Mobile County Commission

Mobile County, Alabama

October 1, 2024 through September 30, 2025

Filed: October 30, 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
Chief Examiner

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

Dear Madam:

An audit was conducted on the Mobile County Commission, Mobile County, Alabama, for the period October 1, 2024 through September 30, 2025, by Examiners Tina Francis and Crystal Wilson. I, Tina Francis, 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,

Tina Francis
Examiner of Public Accounts

rb

27-012

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Department of
Examiners of Public Accounts

SUMMARY

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

The Mobile County Commission (the "Commission") is governed by a three-member body elected by the citizens of Mobile County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 16. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Mobile County.

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

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.

AUDIT FINDINGS

An instance of noncompliance with state and local laws and regulations and other matters was noted during the audit as shown on the Schedule of State and Local Compliance and Other Fundings and it is summarized below:

- 2025-001: The Commission failed to comply with the ***Code of Alabama 1975***, Section 11-8-10, and issued payments in excess of available resources.

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

- 2025-002: The Commission failed to ensure all financial activity was properly recorded in the financial statements and the underlying accounting records were maintained in conformity with generally accepted accounting principles.

- 2025-003: The Commission failed to ensure monthly bank reconciliations were prepared and reconciled to the general ledger. This finding was previously reported as Finding 2022-002 and Finding 2024-001.

- 2025-004: The Commission failed to ensure investment balances were properly supported and allocated to individual funds.

- 2025-005: The Commission failed to ensure all long-term debt was properly recorded in the accounting records.

- 2025-006: The Commission failed to ensure interfund activity was properly recorded in the accounting records.

- 2025-007: The Commission failed to ensure capital asset activity was properly recorded in the accounting records.

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 16, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Eddie Kerr, County Administrator; Ricky Mitchell, Deputy County Administrator; and County Commissioners Merceria Ludgood, Connie Hudson and Randall Dueitt. Representing the Department of Examiners of Public Accounts were Ashli Page, Assistant Director; Cindy Wilson, Audit Manager; and Crystal Wilson, Examiner.

Schedule of State and Local Compliance and Other Findings

Ref. No.	Finding/Noncompliance
2025-001	**Finding:** The ***Code of Alabama 1975***, Section 11-8-10, provides a county commission shall not issue warrants or order the payment of money unless funds are available for payment. Therefore, to fulfill this responsibility, it is incumbent upon the management of the Commission to establish, implement and maintain policies and procedures to ensure the county does not expend more funds than it has in available resources. During the year, the Commission expended funds in excess of funds available in the Cigarette Tax Fund, GoMESA Fund, Oil Spill Recovery Fund, Dauphin Island Fund, Natural Resources Damage Assessment Fund, Public Safety Equitable Share Fund, Public Safety Fund, ADECA Cares Fund, Capital Improvement 2019 Fund, and Pay As You Go Fund resulting in deficit fund balances totaling $12,399,002 within the Other Governmental Funds. Procedures were not in place to ensure the availability of funds prior to disbursement. As a result, the Commission failed to comply with the ***Code of Alabama 1975***, Section 11-8-10, and issued payments in excess of available resources. **Recommendation:** The Commission should establish procedures that ensure compliance with the ***Code of Alabama 1975***, Section 11-8-10.

Independent Auditor's Report

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mobile County Commission, as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

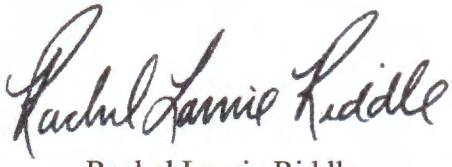
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of Changes in the Employer's Net Pension Liability, the Schedule of Changes in the Employer's Other Postemployment Benefits (OPEB) Liability, the Schedules of the Employer's Contributions and the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual (Exhibits 9 through 14), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our 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 Mobile County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 15), as required by Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*** (*Uniform Guidance*), is presented for the purpose of additional analysis, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated October 7, 2026, on our consideration of the Mobile County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mobile County Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Mobile County Commission's internal control over financial reporting and compliance.



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

October 7, 2026

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Management's Discussion and Analysis (Required Supplementary Information)

MOBILE COUNTY COMMISSION

County Commissioners

Merceria Ludgood, Commission President

Connie Hudson, Commissioner

Randall Dueitt, Commissioner

Administration

Eddie Kerr, County Administrator

Ricky Mitchell, Deputy Administrator

Cody Scott, Director of Finance

Management's Discussion and Analysis

The Mobile County Commission's (the Commission) Management Discussion and Analysis report (MD&A) is designed to provide an objective, easy-to-read analysis of the Commission's financial activities for the fiscal year that ended September 30, 2025. Please read the report in conjunction with the Commission's financial statements.

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

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

Financial Highlights

- The Commission's governmental funds ending balances total $353,808,589 of which 21.6% ($76,492,528) is unassigned.

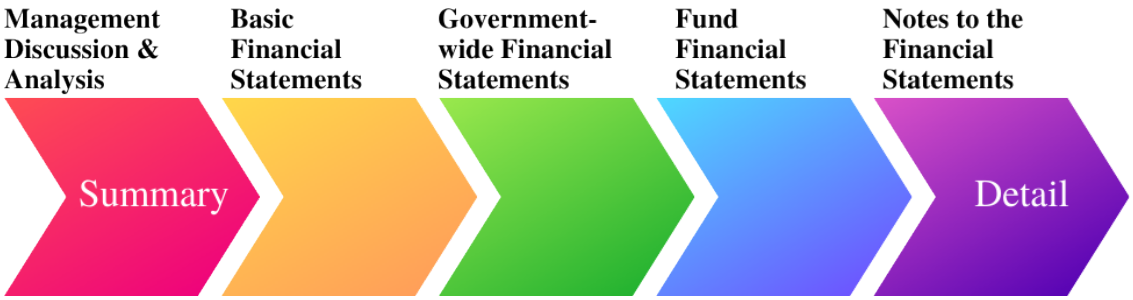
- At the end of the Fiscal Year 2025, the Commission's unassigned fund balance in the general fund decreased by $6,997,103. The total ending fund balance in the general fund as of September 30, 2025, was $86,985,272.

Understanding the Basic Financial Statements

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

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

Figure 1



Government-Wide Financial Statements

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

The *Statement of Net Position* shows the Commission's assets less its liabilities on September 30, 2025. The difference is reported as net position. Over time, an increase or decrease in net position is one indicator of whether its financial health is improving or deteriorating. You will also need to consider other non-financial factors, such as changes in the tax base and the condition of the County's roads, to assess the overall health of the Commission.

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

Fund Financial Statements

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

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

Analysis of the Overall Financial Position and Results of Operations

The evaluation of an entity's net position is a tool that may serve as a useful indicator of its financial condition. The following page presents a condensed comparative Statement of Net Position for the periods that ended September 30, 2025 and 2024, respectively.

Comparative Statement of Net Position

Stated in Thousands

	2025	2024	$ Change	% Change
Assets				
Current and Other Assets	$ 530,796	$ 562,017	$ (31,221)	-6%
Capital Assets, Net	619,013	611,770	7,243	1%
Total Assets	**1,149,809**	**1,173,787**	**(23,978)**	**-2%**
Deferred Outflows of Resources				
Loss on Refunding of Debt	2,454	2,798	(344)	-12%
Deferred Outflows Related to Lease Liability	228	293	(65)	-22%
Employer Pension Contributions	9,716	7,365	2,351	32%
Proportionate share of deferred outflows related to pension liability	19,962	24,490	(4,528)	-18%
Proportionate share of deferred outflows related to Other Postemployment Benefits (OPEB) liability	13,300	10,601	2,699	25%
Total Deferred Outflows of Resources	**45,660**	**45,547**	**113**	**0%**
Liabilities				
Current Liabilities	63,351	81,708	(18,357)	-22%
Noncurrent Liabilities	350,377	370,837	(20,460)	-6%
Total Liabilities	**413,728**	**452,545**	**(38,817)**	**-9%**
Deferred Inflows of resources				
Unavailable Revenue - Property Taxes	106,515	92,096	14,419	16%
Revenue Received in Advance - Motor Vehicle Taxe	5,644	7,972	(2,328)	-29%
Deferred Lease Receivable	2,648	1,761	887	50%
Proportionate Share of Collective Deferred Inflows Related to Net Pension Liability	18,127	1,420	16,707	1177%
Proportionate Share of Collective Deferred Inflows Related to Net Other Postemployment Benefits (OPEB) Liability	11,213	17,810	(6,597)	-37%
Total Deferred Inflows of Resources	**144,147**	**121,059**	**23,088**	**19%**
Net Position				
Invested in Capital Assets	462,386	396,357	66,029	17%
Restricted for:				
Debt Service	55,152	43,299	11,853	27%
Road Projects	219,288	255,639	36,351	-14%
Other Purposes	3,645	4,475	(830)	-19%
Unrestricted	(102,879)	(54,040)	(48,839)	90%
Total Net Position	**$ 637,592**	**$ 645,730**	**$ (8,138)**	**-1%**

As shown in the table above, the Commission's total assets decreased by 2% or $23.9 million, and total liabilities decreased by 9% or $38.8 million. Overall, the Commission's assets and deferred outflows exceeded liabilities and deferred inflows by $637 million. The Commission's net position decreased by 1% compared to the period ended September 30, 2024.

The table below displays a condensed statement reflecting the changes in net position from Fiscal Year 2024 to Fiscal Year 2025.

Comparative Statement of Changes in Net Position
Stated in Thousands

	2025	2024	$ Change	% Change
Revenues:				
Program Revenues				
Charges for Services	$ 57,104	$ 29,096	$ 28,008	96%
Operating Grants and Contributions	95,023	103,247	$ (8,224)	-8%
Capital Grants and Contributions	273	-	$ 273	100%
Total Program Revenues	**152,400**	**132,343**	**20,057**	**15%**
General Revenues:				
Taxes				
Property Taxes for General Purposes	42,946	35,957	$ 6,989	19%
Property Taxes for Specific Purposes	67,880	70,834	$ (2,954)	-4%
General Sales Tax	85,724	98,845	$ (13,121)	-13%
County Gasoline Sales Tax	477	498	$ (21)	-4%
Other County Sales and Use Taxes	13,208	11,731	$ 1,477	13%
Grants and Contributions Not Restricted			$ -	
for Specific Purposes	6,379	6,057	$ 322	5%
Investment Earnings	15,247	13,071	$ 2,176	17%
Miscellaneous	1,216	4,833	$ (3,617)	-75%
Total General Revenues	**233,077**	**242,696**	**(9,619)**	**-4%**
Total Revenues	**385,477**	**375,039**	**10,438**	**3%**
Program Expenses				
General Government	113,725	169,386	$ (55,661)	-33%
Public Safety	107,911	51,697	$ 56,214	109%
Highways and Roads	52,862	22,363	$ 30,499	136%
Sanitation	22,158	4,560	$ 17,598	386%
Health	3,856	6,201	$ (2,345)	-38%
Welfare	6,925	4,573	$ 2,352	51%
Culture and Recreation	16,945	44,562	$ (27,617)	-62%
Education	6,501	4,196	$ 2,305	55%
Interest and Fiscal Charges	10,031	8,783	$ 1,248	14%
Total Expenses	**340,914**	**316,321**	**24,593**	**8%**
Change in Net Position	44,563	58,717	$ (14,154)	24%
Net Position, Beginning of Year, as restated	593,030	587,013	$ 6,017	1%
Net Position, September 30	**$ 637,593**	**$ 645,730**	**$ (8,137)**	**-1%**

Mobile County recorded program revenue of $152.4 million for the fiscal year that ended September 30, 2025. Program revenues consist of revenue collected through charges for services, program-specific operating grants, and program-specific capital grants. The amount collected during Fiscal Year 2025 represents a 15% increase over Fiscal Year 2024 collections.

The Commission recorded general revenues of $233.1 million for the fiscal year that ended September 30, 2025. General revenue consists of the following revenue categories:

1. All County taxes
2. Unrestricted grants
3. Investment earnings
4. Miscellaneous revenue

The amount collected for general revenues represents a 4% decrease over Fiscal Year 2024 collections. Major factors leading to this decrease are losses incurred on sales of capital assets as well as lower sales taxes and miscellaneous revenue collected, despite total property taxes and revenue generated from investments increasing from Fiscal Year 2024. In total, revenue increased by $10.4 million, or 3%, over Fiscal Year 2024.

For the period ending September 30, 2025, total expenditures increased by $24.6 million, or 8% from the period ending September 30, 2024. Notable expenditures during Fiscal Year 2025 include:

1. In October 2024, a 5% cost of living adjustment for employees took effect.

2. The Commission absorbed the projected 2025 increase in employee benefits and did not pass those costs to the employees.

