Baldwin County Commission

Baldwin County, Alabama

October 1, 2024 through September 30, 2025

Filed: September 25, 2026

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

Rachel Laurie Riddle, *Chief Examiner* | 334-777-0500 | www.alexaminers.gov

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

Dear Madam:

An audit was conducted on the Baldwin County Commission, Baldwin County, Alabama, for the period October 1, 2024 through September 30, 2025, by Examiners Daniel R. Beech and John Geary. I, John Geary, served as Examiner-in-Charge on the engagement, and under the authority of the ***Code of Alabama 1975***, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the audit.

Respectfully submitted,

John Geary
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

Baldwin County Commission
October 1, 2024 through September 30, 2025

The Baldwin County Commission (the "Commission") is governed by a four-member body elected by the citizens of Baldwin County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 20. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Baldwin County.

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

An unmodified opinion was issued on the financial statements, which means that the Commission's financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2025.

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

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 20, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Roger H. Rendleman, County Administrator and Treasurer/Clerk; and County Commissioners Charles F. Gruber, Matthew P. McKenzie, James E. Ball, Jr. and Billie Jo Underwood. Representing the Department of Examiners of Public Accounts were Meagan McDonald, Audit Manager; John Geary, Examiner; and Ryan Beech, Examiner.

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Independent Auditor's Report

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baldwin County Commission, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Baldwin County Commission's basic financial statements as listed in the table of contents as Exhibits 1 through 8.

In our opinion, the accompanying 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 Baldwin County Commission as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 17 to the financial statements, the Baldwin County Commission adopted new accounting guidance, GASB Statement Number 101, ***Compensated Absences***. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free of 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 Baldwin County Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Baldwin County Commission's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedules of Changes in the Employer's Net Pension Liability, the Schedule of the Employer's Proportionate Share of the Net Pension Liability – Judicial Retirement Fund, the Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Exhibits 9 through 18), 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 inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Baldwin County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 19), as required by Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*** (*Uniform Guidance*), is presented for the purposes 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 the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated September 14, 2026, on our consideration of the Baldwin County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Baldwin County Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Baldwin County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

September 14, 2026

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Management's Discussion and Analysis (Required Supplementary Information)

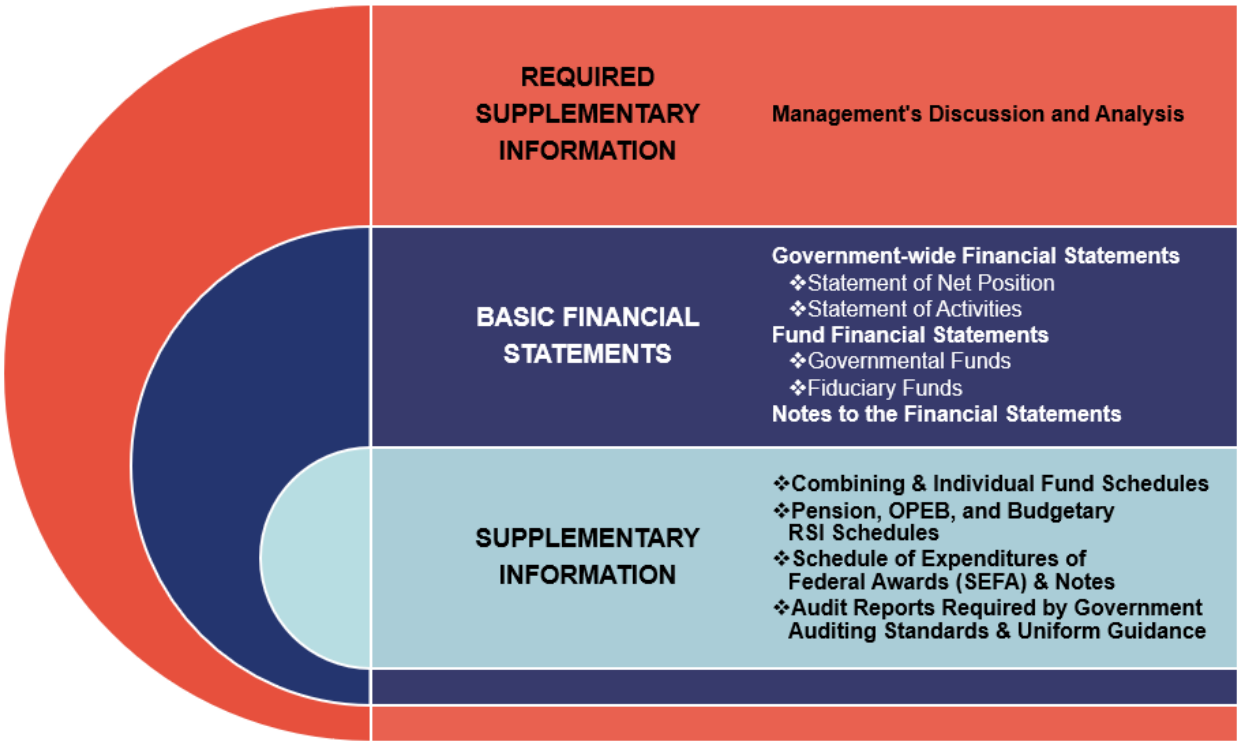
Baldwin County Commission
Management Discussion and Analysis (MD&A)
For the Fiscal Year Ended September 30, 2025

Introduction

The Baldwin County Commission presents the Management's Discussion and Analysis (MD&A) for the fiscal year ended September 30, 2025. This section provides management's assessment of the County's financial results and highlights the primary factors influencing FY2025 activity. Baldwin County continued to experience strong population growth, with the U.S. Census estimating an increase of more than 12% since 2020 and ranking the County among the fastest-growing areas in Alabama. This growth, combined with rising service demands, shaped operating trends and informed long-term financial planning. Through disciplined budgeting and a focus on strategic priorities, the County remains financially stable and well-positioned to support a rapidly expanding community.

Overview of Financial Statements

To assist readers in understanding how the County's financial information is organized, the following illustration presents the structure of the financial statements and the relationship among their key components.



Management's Discussion and Analysis (MD&A)

The MD&A precedes the basic financial statements and provides an analytical overview of the County's financial activities for the fiscal year. It offers management's narrative explanation of significant financial trends, variances, and factors that influenced the County's results. Although the MD&A is considered required supplementary information rather than part of the basic financial statements, it is intended to enhance the reader's understanding of the County's financial position and operating results.

Basic Financial Statements

The basic financial statements form the core of the County's financial reporting framework. They include three primary components—government-wide financial statements, fund financial statements, and notes to the financial statements—each offering a distinct perspective on the County's financial condition and operations. Supplementary information is also presented to provide additional context beyond the basic statements.

Government-Wide Financial Statements

The government-wide financial statements present a comprehensive overview of Baldwin County's financial position and results of operations using the full accrual basis of accounting, similar to private-sector reporting. These statements include the Statement of Net Position and the Statement of Activities, which together provide insight into the County's overall fiscal health. Beginning in FY2025, the County reports only governmental activities at the government-wide level following the transfer of all business-type operations to the Solid Waste Disposal Authority effective October 1, 2023.

Fund Financial Statements

The fund financial statements offer a more detailed view of the County's financial activities by focusing on individual funds. These statements present information for governmental and fiduciary funds, each of which serves a specific purpose in the County's financial structure. Governmental fund statements emphasize short-term inflows, outflows, and balances of spendable resources using the modified accrual basis of accounting. Fiduciary fund statements report resources held by the County in a custodial capacity for external parties. Together, these statements provide essential insight into the County's fiscal stewardship and budgetary accountability.

Notes to the Financial Statements

The Notes to the Financial Statements provide critical narrative explanations and detailed disclosures that support and clarify the information presented in the government-wide and fund financial statements. These notes include descriptions of significant accounting policies, explanations of key financial activities, and additional data necessary for a full understanding of the County's financial position.

Supplementary Information

In accordance with accounting principles generally accepted in the United States, the County provides supplementary schedules and statistical data to further enhance transparency. These schedules include detailed information on pension and other postemployment benefit obligations, fund balances, and other key financial metrics. The report also includes the Schedule of Expenditures of Federal Awards, presented as part of the County's Single Audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200 (Uniform Guidance). While not part of the basic financial statements, this schedule is essential for demonstrating compliance with federal requirements and accountability for grant-funded programs.

This comprehensive compilation of financial statements, accompanying notes, and supplementary information provides stakeholders with a clear and transparent understanding of Baldwin County's fiscal operations and overall financial position. Through detailed data, meaningful disclosures, and consistent reporting practices, the County reaffirms its commitment to financial accountability, responsible stewardship, and effective governance.



Financial Highlights

For the fiscal year ended September 30, 2025, Baldwin County continued to experience rapid growth and rising service demands, and the County responded with strategic investments in public safety, infrastructure, and technology. These operational achievements are reflected in the County's strong financial performance for the year:

- **Governmental revenues experienced very strong growth, increasing 20.4% from $247.2 million in FY2024 to $297.7 million in FY2025.** Growth in property and sales taxes continued to reflect Baldwin County's expanding population and economic activity.

- **Federal activity increased substantially in FY2025.** Total federal expenditures reported on the Schedule of Expenditures of Federal Awards rose from $14.8 million in FY2024 to $22.8 million in FY2025. This increase was driven by several large, nonrecurring federal programs, including State and Local Fiscal Recovery Funds (SLFRF) and FEMA Public Assistance. These awards reflect time-limited federal responses to pandemic recovery and disaster events and are **not expected to recur at FY2025 levels**.

- **Governmental expenditures increased 6.0%, rising from $189.2 million in FY2024 to $200.6 million in FY2025.** The increase reflects targeted investments in public safety, transportation infrastructure, and capital improvements, along with measured growth in service delivery.

- **Total Net Position increased by 15.0%, from $649.7 million to $747.0 million.** This $97.3 million increase was driven primarily by continued capital investment, including $79.1 million in capital outlay and $22.4 million in donated subdivision roads, as well as stable operating revenues across major tax categories.

- **Capital Projects Fund activity remained strong**, with expenditures totaling $28.3 million for FY2025. Major projects included facility improvements, transportation infrastructure, and upgrades to public safety operations.

- **Unassigned governmental fund balances increased from $75.1 million to $89.4 million, a 19.0% increase.** This growth reflects Baldwin County's continued commitment to conservative budgeting, strong revenue performance, and maintaining financial flexibility to support future obligations and strategic priorities without increasing long-term debt.

Overall Financial Position and Results of Operations

This section provides an overview of Baldwin County's financial condition and operating results for the fiscal year ended September 30, 2025. The analysis highlights the most significant factors influencing the County's financial trajectory, including revenue growth, expenditure trends, capital investment, and changes in long-term obligations. FY2025 was marked by continued population growth, rising service demands, and substantial progress across multiple operational areas. Despite these pressures, the County strengthened its overall financial position through disciplined budgeting, strategic use of federal resources, and sustained investment in infrastructure and public safety. The following discussion summarizes the key drivers of financial performance and sets the foundation for the more detailed analyses that follow.



The **Statement of Net Position** (Exhibit 1) provides a comprehensive snapshot of Baldwin County's financial condition as of September 30, 2025. This government-wide statement consolidates all governmental activities and presents the County's assets, deferred outflows, liabilities, and deferred inflows in a single, accrual-basis format. Because the County no longer reports any business-type activities following the October 1, 2023, transfer of Solid Waste operations to the Solid Waste Disposal Authority, the Statement of Net Position reflects only governmental activities for FY2025. The accompanying Condensed Statement of Net Position includes comparative data from FY2024 and highlights year-over-year changes in the County's financial position, including growth in capital assets, reductions in long-term liabilities, and increases in unrestricted net position. Restricted and noncurrent assets decreased from $19.3 million to $11.4 million, primarily due to the planned use of restricted resources for capital and grant-related projects during the year.

Baldwin County Commission
Condensed Statement of Net Position
September 30, 2025 and 2024 (millions)

In Millions	Governmental Activities		Total	
	2025	2024	2025	2024
Assets				
Current and other assets	$383.0	$371.0	$383.0	$371.0
Restricted and noncurrent assets	$11.4	$19.3	$11.4	$19.3
Capital assets	$658.9	$577.1	$658.9	$577.1
Total Assets	**$1,053.3**	**$967.4**	**$1,053.3**	**$967.4**
Total Deferred Outflows of Resources	**$33.0**	**$31.6**	**$33.0**	**$31.6**
Liabilities				
Total current liabilities	$53.1	$61.8	$53.1	$61.8
Total noncurrent liabilities	$187.5	$205.8	$187.5	$205.8
Total Liabilities	**$240.6**	**$267.5**	**$240.6**	**$267.5**
Total Deferred Inflows of Resources	**$98.7**	**$81.8**	**$98.7**	**$81.8**
Net Position				
Net investment in capital assets	$533.0	$490.2	$533.0	$490.2
Restricted	$81.9	$58.4	$81.9	$58.4
Unrestricted	$132.0	$101.1	$132.0	$101.1
Total Net Position	**$747.0**	**$649.7**	**$747.0**	**$649.7**

Governmental Activities:

FY2025 marked a year of accelerated growth and strategic financial positioning for Baldwin County. Rather than incremental movement, the County's governmental activities reflect a deliberate expansion of capacity to support long-term development, major infrastructure commitments, and rising service demands.

Total assets increased from $967.4 million in FY2024 to $1,053.3 million in FY2025, driven by continued growth in cash reserves, strong tax collections, and substantial additions to capital assets. The County's infrastructure footprint expanded significantly, supported by **$79.1 million in capital outlay and $22.4 million in donated subdivision roads**. Deferred outflows of resources totaled $33.0 million, primarily related to pension and OPEB activities that will be recognized in future periods.

On the liability side, FY2025 reflects a purposeful reshaping of the County's financial capacity. **Total liabilities decreased from $267.5 million to $240.6 million**, even as the County advanced long-term financing strategies aligned with its economic development and infrastructure priorities. This combination of lower overall liabilities and targeted new debt underscores a shift toward funding growth through structured, long-range planning rather than short-term pressure.

A major component of this change was the issuance of the **Series 2024 General Obligation Economic Development Warrants**, totaling **$37.5 million**. Issued under Alabama's Tax Increment Financing (TIF) authority, these warrants support public infrastructure improvements within Tax Increment District No. 1 at the Baldwin County Mega Site. The district's strategic location—adjacent to Interstate 65, the CSX rail line, and within reach of the Port of Mobile—positions the County to attract transformative industrial investment. Although the County pledged its full faith and credit to enhance marketability, repayment is expected to be supported primarily by tax increment generated within the district. This financing represents a forward-looking investment in the County's economic base and is discussed further in the **Future Outlook** section.

Despite the increase in long-term obligations, the County's short-term financial posture strengthened. **Current liabilities decreased from $61.8 million to $53.1 million**, driven primarily by a **$17.0 million reduction in unearned revenues** as federally supported projects progressed and previously deferred amounts were recognized as revenue. This shift indicates timely execution of grant-funded initiatives and improved alignment between project activity and revenue recognition.

Deferred inflows of resources totaled $98.7 million, consisting primarily of unavailable property tax revenue ($79.8 million), motor vehicle taxes, opioid settlement deferrals, and pension/OPEB-related items that will support future fiscal periods.

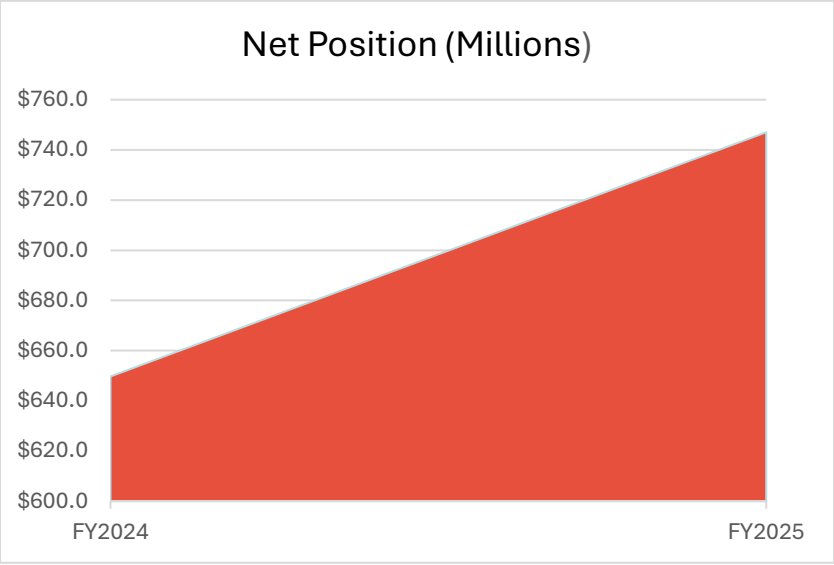
Overall, FY2025 reflects a County preparing for its next phase of growth. Through targeted borrowing, disciplined cash management, and strategic investment in infrastructure and service capacity, Baldwin County continues to build a financial foundation capable of supporting both current demands and long-term economic expansion.

Business-type Activities:

Beginning in fiscal year 2024, the Baldwin County Commission no longer reports any business-type activities in the government-wide financial statements. Effective October 1, 2023, all assets, liabilities, and operations of the Solid Waste Fund and Solid Waste Collection Fund were transferred to the Baldwin County Solid Waste Disposal Authority (SWDA), an independent public entity. As a result, the County's government-wide financial statements for FY2025 reflect only governmental activities, and no business-type activity balances or results of operations are presented.

