



**Mobile County Commission  
Mobile County, Alabama**

**FINANCIAL STATEMENTS**

**September 30, 2023**



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## INDEPENDENT AUDITORS' REPORT

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

### 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 (the Commission), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinion.

### Prior Period Adjustment

As discussed in Note 15 to the basic financial statements, prior period adjustments were made to the governmental activities. Net position was appropriately adjusted as of October 1, 2022. Our opinion is not modified with respect to these matters.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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 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.

### **Auditors' 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 auditors' report that includes our opinion. 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 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 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**

U.S. generally accepted accounting principles require that Management's Discussion and Analysis (MD&A) and Required Supplementary Information other than MD&A, as listed in the table of contents, 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 an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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**

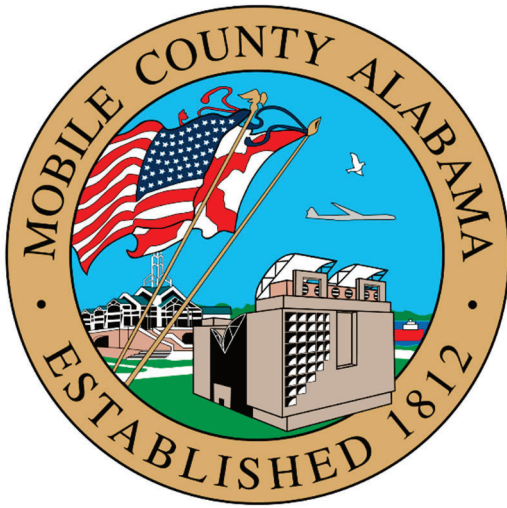
In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2025 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and 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 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 Commission's internal control over financial reporting and compliance.

*William Miller, LLC*

Mobile, Alabama  
March 14, 2025

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## 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 (Commission) Management Discussion and Analysis report (MD&A) is designed to provide an objective, easy-to-read analysis of the Commission's financial activities for the fiscal year that ended September 30, 2023. Please read the report in conjunction with the Commission'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

- The Commission's governmental funds ending balances total \$342,573,371, of which 24.9% (\$85,278,450) is unassigned.
- At the end of the Fiscal Year 2023, the Commission's unassigned fund balance in the general fund decreased by \$19,870,097. The total ending fund balance in the general fund as of September 30, 2023, was \$91,895,465.
- The Commission assigned \$36,687,015 of its unassigned fund balance to capital improvement projects.

## 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 Commission'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 Commission's assets less its liabilities on September 30, 2023. 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 Commission's.

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. The Mobile County Commission 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 Commission as a whole. The Commission’s operations are reported in the Governmental Funds section of the MD&A.

The Governmental Funds section focuses on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the Commission’s general government operations and the basic services it provides. Governmental fund information may be helpful in evaluating the Commission’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, 2023.

## Comparative Statement of Net Position

Stated in Thousands

	2023	2022	\$ Change	% Change
<b>Assets</b>				
Current and Other Assets	530,192	534,491	(4,299)	-1%
Capital Assets, Net	566,075	503,370	62,705	12%
<b>Total Assets</b>	<b>1,096,267</b>	<b>1,037,861</b>	<b>58,406</b>	<b>6%</b>
<b>Deferred Outflows of Resources</b>				
Loss on Refunding of Debt	3,142	3,486	(344)	-10%
Deferred Outflows Related to Lease Liability	360	619	(259)	-42%
Employer Pension Contributions	7,178	6,663	515	8%
Proportionate Share of Deferred Outflows Related to Pension Liability	37,114	23,769	13,345	56%
Proportionate Share of Deferred Outflows Related to Other Postemployment Benefits (OPEB) Liability	13,600	5,618	7,982	142%
<b>Total Deferred Outflows of Resources</b>	<b>61,394</b>	<b>40,155</b>	<b>21,239</b>	<b>53%</b>
<b>Liabilities</b>				
Current Liabilities	96,315	112,748	(16,433)	-15%
Noncurrent Liabilities	354,735	317,180	37,555	12%
<b>Total Liabilities</b>	<b>451,050</b>	<b>429,928</b>	<b>21,122</b>	<b>5%</b>
<b>Deferred Inflows of resources</b>				
Unavailable Revenue - Property Taxes	84,079	77,931	6,148	8%
Revenue Received in Advance - Motor Vehicle Taxes	5,194	4,556	638	14%
Deferred Lease Receivable	3,226	4,806	(1,580)	-33%
Proportionate Share of Deferred Inflows Related to Pension Liability	2,424	24,473	(22,049)	-90%
Proportionate Share of Deferred Inflows Related to OPEB Liability	24,675	26,904	(2,229)	-8%
<b>Total Deferred Inflows of Resources</b>	<b>119,598</b>	<b>138,670</b>	<b>(19,072)</b>	<b>-14%</b>
<b>Net Position</b>				
Invested in Capital Assets	421,804	421,474	330	0%
<b>Restricted for:</b>				
Debt Service	55,436	70,329	(14,893)	-21%
Road Projects	188,947	104,065	84,882	82%
Other Purposes	3,297	1,453	1,844	127%
Unrestricted	(82,471)	(87,903)	5,432	-6%
<b>Total Net Position</b>	<b>587,013</b>	<b>509,418</b>	<b>77,595</b>	<b>15%</b>

As shown above, the Commission's total assets increased by 6% or \$58.4 million. The Commission's total liabilities increased nominally by 5% (\$21 million). Overall, the Commission's assets and deferred outflows exceeded liabilities and deferred inflows by \$587 million. The Commission increased its net position by 15% compared to the period that ended September 30, 2022.

The table below displays a condensed statement reflecting the changes in net position from Fiscal Year 2022 to Fiscal Year 2023.

### Comparative Statement of Changes in Net Position

Stated in Thousands

	2023	2022	\$ Change	% Change
<b>Revenues:</b>				
Program Revenues				
Charges for Services	\$ 27,152	\$ 28,383	\$ (1,231)	-4%
Operating Grants and Contributions	69,259	48,752	20,507	42%
Capital Grants and Contributions	1,449	1,614	(165)	-10%
<b>Total Program Revenues</b>	<b>97,860</b>	<b>78,749</b>	<b>19,111</b>	<b>24%</b>
<b>General Revenues:</b>				
Taxes				
Property Taxes for General Purposes	34,937	32,771	2,166	7%
Property Taxes for Specific Purposes	63,420	61,272	2,148	4%
General Sales Tax	95,626	90,137	5,489	6%
County Gasoline Sales Tax	379	1,147	(768)	-67%
Other County Sales and Use Taxes	15,038	14,523	515	4%
Grants and Contributions Not Restricted for Specific Purposes	5,274	8,317	(3,043)	-37%
Investment Earnings	10,662	1,038	9,624	927%
Miscellaneous	6,713	728	5,985	822%
Gain on Sale of Capital Assets	643	996	(353)	-35%
<b>Total General Revenues</b>	<b>232,692</b>	<b>210,929</b>	<b>21,763</b>	<b>10%</b>
<b>Total Revenues</b>	<b>330,552</b>	<b>289,678</b>	<b>40,874</b>	<b>14%</b>
<b>Program Expenses</b>				
General Government	92,348	90,935	1,413	2%
Public Safety	94,866	84,051	10,815	13%
Highways and Roads	29,416	43,916	(14,500)	-33%
Sanitation	4,924	6,265	(1,341)	-21%
Health	4,277	4,438	(161)	-4%
Welfare	4,351	8,537	(4,186)	-49%
Culture and Recreation	13,698	9,955	3,743	38%
Education	6,245	6,164	81	1%
Interest and Fiscal Charges	8,438	3,686	4,752	129%
<b>Total Expenses</b>	<b>258,563</b>	<b>257,947</b>	<b>616</b>	<b>0%</b>
Change in Net Position	71,989	31,731	40,258	127%
Net Position, Beginning of Year	515,024	477,687	37,337	8%
<b>Net Position, September 30</b>	<b>\$ 587,013</b>	<b>\$509,418</b>	<b>\$ 77,595</b>	<b>15%</b>

The Commission recorded program revenue of \$97.9 million for the Fiscal Year that ended September 30, 2023. Program revenues consist of revenue collected through charges for services, program-specific operating grants, and program-specific capital grants. The amount collected during Fiscal Year 2023 represents a 24% increase over Fiscal Year 2022 collections.

The Commission recorded general revenues of \$232.7 million for the fiscal year that ended September 30, 2023. 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 10% increase over Fiscal Year 2022 collections. A major factor leading to the increase in general revenue is due to the overall increase in investment earnings. Revenue generated from investments increased by 927% or \$9.6 million over Fiscal Year 2022. In total, revenue increased by \$40.9 million, or 14%, over Fiscal Year 2022.

For the period ending September 30, 2023, expenditures remained relatively unchanged. Notable expenses during Fiscal Year 2023 are as follows:

1. In October 2022, the Commission approved for employees both a 5% cost of living adjustment and a one-time non-recurring benefit of \$2,500.
2. The Commission absorbed the projected 2023 increase in employee benefits and did not pass those costs to the employees.

The Commission's expenditures on general government activities increased by 2% and its expenditures for public safety increased by 13%, due to capital equipment purchases and increased payroll costs. Expenditures on all other categories decreased by a cumulative amount of \$11.6 million.

## **Governmental Funds**

Governmental funds presented individually in the Commission's 2023 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 Commission 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, are now reported as part of the general fund; however, these funds continue to be held separately.

## **MAJOR FUND INFORMATION**

### **Governmental Fund Balance Sheet**

(in Thousands)

	<b>General Fund</b>		<b>Reappraisal</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Total Assets</b>	\$ 175,388	\$ 170,250	\$ 15,143	\$ 11,615
<b>Total Liabilities</b>	30,189	12,823	4,299	3,195
<b>Total Deferred Inflows of Resources</b>	53,304	45,971	10,844	8,420
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Inventories and Prepaid Items	3,324	3,217	-	-
<b>Restricted For:</b>				
Debt Service	-	-	-	-
Highways and Roads	-	-	-	-
Other Purposes	-	-	-	-
<b>Assigned To:</b>				
Other Purposes	202	-	-	-
Unassigned	88,369	108,239	-	-
<b>Total Fund Balances</b>	<b>91,895</b>	<b>111,456</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
	<b>\$ 175,388</b>	<b>\$170,250</b>	<b>\$ 15,143</b>	<b>\$ 11,615</b>

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

(in Thousands)

	Special Highway Tax		Coronavirus Rescue	
	2023	2022	2023	2022
<b>Total Assets</b>	\$ 86,681	\$ 97,219	\$ 60,750	\$ 80,033
<b>Total Liabilities</b>	5,231	856	60,626	79,909
<b>Total Deferred Inflows of Resources</b>	28,352	28,094	-	-
<b>Fund Balances</b>				
Nonspendable				
Inventories and Prepaid Items	-	-	-	-
Restricted For:				
Debt Service	53,098	68,269	-	-
Highways and Roads	-	-	-	-
Other Purposes	-	-	124	124
Assigned To:				
Other Purposes	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>53,098</b>	<b>68,269</b>	<b>124</b>	<b>124</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
	<b>\$ 86,681</b>	<b>\$ 97,219</b>	<b>\$60,750</b>	<b>\$80,033</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 Commission'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, 2023, the unassigned fund balance in the Commission's general fund was \$88.4 million.