The County's expenditures on general government activities decreased by 33% and its expenditures for public safety increased by 109% due to capital equipment purchases, increased payroll costs, and an increased number of public safety programs being funded. Expenditures on all other categories increased by a cumulative amount of $24 million.

Governmental Funds

Governmental funds presented individually in Mobile County Commission's Fiscal Year 2025 governmental fund balance sheet include four major funds:

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

Mobile County also has additional smaller governmental funds. These are presented in the Governmental Fund Statements in a total column termed "Other Governmental Funds."

The Mobile County Commission is complying with GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for fiscal years beginning after June 15, 2010. The primary impact of this statement is that funds that were held and reported separately, namely the Road and Bridge Fund, Maddie's Fund, and the Special Events Fund, will now be reported as part of the general fund; however, these funds continue to be held separately.

Governmental Fund Balance Sheet - Major Funds
Stated in Thousands

	General Fund		Reappraisal	
	2025	**2024**	**2025**	**2024**
Total Assets	$ 235,063	$ 206,396	$ 13,428	$ 16,373
Total Liabilities	84,585	45,159	2,647	4,037
Total Deferred Inflows of Resources	63,493	61,118	10,781	12,336
Fund Balances				
Nonspendable				
Inventories and Prepaid Items	703	6,839	-	-
Restricted For:				
Debt Service	-	-	-	-
Highways and Roads	-	-	-	-
Other Purposes	-	-	-	-
Assigned To:				
Other Purposes	-	-	-	-
Unassigned	86,283	93,280	-	-
Total Fund Balances	**86,985**	**100,119**	**-**	**-**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 235,063**	**$ 206,396**	**$ 13,428**	**$ 16,373**

Governmental Fund Balance Sheet - Major Funds
Stated in Thousands

	Special Highway Tax		Coronavirus Rescue	
	2025	**2024**	**2025**	**2024**
Total Assets	$ 97,279	$ 124,906	$ 45,422	$ 62,223
Total Liabilities	3,573	55,068	45,148	62,099
Total Deferred Inflows of Resources	40,533	28,375	-	-
Fund Balances				
Nonspendable				
Inventories and Prepaid Items	-	-	-	-
Restricted For:				
Debt Service	53,173	41,463	-	-
Highways and Roads	-	-	-	-
Other Purposes	-	-	273	124
Assigned To:				
Other Purposes	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**53,173**	**41,463**	**273**	**124**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 97,279**	**$ 124,906**	**$ 45,422**	**$ 62,223**

In Governmental Funds, the ending fund balance reflects the resources that are available for carryover to future years. The fund balance is also a reflection of the County's ability to respond to emergencies or to take advantage of opportunities that may become available. A good rule of thumb for the general fund is to have at least two to three months of expenditures in an unassigned fund balance. The Commission reevaluates the unassigned fund balance annually. The Commission's goal is to maintain a balance between addressing capital needs and maintaining an adequate reserve. As of September 30, 2025, the unassigned fund balance in the Commission's general fund was $86.3 million.

The statement on the following page presents the Commission's consolidated revenue and expenditure information for its major funds. The general fund balance decreased by $13.1 million while the special highway tax fund balance increased by $11.7 million.

Statement of Revenues, Expenditures and Changes in Fund Balance
Stated in Thousands

	General Fund		Reappraisal	
	2025	**2024**	**2025**	**2024**
Revenue and Other Sources	$ 248,807	$ 271,056	$ 9,259	$ 9,397
Expenses and Other Uses	261,940	262,833	9,259	9,397
Increase (Dec) in Fund Balance	13,133	8,223	-	-
Fund Balance at Beg of Year	**100,118**	**91,895**	**-**	**-**
Fund Balance at Year End	**$ 86,985**	**$100,118**	**$ -**	**$ -**

Statement of Revenues, Expenditures and Changes in Fund Balance
Stated in Thousands

	Special Highway Tax		Coronavirus Rescue	
	2025	**2024**	**2025**	**2024**
Revenue and Other Sources	$ 95,284	$ 42,673	$ 26,285	$ 19,735
Expenses and Other Uses	83,574	54,308	26,136	19,735
Increase (Dec) in Fund Balance	11,710	(11,635)	149	-
Fund Balance at Beg of Year	**41,463**	**53,098**	**124**	**124**
Fund Balance at Year End	**$ 53,173**	**$ 41,463**	**$ 273**	**$ 124**

Debt Administration

As of September 30, 2025, the County had $350.4 million in outstanding bonds, notes payable, and other long-term liabilities as shown in the table below:

Outstanding Long Term Debt
Stated in Thousands

Governmental Activities:	**2025**	**2024**	**$ Change**	**% Change**
Bonds/Warrants Net	$ 196,451	$ 208,669	$ (12,218)	-5.9%
Net Pension Liability	98,115	114,314	(16,199)	-14.2%
Other Postemployment Benefits	40,687	34,256	6,431	18.8%
Other Liabilities	15,124	13,599	1,525	11.2%
Total Long-Term Liabilities	**$ 350,377**	**$ 370,838**	**$ (20,461)**	**-5.5%**

The balance on September 30, 2024, was $370.8 million. The County's debt decreased by $20.5 million over the previous fiscal year due to payments made on bonds/warrants net and the net pension liability.

Capital Assets

The below table displays capital assets as of September 30, 2025, and September 30, 2024, respectively:

Capital Assets
Stated in Thousands

Governmental Activities:	2025	2024	$ Change	% Change
Non depreciable capital assets:				
Land	$ 69,167	$ 69,924	$ (757)	-1.1%
Construction in Progress	109,887	63,631	46,256	72.7%
Infrastructure in Progress	74,604	103,135	(28,531)	-27.7%
Right-to-Use Assets - Land		460	(460)	-100.0%
Capital Assets Being Depreciated:				
Infrastructure	302,871	308,584	(5,713)	-1.9%
Buildings	194,990	191,824	3,166	1.7%
Equipment and Furniture	27,557	27,189	368	1.4%
Vehicles and Heavy Equipment	49,219	44,670	4,549	10.2%
Right-to-Use Assets	863	953	(90)	-9.4%
Subscription Based Assets	6,947	6,998	(51)	-0.7%
Accumulated Depreciation	(217,093)	(205,598)	(11,495)	5.6%
Capital Assets, Net	**$ 619,012**	**$ 611,770**	**$ 7,242**	**1.2%**

As shown above, the County's beginning balance of net capital assets was $611.7 million. Construction in progress increased due to the start of new projects, and the County increased its depreciable capital assets. Vehicles and heavy equipment increased 10% over 2024 due to upgrading of county fleet and machinery. At the end of Fiscal Year 2025, the County had $619 million invested in net capital assets, increasing by $7.2 million over Fiscal Year 2024.

Economic Factors and Next Year's Budget

The budget for Fiscal Year 2026 is the County's largest budget to date. It provides for a historical capital investment that will greatly improve the quality of life for its citizens, employees and neighboring municipalities. Significant items included in the County's 2026 budget are as follows:

Capital Investment

- Equipment upgrades to Metro Jail
- Government Plaza Outdoor Pocket Park
- Civil Rights and Culture Heritage District projects
- Dave Patton House renovation
- Mobile County Aquatic Center
- Mobile County Soccer Complex
- Escatawpa Water Storage Tank
- Mobile County Golf Course aka Cypress Creek Golf Course

Personnel

- Two and a half percent (2.5%) cost of living adjustment (COLA)
- Absorption of 5% health insurance increase

2026 General Fund Budget

Increases and decreases in budgeted revenue categories are based on a rolling three-year average of local and statewide trends. The chart below provides a comparison of amounts budgeted for revenue for 2026 and 2025, respectively:

	2026	2025	Increase/ (Decrease)	%
Revenue				
Taxes	$ 131,536,948	$ 140,951,255	$ (9,414,307)	-7%
Licenses and permits	1,800,000	1,800,999	(999)	0%
Intergovernmental	46,783,808	31,675,164	15,108,644	48%
Charges for services	20,823,300	19,231,800	1,591,500	8%
Miscellaneous	4,592,700	1,336,699	3,256,001	244%
Total revenue	**205,536,756**	**194,995,917**	**10,540,839**	**5%**
Budgeted fund balance	20,909,602	19,265,050	1,644,552	9%
Total revenue and budgeted fund balance	**226,446,358**	**214,260,967**	**12,185,391**	**6%**
Other financing sources				
Transfers in	-	7,000,000	(7,000,000)	-100%
Sale of Capital Assets		150,000	(150,000)	-100%
Total revenue and other financing sources	**$ 226,446,358**	**$ 221,410,967**	**$ 5,035,391**	**2%**

The proposed Fiscal Year 2026 General Fund budget reflects carryforward, revenue, and operating transfers totaling $226,446,358. The proposed budget includes $20.9 million in carryover to fund its initiatives. The projected revenue and other financing sources are 2% more than the current budget.

The chart on the following page provides a comparison of amounts budgeted for expenditures for 2026 and 2025, respectively:

	2026	2025	Increase/ (Decrease)	%
Expenditures				
General government	$ 83,966,894	$ 76,479,269	$ 7,487,625	10%
Public safety	105,380,412	102,309,711	3,070,701	3%
Environmental compliance	7,421,864	7,553,098	(131,234)	-2%
Health	900,876	900,876	-	0%
Social services	1,060,314	1,060,314	-	0%
Culture and recreation	9,288,334	6,236,856	3,051,478	49%
Education	3,997,690	3,844,690	153,000	4%
Debt service	12,675,502	12,077,201	598,301	5%
Capital outlay	1,135,000	3,734,000	(2,599,000)	-70%
Total expenditures	**225,826,886**	**214,196,015**	**11,630,871**	**5%**
Other financing uses				
Transfers out	619,472	7,064,952	(6,445,480)	-91%
Total expenditures and other financing uses	**$ 226,446,358**	**$ 221,260,967**	**$ 5,185,391**	**2%**

For Fiscal Year 2026, the general fund budget for expenditures and other financing uses totaled $226,446,358 which includes $0.6 million in transfers to other funds.

Contacting the County's Financial Management Team

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have a question about this report or require additional information, please contact the Mobile County Director of Finance at 205 Government St., Mobile, Alabama 36644-1801, or call (251) 574-4904. You may also contact the County's Deputy Director at (251) 574-4905.

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Basic Financial Statements

Statement of Net Position
September 30, 2025

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 226,514,758.00
Cash with Fiscal Agents	3,541,483.00
Investments	175,120,437.00
Receivables (Note 4)	16,169,813.00
Leases Receivable	951,063.00
Ad Valorem Property Taxes Receivable	106,514,692.00
Inventories	1,597,936.00
Prepaid Items	386,105.00
Capital Assets (Note 5):	
Nondepreciable	253,659,058.00
Depreciable, Net	362,511,743.00
Right-to-Use Leased Assets, Net	426,209.00
Right-to-Use Subscription Assets, Net	2,415,527.00
Total Assets	1,149,808,824.00
Deferred Outflows of Resources	
Loss on Refunding of Debt	2,453,752.00
Deferred Outflows Related to Leases	227,727.00
Employer Pension Contributions	9,716,408.00
Deferred Outflows Related to Defined Benefit Pension Plans	19,961,907.00
Deferred Outflows Related to Net Other Postemployment Benefits (OPEB) Liability	13,299,625.00
Total Deferred Outflows of Resources	$ 45,659,419.00

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

	Governmental Activities
Liabilities	
Payables (Note 8)	$ 17,492,642.00
Unearned Revenues	36,523,292.00
Accrued Wages Payable	5,032,837.00
Employee Benefits Payable	2,741,118.00
Accrued Interest Payable	1,560,815.00
Long-Term Liabilities:	
Portion Payable Within One Year:	
Worker's Compensation Claims Payable	217,202.00
Compensated Absences	8,217,829.00
Lease Obligations	196,554.00
Subscription Obligations	1,285,346.00
Bonds/Warrants Payable	10,700,000.00
Plus: Unamortized Premium	2,024,287.00
Portion Payable After One Year:	
Worker's Compensation Claims Payable	1,414,485.00
Compensated Absences	1,854,001.00
Lease Obligations	418,912.00
Subscription Obligations	1,519,731.00
Bonds/Warrants Payable	164,945,000.00
Plus: Unamortized Premium	18,781,732.00
Net Pension Liability	98,115,439.00
Net Other Postemployment Benefits (OPEB) Liability	40,686,955.00
Total Liabilities	413,728,176.00
Deferred Inflows of Resources	
Unavailable Revenue - Property Taxes	106,514,692.00
Revenue Received in Advance - Motor Vehicle Taxes	5,644,105.00
Deferred Inflows Related to Leases	2,648,283.00
Deferred Inflows Related to Defined Benefit Pension Plans	18,127,110.00
Deferred Inflows Related to Net Other Postemployment Benefits (OPEB) Liability	11,212,892.00
Total Deferred Inflows of Resources	144,147,082.00
Net Position	
Net Investment in Capital Assets	462,386,346.00
Restricted for:	
Debt Service	55,152,498.00
Capital Projects	219,288,301.00
Other Purposes	3,644,931.00
Unrestricted	(102,879,091.00)
Total Net Position	$ 637,592,985.00