Total Net Position: As of September 30, 2025, Baldwin County's total net position reached **$747.0 million**, **up from $649.7 million** in the prior year. This **$97.3 million increase** reflects the County's continued financial strength, supported by steady revenue growth, disciplined expenditure management, and sustained investment in long-term assets. The expansion of net position demonstrates Baldwin County's ability to meet current service demands while positioning itself for future infrastructure, economic development, and operational needs.

Beginning net position was restated in FY2025 to incorporate the new compensated absences measurement required under GASB 101 and to correct prior-year amortization entries related to general obligation and TIF warrants. These adjustments ensure accurate long-term liability reporting and have no impact on FY2025 revenues, expenditures, or service delivery.



The **Statement of Activities** (Exhibit 2) provides a clear picture of how Baldwin County's core services were funded during fiscal year 2025. It outlines the full cost of delivering governmental programs and the extent to which those costs were offset by charges for services and operating grants. This perspective highlights the true fiscal demand placed on general revenues.

Primary Government - Fiscal Year 2025 (millions)								
Functions/Programs	Total Cost of Services		Charges for Services		Operating Grants and Contributions		Net Cost of Services	
General Government	$63.1	31.5%	$40.9	91.1%	$10.1	52.0%	-$12.2	8.9%
Public Safety	74.4	37.1%	1.9	4.2%	3.7	19.3%	-68.7	50.4%
Highways and Roads	46.0	23.0%	1.7	3.7%	5.1	26.2%	-39.3	28.8%
Health	4.8	2.4%	0.0	0.1%	0.0	0.1%	-4.8	3.5%
Welfare	1.5	0.7%	0.0	0.0%	0.1	0.7%	-1.3	1.0%
Culture and Recreation	7.4	3.7%	0.4	0.9%	0.3	1.7%	-6.7	4.9%
Education	0.1	0.0%	0.0	0.0%	0.0	0.0%	-0.1	0.1%
Interest on Long-Term Debt	3.2	1.6%	0.0	0.0%	0.0	0.0%	-3.2	2.4%
Sanitation	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total Governmental Activities	**$200.6**	**100.0%**	**$44.9**	**100.0%**	**$19.4**	**100.0%**	**-$136.3**	**100.0%**

For FY2025, **total governmental expenses were $200.6 million**, with program **revenues** covering **$64.3 million** of those costs. The remaining **$136.3 million** represented the **net cost of services**—resources that had to be supported by countywide general revenues rather than program-specific funding. Public Safety and Highways & Roads continued to represent the largest shares of net cost, reflecting the County's rapid growth and the service demands that accompany it.

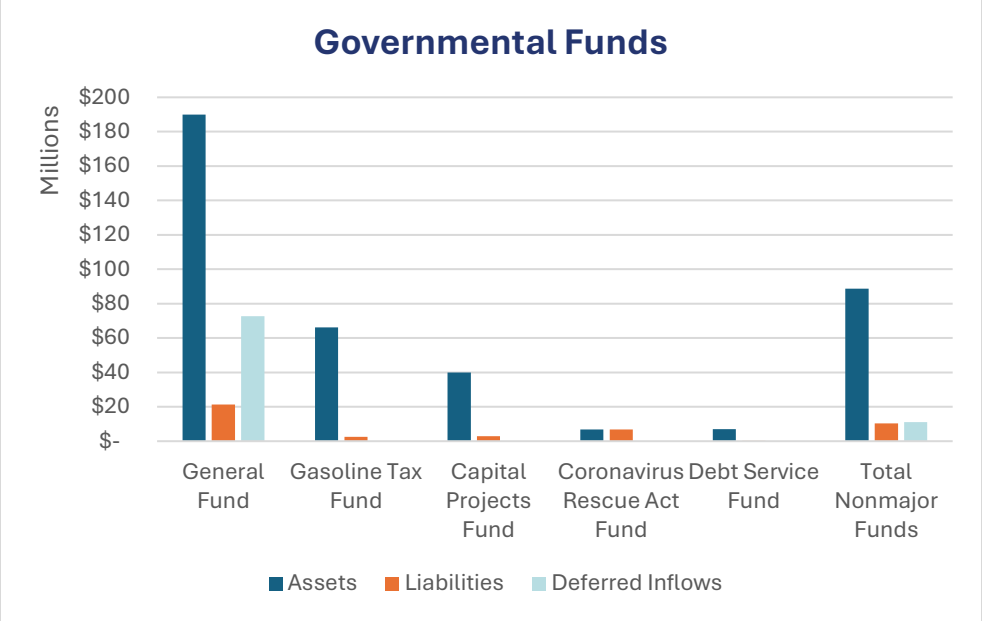
Sources of General Revenues	Fiscal Year 2025 (millions)	
Taxes	$147.3	63.1%
Investment Earnings	12.0	5.1%
Grants / Relief Funds	22.2	9.5%
Royalties	6.0	2.6%
Permit Fees	3.0	1.3%
Gain on Disposition of Capital Asse	1.9	0.8%
Contractural Considerations	0.0	0.0%
Miscellaneous	41.0	17.6%
TOTAL	**$233.4**	**100.0%**

General revenues remained the primary funding source for governmental activities, generating **$233.4 million** in FY2025. These revenues—largely composed of taxes, investment earnings, grants and relief funds, royalties, and miscellaneous sources—provided the financial capacity to sustain operations, invest in infrastructure, and respond to community needs.

Business-type activities are no longer reported following the transfer of solid waste operations to the Baldwin County Solid Waste Disposal Authority. As a result, the Statement of Activities reflects only governmental activities for FY2025.

Overall, the County achieved a strong positive change in net position, underscoring effective fiscal management, steady revenue performance, and the County's continued ability to meet service demands while planning for long-term growth.

The Balance Sheet (Exhibit 3) provides a clear view of the financial condition of Baldwin County's governmental funds at the close of fiscal year 2025. The presentation highlights how resources are distributed across funds and how those resources support both day-to-day operations and long-term priorities.

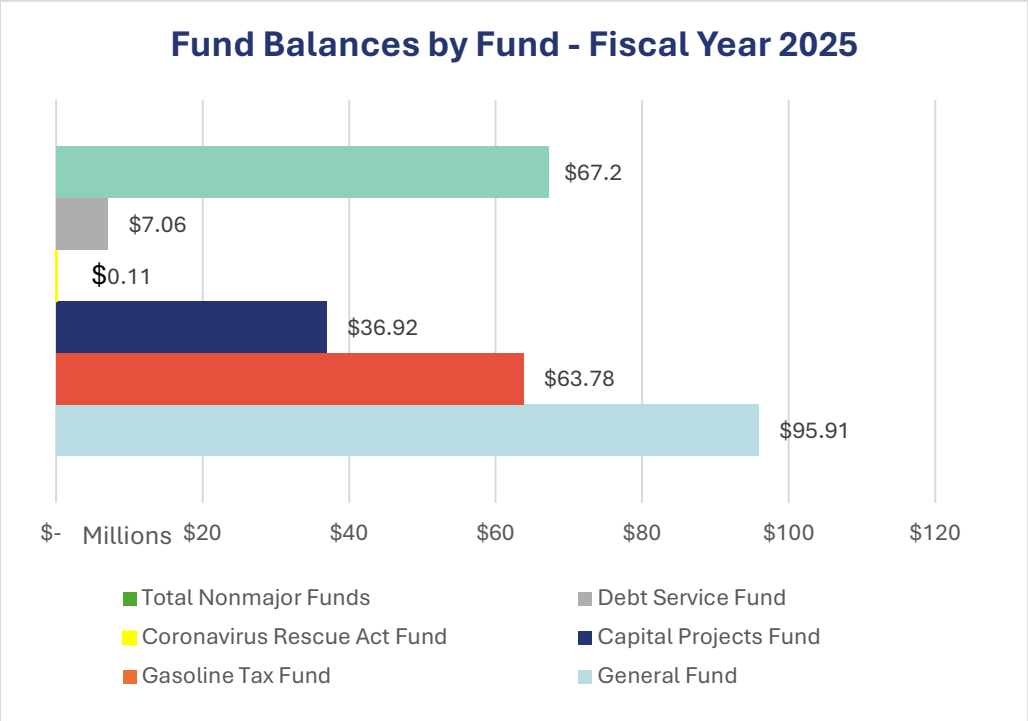


Governmental fund assets totaled $398.7 million, reflecting strong cash reserves, steady tax collections, and receivables tied to ongoing programs and capital activity. These assets demonstrate the County's continued ability to meet short-term obligations while maintaining liquidity for planned projects.

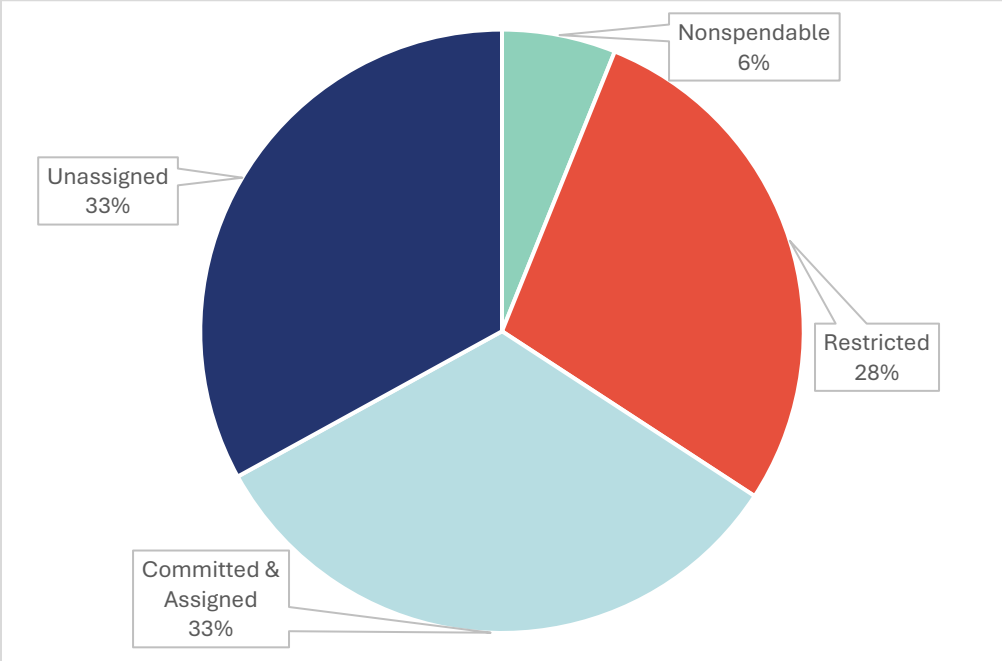
Liabilities across all governmental funds amounted to $43.9 million, consisting primarily of vendor payables, accrued wages, interfund balances, and unearned revenues associated with grant-funded initiatives. **Deferred inflows of resources totaled $83.7 million**, driven largely by property taxes levied for the next fiscal year and other timing-related revenue deferrals.

Combined, these elements resulted in total fund balances of $270.9 million, representing a strong financial position and a thoughtful allocation of resources across operational, capital, and restricted purposes.

The **Allocation of Fund Balances by Fund is shown below.**



Fund Balances (by Characterization)



Fund Balance Composition

The County's fund balances reflect a deliberate approach to financial planning and resource stewardship:

- **Nonspendable Fund Balances – $16.5 million:** Includes inventories, prepaid items, and term endowments that are not available for appropriation.
- **Restricted Fund Balances – $70.3 million:** Reserved for legally or externally mandated purposes such as capital projects, debt service, highways and roads, and other designated programs.
- **Assigned and Committed Fund Balances – $94.8 million** Set aside for specific uses, including capital improvements, encumbrances, and other Commission-directed priorities.
- **Unassigned Fund Balances – $89.4 million** Represents available resources in the General Fund and other governmental funds, providing flexibility to respond to operational needs and emerging priorities.

Understanding the Reconciliation to Government-Wide Statements

Exhibit 4 bridges the modified accrual basis used in governmental fund reporting with the full accrual basis applied in the government-wide Statement of Net Position. This reconciliation incorporates long-term assets and liabilities—such as capital assets, pension and OPEB obligations, leases, and long-term debt—that are not reflected in fund-level reporting.

By aligning these two perspectives, the reconciliation offers a complete view of Baldwin County's financial position, distinguishing between short-term fiscal capacity and long-term commitments. This transparency helps stakeholders understand how fund-level resources support the broader financial health of the County.

BALDWIN COUNTY, ALABAMA

The **Statement of Revenues, Expenditure and Changes in Fund Balances** (Exhibit 5) presents a detailed view of how Baldwin County's governmental funds performed on a current-financial-resources basis for the fiscal year ended September 30, 2025. Unlike the government-wide Statement of Activities, which captures long-term economic impacts, Exhibit 5 focuses on near-term inflows and outflows that shape the County's ability to fund operations, deliver services, and support community priorities.

Governmental fund revenues totaled $268.8 million in FY2025, reflecting strong performance across major revenue categories. Property taxes, intergovernmental grants, and charges for services continued to anchor the County's revenue base, supported by increased activity in departments experiencing significant growth—such as public safety, permitting, and court operations. Federal and state grant activity remained elevated, consistent with the County's execution of major infrastructure, transportation, and public safety initiatives.

Expenditures for the year reached $262.0 million, driven by ongoing investments in core services and substantial capital activity. Public safety, transportation infrastructure, and community-focused programs accounted for much of the spending, aligning with the operational accomplishments highlighted throughout FY2025—such as expanded law enforcement capabilities, enhanced court operations, and continued modernization of permitting and inspection systems. **Capital outlay totaled $79.1 million**, underscoring the County's commitment to long-term infrastructure development.

The County ended the year with a **net increase in governmental fund balances of $11.1 million**, demonstrating its ability to align resources with service demands while maintaining financial flexibility. Transfers among funds supported major capital projects, debt service requirements, and operational needs across departments.

Fund balances at year-end totaled $271.0 million, reflecting a strong financial position across all governmental funds. These balances provide the County with the capacity to manage growth, respond to emerging needs, and continue advancing strategic priorities—including infrastructure expansion, public safety enhancements, and technology modernization. The County's financial stability is further supported by formal stabilization arrangements, which establish minimum fund balance thresholds and ensure resources are available to manage economic fluctuations, emergency needs, and long-term commitments.

The reconciliation in Exhibit 6 connects these fund-level results to the government-wide Statement of Activities, explaining how capital asset activity, long-term obligations, and other accrual-basis adjustments translate into the County's overall change in net position. Together, Exhibits 5 and 6 offer a complete picture of Baldwin County's FY2025 financial performance from both short-term and long-term perspectives.

Budgetary Highlights

General Fund Budget Summary

	Original Budget	Final Budget	Actual Amounts	Variance to Final Budget Positive (Negative)
Revenues	**115,915,056**	**116,282,540**	**133,879,019**	**(17,596,479)**
Expenditures	**100,673,528**	**103,315,694**	**91,962,278**	**11,353,416**
Excess/(deficiency) of revenues to expenditures	15,241,528	12,966,846	41,916,740	
Other Financing Sources/(Uses)	**(22,997,176)**	**(29,319,922)**	**(27,972,980)**	**1,346,942**
Fund Balance Usage	(7,755,648)	(16,353,076.36)	13,943,760	

Original Budget Compared to Final Budget

The County's fiscal year 2025 General Fund Final Budget differs from the Original Budget due to budget amendments approved during the year related to the utilization of fund balance and the recognition of new revenue as well as the carryover of prior year project budgets and encumbrances. Adopted at $124.9 million, the budget increased $9.7, ending at a total of $134.6 million.

The overall revenue budget changed by a minimal increase of $366,258, attributable in large part to $283,660 in reimbursements from Elected Officials for purchases made by the County on their behalf. The remaining $82,598 is due to an annual appropriation from the Forever Wild Land Trust. The primary justifications for the increase in the expenditure budget is the carry forward of $1.9 million in prior year encumbrances as well as the use of $1.4 million in fund balance for a one-time expenditure and carryover of prior year project budgets. For other financing uses (in the form of transfers out), the increase in budget is ascribed to the $6.0 million use of unassigned fund balance allocated to the Capital Projects fund to support major project initiatives.

Final Budget Compared to Actual Revenues/Expenditures

Actual revenues exceeded Final Budget projections substantially due to the use of reasonable and conservative revenue estimations in each major category, yielding an increase of 15.3%, and an approximate $17.8 million in unallocated funding. Actual expenditures were less than Final Budget by an approximate $11.4. The significant share of this amount is attributable to $8.9 million in departmental savings while $2.5 million is related to fiscal year-end encumbrances to be carried forward to the next fiscal year.

Budget Overview

The Baldwin County Commission works diligently to ensure sound financial management of the resources entrusted to their responsibility. This commitment is reflected in one of the County's most important work products, the annual operating budget. By employing the use of conservative estimations of revenue and reasonable assessments of necessary expenditures, the Commission poises itself to grow fund balances, further strengthening its already robust financial position. This is evidenced not only in the budgetary highlights of the General Fund but is demonstrated across all funds within the County.

