental Fund Balance Sheet**

(in Thousands)

	Special Highway Tax		Coronavirus Rescue	
	2022	2021	2022	2021
<b>Total Assets</b>	97,219	67,614	80,032	40,131
<b>Total Liabilities</b>	856	-	79,909	40,131
<b>Total Deferred Inflows of Resources</b>	<b>28,094</b>	<b>27,836</b>	-	-
<b>Fund Balances</b>				
Nonspendable				
Inventories	-	-	-	-
Prepaid Items	-	-	-	-
Restricted For:				
Debt Service	68,269	39,777	-	-
Highways and Roads	-	-	-	-
Assigned To:				
Other Purposes	-	-	123	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>68,269</b>	<b>39,777</b>	<b>123</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
	<b>\$ 97,219</b>	<b>\$ 67,613</b>	<b>\$ 80,032</b>	<b>\$ 40,131</b>

In Governmental Funds, the ending fund balance reflects the resources that are available for carryover to future years. The fund balance is also a reflection of the County's ability to respond to emergencies or to take advantage of opportunities that may become available. A good rule of thumb for the general fund is to have at least two to three months of expenditures in an 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. As of September 30, 2022, the unassigned fund balance in the Commission's general fund was \$108.2 million.

The statement on the following page presents its consolidated revenue and expenditure information for the County's major funds. The general fund balance by increased \$3.5 million while the special highway tax fund balance increased by \$28.5 million.

**Statement of Revenues, Expenditures  
and Changes in Fund Balance**  
(in Thousands)

	General Fund		Reappraisal		Special Highway Tax	
	2022	2021	2022	2021	2022	2021
Revenue and Other Sources	212,810	202,751	7,484	7,618	36,751	34,692
Expenses and Other Uses	209,329	179,358	7,484	7,618	8,259	52,346
Increase (Dec) in Fund Balance	3,481	23,393	-	-	28,492	(17,654)
<b>Fund Balance at Beg of Year</b>	<b>107,975</b>	<b>82,403</b>	<b>-</b>	<b>-</b>	<b>39,777</b>	<b>57,431</b>
<b>Fund Balance at Year End</b>	<b>\$111,456</b>	<b>\$105,796</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 68,269</b>	<b>\$ 39,777</b>

	Coronavirus Rescue Act Fund	
	2022	2021
Revenue and Other Sources	2,333	
Expenses and Other Uses	2,209	
Increase (Dec) in Fund Balance	124	
<b>Fund Balance at Beg of Year</b>		
<b>Fund Balance at Year End</b>	<b>\$ 124</b>	<b>\$ -</b>

**Debt Administration**

As of September 30, 2022, the County had \$317 million in outstanding bonds, notes payable, and other long-term liabilities as shown in the table below:

**Outstanding Long Term Debt  
September 30, 2022 and 2021  
(amounts expressed in thousands)**

Governmental Activities:	2022	2021	\$ Change	% Change
Bonds/warrants net	203,792	213,780	(9,988)	-4.7%
Net Pension Liability	70,285	78,115	(7,830)	-10.0%
Other Postemployment Benefits	31,699	34,974	(3,275)	-9.4%
Other Liabilities	11,404	12,053	(649)	-5.4%
<b>Total Long-Term Liabilities</b>	<b>\$317,180</b>	<b>\$338,922</b>	<b>\$(21,742)</b>	<b>-6.4%</b>

The balance on September 30, 2021, was \$338.9 million. Debt decreased by \$22 million the County's repayment of its debt.

## Capital Assets

The table on the following page displays capital assets as of September 30, 2022, and September 30, 2021.

**Capital Assets**  
**September 30, 2022 and 2021**  
(amounts expressed in thousands)

<b>Governmental Activities:</b>	<b>2022</b>	<b>2021</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Non depreciable capital assets:</b>				
Land	66,679	62,389	4,290	7.23%
Construction in Progress	39,776	13,536	26,240	193.85%
Infrastructure in Progress	48,016	48,663	(647)	-1.33%
<b>Capital Assets Being Depreciated:</b>				
Infrastructure	283,429	277,694	5,735	2.06%
Buildings	185,864	180,360	5,504	3.05%
Equipment and Furniture	29,213	24,912	4,301	17.23%
Vehicles and Heavy Equipment	39,808	39,576	232	0.59%
Accumulated Depreciation	(189,900)	(183,458)	(6,442)	3.51%
<b>Capital Assets, Net</b>	<b>\$ 502,885</b>	<b>\$ 463,672</b>	<b>\$ 39,213</b>	<b>8.50%</b>

As shown above, the County's beginning balance of net capital assets was \$463.7 million. Construction in progress increased due to the start of new projects. Infrastructure in progress decreased due to the completion of existing infrastructure projects that began construction prior to Fiscal Year 2022. The County increased its depreciable capital assets nominally. At the end of Fiscal Year 2022, the County had \$502.8 million invested in capital assets. This is an increase of \$39.2 million over Fiscal Year 2021.

### General Fund Budgetary Highlights

On a budgetary basis, the County ended Fiscal Year 2022 with an excess of revenue over expenditures of \$3.4 million. The County projected it would utilize \$18.9 million of its budgeted reserve during Fiscal Year 2022. The County did not utilize any of its budgeted reserves.

### Economic Factors and Next Year's Budget

The budget for Fiscal Year 2023 is its largest budget to date. It provides for a historical capital investment that will greatly improve the quality of life for its citizens, employees and neighboring municipalities. Significant items included in the County's 2023 budget are as follows:

#### Capital Investment

- Mobile County Aquatic Center
- Capital Equipment
- Mobile County Golf Course (Linksman)
- West Mobile County Park
- Mobile County Soccer Complex

Personnel

- Five percent (5%) cost of living adjustment (COLA)
- \$2,500 one-time non-recurring benefit
- Absorption of 6.4% health insurance increase

**2023 General Fund Budget**

Increases and decreases in revenue categories are based on either a rolling three-year average of local and statewide trends. The chart below provides a comparison of amounts budgeted for revenue for 2023 and 2022 respectively:

	2023	2022	Increase/ (Decrease)	%
<b>Revenue</b>				
Taxes	117,929,425	102,562,056	15,367,369	15%
Licenses and permits	1,816,000	1,975,000	(159,000)	-8%
Intergovernmental	20,401,297	27,957,122	(7,555,825)	-27%
Charges for services	18,225,950	17,474,950	751,000	4%
Miscellaneous	1,068,200	2,274,100	(1,205,900)	-53%
<b>Total revenue</b>	<b>159,440,872</b>	<b>152,243,228</b>	<b>7,197,644</b>	<b>5%</b>
Budgeted fund balance	47,099,426	18,873,792	28,225,634	150%
<b>Total revenue and budgeted fund balance</b>	<b>206,540,298</b>	<b>171,117,020</b>	<b>35,423,278</b>	<b>21%</b>
<b>Other financing sources</b>				
Transfers in	8,000,000	14,853,280	(6,853,280)	-46%
<b>Total revenue and other financing sources</b>	<b>\$ 214,540,298</b>	<b>\$ 185,970,300</b>	<b>\$ 28,569,998</b>	<b>15%</b>

The proposed Fiscal Year 2023 General Fund budget reflects carryforward, revenue, and operating transfers totaling \$214,450,298. The proposed budget includes \$47 million in carryover to fund its initiatives. The projected revenue and other financing sources are 9% more than the current budget.

The chart below provides a comparison of amounts budgeted for expenditures for 2023 and 2022 respectively.

	2023	2022	Increase/ (Decrease)	%
<b>Expenditures</b>				
General government	69,731,051	71,789,113	(2,058,062)	-3%
Public safety	87,609,929	83,868,470	3,741,459	4%
Environmental compliance	4,960,528	4,550,469	410,059	9%
Health	908,317	896,984	11,333	1%
Social services	1,034,224	830,603	203,621	25%
Culture and recreation	3,753,747	3,470,681	283,066	8%
Education	3,225,477	4,433,114	(1,207,637)	-27%
Debt service	10,953,241	10,220,066	733,175	7%
Capital outlay	2,500,000	5,910,800	(3,410,800)	-58%
<b>Total expenditures</b>	<b>184,676,514</b>	<b>185,970,300</b>	<b>(1,293,786)</b>	<b>-1%</b>
<b>Other financing uses</b>				
Transfers out	29,863,784		29,863,784	
<b>Total expenditures and other financing uses</b>	<b>\$ 214,540,298</b>	<b>\$ 185,970,300</b>	<b>\$ 28,569,998</b>	<b>15%</b>

For Fiscal Year 2023, the general fund budget for expenditures and other financing uses totaled \$214,540,298 which includes \$29.9 million in transfers to other funds.

### Subsequent Events

- On November 8, 2022, Mobile County residents approved the issuance of \$69 million of 2022 Pay-As-You-Go Bonds, a method of financing road and bridge improvements with no new taxes and no borrowed money because funds are collected in advance of each two-year road program.
- The 2022 PAYG program commits \$73.8 million to improve 73.2 miles of roadways and seven bridges throughout Mobile County. The 2022 PAYG program incorporates federal funding matches of \$4.8 million.
- On February 1, 2023, the issuance of \$20,000,000.00 Pay-As-You-Go Road, Bridge, and Drainage Facilities Bonds, Series 2018C.
- On February 1, 2023, the issuance of \$30,000,000.00 Pay-As-You-Go Road, Bridge, and Drainage Facilities Bonds, Series 2022A.

### Contacting the County's Financial Management Team

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 Mobile County Director of Finance at 205 Government St., Mobile, Alabama 36644-1801, or call (251) 574-5588. You may also contact the County's Comptroller at (251) 574-4904.

---

*This Page Intentionally Blank*

---



---

# *Basic Financial Statements*

# Statement of Net Position

## September 30, 2022

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 169,602,809.00
Cash with Fiscal Agents	45,914,510.00
Investments	217,433,201.00
Receivables (Note 4)	13,890,555.00
Leases Receivable	4,804,891.00
Ad Valorem Property Taxes Receivable	77,930,664.00
Inventories	1,383,751.00
Prepaid Items	3,530,452.00
Right-to-Use Leased Assets, Net of Amortization	484,604.00
Capital Assets (Note 5):	
Nondepreciable	154,471,405.00
Depreciable, Net	348,414,172.00
Total Assets	<u>1,037,861,014.00</u>
<b>Deferred Outflows of Resources</b>	
Loss on Refunding of Debt	3,486,532.00
Deferred Outflows Related to Leases	618,713.00
Employer Pension Contributions	6,662,654.00
Deferred Outflows Related to Defined Benefit Pension Plans	23,769,577.00
Deferred Outflows Related to Net Other Postemployment Benefits (OPEB) Liability	5,617,794.00
Total Deferred Outflows of Resources	<u>40,155,270.00</u>
<b>Liabilities</b>	
Payables (Note 8)	14,244,393.00
Unearned Revenues	93,382,854.00
Accrued Wages Payable	2,734,850.00
Employee Benefits Payable	756,396.00
Accrued Interest Payable	1,628,968.00
Long-Term Liabilities:	
Portion Payable Within One Year:	
Worker's Compensation Claims Payable	197,580.00
Compensated Absences	5,505,652.00
Lease Obligations	196,589.00
Bonds/Warrants Payable	9,878,000.00
Plus: Unamortized Premium	1,928,988.00
Portion Payable After One Year:	
Worker's Compensation Claims Payable	2,110,174.00
Compensated Absences	3,108,944.00
Lease Obligations	285,725.00
Bonds/Warrants Payable	169,779,000.00
Plus: Unamortized Premium	22,206,361.00
Net Pension Liability	70,284,525.00
Net Other Postemployment Benefits (OPEB) Liability	31,698,660.00
Total Liabilities	<u>\$ 429,927,659.00</u>

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

	<b>Governmental Activities</b>
<b><u>Deferred Inflows of Resources</u></b>	
Unavailable Revenue - Property Taxes	\$ 77,930,664.00
Revenue Received in Advance - Motor Vehicle Taxes	4,555,970.00
Deferred Inflows Related to Leases	4,806,871.00
Deferred Inflows Related to Defined Benefit Pension Plans	24,472,752.00
Deferred Inflows Related to Net Other Postemployment Benefits (OPEB) Liability	26,903,962.00
Total Deferred Inflows of Resources	<u>138,670,219.00</u>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	410,087,257.00
Restricted for:	
Debt Service	68,700,486.00
Road Projects	104,065,371.00
Other Purposes	762,150.00
Unrestricted	<u>(74,196,858.00)</u>
Total Net Position	<u>\$ 509,418,406.00</u>