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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: Total Governmental Activities
Primary Government					
Governmental Activities:					
General Government	$ 113,724,609.00	$ 55,836,948.00	$ 45,895,448.00	$	$ (11,992,213.00)
Public Safety	107,910,767.00	294,823.00	24,574,279.00		(83,041,665.00)
Highways and Roads	52,862,266.00	559,237.00	13,108,106.00	272,645.00	(38,922,278.00)
Sanitation	22,158,643.00	145,398.00	10,254,747.00		(11,758,498.00)
Health	3,855,880.00	66,863.00	18,425.00		(3,770,592.00)
Welfare	6,924,557.00	14,797.00	1,109,163.00		(5,800,597.00)
Culture and Recreation	16,945,013.00	185,787.00	62,710.00		(16,696,516.00)
Education	6,501,387.00				(6,501,387.00)
Interest and Fiscal Charges	10,030,712.00				(10,030,712.00)
Total Governmental Activities	$ 340,913,834.00	$ 57,103,853.00	$ 95,022,878.00	$ 272,645.00	(188,514,458.00)
General Revenues:					
Taxes:					
Property Taxes for General Purposes					42,945,458.00
Property Taxes for Specific Purposes					67,880,216.00
General Sales Tax					85,724,387.00
County Gasoline Sales Tax					477,157.00
Other County Sales and Use Taxes					13,208,144.00
Grants and Contributions Not Restricted for Specific Purposes					6,379,184.00
Investment Earnings					15,247,144.00
Miscellaneous					1,215,833.00
Total General Revenues					233,077,523.00
Changes in Net Position					44,563,065.00
Net Position - Beginning of Year, as Previously Reported					645,729,568.00
Correction for Prior Period Error					(52,699,648.00)
Net Position - Beginning of Year, as Restated (Note 15)					593,029,920.00
Net Position - End of Year					$ 637,592,985.00

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

Balance Sheet
Governmental Funds
September 30, 2025

	General Fund	Reappraisal Fund	Special Highway Tax Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	$ 63,777,879.00	$ 1,074,951.00	$ 20,494,165.00	$ 447,289.00	$ 140,720,474.00	$ 226,514,758.00
Cash with Fiscal Agents					3,541,483.00	3,541,483.00
Investments	18,654,499.00	177.00	36,446,893.00	44,947,544.00	75,071,324.00	175,120,437.00
Receivables (Note 4)	9,539,619.00		894.00		6,629,300.00	16,169,813.00
Leases Receivable	951,063.00					951,063.00
Ad Valorem Property Taxes Receivable	57,473,760.00	10,780,932.00	38,260,000.00			106,514,692.00
Due from Other Funds	83,964,172.00	1,572,145.00	2,076,973.00	26,778.00	76,975,850.00	164,615,918.00
Inventories	316,391.00				1,281,544.00	1,597,935.00
Prepaid Items	386,105.00					386,105.00
Total Assets	235,063,488.00	13,428,205.00	97,278,925.00	45,421,611.00	304,219,975.00	695,412,204.00
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Payables (Note 8)	10,461,791.00	12,409.00		1,044,497.00	5,973,945.00	17,492,642.00
Due to Other Funds	63,915,576.00		3,572,724.00	24,879,708.00	72,247,910.00	164,615,918.00
Unearned Revenues	2,850,010.00	1,924,554.00		19,224,310.00	12,524,418.00	36,523,292.00
Accrued Wages Payable	4,671,169.00	320,314.00			41,354.00	5,032,837.00
Employee Benefits Payable	2,295,709.00	389,996.00			55,412.00	2,741,117.00
Worker's Compensation Claims Payable	217,202.00					217,202.00
Compensated Absences	173,528.00					173,528.00
Total Liabilities	84,584,985.00	2,647,273.00	3,572,724.00	45,148,515.00	90,843,039.00	226,796,536.00
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	57,473,760.00	10,780,932.00	38,260,000.00			106,514,692.00
Revenue Received in Advance - Motor Vehicle Taxes	3,371,188.00		2,272,916.00			5,644,104.00
Deferred Inflows - Leases GASB 87	2,648,283.00					2,648,283.00
Total Deferred Inflows of Resources	$ 63,493,231.00	$ 10,780,932.00	$ 40,532,916.00	$	$	$ 114,807,079.00

Balance Sheet
Governmental Funds
September 30, 2025

	General Fund	Reappraisal Fund	Special Highway Tax Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances						
Nonspendable:						
Inventories	$ 316,391.00	$	$	$	$ 1,281,544.00	$ 1,597,935.00
Prepaid Items	386,105.00					386,105.00
Restricted for:						
Debt Service			53,173,285.00		3,540,028.00	56,713,313.00
Highways and Roads					172,851,173.00	172,851,173.00
Capital Projects					23,218,564.00	23,218,564.00
Other Purposes				273,096.00	3,371,835.00	3,644,931.00
Assigned to:						
Highways and Roads					1,464,229.00	1,464,229.00
Capital Projects					17,439,811.00	17,439,811.00
Unassigned	86,282,776.00				(9,790,248.00)	76,492,528.00
Total Fund Balances	86,985,272.00		53,173,285.00	273,096.00	213,376,936.00	353,808,589.00
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 235,063,488.00	$ 13,428,205.00	$ 97,278,925.00	$ 45,421,611.00	$ 304,219,975.00	$ 695,412,204.00

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

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

Total Fund Balances - Governmental Funds (Exhibit 3)		$ 353,808,589.00
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets consist of:		
The Cost of Capital Assets is	$ 828,296,311.00	
Accumulated Depreciation - Capital Assets	(212,125,510.00)	
Right-to-Use Subscription Assets	6,947,079.00	
Accumulated Depreciation - Right-to-Use Subscription Assets	(4,531,552.00)	
Right-to-Use Leased Assets	862,134.00	
Accumulated Depreciation - Right-to-Use Leased Assets	(435,925.00)	
		619,012,537.00
Losses on refunding of debt are reported as deferred outflows of resources and are not available to pay for current period expenditures and, therefore, are deferred on the Statement of Net Position.		2,453,752.00
Deferred outflows and inflows of resources related to pensions and Other Postemployment Benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Employer Pension Contributions	$ 19,961,907.00	
Deferred Outflows Related to Leases	227,727.00	
Deferred Outflows Related to Defined Benefit Pension Plans	9,716,408.00	
Deferred Outflows Related to Net Other Postemployment Benefits (OPEB) Liability	13,299,625.00	
Deferred Inflows Related to Defined Benefit Pension Plans	(18,127,110.00)	
Deferred Inflows Related to Net Other Postemployment Benefits (OPEB) Liability	(11,212,892.00)	
		13,865,665.00

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

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

	Current Liabilities	Noncurrent Liabilities	
Bonds/Warrants Payable	$ 10,700,000.00	$ 164,945,000.00	
Unamortized Premium	2,024,287.00	18,781,732.00	
Worker's Compensation		1,414,485.00	
Accrued Interest Payable	1,560,815.00		
Compensated Absences	8,044,301.00	1,854,001.00	
Lease Obligations	196,554.00	418,912.00	
Subscriptions	1,285,346.00	1,519,731.00	
Net Pension Liability		98,115,439.00	
Net Other Postemployment Benefits (OPEB) Liability		40,686,955.00	
Total Long-Term Liabilities	$ 23,811,303.00	$ 327,736,255.00	(351,547,558.00)
Total Net Position - Governmental Activities (Exhibit 1)			$ 637,592,985.00

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

	General Fund	Reappraisal Fund	Special Highway Tax Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 160,312,757.00	$ 9,094,948.00	$ 43,691,645.00	$	$ 6,227,896.00	$ 219,327,246.00
Licenses and Permits	2,899,353.00				559,237.00	3,458,590.00
Intergovernmental	49,375,294.00		482,468.00	23,334,037.00	48,977,778.00	122,169,577.00
Charges for Services	22,663,671.00				2,098,320.00	24,761,991.00
Miscellaneous	1,726,650.00	89,716.00	2,109,721.00	2,951,313.00	8,554,031.00	15,431,431.00
Total Revenues	236,977,725.00	9,184,664.00	46,283,834.00	26,285,350.00	66,417,262.00	385,148,835.00
Expenditures						
Current:						
General Government	76,546,707.00	8,943,341.00	420,820.00	15,557,464.00	4,001,743.00	105,470,075.00
Public Safety	105,673,824.00				1,395,316.00	107,069,140.00
Highways and Roads	21,455,012.00				22,822,723.00	44,277,735.00
Sanitation	6,552,692.00				15,393,583.00	21,946,275.00
Health	874,511.00				2,981,369.00	3,855,880.00
Welfare	1,047,548.00				5,598,653.00	6,646,201.00
Culture and Recreation	5,820,519.00				10,894,306.00	16,714,825.00
Education	3,968,260.00				2,579,616.00	6,547,876.00
Capital Outlay	5,834,803.00	315,583.00		6,597,503.00	67,309,126.00	80,057,015.00
Debt Service:						
Principal	7,060,000.00		51,150,000.00		1,020,000.00	59,230,000.00
Interest and Fiscal Charges	6,540,179.00		2,002,826.00		1,058,096.00	9,601,101.00
Total Expenditures	241,374,055.00	9,258,924.00	53,573,646.00	22,154,967.00	135,054,531.00	461,416,123.00
Excess (Deficiency) of Revenues Over/Under Expenditures	(4,396,330.00)	(74,260.00)	(7,289,812.00)	4,130,383.00	(68,637,269.00)	(76,267,288.00)
Other Financing Sources/(Uses)						
Transfers In	11,116,261.00				48,408,040.00	59,524,301.00
Sale of Capital Assets	69,196.00	74,260.00			638,122.00	781,578.00
Proceeds from Issuance of Debt	643,853.00		49,000,000.00		12,297.00	49,656,150.00
Transfers Out	(20,566,188.00)		(30,000,000.00)	(3,981,261.00)	(4,976,852.00)	(59,524,301.00)
Total Other Financing Sources/Uses	(8,736,878.00)	74,260.00	19,000,000.00	(3,981,261.00)	44,081,607.00	50,437,728.00
Net Changes in Fund Balances	(13,133,208.00)		11,710,188.00	149,122.00	(24,555,662.00)	(25,829,560.00)
Fund Balances - Beginning of Year	100,118,480.00		41,463,097.00	123,974.00	237,932,598.00	379,638,149.00
Fund Balances - End of Year	$ 86,985,272.00	$	$ 53,173,285.00	$ 273,096.00	$ 213,376,936.00	$ 353,808,589.00

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

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

Net Changes in Fund Balances - Total Governmental Funds (Exhibit 5)		$ (25,829,560.00)
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		64,195,826.00
In the Statement of Activities, only the gain or loss on the sale 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 costs of the assets sold.		(4,244,943.00)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		59,230,000.00
Proceeds from issuance of debt are reported as other financing sources in governmental funds and thus contribute to the changes in fund balances. However, in the Statement of Net Position, debt issued increases long term liabilities and does not affect the Statement of Activities.		(49,656,150.00)
In the Statement of Activities, the amortization of discounts, premiums and deferred charges on refunding are reported as expenditures, whereas, in the governmental funds it is not recorded.		
Amortization of Deferred Amounts on Refunding	$ (344,260.00)	
Amortization of Premiums on Debt Issued	1,987,489.00	
Total		1,643,229.00

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

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These items consist of:		
Net Decrease in Estimated Liability for Compensated Absences	$ (834,359.00)	
Net Decrease in Estimated Liability for Worker's Compensation	(240,052.00)	
Net Decrease in Other Postemployment Benefits (OPEB) Expense	2,864,076.00	
Net Increase in Accrued Interest Payable	119,455.00	
Net Increase in Pension Expense	(2,684,457.00)	
Total Additional Expenditures		(775,337.00)
Change in Net Position of Governmental Activities (Exhibit 2)		$ 44,563,065.00

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Statement of Fiduciary Net Position
September 30, 2025

	Private-Purpose Trust Funds	Custodial Funds
Assets		
Cash and Cash Equivalents	$ 507,254.00	$ 35,007,385.00
Total Assets	507,254.00	35,007,385.00
Liabilities		
Due to Individuals		20,137,543.00
Total Liabilities		20,137,543.00
Net Position		
Held in Trust for Other Purposes	507,254.00	
Held for Individuals, Organizations or Other Governments		14,869,842.00
Total Net Position	507,254.00	14,869,842.00
Total Liabilities and Net Position	$ 507,254.00	$ 35,007,385.00

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

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

	Private-Purpose Trust Funds	Custodial Funds
Additions		
Contributions from:		
Taxes	$	$ 483,402,623.00
Probate Court		3,632,141.00
Licenses and Fees		80,026,109.00
Interest	53.00	61,742.00
Total Additions	53.00	567,122,615.00
Deductions		
Administrative Expenses		558,737,216.00
Taxes and Fees Paid to Other Governments		272,110.00
Payments to Beneficiaries		679,089.00
Total Deductions		559,688,415.00
Changes in Net Position	53.00	7,434,200.00
Net Position - Beginning of Year	507,201.00	7,435,642.00
Net Position - End of Year	$ 507,254.00	$ 14,869,842.00

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

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

The Mobile County Commission is a general purpose local government governed by separately elected commissioners. Generally accepted accounting principles (GAAP) require that the financial statements present the Commission (the primary government) and its component units. Component units are legally separate entities for which a primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of these criteria, there are no component units which should be included as part of the financial reporting entity of the Commission.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The Commission reports the following major governmental funds:

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

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

- ***Special Highway Tax Fund*** – This fund is used to account for the special ad valorem tax authorized to be levied by the County in Amendment XVIII to the Constitution of Alabama, as amended. Proceeds are used to pay principal and interest payments when they become due on warrants and to retire debt for pay-as-you-go projects.