Basis of Accounting and Budgetary Highlights

The budgetary highlights are based on the County's budgetary basis of accounting. This budgetary perspective focuses on cash flows and available fund balances, emphasizing financial resources allocated for planned expenditures and policy decisions. As a result, variances may arise between MD&A budget highlights and the financial statements due to differences in revenue recognition timing, expenditure classifications, and fund reporting structures. The County remains committed to transparency in financial reporting and fiscal responsibility, ensuring stakeholders can effectively interpret financial data across multiple accounting perspectives.

BALDWIN
COUNTY, ALABAMA
EST. 1809

Capital Assets and Long-Term Debt

Baldwin County continued to strengthen its long-term financial position in FY2025 through sustained capital investment and disciplined debt management. **Net capital assets for governmental activities increased from $577.1 million to $658.9 million**, reflecting a year of significant infrastructure development, facility improvements, and technology upgrades. The County also recognized $22.4 million in donated subdivision roads, consistent with ongoing residential growth. Following the FY2024 transfer of all Solid Waste assets to the Baldwin County Solid Waste Disposal Authority, the County now reports no business-type capital assets.

The County's long-term debt portfolio—consisting primarily of general obligation warrants, notes from direct borrowings, and lease obligations—supports major infrastructure and economic development initiatives. A key financing action in FY2024 was the issuance of the Series 2024 General Obligation Economic Development Warrants totaling $37.5 million, issued under Alabama's Tax Increment Financing (TIF) authority to fund public improvements at the Baldwin County Mega Site. Although backed by the County's full faith and credit, these warrants are expected to be repaid primarily from tax increment generated within the district.

Notes from Direct Borrowings obligations totaled $61.5 million at year-end, supporting modernization of facilities, equipment, and technology across multiple departments. These long-term commitments align with the County's broader strategy to expand service capacity and maintain high-quality operations in a rapidly growing region.

Overall, FY2025 capital and debt activity reflects a balanced approach—investing in long-term assets while maintaining a manageable debt structure that positions Baldwin County for continued growth and future economic opportunities.



Credit Ratings Overview

Baldwin County's general obligation credit ratings remained stable during the fiscal year ended September 30, 2025, with Moody's Investors Service affirming the County's Aa1 rating for General Obligation Limited Tax (GOLT) debt and Standard & Poor's maintaining its AA+ rating. These ratings reflect continued confidence in the County's financial management practices, revenue stability, and long-term approach to planning and budgeting.

Credit ratings serve as independent assessments of the County's ability to meet its financial obligations. High ratings such as Aa1 and AA+ indicate a very strong capacity to repay debt and are based on factors including the County's economic base, financial performance, governance practices, and debt profile.

Maintaining strong credit ratings benefits Baldwin County by:

- Supporting lower borrowing costs on future debt issuances
- Enhancing market access and investor confidence
- Signaling sound fiscal stewardship to residents, businesses, and external stakeholders

These ratings contribute to the County's ability to finance capital improvements and long-term infrastructure needs in a cost-effective and sustainable manner.



Key Initiatives and Financial Implications

During fiscal year 2025, Baldwin County advanced several initiatives that support the Commission's long-term strategic priorities—Growth and Infrastructure Balance, Public Safety, Economic Prosperity and Workforce, Protecting the Natural Environment, and County Government. These efforts strengthened service delivery, expanded operational capacity, and positioned the County for continued financial stability as growth accelerates.

Growth & Infrastructure Balance

The County advanced major transportation and development-related improvements, highlighted by the launch of the 30 Cubed program, which invests $30 million in County funds matched by $30 million from municipalities to deliver $60 million in roadway projects by 2030. These efforts expand capacity, improve mobility, and support long-term economic growth. Financial implications include sustained capital investment, strategic use of reserves and financing, and ongoing technology and staffing needs to support modernized development processes.

Public Safety

Public safety agencies strengthened operational capabilities through expanded enforcement functions, modernized technology, and increased investigative capacity. Rising service demands and more complex caseloads required additional staffing, training, and specialized tools. These investments enhance community safety but also create long-term operating commitments related to personnel, equipment, and facility support.

Economic Prosperity & Workforce

Revenue administration and voter services improved through expanded outreach, modernized processes, and increased use of online tools. These initiatives support financial stability, taxpayer engagement, and civic participation. Continued population growth increases demand for administrative capacity, technology upgrades, and workforce development.

Protecting the Natural Environment

Environmental stewardship efforts advanced through enforcement of solid waste compliance, illegal dumping investigations, and public-health-related surveillance. These activities help safeguard natural resources and community well-being. Financial impacts include ongoing support for enforcement capacity, interagency coordination, and specialized investigative resources.

County Government

Customer-focused service delivery improved through new technology tools, enhanced communication channels, and strengthened operational workflows. Departments directly interacting with the citizens and the Citizen Service Center maintained high service levels while adapting to facility and system changes. These improvements increase efficiency and transparency but require continued investment in technology, cybersecurity, and workforce training.

Future Outlook

As the County plans for the years ahead, Baldwin County continues to align long-term financial planning with the Commission's strategic priorities and the needs of a rapidly growing population. Sustained growth will continue to influence service demands, particularly in transportation capacity, public safety, and customer-focused government operations. The County's financial strategy emphasizes maintaining stability while investing in infrastructure, technology, and workforce capacity to support long-term community needs.

The 30 Cubed program will remain a central component of the County's capital planning efforts as projects progress from design to implementation. Managing this multi-year initiative will require balancing cash funding with strategic financing while monitoring long-term operating impacts. Modernization efforts in permitting, technology systems, and customer service will continue to improve efficiency and transparency, though they will require ongoing investment in cybersecurity, system upgrades, and staff development.

Public safety agencies are expected to experience continued increases in caseloads, call volumes, and investigative complexity. Future planning will focus on staffing, facility needs, and technology enhancements to ensure agencies remain equipped to support a growing population. Administrative and revenue-related functions will also continue adapting to increased activity, emphasizing accuracy, accessibility, and timely service delivery.

Environmental stewardship and interagency coordination will remain important as growth places additional pressure on natural resources and regulatory compliance. The County will continue supporting enforcement capacity and collaborative programs that protect public health and the environment.

Overall, Baldwin County remains well-positioned to meet future challenges through disciplined financial management, strategic investment, and a continued commitment to delivering high-quality services to residents, businesses, and visitors.

Conclusion

Baldwin County's forward progress reflects a strong commitment to responsible financial management, strategic investment, and high-quality public service. The County has continued to meet the demands of rapid growth while maintaining stability in its financial position and advancing initiatives that strengthen infrastructure, public safety, and customer-focused operations.

The accomplishments highlighted in this report demonstrate the County's ability to plan effectively, adapt to changing needs, and deliver meaningful results for residents, businesses, and visitors. With a solid foundation in place and clear alignment with the Commission's strategic priorities, Baldwin County is well-positioned to sustain its momentum and support a thriving, resilient community in the years ahead.

This Management's Discussion and Analysis is intended to provide readers with a clear understanding of the County's financial activities and the factors that influenced results for the fiscal year. The following pages present the audited financial statements and accompanying notes, which offer detailed information on the County's financial position, changes in financial condition, and compliance with applicable accounting standards.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the:

Office of the Baldwin County Commissioners
312 Courthouse Square, Suite 12
Bay Minette, AL 36507
Email: info@baldwincountyal.gov

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Basic Financial Statements

Statement of Net Position
September 30, 2025

	Governmental Activities
Assets	
Current Assets	
Cash and Cash Equivalents	$ 224,638,329.94
Investments	48,036,076.06
Receivables, Net (Note 4)	24,579,272.71
Taxes Receivable	85,414,146.65
Prepaid Items	260,285.86
Total Current Assets	382,928,111.22
Noncurrent Assets	
Restricted Cash and Cash Equivalents	2,278,922.00
Restricted Cash with Fiscal Agent	9,138,982.17
Capital Assets (Note 5):	
Nondepreciable	182,282,537.81
Depreciable, Net	476,620,833.53
Total Capital Asset, Net	658,903,371.34
Total Noncurrent Assets	670,321,275.51
Total Assets	1,053,249,386.73
Deferred Outflows of Resources	
Deferred Amount on Refunding	1,694,825.44
Deferred Outflows Related to Net Pension Liability	23,179,672.12
Deferred Outflows Related to Other Postemployment Benefits Liability	8,175,202.00
Total Deferred Outflows of Resources	33,049,699.56
Liabilities	
Current Liabilities	
Payables (Note 8)	28,434,519.65
Accrued Wages Payable	1,216,042.45
Unearned Revenue	9,992,853.24
Accrued Interest Payable	1,078,013.44
Long-Term Liabilities:	
Portion Payable Within One Year:	
Warrants Payable	4,825,000.00
Add: Unamortized Premium	262,244.08
Notes from Direct Borrowing	2,638,235.38
Compensated Absences	4,621,166.52
Total Current Liabilities	$ 53,068,074.76

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

	Governmental Activities
Noncurrent Liabilities	
Portion Payable After One Year:	
Warrants Payable	$ 63,840,000.00
Add: Unamortized Premium	1,747,692.84
Notes from Direct Borrowing	58,897,541.17
Compensated Absences	2,704,677.42
Estimated Liability for OPEB	15,347,958.00
Net Pension Liability	44,966,579.13
Total Noncurrent Liabilities	187,504,448.56
Total Liabilities	240,572,523.32
Deferred Inflows of Resources	
Unavailable Revenue - Property Taxes	79,782,299.99
Unavailable Revenue - Motor Vehicle Taxes	2,445,107.77
Deferred Inflows Related to Net Pension Liability	10,170,744.44
Deferred Inflows Related to Net OPEB Liability	2,385,675.00
Deferred Inflows Related to Opioid Settlement	1,506,699.92
Deferred Inflows Warrant Premiums	2,403,459.65
Total Deferred Inflows of Resources	98,693,986.77
Net Position	
Net Investment in Capital Assets	533,034,928.63
Restricted for:	
Debt Service	5,969,619.98
Road Projects	6,882,545.10
Term Endowments	16,274,275.74
Other Purposes	52,852,530.91
Unrestricted	132,018,675.84
Total Net Position	$ 747,032,576.20

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Statement of Activities
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Primary Government: Total Governmental Activities
Primary Government					
Governmental Activities					
General Government	$ 62,075,578.28	$ 40,887,642.50	$ 10,085,444.56	$	$ (11,102,491.22)
Public Safety	74,380,368.30	1,896,275.45	3,740,984.58		(68,743,108.27)
Highways and Roads	46,035,363.42	1,668,649.30	5,081,900.52		(39,284,813.60)
Sanitation					
Health	4,848,449.43	27,140.69	25,000.00		(4,796,308.74)
Welfare	1,463,368.53		145,052.00		(1,318,316.53)
Culture and Recreation	7,355,794.52	382,727.52	320,513.09		(6,652,553.91)
Education	99,799.57				(99,799.57)
Interest on Long-Term Debt	4,298,724.32				(4,298,724.32)
Total Governmental Activities	$ 200,557,446.37	$ 44,862,435.46	$ 19,398,894.75	$	(136,296,116.16)
	General Revenues and Transfers:				
	Taxes:				
	Property Taxes for General Purposes				54,408,035.24
	Property Taxes for Specific Purposes				27,227,519.06
	General Sales Tax				37,131,346.04
	Special Sales Tax				2,739,876.72
	County Gasoline Sales Tax				18,819,457.32
	Miscellaneous Taxes				6,969,116.30
	Intergovernmental Transfers				207,941.69
	Grants/Contributions Not Restricted to Specific Programs				5,398,126.82
	Coronavirus Rescue Relief Funds				16,766,331.09
	Permit Fees				3,012,437.95
	Royalties				6,030,793.08
	Restricted Investment Earning				870,304.30
	Unrestricted Investment Earnings				11,150,540.26
	Miscellaneous				13,727,909.30
	Gain on Disposition of Capital Assets				1,862,633.68
	AFM Subdivision Roads				22,351,701.92
	Transfers and Contributions				4,743,375.02
	Total General Revenues and Transfers				233,417,445.79
	Change in Net Position				97,121,329.63
	Net Position - Beginning of Year, as Previously Reported				649,675,372.93
	Correction of Prior Period Error				1,210,815.97
	Implementation of GASB Statement Number 101				(974,942.33)
	Net Position - Beginning of Year, as Restated (Note 17)				649,911,246.57
	Net Position - End of Year				$ 747,032,576.20

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

Balance Sheet
Governmental Funds
September 30, 2025

	General Fund	Gasoline Tax Fund	Capital Projects Fund	Coronavirus Rescue Act Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	$ 78,935,741.73	$ 44,733,487.16	$ 35,480,574.46	$ 6,851,195.78	$ 14,863.69	$ 60,901,389.12	$ 226,917,251.94
Cash with Fiscal Agent	2,091,348.75				7,047,633.42		9,138,982.17
Investments	24,158,732.29	9,700,976.57				14,176,367.20	48,036,076.06
Taxes Receivable	73,544,104.23	760,040.88				11,110,001.54	85,414,146.65
Due from Other Funds	1,310,084.63						1,310,084.63
Receivables, Net (Note 4)	6,575,957.12	11,077,015.46	4,434,975.16			2,491,324.97	24,579,272.71
Prepaid Items	260,285.86						260,285.86
Advances from Other Funds	3,000,000.00						3,000,000.00
Total Assets	189,876,254.61	66,271,520.07	39,915,549.62	6,851,195.78	7,062,497.11	88,679,082.83	398,656,100.02
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Payables (Note 8)	20,515,596.46	2,137,292.27	2,383,162.81	974,425.61	1,100.00	2,422,942.50	28,434,519.65
Due to Other Funds			610,326.59			699,758.04	1,310,084.63
Accrued Wages Payable	632,822.40	355,061.16				228,158.89	1,216,042.45
Unearned Revenue	192,396.54			5,767,068.18		4,033,388.52	9,992,853.24
Advances to Other Funds						3,000,000.00	3,000,000.00
Total Liabilities	21,340,815.40	2,492,353.43	2,993,489.40	6,741,493.79	1,100.00	10,384,247.95	43,953,499.97
Deferred Inflows of Resources							
Unavailable Revenue - Property Taxes	68,672,298.45					11,110,001.54	79,782,299.99
Revenue Received in Advance - Motor Vehicle Taxes	2,445,107.77						2,445,107.77
Deferred Inflows - Opioid Settlement	1,506,699.92						1,506,699.92
Total Deferred Inflows of Resources	$ 72,624,106.14	$	$	$	$	$ 11,110,001.54	$ 83,734,107.68

Balance Sheet
Governmental Funds
September 30, 2025

	General Fund	Gasoline Tax Fund	Capital Projects Fund	Coronavirus Rescue Act Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances							
Nonspendable:							
Prepaid Items	$ 260,285.86	$	$	$	$	$	$ 260,285.86
Term Endowments						16,274,275.74	16,274,275.74
Restricted for:							
Capital Projects			10,048,375.52				10,048,375.52
Debt Service					7,047,633.42		7,047,633.42
Highways and Roads		824,207.82				6,058,337.28	6,882,545.10
Other Purposes	3,378,128.56		15,532,241.76			33,102,792.53	52,013,162.85
Committed:							
Other Purposes	699,998.36						699,998.36
Assigned to:							
Capital Projects						59,957.67	59,957.67
Debt Service					13,763.69		13,763.69
Encumbrances	2,758,894.10	7,965,483.76	11,341,442.94			6,241,913.73	28,307,734.53
Highways and Roads		54,989,475.06				1,206,615.18	56,196,090.24
Other Purposes				109,701.99		3,692,323.90	3,802,025.89
Unassigned	88,814,026.19					548,617.31	89,362,643.50
Total Fund Balances	95,911,333.07	63,779,166.64	36,922,060.22	109,701.99	7,061,397.11	67,184,833.34	270,968,492.37
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 189,876,254.61	$ 66,271,520.07	$ 39,915,549.62	$ 6,851,195.78	$ 7,062,497.11	$ 88,679,082.83	$ 398,656,100.02

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

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2025

Total Fund Balances - Governmental Funds (Exhibit 3)		$ 270,968,492.37
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets consist of:		
Total Capital Assets	$ 880,418,670.60	
Less: Accumulated Depreciation	(221,515,299.26)	
Total Capital Assets		658,903,371.34
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.		1,694,825.44
Deferred outflows and inflows of resources related to Pension and Net Other Postemployment Benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Defined Benefit Pension Plan	$ 23,179,672.12	
Deferred Inflows Related to Defined Benefit Pension Plan	(10,170,744.44)	
Deferred Outflows Related to Net Other Postemployment Benefits (OPEB)	8,175,202.00	
Deferred Inflows Related to Net Other Postemployment Benefits (OPEB)	(2,385,675.00)	
		18,798,454.68

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

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

	Due or Payable Within One Year	Due or Payable After One Year	
Accrued Interest Payable	$	$ 1,078,013.44	
Warrants Payable	4,825,000.00	63,840,000.00	
Unamortized Premium	262,244.08	1,747,692.84	
Notes from Direct Borrowing	2,638,235.38	58,897,541.17	
Net Pension Liability		44,966,579.13	
Estimated Liability for Compensated Absences	4,621,166.52	2,704,677.42	
Other Postemployment Benefits (OPEB) Liability		15,347,958.00	
Total Liabilities	$ 12,346,645.98	$ 188,582,462.00	(200,929,107.98)
Deferred Inflow Warrant Premium			(2,403,459.65)
Total Net Position - Governmental Activities (Exhibit 1)			$ 747,032,576.20