**Statement of Activities**  
**For the Year Ended September 30, 2022**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions		
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
General Government	\$ 90,934,611.00	\$ 27,126,976.00	\$ 8,877,959.00	\$	\$ (54,929,676.00)
Public Safety	84,050,788.00	344,774.00	20,548,583.00		(63,157,431.00)
Highways and Roads	43,916,099.00	490,169.00	11,259,378.00	1,614,240.00	(30,552,312.00)
Sanitation	6,264,824.00	244,190.00	3,939,294.00		(2,081,340.00)
Health	4,437,884.00	18,940.00	20,687.00		(4,398,257.00)
Welfare	8,537,429.00	11,185.00	3,821,044.00		(4,705,200.00)
Culture and Recreation	9,955,170.00	146,736.00	285,094.00		(9,523,340.00)
Education	6,163,955.00				(6,163,955.00)
Interest and Fiscal Charges	3,686,397.00				(3,686,397.00)
Total Governmental Activities	<u>\$ 257,947,157.00</u>	<u>\$ 28,382,970.00</u>	<u>\$ 48,752,039.00</u>	<u>\$ 1,614,240.00</u>	<u>(179,197,908.00)</u>

**General Revenues:**

Taxes:		
Property Taxes for General Purposes		32,771,093.00
Property Taxes for Specific Purposes		61,271,802.00
General Sales Tax		90,136,946.00
County Gasoline Sales Tax		1,146,851.00
Other County Sales and Use Taxes		14,522,902.00
Grants and Contributions Not Restricted for Specific Purposes		8,317,172.00
Investment Earnings		1,038,594.00
Miscellaneous		727,979.00
Gain on Sale of Capital Assets		996,131.00
Total General Revenues		<u>210,929,470.00</u>
Changes in Net Position		31,731,562.00
Net Position - Beginning of Year, as Restated (Note 16)		<u>477,686,844.00</u>
Net Position - End of Year		<u>\$ 509,418,406.00</u>

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

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2022**

	General Fund	Reappraisal Fund	Special Highway Tax Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and Cash Equivalents	\$ 42,634,356.00	\$ 3,077,337.00	\$ 2,733,653.00	\$ 43,389,428.00	\$ 77,768,035.00	\$ 169,602,809.00
Cash with Fiscal Agents	280.00		22,593,121.00		23,321,109.00	45,914,510.00
Investments	63,610,093.00		45,633,119.00	35,747,412.00	72,442,577.00	217,433,201.00
Receivables (Note 4)	9,929,934.00	775.00			3,959,846.00	13,890,555.00
Ad Valorem Property Taxes Receivable	43,250,000.00	8,420,664.00	26,260,000.00			77,930,664.00
Due from Other Funds	7,608,495.00	17,721.00		896,142.00	1,443,335.00	9,965,693.00
Inventories	108,296.00				1,275,455.00	1,383,751.00
Prepaid Items	3,108,830.00	99,179.00			322,443.00	3,530,452.00
<b>Total Assets</b>	<b>170,250,284.00</b>	<b>11,615,676.00</b>	<b>97,219,893.00</b>	<b>80,032,982.00</b>	<b>180,532,800.00</b>	<b>539,651,635.00</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Payables (Note 8)	5,749,986.00	279,782.00		569,921.00	7,644,704.00	14,244,393.00
Due to Other Funds	3,483,055.00	158,124.00	855,697.00	1,286,637.00	4,182,180.00	9,965,693.00
Unearned Revenues	36,233.00	2,609,165.00		78,052,450.00	12,685,006.00	93,382,854.00
Accrued Wages Payable	2,606,925.00	97,373.00			30,552.00	2,734,850.00
Employee Benefits Payable	695,317.00	48,156.00			12,923.00	756,396.00
Worker's Compensation Claims Payable	197,580.00					197,580.00
Compensated Absences	53,418.00	2,412.00				55,830.00
<b>Total Liabilities</b>	<b>12,822,514.00</b>	<b>3,195,012.00</b>	<b>855,697.00</b>	<b>79,909,008.00</b>	<b>24,555,365.00</b>	<b>121,337,596.00</b>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue - Property Taxes	43,250,000.00	8,420,664.00	26,260,000.00			77,930,664.00
Revenue Received in Advance - Motor Vehicle Taxes	2,721,467.00		1,834,503.00			4,555,970.00
<b>Total Deferred Inflows of Resources</b>	<b>45,971,467.00</b>	<b>8,420,664.00</b>	<b>28,094,503.00</b>			<b>82,486,634.00</b>
<b>Fund Balances</b>						
Nonspendable:						
Inventories	108,296.00				1,275,455.00	1,383,751.00
Prepaid Items	3,108,830.00				322,443.00	3,431,273.00
Restricted for:						
Debt Service			68,269,693.00		2,059,761.00	70,329,454.00
Highways and Roads					104,065,371.00	104,065,371.00
Capital Projects					40,599,962.00	40,599,962.00
Other Purposes				123,974.00	638,176.00	762,150.00
Assigned to:						
Highways and Roads					7,817,024.00	7,817,024.00
Capital Projects					1,317,743.00	1,317,743.00
Unassigned	108,239,177.00				(2,118,500.00)	106,120,677.00
<b>Total Fund Balances</b>	<b>111,456,303.00</b>		<b>68,269,693.00</b>	<b>123,974.00</b>	<b>155,977,435.00</b>	<b>335,827,405.00</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$170,250,284.00</b>	<b>\$ 11,615,676.00</b>	<b>\$ 97,219,893.00</b>	<b>\$ 80,032,982.00</b>	<b>\$ 180,532,800.00</b>	<b>\$ 539,651,635.00</b>

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

---

***Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Position  
September 30, 2022***

---

Total Fund Balances - Governmental Funds (Exhibit 3)		\$ 335,827,405.00
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	\$ 692,785,857.00	
Accumulated Depreciation is	<u>(189,900,280.00)</u>	502,885,577.00
Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current period expenditures and, therefore, are deferred on the Statement of Net Position.		
		3,486,532.00
Right-to-Use Leased Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These assets consist of:		
Right-to-Use Leased Assets	\$ 749,980.00	
Less: Accumulated Amortization	<u>(265,376.00)</u>	484,604.00
Total Right-to-Use Leased Assets		
Long-term leases receivable are not current financial resources and, therefore, are not reported as assets in governmental funds.		
		4,804,891.00
Deferred outflows and inflows of resources related to pensions and Other Postemployment Benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Employer Pension Contributions	\$ 6,662,654.00	
Deferred Outflows Related to Leases	618,713.00	
Deferred Outflows Related to Defined Benefit Pension Plans	23,769,577.00	
Deferred Outflows Related to Net Other Postemployment Benefits (OPEB) Liability	5,617,794.00	
Deferred Inflows Related to Leases	(4,806,871.00)	
Deferred Inflows Related to Defined Benefit Pension Plans	(24,472,752.00)	
Deferred Inflows Related to Net Other Postemployment Benefits (OPEB) Liability	<u>(26,903,962.00)</u>	(19,514,847.00)

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

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

	Current Liabilities	Noncurrent Liabilities	
Bonds/Warrants Payable	\$ 9,878,000.00	\$ 169,779,000.00	
Unamortized Premium	1,928,988.00	22,206,361.00	
Worker's Compensation		2,110,174.00	
Accrued Interest Payable	1,628,968.00		
Compensated Absences	5,449,822.00	3,108,944.00	
Lease Obligations	196,589.00	285,725.00	
Net Pension Liability		70,284,525.00	
Net Other Postemployment Benefits (OPEB) Liability		31,698,660.00	
Total Long-Term Liabilities	<u>\$ 19,082,367.00</u>	<u>\$ 299,473,389.00</u>	<u>(318,555,756.00)</u>
Total Net Position - Governmental Activities (Exhibit 1)			<u><u>\$ 509,418,406.00</u></u>

---

*This Page Intentionally Blank*

---



**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2022**

	General Fund	Reappraisal Fund	Special Highway Tax Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$139,001,437.00	\$ 7,452,677.00	\$ 34,696,933.00	\$	\$ 8,231,054.00	\$ 189,382,101.00
Licenses and Permits	1,952,980.00				490,169.00	2,443,149.00
Intergovernmental	39,432,331.00		471,773.00	2,208,748.00	29,212,384.00	71,325,236.00
Charges for Services	21,240,922.00		4,280.00		997,892.00	22,243,094.00
Miscellaneous	623,989.00	9,570.00	1,578,358.00	123,974.00	1,386,018.00	3,721,909.00
Total Revenues	202,251,659.00	7,462,247.00	36,751,344.00	2,332,722.00	40,317,517.00	289,115,489.00
<b>Expenditures</b>						
Current:						
General Government	60,712,234.00	7,136,534.00	3,313,832.00	2,208,748.00	20,434,738.00	93,806,086.00
Public Safety	81,999,412.00				556,267.00	82,555,679.00
Highways and Roads	17,048,309.00				25,636,371.00	42,684,680.00
Sanitation	6,262,135.00				7,048.00	6,269,183.00
Health	861,330.00				3,576,554.00	4,437,884.00
Welfare	832,103.00				7,637,951.00	8,470,054.00
Culture and Recreation	2,427,802.00				7,341,558.00	9,769,360.00
Education	3,023,813.00				3,132,169.00	6,155,982.00
Capital Outlay	5,600,289.00	347,514.00			33,336,134.00	39,283,937.00
Debt Service:						
Principal	6,789,164.00		2,595,000.00		1,123,600.00	10,507,764.00
Interest and Fiscal Charges	4,620,930.00		2,350,353.00			6,971,283.00
Total Expenditures	190,177,521.00	7,484,048.00	8,259,185.00	2,208,748.00	102,782,390.00	310,911,892.00
Excess (Deficiency) of Revenues Over/Under Expenditures	12,074,138.00	(21,801.00)	28,492,159.00	123,974.00	(62,464,873.00)	(21,796,403.00)
<b>Other Financing Sources/Uses</b>						
Transfers In	678,316.00				12,311,198.00	12,989,514.00
Sale of Capital Assets	266,642.00	21,801.00			887,993.00	1,176,436.00
Lease Liabilities Issued	618,714.00					618,714.00
Transfers Out	(10,156,987.00)				(2,832,527.00)	(12,989,514.00)
Total Other Financing Sources/Uses	(8,593,315.00)	21,801.00			10,366,664.00	1,795,150.00
Net Changes in Fund Balances	3,480,823.00		28,492,159.00	123,974.00	(52,098,209.00)	(20,001,253.00)
Fund Balances - Beginning of Year, as Restated (Note 16)	107,975,480.00		39,777,534.00		208,075,644.00	355,828,658.00
Fund Balances - End of Year	\$111,456,303.00	\$	\$ 68,269,693.00	\$ 123,974.00	\$ 155,977,435.00	\$ 335,827,405.00

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

***Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2022***

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5) \$ (20,001,253.00)

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 exceeded depreciation in the current period. 42,690,479.00

In the Statement of Activities, only the gain of \$996,131.00 on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale/disposal (\$1,176,436.00) are reported. Thus the changes in net position differs from the change in fund balance by the costs of the assets sold. (180,305.00)

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. 10,325,600.00

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 Deferred Amounts on Refunding	\$	(344,260.00)	
Amortization of Premiums on Debt Issued		1,928,988.00	
Total		1,584,728.00	1,584,728.00

Proceeds from Lease Liabilities Issued are reported as other financing sources in governmental funds and thus contribute to the changes in fund balances. However, in the Statement of Net Position, Lease Liabilities issued increase long term liabilities and does not affect the Statement of Activities. (618,714.00)

Impact of Governmental Accounting Standards Board Statement Number 87

Amortization of Leased Assets	\$	(179,315.00)	
Elimination of Principal Related to Leases		182,164.00	
Elimination of Interest Related to Leases		70.00	
Interest Expense Related to Lease Agreements		(1,491.00)	1,428.00

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

---

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	\$	830,303.00	
Net Decrease in Estimated Liability for Worker's Compensation		333,390.00	
Net Decrease in Other Postemployment Benefits (OPEB) Expense		936,910.00	
Net Increase in Accrued Interest Payable		(336,948.00)	
Net Increase in Pension Expense		<u>(3,834,056.00)</u>	
Total Additional Expenditures			<u>(2,070,401.00)</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 31,731,562.00

***Statement of Fiduciary Net Position***  
***September 30, 2022***

	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 507,099.00	\$ 18,631,630.00
Receivables		75,213.00
Total Assets	<u>507,099.00</u>	<u>18,706,843.00</u>
<b><u>Liabilities</u></b>		
Payables		1,001,351.00
Due to Individuals		13,574,900.00
Total Liabilities		<u>14,576,251.00</u>
<b><u>Net Position</u></b>		
Held in Trust for Other Purposes	507,099.00	
Held for Individuals, Organizations and Other Governments		4,130,592.00
Total Net Position	<u>507,099.00</u>	<u>4,130,592.00</u>
Total Liabilities and Net Position	<u>\$ 507,099.00</u>	<u>\$ 18,706,843.00</u>

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, 2022***

	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b><u>Additions</u></b>		
Contributions from:		
Taxes	\$	\$ 327,211,111.00
Probate Court		2,605,643.00
Licenses and Fees		72,628,128.00
Interest	60.00	5,567.00
Inmate Deposits		3,783,847.00
Total Additions	<u>60.00</u>	<u>406,234,296.00</u>
<b><u>Deductions</u></b>		
Administrative Expenses		2,280,807.00
Taxes and Fees Paid to Other Governments		399,347,415.00
Payments to Beneficiaries		3,849,768.00
Total Deductions		<u>405,477,990.00</u>
Changes in Net Position	60.00	756,306.00
Net Position - Beginning of Year, as Restated (Note 16)	<u>507,039.00</u>	<u>3,374,286.00</u>
Net Position - End of Year	<u>\$ 507,099.00</u>	<u>\$ 4,130,592.00</u>

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

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

---

#### **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.

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

---

#### **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. The fund is also 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 self-insurance expenditures.
- ◆ **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.
- ◆ **Coronavirus Rescue Act Fund** – This fund is used to account for the funds appropriated and expenditures of the American Rescue Plan Act-State and Local Fiscal Recovery Funds.