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

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

Governmental Fund Types

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

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

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

The Commission reports the following fiduciary fund types:

Fiduciary Fund Types

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

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

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

1. Deposits and Investments

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

State statutes authorize the County Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit. Also, an amendment to the ***Constitution of Alabama 1901***, allows Mobile County funds to be invested in secured repurchase agreements, secured commercial paper, and secured bankers acceptances.

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

2. Receivables

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

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

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

3. Inventories

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

4. Prepaid Items

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

5. Restricted Assets

Certain general obligation and limited obligation warrants, as well as certain resources set aside for their repayment, and special ad valorem tax proceeds are classified as cash and cash equivalents and investments on the balance sheet and their use is limited by applicable debt covenants. The Special Highway Tax Fund's cash is restricted by local law.

6. Lease Receivable

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

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

7. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Right-to-use leased assets are recorded at the present value of payments expected to be made during the lease term plus any upfront payments and ancillary charges paid to place the leased asset in service. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Depreciation on all assets is provided on the straight-line basis over the assets estimated useful life. Intangible right-to-use lease assets are amortized over the shorter of the lease term or the asset's estimated useful life, unless the lease contains a purchase option the Board is reasonably certain will be exercised. In those instances, the right-to-use leased asset is amortized over the asset's estimated useful life. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	$ 50,000	10 – 50 years
Equipment and Furniture	$ 5,000	5 – 7 years
Infrastructure:		
Roads	$250,000	20 – 25 years
Bridges	$ 50,000	40 years
Water and Sewer Systems	$100,000	25 years
Right-to-Use Lease Assets (Buildings)	$ 50,000	N/A
Right-to-Use Lease Assets (Equipment)	$ 5,000	N/A
Right-to-Use Subscription Assets	$ 5,000	N/A

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

8. 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.

9. Right-to-Use Assets and Lease Liability – Leases and Subscription Arrangements

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

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

Payments included in the measurement of present value include:

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

The Commission also entered into certain subscription-based agreements to use vendor-provided information technology (IT). In accordance with GASB Statement Number 96, Subscription-based information technology arrangements (SBITAs) result in an intangible right-to-use asset and a subscription obligation on the Statement of Net Position. The Commission capitalizes SBITA items that are greater than $5,000 over the subscription term and the initial term exceeds 12 months.

An intangible right-to-use asset represents the Commission's right to use an underlying asset for the lease or subscription term. Lease and/or subscription obligations represent the Commission's liability to make lease and/or subscription payments arising from the lease and/or subscription agreement. Intangible right-to-use assets, lease obligations, and subscription obligations are recognized based on the present value of lease and/or subscription payments over the lease term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a lease and/or subscription are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease and/or subscription liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease and/or subscription term or useful life of the underlying asset. Prepayments made before the commencement of the lease and/or subscription are reported as intangible right-to-use assets in progress.

10. Long-Term Obligations

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

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

11. Compensated Absences

Under GASB Statement 101, ***Compensated Absences***, a liability for compensated absences must be recognized for (1) leave that has not been used and (2) leave than has not been used but not yet paid or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The Commission has a standard leave policy for its full-time employees as to sick and annual leave.

Annual Leave

Regular full-time merit system employees are eligible to accrue annual leave with pay as follows:

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

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

Upon separation or retirement, employees are paid, up to the maximum, for accrued annual leave in one lump sum payment. Upon written application made by the employee within sixty (60) days following the ending date of the last pay period in any calendar year, and with proper approval showing that at no time prior to the ending date of the last pay period during the previous calendar year could the employee be scheduled for annual leave because his services could not be spared, an employee shall be entitled to receive compensation in lieu of such amount of annual leave as was earned during the previous year in excess of the total allowable accumulation, said compensation to be paid on the basis of the regular hourly rate received by such employee on the last pay period of any calendar year.

Sick Leave

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

Compensatory Leave

Non-exempt employees may earn compensatory time in lieu of overtime pay for hours paid in excess of 40 hours in the work week. If the employee elects in writing to receive compensatory time, the employee will be credited for 1.5 hours of compensatory time for each hour paid over 40 in a workweek. Department heads may permit full-time exempt employees to also accumulate compensatory time, but only on an hour-for-hour basis for each additional hour paid over 40 hours in the workweek. The maximum compensatory time, which may be accrued by any affected employee, shall be 120 hours. Any employee who exceeds the maximum 120 hours of accumulated compensatory time must be given sufficient time off within the next pay period to reduce the compensatory time accumulation within the approved limit. According to the Fair Labor Standards Act, employees should be paid for compensatory leave in excess of the maximum hours stipulated.

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

12. Deferred Inflows of Resources

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

13. Net Position/Fund Balances

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

- ***Net Investment in Capital Assets*** – Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction and improvement of those assets should also be included in this component. Any significant unspent related debt proceeds, or deferred inflows of resources attributable to the unspent amount at year-end related to capital assets are not included in this calculation. Debt proceeds or deferred inflows of resources at the end of the reporting period should be included in the same net position amount (restricted, unrestricted) as the unspent amount.

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

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

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

A. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories, prepaid items and long-term receivables.

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

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

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

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

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

Minimum Fund Balance Policy

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

E. Pensions

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

F. Postemployment Benefits Other Than Pensions (OPEB)

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

Use of Estimates

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

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds except the capital projects funds, which adopt project-length budgets. The Coronavirus Rescue Act Fund did not approve a formal budget due to uncertainty of allowable expenditures related to this grant. Expenditures of the Coronavirus Rescue Act Fund were authorized by the Commission throughout the fiscal year. All annual appropriations lapse at fiscal year-end.

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

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

Note 3 – Deposits and Investments

A. Deposits and Certificates of Deposit

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Commission will not be able to cover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Commission's deposits at year-end were entirely covered by federal depository insurance or by the Security for Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the ***Code of Alabama 1975***, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program, all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance. The ***Code of Alabama 1975***, Section 11-8-11, authorizes the Commission to invest the remaining surplus in any fund, after the adoption of the budget or after provision has been made for anticipated indebtedness, in interest-bearing securities issued by the United States government which are guaranteed as to principal and which are redeemable upon application. The Commission has monies invested in mutual funds that are short-term nature and high liquid that are considered cash equivalents.

The Commission has $4,586,731 of its funds in Certificates of Deposit. These certificates of deposit are classified as "Deposits" in order to determine insurance and collateralization. However, they are classified as "Investments" on the financial statements.

B. Cash with Fiscal Agents

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

Investment Type	Rating Agency	Rating	Maturities	Fair Value
Money Market Funds:				
Regions Money Market		Unrated	Unknown	$3,541,483
Total				$3,541,483

C. Investments

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

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

Investments	Maturities	Fair Value
General Fund	Less than 10 years	$ 18,654,499
Reappraisal Fund	Less than 10 years	177
Special Highway Tax Fund	Less than 10 years	33,082,027
Coronavirus Rescue Act Fund	Less than 10 years	44,947,544
Other Governmental Funds	Less than 10 years	73,849,459
Total Bonds and Notes		$170,533,706

Fair Value Measurement and Application. The Commission categorizes its fair value measurements within the fair value hierarchy established by the GASB Statement Number 72, ***Fair Value Measurement and Application***. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for the identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of September 30, 2025, the Commission had the following recurring fair value investments:

	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	$136,934,753	$	$136,934,753	$
U. S Government Mortgage-Backed Securities	12,343,814		12,343,814	
Other Investments	21,255,139		21,255,139	
Total Investment by Fair Value Level	$170,533,706	$	$170,533,706	$

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

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. Investments are rated from AA+ to Aaa. The Commission has a formal investment policy that addresses credit risk. To minimize credit risk, the Mobile County Commission's policy limits investments in the types of securities that the Commission may invest in; requires financial institutions, brokers/dealers, intermediaries, and advisers to be prequalified based on policies established by the Commission; and requires their investment portfolio be diversified so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

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

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

Note 4 – Receivables

On September 30, 2025, receivables for the Commission's individual major funds and other governmental funds in the aggregate, are as follows:

	General Fund	Special Highway Tax Fund	Other Governmental Funds	Total
Receivables:				
Accounts	$5,323,384	$894	$5,027,775	$10,352,053
Intergovernmental	4,216,235		1,601,525	5,817,760
Total Receivables	$9,539,619	$894	$6,629,300	$16,169,813

Governmental funds report unearned revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2025, the various components of unearned revenue reported in the governmental funds were as follows:

Governmental Funds:	
Grant Funds Received Prior to Meeting Eligibility Requirements	$19,224,310
Unexpended Contributions	2,850,010
Unexpended County Improvement Funds	12,524,418
Unexpended Reappraisal Funds	1,924,554
Total Unearned Revenue for Governmental Funds	$36,523,292

Note 5 – Capital and Right-of-Use Assets

The following is a summary of changes in capital and right-of-use assets for the year ended September 30, 2025:

	Balance 10/01/2024	Restatement	Balance 10/01/2024, as Restated
Governmental Activities:			
Capital Assets Not Being Depreciated:			
Land	$ 69,923,976	$	$ 69,923,976
Construction in Progress	63,630,635		63,630,635
Infrastructure in Progress	103,135,266	(42,942,108)	60,193,158
Right-to-Use Assets – Land	459,741		459,741
Total Capital Assets Not Being Depreciated	237,149,618	(42,942,108)	194,207,510
Capital Assets Being Depreciated:			
Infrastructure	308,584,275	(10,860,570)	297,723,705
Buildings and Improvements	191,823,859		191,823,859
Equipment and Furniture	27,188,852		27,188,852
Vehicles and Heavy Equipment	44,670,253		44,670,253
Right-to-Use Assets – Leased Equipment	953,382		953,382
Subscription Based Information Technology	6,997,393		6,997,393
Total Capital Assets Being Depreciated	580,218,014	(10,860,570)	569,357,444
Less Accumulated Depreciation for:			
Infrastructure	(55,664,746)	1,103,030	(54,561,716)
Buildings and Improvements	(99,716,839)		(99,716,839)
Equipment and Furniture	(20.492.484)		(20,492,484)
Vehicles and Heavy Equipment	(25,794,250)		(25,794,250)
Right-to-Use Assets – Leased Equipment	(820,294)		(820,294)
Subscription Based Information Technology	(3,108,970)		(3,108,970)
Total Capital Assets Being Depreciated	(205,597,583)	1,103,030	(204,494,553)
Total Capital Assets Being Depreciated, Net	374,620,431	(9,757,540)	364,862,891
Total Governmental Activities Capital Assets, Net	$ 611,770,049	$(52,699,648)	$ 559,070,401

(*) The Additions and Retirements columns include a reclassification to Infrastructure from Infrastructure in Progress in the amount of $5,147,458. Also included is a reclassification to Buildings and Improvements from Construction in Progress in the amount of $3,078,577.