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Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2025

	General Fund	Gasoline Tax Fund	Capital Projects Fund	Coronavirus Rescue Act Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	$ 115,976,499.36	$ 9,468,231.56	$	$	$	$ 10,798,731.94	$ 136,243,462.86
Licenses and Permits	3,404,960.80					755,281.97	4,160,242.77
Fines and Forfeits	18,579.46						18,579.46
Intergovernmental	3,320,671.21	13,573,873.84		14,555,096.34		22,419,493.27	53,869,134.66
Charges for Services	43,115,097.32	529,915.00				2,285,278.43	45,930,290.75
Miscellaneous	9,750,664.71	1,895,319.40	1,659,634.40	678,881.44	299,396.70	14,254,158.37	28,538,055.02
Total Revenues	175,586,472.86	25,467,339.80	1,659,634.40	15,233,977.78	299,396.70	50,512,943.98	268,759,765.52
Expenditures							
Current:							
General Government	46,408,109.21		557,844.95			11,599,343.58	58,565,297.74
Public Safety	53,021,966.42					17,728,906.65	70,750,873.07
Highways and Roads		22,650,849.08		2,139,410.97		4,750,307.90	29,540,567.95
Health	553,104.00					4,288,835.05	4,841,939.05
Welfare	967,875.46			461,843.73			1,429,719.19
Culture and Recreation	6,925,235.15					13,237.79	6,938,472.94
Education	75,011.95						75,011.95
Capital Outlay	9,112,911.49	23,034,429.32	27,715,508.90	11,953,841.64		7,297,995.67	79,114,687.02
Debt Service:							
Principal Retirement					6,526,584.16		6,526,584.16
Interest and Fiscal Charges	124,537.99				4,073,473.77		4,198,011.76
Total Expenditures	117,188,751.67	45,685,278.40	28,273,353.85	14,555,096.34	10,600,057.93	45,678,626.64	261,981,164.83
Excess (Deficiency) of Revenues Over Expenditures	58,397,721.19	(20,217,938.60)	(26,613,719.45)	678,881.44	(10,300,661.23)	4,834,317.34	6,778,600.69
Other Financing Sources (Uses)							
Proceeds from Long-Term Debt Issued	1,545,588.00						1,545,588.00
Proceeds from Sale of Capital Assets	156,514.09	2,461,456.65				139,852.76	2,757,823.50
Transfers In	2,899,236.76	28,081,865.01	10,564,192.00		10,288,606.65	8,244,735.02	60,078,635.44
Transfers Out	(49,685,160.58)	(1,959,524.91)		(3,189,489.00)		(5,244,460.95)	(60,078,635.44)
Total Other Financing Sources (Uses)	(45,083,821.73)	28,583,796.75	10,564,192.00	(3,189,489.00)	10,288,606.65	3,140,126.83	4,303,411.50
Net Change in Fund Balances	13,313,899.46	8,365,858.15	(16,049,527.45)	(2,510,607.56)	(12,054.58)	7,974,444.17	11,082,012.19
Fund Balances - Beginning of Year	82,597,433.61	55,413,308.49	52,971,587.67	2,620,309.55	7,073,451.69	59,210,389.17	259,886,480.18
Fund Balances - End of Year	$ 95,911,333.07	$ 63,779,166.64	$ 36,922,060.22	$ 109,701.99	$ 7,061,397.11	$ 67,184,833.34	$ 270,968,492.37

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2025

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)		$ 11,082,012.19
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay Expenditures	$ 79,114,687.02	
Depreciation Expense	(18,738,035.21)	
		60,376,651.81
In the Statement of Activities, donation of capital assets is recorded as revenue, whereas in the governmental funds it is not recorded.		22,351,701.92
In the Statement of Activities, only the gain or loss on the sale/disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale/disposal are reported. Thus the changes in net position differs from the change in fund balance by the cost of the assets sold.		(895,189.82)
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		6,526,584.16
This issuance of debt is reported as other financing sources in governmental funds and thus contributes to the change in fund balance. However, in the Statement of Net Position, issuing debt increases long-term liabilities and does not affect the Statement of Activities.		(1,545,588.00)
Discounts, premiums, and insurance costs on debt issuance are recorded as financing uses/expenditures in the governmental funds, but are deferred and amortized in the Statement of Activities.		
Premiums on Debt Issued		85,837.85

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

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

Net Decrease in Accrued Interest Payable	$ (327,710.38)	
Amortization of Deferred Discount	(7,731.97)	
Amortization of Premium	262,244.08	
Amortization of Deferred Loss on Refunding	(152,052.28)	
Net Increase in Other Postemployment Benefits (OPEB) Expense	(1,960,215.00)	
Net Increase in Pension Amounts	2,807,736.02	
Net Decrease in Compensated Absences	(1,482,950.95)	
		(860,680.48)
Change in Net Position of Governmental Activities (Exhibit 2)		$ 97,121,329.63

Statement of Fiduciary Net Position
September 30, 2025

	Custodial Funds
Assets	
Cash and Cash Equivalents	$ 4,736,381.69
Investments	1,375,803.02
Accounts Receivable	72,669.69
Total Assets	6,184,854.40
Liabilities	
Accounts Payable	100,456.72
Payable to External Parties	1,411,667.14
Total Liabilities	1,512,123.86
Net Position	
Held in Trust for Other Purposes	4,672,730.54
Total Net Position	$ 4,672,730.54

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

Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2025

	Custodial Funds
Additions	
Contributions from:	
Restitution Recovery	$ 201,984.02
Probate Court	50,374,002.99
Licenses and Fees	430,212.94
Miscellaneous Additions	34,284.67
Total Contributions	51,040,484.62
Investment Earnings:	
Interest	25,638.51
Total Investment Earnings	25,638.51
Revenues:	
Taxes	214,001,127.24
Licenses and Fees	116,497.18
Interest	14,938.03
Total Revenues	214,132,562.45
Total Additions	265,198,685.58
Deductions	
Taxes and Fees Paid to Other Governments	214,183,534.35
Transfers Out	79,748.00
Administrative Expenses	740,355.89
Payments to Beneficiaries	51,920,690.79
Total Deductions	266,924,329.03
Changes in Net Position	(1,725,643.45)
Net Position - Beginning of Year	6,398,373.99
Net Position - End of Year	$ 4,672,730.54

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

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Baldwin County Commission (the "Commission") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Commission are described below.

A. Reporting Entity

The Baldwin County Commission is a general purpose local government governed by four separately elected commissioners. Generally accepted accounting principles (GAAP) requires that the financial statements present the Commission (the primary government) and all component units for which the Commission is financially accountable, as well as other organizations whose exclusion would cause the financial statements to be misleading or incomplete.

Based on the application of the above criteria, the Baldwin County Planning and Zoning Commission and the Baldwin County Pretrial Release, Community Corrections Board and the Baldwin County Public Building Authority are component units that have been included in the accompanying financial statements as blended component units. Blended component units are legally separate entities that exist solely to provide services (usually financing) exclusively to the County.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Commission. These statements include the financial activities of the primary government, excluding fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Fund Financial Statements

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

The Commission reports the following major governmental funds:

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

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

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

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

- ***Debt Service Fund*** – This fund has been presented as a major fund to provide additional information to financial statement users. This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for the accumulation of resources for principal and interest payments maturing in future years.

The Commission reports the following governmental fund 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.

- ***Permanent Fund*** – This fund is used to account for resources that are legally restricted to the extent that only the earnings, and not the principal, may be used for purposes that support the County's ongoing programs. The principal balance is nonspendable in perpetuity, while investment income is restricted for the specific purposes designated by the underlying legal or contractual requirements.

The Commission reports the following fiduciary fund type:

Fiduciary Fund Type

- ***Custodial Funds*** – These funds are used to account for fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issued and acquisitions under notes from direct borrowing 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 are both restricted and unrestricted net position available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

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

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

2. Receivables

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

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

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

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

3. Prepaid Items

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

4. Restricted Assets

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

5. Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life
Buildings	$5,000	10 – 30 years
Improvements	$5,000	30 years
Equipment and Furniture	$5,000	5 – 7 years
Roads	$5,000	20 years
Bridges	$5,000	40 years

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

6. Deferred Outflows of Resources

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

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Warrant premiums and discounts are deferred and amortized over the life of the warrant. Warrants payable are reported at gross, with the applicable warrant premium or discount reported separately. Warrant issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Compensated Absences

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

Annual Leave

Annual vacation leave accrues to all current, full-time classified, appointed and probationary employees with five years or less of service at the rate of 1 day per calendar month, for employees with 5 and up to 10 years' service at the rate of 1 and ¼ days per month, for employees with 10 and up to 15 years' service at the rate of 1 and ¾ days per month, and for employees with more than 15 years' service at the rate of 2 days per month.

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

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

Sick Leave

Sick leave accrues to regular, full-time classified, appointed and probationary employees at the rate of one day per calendar month worked. Upon retirement, an employee shall be paid ½ of their accumulated sick leave not to exceed 360 hours. Under this method an accrual for the sick leave liability is based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

9. Deferred Inflows of Resources

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

10. Net Position and Fund Balances

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

- ***Net Investment in Capital Assets*** – Capital assets are 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 amounts.

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

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

Fund balance is reported in the fund financial statements under the following five categories:

- ***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 prepaid items and long-term receivables. Inventory is considered immaterial and included with prepaid items.

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

- ***Committed*** fund balances consist of amounts that are subject to a specific purpose imposed by formal action of the Commission, which the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.

- ***Assigned*** fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission authorized the Commission Chairman or County Administrator to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.

- ***Unassigned*** fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

E. Pensions

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

F. Postemployment Benefits Other Than Pensions (OPEB)

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

Note 2 – Stewardship, Compliance and Accountability

A. Budgets

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

The present statutory basis for county budgeting operations is the County Financial Control Act of 1935, as amended by Act Number 2007-488, Acts of Alabama. According to the terms of the law, at some meeting in September of each year, but in any event no later than October 1, the Commission must estimate anticipated revenues, estimated expenditures, and appropriations for the respective amounts that are to be used for each of such purposes. The appropriations must not exceed the total revenues available for appropriation plus any balances on hand. Expenditures may not legally exceed appropriations.

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

B. Stabilization Arrangements

The Commission has adopted a Reserve Balances Policy to maintain sufficient reserves to address unanticipated expenditures, revenue shortfalls, economic fluctuations, natural disasters, and other unforeseen circumstances. The policy establishes a target reserve level equal to at least 35% of the annual budget (excluding capital expenditures) across the Commission's two primary operational funds: the General Fund and the Gasoline Tax Fund. The Gasoline Tax Fund also maintains an additional amount specifically reserved for emergency highway and road repairs.

Use of reserve funds must reflect demonstrated fiscal necessity and be approved by formal action of the Commission. Reserve adequacy is evaluated annually as part of the Commission's financial planning and budget review process. If reserve levels fall below the established threshold, financial leadership will recommend replenishment strategies consistent with long-term financial forecasts and operational needs.

As of September 30, 2025, the balance set aside for reserves is as follows:

- General Fund: $40,013,527.75
- Gasoline Tax Fund: $10,998,792.52

Although these amounts are designated by Commission policy, they are not classified as committed fund balance on the financial statements because the policy does not meet the criteria for committed classification under GASB Statement Number 54.

Note 3 – Deposits and Investments

A. Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Commission will not be able to recover its 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 this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

B. Cash with Fiscal Agent

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

As of September 30, 2025, the Commission's cash with fiscal agent was invested as follows:

Investment Type	Maturities	Rating	Fair Value
Money Market Funds:			
Fidelity Investments Treasury Only – Class III	49 Days	AAAm/AAA-mf	$7,047,633.42
Fidelity Investments Government Portfolio – Institutional Class	42 Days	AAAm/AAA-mf	2,091,348.75
Total			$9,138,982.17

C. Investments

The ***Code of Alabama 1975***, Section 11-8-11 and Section 11-81-20, authorizes the Commission to invest in obligations of the U. S. Treasury and federal agency securities along with certain pre-refunded public obligation such as bonds or other obligations of any state of the United States of America or any agency, instrumentality or local governmental unit of any such state.

As of September 30, 2025, the Commission had the following investments and maturities:

Investments	Maturities	Fair Value
Bonds and Notes by Fund:		
General Fund	Less than 10 years	$24,158,732.29
Gasoline Tax Fund	Less than 10 years	9,700,976.57
Other Governmental Funds	Less than 10 years	14,176,367.20
Total Bonds and Notes		$48,036,076.06

The Commission categorizes its fair value measurements within the fair value hierarchy established by the Governmental Accounting Standards Board (GASB) Statement Number 72, ***Fair Value Measurement and Application***. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for the identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of September 30, 2025, the Commission had the following investments, maturities and fair market value hierarchies:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Debt Securities:				
U. S. Treasury Securities	$48,036,076.06	$48,036,076.06	$	$
Total Investment by Fair Value Level	$48,036,076.06	$48,036,076.06	$	$

Policy Statement

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

Investment Policies

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

Designation of Investment Management

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

Ethics and Conflict of Interest

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

Objectives

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

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

1. The Protection of Principal shall be the top objective in the County's investment program. Protection of principal shall be controlled by investing in those investments that are only authorized by State and local law, which constitute some of the safest type of securities available in the marketplace. Most importantly, market risk on principal due to maturity dates and interest rates must be the primary focus in determining the investment portfolio diversification.

2. Proper Cash Flow shall be based upon the cash needs as projected through cash management analysis and monitoring. An investment may be liquidated prior to maturity to meet unanticipated cash needs and to re-deploy resources into other investment vehicles expected to outperform the current holdings.

3. Optimal Returns on investments is the third objective once principal safeguards and projected cash needs are established. The investment portfolio shall contain those investments only authorized by State and local law. Such authorized investments shall be purchased with the highest yield available within the constraints outlined in Objective 1 and 2 outlined above.

Investment Strategies

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

Due Professional Care

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

Authorized Investments

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

Maximum Maturities

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

Procedural Requirement

The County Clerk/Treasurer is responsible for overseeing the daily operations in relation to the management of the County's investment portfolio. The County Clerk/Treasurer may assign staff members to assist in managing the overall program. After the passage of each annual fiscal year budget, the County Clerk/Treasurer will establish an overall annual investment strategy based upon the County's current financial position and the established fiscal plan for the upcoming year.

The County Clerk/Treasurer, on a monthly basis, will review the status of the investment program and its portfolio and determine whether changes are required in its overall annual plan due to unanticipated changes in immediate or near future cash needs.

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The Baldwin County Commission has no investment policy limiting the amount invested in any one issuer. As of September 30, 2025, the Commission's investments in US Treasury Securities amounted to $48,036,076.06 representing 100% of their total investments.

Custodial Credit Risk

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

Note 4 – Receivables

On September 30, 2025, receivables for the Commission's individual major and nonmajor funds are as follows:

	Accounts Receivable	Intergovernmental	Other	Total
Receivables:				
General Fund	$1,688,483.49	$ 3,535,095.06	$1,352,378.57	$ 6,575,957.12
Gasoline Tax Fund	183,923.91	10,865,390.01	27,701.54	11,077,015.46
Capital Projects Fund			4,434,975.16	4,434,975.16
Other Governmental Funds	37,905.04	2,395,002.66	58,417.27	2,491,324.97
Total Governmental Funds	$1,910,312.44	$16,795,487.73	$5,873,472.54	$24,579,272.71

Included in "Other" receivables above is $4,434,975.16 in the Capital Projects Fund which represents amounts due from the Baldwin County Public Building Authority for the construction of the Jail Project.

Governmental funds report unearned revenues in connection with receivables for revenues that are not considered 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, 2025, the various components of unearned revenues reported in the governmental funds were as follows:

	Total
General Fund	$ 192,396.54
Coronavirus Rescue Act Fund	5,767,068.18
Other Governmental Funds	4,033,388.52
Total Governmental Funds	$9,992,853.24

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance 10/01/2024	Reclassifications (*)
Governmental Activities:		
Capital Assets, Not Being Depreciated:		
Land	$ 47,602,272.63	$ 13,834.80
Historical Artifacts	112,000.00	
Infrastructure in Progress	21,832,286.74	(13,163,292.24)
Construction in Progress	65,049,835.61	(2,484,442.25)
Total Capital Assets, Not Being Depreciated	134,596,394.98	(15,633,899.69)
Capital Assets Being Depreciated:		
Infrastructure	405,451,493.69	5,369,408.77
Buildings	101,166,093.88	142,407.55
Improvements Other Than Buildings	65,033,476.18	7,793,883.47
Computer and Communication Equipment	19,851,339.50	
Equipment and Furniture	8,673,518.76	305,209.90
Motor Vehicle and Heavy Equipment	51,478,988.04	2,022,990.00
Total Capital Assets Being Depreciated	651,654,910.05	15,633,899.69
Less Accumulated Depreciation for:		
Infrastructure	(79,725,549.43)	
Buildings	(63,250,788.01)	
Improvements Other Than Buildings	(12,641,957.50)	
Computer and Communication Equipment	(16,348,243.27)	
Equipment and Furniture	(6,686,961.98)	
Motor Vehicle and Heavy Equipment	(30,527,597.41)	
Total Accumulated Depreciation	(209,181,097.60)	
Total Capital Assets Being Depreciated, Net	442,473,812.45	15,633,899.69
Total Governmental Activities Capital Assets, Net	$ 577,070,207.43	$

(*) Amounts included in the “Reclassifications” column were necessary due to projects that were completed or terminated during the year.