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 financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

---

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.
- ◆ *Custodial 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.



---

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

---

**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, and certificates of deposit, which are reported at cost. The Commission reports all money market investments – U. S. Treasury bills and bankers' acceptances having a remaining maturity at time of purchase of one year or less – at amortized cost.

**2. Receivables**

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

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

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

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

---

#### **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. Lease Receivable**

The Commission's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Commission may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

#### **6. 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. Right-to-use leased assets are recorded at the present value of payments expected to be made during the lease term plus any upfront payments and ancillary charges paid to place the leased asset in service. 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.

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

Depreciation on all assets is provided on the straight-line basis over the assets estimated useful life. Intangible right-to-use lease assets are amortized over the shorter of the lease term or the asset's estimated useful life, unless the lease contains a purchase option the Board is reasonably certain will be exercised. In those instances, the right-to-use leased asset is amortized over the asset's 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 – 30 years
Equipment and Furniture	\$ 5,000	5 – 7 years
Infrastructure:		
Roads	\$250,000	20 – 25 years
Bridges	\$ 50,000	40 years
Water and Sewer Systems	\$100,000	25 years
Right-to-Use Lease Assets (Buildings)	\$ 50,000	N/A
Right-to-Use Lease Assets (Equipment)	\$ 5,000	N/A

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

**7. Deferred Outflows of Resources**

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

**8. Right-to-Use Assets and Lease Liability**

The Commission has recorded right-to-use lease assets and liabilities as a result of implementing Governmental Accounting Standards Board (GASB) Statement Number 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

---

In accordance with GASB Statement Number 87, payments on leases with a term of 12 months or less or leases with a present value of less than \$5,000 (for equipment leases) and less than \$50,000 (for property leases) are expensed as incurred. These leases are not included in assets or liabilities on the statement of net position.

Payments included in the measurement of present value include:

1. Fixed payments,
2. Variable payments that depend on an index or a rate, initially measured using the index or rate as of the commencement of the lease term,
3. Variable payments that are fixed in substance,
4. Amounts that are reasonably certain of being required to be paid by the Commission under residual value guarantees,
5. The exercise price of a purchase option if it is reasonably certain that the Commission will exercise that option
6. Payments for penalties for terminating the lease, if the lease term reflects the Commission exercising (1) an option to terminate the lease or (2) a fiscal funding or cancellation clause,
7. Any lease incentives receivable from the lessor,
8. Any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

#### **9. 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 applicable premium or discount reported separately. 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 expenditures.

---

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

---

**10. 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.

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

---

#### **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 *Code of Alabama 1975*, Section 36-21-4.1, provides that any non-elected law enforcement officer in the service of a county who has worked overtime be given the choice of overtime pay or compensatory leave. Under this statute, officers must make an election at the end of each month with regard to overtime earned during that month. Any overtime to be received as salary is to be paid the following month and any overtime to be taken as compensatory leave must be taken in the calendar year in which it is earned. Under this provision, deputies may accrue compensatory leave, but it must be used in the calendar year in which it is earned and there is no provision to pay out any unused compensatory leave.

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.

#### **11. Deferred Inflows of Resources**

Deferred inflows of resources are reported in the government-wide and fund financial statements. Deferred inflows of resources are defined as an acquisition of net position/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.

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

---

#### **12. 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** – 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 the following five categories:

- A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories, prepaid items and long-term receivables.
- B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- C. Committed fund balances consist of amounts that are subject to a specific purpose imposed by formal action of the Commission, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.

---

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

---

- D. Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the Commission Chairman or County Administrator to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

**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.

**E. Pensions**

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



---

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

---

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

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the balances of the Commission's OPEB Plan have been determined on the same basis as they are reported by the Commission. For this purpose, the Commission's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

**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 (GAAP) for all governmental funds except the capital projects funds, which adopt project-length budgets. The Coronavirus Rescue Act Fund did not approve a formal budget due to uncertainty of allowable expenditures related to this grant. Expenditures of the Coronavirus Rescue Act Fund were authorized by the Commission throughout the fiscal year. All annual appropriations lapse at fiscal year-end.

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

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

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

**Note 3 – Deposits and Investments**

**A. Deposits and Certificates of Deposit**

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 \$6,161,470 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, 2022, the Commission’s cash with fiscal agent was invested as follows:

Investment Type	Rating Agency	Rating	Maturities	Amount
Money Market Funds:				
Regions Select Treasury Money Market	Standard & Poor’s	AAAm	Unknown	\$ 280.00
Morgan Stanley/Regions Money Market		Unrated	Unknown	45,914,230.00
Total				<u>\$45,914,510.00</u>

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

#### 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 acceptance.

As of September 30, 2022, the Commission had the following investments and maturities:

Investments	Maturities	Fair Value
Bonds and Notes by Fund:		
General Fund	Less than 10 years	\$ 63,610,093.00
Special Highway Tax Fund	Less than 10 years	40,687,961.00
Coronavirus Rescue Act Fund	Less than 10 years	35,747,411.00
Other Governmental Funds	Less than 10 years	71,226,266.00
Total Bonds and Notes		\$211,271,731.00

The Commission categorizes its fair value measurements within the fair value hierarchy established by the Governmental Accounting Standards Board (GASB) Statement Number 72,

***Fair Value Measurement and Application.*** The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for the identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of September 30, 2022, the Commission had the following investments, maturities and fair market value hierarchies:

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
U. S. Treasury Securities	\$178,466,526.00	\$	\$178,466,526.00	\$
Fixed Government Agency Securities	13,248,908.00		13,248,908.00	
Other Investments	19,556,297.00		19,556,297.00	
Total Investment by Fair Value Level	\$211,271,731.00	\$	\$211,271,731.00	\$

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

**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** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. 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 places limits on the amount that the Commission may invest in any one issuer.

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

**Note 4 – Receivables**

On September 30, 2022, receivables for the Commission’s individual major funds and other governmental funds in the aggregate, are as follows:

	General Fund	Reappraisal Tax	Other Governmental Funds	Total
<b>Receivables:</b>				
Accounts	\$1,147,370.00	\$775.00	\$2,050,929.00	\$ 3,199,074.00
Intergovernmental	8,782,564.00		1,908,917.00	10,691,481.00
Total Receivables	<u>\$9,929,934.00</u>	<u>\$775.00</u>	<u>\$3,959,846.00</u>	<u>\$13,890,555.00</u>

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, 2022, the various components of unearned revenue reported in the governmental funds were as follows:

<b>Governmental Funds:</b>	
Grant Funds Received Prior to Meeting Eligibility Requirements	\$88,773,689.00
Unexpended County Improvement Funds	2,000,000.00
Unexpended Reappraisal Funds	<u>2,609,165.00</u>
Total Unearned Revenue for Governmental Funds	<u>\$93,382,854.00</u>

**Notes to the Financial Statements**  
**For the Year Ended September 30, 2022**

**Note 5 – Capital and Leased Assets**

Capital asset activity for the year ended September 30, 2022, was as follows:

	Balance 10/01/2021	Additions/ Reclassifications (*)	Retirements/ Reclassifications (*)	Balance 09/30/2022
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 62,388,999.00	\$ 4,508,529.00	\$ (218,141.00)	\$ 66,679,387.00
Construction in Progress	13,535,643.00	32,823,616.00	(6,583,322.00)	39,775,937.00
Infrastructure in Progress	48,662,558.00	8,551,480.00	(9,197,957.00)	48,016,081.00
Total Capital Assets, Not Being Depreciated	<u>124,587,200.00</u>	<u>45,883,625.00</u>	<u>(15,999,420.00)</u>	<u>154,471,405.00</u>
Capital Assets Being Depreciated:				
Infrastructure	277,693,769.00	5,734,961.00		283,428,730.00
Buildings	180,360,497.00	5,503,296.00		185,863,793.00
Equipment and Furniture	24,912,370.00	4,811,059.00	(509,973.00)	29,213,456.00
Vehicles and Heavy Equipment	39,575,559.00	5,864,546.00	(5,631,632.00)	39,808,473.00
Total Capital Assets Being Depreciated	<u>522,542,195.00</u>	<u>21,913,862.00</u>	<u>(6,141,605.00)</u>	<u>538,314,452.00</u>
Less Accumulated Depreciation for:				
Infrastructure	(46,565,454.00)	(2,512,117.00)		(49,077,571.00)
Buildings	(88,491,259.00)	(4,845,288.00)		(93,336,547.00)
Equipment and Furniture	(17,953,887.00)	(1,735,555.00)	4,598,490.00	(15,090,952.00)
Vehicles and Heavy Equipment	(30,447,250.00)	(3,311,856.00)	1,363,896.00	(32,395,210.00)
Total Accumulated Depreciation	<u>(183,457,850.00)</u>	<u>(12,404,816.00)</u>	<u>5,962,386.00</u>	<u>(189,900,280.00)</u>
Total Capital Assets Being Depreciated, Net	<u>339,084,345.00</u>	<u>9,509,046.00</u>	<u>(179,219.00)</u>	<u>348,414,172.00</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 463,671,545.00</u>	<u>\$ 55,392,671.00</u>	<u>\$(16,178,639.00)</u>	<u>\$ 502,885,577.00</u>
(*) The Additions column includes a reclassification to Land, Infrastructure and Buildings and Improvements in the amount of \$230,718.50, \$5,734,960.85, and \$5,503,295.96, respectively.				
(**) The Retirements column includes a reclassification from Construction in Progress and Infrastructure in Progress in the amount of \$6,583,322.15 and \$9,197,956.74, respectively.				

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

	Current Year Depreciation Expense
<u>Governmental Activities:</u>	
General Government	\$ 5,903,462.00
Public Safety	1,694,513.00
Highways and Roads	4,164,852.00
Sanitation	370,508.00
Welfare	67,375.00
Culture and Recreation	196,133.00
Education	7,973.00
Total Depreciation Expense – Governmental Activities	<u>\$12,404,816.00</u>

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

Mobile County Commission has recorded right to use assets for leased equipment such as postage meters, copiers, and etc. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right-to-Use asset activity for the year ended September 30, 2022, was as follows:

	Balance 10/01/2021	Additions	Retirements	Balance 09/30/2022
<b>Governmental Activities:</b>				
<b>Right-to-Use Assets:</b>				
Leased Equipment	\$	\$ 749,980.00	\$	\$ 749,980.00
<b>Total Right-to-Use Assets</b>		<b>749,980.00</b>		<b>749,980.00</b>
<b>Less Accumulated Amortization:</b>				
Leased Equipment		(265,376.00)		(265,376.00)
<b>Total Accumulated Amortization</b>		<b>(265,376.00)</b>		<b>(265,376.00)</b>
<b>Amortized Leased Assets, Net</b>	<b>\$</b>	<b>\$ 484,604.00</b>	<b>\$</b>	<b>\$ 484,604.00</b>

**Note 6 – Defined Benefit Pension Plan**

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

**Plan Description**

The Employees’ Retirement System of Alabama (ERS), an agent multiple-employer plan (the “Plan”), was established October 1, 1945, under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Effective October 1, 2021, Act Number 2021-390, Acts of Alabama, created two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975*, Section 36-27-2, grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

---

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

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

#### **Benefits Provided**

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



---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

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

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30th are paid to the beneficiary.