Additions/ Reclassifications (*)	Retirements/ Reclassifications (*)	Balance 09/30/2025
$ 3,390,297	$ (4,146,955)	$ 69,167,318
49,335,249	(3,078,577)	109,887,307
19,558,733	(5,147,458)	74,604,433
	(459,741)	
72,284,279	(12,832,731)	253,659,058
5,147,458		302,871,163
3,165,804		194,989,663
440,896	(72,343)	27,557,405
7,001,633	(2,452,864)	49,219,022
242,980	(334,228)	862,134
40,574	(90,888)	6,947,079
16,039,345	(2,950,323)	582,446,466
(3,362,342)		(57,924,058)
(3,923,367)		(103,640,206)
(2,105,602)	98,835	(22,499,251)
(4,547,123)	2,279,378	(28,061,995)
(872,112)	1,256,481	(435,925)
(1,422,582)		(4,531,552)
(16,233,128)	3,634,694	(217,092,987)
(193,783)	684,371	365,353,479
$ 72,090,496	$(12,148,360)	$ 619,012,537

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

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$ 5,916,359
Public Safety	2,050,618
Highways and Roads	7,717,618
Sanitation	222,867
Welfare	83,023
Culture and Recreation	231,240
Education	11,403
Total Depreciation Expense – Governmental Activities	$16,233,128

Note 6 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

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

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

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

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of 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 guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Act Number 2022-351, Acts of Alabama, provides that any Tier 2 member who withdraws 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 and one state employer. 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

The County membership includes approximately 3,077 participants. As of September 30, 2024, membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,054
Vested Inactive Members	58
Non-vested Inactive Members	326
Active Members	1,639
Post-DROP participants who are still in active service	0
Total	3,077

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 contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2025, the Commission's active employee contribution rate was 7.02% of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 9.15% of covered employee payroll.

The Commission's contractually required contribution rate for the year ended September 30, 2025, was 9.64% of pensionable pay for Tier 1 employees, and 10.29% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 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 $9,716,408 for the year ended September 30, 2025.

B. Net Pension Liability

The Mobile 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 following table:

	Total Pension Liability Roll-Forward		
	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2023	$335,635,763	$348,034,463	$348,034,463
(b) Discount Rates	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2023 through September 30, 2024	7,823,081	7,823,081	7,823,081
(d) Transfers Among Employers		783,576	783,576
(e) Actual Benefit Payments and Refunds for the period October 1, 2023 through September 30, 2024	(22,334,767)	(22,334,767)	(22,334,767)
(f) Total Pension Liability as of September 30, 2024 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5*(b))]	$345,296,971	$359,402,950	$359,402,950
(g) Difference between Expected and Actual		$ 14,105,979	
(h) Less Liability Transferred for Immediate Recognition		783,576	
(i) Difference between Expected and Actual – Experience (Gain)/Loss		$ 13,322,403	
(j) Difference between Actual TPL Before and After 2020 Experience Study – Assumption Change (Gain)/Loss			$

Actuarial Assumptions

The total pension liability as of September 30, 2024, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2023. The key actuarial assumptions are summarized below:

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

(*) Net of pension plan investment expense

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

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

The actuarial assumptions used in the September 30, 2022, valuation were based on the results of an actuarial experience study for the period October 1, 2015 through September 30, 2020.

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

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

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

Discount Rate

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

C. Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension (Asset) Liability (a)-(b)
Balances as of September 30, 2023	$335,635,763	$221,321,518	$114,314,245
Changes for the Year:			
Service Cost	7,823,081		7,823,081
Interest	24,172,894		24,172,894
Difference between Expected and Actual Experience	13,322,403		13,322,403
Contributions – Employers		8,202,656	(8,202,656)
Contributions – Employee		7,223,278	(7,223,278)
Net Investment Income		46,091,250	(46,091,250)
Benefit payments including refunds of employee contributions	(22,334,767)	(22,334,767)	
Transfer among employers	783,576	783,576	
Net changes	23,767,187	39,965,993	(16,198,806)
Balances as of September 30, 2024	$359,402,950	$261,287,511	$ 98,115,439

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

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

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
Commission's Net Pension Liability	$137,398,568	$98,115,439	$64,805,683

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 Commission recognized pension expense of $13,238,735. At September 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$17,488,614	$ 946,966
Changes of assumptions	2,473,293	
Net difference between projected and actual earnings on pension plan investments		17,180,144
Employer contributions subsequent to the measurement date	9,716,408	
Total	$29,678,315	$18,127,110

The $9,716,408 reported as deferred outflows related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pension will be recognized in pension expense as follows:

Year Ending	
September 30, 2026	$ 3,198,568
2027	$ 6,249,702
2028	$(3,631,469)
2029	$(3,982,004)
2030	$ 0
Thereafter	$ 0

Note 7 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

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	566
Inactive employees entitled to but not yet receiving benefit payments	
Active employees	1,367
Total	1,933

Total OPEB Liability

The Commission's total OPEB liability of $40,686,955 as of the reporting date of September 30, 2025, was measured as of September 30, 2024, and was determined by an actuarial valuation as of October 1, 2023.

Actuarial Assumptions and Other Inputs

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

Cost-of-Living Increases	Assumed to increase in accordance with the healthcare cost trend rates
Salary Increases	3.00%, including inflation
Discount Rate	4.06% annually
Healthcare Cost Trend Rates	5.00% for each fiscal year

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

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

Changes in the Total OPEB Liability

Balance at September 30, 2023	$34,255,549
Changes for the Year:	
Service Cost	986,395
Expected Interest Growth	1,395,333
Unexpected Investment Growth	2,463,331
Demographic Experience	4,248,059
Benefit Payments and Refunds	2,530
Assumption Changes	(2,664,242)
Net Changes	6,431,406
Balance at September 30, 2024	$40,686,955

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

The following presents the net OPEB liability of the Commission, as well as what the Commission's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.06%) or 1-percentage point higher (5.06%) than the current discount rate:

	1.0% Decrease (3.06%)	Current Discount Rate (4.06%)	1.0% Increase (5.06%)
Net OPEB Liability	$43,936,170	$40,686,955	$37,814,344

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 net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (4.00%) or 1-percentage point higher (6.00%) than the current healthcare trend rates:

	1.0% Decrease (4.00%)	Current Trend (5.00%)	1.0% Increase (6.00%)
Total OPEB liability	$37,567,380	$40,686,955	$44,206,617

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 income of $2,864,076. At September 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2023	$10,601,315	$17,810,064
Change due to:		
Amortization Payments	(4,015,610)	(6,597,172)
Investment Gain/Loss	2,530	
Demographic Gain/Loss	4,248,059	
Assumption Changes	2,463,331	
Total Change	2,698,310	(6,597,172)
Balance as of September 30, 2024	$13,299,625	$11,212,892

Note 8 – Payables

On September 30, 2025, payables for the Commission's individual major funds and other governmental funds in the aggregate are as follows:

	Governmental Funds				
	General Fund	Reappraisal Fund	Coronavirus Rescue Act	Other Governmental Funds	Total
Vendors	$ 4,477,154	$12,409	$1,044,497	$5,973,945	$11,508,005
Intergovernmental	647,977				647,977
Automobile Liability Claims	551,402				551,402
General Liability	4,785,258				4,785,258
Total Payables	$10,461,791	$12,409	$1,044,497	$5,973,945	$17,492,642

Note 9 – Long-Term Debt and Lease Obligations

Mobile County has outstanding general and limited obligation bonds and warrants totaling $196,451,019. All of the County's outstanding bonds and warrants were sold in public offerings. The County does not have any outstanding debt obligations which have been privately placed with banks or other lenders. The County does not have any unused lines of credit.

Of the total general obligation indebtedness, $40,415,000 is in the form of bonds issued under and payable from the proceeds of a special property tax levied under a constitutional provision. Other than the source of payment the terms of the bonds are substantially identical to the terms of other general obligation debt.

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

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

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

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

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

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

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

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

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

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

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

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

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

The General Obligation Warrants, Series 2024, dated August 1, 2024, were issued for the purposes of funding certain capital improvement projects for the County and paying the expenses of issuing the Series 2024 Warrants.

On March 10, 2025, the Commission issued $30,000,000 of its Pay-As-You-Go Road, Bridge, and Drainage Facilities Bonds, Series 2024A for the purpose of financing transportation and infrastructure improvements under the County's Pay-As-You-Go Program. Immediately following delivery of the bonds to the purchaser, the Commission exercised its call provisions and redeemed 100% of the Series 2024A bonds on March 10, 2025. All bonds were surrendered and canceled on the redemption date.

On March 10, 2025, the Commission issued $19,000,000 of its Pay-As-You-Go Road, Bridge, and Drainage Facilities Bonds, Series 2022C for the purpose of financing transportation and infrastructure improvements under the County's Pay-As-You-Go Program. Immediately following delivery of the bonds to the purchaser, the Commission exercised its call provisions and redeemed 100% of the Series 2022C bonds on March 10, 2025. All bonds were surrendered and canceled on the redemption date.

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

	Balance 10/01/2024	Additions	Reductions	Balance 09/30/2025	Due Within One Year
Governmental Activities:					
General Obligation Bonds/Warrants	$159,590,000	$49,000,000	$(58,210,000)	$150,380,000	$ 9,655,000
Limited Obligation Warrants	26,285,000		(1,020,000)	25,265,000	1,045,000
Unamortized Premiums	22,793,508		(1,987,489)	20,806,019	2,024,287
Total Bonds/Warrants	208,668,508	49,000,000	(61,217,489)	196,451,019	12,724,287
Workers' Compensation Claims Payable	1,523,195	108,492		1,631,687	217,202
Compensated Absences (Net)	9,237,471	834,359		10,071,830	8,217,829
Lease Liability	627,445		(11,979)	615,466	196,554
Subscription Liability	2,211,081	656,150	(62,154)	2,805,077	1,285,346
Net Pension Liability	114,314,245		(16,198,806)	98,115,439	
Net OPEB Liability	34,255,549	6,431,406		40,686,955	
Total Long-Term Debt	$370,837,494	$57,030,407	$(77,490,428)	$350,377,473	$22,641,218

Payments on the bonds/warrants payable that pertain to the Commission's governmental activities are made by the General Fund and Debt Service Funds. Payments on the Pay-As-You-Go warrants payable were made by the Special Highway Tax Fund.

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

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

Fiscal Year Ending	Governmental Activities Bonds/Warrants Principal	Interest	Total Principal and Interest Requirements to Maturity
September 30, 2026	$ 10,700,000	$ 7,577,651	$ 18,277,651
2027	10,995,000	7,077,464	18,072,464
2028	11,640,000	6,621,652	18,261,652
2029	12,040,000	6,131,281	18,171,281
2030	12,690,000	5,603,355	18,293,355
2031-2035	60,145,000	19,943,447	80,088,447
2036-2040	39,740,000	8,114,175	47,854,175
2041-2045	17,360,000	1,758,375	19,118,375
2046-2050	335,000	6,700	341,700
Total	$175,645,000	$62,834,100	$238,479,100

Premiums and Deferred Loss on Refunding

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

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

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

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

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

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

The Commission has a premium in connection with the issuance of its Series 2024 General Obligation Improvement Warrants. The premium is being amortized using the straight-line method over a period of twenty years.