Additions	Retirements	Balance 09/30/2025
$ 917,747.28	$	$ 48,533,854.71
		112,000.00
38,753,241.35		47,422,235.85
23,649,053.89		86,214,447.25
63,320,042.52		182,282,537.81
22,351,701.92		433,172,604.38
		101,308,501.43
318,841.00	(38,115.00)	73,108,085.65
1,109,876.27	(896,778.92)	20,064,436.85
321,190.98	(139,294.40)	9,160,625.24
14,044,736.25	(6,224,835.05)	61,321,879.24
38,146,346.42	(7,299,023.37)	698,136,132.79
(3,368,321.36)		(83,093,870.79)
(2,434,596.68)		(65,685,384.69)
(2,559,788.08)	21,985.22	(15,179,760.36)
(1,251,861.22)	891,187.84	(16,708,916.65)
(783,601.41)	138,277.78	(7,332,285.61)
(8,339,866.46)	5,352,382.71	(33,515,081.16)
(18,738,035.21)	6,403,833.55	(221,515,299.26)
19,408,311.21	(895,189.82)	476,620,833.53
$ 82,728,353.73	$ (895,189.82)	$ 658,903,371.34

Depreciation Expense

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$ 4,552,017.58
Public Safety	2,473,656.67
Highway and Roads	11,164,537.05
Welfare	35,114.55
Culture and Recreation	487,921.74
Education	24,787.62
Total Depreciation Expense – Governmental Activities	$18,738,035.21

The County does not meet the materiality thresholds for GASB Statement Number 87 and, therefore, does not apply it to its financial statements. As a result, right-to-use lease assets and liabilities are not recorded. Instead, lease payments are recognized as expenditures or expenses in the periods incurred.

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan (the "Plan"), was established October 1, 1945, pursuant to the ***Code of Alabama 1975***, Section 36-27 (Act Number 515, Acts of Alabama 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 Number 2021-390, Acts of Alabama, created two additional representatives to the ERS Board of Control Effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The ***Code of Alabama 1975***, Section 36-27-2 grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

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 vested active employee of a participating municipality or city in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
   d. One vested active employee of a participating county in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
   e. One vested active employee or retiree of a participating employer in ERS pursuant to the ***Code of Alabama 1975***, Section 36-27-6.
   f. One vested active 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 creditable service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act Number 2012-377, Acts of Alabama, established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. 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 up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

Act Number 2022-351, Acts of Alabama, provides that any Tier 2 member who withdraw from service after the completion of at least 30 years of service is entitled to an annual retirement benefit.

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 members of 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 628 employers adopted Act Number 2019-132, Acts of Alabama as of September 30, 2024.

Act Number 2019-132, Acts of Alabama, was amended by Act Number 2022-348, Acts of Alabama. Act Number 2022-348, Acts of Alabama, amended Act Number 2019-132, Acts of Alabama, by removing the date limitation for any local participating employer to submit its resolution electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members. Act Number 2022-348, Acts of Alabama, also amended Act Number 2019-132, Acts of Alabama, by removing the date limitation for a local participating employer to petition the ERS Board of Control for a reconsideration if the ERS Board of Control denied its election to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members.

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 890 local participating employers. The ERS membership includes approximately 117,309 participants. As of September 30, 2024, membership consisted of:

Retirees and beneficiaries currently receiving benefits	32,477
Terminated employees entitled to but not yet receiving benefits	2,425
Terminated employees not entitled to a benefit	22,097
Active Members	60,279
Post-DROP participants who are still in active service	31
Total	117,309

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 certified law enforcement, correctional officers', and firefighters' member contribution rates 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 contribution 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, 2025, the Baldwin County Commission's active employee contribution rate was 7.50% of covered employee payroll, and the Commission's average contribution rate to fund the normal and accrued liability costs was 7.38% of pensionable payroll. For the year ended September 30, 2025, the Baldwin County Sheriff's Office active employee contribution rate was 7.99% of covered employee payroll, and the Baldwin County Sheriff's Office average contribution rate to fund the normal and accrued liability costs was 8.53% of pensionable payroll.

The Baldwin County Commission's contractually required contribution rate for the year ended September 30, 2025, was 7.62% of pensionable pay for Tier 1 employees, and 7.89% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2022, 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 $2,521,884.11 for the year ended September 30, 2025.

The Baldwin County Sheriff's Office contractually required contribution rate for the year ended September 30, 2025, was 8.85% of pensionable pay for Tier 1 employees, and 9.00% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2022, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Commission (Sheriff's Office) were $2,179,740.68 for the year ended September 30, 2025.

B. Net Pension Liability

The Baldwin County Commission's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2023, rolled forward to September 30, 2024, using standard roll-forward techniques as shown in the tables below.

The information presented hereafter for the pension liability includes the liability for Solid Waste employees that were transferred upon creation of the Solid Waste Disposal Authority of Baldwin County on October 1, 2023. The actuarial report prepared for the fiscal year ended September 30, 2025, still included these employees, therefore the pension liability reported in the financial statements for government activities differs due the effect of the transfer of these employees.

	Baldwin County Commission		
	Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2023	$117,615,877	$129,490,028	$129,490,028
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for October 1, 2023 – September 30, 2024	3,360,455	3,360,455	3,360,455
(d) Transfers Among Employers		(15,121,122)	(15,121,122)
(e) Actual Benefit Payments and Refunds for the period October 1, 2023 – September 30, 2024	(7,345,748)	(7,345,748)	(7,345,748)
(f) Total Pension Liability as of September 30, 2024 =[(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	$122,119,338	$119,756,991	$119,756,991
(g) Difference between Expected and Actual		$ (2,362,347)	
(h) Less Liability Transferred for Immediate Recognition		(14,593,168)	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		$ 12,230,821	
(j) Difference between Actual TPL Before and After Plan Changes – Benefit Change (Gain)/Loss			$

	Baldwin County Sheriff's Office		
	Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2023	$69,132,435	$70,605,139	$70,605,139
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for October 1, 2023 - September 30, 2024	2,320,200	2,320,200	2,320,200
(d) Transfers Among Employers		203,124	203,124
(e) Actual Benefit Payments and Refunds for the period October 1, 2023 - September 30, 2024	(3,502,794)	(3,502,794)	(3,502,794)
(f) Total Pension Liability as of September 30, 2024 =[(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	$72,969,728	$74,755,273	$74,755,273
(g) Difference between Expected and Actual		$ 1,785,545	
(h) Less Liability Transferred for Immediate Recognition		$203,124	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		$ 1,582,421	
(j) Difference between Actual TPL Before and After Plan Changes – Benefit Change (Gain)/Loss			$

Actuarial Assumptions

The total pension liability as of September 30, 2024, was determined based on the annual actuarial funding valuation prepared as of September 30, 2023. The key actuarial assumptions used in the valuation were as follows:

Inflation	2.50%
Projected Salary Increases, including inflation:	
State and Local Employees	3.25-6.00%
State Police	4.00-7.75%
Investment Rate of Return, including inflation (*)	7.45%

(*) Net of pension plan investment expense

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

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

The actuarial assumptions used in the September 30, 2022, valuation were based on the results of an actual experience study covering 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. 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 Real Rate of Return (*)
Fixed Income	15.00%	2.80%
U. S. Large Stocks	32.00%	8.00%
U. S. Mid Stocks	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

(*) Includes an 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.

C. Changes in Net Pension Liability

Baldwin County Commission	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2023	$117,615,877	$80,685,424	$ 36,930,453
Changes for the year:			
Service cost	3,360,455		3,360,455
Interest	8,488,754		8,488,754
Difference between expected and actual experience	12,230,821		12,230,821
Contributions – employer		2,253,547	(2,253,547)
Contributions – employee		2,434,622	(2,434,622)
Net investment income		15,965,687	(15,965,687)
Benefit payments, including refunds of employee contributions	(7,345,748)	(7,345,748)	
Transfers Among Employers	(14,593,168)	(7,506,537)	(7,086,631)
Net Changes	2,141,114	5,801,571	(3,660,457)
Balances at September 30, 2024	$119,756,991	$86,486,995	$ 33,269,996

Baldwin County Sheriff's Office	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2023	$69,132,435	$47,832,086	$ 21,300,349
Changes for the year:			
Service cost	2,320,200		2,320,200
Interest	5,019,887		5,019,887
Difference between expected and actual experience	1,582,421		1,582,421
Contributions – employer		1,888,264	(1,888,264)
Contributions – employee		1,900,960	(1,900,960)
Net investment income		10,152,727	(10,152,727)
Benefit payments, including refunds of employee contributions	(3,502,794)	(3,502,794)	
Transfers Among Employers	203,124	203,124	
Net Changes	5,622,838	10,642,281	(5,019,443)
Balances at September 30, 2024	$74,755,273	$58,474,367	$ 16,280,906

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

The following table presents the Baldwin County Commission's and the Baldwin County Sheriff's Office's net pension liability calculated using the discount rate of 7.45%, as well as what the Baldwin County Commission's and the Baldwin County Sheriff's Office'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%)
Baldwin County Commission Net Pension Liability	$48,419,575	$33,269,996	$20,551,729
Baldwin County Sheriff's Office Net Pension Liability	$26,682,395	$16,280,906	$ 7,681,468

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement Number 68 Report for the ERS prepared as of September 30, 2024. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

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

For the year ended September 30, 2025, the Baldwin County Commission and the Baldwin County Sheriff's Office recognized pension expense of $44,853.00 and $2,514,430.00, respectively. At September 30, 2025, the Baldwin County Commission and the Baldwin County Sheriff's Office reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Baldwin County Commission		
Differences between expected and actual experience	$12,897,954.00	$ 23,011.00
Changes of assumptions	860,024.00	
Net difference between projected and actual earnings on plan investments		5,553,865.44
Employer contributions subsequent to the measurement date	1,476,891.44	
Total	15,234,869.44	5,576,876.44
Baldwin County Sheriff's Office		
Differences between expected and actual experience	4,308,566.00	671,127.00
Changes in assumptions	1,456,496.00	
Net difference between projected and actual earnings on pension plan investments		3,922,741.00
Employer contributions subsequent to the measurement date	2,179,740.68	
Total	$ 7,944,802.68	$4,593,868.00

The $1,476,891.44 for the Commission and the $2,179,740.68 for the Baldwin County Sheriff's Office reported as deferred outflows of resources related to pensions resulting from Commission and Sheriff's Office contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Inflows/Outflows	
Year Ending:	Baldwin County Commission	Baldwin County Sheriff's Office
September 30, 2026	$2,413,039	$ 277,420
2027	$3,916,131	$1,387,953
2028	$ 98,769	$ (790,267)
2029	$ 540,440	$ (508,409)
2030	$ 905,986	$ 459,980
Thereafter	$ 0	$ 344,517

Judicial Retirement Fund– Baldwin County Probate Judge

Summary of Significant Accounting Policies

Pensions

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

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

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

Contributions

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

Pension Liabilities and Pension Expense

At September 30, 2025, the Baldwin County Commission did not have a liability for a proportionate share of the net pension liability because of the related State of Alabama support. The amount of the State of Alabama's proportionate share of net pension liability associated with the Baldwin County Commission is as follows:

State of Alabama's Proportionate Share of the Net Pension Liability associated with the Baldwin County Commission	$490,513

The net pension liability was measured as of September 30, 2024. The total pension liability is based on the actuarial valuation as of September 30, 2023. An expected total pension liability as of September 30, 2024, was determined using standard roll-forward techniques. The State of Alabama's proportion of the net pension liability associated with the Baldwin County Commission was based on actuarially determined contributions paid by the State of Alabama during the fiscal year ended September 30, 2024.

For the year ended September 30, 2025, the Baldwin County Commission recognized pension expense and revenue of $80,186 for aid provided by the State of Alabama.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	2.75% - 3.50%
Investment rate of return (*)	7.40%
COLA Adjustments (**)	2.75%

(*) Net of pension plan investment expense
(**) Per year for certain members hired prior to July 30, 1979 and for spouses subject to increase

The actuarial assumptions used in the actuarial valuation as of September 30, 2023, were based on the results of an investigation of the economic and demographic experience for the JRF based upon participant data as of September 30, 2020, completed by the RSA and its actuaries. The purpose of the investigation was to assess the reasonableness of the actuarial assumptions and methods currently used by the RSA. This investigation resulted in changes to the actuarial assumptions. The Board of Control accepted and approved these changes in September 2021, which became effective at the beginning of fiscal year 2021.

Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward(+)/ Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree – Below Median	Male: +2, Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63 -67 Female: 112% ages < 69, 98% > age 74; Phasing down 69-74
Beneficiaries	Contingent Survivor – Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None

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

	Target Allocation	Long-Term Expected Rate of Return (*)
Fixed Income	22.00%	2.80%
U. S. Large Stocks	39.00%	8.00%
U. S. Mid Stock	11.00%	10.00%
U. S. Small Stocks	5.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	1.00%	9.00%
Real Estate	2.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

(*) Includes assumed rate of inflation of 2.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement Number 67 for the JRF prepared as of September 30, 2024. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

Note 7 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan Description

The Baldwin County Commission (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, or retirees rests with the Commission. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) 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 creditable service (called "Tier 1" members). Employees hired on and after January 1, 2013 (called "Tier 2" members) are eligible to retire only after the attainment of age 62 or later completion of 10 years of service.

Employees Covered by Benefit Terms

At September 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	88
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	907
Total	995

Total OPEB Liability

The Commission's total OPEB liability of $16,259,847.00 was measured as of September 30, 2025, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2025, actuarial valuation was determined using the following assumption and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0% annually	
Salary increases	Service Years	Annual Rate
	0	6.00%
	1-5	4.25%
	6-10	4.00%
	11-15	3.75%
	16-19	3.50%
	20+	3.25%
Discount Rate	3.81% annually (Beginning of Year to Determine ADC)	
	4.90%, annually (As of End of Year Measurement Date)	
Healthcare Cost Trend Rates	Getzen model, with an initial trend of 5.50%	
Mortality	PubG.H-2010(B) and PubS.H-2010(B)	

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2025, the end of the applicable measurement period.

The actuarial assumptions used in the September 30, 2025, valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2025.

Changes in the Total OPEB Liability

Balance at September 30, 2024	$17,659,188.00
Changes for the Year:	
Service Cost	606,429.00
Interest	680,122.00
Changes in assumptions	(1,848,783.00)
Benefit payments and net transfers	(837,109.00)
Net Changes	(1,399,341.00)
Balance at September 30, 2025	$16,259,847.00

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

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.90%) or 1-percentage point higher (5.90%) than the current discount rate:

	1.0% Decrease (3.90%)	Current (4.90%)	1.0% Increase (5.90%)
Total OPEB Liability	$17,946,875	$16,259,847	$14,764,475

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

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (4.50%) or 1-percentage point higher (6.50%) than the current healthcare trend rates:

	1.0% Decrease (4.50%)	Current Trend (5.50%)	1.0% Increase (6.50%)
Total OPEB Liability	$14,316,927	$16,259,847	$18,578,657

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

For the year ended September 30, 2025, the Commission recognized OPEB expense of $2,797,324. At September 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$2,173,762	$
Changes in assumptions	6,001,440	2,385,675
Total	$8,175,202	$2,385,675

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

Year Ending:	
September 30, 2026	$1,510,773
2027	$1,182,649
2028	$1,016,924
2029	$1,065,048
2030	$ 969,579
Thereafter	$ 44,554

Note 8 – Payables

On September 30, 2025, payables for the Commission's individual major funds and nonmajor funds are as follows:

	Accounts Payable	Due to Other Governments	Other	Total
Governmental Fund:				
General Fund	$18,412,035.86	$2,033,423.60	$70,137.00	$20,515,596.46
Gasoline Tax Fund	2,133,584.33	3,707.94		2,137,292.27
Coronavirus Rescue Act Fund	974,425.61			974,425.61
Capital Projects Fund	2,383,162.81			2,383,162.81
Debt Service Fund	1,100.00			1,100.00
Other Governmental Funds	2,129,566.30	293,376.20		2,422,942.50
Total Governmental Funds	$26,033,874.91	$2,330,507.74	$70,137.00	$28,434,519.65

Note 9 – Long-Term Debt

In June 2014, General Obligation Warrants with interest rates of 2.10 to 4.25 percent were issued for the purpose of the Series 2014 current refunding of the General Obligation Warrant, Series 2012-B, dated June 7, 2012. The payments are made from the General Fund. The warrant was paid in full on June 1, 2025.

In October 2019, the Commission entered into a direct borrowing agreement with Motorola Solutions, Inc., to provide additional cell phone coverage to the Gulf Shores and Fort Morgan areas of the County. The Commission will make five (5) annual payments with an interest rate of 3.42 percent. Any payments received later than ten (10) days from the due date will bear interest at 6.00 percent per annum. The payments are made from the General Fund. The direct borrowing was paid in full October 1, 2024.