The statement on the following page presents its consolidated revenue and expenditure information for the County's major funds. The general fund balance decreased by \$19.6 million while the special highway tax fund balance decreased by \$15.1 million.



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

	General Fund		Reappraisal	
	2023	2022	2023	2022
Revenue and Other Sources	\$227,479	\$ 203,816	\$ 7,473	\$ 7,484
Expenses and Other Uses	247,040	200,335	7,473	7,484
Increase (Dec) in Fund Balance	19,561	3,481	-	-
<b>Fund Balance at Beg of Year</b>	<b>111,456</b>	<b>107,975</b>	<b>-</b>	<b>-</b>
<b>Fund Balance at Year End</b>	<b>\$91,895</b>	<b>\$111,456</b>	<b>\$ -</b>	<b>\$ -</b>

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

	Special Highway Tax		Coronavirus Rescue	
	2023	2022	2023	2022
Revenue and Other Sources	\$ 41,074	\$ 36,751	\$ 20,101	\$ 2,333
Expenses and Other Uses	56,245	8,259	20,101	2,209
Increase (Dec) in Fund Balance	15,171	28,492	-	124
<b>Fund Balance at Beg of Year</b>	<b>68,269</b>	<b>39,777</b>	<b>124</b>	<b>-</b>
<b>Fund Balance at Year End</b>	<b>\$ 53,098</b>	<b>\$ 68,269</b>	<b>\$ 124</b>	<b>\$ 124</b>

**Debt Administration**

As of September 30, 2023, the Commission had \$354.7 million in outstanding bonds, notes payable, and other long-term liabilities as shown in the table below:

**Outstanding Long Term Debt**  
**September 30, 2023 and 2022**  
(amounts expressed in thousands)

Governmental Activities:	2023	2022	\$ Change	% Change
Bonds/warrants net	\$ 191,830	\$ 203,792	\$ (11,962)	-5.9%
Net Pension Liability	114,298	70,285	44,013	62.6%
Other Postemployment Benefits	36,147	31,699	4,448	14.0%
Other Liabilities	12,460	11,404	1,056	9.3%
<b>Total Long-Term Liabilities</b>	<b>\$ 354,735</b>	<b>\$ 317,180</b>	<b>\$ 37,555</b>	<b>11.8%</b>

The balance on September 30, 2022, was \$317 million. The Commission's debt increased by \$37.6 million over the previous fiscal year primarily due to the increase in the net pension liability.

## Capital Assets

The table on the following page displays capital assets as of September 30, 2023, and September 30, 2022.

### Capital Assets September 30, 2023 and 2022 (amounts expressed in thousands)

<b>Governmental Activities:</b>	<b>2023</b>	<b>2022</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Non Depreciable Capital Assets:</b>				
Land	\$ 69,599	\$ 66,897	\$ 2,702	4.04%
Construction in Progress	53,702	39,776	13,926	35.01%
Infrastructure in Progress	78,932	48,016	30,916	64.39%
<b>Capital Assets Being Depreciated:</b>				
Infrastructure	298,742	286,892	11,850	4.13%
Buildings	186,902	186,713	189	0.10%
Equipment and Furniture	26,293	28,208	(1,915)	-6.79%
Vehicles and Heavy Equipment	37,833	39,637	(1,804)	-4.55%
Accumulated Depreciation	(191,449)	(188,538)	(2,911)	1.54%
<b>Capital Assets, Net</b>	<b>\$ 560,554</b>	<b>\$ 507,601</b>	<b>\$ 52,953</b>	<b>10.43%</b>

As shown above, the Commission's beginning balance of net capital assets was \$507.6 million. Construction in progress as well as infrastructure in progress increased due to the start of new projects. The Commission increased its depreciable capital assets nominally. At the end of Fiscal Year 2023, the Commission had \$560.6 million invested in capital assets. This is an increase of \$53 million over Fiscal Year 2022.

## Economic Factors and Next Year's Budget

The budget for Fiscal Year 2024 continues to provide 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 2024 budget are as follows:

### Capital Investment

- Mobile County Aquatic Center
- Capital Equipment
- Mobile County Golf Course & Waterfront Park
- West Mobile County Park
- Mobile County Soccer Complex
- Africatown Welcome Center and its Interpretive Center, as well as Isom Clemon Civil Rights Memorial Park
- Chickasabogue Park upgrades and Mobile County Blueway enhancements
- Civil Rights and Cultural Heritage District (community square and infrastructure)

### Personnel

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

## 2024 General Fund Budget

Increases and decreases in revenue categories are based on 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:

	2024	2023	Increase/ (Decrease)	%
<b>Revenue</b>				
Taxes	\$ 121,598,427	\$ 117,929,425	\$ 3,669,002	3%
Licenses and permits	1,801,000	1,816,000	(15,000)	-1%
Intergovernmental	33,355,414	20,401,297	12,954,117	63%
Charges for services	19,096,200	18,225,950	870,250	5%
Miscellaneous	1,420,700	1,068,200	352,500	33%
<b>Total revenue</b>	<b>177,271,741</b>	<b>159,440,872</b>	<b>17,830,869</b>	<b>11%</b>
Budgeted fund balance	20,260,735	47,099,426	(26,838,691)	-57%
<b>Total revenue and budgeted fund balance</b>	<b>197,532,476</b>	<b>206,540,298</b>	<b>(9,007,822)</b>	<b>-4%</b>
<b>Other financing sources</b>				
Transfers in	5,817,560	8,000,000	(2,182,440)	-27%
<b>Total revenue and other financing sources</b>	<b>\$ 203,350,036</b>	<b>\$ 214,540,298</b>	<b>\$ (11,190,262)</b>	<b>-5%</b>

The proposed Fiscal Year 2024 General Fund budget reflects carryforward, revenue, and operating transfers totaling \$203,350,036. The proposed budget includes \$20.3 million in carryover to fund its initiatives. The projected revenue and other financing sources are 5% less than the current budget.

The chart below provides a comparison of amounts budgeted for expenditures for 2024 and 2023 respectively.

	2024	2023	Increase/ (Decrease)	%
<b>Expenditures</b>				
General government	\$ 73,359,921	\$ 69,731,051	\$ 3,628,870	5%
Public safety	93,714,241	87,609,929	6,104,312	7%
Environmental compliance	5,819,054	4,960,528	858,526	17%
Health	900,876	908,317	(7,441)	-1%
Social services	1,048,194	1,034,224	13,970	1%
Culture and recreation	4,919,579	3,753,747	1,165,832	31%
Education	3,844,599	3,225,477	619,122	19%
Debt service	11,157,570	10,953,241	204,329	2%
Capital outlay	4,219,000	2,500,000	1,719,000	69%
<b>Total expenditures</b>	<b>198,983,034</b>	<b>184,676,514</b>	<b>14,306,520</b>	<b>8%</b>
<b>Other financing uses</b>				
Transfers out	4,367,002	29,863,784	(25,496,782)	-85%
<b>Total expenditures and other financing uses</b>	<b>\$ 203,350,036</b>	<b>\$ 214,540,298</b>	<b>\$ (11,190,262)</b>	<b>-5%</b>

For Fiscal Year 2024, the General Fund budget for expenditures and other financing uses totaled \$203,350,036 which includes \$4.4 million in transfers to other funds.

### 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 Mobile County Commission's finances and to demonstrate the Commission'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 Deputy Director at (251) 574-4904.

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**Mobile County Commission**  
**Mobile County, Alabama**  
Basic Financial Statements

## Mobile County Commission Statement of Net Position

<i>September 30, 2023</i>	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 134,999,027
Cash with fiscal agents	39,811,119
Investments	247,871,683
Receivables, net	15,232,702
Leases receivable	3,401,645
Ad valorem property taxes receivable	84,078,692
Inventories	1,487,696
Prepaid items	3,309,834
Capital assets	
Non-depreciable	202,232,854
Depreciable, net	358,321,539
Right-to-use lease assets, net	843,468
Right-to-use subscription assets, net	4,677,218
<b>Total assets</b>	<b>1,096,267,477</b>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to refunding	3,142,272
Deferred outflows related to leases	360,380
Deferred outflows related to OPEB	13,600,174
Employer pension contributions	7,177,538
Deferred outflows related to pensions	37,113,788
<b>Total deferred outflows of resources</b>	<b>61,394,152</b>

(Continued)

*The accompanying notes are an integral part of these financial statements.*

**Mobile County Commission**  
**Statement of Net Position (Continued)**

<i>September 30, 2023</i>	Governmental Activities
<b>Liabilities</b>	
Accounts payable	15,471,276
Unearned revenue	74,227,192
Accrued wages payable	3,636,212
Employee benefits payable	1,435,120
Accrued interest payable	1,545,670
Non-current liabilities	
Due within one year	
Workers compensation claims payable	311,109
Compensated absences	5,719,263
Lease liability	300,586
Subscription liability	892,936
Bonds/warrants payable	11,484,000
Unamortized premium	1,928,988
Due in more than one year	
Workers compensation claims payable	1,855,761
Compensated absences	1,378,215
Lease liability	547,307
Subscription liability	1,455,155
Bonds/warrants payable	158,140,000
Unamortized premium	20,277,373
Net pension liability	114,297,863
Net OPEB liability	36,146,824
Total liabilities	451,050,850
<b>Deferred Inflows of Resources</b>	
Unavailable revenue - property taxes	84,078,692
Revenue received in advance - motor vehicle taxes	5,194,188
Deferred inflows related to leases	3,226,848
Deferred inflows related to pensions	2,423,696
Deferred inflows related to OPEB	24,674,600
Total deferred inflows of resources	119,598,024
<b>Net Position</b>	
Net investment in capital assets	421,804,334
Restricted for	
Capital projects	188,947,273
Debt service	55,435,574
Other purposes	3,296,628
Unrestricted	(82,471,054)
Total net position	\$ 587,012,755

*The accompanying notes are an integral part of these financial statements.*



## Mobile County Commission Statement of Activities

*For the year ended September 30, 2023*

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 92,348,358	\$ 26,037,346	\$ 22,144,873	\$ -
Public safety	94,866,247	270,459	22,829,185	-
Highways and roads	29,415,885	536,893	12,346,082	1,448,919
Sanitation	4,923,539	151,054	6,575,772	-
Health	4,276,592	30,221	21,130	-
Welfare	4,351,392	-	1,760,763	-
Culture and recreation	13,698,044	126,153	3,581,142	-
Education	6,245,096	-	-	-
Interest and fiscal charges	8,438,377	-	-	-
<b>Total governmental activities</b>	<b>\$ 258,563,530</b>	<b>\$ 27,152,126</b>	<b>\$ 69,258,947</b>	<b>\$ 1,448,919</b>