	Premium	Loss on Refunding of Debt
Total Premium	$ 40,384,174	$ 7,248,597
Amount Amortized Prior Years	(17,590,666)	(4,450,585)
Balance Premium	22,793,508	2,798,012
Current Amount Amortized	(1,987,489)	(344,260)
Balance Premium	$ 20,806,019	$ 2,453,752

Note 10 – Risk Management

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

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

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

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

Note 11 – Interfund Transactions

Due To/From Other Funds

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

	Due To Other Funds				
	General Fund	Special Highway Tax Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Totals
Due From Other Funds:					
General Fund	$	$	$24,146,775	$59,817,397	$ 83,964,172
Reappraisal Fund	1,572,145				1,572,145
Special Highway Tax Fund	2,076,973				2,076,973
Coronavirus Rescue Act Fund				26,778	26,778
Other Governmental Funds	60,266,458	3,572,724	732,933	12,403,735	76,975,850
Totals	$63,915,576	$3,572,724	$24,879,708	$72,247,910	$164,615,918

Interfund Transfers

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

	Transfers Out				
	General Fund	Special Highway Tax Fund	Coronavirus Rescue Act Fund	Other Governmental Funds	Totals
Transfers In:					
General Fund	$ 7,000,000	$	$3,981,261	$ 135,000	$11,116,261
Other Governmental Funds	13,566,188	30,000,000		4,841,852	48,408,040
Totals	$20,566,188	$30,000,000	$3,981,261	$4,976,852	$59,524,301

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

Note 12 – Related Organizations

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

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

Note 13 – Construction and Other Significant Commitments

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

Semmes Senior Center Walking Trail – Phase 2	$ 159,833
Whistler Bike Trail – Crossing at Gum Tree Branch	104,279
Government Plaza – Install Bi-Fold Doors on West Driveway	6,250
Public Works Security Cameras Upgrades	42,818
Camps 2, 3, 4, Electric Gates Upgrades	32,444
Government Plaza – Security Surveillance System Upgrade	347,860
3 Year Detention Locks Maintenance and Repairs	182,145
Michael Square – Revenue Commissioner UPS Upgrades	140,365
Government Plaza – Replacement of North Tower Penthouse Air Handling Unit (number 3)	39,631
SYC Lightning Protection	9,384
Government Plaza – Roof Replacements North and South Towers	1,425,400
Jon Archer and Eight Mile Shopping Center – Roof Replacements	17,220
Government Plaza – Pocket Park (Construction Only)	840,553
Camp 1 – 2 Story Building Renovations	16,722
Africatown Hall and Food Bank – Installation of Emergency Generator	51,998
3 Year Flooring Replacement and Installation	398,266
Government Plaza – Cooling Tower Replacement	35,566
Sheriff Administration Building – Renovations to Elevator	13,175
Government Plaza North Tower – Renovations to Elevator #11	37,063
Eight Mile Shopping Center – New Parking Lot Lighting	1,200
Revenue Information Booth	14,635
Renovations to Judge's Office and Library	54,828
Building Maintenance – Replacement of Slab in Warehouse	14,228
Sheriff Administration Building – Parking Lot Improvements	16,300
West Mobile County Park – Baseball Fields New LED Lighting	32,000
Mobile County Sportsplex – Phase 2A – Concession Stand and Restrooms	1,603,498
Mobile County Sportsplex – Phase 3A	595,540
Mobile County License Commission – Bathroom Renovation	25,949
Mobile County Aquatic Center	11,128,174
Total	$17,387,324

Note 14 – Tax Abatements

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

For fiscal year ended September 30, 2025, total property taxes abated were as follows:

Granting Jurisdiction	Type	Property Tax
Industrial Development Board of the City of Mobile, AL	Steel Processing	$ 8,783,388
Industrial Development Board of the City of Mobile, AL	Port and Integrated Inland Service Networks	180,422
Industrial Development Board of the City of Mobile, AL	Specialty Chemicals	730,072
Industrial Development Board of the City of Mobile, AL	Oil Field Equipment Manufacturing	6,838
Industrial Development Board of the City of Mobile, AL	Paper Product Distribution	562,659
Industrial Development Board of the City of Mobile, AL	Laboratory Cold Storage	221,218
Industrial Development Board of the City of Mobile, AL	Construction Equipment and Supplies	32,818
Industrial Development Board of the City of Mobile, AL	Marine Shipbuilding	4,183
Industrial Development Board of the City of Mobile, AL	Gas Processing	280,293
Industrial Development Board of the City of Mobile, AL	Agriculture and Food Processing	155,319
Industrial Development Board of the City of Mobile, AL	Jetliner Manufacturer	281,737
Industrial Development Board of the City of Mobile, AL	Welding and Engineering Company	6,426
Industrial Development Board of the City of Mobile, AL	Distribution Center	1,193,003
Industrial Development Board of the City of Mobile, AL	Fulfillment Center	6,324
Industrial Development Board of the City of Mobile, AL	Ship Manufacturing	406,687
Industrial Development Board of the City of Mobile, AL	Repair and Maintenance of Electric Furnace	12,174
Industrial Development Board of the City of Mobile, AL	Automotive Part Manufacturing	3,792
Industrial Development Board of the City of Mobile, AL	Wood Processing	637,641
Industrial Development Board of the City of Mobile, AL	Aviation Manufacturing	80,969
Industrial Development Board of the City of Mobile, AL	Clean Energy and Industrial Gas Equipment Manufacturing	251,362
Industrial Development Board of the City of Mobile, AL	Ship Manufacturing	16,606
Industrial Development Board of the City of Mobile, AL	Transportation, Logistics and Supply	124
Total		$13,854,055

The following tax abatements exceeded 10 percent of the total amount abated: AM/NS Calvert, LLC and Outokumpu.

- A 61 percent property tax abatement to a steel processing business for increasing the size of its facilities and increasing employment. The abatement amounted to $8,505,207.

The Industrial Development Board of the City of Mobile also granted sales tax abatements in the amount of $1,099,632. This amount is attributed to numerous abatements granted to businesses within the County.

Note 15 – Restatement

Correction of an Error in Previously Issued Financial Statements

GASB Statement Number 100, ***Accounting Changes and Error Corrections***, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, consistent, and comparable information for making decisions or assessing accountability. During fiscal year 2025, it was determined that capital assets reported at September 30, 2024, included assets that were not owned by the Mobile County Commission. This error caused assets and net position to be overstated by $52,699,648 for Governmental Activities. The effect of correcting the error is shown on the table below. The impact of the restatements on the fund balances as previously reported is as follows:

Governmental Activities Net Position, September 30, 2024, as Previously Reported	$645,729,568
Error Corrections	(52,699,648)
Governmental Activities Net Position, September 30, 2024, as Restated	$593,029,920

Note 16 – Subsequent Events

On November 20, 2025, Mobile County Commission approved a resolution authorizing the issuance of $27,535,000 in County's General Obligation Improvement Warrants, Series 2025, for the purpose of funding certain County's Capital Improvement Projects and paying the costs of the issuance of warrants.

On March 9, 2026, Mobile County Commission approved a resolution authorizing the issuance of $33,500,000 aggregate principal amount of County's Limited Obligation Warrants GOMESA projects, Series 2026 for the purpose of funding certain County's capital improvement projects eligible for funding under the Gulf of Mexico Energy Security Act, funding capitalized interest on such warrants, and paying the costs of the issuance of such warrants.

On November 5, 2024, the citizens of Mobile County approved a Referendum authorizing the issuance of $82,000,000.00 in Pay-As-You-Go Road, Bridge, and Drainage Facilities Bonds, Series 2024. On July 13, 2026, the Commission issued Series 2024B Pay-As-You-Go Road, Bridge, and Drainage Facilities Bonds in the amount of $30,000,000.00. On the same day, the County called and redeemed 100 % of the 2024B Bonds. The redemption was funded from surplus proceeds of the Special Bond Ad Valorem Tax.

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Required Supplementary Information

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 7,823,081	$ 7,306,548	$ 6,543,182	$ 5,549,077	$ 5,299,315	$ 5,258,541	$ 5,093,407	$ 5,186,720	$ 5,009,574	$ 4,778,134
Interest	24,172,894	22,822,036	22,300,059	20,948,314	20,102,911	19,355,681	19,218,927	18,355,453	17,684,340	17,357,467
Changes of benefit terms			226,278	3,154,385						
Differences between expected and actual experience	13,322,403	9,256,313	(2,367,415)	5,947,872	3,898,819	1,650,996	(4,944,484)	4,373,697	1,493,494	(3,188,431)
Changes of assumptions				10,717,601			1,261,013		7,445,547	
Benefit payments, including refunds of employee contributions	(22,334,767)	(20,205,636)	(18,673,924)	(18,420,106)	(17,912,433)	(17,641,395)	(16,750,614)	(17,271,975)	(14,828,567)	(14,893,952)
Transfers Among Employers	783,576	17,633	(255,930)	(496,609)	(155,514)	1,215,990	(46,543)	237,027	207,628	
Net change in total pension liability	23,767,187	19,196,894	7,772,250	27,400,534	11,233,098	9,839,813	3,831,706	10,880,922	17,012,016	4,053,218
Total pension liability - beginning	335,635,763	316,438,869	308,666,619	281,266,085	270,032,987	260,193,174	256,361,468	245,480,546	228,468,530	224,415,312
Total pension liability - ending (a)	$359,402,950	$335,635,763	$316,438,869	$308,666,619	$281,266,085	$270,032,987	$260,193,174	$256,361,468	$245,480,546	$228,468,530
Plan fiduciary net position										
Contributions - employer	$ 8,202,656	$ 7,050,791	$ 6,892,879	$ 6,207,337	$ 6,434,136	$ 6,053,778	$ 5,769,168	$ 6,144,202	$ 6,003,047	$ 5,557,273
Contributions - employee	7,223,278	6,505,395	5,889,305	3,815,661	3,830,157	3,549,805	3,622,035	3,279,680	3,353,801	3,062,045
Net investment income	46,091,250	25,812,329	(30,093,418)	44,125,241	11,192,007	5,086,481	17,382,071	22,170,982	16,599,516	1,980,229
Benefit payments, including refunds of employee contributions	(22,334,767)	(20,205,636)	(18,673,924)	(18,420,106)	(17,912,433)	(17,641,395)	(16,750,614)	(17,271,975)	(14,828,567)	(14,893,952)
Other (Transfers among employers)	783,576	17,633	(255,930)	(496,609)	(155,514)	1,215,990	(46,543)	237,027	207,628	(262,359)
Net change in plan fiduciary net position	39,965,993	19,180,512	(36,241,088)	35,231,524	3,388,353	(1,735,341)	9,976,117	14,559,916	11,335,425	(4,556,764)
Plan fiduciary net position - beginning	221,321,518	202,141,006	238,382,094	203,150,570	199,762,217	201,497,558	191,521,441	176,961,525	165,626,100	170,182,864
Plan fiduciary net position - ending (b)	$261,287,511	$221,321,518	$202,141,006	$238,382,094	$203,150,570	$199,762,217	$201,497,558	$191,521,441	$176,961,525	$165,626,100
Net pension liability (asset) - ending (a) - (b)	$ 98,115,439	$114,314,245	$114,297,863	$ 70,284,525	$ 78,115,515	$ 70,270,770	$ 58,695,616	$ 64,840,027	$ 68,519,021	$ 62,842,430
Plan fiduciary net position as a percentage of the total pension liability	72.70%	65.94%	63.88%	77.23%	72.23%	73.98%	77.44%	74.71%	72.09%	72.49%
Covered payroll (*)	$ 91,655,527	$ 88,191,898	$ 90,051,786	$ 76,489,586	$ 79,319,314	$ 74,167,519	$ 72,709,580	$ 71,419,053	$ 64,775,709	$ 65,145,725
Commission's net pension liability (asset) as a percentage of covered payroll	107.05%	129.62%	126.92%	91.89%	98.48%	94.75%	80.73%	90.79%	105.78%	96.46%

(*) 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
For the Year Ended September 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution (*)	$ 9,716,408	$ 7,364,786	$ 6,100,151	$ 6,662,654	$ 6,457,241	$ 6,615,000	$ 6,053,778	$ 5,769,168	$ 6,144,202	$ 6,003,047
Contributions in relation to the actuarially determined contribution (*)	$ 9,716,408	$ 7,364,786	$ 6,100,151	$ 6,662,654	$ 6,457,241	$ 6,615,000	$ 6,053,778	$ 5,769,168	$ 6,144,202	$ 6,003,047
Contribution deficiency (excess)	$	$	$	$	$	$	$	$	$	$
Covered payroll (**)	$ 106,153,771	$ 91,655,527	$ 88,191,898	$ 90,051,786	$ 76,489,586	$ 79,319,314	$ 74,167,519	$ 72,709,580	$ 71,419,053	$ 64,775,709
Contributions as a percentage of covered payroll	9.15%	8.04%	6.92%	7.40%	8.44%	8.34%	8.16%	7.93%	8.60%	9.27%

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

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

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	24.4 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 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	$ 986,395	$ 944,888	$ 1,103,591	$ 1,515,166	$ 1,794,195	$ 1,883,062	$ 2,346,653	$ 2,203,398
Expected Interest Growth	1,395,333	1,791,758	1,533,394	888,389	884,400	1,869,794	2,413,569	2,108,224
Unexpected Investment Income	2,530	2,440	2,475	(616)	(2,276)	(3,950)	(197)	
Demographic Experience	4,248,059	(2,155,148)	10,980,716	(3,979,527)	(13,906,181)	(14,350,064)	(9,512,312)	
Employer Contributions							(500,000)	
Benefit Payments and Refunds	(2,664,242)	(2,135,908)	(2,245,204)	(877,476)	(916,538)	(824,153)	(1,028,420)	(1,131,640)
Assumption Changes	2,463,331	(339,305)	(6,926,808)	(821,017)	7,635,540	655,846	(7,935,036)	
Net change in total OPEB liability	6,431,406	(1,891,275)	4,448,164	(3,275,081)	(4,510,860)	(10,769,465)	(14,215,743)	3,179,982
Total OPEB Liability - Beginning	34,255,549	36,146,824	31,698,660	34,973,741	39,484,601	50,254,066	64,469,809	61,289,827
Total OPEB Liability - Ending	$ 40,686,955	$ 34,255,549	$ 36,146,824	$ 31,698,660	$ 34,973,741	$ 39,484,601	$ 50,254,066	$ 64,469,809
Covered annual payroll	$ 73,605,455	$ 71,173,288	$ 65,302,655	$ 63,322,429	$ 58,825,167	$ 58,563,567	$ 55,299,727	$ 49,479,393
Employer's net OPEB liability as a percentage of covered payroll	55.28%	48.13%	55.35%	50.06%	59.45%	67.42%	90.88%	130.30%

Notes to Schedule:

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

Changes in Assumptions. Since the prior measurement date, the discount was decreased from 4.91% per annum to 4.06% per annum.