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

Act Number 2019-316, Acts of Alabama, allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of the partial lump sum distribution selected.

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 104,510 participants. As of September 30, 2021, membership consisted of:

Retirees and beneficiaries currently receiving benefits	29,727
Terminated employees entitled to but not yet receiving benefits	2,130
Terminated employees not entitled to a benefit	16,415
Active Members	56,184
Post-DROP participants who are still in active service	54
Total	104,510

The County membership includes approximately 2,646 participants. As of September 30, 2021, membership consisted of:

Retirees and beneficiaries currently receiving benefits	950
Vested Inactive Members	40
Non-Vested Inactive Members	204
Active Members	1,450
Post-DROP participants who are still in active service	4
Total	2,646

**Contributions**

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

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

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

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

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, 2022, the Mobile County Commission's active employee contribution rate was 6.75% of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 7.38% of covered employee payroll.

The Mobile County Commission's contractually required contribution rate for the year ended September 30, 2022 was 10.95% of pensionable pay for Tier 1 employees, and 8.25% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2019, 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 \$6,662,654 for the year ended September 30, 2022.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

**B. Net Pension Liability**

The Mobile County Commission's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2020, rolled forward to September 30, 2021, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Roll Forward			
	Expected	Actual Before Act 2019-132	Actual After Act 2019-132	Actual After 2020 Experience Study
(a) Total Pension Liability as of September 30, 2020	\$281,266,085	\$286,788,714	\$289,279,494	\$299,366,547
(b) Discount Rate	7.70%	7.70%	7.70%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2020 through September 30, 2021	5,549,077	5,549,077	6,020,892	6,600,128
(d) Transfers Among Employers		(496,609)	(496,609)	(496,609)
(e) Actual Benefit Payments and Refunds for the period October 1, 2020 through September 30, 2021	(18,420,106)	(18,420,106)	(18,420,106)	(18,420,106)
(f) Total Pension Liability for September 30, 2021 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$289,343,370</u>	<u>\$294,794,633</u>	<u>\$297,949,018</u>	<u>\$308,666,619</u>
(g) Difference between Expected and Actual		\$ 5,451,263		
(h) Less Liability Transferred for Immediate Recognition		<u>(496,609)</u>		
(i) Difference between Expected and Actual Experience (Gain)/Loss		<u>\$ 5,947,872</u>		
(j) Difference between Actual TPL Before and After Act 2019-132 – Benefit Change (Gain)/Loss			<u>\$ 3,154,385</u>	
(k) Difference between Actual TPL Before and After 2020 Experience Study – Assumption Change (Gain)/Loss				<u>\$ 10,717,601</u>

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

#### Actuarial Assumptions

The total pension liability as of September 30, 2021, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2020. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected Salary Increases, including inflation:	
State and Local Employees	3.25 – 6.00%
State Police	4.00 – 7.75%
Investment Rate of Return (*)	7.45%
(*) Net of pension plan investment expense	

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

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages <65, 96% ages >=65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2015 through September 30, 2020.

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

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

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	15.00%	2.80%
U. S. Large Stocks	32.00%	8.00%
U. S. Mid Stocks	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

(\*) Includes assumed rate of inflation of 2.00%.

**Discount Rate**

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

**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, 2020	\$281,266,085	\$203,150,570
Changes for the Year:			
Service cost	5,549,077		5,549,077
Interest	20,948,314		20,948,314
Changes in assumptions	10,717,601		10,717,601
Changes of benefit terms	3,154,385		3,154,385
Difference between expected and actual experience	5,947,872		5,947,872
Contributions – employer		6,207,337	(6,207,337)
Contributions – employee		3,815,661	(3,815,661)
Net investment income		44,125,241	(44,125,241)
Benefit payments, including refunds of employee contributions	(18,420,106)	(18,420,106)	
Transfers among employers	(496,609)	(496,609)	
Net Changes	27,400,534	35,231,524	(7,830,990)
Balances at September 30, 2021	\$308,666,619	\$238,382,094	\$ 70,284,525

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

The following table presents the Commission’s net pension liability calculated using the discount rate of 7.45%, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
Commission's Net Pension Liability	\$104,317,520	\$70,284,525	\$41,414,973

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2021. The auditor’s report dated August 19, 2022 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

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

For the year ended September 30, 2022, the Mobile County Commission recognized pension expense of \$10,246,806. At September 30, 2022, 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	\$ 8,422,388	\$ 1,412,708
Changes of assumptions	9,016,813	
Net difference between projected and actual earnings on pension plan investments		23,060,044
Employer contributions subsequent to the measurement date	6,662,654	
Total	<u>\$24,101,855</u>	<u>\$24,472,752</u>



---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

The \$6,662,654 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ending	
September 30, 2023	\$(1,699,309)
2024	\$(1,904,814)
2025	\$(1,660,248)
2026	\$(2,410,158)
2027	\$ 640,978
Thereafter	\$ 0

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

**General Information about the OPEB Plan**

**Plan Description**

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

**Benefits Provided**

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

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

**Employees Covered by Benefit Terms**

At September 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	390
Inactive employees entitled to but not yet receiving benefit payments	
Active employees	1,461
Total	1,851

**Total OPEB Liability**

The Commission's total OPEB liability of \$31,698,660 as of the reporting date of September 30, 2022, was measured as of September 30, 2021 and was determined by an actuarial valuation as of October 1, 2020.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the September 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Cost-of-Living Increases	Assumed to increase in accordance with the healthcare cost trend rates
Salary Increases	3.00%, including inflation
Discount Rate	2.43% annually
Healthcare Cost Trend Rates	5.00% for each fiscal year

The discount rate was based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

Mortality rates were based on the sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general employees, will full generational improvements in mortality using Scale MP-2020.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

**Changes in the Net OPEB Liability**

Balance at September 30, 2020	\$34,973,741
Changes for the Year:	
Service Cost	1,515,166
Expected Interest Growth	888,389
Unexpected Investment Growth	(616)
Demographic Experience	(3,979,527)
Benefit Payments and Refunds	(877,476)
Assumption Changes	(821,017)
Net Changes	<u>(3,275,081)</u>
Balance at September 30, 2021	<u>\$31,698,660</u>

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

The following presents the net OPEB liability of the Commission, as well as what the Commission's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.43%) or 1-percentage point higher (3.43%) than the current discount rate:

	1.0% Decrease (1.43%)	Current Discount Rate (2.43%)	1.0% Increase (3.43%)
Net OPEB Liability	\$34,665,061	\$31,698,660	\$29,117,681

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

The following presents the net OPEB liability of the Commission, as well as what the Commission's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (4.00%) or 1-percentage point higher (6.00%) than the current healthcare trend rates:

	1.0% Decrease (4.00%)	Current Trend (5.00%)	1.0% Increase (6.00%)
Net OPEB Liability	\$28,987,717	\$31,698,660	\$34,791,130

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

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

For the year ended September 30, 2022, the Commission recognized OPEB income of \$5,263,196. At September 30, 2022, the deferred outflows and deferred inflows reported on the Commission's balance sheet are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2020	\$ 6,902,373	\$30,176,656
Change Due to:		
Amortization Payments	(1,284,579)	(8,073,854)
Investment Gain/Loss		616
Demographic Gain/Loss		3,979,527
Assumption Changes		821,017
Total Change	(1,284,579)	(3,272,694)
Balance as of September 30, 2021	\$ 5,617,794	\$26,903,962

**Note 8 – Payables**

On September 30, 2022, payables for the Commission's individual major funds and other governmental funds in the aggregate are as follows:

	Governmental Funds				Total
	General Fund	Reappraisal Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	
Vendors	\$1,709,299.00	\$279,782.00	\$569,921.00	\$6,693,112.00	\$ 9,252,114.00
Other Payables	300.00				300.00
Intergovernmental	50,191.00			951,592.00	1,001,783.00
Automobile Liability Claims	251,358.00				251,358.00
General Liability	3,738,838.00				3,738,838.00
Total Payables	\$5,749,986.00	\$279,782.00	\$569,921.00	\$7,644,704.00	\$14,244,393.00

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

---

#### **Note 9 – Long-Term Debt and Lease Obligations**

Mobile County has outstanding general obligation bonds and warrants totaling \$203,792,349. All of the County's outstanding bonds and warrants were sold in public offerings. The County does not have any outstanding debt obligations which have been privately placed with banks or other lenders. The County does not have any unused lines of credit.

Of the total general obligation indebtedness, \$48,105,000 is in the form of bonds issued under and payable from the proceeds of a special property tax levied under a constitutional provision. Other than the source of payment the terms of the bonds are substantially identical to the terms of other general obligation debt.

The County's full faith and credit have been irrevocably pledged towards its bond and warrant obligations.

The extent of the remedies afforded the holders of the County's bonds and warrants are subject to the provisions of existing Alabama law exempting from levy and sale under any process, judgement or decree all property (real or personal) belonging to counties in Alabama and used for public purposes.

Rights of the holders of the County's bonds and warrants and the enforceability thereof may also be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases, including the law imposed requirement that the County may pay, prior to debt service on its obligations, the expenses of providing necessary and appropriate governmental services.

The remedies available to the Bank and the owners of the County's bonds and warrants are in many respects dependent upon regulatory and judicial actions and enforcement thereof may be limited or restricted by laws relating to bankruptcy and rights of creditors and by application of general principles of equity applicable to the availability of specific performance. Under existing law and judicial decisions, the remedies provided for under the Authorizing Resolution may not be readily available, may be limited, or may be substantially delayed in the event of litigation or statutory remedy procedures.

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 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.

---

---

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

---

---

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 Improvement Warrants, Series 2015, dated October 6, 2015, were issued for the purposes of funding the cost of various projects contemplated by its existing capital improvement plan, including specifically road projects, parks and recreation expansion, emergency operations center, upgrade/compliance issues at Strickland Youth Center, new building for community corrections, office space completion at Government Plaza and improvements for Metro Jail. A portion of the remaining proceeds of the Series 2015 Warrants will be applied to fund a portion of the County's financial obligations with respect to an aircraft manufacturing facility constructed for the use of Airbus Americas, Inc., and paying the expenses of issuing the Series 2015 Warrants.

The General Obligation Improvement Warrants, Series 2017, dated December 27, 2017, were issued for the purposes of funding the cost of various capital improvements in the County's capital improvement plan, including renovations and improvements to the County Metro Jail and improvements to parks and other facilities. A portion of the remaining proceeds of the Series 2017 Warrants will refund certain maturities of the County's outstanding General Obligation Improvement Warrants, Series 2012C, and paying the expenses of issuing the Series 2017 Warrants.

The General Obligation Improvement Warrants, Series 2019, dated March 27, 2019, were issued for the purposes of funding the cost of various capital improvements and paying the expenses of issuing the Series 2019 Warrants.

The General Obligation Warrants, Series 2019B, dated November 21, 2019, were issued for the purposes of providing funds for the purchase of equipment for use by the county and paying expenses for the 2019B General Obligation Warrants. Per the terms and conditions of the agreement, if at any time (i) the County is in default in its obligations to pay the principal hereof or interest hereon as and when due or (ii) upon the occurrence of an Act of Insolvency, and during the time such default continues, this Warrant shall bear interest at a rate per annum equal to the rate of interest otherwise applicable plus 3.0%. For purposes hereof "Act of Insolvency" shall mean the appointment of a receiver liquidator or trustee of the County or any of its assets; or a general assignment by the County for the benefit of the creditors thereof; or the commencement of proceedings by the County, or against the County and not dismissed or unstayed for a period of 60 days, under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or any jurisdiction, now or hereafter in effect.

The General Obligation Improvement Warrants, Series 2020A, dated October 13, 2020, were issued for the purposes of refunding the cost of Series 2010C bonds and paying the expenses of issuing the Series 2020A Warrants.

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

The General Obligation Improvement Warrants, Series 2020B, dated October 13, 2020, were issued for the purposes of refunding the cost of Series 2010A and Series 2010B bonds and paying the expenses of issuing the Series 2020B Warrants.

The General Obligation Improvement Warrants, Series 2020C, dated October 13, 2020, were issued for the purposes of refunding the cost of Series 2012C and Series 2015 bonds and paying the expenses of issuing the Series 2020C Warrants.