### General revenues

#### Taxes

Property taxes, levied for general purposes

Property taxes, levied for specific purposes

County gasoline sales tax

General sales tax

Other taxes

Grants and contributions not restricted for specific purposes

Investment earnings

Miscellaneous

Gain on sale of capital assets

---

Total general revenues

---

Change in net position

---

Net position, beginning of year as previously reported

---

Prior period adjustment

---

Net position, beginning of year as previously reported

---

Net position, end of year

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*The accompanying notes are an integral part of these financial statements.*

Net (Expense)  
Revenue and Changes  
in Net Position

---

Total  
Governmental  
Activities

---

\$ (44,166,139)  
(71,766,603)  
(15,083,991)  
1,803,287  
(4,225,241)  
(2,590,629)  
(9,990,749)  
(6,245,096)  
(8,438,377)

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\$ (160,703,538)

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34,937,127  
63,419,883  
379,302  
95,625,890  
15,038,227  
5,273,778  
10,662,132  
6,713,064  
642,567

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232,691,970

---

71,988,432

---

509,418,406

---

5,605,917

---

515,024,323

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\$ 587,012,755

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## Mobile County Commission Balance Sheet – Governmental Funds

September 30, 2023	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	\$ 51,281,697	\$ 2,788,935	\$ 2,540,480	\$ 1,794,831	\$ 76,593,084	\$ 134,999,027
Cash with fiscal agents	280	-	17,518,298	-	22,292,541	39,811,119
Investments	35,527,727	-	40,360,536	58,059,467	113,923,953	247,871,683
Receivables	10,832,126	-	2,135	-	4,398,441	15,232,702
Leases receivable	3,401,645	-	-	-	-	3,401,645
Ad valorem property taxes receivable	46,974,608	10,844,084	26,260,000	-	-	84,078,692
Due from other funds	24,159,158	1,410,659	-	896,142	11,537,244	38,003,203
Inventories	1,728	-	-	-	1,485,968	1,487,696
Prepaid items	3,209,561	99,523	-	-	750	3,309,834
<b>Total assets</b>	<b>\$ 175,388,530</b>	<b>\$ 15,143,201</b>	<b>\$ 86,681,449</b>	<b>\$ 60,750,440</b>	<b>\$ 230,231,981</b>	<b>\$ 568,195,601</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 8,648,205	\$ 218,203	\$ -	\$ 62,757	\$ 6,542,111	\$ 15,471,276
Accrued wages payable	3,469,424	138,235	-	-	28,553	3,636,212
Employee benefits payable	1,366,977	56,191	-	-	11,952	1,435,120
Due to other funds	16,355,060	512,630	5,231,349	1,446,787	14,457,377	38,003,203
Workers compensation claims payable	311,109	-	-	-	-	311,109
Compensated absences	38,390	-	-	-	-	38,390
Unearned revenue	-	3,373,858	-	59,116,921	11,736,413	74,227,192
<b>Total liabilities</b>	<b>30,189,165</b>	<b>4,299,117</b>	<b>5,231,349</b>	<b>60,626,465</b>	<b>32,776,406</b>	<b>133,122,502</b>
<b>Deferred inflows of resources</b>						
Revenue recorded in advance -						
motor vehicles taxes	3,102,444	-	2,091,744	-	-	5,194,188
Unavailable revenue - property taxes	46,974,608	10,844,084	26,260,000	-	-	84,078,692
Leases	3,226,848	-	-	-	-	3,226,848
<b>Total deferred inflows of resources</b>	<b>53,303,900</b>	<b>10,844,084</b>	<b>28,351,744</b>	<b>-</b>	<b>-</b>	<b>92,499,728</b>
<b>Fund balances</b>						
Nonspendable						
Inventories and prepaid items	3,324,600	-	-	-	1,486,718	4,811,318
Restricted for						
Debt service	-	-	53,098,356	-	3,882,888	56,981,244
Highways and roads	-	-	-	-	126,914,348	126,914,348
Capital projects	-	-	-	-	28,947,433	28,947,433
Other purposes	-	-	-	123,975	1,081,915	1,205,890
Assigned to						
Highways and roads	-	-	-	-	1,461,331	1,461,331
Capital projects	-	-	-	-	35,225,684	35,225,684
Other purposes	201,785	-	-	-	1,545,888	1,747,673
Unassigned	88,369,080	-	-	-	(3,090,630)	85,278,450
<b>Total fund balances</b>	<b>91,895,465</b>	<b>-</b>	<b>53,098,356</b>	<b>123,975</b>	<b>197,455,575</b>	<b>342,573,371</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 175,388,530</b>	<b>\$ 15,143,201</b>	<b>\$ 86,681,449</b>	<b>\$ 60,750,440</b>	<b>\$ 230,231,981</b>	<b>\$ 568,195,601</b>

*The accompanying notes are an integral part of these financial statements.*

## Mobile County Commission

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

*September 30, 2023*

Total fund balances - governmental funds	\$	342,573,371
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital and right-to-use assets	\$	758,995,708
Less accumulated depreciation and amortization	<u>(192,920,629)</u>	566,075,079
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		
		3,142,272
Deferred outflows and inflows of resources related to leases are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		360,380
Deferred outflows and inflows of resources related to pensions are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		41,867,630
Deferred outflows and inflow of resources related to OPEB are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		(11,074,426)
Long-term liabilities, including total OPEB liability, net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability	\$	(114,297,863)
Bonds/warrants payable	(169,624,000)	
Unamortized premium	(22,206,361)	
Workers compensation	(1,855,761)	
Compensated absences	(7,059,088)	
Subscription liability	(2,348,091)	
Lease obligations	(847,893)	
Other postemployment benefits liability	(36,146,824)	
Accrued interest	(1,545,670)	(355,931,551)
Net position of governmental activities	\$	587,012,755

*The accompanying notes are an integral part of these financial statements.*

**Mobile County Commission**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances –**  
**Governmental Funds**

<i>For the year ended September 30, 2023</i>	General Fund	Reappraisal Fund	Special Highway Tax Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 145,907,817	\$ 7,282,596	\$ 37,065,419	\$ -	\$ 6,838,510	\$ 197,094,342
Licenses and permits	2,095,886	-	-	-	536,893	2,632,779
Intergovernmental	42,331,826	-	475,312	18,935,528	29,884,564	91,627,230
Charges for services	19,716,109	-	-	-	1,683,653	21,399,762
Miscellaneous	4,077,459	190,140	3,533,314	1,165,673	7,973,199	16,939,785
Total revenues	214,129,097	7,472,736	41,074,045	20,101,201	46,916,819	329,693,898
<b>Expenditures</b>						
Current						
General government	71,929,642	6,666,040	1,152,942	10,337,835	3,328,718	93,415,177
Public safety	92,040,947	-	-	-	814,050	92,854,997
Highways and roads	15,276,983	-	-	-	6,650,597	21,927,580
Sanitation	4,719,306	-	-	-	47,292	4,766,598
Health	908,317	-	-	-	3,368,275	4,276,592
Welfare	1,045,661	-	-	-	3,134,166	4,179,827
Culture and recreation	2,871,305	-	-	-	8,110,558	10,981,863
Education	3,648,068	-	-	-	2,577,814	6,225,882
Capital outlay	8,436,058	806,696	-	529,295	59,565,082	69,337,131
Debt service						
Principal	9,525,332	-	2,715,000	-	375,000	12,615,332
Interest	4,123,945	-	2,232,996	-	1,116,100	7,473,041
Total expenditures	214,525,564	7,472,736	6,100,938	10,867,130	89,087,652	328,054,020
Excess (deficiency) of revenues over (under) expenditures	(396,467)	-	34,973,107	9,234,071	(42,170,833)	1,639,878
<b>Other Financing Sources (Uses)</b>						
Transfers in	9,234,070	-	-	-	88,045,918	97,279,988
Transfers out	(32,513,785)	-	(50,144,444)	(9,234,070)	(5,387,689)	(97,279,988)
Sale of capital assets	151,373	-	-	-	990,744	1,142,117
Proceeds from issuance of debt	3,963,971	-	-	-	-	3,963,971
Net other financing sources (uses)	(19,164,371)	-	(50,144,444)	(9,234,070)	83,648,973	5,106,088
Net change in fund balances	(19,560,838)	-	(15,171,337)	1	41,478,140	6,745,966
Fund balances, beginning of year	111,456,303	-	68,269,693	123,974	155,977,435	335,827,405
Fund balances, end of year	\$ 91,895,465	\$ -	\$ 53,098,356	\$ 123,975	\$ 197,455,575	\$ 342,573,371

*The accompanying notes are an integral part of these financial statements.*

# Mobile County Commission

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

<i>For the year ended September 30,</i>	<i>2023</i>
Net change in fund balances - total governmental funds	\$ 6,745,966
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceed depreciation in the current period.	56,321,256
In the statement of activities, the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, disposals are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets.	(499,550)
Proceeds from the issuance of debt are reported as an other financing source in governmental funds but as an increase of long-term liabilities in the Statement of Net Position	(3,963,971)
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the Statement of Net Position	12,615,332
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:	
Pension expense	\$ (8,105,187)
OPEB expense	5,763,578
Accrued interest expense	83,298
Workers compensation	(56,696)
Compensated absences	1,499,678
	(815,329)
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	1,584,728
Change in net position of governmental activities	\$ 71,988,432

*The accompanying notes are an integral part of these financial statements.*

**Mobile County Commission**  
**Statement of Fiduciary Net Position – Fiduciary Funds**

<i>September 30, 2023</i>	Private-Purpose Trust Funds	Custodial Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 507,150	\$ 24,318,163
Total assets	\$ 507,150	\$ 24,318,163
<b>Liabilities</b>		
Due to individuals	\$ -	\$ 18,226,301
<b>Net Position</b>		
Restricted for		
Held in trust for other purposes	507,150	-
Held for individuals, organizations and other governments	-	6,091,862
Total liabilities and net position	\$ 507,150	\$ 24,318,163

*The accompanying notes are an integral part of these financial statements.*

**Mobile County Commission**  
**Statement of Changes in Fiduciary Net Position – Fiduciary Funds**

<i>For the year ended September 30, 2023</i>	Private-Purpose Trust Funds	Custodial Funds
<b>Additions</b>		
Contributions:		
Taxes	\$ -	\$ 345,865,766
Probate court	-	1,896,869
Licenses and fees	-	76,878,047
Interest	51	44,828
Inmate deposits	-	1,131,025
Total additions	51	425,816,535
<b>Deductions</b>		
Administrative expenses	-	421,639,018
Taxes and fees paid to other governments	-	672,026
Payment to beneficiaries	-	1,544,221
Total deductions	-	423,855,265
Net increase in fiduciary net position	51	1,961,270
Net position, beginning of year	507,099	4,130,592
Net position, end of year	\$ 507,150	\$ 6,091,862

*The accompanying notes are an integral part of these financial statements.*



## Mobile County Commission Notes to Financial Statements

### **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.

#### ***Reporting Entity***

The Mobile County Commission is a general purpose local government governed by separately elected commissioners. GAAP requires 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.