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

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

	2025 (*)	2024 (*)	2023 (*)	2022 (*)	2021 (*)	2020 (*)	2019	2018 (*)
Actuarially determined contribution	$	$	$	$	$	$	$ 500,000	$
Contributions in relation to the actuarially determined contribution	$	$	$	$	$	$	$ 500,000	$
Contribution deficiency (excess)	$	$	$	$	$	$	$	$
Covered annual payroll	$ 73,605,455	$ 71,173,288	$ 65,302,655	$ 63,322,429	$ 58,825,167	$ 58,563,567	$ 55,299,727	$ 49,479,393
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.90%	0.00%

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

Notes to Schedule

Valuation date: October 1, 2023

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

Methods and assumptions used to determine contribution rates:

Asset valuation method	N/A
Inflation	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 5.00% for each fiscal year.
Salary increases	3.00% per annum
Discount Rate	4.06% per annum
Retirement age	For employees hired prior to 2013, the earlier of 25 years of service at any age or attainment of age 60 and 10 years of service; employees hired on and after January 1, 2013 are assumed to retire at the later of age 70 and attainment of 10 years of service.
Mortality	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general employees, with full generational improvements in mortality using Scale MP-2020.

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

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

	Budgeted Amounts		Actual Amounts		Budget to GAAP	Actual Amounts
	Original	Final	Budgetary Basis		Differences	GAAP Basis
Revenues						
Taxes	$ 140,951,255.00	$ 127,375,542.00	$ 136,092,702.00	(1)	$ 24,220,055.00	$ 160,312,757.00
Licenses and Permits	1,800,999.00	1,820,999.00	2,899,353.00			2,899,353.00
Intergovernmental	31,675,164.00	46,294,545.00	48,519,652.00	(1)	855,642.00	49,375,294.00
Charges for Services	19,231,800.00	20,011,800.00	22,663,671.00			22,663,671.00
Miscellaneous	1,336,699.00	1,541,699.00	561,686.00	(1)	1,164,964.00	1,726,650.00
Total Revenues	194,995,917.00	197,044,585.00	210,737,064.00		26,240,661.00	236,977,725.00
Expenditures						
Current:						
General Government	84,385,221.00	80,180,306.00	76,546,707.00			76,546,707.00
Public Safety	104,308,086.00	105,996,754.00	105,188,074.00	(2)	(485,750.00)	105,673,824.00
Highways and Roads			23,907.00	(2)	(21,431,105.00)	21,455,012.00
Sanitation		8,291,125.00	6,502,885.00	(2)	(49,807.00)	6,552,692.00
Health	900,876.00	904,511.00	874,511.00			874,511.00
Welfare	1,060,314.00	1,016,262.00	1,047,548.00			1,047,548.00
Culture and Recreation	6,621,856.00	6,487,767.00	5,820,519.00			5,820,519.00
Education	3,844,690.00	7,057,846.00	3,968,260.00			3,968,260.00
Capital Outlay	3,734,000.00	5,111,112.00	5,834,803.00			5,834,803.00
Debt Service:						
Principal Retirement	7,060,000.00	7,060,000.00	7,060,000.00			7,060,000.00
Interest and Fiscal Charges	5,017,201.00	5,017,201.00	6,540,179.00			6,540,179.00
Total Expenditures	216,932,244.00	227,122,884.00	219,407,393.00		(21,966,662.00)	241,374,055.00
Excess (Deficiency) of Revenues Over Expenditures	(21,936,327.00)	(30,078,299.00)	(8,670,329.00)		4,273,999.00	(4,396,330.00)
Other Financing Sources (Uses)						
Transfers In	7,000,000.00	15,465,202.00	11,116,261.00			11,116,261.00
Sale of Capital Assets	150,000.00	150,000.00	69,196.00			69,196.00
Proceeds from Issuance of Debt			643,853.00			643,853.00
Transfers Out	(7,064,952.00)	(15,465,202.00)	(20,566,188.00)			(20,566,188.00)
Total Other Financing Sources (Uses)	85,048.00	150,000.00	(8,736,878.00)			(8,736,878.00)
Net Change in Fund Balances	(21,851,279.00)	(29,928,299.00)	(17,407,207.00)		4,273,999.00	(13,133,208.00)
Fund Balances - Beginning of Year	21,851,279.00	29,928,299.00	95,198,864.00	(4)	4,919,616.00	100,118,480.00
Fund Balances - End of Year	$	$	$ 77,791,657.00		$ 9,193,615.00	$ 86,985,272.00

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				
Public Buildings, Roads and Bridges Fund	$	25,733,057.00		
Pistol Permit Revenue Loss Fund		485,750.00		
Maddie's Fund		4,925.00		
Special Events Fund		16,929.00	$	26,240,661.00
(2) Expenditures				
Public Buildings, Roads and Bridges Fund	$	21,431,105.00		
Pistol Permit Revenue Loss Fund		485,750.00		
Special Events Fund		49,807.00		(21,966,662.00)
Net Change in Fund Balance - Budget to GAAP			$	4,273,999.00

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

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Reappraisal 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	$ 10,651,893.00	$ 10,651,893.00	$ 9,094,948.00	$	$ 9,094,948.00
Miscellaneous			89,716.00		89,716.00
Total Revenues	10,651,893.00	10,651,893.00	9,184,664.00		9,184,664.00
Expenditures					
Current:					
General Government	10,226,893.00	10,255,177.00	8,943,341.00		8,943,341.00
Capital Outlay	500,000.00	500,000.00	315,583.00		315,583.00
Total Expenditures	10,726,893.00	10,755,177.00	9,258,924.00		9,258,924.00
Excess (Deficiency) of Revenues Over Expenditures	(75,000.00)	(103,284.00)	(74,260.00)		(74,260.00)
Other Financing Sources (Uses)					
Transfer In					
Sales of Capital Assets	75,000.00	75,000.00	74,260.00		74,260.00
Total Other Financing Sources (Uses)	75,000.00	75,000.00	74,260.00		74,260.00
Net Change in Fund Balances		(28,284.00)			
Fund Balances - Beginning of Year		28,284.00			
Fund Balances - End of Year	$	$	$	$	$

Supplementary Information

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipient	Total Federal Expenditures
U. S. Department of Housing and Urban Development				
Direct Program				
Community Development Block Grants/Entitlement Grants	14.218	B-19-UC-01-0002	$	$ 110,407.00
Community Development Block Grants/Entitlement Grants	14.218	B-20-UC-01-0002		77,659.00
Community Development Block Grants/Entitlement Grants	14.218	B-20-UW-01-0002	207,747.00	209,666.00
Community Development Block Grants/Entitlement Grants	14.218	B-21-UC-01-0002		230,886.00
Community Development Block Grants/Entitlement Grants	14.218	B-22-UC-01-0002	597.00	344,926.00
Community Development Block Grants/Entitlement Grants	14.218	B-23-UC-01-0002	843,352.00	843,352.00
Community Development Block Grants/Entitlement Grants	14.218	B-24-UC-01-0002	658,975.00	843,193.00
Community Development Block Grants/Entitlement Grants	14.218	B-25-UC-01-0002	15,128.00	76,779.00
Sub-Total Community Development Block Grants/Entitlement Grants			1,725,799.00	2,736,868.00
Home Investment Partnerships Program	14.239	M-18-UC-01-0206	115,605.00	115,605.00
Home Investment Partnerships Program	14.239	M-19-UC-01-0206	504,190.00	504,589.00
Home Investment Partnerships Program	14.239	M-20-UC-01-0206	785,080.00	797,507.00
Home Investment Partnerships Program	14.239	M-21-UC-01-0206		19,774.00
Home Investment Partnerships Program	14.239	M-23-UC-01-0206		21,764.00
Home Investment Partnerships Program	14.239	M-24-UC-01-0206	76,788.00	130,620.00
Home Investment Partnerships Program	14.239	M-25-UC-01-0206		44,662.00
Sub-Total Home Investment Partnerships Program			1,481,663.00	1,634,521.00
Emergency Solutions Grants Program	14.231	E-23-UC-01-0002	109,893.00	109,893.00
Passed Through Alabama Department of Economic and Community Affairs				
COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	DR-21-003	280,411.00	385,489.00
Total U. S. Department of Housing and Urban Development			3,597,766.00	4,866,771.00
U. S. Department of Interior				
Direct Programs				
Payments in Lieu of Taxes	15.226	N/A		29,769.00
National Fish and Wildlife Foundation	15.663	57972		9,960.00
National Fish and Wildlife Foundation	15.663	62871		2,274,394.00
Sub-Total National Fish and Wildlife Foundation				2,284,354.00
Gulf Coast Ecosystem Restoration Council				
Passed Through Alabama Department of Conservation and Natural Resources				
Natural Resource Damage Assessment and Restoration	15.658	NRDA-17-004		1,590,050.00
Natural Resource Damage Assessment and Restoration	15.658	MC-RP3-DIWE		112,697.00
Sub-Total Natural Resource Damage Assessment and Restoration				1,702,747.00
Total Gulf Coast Ecosystem Restoration Council				1,702,747.00
Total U. S. Department of Interior				4,016,870.00
Sub-Total Forward			$ 3,597,766.00	$ 8,883,641.00

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipient	Total Federal Expenditures
Sub-Total Brought Forward			$ 3,597,766.00	$ 8,883,641.00
U. S. Department of Justice				
Direct Program				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-02157-JAGX		49.00
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-03045-JAGX	164,844.00	168,424.00
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-24-GG-03045-JAGX		4,563.00
Sub-Total Edward Byrne Memorial Justice Assistance Grant Program			164,844.00	173,036.00
Equitable Sharing Program	16.922	N/A		14,931.00
Pass Through Alabama Department of Economic and Community Affairs				
Violence Against Women Formula Grant	16.588	2024-WF-PR-129	5,761.00	5,761.00
Violence Against Women Formula Grant	16.588	2024-WR-PR-SA-130	4,496.00	4,496.00
Violence Against Women Formula Grant	16.588	2025-WF-PR-83	39,743.00	40,688.00
Violence Against Women Formula Grant	16.588	2025-WR-PR-SA-110	32,954.00	34,018.00
Sub-Total Violence Against Women Formula Grant			82,954.00	84,963.00
Total U. S. Department of Justice			247,798.00	272,930.00
U. S. Department of Transportation				
Passed Through Alabama Department of Economic and Community Affairs				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	25-FP-CP-6	129,611.00	155,485.89
State and Community Highway Safety	20.600	2023-FP-PT19		17,033.13
State and Community Highway Safety	20.600	2025-FP-PT-28	749,974.00	779,456.38
Sub-Total State and Community Highway Safety			879,585.00	951,975.40
National Priority Safety Programs	20.616	2025-FP-OP-8	34,849.00	34,849.00
National Priority Safety Programs	20.616	2025-ID-M5-29	156,619.00	156,619.00
Sub-Total National Priority Safety Programs			191,468.00	191,468.00
Total Highway Safety Cluster			1,071,053.00	1,143,443.40
Total U. S. Department of Transportation			1,071,053.00	1,143,443.40
Sub-Total Forward			$ 4,916,617.00	$ 10,300,014.40