The 2020 GOMESA Warrant, dated October 1, 2020, was issued for the purposes of providing funds to finance coastal protection and mitigate the effects of Outer Continental Shelf drilling activities by paying costs associated with qualified projects within the County permitted under the provisions of the Gulf of Mexico Energy Security Act of 2006.

The General Obligation Warrants, Series 2021, dated May 20, 2021, were issued for the purposes of funding the cost of various capital improvements in the County's capital improvement plan, and paying the expenses of issuing the Series 2021 Warrants.

The following is a summary of long-term obligations for the Commission, including lease obligations, for the year ended September 30, 2022:

	Debt Outstanding 10/01/2021	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2022	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds/Warrants and Notes Payable:					
General Obligation Warrants	\$188,859,000.00	\$	\$ (9,202,000.00)	\$179,657,000.00	\$ 9,878,000.00
Unamortized Amounts:					
Add: Unamortized Premium	24,921,485.00		(786,136.00)	24,135,349.00	1,928,988.00
Total Bonds/Warrants and Notes Payable	213,780,485.00		(9,988,136.00)	203,792,349.00	11,806,988.00
Other Liabilities:					
Lease Obligations		482,314.00		482,314.00	196,589.00
Compensated Absences	9,401,154.00		(786,558.00)	8,614,596.00	5,505,652.00
Worker's Compensation	2,651,103.00		(343,349.00)	2,307,754.00	197,580.00
Net Pension Liability	78,115,515.00		(7,830,990.00)	70,284,525.00	
Other Postemployment Benefits	34,973,741.00		(3,275,081.00)	31,698,660.00	
Total Other Liabilities	125,141,513.00	482,314.00	(12,235,978.00)	113,387,849.00	5,899,821.00
Total Governmental Activities Long-Term Liabilities	\$338,921,998.00	\$482,314.00	\$(22,224,114.00)	\$317,180,198.00	\$17,706,809.00

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

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

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:

Fiscal Year Ending	Governmental Activities		Total Principal and Interest Requirements to Maturity
	General Obligation Bonds/Warrants		
	Principal	Interest	
September 30, 2023	\$ 9,878,000.00	\$ 7,540,772.02	\$ 17,418,772.02
2024	10,834,000.00	7,137,644.62	17,971,644.62
2025	9,195,000.00	6,720,275.32	15,915,275.32
2026	9,630,000.00	6,298,551.46	15,928,551.46
2027	51,745,000.00	21,180,780.20	72,925,780.20
2028-2032	49,825,000.00	13,997,069.00	63,822,069.00
2033-2037	25,005,000.00	4,923,175.00	29,928,175.00
2038-2042	7,365,000.00	1,995,500.00	9,360,500.00
2043-2047	6,180,000.00	416,600.00	6,596,600.00
Total	<u>\$179,657,000.00</u>	<u>\$70,210,367.62</u>	<u>\$249,867,367.62</u>

**Premiums and Deferred Loss on Refunding**

The Commission has a premium in connection with the issuance of its Series 2019 General Obligation Improvement Warrants. The premium is being amortized using the straight-line method over a period of twenty-one years.

The Commission has a premium in connection with the issuance of its Series 2017 General Obligation Improvement Warrants. The premium is being amortized using the straight-line method over a period of twenty years.

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 2012-A General Obligation Refunding Bonds. The premium is being amortized using the straight-line method over a period of twelve years.



---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

The Commission has a premium in connection with the issuance of its Series 2020A General Obligation Improvement Warrants. The premium is being amortized using the straight-line method over a period of eighteen years.

The Commission has a premium in connection with the issuance of its Series 2020B General Obligation Improvement Warrants. The premium is being amortized using the straight-line method over a period of eighteen years.

The Commission has a premium in connection with the issuance of its Series 2021 General Obligation Improvement Warrants. The premium is being amortized using the straight-line method over a period of twenty years.

	Premium	Loss on Refunding of Debt
Total Premium	\$37,822,219.00	\$7,248,597.00
Amount Amortized Prior Years	11,757,882.00	3,417,805.00
Balance Premium	26,064,337.00	3,830,792.00
Current Amount Amortized	1,928,988.00	344,260.00
Balance Premium	<u>\$24,135,349.00</u>	<u>\$3,486,532.00</u>

**Note 10 – 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 \$500,000 per claim with \$10,000,000 aggregate limit for general liability; \$5,000,000 per occurrence and \$5,000,000 aggregate limit for public officials’ liability. Effective December 31, 2021, coverage is provided up to \$500,000 per claim with \$4,000,000 aggregate limit for general liability; \$2,000,000 per occurrence and \$2,000,000 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 \$500,000 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.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

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 11 – Interfund Transactions**

**Due To/From Other Funds**

The amounts due to/from other funds at September 30, 2022, were as follows:

	Due from Other Funds				Totals
	General Fund	Reappraisal Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	
<b>Due to Other Funds:</b>					
General Fund	\$3,483,055.00	\$	\$	\$	\$3,483,055.00
Reappraisal Fund		17,721.00		140,403.00	158,124.00
Special Highway Tax Fund			855,697.00		855,697.00
Coronavirus Rescue Act Fund				1,286,637.00	1,286,637.00
Other Governmental Funds	4,125,440.00		40,445.00	16,295.00	4,182,180.00
<b>Totals</b>	<b>\$7,608,495.00</b>	<b>\$17,721.00</b>	<b>\$896,142.00</b>	<b>\$1,443,335.00</b>	<b>\$9,965,693.00</b>

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

**Interfund Transfers**

The amounts of interfund transfers during the fiscal year ended September 30, 2022, were as follows:

	Transfers Out		Totals
	General Fund	Other Governmental Funds	
<b>Transfers In:</b>			
General Fund	\$	\$ 678,316.00	\$ 678,316.00
Other Governmental Funds	10,156,987.00	2,154,211.00	12,311,198.00
Totals	\$10,156,987.00	\$2,832,527.00	\$12,989,514.00

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 12 – 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<br>Kushla Water Board<br>Mobile County Recreation Board<br>St. Elmo-Irvington Water Authority<br>Dauphin Island Water and Sewer Authority<br>Turnerville Water and Fire Protection Authority<br>Mobile County Water, Sewer and Fire Protection Authority<br>Mobile County Hospital Board<br>Residential Building Code Advisory Committee<br>North Mobile County Volunteer Fire Department Board<br>Mobile Sports Authority |
|---|

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

**Note 13 – Construction and Other Significant Commitments**

As of September 30, 2022, the Commission was obligated for the remaining amounts unpaid under the following construction contracts:

Metro Jail Smoke Purge Ventilation System Upgrade	\$ 17,250.00
Fourth Floor Annex Build Out	2,421,479.18
Government Plaza Security Control Center	167,150.00
Strickland Security Control Center	280,000.00
Public Works Camps 1, 2 and 3 Camera System	275,000.00
D.A.'s Office Expansion	41,500.00
License Commission Gate/Fence	36,500.00
Revenue Commission Gate/Fence	36,500.00
Renovations of the Davis Avenue Library	286,648.63
ADA Upgrades at Various Buildings	576,573.00
Africatown Heritage House	1,170,739.00
Renovation of Property at 355 N. Ann Street	(12,446.48)
Renovation of Elevators 7, 8, 9 and 10 at Government Plaza North Tower	742,955.87
Service Agreement – Government Plaza Renovations	19,120.00
Isolation Kennel Building for the Mobile County Animal Shelter	844,675.50
Vehicle Maintenance Facilities for Camp 1, 2 and 4	2,358,220.03
Africatown Historic Structures Restoration	1,918,049.96
Franklin House Renovation	498,340.08
Old Davis Avenue Library Renovation	160,609.96
Africatown House Generator Installation	125,000.00
Roof Maintenance or Replacement – Various Facilities	3,000,000.00
Converting the Minimum Security Barracks to Medium Security	6,220,000.00
West Mobile County Park	1,065,402.00
2017 Elevator Maintenance and Service for Mobile County Facilities	11,465.25
Three Year Floor Covering Replacement/Installation at Mobile County Facilities	11,750.00
Total	\$22,272,481.98

**Note 14 – Subsequent Events**

On February 1, 2023, the Commission approved the issuance of \$20,000,000.00 Pay-As-You-Go Road, Bridge, and Drainage Facilities Bonds, Series 2018C.

On February 1, 2023, the Commission approved the issuance of \$30,000,000.00 Pay-As-You-Go Road, Bridge, and Drainage Facilities Bonds, Series 2022A.

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2022*

#### Note 15 – Tax Abatements

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

For fiscal year ended September 30, 2022, total property taxes abated were \$8,536,244.80 as follows:

Granting Jurisdiction	Type	Property Tax
Industrial Development Board of the City of Mobile, Alabama	Steel Processing	\$6,037,501.12
Industrial Development Board of the City of Mobile, Alabama	Port and Integrated Inland Service Networks	121,022.08
Industrial Development Board of the City of Mobile, Alabama	Specialty Chemicals	60,212.48
Industrial Development Board of the City of Mobile, Alabama	Oil Field Equipment Manufacturing	2,845.76
Industrial Development Board of the City of Mobile, Alabama	Paper Product Distributor	636,973.12
Industrial Development Board of the City of Mobile, Alabama	Laboratory Cold Storage	5,091.20
Industrial Development Board of the City of Mobile, Alabama	Textile Manufacturer	22,652.48
Industrial Development Board of the City of Mobile, Alabama	Manufacture and Produce Pipelines and Catenary	54,601.92
Industrial Development Board of the City of Mobile, Alabama	Manufacturer and Distributor of Electric Furnace, Flat-Rolled Steel and Steel Fabrication	85,536.00
Industrial Development Board of the City of Mobile, Alabama	Agriculture Products	145,814.40
Industrial Development Board of the City of Mobile, Alabama	Jetliner Manufacturer	302,452.16
Industrial Development Board of the City of Mobile, Alabama	Welding Company	1,614.72
Industrial Development Board of the City of Mobile, Alabama	Port Integrated Network	61,128.96
Industrial Development Board of the City of Mobile, Alabama	Distribution Center	587,820.16
Industrial Development Board of the City of Mobile, Alabama	Fulfillment Center	4,266.56
Industrial Development Board of the City of Mobile, Alabama	Ship Manufacturing	394,473.28
Industrial Development Board of the City of Mobile, Alabama	Repair and Maintenance of Electric Furnace	12,238.40
Total		<u>\$8,536,244.80</u>

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

- ◆ A 70 percent property tax abatement to a steel processing business for increasing the size of its facilities and increasing employment. The abatement amounted to \$6,037,501.12.

Industrial Development Board of the City of Mobile also granted sales tax abatements in the amount of \$206,528.85. This amount is attributed to numerous abatements granted to businesses within the county.

---

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2022***

---

**Note 16 – Restatement**

Beginning fund balance has been restated due to prior period errors.

	General Fund	Total Governmental Funds
Fund Balance, September 30, 2021, as Previously Reported	\$105,796,811.00	\$353,649,989.00
Prior Period Errors	2,178,669.00	2,178,669.00
Fund Balance, September 30, 2021, as Restated	<u>\$107,975,480.00</u>	<u>\$355,828,658.00</u>

Beginning net position has been restated due to prior period errors in the Governmental Activities and to correctly report liabilities in the Custodial Funds.