In January 2020, General Obligation Warrants 2020, with an interest rate of 4.00 to 5.00 percent, were issued for the purposes of 2020 improvement projects and the advance refunding of the General Obligation Warrants, Series 2010 issued in January 2010. The debt service payments are made by the General Fund, Gasoline Tax Fund, Archives Fund, and Solid Waste Fund. The Solid Waste Fund portion of the debt service payments are now paid through the General Fund with funds set aside from the Solid Waste Fund during the transfer to the Solid Waste Disposal Authority (SWDA).

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

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

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

In August 2023, the Baldwin County Sheriff's Office entered into a Note from Direct Borrowing for equipment, software, and other services for body worn cameras and in-car audio and video capabilities. The terms of the agreement are for three years with the ability to extend. The debt service payments are made from the General Fund. The three-year note is scheduled to be paid in full in August 1, 2025.

On October 25, 2023, Baldwin County entered into a direct borrowing for Cisco Network Refresh with Key Government Finance, Inc. Under the terms of the agreement, annual payments of $282,607 are scheduled on January 15 of each year, beginning in 2024 and continuing through 2026.

In June 2024, the Public Building Authority of Baldwin County ("PBA") issued Building Revenue Warrants, Series 2024 (Jail Project), a direct borrowing to provide additional funding for the acquisition, construction, and equipping of a new public jail facility, as well as to cover issuance expenses. To facilitate the repayment of this debt, the PBA and the Baldwin County Commission entered into an agreement, under which the Commission is responsible for the ultimate payment of the warrants. Debt service payments to the PBA are made from the General Fund. The total amount of the issuance was $12,885,000.

On August 27, 2024, Baldwin County, Alabama issued $37,500,000 in General Obligation Economic Development Warrants, Series 2024 (the "Series 2024 Warrants"). The proceeds of the Series 2024 Warrants are intended to finance certain capital improvements for an economic development project, primarily supporting infrastructure enhancements related to a low-carbon aluminum recycling and rolling facility in Bay Minette, Alabama, operated by Novelis Corporation. The planned improvements include road access enhancements, a rail spur and bridge connection, and a water tower expansion for potable water distribution. The total estimated project cost is approximately $37,500,000, with any unfunded portion covered by other financing sources.

The Series 2024 Warrants constitute general obligations of Baldwin County and are secured by the County's full faith and credit. Additionally, repayment is supported by a pledge of the Tax Increment derived from increased ad valorem tax revenues within Tax Increment District 1, effective May 1, 2024. Debt service payments on the Series 2024 Warrants are scheduled semiannually on April 1 and October 1, commencing April 1, 2025, with interest computed on a 360-day year basis.

On November 18, 2024, Baldwin County and Baldwin County Sheriff's Office entered into a direct borrowing for TASER hardware, accessories, warranty, and services with Axon Enterprise, Inc. Under the terms of the agreements, a payment of $345,506.00 was made on January 15, 2025. Annual payments of $600,041.00 are scheduled on January 15 of each year after the initial payment, beginning in 2026 and continuing through 2027.

The following is a summary of long-term debt obligations for the Commission for the year ended September 30, 2025:

	Debt Outstanding 10/01/2024	Restatement (*)
Governmental Activities:		
Warrants Payable:		
Warrants, 2014	$ 425,000.00	$
Warrants, 2020	4,395,000.00	
Warrants, 2020B	30,060,000.00	
Warrants, 2024 TIF District	37,500,000.00	
Sub-Total Warrants Payable	72,380,000.00	
Unamortized Amounts:		
Less: Unamortized Discount	(7,731.97)	
Plus: Unamortized Premium	3,397,159.12	(1,124,978.12)
Total Warrants Payable	75,769,427.15	(1,124,978.12)
Other Liabilities:		
Notes from Direct Borrowing	62,801,772.71	
Compensated Absences (Net)	4,867,950.66	(974,942.33)
OPEB Liability	16,747,299.00	
Net Pension Liability	53,646,479.13	
Total Other Liabilities	138,063,501.50	(974,942.33)
Total Governmental Activities Long-Term Liabilities	$213,832,928.65	$(2,099,920.45)

(*) A restatement of unamortized premium was made to correct calculation errors made in prior fiscal years.

The County does not meet the materiality thresholds for GASB Statement Number 87 and, therefore, does not apply it to its financial statements. As a result, right-to-use lease assets and liabilities are not recorded. Instead, lease payments are recognized as expenditures or expenses in the periods incurred.

Debt Outstanding 10/01/2024, as Restated	Issued/ Increased	Repaid/ Decreased	Debt Outstanding 09/30/2025	Due Within One Year
$ 425,000.00	$	$ (425,000.00)	$	$
4,395,000.00		(1,700,000.00)	2,695,000.00	1,235,000.00
30,060,000.00		(1,590,000.00)	28,470,000.00	3,590,000.00
37,500,000.00			37,500,000.00	
72,380,000.00		(3,715,000.00)	68,665,000.00	4,825,000.00
(7,731.97)		7,731.97		
2,272,181.00		(262,244.08)	2,009,936.92	262,244.08
74,644,449.03		(3,969,512.11)	70,674,936.92	5,087,244.08
62,801,772.71	1,545,588.00	(2,811,584.16)	61,535,776.55	2,638,235.38
4,867,950.66	1,482,950.95		7,325,843.94	4,621,166.52
16,747,299.00		(1,399,341.00)	15,347,958.00	
53,646,479.13		(8,679,900.00)	44,966,579.13	
138,063,501.50	3,028,538.95	(12,890,825.16)	129,176,157.62	7,259,401.90
$212,707,950.53	$3,028,538.95	$(16,860,337.27)	$199,851,094.54	$12,346,645.98

The following is a schedule for September 30, 2025, of debt service requirements to maturity:

	Governmental Activities				Total Principal and Interest
	Warrants Payable		Notes from Direct Borrowing		
Year Ending	Principal	Interest	Principal	Interest	Requirements
September 30, 2026	$ 4,825,000.00	$ 2,288,708.71	$ 2,638,235.38	$ 2,377,553.89	$ 12,129,497.98
2027	3,970,000.00	2,212,640.63	2,605,874.38	2,275,062.50	11,063,577.51
2028	4,730,000.00	2,152,215.90	2,085,833.39	2,191,429.19	11,159,478.48
2029	4,425,000.00	2,053,292.20	2,178,749.97	2,104,245.85	10,761,288.02
2030	3,630,000.00	1,957,843.15	2,271,666.61	2,013,270.81	9,872,780.57
2031-2035	13,420,000.00	8,526,411.35	12,810,416.93	8,605,864.44	43,362,692.72
2036-2040	8,390,000.00	6,775,832.75	15,708,333.35	5,770,058.34	36,644,224.44
2041-2045	7,185,000.00	5,088,500.00	17,733,750.00	2,430,485.38	32,437,735.38
2046-2050	9,175,000.00	3,103,000.00	3,502,916.54	75,739.60	15,856,656.14
2051-2054	8,915,000.00	908,800.00			9,823,800.00
Total	$68,665,000.00	$35,067,244.69	$61,535,776.55	$27,843,710.00	$193,111,731.24

Premiums and Discounts

The Commission has a premium/discounts, losses on refunding debt and a gain on refunding debt in connection with the issuance of its Series 2020 and 2020B General Obligation Warrants. The deferred amounts are being amortized using the straight-line method.

	Discount	Premium
Total Premium and Discount	$(328,151.80)	$ 3,476,627.97
Amount Amortized Prior Years	320,419.83	(1,204,446.97)
Balance Premium	(7,731.97)	2,272,181.00
Current Amount Amortized	7,731.97	(262,244.08)
Balance Premium and Discount	$	$ 2,009,936.92

	Loss on Refunding Debt	Gain on Refunding Debt	Total Deferred Amount on Refunding
Total Deferred Amounts	$2,837,713.32	$(437,287.34)	$2,400,425.98
Amount Amortized Prior Years	(826,852.77)	273,304.59	(553,548.18)
Balance Premium	2,010,860.55	(163,982.75)	1,846,877.80
Current Amount Amortized	(206,713.20)	54,660.92	(152,052.28)
Balance Deferred Amounts	$1,804,147.35	$(109,321.83)	$1,694,825.52

Note 10 – Conduit Debt Obligations

On June 1, 2007, the Public Building Authority of Baldwin County (PBA), which is a related organization of Baldwin County, issued $6,405,000 of Building Revenue Warrants (DHR Project), Series 2007-A, for the purpose of financing the acquisition, construction, and installation of an office building for use by the Baldwin County Department of Human Resources. Simultaneously with the issuance of the warrants, a lease agreement was executed between the PBA and Baldwin County in addition to a sub-lease agreement between Baldwin County and the State of Alabama, acting by and through its Department of Human Resources.

The sub-lease agreement was amended on August 1, 2007. The lease is limited obligation debt of the Commission and is payable solely from the revenues generated through the sub-lease agreement, as amended. The warrants nor the lease constitute a debt or pledge of the faith and credit of the Commission and, accordingly, have not been reported in the accompanying financial statements. As of September 30, 2025, the outstanding balance of the lease is $1,335,000.

Note 11 – Risk Management

General Liability and Workers' Compensation

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

Health Insurance

The Commission was self-insured for medical and prescription drug benefits for the entire fiscal year and paid its third-party administrators for claims processing. For the period October 1, 2024 through September 30, 2025, fixed costs and funding rates were as follows:

Fixed Costs (Per Employee Per Month)

Cost Component	10/1/24 – 12/31/24	1/1/25 – 9/30/25
BCBS of Alabama Medical TPA Fee	$ 65.00	$ 65.00
AirMed Fee	$ 1.23	$ 1.23
EPS Fee – Single	$ 11.00	$ 11.00
EPS Fee – Family	$ 33.00	$ 33.00
Rx Interface Fee	$ 1.75	$ 2.25
Stop Loss Interface Fee	$ 0.00	$ 2.20
MedOne Rx Administration Fee (PMPM)	$ 3.10	$ 3.10
Stop Loss – Single	$ 49.85	$ 41.09
Stop Loss – Family	$140.23	$126.91
Stop Loss – Aggregate	$ 1.84	$ 2.31

Funding Rates

Coverage Tier	10/1/24 – 12/31/24	1/1/25 – 9/30/25
Single	$ 609.63	$ 676.00
Employee + 1	$1,380.99	$1,546.00
Family	$1,314.99	$1,480.00

Total Payments to Carrier/Administrators

For the fiscal year ended September 30, 2025, the Commission paid a total of $12,707,694 for self-insured medical and prescription drug benefits, consisting of:

- $10,334,123 in self-insured medical and prescription claims (net of pharmacy rebates)
- $1,030,997 in self-insured stop loss premiums
- $1,342,574 in self-insured BCBS/MedOne administrative fees

Stop Loss Coverage

- 2024: Claims in excess of $150,000 per individual, with a $150,000 aggregating specific deductible, up to unlimited coverage.
- 2025: Coverage increased to claims in excess of $200,000 per individual, with the same $150,000 aggregating specific deductible, up to unlimited coverage.

Estimated Claims Liability

Based on the incurred-but-not-reported (IBNR) analysis:

- Estimated target liability for medical and prescription claims at 9/30/25: $602,480
- Estimated pharmacy rebates: $585,381
- Net estimated liability: $17,099

The analysis does not include Symbol Clinic costs or reimbursements from stop loss. As of September 30, 2025, there were no pending stop loss reimbursements for claims paid through year-end.

Note 12 – Interfund Transactions

Interfund Transfers

The amounts of interfund transfers during the fiscal year ended September 30, 2025, were as follows:

	Transfers In					
	General Fund	Gasoline Tax Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
Transfers Out						
General Fund	$	$28,081,865.01	$ 7,412,743.57	$ 8,523,426.00	$5,667,126.00	$49,685,160.58
Gasoline Tax Fund	50,000.00		1,909,524.91			1,959,524.91
Coronavirus Rescue Act Fund	1,000,000.00			1,612,499.00	576,990.00	3,189,489.00
Other Governmental Funds	1,849,236.76		966,338.17	428,267.00	2,000,619.02	5,244,460.95
Total Governmental Funds	$2,899,236.76	$28,081,865.01	$10,288,606.65	$10,564,192.00	$8,244,735.02	$60,078,635.44

Advances To/From Other Funds

The amounts advance to/from other funds at September 30, 2025, were as follows:

	Advances from Other Funds	
	General Fund	Totals
Advances to Other Funds:		
Other Governmental Funds	$3,000,000.00	$3,000,000.00

Note 13 – Related Organizations

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

- AltaPointe Health Systems, Inc.
- Baldwin County Emergency Communications District
- Baldwin County Historic Development Commission
- Baldwin County Board of Human Resources
- East Central Baldwin County Water, Sewer and Fire Protection Authority (Rosinton)
- Eastern Shore Health Care Authority
- North Baldwin Health Care Authority
- Ono Island Water, Sewer and Fire Protection Authority
- Orange Beach Water, Sewer and Fire Protection Authority
- Park City Water Authority
- Perdido Bay Water, Sewer and Fire Protection District
- South Baldwin Health Care Authority
- Solid Waste Disposal Authority

Note 14 – Construction and Other Significant Commitments

As of September 30, 2025, the Commission was obligated for the remaining amounts unpaid under the following construction contracts:

Project Name	Amount Remaining
Engr/Environmental for Lillian Park Beach Habitat	$ 56,515.00
Construction The Launch CR 6	146,317.17
Mega Site – Novelis Site Development	1,689,276.98
Project HW24083 and HW24086 Novelis Access Roads	1,321,524.36
Construction of Mega Site Novelis Rail Spur	3,419,650.55
Group 4 of ERPR 9072 – Various Drainage Projects	68,456.44
Board of Education HVAC	30,230.00
Purchase and Installation of HVAC Equipment – Fairhope	20,726.58
CR 64 Clearing and Grubbing	75,809.00
US 98 at Old Foley Road Intersection Realignment	13,597.10
Drainage Improvements CR 68 East of CR 65	11,839.63
Group 1 of ERPR 9072 – Various Drainage Projects	51,660.04
Labor and Incident Materials for Roof Repairs	58,690.48
Construction of New District Attorney Building	4,893,869.94
Construction of Courthouse Atrium – Bay Minette	1,671,154.84
Construction of Sally Port – Bay Minette Courthouse	2,178,833.96
Pave County Road 65 from CR 24 to CR 28	99,142.88
Surfside Drive Drainage Improvements	1,742,351.10
Traffic Light Installation at Intersection CR 65 and CR 12	515,165.79
Addition of Paved Shoulders on CR 99 from CR 91	465,961.33
River Road Drainage Improvements	454,123.94
Group 3 of ERPR 9072 – Various Drainage Projects	381,283.94
Resurfacing Projects 2024 Group #1RA	29,152.70
Sherman Road Drainage Improvements	431,266.10
Group 5 of ERPR 9072 – Various Drainage Projects	66,844.75
Purchase and Installation of Chiller – Central Annex	166,981.00
Purchase and Installation of HVAC – Foley Courthouse	368,205.00
Construction of Jail and JDC Mental Health Holding Cells	1,743,787.35
Renovations and Addition to the BCC	8,427,537.21
Phase II BCSO Renovations	1,770,084.38
Phase II and Phase III of Security Equipment at BCCC	819,130.22
Total	$33,189,169.76

Note 15 – Tax Abatements

The Baldwin County Commission is subject to tax abatements granted by local municipalities as allowed under state law. 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 non-educational 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 recoding taxes. The abatements may be granted to any business located withing or promising to relocate to Baldwin County. These programs have the stated purpose of increasing business activity and employment in the County.

For the fiscal year ended September 30, 2025, total property taxes abated were $560,605.45, including the following tax abatement agreements:

Granting Jurisdiction	Type	Property Tax Abated
City of Bay Minette	Construction	$ 9,393.41
City of Bay Minette	Land Development	9,084.09
City of Bay Minette	Manufacturing	5,517.41
City of Fairhope	Brewery/Distillery	706.61
City of Fairhope	Manufacturing	5,412.15
City of Foley	Amusement	190,723.33
City of Foley	Construction	38,364.23
City of Foley	Land Development	1,178.19
City of Foley	Manufacturing	37,715.76
City of Gulf Shores	Brewery/Distillery	2,865.58
City of Loxley	Distribution	203,485.06
City of Loxley	Land Development	70.30
City of Loxley	Manufacturing	54,933.94
County Only	Manufacturing	1,155.39
Total County Abated Taxes		$560,605.45

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

- A 27 percent property tax abatement to an Amusement/Entertainment business for increasing the size of its facilities and increasing employment.

- A 22 percent property tax abatement to a Distribution Center for increasing the size of its facilities and increasing employment.

Sales tax in the amount of $2,627.00 was also abated as follows:

Granting Jurisdiction	Type	Sales Tax Abated
City of Bay Minette	Manufacturing	$ 818.00
City of Loxley	Manufacturing	1,558.00
Town of Summerdale	Manufacturing	251.00
Total County Abated Taxes		$2,627.00

Note 16 – Loan to Historic Blakeley Authority

On February 18, 2025, the Baldwin County Commission authorized a loan under Resolution 2025-078 approving a $3,000,000 loan to the Historic Blakeley Authority for improvements to a property listed on the National Register of Historic Places. The formal loan agreement was executed on May 20, 2025.