#### ***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. 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 applications 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 operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

##### *Fund Financial Statements*

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

## Mobile County Commission Notes to Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Government-Wide and Fund Financial Statements (continued)***

##### *Fund Financial Statements (continued)*

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 Commission'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.

## Mobile County Commission Notes to Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Government-Wide and Fund Financial Statements (continued)***

##### *Fiduciary Fund Types*

The Commission reports the following 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 individuals, private organizations, or other governments.

#### ***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, including 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 fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, which are recognized 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.

## Mobile County Commission Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### *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 Commission to invest in obligations of the U.S. Treasury and securities of federal agencies and certificates of deposit. Also, an amendment to the *Alabama Constitution of 1901*, allows Mobile County funds to be invested in secured repurchase agreements, secured commercial paper, and secured bankers' acceptance. 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 the time of purchase of one year or less – at amortized cost.

##### *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 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.

##### *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.

##### *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.

## Mobile County Commission Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Assets, Deferred Outflows, of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances (continued)***

##### *Lease Receivable*

The Commission is a lessor for noncancelable leases of buildings and parcels of land. The Commission recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements. 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.

The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for the lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

##### *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 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, improvement, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Depreciation on all assets is provided on the straight-line basis over the assets estimated useful life. 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:

Capital asset classes	Capitalization Threshold	Lives
Buildings	\$ 50,000	10 - 50 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
Right-to-use subscription assets	5,000	N/A

## Mobile County Commission Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Assets, Deferred Outflows, of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances (continued)***

##### *Capital Assets (continued)*

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.

##### *Right-to-Use Assets and Lease Liability*

The Commission is a lessee for noncancelable leases of equipment and buildings. The Commission recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. At the commencement of a lease, the Commission initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The right-to-use asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Right-to-use lease assets useful lives are determined by the length of the lease period and are amortized using the straight-line method. The Commission has elected to use the same capitalization thresholds for leased assets that it uses for those assets purchased.

Payments included in the measurement of present value include fixed payments; 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; variable payments that are fixed in substance; amounts that are reasonably certain of being required to be paid by the Commission under residual value guarantees; the exercise price of a purchase option if it is reasonably certain that the Commission will exercise that option; 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; any lease incentives receivable from the lessor; and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

##### *Subscription Based IT Agreements*

The Commission obtains the right to use vendor's information technology software through various long-term contracts. The Commission recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. At the commencement of a subscription, the Commission initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The right-to-use asset is initially measured as the initial amount of the subscription liability adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Right-to-use subscription assets useful lives are determined by the length of the subscription period and are amortized using the straight-line method. Key estimates and judgments include how the Commission determines the discount rate and subscription term it uses to discount the expected subscription payments to present value. The subscription's term includes the noncancelable period of the subscription. Subscription payments included in the measurement of the subscription payable are composed of fixed payments as outlined in the subscription.

## Mobile County Commission Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Assets, Deferred Outflows, of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances (continued)***

##### *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.

##### *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 40 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



## Mobile County Commission Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Assets, Deferred Outflows, of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances (continued)***

##### Annual Leave (continued)

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

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

##### Sick Leave

Sick leave benefits with pay are provided for permanent full-time employees in the amount of 10 workdays per fiscal year for 40 hour a week employees and 14 workdays per fiscal year for employees who work an average of 56 hours per week. Unused sick leave credits may be accumulated and carried over into successive fiscal years by employees. There is no limit on the number of hours an employee may accrue. In the event of death or retirement due only to the longevity of the 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 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 payment, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.



## Mobile County Commission Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Assets, Deferred Outflows, of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances (continued)***

##### *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report deferred outflows of resources which represent a consumption of net assets or fund balance that is applicable to a future reporting period so will not be recognized as an outflow of resources (expense/expenditure) until that time. In addition to liabilities, the statement of net position will sometimes report deferred inflows of resources which represent an acquisition of net assets or fund balance that is applicable to a future reporting period so will not be recognized as an inflow of resources (revenue) until that time.

##### *Net Position/Fund Balances*

*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 the 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.

## Mobile County Commission Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Assets, Deferred Outflows, of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances (continued)***

##### *Net Position/Fund Balances (continued)*

- 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 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.

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

##### ***Postemployment Benefits Other Than Pension (OPEB)***

For the purposes of measuring 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 has 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.

## Mobile County Commission Notes to Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### **Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### ***Budgets***

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds, which adopt project-length budgets. 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 such purposes. The appropriations must not exceed the total revenues available plus any balances on hand. Expenditures may not legally exceed appropriations.

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

### **Note 3: DEPOSITS AND INVESTMENTS**

#### ***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 liability for the remaining balance.

The Commission has \$4,461,655 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.

## Mobile County Commission Notes to Financial Statements

### Note 3: DEPOSITS AND INVESTMENTS (Continued)

#### *Cash with Fiscal Agents*

As of September 30, 2023, the Commission's cash with fiscal agent was invested in money market funds.

	Rating Agency	Rating	Maturities	Amount
Money market funds:				
Regions Select Treasury	S&P	AAAm	Unknown	\$ 280
Morgan Stanley/Regions		Unrated	Unknown	39,810,839
Total				<u>\$ 39,811,119</u>

#### *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, 2023, the Commission had the following investments and maturities:

Investments	Maturities	Fair Value
General Fund	Less than 10 years	\$ 35,527,727
Special Highway Tax Fund	Less than 10 years	40,360,536
Coronavirus Rescue Act Fund	Less than 10 years	58,059,467
Other Governmental Funds	Less than 10 years	113,923,953
Total investments by fund		<u>\$ 247,871,683</u>

**Fair Value Measurement and Application.** The Commission categorizes its fair value measurements within the fair value hierarchy established by the 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, 2023, the Commission had the following recurring fair value investments:

	Fair Value	Level 1	Level 2	Level 3
Debt Securities:				
U.S. Treasury Securities	\$ 213,121,977	\$ -	\$ 213,121,977	\$ -
Government Agency Securities	16,541,223	-	16,541,223	-
Other investments	18,208,483	-	18,208,483	-
Total	<u>\$ 247,871,683</u>	<u>\$ -</u>	<u>\$ 247,871,683</u>	<u>\$ -</u>

## Mobile County Commission Notes to Financial Statements

### Note 3: DEPOSITS AND INVESTMENTS (Continued)

#### *Investments (continued)*

*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 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.

*Concentration 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.

### Note 4: RECEIVABLES

On September 30, 2023, receivables for the Commission's individual major funds and other governmental funds in the aggregate, are as follows:

	Accounts Receivable	Intergovernmental	Total
General Fund	\$ 2,680,718	\$ 8,151,408	\$ 10,832,126
Special Highway Tax	2,135	-	2,135
Other governmental funds	3,205,747	1,192,694	4,398,441
<b>Total</b>	<b>\$ 5,888,600</b>	<b>\$ 9,344,102</b>	<b>\$ 15,232,702</b>

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, 2023, the various components of unearned revenue reported in the governmental funds were as follows:

Governmental Funds:	
Grant funds received prior to meeting eligibility requirements	\$ 57,026,183
Unexpended county improvement funds	11,736,413
Unexpended reappraisal funds	3,373,858
<b>Total unearned revenue</b>	<b>\$ 72,136,454</b>

## Mobile County Commission Notes to Financial Statements

### Note 5: CAPITAL AND RIGHT-TO-USE ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

<i>For the year ended September 30, 2023</i>	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$66,897,527	\$ 2,701,970	\$ -	\$ 69,599,497
Construction-in-progress	39,775,937	14,055,919	(130,088)	53,701,768
Infrastructure-in-progress	48,016,081	40,352,321	(9,436,813)	78,931,589
Capital assets, not being depreciated	154,689,545	57,110,210	(9,566,901)	202,232,854
Capital assets, being depreciated				
Infrastructure	286,891,725	11,850,651	-	298,742,376
Buildings	186,713,099	188,671	-	186,901,770
Equipment and furniture	28,207,756	1,418,661	(3,332,955)	26,293,462
Vehicles and heavy equipment	39,637,187	4,371,867	(6,175,817)	37,833,237
Capital assets, being depreciated	541,449,767	17,829,850	(9,508,772)	549,770,845
Less accumulated depreciation for				
Infrastructure	(49,694,322)	(2,904,868)	-	(52,599,190)
Buildings	(92,151,503)	(3,779,754)	-	(95,931,257)
Equipment and furniture	(19,412,609)	(2,210,476)	2,895,452	(18,727,633)
Vehicles and heavy equipment	(27,279,464)	(3,025,532)	6,113,770	(24,191,226)
Total accumulated depreciation	(188,537,898)	(11,920,630)	9,009,222	(191,449,306)
Total capital assets being depreciated, net	352,911,869	5,909,220	(499,550)	358,321,539

(Continued)

## Mobile County Commission Notes to Financial Statements

### Note 5: CAPITAL AND RIGHT-TO-USE ASSETS (Continued)

<i>For the year ended September 30, 2023</i>	Beginning Balance*	Increases	Decreases	Ending Balance
Right-to-use lease assets, being amortized Equipment	749,980	573,317	-	1,323,297
Right-to-use lease assets, being amortized	749,980	573,317	-	1,323,297
Less accumulated amortization for Equipment	(265,376)	(214,453)	-	(479,829)
Total accumulated amortization	(265,376)	(214,453)	-	(479,829)
Right-to-use lease assets being amortized, net	484,604	358,864	-	843,468
Right-to-use subscription assets, being amortized Subscription-based information technology amortized	2,289,370	3,379,342	-	5,668,712
Right-to-use subscription assets, being amortized, net	2,289,370	3,379,342	-	5,668,712
Less accumulated amortization for Subscription-based information technology Right-to-use subscription assets	(122,015)	(869,479)	-	(991,494)
Right-to-use subscription assets being amortized, net	2,167,355	2,509,863	-	4,677,218
Governmental activities capital and right-to-use assets, net	\$510,253,373	\$65,888,157	\$ (10,066,451)	\$ 566,075,079

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

<i>For the year ended September 30,</i>	<i>2023</i>
Governmental activities	
General government	\$ 4,309,971
Public safety	1,477,512
Highways and roads	6,955,132
Sanitation	110,682
Welfare	80,495
Culture and recreation	59,366
Education	11,404
Total depreciation and amortization expense - governmental activities	\$ 13,004,562



**Note 6: DEFINED BENEFIT PENSION PLAN**

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

***Plan Description***

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide 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. Act 390 of the Legislature of 2021 will create two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by RSA. The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

The ERS Board of Control consists of 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), depended 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.



## Mobile County Commission Notes to Financial Statements

### Note 6: DEFINED BENEFIT PENSION PLAN (Continued)

#### *General Information about the Pension Plan (continued)*

##### *Benefits Provided (continued)*

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.