	Governmental Activities	Custodial Funds
Net Position, September 30, 2021, as Previously Reported	\$475,508,175.00	\$ 14,335,565.00
Prior Period Errors Restatement to Correctly Report Liabilities	2,178,669.00	(10,961,279.00)
Net Position, September 30, 2021, as Restated	<u>\$477,686,844.00</u>	<u>\$ 3,374,286.00</u>

---

*Required Supplementary Information*

**Schedule of Changes in the Employer's Net Pension Liability**  
**For the Year Ended September 30, 2022**

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>								
Service cost	\$ 5,549,077	\$ 5,299,315	\$ 5,258,541	\$ 5,093,407	\$ 5,186,720	\$ 5,009,574	\$ 4,778,134	\$ 5,011,299
Interest	20,948,314	20,102,911	19,355,681	19,218,927	18,355,453	17,684,340	17,357,467	16,775,274
Changes of benefit terms	3,154,385							
Differences between expected and actual experience	5,947,872	3,898,819	1,650,996	(4,944,484)	4,373,697	1,493,494	(3,188,431)	
Changes of assumptions	10,717,601			1,261,013		7,445,547		
Benefit payments, including refunds of employee contributions	(18,420,106)	(17,912,433)	(17,641,395)	(16,750,614)	(17,271,975)	(14,828,567)	(14,893,952)	(14,124,377)
Transfers Among Employers	(496,609)	(155,514)	1,215,990	(46,543)	237,027	207,628		
Net change in total pension liability	27,400,534	11,233,098	9,839,813	3,831,706	10,880,922	17,012,016	4,053,218	7,662,196
Total pension liability - beginning	281,266,085	270,032,987	260,193,174	256,361,468	245,480,546	228,468,530	224,415,312	216,753,116
Total pension liability - ending (a)	\$ 308,666,619	\$ 281,266,085	\$ 270,032,987	\$ 260,193,174	\$ 256,361,468	\$ 245,480,546	\$ 228,468,530	\$ 224,415,312
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ 6,207,337	\$ 6,434,136	\$ 6,053,778	\$ 5,769,168	\$ 6,144,202	\$ 6,003,047	\$ 5,557,273	\$ 5,732,134
Contributions - employee	3,815,661	3,830,157	3,549,805	3,622,035	3,279,680	3,353,801	3,062,045	2,982,538
Net investment income	44,125,241	11,192,007	5,086,481	17,382,071	22,170,982	16,599,516	1,980,229	18,520,541
Benefit payments, including refunds of employee contributions	(18,420,106)	(17,912,433)	(17,641,395)	(16,750,614)	(17,271,975)	(14,828,567)	(14,893,952)	(14,124,377)
Other (Transfers among employers)	(496,609)	(155,514)	1,215,990	(46,543)	237,027	207,628	(262,359)	(290,505)
Net change in plan fiduciary net position	35,231,524	3,388,353	(1,735,341)	9,976,117	14,559,916	11,335,425	(4,556,764)	12,820,331
Plan fiduciary net positions - beginning	203,150,570	199,762,217	201,497,558	191,521,441	176,961,525	165,626,100	170,182,864	157,362,533
Plan fiduciary net positions - ending (b)	\$ 238,382,094	\$ 203,150,570	\$ 199,762,217	\$ 201,497,558	\$ 191,521,441	\$ 176,961,525	\$ 165,626,100	\$ 170,182,864
Net pension liability (asset) - ending (a) - (b)	\$ 70,284,525	\$ 78,115,515	\$ 70,270,770	\$ 58,695,616	\$ 64,840,027	\$ 68,519,021	\$ 62,842,430	\$ 54,232,448
Plan fiduciary net position as a percentage of the total pension liability	77.23%	72.23%	73.98%	77.44%	74.71%	72.09%	72.49%	75.83%
Covered payroll (*)	\$ 76,489,586	\$ 79,319,314	\$ 74,167,519	\$ 72,709,580	\$ 71,419,053	\$ 64,775,709	\$ 65,145,725	\$ 63,771,767
Commission's net pension liability (asset) as a percentage of covered payroll	91.89%	98.48%	94.75%	80.73%	90.79%	105.78%	96.46%	85.04%

(\*) Employer's covered payroll during the measurement period is the total covered payroll. For Fiscal Year 2022, the measurement period is October 1, 2020 through September 30, 2021. GASB issued a statement "Pension Issues" in March, 2016 to redefine covered payroll beginning with Fiscal Year 2017.

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



***Schedule of the Employer's Contributions - Pension***  
***For the Year Ended September 30, 2022***

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (*)	\$ 6,662,654	\$ 6,457,241	\$ 6,615,000	\$ 6,053,778	\$ 5,769,168	\$ 6,144,202	\$ 6,003,047	\$ 5,557,273	\$ 5,732,134
Contributions in relation to the actuarially determined contribution	\$ 6,662,654	\$ 6,457,241	\$ 6,615,000	\$ 6,053,778	\$ 5,769,168	\$ 6,144,202	\$ 6,003,047	\$ 5,557,273	\$ 5,732,134
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$
Covered payroll (**)	\$ 90,051,786	\$ 76,489,586	\$ 79,319,314	\$ 74,167,519	\$ 72,709,580	\$ 71,419,053	\$ 64,775,709	\$ 65,145,725	\$ 63,771,767
Contributions as a percentage of covered payroll	7.40%	8.44%	8.34%	8.16%	7.93%	8.60%	9.27%	8.53%	8.99%

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

(\*\*) Employer's covered payroll for fiscal year 2022 is the total covered payroll for the 12 month period of the underlying financial statement.

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2022 were based on the September 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2021 to September 30, 2022.

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	26.8 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

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

***Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability  
For the Year Ended September 30, 2022***

	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service cost	\$ 1,515,166	\$ 1,794,195	\$ 1,883,062	\$ 2,346,653	\$ 2,203,398
Expected Interest Growth	888,389	884,400	1,869,794	2,413,569	2,108,224
Unexpected Investment Income	(616)	(2,276)	(3,950)	(197)	
Demographic Experience	(3,979,527)	(13,906,181)	(14,350,064)	(9,512,312)	
Employer Contributions				(500,000)	
Benefit Payments and Refunds	(877,476)	(916,538)	(824,153)	(1,028,420)	(1,131,640)
Assumption Changes	(821,017)	7,635,540	655,846	(7,935,036)	
Net change in total OPEB liability	(3,275,081)	(4,510,860)	(10,769,465)	(14,215,743)	3,179,982
Total OPEB Liability - Beginning	34,973,741	39,484,601	50,254,066	64,469,809	61,289,827
Total OPEB Liability - Ending	\$ 31,698,660	\$ 34,973,741	\$ 39,484,601	\$ 50,254,066	\$ 64,469,809
Covered annual payroll	\$ 63,322,429	\$ 58,825,167	\$ 58,563,567	\$ 55,299,727	\$ 49,479,393
Employer's net OPEB liability as a percentage of covered payroll	50.06%	59.45%	67.42%	90.88%	130.30%

**Notes to Schedule:**

**Benefit Changes** . There were no changes of benefit terms for the year ended September 30, 2022.

**Changes in Assumptions** . Since the prior measurement date, the discount was increased from 2.14% per annum to 2.43% per annum.

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

**Schedule of Employer' Contributions - Other Postemployment Benefits (OPEB)**  
**For the Year Ended September 30, 2022**

	2022 (*)	2021 (*)	2020 (*)	2019	2018 (*)
Actuarially determined contribution	\$	\$	\$	\$ 500,000	\$
Contributions in relation to the actuarially determined contribution	\$	\$	\$	\$ 500,000	\$
Contribution deficiency (excess)	\$	\$	\$	\$	\$
Covered annual payroll	\$ 63,322,429	\$ 58,825,167	\$ 58,563,567	\$ 55,299,727	\$ 49,479,393
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.90%	0.00%

(\*) Per Actuary Report, there were no actuarial determined contributions. Additionally, there are no minimum required employer contributions other than the premium charged to the employer by the LGHIP.

**Notes to Schedule**

Valuation date: October 1, 2020

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

Methods and assumptions used to determine contribution rates:

Asset valuation method	N/A
Inflation	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 5.00% for each fiscal year.
Salary increases	3.00% per annum
Discount Rate	2.43% per annum
Retirement age	For employees hired prior to 2013, the earlier of 25 years of service at any age or attainment of age 60 and 10 years of service; employees hired on and after January 1, 2013 are assumed to retire at the later of age 70 and attainment of 10 years of service.
Mortality	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general employees, with full generational improvements in mortality using Scale MP-2020.

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

***Schedule of Revenues, Expenditures and Changes in Fund Balances***  
***Budget and Actual - General Fund***  
***For the Year Ended September 30, 2022***

	Budgeted Amounts		Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final				
<b>Revenues</b>						
Taxes	\$ 102,562,056.00	\$ 102,562,056.00	\$ 119,937,215.00	(1)	\$ 19,064,222.00	\$ 139,001,437.00
Licenses and Permits	1,975,000.00	1,975,000.00	1,952,980.00			1,952,980.00
Intergovernmental	27,957,122.00	27,957,122.00	39,037,999.00	(1)	394,332.00	39,432,331.00
Charges for Services	17,474,950.00	17,474,950.00	21,240,922.00			21,240,922.00
Miscellaneous	2,274,100.00	2,274,100.00	515,296.00	(1)	108,693.00	623,989.00
Total Revenues	<u>152,243,228.00</u>	<u>152,243,228.00</u>	<u>182,684,412.00</u>		<u>19,567,247.00</u>	<u>202,251,659.00</u>
<b>Expenditures</b>						
Current:						
General Government	70,995,336.00	71,789,113.00	60,712,234.00			60,712,234.00
Public Safety	83,327,296.00	83,868,470.00	81,999,412.00			81,999,412.00
Highways and Roads				(2)	(17,048,309.00)	17,048,309.00
Sanitation	4,608,982.00	4,550,469.00	6,242,681.00	(2)	(19,454.00)	6,262,135.00
Health	896,984.00	896,984.00	861,330.00			861,330.00
Welfare	805,603.00	830,603.00	832,103.00			832,103.00
Culture and Recreation	3,445,042.00	3,470,681.00	2,427,802.00			2,427,802.00
Education	3,290,979.00	4,433,114.00	3,023,813.00			3,023,813.00
Capital Outlay	4,893,265.00	5,910,800.00	5,600,289.00			5,600,289.00
Debt Service:						
Principal Retirement	6,187,000.00	6,187,000.00	6,789,164.00			6,789,164.00
Interest and Fiscal Charges	4,033,066.00	4,033,066.00	4,620,930.00			4,620,930.00
Total Expenditures	<u>182,483,553.00</u>	<u>185,970,300.00</u>	<u>173,109,758.00</u>		<u>(17,067,763.00)</u>	<u>190,177,521.00</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(30,240,325.00)</u>	<u>(33,727,072.00)</u>	<u>9,574,654.00</u>		<u>2,499,484.00</u>	<u>12,074,138.00</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	15,240,325.00	14,853,280.00	678,316.00			678,316.00
Sale of Capital Assets			266,642.00			266,642.00
Lease Liabilities Issued			618,714.00			618,714.00
Transfers Out			(10,156,987.00)			(10,156,987.00)
Total Other Financing Sources (Uses)	<u>15,240,325.00</u>	<u>14,853,280.00</u>	<u>(8,593,315.00)</u>			<u>(8,593,315.00)</u>
Net Change in Fund Balances	<u>(15,000,000.00)</u>	<u>(18,873,792.00)</u>	<u>981,339.00</u>		<u>2,499,484.00</u>	<u>3,480,823.00</u>
Fund Balances - Beginning of Year, as Restated	<u>15,000,000.00</u>	<u>18,873,792.00</u>	<u>91,199,869.00</u>	(3)	<u>16,775,611.00</u>	<u>107,975,480.00</u>
Fund Balances - End of Year	<u>\$</u>	<u>\$</u>	<u>\$ 92,181,208.00</u>		<u>\$ 19,275,095.00</u>	<u>\$ 111,456,303.00</u>

***Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General Fund  
For the Year Ended September 30, 2022***

**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	\$	19,549,269.00	
Special Events Fund		<u>17,978.00</u>	\$ 19,567,247.00
(2) Expenditures			
Public Buildings, Roads and Bridges Fund	\$	17,048,309.00	
Special Events Fund		<u>19,454.00</u>	<u>(17,067,763.00)</u>
Net Change in Fund Balance - Budget to GAAP			<u>\$ 2,499,484.00</u>

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

***Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Reappraisal Fund  
For the Year Ended September 30, 2022***

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final			
<b>Revenues</b>					
Taxes	\$ 9,666,371.00	\$ 9,666,371.00	\$ 7,452,677.00	\$	\$ 7,452,677.00
Miscellaneous	75,000.00	75,000.00	9,570.00		9,570.00
Total Revenues	9,741,371.00	9,741,371.00	7,462,247.00		7,462,247.00
<b>Expenditures</b>					
Current:					
General Government	8,886,777.00	8,906,277.00	7,136,534.00		7,136,534.00
Capital Outlay	854,594.00	835,094.00	347,514.00		347,514.00
Total Expenditures	9,741,371.00	9,741,371.00	7,484,048.00		7,484,048.00
Excess (Deficiency) of Revenues Over Expenditures			(21,801.00)		(21,801.00)
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets			21,801.00		21,801.00
Total Other Financing Sources (Uses)			21,801.00		21,801.00
Net Change in Fund Balances					
Fund Balances - Beginning of Year					
Fund Balances - End of Year	\$	\$	\$	\$	\$