The loan is structured as a draw-down facility, allowing the Authority to request funds as needed. As of September 30, 2025, the Authority had drawn $0, which is recorded as a loan receivable in the Commission's financial statements. The outstanding balance accrues interest at an annual rate of 4.42%, with monthly interest-only payments required. The Authority did not make its first draw until fiscal year 2026.

All payments are automatically withdrawn by the Commission from the Authority's share of tax revenue. These withdrawals are applied to accrued interest on the outstanding loan balance. Principal repayment will follow the terms of the loan agreement, and future draws will increase the loan receivable balance.

The loan is reported within restricted/designated funds in accordance with applicable governmental accounting standards.

Note 17 – Restatements

Change in Accounting Principle

During the fiscal year ended September 30, 2025, the Commission implemented the provisions of GASB Statement Number 101, ***Compensated Absences***. GASB 101 requires governments to recognize a liability for compensated absences based on the amount of leave that is more likely than not to be used or paid. The Statement is required to be applied retroactively by restating beginning net position for the earliest period presented.

As a result of implementing GASB 101, the Commission restated beginning net position for governmental activities to reflect the cumulative effect of the change in accounting principle.

Correction of an Error in Previously Issued Financial Statements

In addition, beginning net position was restated to correct prior-year amortization related to outstanding warrant premiums. The correction aligned the amortization schedule with the applicable terms of the related debt and resulted in an increase to beginning net position.

Restatement Summary

Governmental Activities	
Net Position, September 30, 2024, as Previously Reported	$649,675,372.93
Adjustment for Implementation of GASB 101	(974,942.33)
Correction of Warrant Amortization	1,124,978.12
Correction of TIF Warrant	85,837.85
Net Position, September 30, 2024, as Restated	$649,911,246.57

Note 18 – Subsequent Event

Historic Blakeley Authority Loan Draw. As disclosed in Note 16 (Loan to Historic Blakeley Authority), the Authority did not draw any funds as of September 30, 2025. The first draw under the $3,000,000 loan agreement occurred in fiscal year 2026, increasing the loan receivable balance in that period.

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability
Baldwin County
For the Year Ended September 30, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 3,360,455	$ 3,134,353	$ 2,834,871	$ 2,436,225	$ 2,215,238	$ 2,270,323	$ 1,994,386	$ 2,269,268	$ 2,285,752	$ 2,124,165
Interest	8,488,754	7,884,349	7,578,472	7,137,104	6,809,862	6,199,094	6,230,474	5,881,345	5,597,368	5,263,314
Changes of benefit terms			89,809		1,107,096					
Difference between expected and actual experience	12,230,821	3,763,331	181,947	1,760,360	(406,561)	4,717,240	(3,871,208)	89,178	697,193	771,757
Changes of assumptions				3,317,228			429,592		1,732,191	
Benefit payments, including refunds of employee contributions	(7,345,748)	(7,009,778)	(6,469,979)	(5,777,067)	(5,247,228)	(5,069,515)	(4,559,735)	(4,725,538)	(4,111,516)	(3,855,591)
Transfers among employers	(14,593,168)	508,550	160,508	507,392	36,419	(96,242)	145,887	417,258	27,240	
Net change in total pension liability	2,141,114	8,280,805	4,375,628	9,381,242	4,514,826	8,020,900	369,396	3,931,511	6,228,228	4,303,645
Total pension liability - beginning	117,615,877	109,335,072	104,959,444	95,578,202	91,063,376	83,042,476	82,673,080	78,251,091	72,022,863	67,719,218
Total pension liability - ending (a)	$119,756,991	$117,615,877	$109,335,072	$104,959,444	$ 95,578,202	$ 91,063,376	$ 83,042,476	$ 82,182,602	$ 78,251,091	$ 72,022,863
Plan fiduciary net position										
Contributions - employer	$ 2,253,547	$ 2,382,158	$ 2,043,045	$ 1,730,216	$ 1,477,459	$ 1,342,489	$ 1,491,391	$ 1,329,683	$ 1,543,632	$ 1,515,594
Contributions - employee	2,434,622	2,672,545	2,406,959	2,218,046	2,005,379	1,867,721	1,965,650	1,714,050	2,011,404	1,922,193
Net investment income	15,965,687	9,354,398	(10,808,692)	15,646,679	3,891,046	1,750,841	5,899,089	7,361,170	5,396,684	627,785
Benefit payments, including refunds of employee contributions	(7,345,748)	(7,009,778)	(6,469,979)	(5,777,067)	(5,247,228)	(5,069,515)	(4,559,735)	(4,725,538)	(4,111,516)	(3,855,591)
Other (transfers among employers)	(7,506,537)	508,550	160,508	507,392	36,419	(96,242)	145,887	417,258	27,240	(158,634)
Net change in plan fiduciary net position	5,801,571	7,907,873	(12,668,159)	14,325,266	2,163,075	(204,706)	4,942,282	6,096,623	4,867,444	51,347
Plan fiduciary net position - beginning	80,685,424	72,777,551	85,445,710	71,120,444	68,957,369	69,162,075	64,219,793	58,123,170	53,255,726	53,204,379
Plan fiduciary net position - ending (b)	$ 86,486,995	$ 80,685,424	$ 72,777,551	$ 85,445,710	$ 71,120,444	$ 68,957,369	$ 69,162,075	$ 64,219,793	$ 58,123,170	$ 53,255,726
County's net pension liability - ending (a) - (b)	$ 33,269,996	$ 36,930,453	$ 36,557,521	$ 19,513,734	$ 24,457,758	$ 22,106,007	$ 13,880,401	$ 18,453,287	$ 20,127,921	$ 18,767,137
County's net position liability as a percentage of the total pension liability	72.22%	68.60%	66.56%	81.41%	74.41%	75.72%	83.29%	77.68%	74.28%	73.94%
Covered payroll (*)	$ 31,908,854	$ 34,743,333	$ 31,719,027	$ 29,366,257	$ 27,913,016	$ 26,178,878	$ 26,798,989	$ 23,529,058	$ 26,919,548	$ 26,549,073
Net pension liability as a percentage of payroll	104.27%	106.30%	115.25%	66.45%	87.62%	84.44%	51.79%	78.43%	74.77%	70.69%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2025, the measurement period is October 1, 2023 through September 30, 2024. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with fiscal year 2017.

Schedule of Changes in the Employer's Net Pension Liability
Baldwin County Sheriff's Office Personnel System
For the Year Ended September 30, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 2,320,200	$ 2,120,977	$ 1,859,406	$ 1,614,488	$ 1,402,986	$ 1,411,641	$ 1,239,267	$ 1,228,839	$ 1,173,731	$ 1,128,915
Interest	5,019,887	4,575,090	4,387,479	3,968,472	3,751,364	3,330,284	3,177,134	2,910,589	2,656,684	2,543,684
Difference between expected and actual experience		1,965,637	(707,191)	1,587,300	(724,829)	2,862,263	(209,564)	1,136,048	663,924	(552,698)
Changes of assumptions	1,582,421			2,962,572			263,378		1,580,665	
Changes of benefit terms			38,628		829,257					
Benefit payments, including refunds of employee contributions	(3,502,794)	(3,223,674)	(2,920,058)	(2,596,972)	(2,430,105)	(2,186,688)	(2,075,137)	(1,754,865)	(1,667,433)	(1,747,348)
Transfers among employers	203,124	671,963	11,817	(20,587)	74,352	172,780	(84,137)	78,816	(16,428)	
Net change in total pension liability	5,622,838	6,109,993	2,670,081	7,515,273	2,903,025	5,590,280	2,310,941	3,599,427	4,391,143	1,372,553
Total pension liability - beginning	69,132,435	63,022,442	60,352,361	52,837,088	49,934,063	44,343,783	42,032,842	38,433,415	34,042,272	32,669,719
Total pension liability - ending (a)	$ 74,755,273	$ 69,132,435	$ 63,022,442	$ 60,352,361	$ 52,837,088	$ 49,934,063	$ 44,343,783	$ 42,032,842	$ 38,433,415	$ 34,042,272
Plan fiduciary net position										
Contributions - employer	$ 1,888,264	$ 1,634,363	$ 1,402,485	$ 1,214,352	$ 1,081,331	$ 1,058,091	$ 907,775	$ 813,364	$ 843,625	$ 856,624
Contributions - employee	1,900,960	1,685,151	1,578,041	1,374,288	1,295,177	1,227,053	1,226,260	1,059,001	1,045,197	985,808
Net investment income	10,152,727	5,452,112	(6,096,854)	8,658,856	2,107,915	919,858	3,024,039	3,699,210	2,651,790	303,056
Benefit payments, including refunds of employee contributions	(3,502,794)	(3,223,674)	(2,920,058)	(2,596,972)	(2,430,105)	(2,186,688)	(2,075,137)	(1,754,865)	(1,667,433)	(1,747,348)
Other (transfers among employers)	203,124	671,963	11,817	(20,587)	74,352	172,780	(84,137)	78,816	(16,428)	81,432
Net change in plan fiduciary net position	10,642,281	6,219,915	(6,024,569)	8,629,937	2,128,670	1,191,094	2,998,800	3,895,526	2,856,751	479,572
Plan fiduciary net position - beginning	47,832,086	41,612,171	47,636,740	39,006,803	36,878,133	35,687,039	32,688,239	28,792,713	25,935,962	25,456,390
Plan fiduciary net position - ending (b)	$ 58,474,367	$ 47,832,086	$ 41,612,171	$ 47,636,740	$ 39,006,803	$ 36,878,133	$ 35,687,039	$ 32,688,239	$ 28,792,713	$ 25,935,962
County's net pension liability - ending (a) - (b)	$ 16,280,906	$ 21,300,349	$ 21,410,271	$ 12,715,621	$ 13,830,285	$ 13,055,930	$ 8,656,744	$ 9,344,603	$ 9,640,702	$ 8,106,310
County's net position liability as a percentage of the total pension liability	78.22%	69.19%	66.03%	78.93%	73.82%	73.85%	80.48%	77.77%	74.92%	76.19%
Covered payroll (*)	$ 22,815,549	$ 20,271,193	$ 19,267,337	$ 17,168,529	$ 17,271,152	$ 16,066,764	$ 15,739,067	$ 13,766,815	$ 13,562,984	$ 13,044,867
County's net pension liability as a percentage of covered payroll	71.36%	105.08%	111.12%	74.06%	80.08%	81.26%	55.00%	67.88%	71.08%	62.14%

(*) Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2025, the measurement period is October 1, 2023 through September 30, 2024. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with fiscal year 2017.

Schedule of the Employer's Contributions - Pension
Baldwin County
For the Year Ended September 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution (*)	$ 2,521,884	$ 2,249,958	$ 2,377,134	$ 2,043,045	$ 1,730,216	$ 1,477,459	$ 1,342,489	$ 1,491,391	$ 1,329,683	$ 1,543,632
Contributions in relation to the actuarially determined contribution (*)	$ 2,521,884	$ 2,249,958	$ 2,377,134	$ 2,043,045	$ 1,730,216	$ 1,477,459	$ 1,342,489	$ 1,491,391	$ 1,329,683	$ 1,543,632
Contribution deficiency (excess)	$	$	$	$	$	$	$	$	$	$
Covered payroll (**)	$ 34,192,891	$ 31,908,854	$ 34,743,333	$ 31,719,027	$ 29,366,257	$ 27,913,016	$ 26,178,878	$ 26,798,989	$ 23,529,058	$ 26,919,548
Contributions as a percentage of covered payroll	7.38%	7.05%	6.84%	6.44%	5.89%	5.29%	5.13%	5.57%	5.65%	5.73%

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

(**) Employer's covered payroll for fiscal year 2025 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2025 were based on the September 30, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2024 to September 30, 2025:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	25.2 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

Schedule of the Employer's Contributions - Pension
Baldwin County Sheriff's Office Personnel System
For the Year Ended September 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution (*)	$ 2,179,741	$ 1,880,691	$ 1,578,742	$ 1,402,485	$ 1,214,352	$ 1,081,329	$ 1,058,091	$ 907,775	$ 813,364	$ 843,625
Contributions in relation to the actuarially determined contribution (*)	$ 2,179,741	$ 1,880,691	$ 1,578,742	$ 1,402,485	$ 1,214,352	$ 1,081,329	$ 1,058,091	$ 907,775	$ 813,364	$ 843,625
Contribution deficiency (excess)	$	$	$	$	$	$	$	$	$	$
Covered payroll (**)	$ 25,539,026	$ 22,815,549	$ 20,271,193	$ 19,267,337	$ 17,168,529	$ 17,271,152	$ 16,066,764	$ 15,739,067	$ 13,766,815	$ 13,562,984
Contributions as a percentage of covered payroll	8.53%	8.24%	7.79%	7.28%	7.07%	6.26%	6.59%	5.77%	5.91%	6.22%

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

(**) Employer's covered payroll for fiscal year 2025 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2025 were based on the September 30, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2024 to September 30, 2025:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	18.1 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

Schedule of the Employer's Proportionate Share of the Net Pension Liability
Judicial Retirement Fund
For the Year Ended September 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's portion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employer's proportionate share of the net pension liability	$	$	$	$	$	$	$	$	$	$
State of Alabama's proportionate share of the net pension liability associated with the employer	$ 490,513	$ 582,772	$ 517,664	$ 361,319	$ 455,282	$ 415,665	$ 427,905	$ 453,447	$ 492,200	$ 465,614
Total	$ 490,513	$ 582,772	$ 517,664	$ 361,319	$ 455,282	$ 415,665	$ 427,905	$ 453,447	$ 492,200	$ 465,614
Employer's covered payroll	$ 161,922	$ 147,452	$ 139,000	$ 129,706	$ 129,164	$ 126,088	$ 129,357	$ 127,869	$ 126,383	$ 124,896
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	66.74%	58.62%	58.94%	72.50%	66.20%	67.44%	68.68%	66.22%	62.54%	62.20%

Member and Employer Contributions

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

Changes in assumptions

In 2021, rates of retirement and mortality were adjusted to more closely reflect actual experience. In 2021, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience, including a change in the discount rate from 7.65% to 7.40%. In 2021 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher Retiree Below Median Tables projected generationally with 66-2/3% of the MP-2020 scale beginning in 2019.

In 2018, the discount rate was changed from 7.75% to 7.65%.

In 2016, rates of retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 the expectation of retired life mortality was changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for males and 112% for females older than 78.

Schedule of the Employer's Proportionate Share of the Net Pension Liability
Judicial Retirement Fund
For the Year Ended September 30, 2025

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended September 30, 2024, reported in that schedule:

Valuation date	09/30/24
Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Single equivalent remaining amortization period	19.0 years
Asset valuation method	Five-year smoothed market value
Inflation rate	2.50%
Ultimate investment rate of return	7.40%
Projected salary increases	2.75%
Cost-of-living adjustments	2.75% per year for certain members prior to July 30, 1979, and for spouses' benefits subject to increase.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	2.50%
Projected Salary Increases	2.75% - 3.50%
Investment Rate of Return	7.40%
COLA Adjustments	2.75%

The actuarial assumptions used in the actuarial valuation as of September 30, 2023, were based on the results of an investigation of the economic and demographic experience for the JRF based upon participant data as of September 30, 2020 completed by the RSA and its actuaries. The purpose of the investigation was to assess the reasonableness of the actuarial assumptions and methods currently used by the RSA. This investigation resulted in changes to the actuarial assumptions. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability
For the Year Ended September 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	$ 606,429	$ 522,148	$ 114,910	$ 139,486	$ 146,105	$ 135,335	$ 110,283	$ 76,106
Interest	680,122	391,696	346,700	198,527	184,050	167,731	216,896	194,224
Changes of benefit terms								
Differences between expected and actual experience		568,030	720,574	1,145,812	1,005,916	1,362,149	484,789	198,920
Changes of assumptions	(1,848,783)	7,523,263	(52,297)	(1,482,703)	154,194	934,719	800,164	(244,221)
Benefit payments	(837,109)	(793,468)	(613,494)	(607,598)	(561,462)	(593,658)	(396,999)	(376,302)
Net change in total OPEB liability	(1,399,341)	8,211,669	516,393	(606,476)	928,803	2,006,276	1,215,133	(151,273)
Total OPEB liability - beginning	17,659,188	9,447,519	8,931,126	9,537,602	8,608,799	6,602,523	5,387,390	5,538,663
Total OPEB liability - ending	$ 16,259,847	$ 17,659,188	$ 9,447,519	$ 8,931,126	$ 9,537,602	$ 8,608,799	$ 6,602,523	$ 5,387,390
Covered-employee payroll	$ 51,452,652	$ 49,397,707	$ 43,829,909	$ 42,144,143	$ 38,837,498	$ 37,343,749	$ 44,100,388	$ 40,618,410
County's OPEB liability as a percentage of covered-employee payroll	31.60%	35.75%	21.55%	21.19%	24.56%	23.05%	14.97%	13.26%

Notes to Schedule:

Benefit changes. There were no changes of benefit terms for the year ended September 30, 2025.