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 30, 2022, membership consisted of:

Reitrees and beneficiaries currently receiving benefits	30,598
Terminated employees entitled to but not yet receiving benefits	2,286
Terminated employees not entitled to a benefit	18,689
Active members	57,278
Post-DROP participants who are still in active service	39
<b>Total plan membership</b>	<b>108,890</b>

## Mobile County Commission Notes to Financial Statements

### Note 6: DEFINED BENEFIT PENSION PLAN (Continued)

#### *General Information about the Pension Plan (continued)*

##### *Benefits Provided (continued)*

As of September 30, 2022, the Commission membership consisted of:

Reitrees and beneficiaries currently receiving benefits	949
Terminated employees entitled to but not yet receiving benefits	52
Terminated employees not entitled to a benefit	240
Active members	1,491
Post-DROP participants who are still in active service	1
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Total plan membership	<hr/> 2,733 <hr/>

##### *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.

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, 2023, the Commission's active employee contribution rate was 5.00% for normal Tier 1 employees and 7.50% for normal tier 2 employees, and the Commission's average contribution rate to fund the normal and accrued liability costs was 9.27% of pensionable payroll for Tier 1 employees and 9.92% of pensionable payroll for Tier 2 employees.

## Mobile County Commission Notes to Financial Statements

### Note 6: DEFINED BENEFIT PENSION PLAN (Continued)

#### General Information about the Pension Plan (continued)

##### Contributions (continued)

The Commission's contractually required contribution rate for the year ended September 30, 2023 was 9.64% of pensionable pay for Tier 1 employees, and 10.29% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, 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 \$7,050,791 for the year ended September 30, 2023.

##### Net Pension Liability

The 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, 2021, rolled forward to September 30, 2022, using standard roll-forward techniques as shown in the following table:

	Total Pension Liability Rollforward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total pension liability as of September 30, 2021	\$ 308,666,619	\$ 306,463,347	\$ 306,668,089
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry age normal cost for the period October 1, 2021 through September 30, 2022	6,543,182	6,543,182	6,549,465
(d) Transfers among employers	-	(255,930)	(255,930)
(e) Actual benefit payments and refunds for the period October 1, 2021 through September 30, 2022	(18,673,924)	(18,673,924)	(18,673,924)
(f) Total pension liability for September 30, 2022 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	<u>\$ 318,835,936</u>	<u>\$ 316,212,591</u>	<u>\$ 316,438,869</u>
(g) Difference between expected and actual		\$ (2,623,345)	
(h) Less liability transferred for immediate recognition		<u>(255,930)</u>	
(i) Difference between expected and actual Experience (gain)/loss		<u>(2,367,415)</u>	
(j) Difference between actual TPL before and after plan changes - benefit change (gain)/loss			<u>\$ 226,278</u>

## Mobile County Commission Notes to Financial Statements

### Note 6: DEFINED BENEFIT PENSION PLAN (Continued)

#### *General Information about the Pension Plan (continued)*

##### *Actuarial Assumptions*

The total pension liability as of September 30, 2022, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2021. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected salary increases	3.25% - 6.00% for State and Local Employees and 4.00% - 7.75% for State Police, including inflation
Investment rate of return	7.45%, including inflation

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, 2021 valuation were based on the results of an actuarial experience study for the period October 1, 2015 through September 30, 2020.

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.

## Mobile County Commission Notes to Financial Statements

### Note 6: DEFINED BENEFIT PENSION PLAN (Continued)

#### *General Information about the Pension Plan (continued)*

##### *Actuarial Assumptions (continued)*

The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

Asset Class	Target Allocation	Long-term Expected Rate of Return*
Fixed income	15.0%	2.8%
US large stocks	32.0%	8.0%
US mid stocks	9.0%	10.0%
US small stocks	4.0%	11.0%
Int'l developed mkt stocks	12.0%	9.5%
Int'l emerging mkt stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real estate	10.0%	6.5%
Cash	5.0%	1.5%
<b>Total</b>	<b>100.00%</b>	

\* 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.

##### *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 Discount Rate (7.45%)	1% Increase (8.45%)
Net pension liability	\$ 148,809,167	\$ 114,297,863	\$ 85,007,741

## Mobile County Commission Notes to Financial Statements

### Note 6: DEFINED BENEFIT PENSION PLAN (Continued)

#### *Pension Expense and Deferred Inflows/Outflows of Resources Related to Pension*

For the year ended September 30, 2023, the Commission recognized pension expense of \$8,105,187. At September 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pension of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,760,000	\$ 2,423,696
Changes of assumptions	6,730,555	-
Net difference between projected and actual earnings on plan investments	24,393,008	-
Employer contributions subsequent to the measurement date	7,177,538	-
<b>Total</b>	<b>\$ 44,061,101</b>	<b>\$ 2,423,696</b>

\$7,177,538 reported as deferred outflows of resources related to pension resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

*For the years ending September 30,*

2024	\$ 9,957,568
2025	8,168,893
2026	6,641,136
2027	9,692,270
2028	-
<b>Total</b>	<b>\$ 34,459,867</b>

#### *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2022. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

## Mobile County Commission Notes to Financial Statements

### Note 7: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

##### *Plan Description*

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

##### *Benefits Provided*

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

##### *Employees Covered by Benefits Terms*

At September 30, 2023, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefit payments	523
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	1,408
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Total plan membership	1,931

##### *Total OPEB Liability*

The Commission's total OPEB liability of \$36,146,824 as of the reporting date of September 30, 2023, was measured as of September 30, 2022, and was determined by an actuarial valuation as of October 1, 2021.

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

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

Salary Increases	3.00 % per annum
Discount rate	4.77 % investment rate of return
Health care cost trend rates	5.00 %

## Mobile County Commission Notes to Financial Statements

### Note 7: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### *General Information about the OPEB Plan (Continued)*

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, with full generational improvements in mortality using Scale MP-2020.

#### *Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Total OPEB Liability (Asset) (a) - (b)
Balances at September 30, 2021	\$ 32,205,699	\$ 507,039	\$ 31,698,660
Changes for the year			
Service cost	1,103,591	-	1,103,591
Interest	1,535,929	2,535	1,533,394
Unexpected investment growth	-	(2,475)	2,475
Demographic experience	10,980,716	-	10,980,716
Benefit payments and refunds	(2,245,204)	-	(2,245,204)
Assumption changes	(6,926,808)	-	(6,926,808)
Net changes	4,448,224	60	4,448,164
Balance as of September 30, 2022	\$ 36,653,923	\$ 507,099	\$ 36,146,824

#### *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 (3.77%) or 1-percentage point higher (5.77%) than the current discount rate:

	1% Decrease (3.77%)	Current Discount Rate (4.77%)	1% Increase (5.77%)
Net OPEB Liability	\$ 38,867,218	\$ 36,146,824	\$ 33,722,979



## Mobile County Commission Notes to Financial Statements

### Note 7: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### *General Information about the OPEB Plan (Continued)*

##### *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% Decrease (4.00%)	Current Trend (5.00%)	1% Increase (6.00%)
Net OPEB Liability	\$ 33,443,769	\$ 36,146,824	\$ 39,184,231

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

For the year ended September 30, 2023, the Commission recognized OPEB expense of (\$5,763,578). At September 30, 2023, the deferred outflows and deferred inflows reported on the Commission's balance sheet are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balances at September 30, 2021	\$ 5,617,794	\$ 26,903,962
Change due to:		
Amortization payments	(3,000,811)	(9,156,170)
Investment gain/loss	2,475	-
Demographic gain/loss	10,980,716	-
Assumption changes	-	6,926,808
Balances at September 30, 2022	\$ 13,600,174	\$ 24,674,600

## Mobile County Commission Notes to Financial Statements

### Note 8: PAYABLES

On September 30, 2023, payables for the Commission's individual major funds and other governmental funds in the aggregate are as follows:

	General Fund	Reappraisal Fund	Coronavirus Rescue Act	Other Governmental Funds	Total
Vendors	\$4,892,932	\$ 218,203	\$ 62,757	\$ 6,564,373	\$ 11,738,265
Intergovernmental	94,824	-	-	(22,262)	72,562
Health Insurance Pool	(752,902)	-	-	-	(752,902)
Automobile Liability Claim:	239,311	-	-	-	239,311
General Liability	4,174,040	-	-	-	4,174,040
<b>Total Payables</b>	<b>\$8,648,205</b>	<b>\$ 218,203</b>	<b>\$ 62,757</b>	<b>\$ 6,542,111</b>	<b>\$ 15,471,276</b>

### Note 9: LONG TERM DEBT AND LEASE OBLIGATIONS

Mobile County has outstanding general obligation bonds and warrants totaling \$191,830,361. All of the Commission's outstanding bonds and warrants were sold in public offerings. The Commission does not have any outstanding debt obligations which have been privately placed with banks or other lenders. The Commission does not have any unused lines of credit.

Of the total general obligation indebtedness, \$45,390,000 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 Commission'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 Commission'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 Commission'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 Commission'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.

## Mobile County Commission Notes to Financial Statements

### **Note 9: LONG TERM DEBT AND LEASE OBLIGATIONS (Continued)**

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.

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 Commission'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 Commission'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 Commission'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 Commission 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 Commission for the benefit of the creditors thereof; or the commencement of proceedings by the Commission, or against the Commission 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.

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.

## Mobile County Commission Notes to Financial Statements

### Note 9: LONG TERM DEBT AND LEASE OBLIGATIONS (Continued)

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 Commission 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 Commission'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, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds/warrants and notes payable					
General obligation warrants	\$ 179,657,000	\$ -	\$ (10,033,000)	\$ 169,624,000	\$ 11,484,000
Unamortized amounts					
Unamortized premiums	24,135,349	-	(1,928,988)	22,206,361	1,928,988
Total bonds/warrants and notes payable	203,792,349	-	(11,961,988)	191,830,361	13,412,988
Other liabilities					
Lease liability	482,314	573,317	(207,738)	847,893	300,586
Subscription liability	1,307,275	3,379,342	(2,338,526)	2,348,091	892,936
Compensated absences	8,614,596	-	(1,517,118)	7,097,478	5,719,263
Worker's compensation	2,307,754	-	(140,884)	2,166,870	311,109
Net pension liability	70,284,525	44,013,338	-	114,297,863	-
Other postemployment benefits	31,698,660	4,448,164	-	36,146,824	-
Total other liabilities	114,695,124	52,414,161	(4,204,266)	162,905,019	7,223,894
Governmental activity long-term liabilities	\$ 318,487,473	\$ 52,414,161	\$ (16,166,254)	\$ 354,735,380	\$ 20,636,882

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

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

## Mobile County Commission Notes to Financial Statements

### Note 9: LONG TERM DEBT AND LEASE OBLIGATIONS (Continued)

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

<i>For the years ending September 30,</i>	<u>Governmental Activities</u>			Total
	General Obligation			
	<u>Bonds/Warrants</u>			
	Principal Payments	Interest Expense		
2024	\$ 11,484,000	\$ 7,118,445	\$	18,602,445
2025	9,170,000	6,688,575		15,858,575
2026	9,610,000	6,267,751		15,877,751
2027	10,080,000	5,816,589		15,896,589
2028	10,680,000	5,407,652		16,087,652
2029-2033	56,650,000	19,905,933		76,555,933
2034-2038	45,235,000	8,881,749		54,116,749
2039-2043	12,480,000	1,934,500		14,414,500
2044-2048	4,235,000	217,900		4,452,900
Total	\$ 169,624,000	\$ 62,239,094	\$	231,863,094

#### ***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.

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.