---

*Supplementary Information*

**Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2022**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipient	Total Federal Expenditures
<b>U. S. Department of Agriculture</b>				
<b>Passed Through Alabama Department of Education</b>				
Child Nutrition Cluster:				
School Breakfast Program - Cash Assistance	10.553	N/A	\$	\$ 67,004.58
National School Lunch Program - Cash Assistance	10.555	N/A		99,765.47
Sub-Total Child Nutrition Program				166,770.05
Total U. S. Department of Agriculture				166,770.05
<b>U. S. Department of Housing and Urban Development</b>				
<b>Direct Program</b>				
Community Development Block Grants/Entitlement Grants	14.218	B-18-UC-01-0002	45,515.45	101,439.72
Community Development Block Grants/Entitlement Grants	14.218	B-19-UC-01-0002	351,942.20	409,153.39
Community Development Block Grants/Entitlement Grants	14.218	B-20-UC-01-0002	113,081.07	555,463.30
Community Development Block Grants/Entitlement Grants	14.218	B-20-UW-01-0002	461,969.64	541,772.04
Community Development Block Grants/Entitlement Grants	14.218	B-21-UC-01-0002	274,189.68	554,309.96
Community Development Block Grants/Entitlement Grants	14.218	B-22-UC-01-0002		6,985.78
Sub-Total Community Development Block Grants/Entitlement Grants			1,246,698.04	2,169,124.19
Home Investment Partnerships Program	14.239	M-16-UC-01-0206		278,244.93
Home Investment Partnerships Program	14.239	M-17-UC-01-0206		306,906.44
Home Investment Partnerships Program	14.239	M-18-UC-01-0206		627,060.03
Home Investment Partnerships Program	14.239	M-20-UC-01-0206		2,679.06
Home Investment Partnerships Program	14.239	M-21-UP-01-0206		198,084.70
Sub-Total Home Investment Partnerships Program				1,412,975.16
<b>Passed Through Alabama Department of Economic and Community Affairs</b>				
CARES Act Community Block Grant Coronavirus	14.228	CV-EC-20-009		27,400.27
Total U. S. Department of Housing and Urban Development			1,246,698.04	3,609,499.62
<b>U. S. Department of Interior</b>				
<b>Direct Programs</b>				
Gulf of Mexico Energy Security Act	15.435	N/A		2,338,279.13
National Fish and Wildlife Foundation	15.663	N/A		273,333.55
<b>Gulf Coast Ecosystem Restoration Council</b>				
<b>Passed Through Alabama Department of Conservation and Natural Resources</b>				
Natural Resource Damage Assessment	15.658	NRDA-17-004		2,540,053.73
Natural Resource Damage Assessment	15.658	MC-RP3-DIWE		72,006.53
Total Gulf Coast Ecosystem Restoration Council				2,612,060.26
Total U. S. Department of Interior				5,223,672.94
Sub-Total Forward			\$ 1,246,698.04	\$ 8,999,942.61



***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2022***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipient	Total Federal Expenditures
Sub-Total Brought Forward			\$ 1,246,698.04	\$ 8,999,942.61
<b><u>U. S. Department of Justice</u></b>				
<b><u>Direct Program</u></b>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	33,860.69	33,860.69
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A		54,227.78
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	73,176.52	86,898.81
Sub-Total Edward Byrne Memorial Justice Assistance Grant Program			107,037.21	174,987.28
Violence Against Women Formula Grant	16.588	N/A		7,157.36
Total U. S. Department of Justice			107,037.21	182,144.64
<b><u>U. S. Department of Transportation</u></b>				
<b><u>Passed Through Alabama Department of Economic and Community Affairs</u></b>				
Highway Safety Cluster:				
State and Community Highway Safety CTSP	20.600	22-FP-CP-23		99,182.17
State and Community Highway Safety STEP	20.600	22-FP-PT-27		189,866.05
Sub-Total State and Community Highway Safety				289,048.22
Alcohol Impaired Driving Countermeasures Incentives Grants I				
National Priority Safety Programs CLICK IT OR TICKET	20.616	22-FP-OP-37		22,135.28
National Priority Safety Programs HOT SPOT	20.616	22-ID-M5-39		40,689.57
Sub-Total National Priority Safety Programs				62,824.85
Total Highway Safety Cluster				351,873.07
Total U. S. Department of Transportation				351,873.07
Sub-Total Forward			\$ 1,353,735.25	\$ 9,533,960.32

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2022***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipient	Total Federal Expenditures
Sub-Total Brought Forward			\$ 1,353,735.25	\$ 9,533,960.32
<b><u>U. S. Department of Treasury</u></b>				
<b><u>Direct Program</u></b>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		2,208,748.43
COVID-19 Emergency Rental Assistance Program	21.023	N/A		8,626,504.31
Sub-Total				10,835,252.74
<b><u>Passed Through Alabama Department of Conservation and Natural Resources</u></b>				
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (Gulf RESTORE)	21.015	RST M1A02-BLBD		492,574.74
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (Gulf RESTORE)	21.015	RST M1A03-WDSU		85,442.14
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (Gulf RESTORE)	21.015	RST M1A04-SWSP		19,418.00
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (Gulf RESTORE)	21.015	RST M1A05-MVWT		23,402.14
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (Gulf RESTORE)	21.015	RST M1A06-MCBT		251,921.18
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (Gulf RESTORE)	21.015	RST S1P09-BLBE		333,091.53
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (Gulf RESTORE)	21.015	RST S1P10-BLBE		326.74
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (Gulf RESTORE)	21.015	RST S1P24-TSGT		328.84
Sub-Total of Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (Gulf RESTORE)				1,206,505.31
Total U. S. Department of Treasury				12,041,758.05
<b><u>U. S. Environmental Protection Agency</u></b>				
<b><u>Direct Program</u></b>				
Mobile Bay National Estuary Program	66.456	N/A		162,188.67
<b><u>Corporation for National and Community Service</u></b>				
<b><u>Direct Programs</u></b>				
Retired and Senior Volunteer Program	94.002	19SRSAL006		65,000.00
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparent Program	94.011	19SFSAL006		232,182.00
Senior Companion Program	94.016	21SCHAL001		342,351.51
Sub-Total Foster Grandparent/Senior Companion Cluster				574,533.51
Total Corporation for National and Community Service				639,533.51
Sub-Total Forward			\$ 1,353,735.25	\$ 22,377,440.55

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2022***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Grantor's Identifying Number</b>	<b>Pass-Through to Subrecipient</b>	<b>Total Federal Expenditures</b>
Sub-Total Brought Forward			\$ 1,353,735.25	\$ 22,377,440.55
<b><u>U. S. Department of Homeland Security</u></b>				
<b><u>Passed Through Alabama Department of Homeland Security</u></b>				
Port Security Grant	97.067	EMW-2021-PU-00170		105,600.00
Sub-Total Port Security Grant				<u>105,600.00</u>
Total U. S. Department of Homeland Security				<u>105,600.00</u>
Total Expenditures of Federal Awards			\$ 1,353,735.25	\$ <u>22,483,040.55</u>

N/A = Not Available or Not Applicable

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

---

***Notes to the Schedule of Expenditures  
of Federal Awards  
For the Year Ended September 30, 2022***

---

**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Mobile County Commission under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Mobile County Commission, it is not intended to and does not present the financial position or changes in position of the Mobile County Commission.

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

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

**Note 3 – Indirect Cost Rate**

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

---

*Additional Information*

---

---

***Commission Members and Administrative Personnel***  
***October 1, 2021 through September 30, 2022***

---

---

<b>Commission Members</b>		<b>Term Expires</b>
Connie Hudson	President	2024
Randall Dueitt	Vice-President	2024
Merceria Ludgood	Member	2024

**Administrative Personnel**

Mr. Glenn L. Hodge	County Administrator
Mr. Eddie Kerr	Deputy County Administrator
Ms. Dana Foster-Allen	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**

Members of the Mobile County Commission, County Administrator,  
Deputy County Administrator and Director of Finance  
Mobile, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mobile County Commission, as of and for the year ended September 30, 2022, 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 March 27, 2024.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mobile County Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mobile County Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

---

---

# ***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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2022-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 2022-002 and 2022-003 to be significant deficiencies.

## **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards***.

## **The Commission's Response to Finding**

***Government Auditing Standards*** requires the auditor to perform limited procedures on the Mobile County Commission's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Mobile County Commission's response to the finding identified in our audit is described in the accompanying Auditee Response/Corrective Action Plan. The Mobile County Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.



---

---

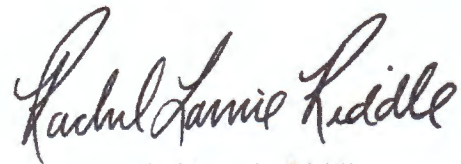
***Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With  
Government Auditing Standards***

---

---

**Purpose of this Report**

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



Rachel Laurie Riddle  
Chief Examiner

Department of Examiners of Public Accounts

Montgomery, Alabama

March 27, 2024

---

---

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

---

---

***Independent Auditor's Report***

Members of the Mobile County Commission, County Administrator,  
Deputy County Administrator, and Director of Finance  
Mobile, Alabama

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

***Opinion on Each Major Federal Program***

We have audited the Mobile County Commission's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Mobile County Commission's major federal programs for the year ended September 30, 2022. 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.

In our opinion, the Mobile County Commission complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***); and the audit requirements of Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)***. Our responsibilities under those standards and The *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Mobile County Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Mobile County Commission's compliance with the compliance requirements referred to above.

---

---

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

---

---

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Mobile County Commission's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Mobile County Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, ***Government Auditing Standards***, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Mobile County Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, ***Government Auditing Standards***, and the *Uniform Guidance*, we:

- ◆ exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Mobile County Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ◆ obtain an understanding of the Mobile County Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the Mobile County Commission's internal control over compliance. Accordingly, no such opinion is expressed.

---

---

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

---

---

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

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

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

---

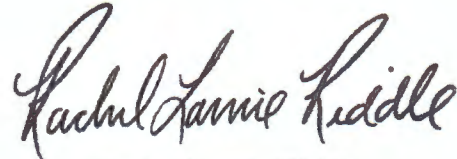
---

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

---

---

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



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

March 27, 2024

---

*This Page Intentionally Blank*

---

***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2022***

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

**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

  X   Yes           No

Significant deficiency(ies) identified?

  X   Yes           None reported

Noncompliance material to financial statements noted?

       Yes      X   No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

       Yes      X   No

Significant deficiency(ies) identified?

       Yes      X   None reported

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

Unmodified

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

       Yes      X   No

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program
15.435	GoMESA
15.658	Natural Resource Damage Assessment
21.023	COVID-19 – Emergency Rental Assistance Program
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

\$750,000.00

Auditee qualified as low-risk auditee?

       Yes      X   No

---

---

***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2022***

---

---

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

**Reference Number:** 2022-001  
**Type of Finding:** Internal Control  
**Internal Control Impact:** Material Weakness  
**Compliance Impact:** None

**The Commission failed to ensure that the financial statements are substantiated by underlying accounting records.**

**Finding**

The Governmental Accounting Standards Board’s *Codification of Governmental Accounting and Financial Reporting Standards*, Section 1100.101, provides that a governmental accounting system must make it possible both: (a) to present fairly with full disclosure all of the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. This requires that the financial statements agree with and are supported by the entity’s underlying accounting records and that accurate financial statements are prepared. The Commission reported a negative assigned fund balance in the Other Governmental Funds opinion unit as well as an unreconciled difference in net position balances on the Statement of Activities and the Statement of Net Position. Additionally, net position classifications on the Statement of Net Position were not accurately reported. The Commission did not have procedures in place to ensure amounts reported on the financial statements for net position and fund balances were substantiated by underlying accounting records. Management made adjustments to correctly report net position and fund balance when brought to the attention of the Commission.

**Recommendation**

The Commission should implement procedures to ensure that the financial statements are substantiated by underlying accounting records and accurate financial statements are prepared.

**Views of Responsible Officials of the Auditee**

The Mobile County Commission agrees with this finding.



---

---

***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2022***

---

---

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

**Reference Number:** 2022-002  
**Type of Finding:** Internal Control  
**Internal Control Impact:** Significant Deficiency  
**Compliance Impact:** None

**The Commission failed to establish procedures to ensure monthly bank reconciliations are performed and reconciled to the general ledger.**

**Finding**

The *Code of Alabama 1975*, Sections 11-3-11(a)(3) and (4), give the Commission the authority to examine, settle, and allow all accounts and claims chargeable against the county and to examine and audit the accounts of all officers having care, management, collection, or disbursement of money belonging to the county or appropriated for its use and benefit. Therefore, to fulfill this responsibility, it is incumbent upon management of the Commission to establish, implement and maintain policies and procedures to properly reconcile the cash shown in the Commission's accounting records to the cash in the bank accounts on a monthly basis. Bank account reconciliations for September 30, 2022, were not accurately performed to substantiate the cash balances recorded in the general ledger. The Commission did not have procedures in place to ensure amounts recorded as cash in the accounting records were accurately documented. As a result, errors in the accounting records could occur and not be detected in a timely manner.