***Changes in assumptions*.** The discount rate as of September 30, 2021, was 2.15% and it changed to 4.02% as of September 30, 2022. The discount rate has remained the same 4.02% for the year ended September 30, 2023. The discount rate changed to 3.81% for the year ended September 30, 2024. The discount rate changed to 4.90% for the year ended September 30, 2025.

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

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

Schedule of the Employer's Contributions - Other Postemployment Benefits (OPEB)
For the Year Ended September 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 1,666,223	$ 1,105,715	$ 632,653	$ 574,173	$ 541,675	$ 457,556	$ 428,681	$ 382,175
Contributions in relation to the actuarially determined contribution	$ 837,109	$ 793,468	$ 613,494	$ 607,598	$ 561,462	$ 593,658	$ 396,999	$ 376,302
Contribution deficiency (excess)	$ 829,114	$ 312,247	$ 19,159	$ (33,425)	$ (19,787)	$ (136,102)	$ 31,682	$ 5,873
Covered-employee payroll	$ 51,452,652	$ 49,397,707	$ 43,829,909	$ 42,144,143	$ 38,837,498	$ 37,343,749	$ 44,100,388	$ 40,618,410
Contributions as a percentage of covered-employee payroll	1.63%	1.61%	1.40%	1.44%	1.45%	1.59%	0.90%	0.93%

Notes to Schedule

Valuation date: October 1, 2024

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar
Amortization period	Average remaining service life of actives and retirees
Asset valuation method	Market Value
Inflation	2.0% annually
Healthcare cost trend rates	Getzen Model, with an initial trend of 5.5%
Salary increases	Service Years / Annual Rate: 0 / 6.00%; 1-5 / 4.25%; 6-10 / 4.00%; 11-15 / 3.75%; 16-19 / 3.50%; 20+ / 3.25%
Discount Rate	3.81% annually (Beginning of Year to Determine ADC) 4.90% annually (As of End of Year Measurement Date)
Retirement age	25 years of service at any age; or, age 60 and 10 years of service. Employees hired on and after January 1, 2013 are eligible to retire only after attainment of age 62 or later completion of 10 years of service.
Mortality	PubG.H-2010 & PubS.H-2010 (B)
Turnover	Age specific table with an average of 15% when applied to the active census

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

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
Revenues						
Taxes	$ 87,327,089.00	$ 87,327,089.00	$ 93,136,883.11	(1)	$ 22,839,616.25	$ 115,976,499.36
Licenses and Permits	2,460,000.00	2,460,000.00	3,404,960.80			3,404,960.80
Fines and Forfeits	20,000.00	20,000.00	18,579.46			18,579.46
Intergovernmental	2,868,302.00	2,950,899.88	2,695,613.62	(1)	625,057.59	3,320,671.21
Charges for Services	20,107,271.00	20,107,271.00	26,626,305.40	(1)	16,488,791.92	43,115,097.32
Miscellaneous	3,132,394.00	3,417,280.08	7,996,676.38	(1)	1,753,988.33	9,750,664.71
Total Revenues	115,915,056.00	116,282,539.96	133,879,018.77		41,707,454.09	175,586,472.86
Expenditures						
Current:						
General Government	38,205,552.00	38,250,774.55	32,816,227.65	(2)	(13,591,881.56)	46,408,109.21
Public Safety	54,145,191.00	55,808,370.17	53,021,966.42			53,021,966.42
Health	639,296.00	640,041.00	553,104.00			553,104.00
Welfare	11,000.00	11,000.00	8,911.00	(2)	(958,964.46)	967,875.46
Culture and Recreation	144,401.00	144,401.00	74,704.61	(2)	(6,850,530.54)	6,925,235.15
Education	81,850.00	87,137.00	75,011.95			75,011.95
Capital Outlay	7,286,300.00	8,214,144.60	5,287,814.83	(2)	(3,825,096.66)	9,112,911.49
Debt Service:						
Interest and Fiscal Charges	159,938.00	159,826.00	124,537.99			124,537.99
Total Expenditures	100,673,528.00	103,315,694.32	91,962,278.45		(25,226,473.22)	117,188,751.67
Excess (Deficiency) of Revenues over Expenditures	15,241,528.00	12,966,845.64	41,916,740.32		16,480,980.87	58,397,721.19
Other Financing Sources (Uses)						
Proceeds from Long-Term Debt Issued			1,545,588.00			1,545,588.00
Proceeds from Sale of Capital Assets			100,245.54	(3)	56,268.55	156,514.09
Transfers In	1,972,453.00	1,990,048.00	1,899,236.76	(3)	1,000,000.00	2,899,236.76
Transfers Out	(24,969,629.00)	(31,309,970.00)	(31,518,050.58)	(3)	(18,167,110.00)	(49,685,160.58)
Total Other Financing Sources (Uses)	(22,997,176.00)	(29,319,922.00)	(27,972,980.28)		(17,110,841.45)	(45,083,821.73)
Net Change in Fund Balances	(7,755,648.00)	(16,353,076.36)	13,943,760.04		(629,860.58)	13,313,899.46
Fund Balances - Beginning of Year	7,755,648.00	16,353,076.36	72,951,862.55	(4)	9,645,571.06	82,597,433.61
Fund Balances - End of Year	$	$	$ 86,895,622.59		$ 9,015,710.48	$ 95,911,333.07

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2025

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

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

(1) Revenues			
Pistol Revenue Permit Loss Fund - 029	$	(376,217.28)	
Opioid Settlement Fund - 031		532,699.17	
Legislative Delegation Fund - 104		389,089.02	
Road and Bridge Fund - 112		23,090,235.44	
Council on Aging Fund - 140		170,643.54	
Parks Fund - 144		664,089.49	
Flexible Benefits Fund - 717		254,345.83	
Supernumerary Fund - 733		734.13	
Utilities Permit Fund - 788		14,810.12	
Self Insurance Fund - 790		16,967,024.63	$ 41,707,454.09
(2) Expenditures			
Legislative Delegation Fund	$	335,081.67	
Council on Aging Fund		958,964.46	
Parks Fund		7,242,280.23	
Flexible Benefits Fund		256,072.64	
Self Insurance Fund		16,434,074.22	(25,226,473.22)
(3) Other Financing Sources/(Uses), Net			
Legislative Delegation Fund	$	200,000.00	
Road and Bridge Fund		(23,299,496.00)	
Council on Aging Fund		884,909.00	
Parks Fund		4,103,745.55	
Self Insurance Fund		1,000,000.00	(17,110,841.45)
Net Change in Fund Balance - Budget to GAAP			$ (629,860.58)

(4) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balance because of the cumulative effect of transactions such as those described above. The amounts reported as "fund balance" in the Budgeted Amounts columns are the expected use of available fund balance. Use of such fund balance is approved by Resolution of the County Commission as necessary throughout the fiscal year.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
Revenues						
Taxes	$ 9,175,000.00	$ 9,175,000.00	$ 9,468,231.56		$	$ 9,468,231.56
Intergovernmental	2,764,352.00	4,444,020.00	12,357,043.47	(1)	1,216,830.37	13,573,873.84
Charges for Services	385,000.00	627,009.20	529,915.00			529,915.00
Miscellaneous	29,725.00	29,725.00	1,863,354.40	(1)	31,965.00	1,895,319.40
Total Revenues	12,354,077.00	14,275,754.20	24,218,544.43		1,248,795.37	25,467,339.80
Expenditures						
Current:						
Highways and Roads	34,246,342.00	76,114,512.66	22,650,849.08			22,650,849.08
Capital Outlay	7,412,892.00	8,338,484.88	23,034,429.32			23,034,429.32
Total Expenditures	41,659,234.00	84,452,997.54	45,685,278.40			45,685,278.40
Excess (Deficiency) of Revenues Over Expenditures	(29,305,157.00)	(70,177,243.34)	(21,466,733.97)		1,248,795.37	(20,217,938.60)
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	2,257,500.00	2,257,500.00	2,461,456.65			2,461,456.65
Transfers In	27,927,084.00	27,927,084.00	28,081,865.01			28,081,865.01
Transfers Out	(879,427.00)	(879,427.00)	(828,024.91)	(2)	(1,131,500.00)	(1,959,524.91)
Total Other Financing Sources (Uses)	29,305,157.00	29,305,157.00	29,715,296.75		(1,131,500.00)	28,583,796.75
Net Change in Fund Balances		(40,872,086.34)	8,248,562.78		117,295.37	8,365,858.15
Fund Balances - Beginning of Year		40,872,086.34	54,456,260.73	(3)	957,047.76	55,413,308.49
Fund Balances - End of Year	$	$	$ 62,704,823.51		$ 1,074,343.13	$ 63,779,166.64

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gasoline Tax Fund
For the Year Ended September 30, 2025

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

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

(1) Revenues				
Public Highway and Traffic Fund	$	1,052,618.66		
Severed Material Severance Tax Fund		196,176.71	$	1,248,795.37
(2) Other Financing Sources/(Uses)				
Public Highway and Traffic Fund	$	(930,500.00)		
Severed Material Severance Tax Fund		(201,000.00)		(1,131,500.00)
Net Change in Fund Balance - Budget to GAAP			$	117,295.37

(3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balance because of the cumulative effect of transactions such as those described above. The amounts reported as "fund balance" in the Budgeted Amounts columns are the expected use of available fund balance. Use of such fund balance is approved by Resolution of the County Commission as necessary throughout the fiscal year.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Coronavirus Rescue Act Fund
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis	Differences	GAAP Basis
Revenues					
Intergovernmental	$ 20,322,164.52	$ 20,322,164.52	$ 14,555,096.34	$	$ 14,555,096.34
Miscellaneous		678,881.44	678,881.44		678,881.44
Total Revenues	20,322,164.52	21,001,045.96	15,233,977.78		15,233,977.78
Expenditures					
Current:					
Highways and Roads	9,802,303.00	9,802,303.00	2,139,410.97		2,139,410.97
Welfare	533,839.43	533,839.43	461,843.73		461,843.73
Capital Outlay	9,986,022.09	9,986,022.09	11,953,841.64		11,953,841.64
Total Expenditures	20,322,164.52	20,322,164.52	14,555,096.34		14,555,096.34
Excess (Deficiency) of Revenues Over Expenditures		678,881.44	678,881.44		678,881.44
Other Financing Sources (Uses)					
Transfers Out		(3,189,489.00)	(3,189,489.00)		(3,189,489.00)
Total Other Financing Sources (Uses)		(3,189,489.00)	(3,189,489.00)		(3,189,489.00)
Net Change in Fund Balances		(2,510,607.56)	(2,510,607.56)		(2,510,607.56)
Fund Balances - Beginning of Year		2,620,309.55	2,620,309.55		2,620,309.55
Fund Balances - End of Year	$	$ 109,701.99	$ 109,701.99	$	$ 109,701.99

Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
U. S. Department of Agriculture				
Passed Through Alabama Department of Education				
Child Nutrition Cluster:				
School Breakfast Program - Cash Assistance	10.553	N/A	$	$ 8,794.44
Total U. S. Department of Agriculture				8,794.44
U. S. Department of Commerce				
Passed Through Alabama Department of Environmental Management				
Coastal Zone Management Administration Awards	11.419	C250590001		38,500.00
Total U. S. Department of Commerce				38,500.00
U. S. Department of Housing and Urban Development				
Passed Through Alabama Department of Economic and Community Affairs				
Community Development Block Grant - Disaster Recovery	14.228	B-21-DZ-01-0001/ DR-21-001		357,397.81
Total U. S. Department of Housing and Urban Development				357,397.81
U. S. Department of Interior				
Direct Programs				
Payments in Lieu of Taxes	15.226	N/A		45,229.00
National Wildlife Refuge Fund	15.659	N/A		284,534.00
Total U. S. Department of Interior				329,763.00
U. S. Department of Justice				
Direct Programs				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A		15,539.97
Equitable Sharing Program	16.922	N/A		55,761.21
Total U. S. Department of Justice				71,301.18
U. S. Department of the Treasury				
Direct Program				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	3,035,760.71	17,009,529.06
Local Assistance and Tribal Consistency Fund	21.032			60,720.80
Total U. S. Department of the Treasury			3,035,760.71	17,070,249.86
Sub-Total Forward			$ 3,035,760.71	$ 17,876,006.29

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
Sub-Total Brought Forward			$ 3,035,760.71	$ 17,876,006.29
U. S. Department of Transportation				
Passed Through Alabama Department of Transportation				
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FTA 9C1000 75819	56,845.00	56,845.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FTA 9C1000 77387	344,475.00	344,475.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2022-021-01 1130-A5	787,823.00	787,823.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2023-027-01 3000-A1		127,838.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2023-027-01 1140-A3		11,402.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2024-022-01 3000-A2		55,822.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2024-022-01 1140-A6		15,506.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2024-022-01 1170-A3		35,379.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2024-022-01 1140-A6		67,174.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AL-2024-015-01 3000-A1		60,770.00
Sub-Total Federal Transit - Formula Grants (Urbanized Area Formula Program)			1,189,143.00	1,563,034.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTO 100 079 281		639,425.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTO 100 079 282		850,071.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTOC 100 079 283		177,756.00
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPTO8 100 076 060		9,650.00
Sub-Total Formula Grants for Rural Areas and Tribal Transit Program				1,676,902.00
Passed Through Florida Department of Transportation				
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FL-2020-056		169,977.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FL-2020-025		245,294.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FL-2020-052		66,114.00
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	FL-2024-025		66,293.00
Sub-Total Federal Transit - Formula Grants (Urbanized Area Formula Program)				547,678.00
Total U. S. Department of Transportation			1,189,143.00	3,787,614.00
U. S. Department of Health and Human Services				
Passed Through South Alabama Regional Planning Commission				
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	302-AAA-2025		145,052.00
Total U. S. Department of Health and Human Services				145,052.00
Executive Office of the President				
Passed Through Alabama Law Enforcement Agency				
High Intensity Drug Trafficking Areas Program	95.001	G24GC006A & HID0725G0473		98,699.98
Total U. S. Executive Office of the President				98,699.98
Sub-Total Forward			$ 4,224,903.71	$ 21,907,372.27

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
Sub-Total Brought Forward			$ 4,224,903.71	$ 21,907,372.27
U. S. Department of Homeland Security				
Passed Through Alabama Emergency Management Agency				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4563-DR	373,674.25	531,756.34
BRIC: Building Resilient Infrastructure and Communities	97.047	4563-0006 & DR-4406-0002-R	94,095.30	94,095.30
Emergency Management Performance Grant Program	97.042	EMA-2024-EP-05023		81,656.00
Passed Through Alabama Law Enforcement Agency				
Homeland Security Grant Program	97.067	2024-4LOC-EOC-241		107,433.00
Total U. S. Department of Homeland Security			467,769.55	814,940.64
Gulf Coast Ecosystem Restoration Council (RESTORE)				
Passed Through Alabama Department of Conservation and Natural Resources				
Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program	87.052	B2WQ-FRWS		67,145.00
Total Gulf Coast Ecosystem Restoration Council (RESTORE)				67,145.00
Total Expenditures of Federal Awards			$ 4,692,673.26	$ 22,789,457.91

N/A = Not Available or Not Applicable

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

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Baldwin County Commission under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*** (*Uniform Guidance*). Because the Schedule presents only a selected portion of the operations of the Baldwin County Commission, it is not intended to and does not present the financial position or changes in net position of the Baldwin County Commission.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

The Baldwin County Commission has elected not to use the 15-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

Note 4 – Other

The Baldwin County Commission incurred eligible expenditures in a previous fiscal year and the Federal Emergency Management Agency (FEMA) approved the Commission's project worksheets during the fiscal year ended September 30, 2025. The Commission recorded the eligible expenditures of $531,756.34 in Assistance Listing Number 97.036 on this year's Schedule of Federal Awards.

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Additional Information

Commission Members and Administrative Personnel
October 1, 2024 through September 30, 2025

Commission Members		**Term Expires**
Hon. Matthew P. McKenzie	Chairperson	2026
Hon. James E. Ball, Jr.	Vice-Chairperson	2026
Hon. Billie Jo Underwood	Member	2026
Hon. Charles F. Gruber	Member	2026
Administrative Personnel		
Roger H. Rendleman	County Administrator, Clerk/Treasurer	Indefinite

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baldwin County Commission, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Baldwin County Commission's basic financial statements, and have issued our report thereon September 14, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Rachel Laurie Riddle

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

September 14, 2026

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal program

We have audited the Baldwin 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 Baldwin County Commission's major federal programs for the year ended September 30, 2025. The Baldwin County Commission's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Baldwin County Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Baldwin 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 Baldwin County Commission's compliance with the compliance requirements referred to above.

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 Baldwin County Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Baldwin 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 Baldwin 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 Baldwin 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

September 14, 2026

Section I – Summary of Examiner's Results

Financial Statements

Type of report the auditor issued on whether the audited financial statements were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the *Uniform Guidance*?	____ Yes	X No

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
20.509	Formula Grants for Rural Areas and Tribal Transit Program

Dollar threshold used to distinguish between Type A and Type B programs:	$1,000,000.00
Auditee qualified as low-risk auditee?	____ Yes X No

Section II – Financial Statement Findings (GAGAS)

No matters were reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.