## Mobile County Commission Notes to Financial Statements

### Note 9: LONG TERM DEBT AND LEASE OBLIGATIONS (Continued)

	Premium	Loss on Refunding of Debt
Total Premium	\$ 37,822,219	\$ 7,248,597
Amount Amortized in Prior Years	13,686,870	3,762,065
Balance Premium	24,135,349	3,486,532
Current Amount Amortized	1,928,988	344,260
Balance Premium	<u>\$ 22,206,361</u>	<u>\$ 3,142,272</u>

#### Short Term Debt

On February 1, 2023, the Commission issued and redeemed a short-term note payable to free up property taxes in the Special Highway Tax Fund that are to be used for the retirement of long-term debt.

On February 1, 2023, the Commission issued and redeemed a short-term note payable to free up property taxes in the Special Highway Tax Fund that are to be used for the retirement of long-term debt.

	Beginning Balance	Proceeds	Repaid	Ending Balance
Note Payable - 2018C Pay-As-You Go	\$ -	\$ 20,000,000	\$ (20,000,000)	\$ -
Note Payable - 2022A Pay-As-You Go	-	30,000,000	(30,000,000)	-
Total Notes Payable	<u>\$ -</u>	<u>\$ 50,000,000</u>	<u>\$ (50,000,000)</u>	<u>\$ -</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 a \$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.

## Mobile County Commission Notes to Financial Statements

### Note 10: RISK MANAGEMENT (Continued)

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 a \$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.

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, 2023, were as follows:

	Due from				
	General	Reappraisal	Coronavirus	Nonmajor	
	Fund	Fund	Rescue Act	Governmental	Total
			Fund	Funds	
Due to:					
General Fund	\$ 7,876,023	\$ 1,410,659	\$ -	\$ 7,068,378	\$16,355,060
Reappraisal Fund	512,630	-	-	-	512,630
Coronavirus Rescue					
Act Fund	550,645	-	-	896,142	1,446,787
Special Highway Tax Fund	1,658,625	-	-	3,572,724	5,231,349
Nonmajor Governmental					
Funds	13,561,235	-	896,142	-	14,457,377
Total	\$ 24,159,158	\$ 1,410,659	\$ 896,142	\$ 11,537,244	\$38,003,203

## Mobile County Commission Notes to Financial Statements

### Note 11: INTERFUND TRANSACTIONS (Continued)

#### *Interfund Transfers*

The amounts of interfund transfers during the fiscal year ended September 30, 2023, were as follows:

		Transfer from			
	General	Coronavirus	Special	Nonmajor	
	Fund	Rescue Act	Highway Tax	Governmental	
	Fund	Fund	Fund	Funds	Total
<b>Transfer to:</b>					
General Fund	\$ -	\$ 9,234,070	\$ -	\$ -	\$ 9,234,070
Nonmajor Governmental					
Funds	32,513,785	-	50,144,444	5,387,689	88,045,918
<b>Total</b>	<b>\$ 32,513,785</b>	<b>\$ 9,234,070</b>	<b>\$ 50,144,444</b>	<b>\$ 5,387,689</b>	<b>\$97,279,988</b>

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 the 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 Commission.

Industrial Development Authority  
 Kushla Water Board  
 St. Elmo-Irvington Water Authority  
 Dauphin Island Water and Sewer Authority  
 Turnerville Water and Fire Protection Authority  
 Mobile County Water, Sewer and Fire Protection Authority  
 Mobile County Hospital Board  
 North Mobile County Volunteer Fire Department Board  
 Mobile Sports Authority  
 Mobile County Emergency Medical Services, Inc.  
 Mobile County Board of Appeals  
 Mobile County Board of Review for Junk Control Ordinance



**Mobile County Commission**  
**Notes to Financial Statements**

**Note 13: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of September 30, 2023, the Commission was obligated for the remaining amounts unpaid under the following construction contracts:

Semmes senior Center Waling Trail	\$ 9,620
Whistler Bike Trail	181,349
Government Plaza - Install Bi-Fold Doors on West Driveway	240,750
LeVert Building Wall Repairs	116,489
Michael Square - Revenue Commissioner Restroom Expansion and Renovations	891,252
Public Works Security Cameras Upgrades	24,151
Camps 2, 3, 4, Electric Gates Upgrades	37,125
Detention Locks Maintenance & Repairs	93,912
Michael Square - License Commissioner Flooring Replacement	17,000
Michael Square - Revenue Commissioner Teller Window	48,850
Government Plaza Auditorium Light Upgrades	229,530
Government Plaza Emergency Generator Repairs - Radiator	101,969
Africatown Historic Structures Renovations - Scott Building/Africatown Hall	2,216,868
Government Plaza - 8th Floor South Renovations	262
Equipment Upgrades to Metro Jail Sewer System	61,263
Metro Jail Smoke Purge Systems	18,182
Installation of Trane HVAC Control Units at Government Plaza - Annex	66,600
Government Plaza - 3rd Floor North Interior Renovations	49,975
ADA Upgrades - Various Locations	128,186
Africatown Heritage House	(48,406)
Africatown Heritage House - Emergency Generator Installation	154,294
Roof Replacement - Various Locations (Grand Bay Library)	97,566
Government Plaza - Pocket Park Design Only	133,400
New Lighting at Creola Municipal Park	625,935
Government Plaza - North Tower Elevator Replacements #7,8,9, and 10.	161,695
Government Plaza - Phorid Fly Remediation	22,450
Total	<u>\$ 5,680,267</u>

## Mobile County Commission Notes to Financial Statements

### Note 14: 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, 2023, total property taxes abated were \$9,845,340 as follows:

Granting Jurisdiction	Type	Property Tax
Industrial Development Board of the City of Mobile, AL	Steel Processing	\$ 6,310,194
Industrial Development Board of the City of Mobile, AL	Port & Integrated Inland Service Networks	268,016
Industrial Development Board of the City of Mobile, AL	Specialty Chemicals	395,986
Industrial Development Board of the City of Mobile, AL	Oil Field Equipment Manufacturing	4,987
Industrial Development Board of the City of Mobile, AL	Paper Product Distributor	620,111
Industrial Development Board of the City of Mobile, AL	Laboratory Cold Storage	168,686
Industrial Development Board of the City of Mobile, AL	Construction Equipment and Supplies	4,441
Industrial Development Board of the City of Mobile, AL	Manufacture and Produce Pipelines and Catenary	36,478
Industrial Development Board of the City of Mobile, AL	Gas Processing	290,725
Industrial Development Board of the City of Mobile, AL	Agriculture & Food Processing	154,768
Industrial Development Board of the City of Mobile, AL	Jetliner Manufacturer	353,229
Industrial Development Board of the City of Mobile, AL	Welding and Engineering Company	5,468
Industrial Development Board of the City of Mobile, AL	Distribution Center	814,230
Industrial Development Board of the City of Mobile, AL	Fulfillment Center	8,820
Industrial Development Board of the City of Mobile, AL	Ship manufacturing	397,599
Industrial Development Board of the City of Mobile, AL	Repair and Maintenance of Electric Furnace	11,601
		<u>\$ 9,845,340</u>

The following tax abatements exceeded 10 percent of the total amount abated: AM/NS Calvert, LLC and Outokumpu. Included above is a 61 percent property tax abatement to a steel processing business for increasing the size of its facilities and increasing employment. The abatement amounted to \$6,020,044.

The Industrial Development Board of the City of Mobile also granted sales tax abatements in the amount of \$144,485. This amount is attributed to numerous abatements granted to businesses within the County.

## Mobile County Commission Notes to Financial Statements

### Note 15: RESTATEMENT

Beginning net position has been restated due to prior period errors in the Governmental Activities and to correctly report capital assets and to implement GASB 96.

#### Governmental activities

Beginning net position	\$ 509,418,406
Adjustment for capital asset adjustment to match detailed records	4,745,837
Adjustment for implementation of GASB 96	860,080
Beginning net position, as restated	<u>\$ 515,024,323</u>

### Note 16: SUBSEQUENT EVENTS

On March 1, 2024, the Commission issued the following debt:

- Series 2020A Pay-As-You-Go Road, Bridge, and Drainage Facilities Bonds in the amount of \$29,000,000. This was authorized under the 2020 Referendum.
- Series 2022B Pay-As-You-Go Road, Bridge, and Drainage Facilities Bonds in the amount of \$20,000,000. This was authorized under the 2022 Referendum.

On June 20, 2024, the Commission issued Series 2024 General Obligation Warrants in the amount of \$27,735,000 to provide county-wide construction projects.

On November 5, 2024, the citizens of Mobile County approved a Referendum authorizing the issuance of \$82,000,000 in Pay-As-You-Go Road, Bridge, and Drainage Facilities Bonds, Series 2024.

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**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## Mobile County Commission Budgetary Comparison Schedule – General Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
<b>Revenues</b>						
Taxes	\$ 117,929,425	\$ 110,429,425	125,870,217	\$ 20,037,600	\$ 145,907,817	\$ 15,440,792
Licenses and permits	1,816,000	1,816,000	2,095,886	-	2,095,886	279,886
Intergovernmental	20,401,297	27,901,297	41,411,922	919,904	42,331,826	13,510,625
Charges for services	18,225,950	18,225,950	19,716,109	-	19,716,109	1,490,159
Miscellaneous revenue	1,068,200	1,068,200	3,636,174	441,285	4,077,459	2,567,974
<b>Total revenues</b>	<b>159,440,872</b>	<b>159,440,872</b>	<b>192,730,308</b>	<b>21,398,789</b>	<b>214,129,097</b>	<b>33,289,436</b>
<b>Expenditures</b>						
Current						
General government	71,642,196	70,387,652	71,929,642	-	71,929,642	1,541,990
Public safety	87,766,823	88,099,363	91,748,583	292,364	92,040,947	3,649,220
Highways and roads	-	-	(302,592)	15,579,575	15,276,983	(302,592)
Sanitation	4,960,528	5,010,528	4,705,866	13,440	4,719,306	(304,662)
Health	908,317	908,317	908,317	-	908,317	-
Welfare	1,034,224	1,034,224	1,045,661	-	1,045,661	11,437
Culture and recreation	3,753,747	4,130,402	2,871,305	-	2,871,305	(1,259,097)
Education	2,777,438	3,526,088	3,648,068	-	3,648,068	121,980
Capital outlay	2,500,000	2,246,699	8,436,058	-	8,436,058	6,189,359
Debt service			-			-
Principal retirement	10,953,241	10,953,241	9,525,332	-	9,525,332	(1,427,909)
Interest and fiscal charges	-	-	4,123,945	-	4,123,945	4,123,945
<b>Total expenditures</b>	<b>186,296,514</b>	<b>186,296,514</b>	<b>198,640,185</b>	<b>15,885,379</b>	<b>214,525,564</b>	<b>12,343,671</b>