**Recommendation**

The Commission should establish procedures to ensure accurate monthly bank reconciliations are performed and reconciled to the general ledger.

**Views of Responsible Officials of the Auditee**

The Mobile County Commission agrees with this finding. In August 2022, the Commission underwent its largest ERP system upgrade in twenty-four years. There were errors in the data converted from its legacy ERP system.

Mobile County has an elected Treasurer that was responsible for reconciling the Commission's bank accounts to its general ledger. They were not reconciled. As a result, the discrepancies in the amounts reported in the Commission's general ledger were not discovered until after the commencement of its 2022 audit.

---

---

## *Schedule of Findings and Questioned Costs*

### *For the Year Ended September 30, 2022*

---

---

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

**Reference Number:** 2022-003  
**Type of Finding:** Internal Control  
**Internal Control Impact:** Significant Deficiency  
**Compliance Impact:** None

**The Commission failed to implement procedures to ensure capital asset balances are accurately recorded in the accounting records.**

#### **Finding**

The Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Section 1400, requires capital assets to be properly valued, depreciated and reported in the government-wide financial statements. To comply with this standard, policies and procedures should be in place to ensure periodic inventories of capital assets are performed, capital outlay expenditures are reconciled to additions to capital assets, reclassifications of capital assets are accurately recorded and a detailed listing of capital assets is maintained in the accounting records. A physical inventory of capital assets was not completed for the audit period. Also, documentation provided to substantiate the capital asset balances did not always reconcile to amounts recorded in the financial statements. Procedures were not in place to ensure physical inventories of capital assets were performed or to accurately reconcile capital asset balances to supporting documentation. As a result, the Commission's capital assets were not always properly accounted for or recorded.

#### **Recommendation**

The Commission should implement procedures to ensure capital asset inventories are performed and capital asset balances are accurately recorded in the accounting records.

#### **Views of Responsible Officials of the Auditee**

The Mobile County Commission agrees with this finding. In August 2022, the Commission underwent its largest ERP system upgrade in twenty-four years. There were errors in the data conversion.

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

No matters were reportable.

---

*Summary Schedule of Prior Audit Findings*

COUNTY COMMISSIONERS  
RANDALL DUEITT, President  
MERCERIA LUDGOOD, Commissioner  
CONNIE HUDSON, Commissioner  
TELEPHONE (251) 574-5077



ADMINISTRATION  
EDDIE KERR  
INTERIM COUNTY ADMINISTRATOR  
TELEPHONE (251) 574-5073  
FAX (251) 574-5080

---

---

## *Summary Schedule of Prior Audit Findings*

### *For the Year Ended September 30, 2022*

---

---

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511, the Mobile County Commission has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2022.

Finding Ref. No.	Status of Prior Audit Finding
2021-001	<p>Generally Accepted Accounting Principles (GAAP) require all financial activity to be properly recorded in the accounting records, underlying accounting records to be maintained to support amounts in the general ledger and subsidiary listings, any adjustments made to the financial records to be adequately documented, and accurate financial statements to be prepared. The following discrepancies were noted:</p> <ul style="list-style-type: none"><li>✓ The Commission failed to record three of five refunding bond issuances, totaling \$66,170,000.00, in the fund level financial statements.</li><li>✓ Loss on Refunding of Debt in the amount of \$3,830,792.00 was incorrectly reported in the government-wide financial statements as a Deferred Inflow of Resources.</li><li>✓ Beginning net position in the government-wide financial statements and beginning fund balance in the fund level financial statements were not accurately reported.</li><li>✓ Ending net position in the government-wide financial statements and ending fund balance in the fund level financial statements were not accurately reported.</li><li>✓ The Coronavirus Rescue Act Fund was not reflected as a major fund in the fund level financial statements.</li><li>✓ The Commission failed to record activity for Private-Purpose Trust and Custodial accounts in accordance with GASB Statement Number 84, <i>Fiduciary Activities</i>.</li></ul>

Procedures were not in place to ensure errors in recording financial information were detected and corrected prior to preparation of the financial statements. As a result, the Commission's financial statements did not include all activity of the

Commission and, once the errors were brought to management's attention, management made numerous material adjustments in order to correctly reflect all financial activity of the Commission in the financial statements.

Corrective Action was taken.

---

*This Page Intentionally Blank*

---

---

*Auditee Response/Corrective Action Plan*

## MOBILE COUNTY COMMISSION



COUNTY COMMISSIONERS  
 RANDALL DUEITT, President  
 MERCERIA LUDGOOD, Commissioner  
 CONNIE HUDSON, Commissioner  
 TELEPHONE (251) 574-5077

ADMINISTRATION  
 GLENN L. HODGE  
 COUNTY ADMINISTRATOR  
 EDDIE KERR  
 DEPUTY ADMINISTRATOR  
 TELEPHONE (251) 574-5073  
 FAX (251) 574-5080

---

***Auditee Response/Corrective Action Plan***  
***For the Year Ended September 30, 2022***

---

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511(c), the Mobile County Commission has prepared and hereby submits the following Corrective Action Plan for the findings which are included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2022.

---

<b>Finding Ref. No.</b>	<b>Corrective Action Plan Details</b>
-------------------------	---------------------------------------

---

**2022-001*****Finding:***

The Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Section 1100.101 provides that a governmental accounting system must make it possible both: (a) to present fairly with full disclosure all of the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. This requires that the financial statements agree with and are supported by the entity's underlying accounting records and that accurate financial statements are prepared. The Commission reported a negative assigned fund balance in the Other Governmental Funds opinion unit as well as an unreconciled difference in net position balances on the Statement of Activities and the Statement of Net Position. Additionally, net position classifications on the Statement of Net Position were not accurately reported. The Commission did not have procedures in place to ensure amounts reported on the financial statements for net position and fund balances were substantiated by underlying accounting records. Management made adjustments to correctly report net position and fund balance when brought to the attention of the Commission.

***Recommendation:***

The Commission should implement procedures to ensure that the financial statements are substantiated by underlying accounting records and accurate financial statements are prepared.

***Response/Views:*** We agree with the finding.



***Corrective Action Planned:***

In November 2023, the Commission contracted with a CPA firm to assist with the preparation of its financial statements and notes. Before the financials are submitted to the Examiners, the Deputy Director of Finance will review the fund balance classifications, net position classifications and the reconciliation of the differences. After the initial review by the Deputy Director, the Director of Finance will verify the balances by reviewing the supporting documentation. Once the balances have been reviewed, the Director of Finance will sign off on the financial statements and mark them as “reviewed”.

***Anticipated Completion Date: June 30, 2024.***

***Contact Person(s):*** Dana Foster-Allen, Director of Finance, Aspen Collins, Deputy Director of Finance, or Eddie Kerr, Deputy County Administrator

**2022-002**

***Finding:***

The Code of Alabama 1975, Sections 11-3-11(a)(3) and (4), give the Commission the authority to examine, settle, and allow all accounts and claims chargeable against the county and to examine and audit the accounts of all officers having care, management, collection, or disbursement of money belonging to the county or appropriated for its use and benefit. Therefore, to fulfill this responsibility, it is incumbent upon management of the Commission to establish, implement and maintain policies and procedures to properly reconcile the cash shown in the Commission’s accounting records to the cash in the bank accounts on a monthly basis. Bank account reconciliations for September 30, 2022, were not accurately performed to substantiate the cash balances recorded in the general ledger. The Commission did not have procedures in place to ensure amounts recorded as cash in the accounting records were accurately documented. As a result, errors in the accounting records could occur and not be detected in a timely manner.

***Recommendation:***

The Commission should establish procedures to ensure monthly bank reconciliations are performed and reconciled to the general ledger.

***Response/Views:*** We agree with this finding. In August 2022, the Commission underwent its largest ERP system upgrade in twenty-four years. There were errors in the data converted from its legacy ERP system.

Mobile County has an elected Treasurer that was responsible for reconciling the Commission’s bank accounts to its general ledger. They were not reconciled. As a result, the discrepancies in the amounts reported in the Commission’s general ledger were not discovered until after the commencement of its 2022 audit.

***Corrective Action Planned:***

The Commission has hired augmented staff to correct the data converted from its legacy ERP system. In addition, the Commission has transferred several duties previously performed by the elected Treasurer to the Commission’s Finance Department by way of a resolution approved at its February 14, 2024, meeting (attached).

RESOLUTION TO TRANSFER RECONCILIATION OF  
BANK ACCOUNTS AND PROCESSING OF GARNISHMENTS  
FROM MOBILE COUNTY TREASURER TO MOBILE COUNTY  
FINANCE DEPARTMENT

WHEREAS, the Mobile County Treasurer currently performs certain responsibilities related to reconciling and balancing Mobile County Commission's bank accounts and investment accounts, and responsibilities for processing garnishments received by the County among other functions; and

WHEREAS, Mobile County Commission requests that all functions concerning reconciling and balancing of all Mobile County Commission's bank accounts, investment accounts, and processing garnishments shall be performed by the Mobile County Finance Department.

NOW, THEREFORE, BE IT RESOLVED that the Mobile County Commission DIRECTS that the responsibilities related to reconciling and balancing all Mobile County Commission's bank accounts, all investment accounts, and all responsibilities for processing garnishments shall no longer to be performed by the Mobile County Treasurer as all those responsibilities are transferred as expeditiously as possible to the Mobile County Finance Department. Mobile County Finance Department shall receive immediate access to digital bank records to review and download transactional data for the period October 2022 and moving forward.

STATE OF ALABAMA  
COUNTY OF MOBILE

I, Glenn L. Hodge, County Administrator, hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Mobile County Commission in its regular meeting convened the 15th day of February, 2024.

IN WITNESS WHEREOF, I have hereunto set my hand and the official seal of the Mobile County Commission on this the 16<sup>th</sup> day of February, 2024.

  
\_\_\_\_\_  
Glenn L. Hodge, County Administrator  
Mobile County Commission



The Director of Finance, Deputy Director of Finance and Comptroller will have read-only real-time access to the Commission's banking information. The Commission's bank statements will be reconciled to its general ledger. Bank reconciliations will be reviewed and approved by either the Comptroller, Deputy Director of Finance or Director of Finance.

***Anticipated Completion Date:*** June 30, 2024

***Contact Person(s):***

Dana Foster-Allen, Director of Finance, Aspen Collins, Deputy Director of Finance, or Eddie Kerr, Deputy County Administrator

**2022-003**

***Finding:***

The Governmental Accounting Standards Board's ***Codification of Governmental Accounting and Financial Reporting Standards***, Section 1400, requires capital assets to be properly valued, depreciated and reported in the government-wide financial statements. To comply with this standard, policies and procedures should be in place to ensure periodic inventories of capital assets are performed, capital outlay expenditures are reconciled to additions to capital assets, reclassifications of capital assets are accurately recorded and a detailed listing of capital assets is maintained in the accounting records. A physical inventory of capital assets was not completed during the audit period. Also, documentation provided to substantiate the capital asset balances did not always reconcile to amounts recorded in the financial statements. Procedures were not in place to ensure physical inventories of capital assets were performed or to accurately reconcile capital asset balances to supporting documentation. As a result, the Commission's capital assets were not always properly accounted for or recorded.

***Recommendation:***

The Commission should implement procedures to ensure capital asset balances are accurately recorded in the accounting records.

***Response/Views:***

We agree with the finding. In August 2022, the Commission underwent its largest ERP system upgrade in twenty-four years. There were errors in the data conversion.

***Corrective Action Planned:***

The Commission has corrected the discrepancies identified. The Commission has hired additional staff to assist with managing its capital assets. Capital asset reports will be run quarterly. Fixed asset additions will be reconciled to capital outlay expenditures. Differences will be investigated. The schedule of capital assets will be complete and substantiated by documentation.

***Anticipated Completion Date:*** June 30, 2024

***Contact Person(s):***

Dana Foster-Allen, Director of Finance, Aspen Collins, Deputy Director of Finance, or Eddie Kerr, Deputy County Administrator

DocuSigned by:  
  
65EA8863BD8F467...

2/26/2024

---

Glenn Hodge, Administrator

---

Date