(Continued)

*The accompanying notes to required supplementary information are an integral part of this schedule.*

**Mobile County Commission**  
**Budgetary Comparison Schedule – General Fund (Continued)**

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
Excess of revenues over expenditures	(26,855,642)	(26,855,642)	(5,909,877)	5,513,410	(396,467)	20,945,765
<b>Other Financing Sources (Uses)</b>						
Transfers in	11,620,000	11,620,000	9,234,070	-	9,234,070	(2,385,930)
Transfers out	-	-	(22,513,785)	-	(32,513,785)	(22,513,785)
Sale of capital assets	-	-	100,754	-	151,373	100,754
Loan proceeds	(29,863,784)	(29,863,784)	3,960,341	-	3,963,971	33,824,125
Total other financing sources (uses)	(18,243,784)	(18,243,784)	(9,218,620)	-	(19,164,371)	9,025,164
Net change in fund balance	(45,099,426)	(45,099,426)	(15,128,497)	5,513,410	(19,560,838)	29,970,929
Fund balance, beginning of the year	101,175,589	101,175,589	101,175,589	10,280,714	111,456,303	-
Fund balance, end of year	\$ 56,076,163	\$ 56,076,163	\$ 86,047,092	\$ 15,794,124	\$ 91,895,465	\$ 29,970,929

*The accompanying notes to required supplementary information are an integral part of this schedule.*



## Mobile County Commission Budgetary Comparison Schedule – Reappraisal Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 9,887,634	\$ 9,887,634	\$ 7,282,596	\$ (2,605,038)
Miscellaneous revenue	75,000	75,000	190,140	115,140
Total revenues	9,962,634	9,962,634	7,472,736	(2,489,898)
<b>Expenditures</b>				
Current				
General government	9,167,634	9,167,634	6,666,040	(2,501,594)
Capital outlay	795,000	795,000	806,696	11,696
Total expenditures	9,962,634	9,962,634	7,472,736	(2,489,898)
Excess of revenues over expenditures	-	-	-	-
<b>Other Financing Sources</b>				
Sale of capital assets	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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## Mobile County Commission Schedules of Defined Benefit Pension Plans

<i>As of and for the year ended September 30,</i>	2022	2021	2020	2019
<b>Total Pension Liability</b>				
Service cost	\$ 6,543,182	\$ 5,549,077	\$ 5,299,315	\$ 5,258,541
Interest	22,300,059	20,948,314	20,102,911	19,355,681
Changes in benefit terms	226,278	3,154,385	-	-
Difference between expected and actual experience	(2,367,415)	5,947,872	3,898,819	1,650,996
Changes of assumptions	-	10,717,601	-	-
Benefit payments, including refunds of member contributions	(18,673,924)	(18,420,106)	(17,912,433)	(17,641,395)
Transfers among employers	(255,930)	(496,609)	(155,514)	1,215,990
Net change in total pension liability	7,772,250	27,400,534	11,233,098	9,839,813
Total pension liability - beginning	308,666,619	281,266,085	270,032,987	260,193,174
Total pension liability - ending (a)	316,438,869	308,666,619	281,266,085	270,032,987
<b>Plan Fiduciary Net Position</b>				
Contribution - employer	6,892,879	6,207,337	6,434,136	6,053,778
Contribution - employee	5,889,305	3,815,661	3,830,157	3,549,805
Net investment income	(30,093,418)	44,125,241	11,192,007	5,086,481
Benefit payments, including refunds of member contributions	(18,673,924)	(18,420,106)	(17,912,433)	(17,641,395)
Other (transfers among employers)	(255,930)	(496,609)	(155,514)	1,215,990
Net change in plan fiduciary net position	(36,241,088)	35,231,524	3,388,353	(1,735,341)
Plan fiduciary net position - beginning	238,382,094	203,150,570	199,762,217	201,497,558
Plan fiduciary net position - ending (b)	202,141,006	238,382,094	203,150,570	199,762,217
Net pension liability - ending (a) - (b)	\$ 114,297,863	\$ 70,284,525	\$ 78,115,515	\$ 70,270,770
Plan fiduciary net position as a percentage of the total pension liability	63.88%	77.23%	72.23%	73.98%
Covered payroll	\$ 90,051,786	\$ 76,489,586	\$ 79,319,314	\$ 74,167,519
Net pension liability as a percentage of covered payroll	126.92%	91.89%	98.48%	94.75%

Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2023, the measurement period is October 1, 2021 through September 30, 2022.

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

2018	2017	2016	2015	2014
\$ 5,093,407	\$ 5,186,720	\$ 5,009,574	\$ 4,778,134	\$ 5,011,299
19,218,927	18,355,453	17,684,340	17,357,467	16,775,274
-	-	-	-	-
(4,944,484)	4,373,697	1,493,494	(3,188,431)	-
1,261,013	-	7,445,547	-	-
(16,750,614)	(17,271,975)	(14,828,567)	(14,893,952)	(14,124,377)
(46,543)	237,027	207,628	-	-
3,831,706	10,880,922	17,012,016	4,053,218	7,662,196
256,361,468	245,480,546	228,468,530	224,415,312	216,753,116
260,193,174	256,361,468	245,480,546	228,468,530	224,415,312
5,769,168	6,144,202	6,003,047	5,557,273	5,732,134
3,622,035	3,279,680	3,353,801	3,062,045	2,982,538
17,382,071	22,170,982	16,599,516	1,980,229	18,520,541
(16,750,614)	(17,271,975)	(14,828,567)	(14,893,952)	(14,124,377)
(46,543)	237,027	207,628	(262,359)	(290,505)
9,976,117	14,559,916	11,335,425	(4,556,764)	12,820,331
191,521,441	176,961,525	165,626,100	170,182,864	157,362,533
201,497,558	191,521,441	176,961,525	165,626,100	170,182,864
\$ 58,695,616	\$ 64,840,027	\$ 68,519,021	\$ 62,842,430	\$ 54,232,448
77.44%	74.71%	72.09%	72.49%	75.83%
\$ 72,709,580	\$ 71,419,053	\$ 64,775,709	\$ 65,145,725	\$ 63,771,767
80.73%	90.79%	105.78%	96.46%	85.04%

## Mobile County Commission Schedules of Defined Benefit Pension Plans

<i>As of and for the year ended September 30,</i>	2023	2022	2021	2020
Actuarially determined contribution	\$ 7,177,538	\$ 6,662,654	\$ 6,457,241	\$ 6,615,000
Contributions in relation to the actuarially determined contributions	7,177,538	6,662,654	6,457,241	6,615,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 88,191,898	\$ 90,051,786	\$ 76,489,586	\$ 79,319,314
Contributions as a percentage of covered payroll	8.1%	7.4%	8.4%	8.3%

Actuarially determined contribution rates are calculated as of October 1, three years prior to the end of the fiscal in which contributions are reported.

### Note 1: PLAN CHANGES IN BENEFIT TERMS

#### *Pension*

There have been no significant changes in benefit terms since the prior valuation.

### Note 2: CHANGES OF ASSUMPTIONS

#### *Pension*

There have been no significant changes in assumptions since the prior valuation.

### Note 3: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

#### *Pension*

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	23.1 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

2019	2018	2017	2016	2015	2014
\$ 6,053,778	\$ 5,769,168	\$ 6,144,202	\$ 6,003,047	\$ 5,557,273	\$ 5,732,134
6,053,778	5,769,168	6,144,202	6,003,047	5,557,273	5,732,134
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 74,167,519	\$ 72,709,580	\$ 71,419,053	\$ 64,775,709	\$ 65,145,725	\$ 63,771,767
8.2%	7.9%	8.6%	9.3%	8.5%	9.0%

## Mobile County Commission Schedules of Other Postemployment Benefit Plans

<i>As of and for the year ended September 30,</i>	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Service cost	\$ 1,103,591	\$ 1,515,166	\$ 1,794,195	\$ 1,883,062	\$ 2,346,653	\$ 2,203,398
Interest	1,533,394	888,389	884,400	1,869,794	2,413,569	2,108,224
Unexpected investment income	2,475	(616)	(2,276)	(3,950)	(197)	-
Difference between expected and actual experience	10,980,716	(3,979,527)	(13,906,181)	(14,350,064)	(9,512,312)	-
Employer contributions	-	-	-	-	(500,000)	-
Benefit payments and refunds	(2,245,204)	(877,476)	(916,538)	(824,153)	(1,028,420)	(1,131,640)
Changes of assumptions or other inputs	(6,926,808)	(821,017)	7,635,540	655,846	(7,935,036)	-
Net change in total OPEB liability	4,448,164	(3,275,081)	(4,510,860)	(10,769,465)	(14,215,743)	3,179,982
Total OPEB liability - beginning	31,698,660	34,973,741	39,484,601	50,254,066	64,469,809	61,289,827
Total OPEB liability - ending	36,146,824	31,698,660	34,973,741	39,484,601	50,254,066	64,469,809
<b>Covered payroll</b>	\$ 65,302,655	\$ 63,322,429	\$ 58,825,167	\$ 58,563,567	\$ 55,299,727	\$ 49,479,393
<b>Total OPEB liability as a percentage of covered payroll</b>	55.35%	50.06%	59.45%	67.42%	90.88%	130.30%

### Note 1: PLAN CHANGES IN BENEFIT TERMS

#### **OPEB**

There have been no significant changes in benefit terms since the prior valuation.

### Note 2: CHANGES OF ASSUMPTIONS

#### **OPEB**

Since the prior valuation, the discount rate was increased from 2.43% to 4.77% per annum.

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

## Mobile County Commission Schedules of Other Postemployment Benefit Plans

<i>As of and for the year ended September 30,</i>	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	500,000	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 65,302,655	\$ 63,322,429	\$ 58,825,167	\$ 58,563,567	\$ 55,299,727	\$ 49,479,393
Contributions as a percentage of covered payroll	0.0%	0.0%	0.0%	0.0%	0.9%	0.0%

Valuation date: October 1, 2021

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%
Discount rate	4.77%
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 will be displayed as they become available.



## **OTHER SUPPLEMENTARY INFORMATION**

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**INDEPENDENT AUDITORS' 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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mobile County Commission (the Commission), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Mobile County Commission's basic financial statements, and have issued our report thereon dated March 14, 2025.

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mobile County Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mobile County Commission's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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 were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Wilkins Miller LLC

Certified Public Accountants + Advisors

41 West Interstate 65 Service Rd. North, Suite 400 Mobile, Alabama 36608 | P.O. Box 70047 Mobile, Alabama 36670 | 251.410.6700 fax: 251.410.6799  
56 South Section Street Fairhope, Alabama 36532 | 5 Dauphin Street, Suite 100 Mobile, Alabama 36602

## **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 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.

## **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.

*Williams Miller, LLC*

Mobile, Alabama  
March 14, 2025



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE; REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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 City's major federal programs for the year ended September 30, 2023. The Mobile County Commission's major federal programs are identified in the summary of auditors' 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

***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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' 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.

Wilkins Miller LLC

Certified Public Accountants + Advisors

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## ***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.

## ***Auditors' 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of 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.

*William Miller, LLC*

Mobile, Alabama  
March 14, 2025

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**Mobile County Commission**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2023**

<b>Federal Agency Pass-through</b>	<b>Federal Assistance</b>	<b>Contract/</b>		<b>Payments to</b>
<b>Grantor Program Title</b>	<b>Listing Number</b>	<b>Grant Number</b>	<b>Expenditures</b>	<b>Subrecipients</b>
<b>Federal Awards</b>				
<b>Department of Agriculture</b>				
Passed through Alabama Department of Education				
Child Nutrition Cluster				
School Breakfast Program - Cash Assistance	10.553	N/A	\$ 72,134	\$ -
National School Lunch Program - Cash Assistance	10.555	N/A	120,280	-
Total Department of Agriculture/Child Nutrition Cluster			192,414	-
<b>Department of Housing and Urban Development</b>				
Direct Program				
Community Development Block Grants/Entitlement Grants	14.218	B-17-UC-01-0002	46,971	-
Community Development Block Grants/Entitlement Grants	14.218	B-19-UC-01-0002	165,474	-
Community Development Block Grants/Entitlement Grants	14.218	B-20-UC-01-0002	261,777	-
Community Development Block Grants/Entitlement Grants	14.218	B-20-UW-01-0002	227,009	204,719.43
Community Development Block Grants/Entitlement Grants	14.218	B-21-UC-01-0002	227,931	27,918.09
Community Development Block Grants/Entitlement Grants	14.218	B-22-UC-01-0002	543,136	214,590.26
Community Development Block Grants/Entitlement Grants	14.218	B-23-UC-01-0002	245	-
Sub-total Community Development Block Grants/ Entitlement Grants			1,472,543	447,227.78
Home Investment Partnerships Program	14.239	M-18-UC-01-0206	5,283	-
Sub-total Home Investment Partnerships Program			5,283	-
Total Department of Housing and Urban Development			1,477,826	447,227.78

**Mobile County Commission**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended September 30, 2023**

**U.S. Department of Interior**

Direct Program

Gulf of Mexico Energy Security Act	15.435	N/A	\$ 4,115,925	\$ -
National Fish and Wildlife Foundation	15.663	57972	2,056,243	-
National Wildlife Refuge Fund	15.659	N/A	46,843	
Gulf Coast Ecosystem Restoration Council				
Passed through Alabama Department of Conservation and Natural Resources				
Natural Resource Damage Assessment	15.658	NRDA-17-004	1,167,794	-
Natural Resource Damage Assessment	15.658	MC-RP3-DIWE	84,842	-

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Sub-total Natural Resource Damage Assessment			1,252,636	-
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Total U.S. Department of Interior			7,471,647	-
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**Department of Justice**

Direct Program

Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0297-0297	2,400	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01118-JAGX	3,315	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-02157-JAGX	40,895	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-03045-JAGX	3,320	-

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Sub-total Edward Byrne Memorial Justice Assistance Grant Program			49,930	-
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Violence Against Women Formula Grant	16.558	2022-WF-PR-179	47,500	
Violence Against Women Formula Grant	16.588	2022-WF-PR-126	10,303	-

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Sub-total Violence Against Women Formula Grant Program			57,803	
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Total Department of Justice			107,733	-
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**Mobile County Commission**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended September 30, 2023**

**Department of Transportation**

Passed through Alabama Department of Economic and Community Affairs

Highway Safety Cluster

State and Community Highway Safety CTSP	20.600	Community Traffic and Safety Program--2022-FP-CP-23	\$	42,097	\$	-
State and Community Highway Safety CTSP	20.600	Community Traffic and Safety Program--2023-FP-CP-2		170,786		
State and Community Highway Safety CTSP	20.600	Click It or Ticket Enforcement Program--2023-FP-OP-37		9,951		
State and Community Highway Safety CTSP	20.600	Click It or Ticket Enforcement Program--2023-FP-OP-20		15,750		
State and Community Highway Safety CTSP	20.600	Selective Traffic Enforcement Program--2022-FP-PT-27		102,295		
State and Community Highway Safety STEP	20.600	Selective Traffic Enforcement Program--2023-FP-PT-19		249,643		-

Sub-total State and Community Highway Safety		590,522	-
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Alcohol Impaired Driving Countermeasures Incentives Grants

National Priority Safety Programs	20.616	Drive Sober or Get Pulled Over--2022-ID-DE-38		15,525		
National Priority Safety Programs	20.616	Impaired Driving Hotspot Program--2022-ID-M5-39		31,916		-
National Priority Safety Programs	20.616	Impaired Driving Hotspot Program--2023-ID-M5-22		15,106		-

Sub-total National Priority Safety Programs		62,547	-
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Total Department of Transportation/Highway Safety Cluster		653,069	-
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**Mobile County Commission**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended September 30, 2023**

**Department of Treasury**

Direct Program

COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 20,151,200	\$ -
COVID-19 Emergency Rental Assistance Program	21.023	ERA0315	25,382	-
Passed through Alabama Department of Economic and Community Affairs				
Coronavirus Relief Fund				
Opportunities and Revived Economies of the Gulf Coast States (GULF RESTORE)	21.019	CV-EC-20-009	502,493	
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (GULF RESTORE)	21.015	RST M1A02-BLBD	927,701	-
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (GULF RESTORE)	21.015	RST M1A03-WDSU	1,385	-
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (GULF RESTORE)	21.015	RST M1A04-SWSP	22,722	-
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (GULF RESTORE)	21.015	RST M1A05-MVWT	1,304,702	-
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (GULF RESTORE)	21.015	RST M1A06-MCBT	36,721	-
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (GULF RESTORE)	21.015	RST S1P06-CSRP	176	-
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (GULF RESTORE)	21.015	RST S1P24-TSGT	131,600	-
Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (GULF RESTORE)	21.015	RST S1P10-BLBU	230,402	-
<hr/>				
Sub-total Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States			2,655,409	-
<hr/>				
Total Department of Department of Treasury			23,334,484	-

**Mobile County Commission**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended September 30, 2023**

**Environmental Protection Agency**

Direct Programs

Mobile Bay National Estuary Program	66.456	62871	\$	487,648	\$	-
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**Corporation for National and Community Service**

Direct Programs

Retired and Senior Volunteer Program	94.002	19SRSAL006		174,278		-
Foster Grandparent/Senior Companion Cluster						
Foster Grandparent Program	94.011	19SFAL006		449,195		-
Senior Companion Program	94.016	21SCHAL001		312,360		-

Sub-total Foster Grandparent/Senior Companion Cluster				761,555		-
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**Department of Homeland Security**

Passed through Alabama Department of Homeland Security

Port Security Grant	97.067	EMW-2021-PU-00170		71,587		-
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Total Department of Homeland Security				71,587		-
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Total Expenditures of Federal Awards			\$	34,732,241	\$	447,228
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*The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.*

**Mobile County Commission**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2023**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal spending of the Mobile County Commission (the "Commission"). The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not represent the financial position of the Commission.

**Note 2: INDIRECT COST RATE**

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2023, the Commission did not elect to use this rate.

**Note 3: 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.

**Mobile County Commission**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2023**

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal award programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major federal award programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
15.663	National Fish and Wildlife Foundation
21.027	COVID-19 - Coronavirus State and Local Recovery Funds

Dollar threshold used to distinguish between Type A and Type B Programs	\$1,471,968
Auditee qualified as low-risk auditee?	No

**Mobile County Commission  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2023**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**MATERIAL WEAKNESS**

**2023-001 Accurate and Timely Financial Reporting (Repeat Finding)**

*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. During the audit various adjustments were necessary to fairly present the financial position and operating results of the Commission. Management made adjustments to correctly present the financial statements and schedule of expenditures of federal awards when brought to the attention of the Commission.

Further, it was noted that the financial statements for the year ended September 30, 2023 were not prepared and submitted within the required timeframe as per 2 CFR 200.512, which requires the data collection form and the reporting package to be submitted within 30 calendar days after the auditee receives the auditor's report or nine months after the end of the audit period (whichever is earlier).

*Recommendation*

The Commission should implement procedures to ensure that the financial statements and schedule of expenditures of federal awards are prepared and submitted timely and substantiated by underlying accounting.

*Management Response*

The Mobile County Commission agrees with this finding.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS**

No matters were reportable.



**Mobile County Commission  
Schedule of Prior Audit Findings  
For the Year Ended September 30, 2023**

**Finding 2022-001**

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.

Similar findings were noted during the current year, see finding 2023-001.

**Finding 2022-002**

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.

Corrective action was taken.

**Finding 2022-003**

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.

Corrective action was taken.

# MOBILE COUNTY COMMISSION

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



ADMINISTRATION  
 E. EDWIN "EDDIE" KERR  
 COUNTY ADMINISTRATOR  
 ASPEN COLLINS  
 DEPUTY COUNTY ADMINISTRATOR  
 RICHARD A. MITCHELL, P.E.  
 DEPUTY COUNTY ADMINISTRATOR  
 TELEPHONE (251) 574-5073  
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## ***Auditee Response/Corrective Action Plan***

### ***For the Year Ended September 30, 2023***

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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, 2023.

Finding Ref. No.	Corrective Action Plan Details
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<b>2023-001</b>	<b><i>Repeat Finding:</i></b>
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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. During the audit various adjustments were necessary to fairly present the financial position and operating results of the Commission. Management made adjustments to correctly present the financial statements and schedule of expenditures of federal awards when brought to the attention of the Commission.

Further, it was noted that the financial statements for the year ended September 30, 2023 were not prepared and submitted within the required timeframe as per 2 CFR 200.512, which requires the data collection form and the reporting package to be submitted within 30 calendar days after the auditee receives the auditor's report or nine months after the end of the audit period (whichever is earlier).

***Recommendation***

The Commission should implement procedures to ensure that the financial statements and schedule of expenditures of federal awards are prepared and submitted timely and substantiated by underlying accounting.

***Management Response***

Mobile County Commission agrees with this 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.

For the reporting period ended September 30, 2023, the trial balance was reviewed by the Deputy Finance Director and Finance Director before being transmitted to the CPA firm, Carr, Riggs, and Ingram, on August 31, 2024. The financial statements and notes for FY 2023 were prepared by the CPA firm and then reviewed and signed off on before providing to the auditors in December 2024. The 2023 audit will be issued prior to March 31, 2025.

In February 2025, the Commission contracted with a CPA firm to compile its financial statements for the period ending September 30, 2024. The trial balances for the 2024 audit have been transmitted to the CPA firm for preparation of the FY 2024 financial statements and notes. Once completed, the financial statements and notes will be transmitted to the Examiners of Accounts, after which, the 2024 audit will commence.

This corrective action has been implemented.

***Anticipated Completion Date: August 31, 2025.***

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

DocuSigned by:  
*E. Edwin Kerr*  
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\_\_\_\_\_  
Eddie Kerr, County Administrator

3/14/2025

\_\_\_\_\_  
Date