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipient	Total Federal Expenditures
Sub-Total Brought Forward			$ 4,916,617.00	$ 10,300,014.40
U. S. Department of Treasury				
Direct Program				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	14,743,409.87	22,154,967.00
Treasury Equitable Sharing Program	21.016	N/A		58,577.00
Passed Through Alabama Department of Conservation and Natural Resources				
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States (Gulf RESTORE)	21.015	RST M1A02-BLBD		1,054,811.00
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States (Gulf RESTORE)	21.015	RST M1A03-WDSU		24,984.00
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States (Gulf RESTORE)	21.015	RST M1A04-SWSP		1,391,615.00
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States (Gulf RESTORE)	21.015	RST M1A06-MCBT		1,834.00
Sub-Total Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States (Gulf RESTORE)				2,473,244.00
Total U. S. Department of Treasury			14,743,409.87	24,686,788.00
Gulf Coast Ecosystem Restoration Council (RESTORE Council)				
Passed Through Alabama Department of Conservation and Natural Resources				
Gulf Coast Ecosystem Restoration-Oil Spill Impact Program	87.052	RST S1P06-CSRP		35,296.00
Gulf Coast Ecosystem Restoration-Oil Spill Impact Program	87.052	RST S1P09-BLBE		12,356,343.00
Gulf Coast Ecosystem Restoration-Oil Spill Impact Program	87.052	RST S1P10-BLBU		507,240.00
Gulf Coast Ecosystem Restoration-Oil Spill Impact Program	87.052	RST S1P20-DRPP		162,637.00
Gulf Coast Ecosystem Restoration-Oil Spill Impact Program	87.052	RST S1P06-TSGT		1,431.00
Sub-Total Gulf Coast Ecosystem Restoration-Oil Spill Impact Program				13,062,947.00
Gulf Coast Ecosystem Restoration Comprehensive Plan Component	87.051	RST B2WQ-GBSS		26,150.00
Sub-Total of Gulf Coast Ecosystem Restoration Comprehensive Plan Component				26,150.00
Total Gulf Coast Ecosystem Restoration Council (RESTORE Council)				13,089,097.00
Sub-Total Forward			$ 19,660,026.87	$ 48,075,899.40

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Identifying Number	Pass-Through to Subrecipient	Total Federal Expenditures
Sub-Total Brought Forward			$ 19,660,026.87	$ 48,075,899.40
Corporation for National and Community Service				
Direct Programs				
Retired and Senior Volunteer Program	94.002	19SRSAL006		187,125.00
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparent Program	94.011	19SFSAL006		524,521.00
Senior Companion Program	94.016	21SCHAL001		605,642.00
Sub-Total Foster Grandparent/Senior Companion Cluster				1,130,163.00
Total Corporation for National and Community Service				1,317,288.00
Executive Office of the President				
Passed Through Alabama Law Enforcement Agency				
High Intensity Drug Trafficking Areas Program	95.001	G21GC006A		233,874.20
Total Executive Office of the President				233,874.20
U. S. Department of Homeland Security				
Passed Through Alabama Law Enforcement Agency				
Homeland Security Grant Program	97.067	OPSG 22OSF		61,739.00
Homeland Security Grant Program	97.067	OPSG 23OSF		51,082.00
Sub-Total Homeland Security Grant Program				112,821.00
Total U. S. Department of Homeland Security				112,821.00
Total Expenditures of Federal Awards			$ 19,660,026.87	$ 49,739,882.60

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 Mobile 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 Mobile County Commission, it is not intended to and does not present the financial position or changes in net position of the Mobile County Commission.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

Additional Information

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

Commission Members		**Term Expires**
Merceria Ludgood	President	2028
Connie Hudson	Vice-President	2028
Randall Dueitt	Member	2028

Administrative Personnel

Eddie Kerr	County Administrator
Aspen Collins	Deputy County Administrator
Ricky Mitchell	Deputy County Administrator
Ms. Dana Foster-Allen	Director of Finance

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund of the Mobile County Commission, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Mobile County Commission's basic financial statements, and have issued our report thereon dated October 7, 2026.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Finding 2025-005, Finding 2025-006 and Finding 2025-007 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Finding 2025-002, Finding 2025-003 and Finding 2025-004 to be significant deficiencies.

Report on Compliance and Other Matters

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

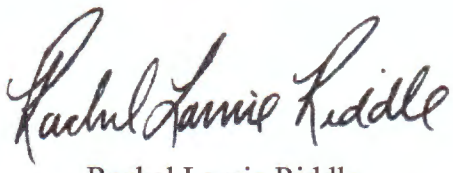
Mobile County Commission's Response to Findings

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

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

Purpose of this Report

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



Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

October 7, 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 Mobile County Commission, County Administrator,
Deputy County Administrator and Director of Finance
Mobile, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Mobile County Commission's compliance with the types of compliance requirements identified as subject to audit in the ***OMB Compliance Supplement*** that could have a direct and material effect on each of the Mobile County Commission's major federal programs for the year ended September 30, 2025. The Mobile County Commission's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Mobile County Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 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 Mobile County Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Mobile County Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Mobile County Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Mobile County Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the Mobile County Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

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

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

October 7, 2026

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Section I – Summary of Examiner's Results

Financial Statements

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

Federal Awards

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

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
87.052	Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program

Dollar threshold used to distinguish between Type A and Type B programs:	$1,492,196.00
Auditee qualified as low-risk auditee?	____ Yes X No

Section II – Financial Statement Findings (GAGAS)

Reference Number: 2025-002
Type of Finding: Internal Control
Internal Control Impact: Significant Deficiency
Compliance Impact: None

The Commission failed to establish procedures to ensure all financial activity was properly recorded in the financial statements and the underlying accounting records were maintained in conformity with generally accepted accounting principles.

Finding

The Governmental Accounting Standards Board (GASB) ***Codification of Governmental and Financial and Reporting Standards***, Section 1100.101, provides that a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles (GAAP), and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. This standard requires financial statements to agree with and be supported by the underlying accounting records of the government. GASB guidance further requires that when a governing body assumes financial accountability over legally separate entities or operational divisions, such as funds formerly administered by another elected official, those activities must be included in the reporting entity's financial statements. Additionally, generally accepted accounting principles require proper fund classification, including separate reporting of general, special revenue, and fiduciary funds, and accurate recognition of transactions following applicable governmental accounting principles. Effective January 20, 2025, pursuant to the ***Code of Alabama 1975***, Section 45-49-161.03(a), the Office of Treasurer was dissolved and the Mobile County Commission assumed full responsibility for all financial functions previously performed by the Treasurer. These accounts contained specific activities of the general, special revenue, and custodial fund types that were not properly segregated using fund accounting. Testing performed on the funds' financial records revealed posting errors and incorrect application of accounting principles, improper fund classification based on revenue restrictions, inaccurate year-end account balances, and failure to segregate funds in conformity with GAAP. The Commission did not have procedures in place to ensure all financial activity was evaluated for inclusion in the financial statements and recorded properly under GAAP. As a result, the Commission's underlying accounting data was misstated, and the Commission's financial statements did not include all financial activity of the Commission.

Recommendation

The Commission should establish procedures to ensure all financial activity is properly recorded in the financial statements and the underlying accounting records are maintained in conformity with generally accepted accounting principles.

Views of Responsible Officials of the Auditee

We agree with the finding. Effective January 20, 2025, the Office of Treasurer was dissolved by local law, and the Commission assumed responsibility for the accounts and financial functions previously administered by the Treasurer. This transition occurred during the fiscal year, and the activity in those accounts was not fully evaluated and segregated into the appropriate fund types before year-end. The transition also coincided with vacancies in the Commission's Finance Director and Deputy County Administrator positions, which were not filled until March 2026.

Reference Number: 2025-003
Type of Finding: Internal Control
Internal Control Impact: Significant Deficiency
Compliance Impact: None

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

Finding

The ***Code of Alabama 1975***, Sections 11-3-11(a)(3) and (4), give the Commission the authority to examine, settle, and allow all accounts and claims chargeable against the county and to examine and audit the accounts of all officers having care, management, collection, or disbursement of money belonging to the county or appropriated for its use and benefit. Therefore, to fulfill this responsibility, it is incumbent upon management of the Commission to establish, implement and maintain policies and procedures to properly reconcile the cash shown in the Commission's accounting records to the cash in the bank accounts on a monthly basis. The Commission failed to reconcile the amounts shown on September 30, 2025 bank accounts to the amounts shown in its accounting records in an accurate and timely manner. The Commission did not have procedures in place to ensure amounts recorded as cash in the accounting records were accurately documented. As a result, errors in the accounting records could occur and not be detected in a timely manner. This finding was previously reported as Finding 2022-002 and Finding 2024-001.

Recommendation

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

Views of Responsible Officials of the Auditee

We agree with the finding. As reported in the Summary Schedule of Prior Audit Findings, corrective action on this finding was in progress but had not been completed at September 30, 2025.

Reference Number: 2025-004
Type of Finding: Internal Control
Internal Control Impact: Significant Deficiency
Compliance Impact: None

The Commission failed to implement procedures to ensure investment balances were properly supported and allocated to individual funds.

Finding

The Governmental Accounting Standards Board (GASB) ***Codification of Governmental and Financial and Reporting Standards***, Section 1100.101, provides that a government accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles (GAAP), and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. Governmental accounting standards require investment balances to be accurately stated, properly supported, and allocated to individual funds on a reasonable and consistently applied basis. Fund-level investment reporting must accurately reflect actual investment activity and be supported by investment statements and allocation schedules. Although long-term investments were reported accurately at the government-wide level, fund-level allocations in the accounting records changed between June and September 2025 without corresponding activity. Several funds showed negative beginning balances, and the August 2025 adjustments used to eliminate those balances lacked adequate supporting documentation. The Commission did not have policies and procedures in place to ensure sufficient documentation was maintained to support changes in investment balances and for fund-level investment reporting. As a result, the Commission failed to properly report investments in governmental funds.

Recommendation

The Commission should establish, implement and maintain policies and procedures to ensure investment balances are properly supported and allocated to individual funds.

Views of Responsible Officials of the Auditee

We agree with the finding. As noted in the finding, long-term investments agreed in total at the government-wide level; however, the allocation of investments among individual funds was not adequately supported.

Reference Number: 2025-005
Type of Finding: Internal Control
Internal Control Impact: Material Weakness
Compliance Impact: None

The Commission failed to implement procedures to ensure long-term debt was properly recorded in the accounting records.

Finding

The Governmental Accounting Standards Board (GASB) ***Codification of Governmental and Financial and Reporting Standards***, Section 1500 requires all debt activity, including debt issuances, classifications, and related transactions, to be accurately recorded in the financial statements. In addition, debt must be recognized when incurred and properly classified as short-term or long-term liabilities. The Commission failed to record both the issuance and redemption of $19,000,000 in Pay-As-You-Go Road, Bridge, and Drainage Facilities Bonds, Series 2022C. Additionally, the Commission misclassified $30,000,000 in Pay-As-You-Go Road, Bridge, and Drainage Facilities Bonds, Series 2024A as short-term debt rather than long-term debt. The Commission did not have procedures in place to ensure debt activity was recorded timely and debt classifications were reviewed for accuracy. As a result, proceeds from debt issuance and principal retirement were understated by $49,000,000 in the Special Highway Tax Fund, and long-term debt was not properly reported in Governmental Activities. When brought to the attention of management, adjustments were made to correctly present the financial statements.

Recommendation

The Commission should establish and implement procedures to ensure all debt activity, including issuances, redemptions, and related transactions, is recorded accurately and reviewed for proper presentation in the financial statements.

Views of Responsible Officials of the Auditee

The Mobile County Commission agrees with this finding.

Reference Number: 2025-006
Type of Finding: Internal Control
Internal Control Impact: Material Weakness
Compliance Impact: None

The Commission failed to implement procedures to ensure interfund activity was properly recorded in the accounting records.

Finding

The Governmental Accounting Standards Board's ***Codification of Governmental Accounting and Financial Reporting Standards***, Section 1300.122, provides the authoritative guidance for the proper accounting and reporting of interfund transactions within an entity. This guidance requires interfund balances to be accurately recorded, reconciled, and cleared in a timely manner so that both the receiving and disbursing funds reflect correct financial activity. The Commission failed to eliminate interfund activity within individual funds, resulting in an overstatement of interfund receivables and payables of $39,030,351 within the General Fund and $18,870,701 within the Coronavirus Rescue Act Fund. The Commission did not have procedures in place to eliminate interfund activity within individual funds. As a result, interfund receivables and payables were overstated. When brought to the attention of management, adjustments were made to correctly present the financial statements.

Recommendation

The Commission should establish and implement procedures to ensure interfund receivables and payables are accurately reported in the financial statements.

Views of Responsible Officials of the Auditee

The Mobile County Commission agrees with this finding.

Reference Number: 2025-007
Type of Finding: Internal Control
Internal Control Impact: Material Weakness
Compliance Impact: None

The Commission failed to implement procedures to ensure capital asset activity was properly recorded in the accounting records.

Finding

The Governmental Accounting Standards Board (GASB) ***Codification of Governmental Accounting and Financial Reporting Standards***, Section 1400, requires capital assets to be properly valued, depreciated, and reported in the government-wide financial statements. To comply with this standard, policies and procedures should be in place to ensure capital asset balances reflect only those assets owned by the government, additions and deletions are accurately recorded, and capitalized expenditures and accumulated depreciation are properly reported. The Mobile County Commission incorrectly capitalized certain expenditures and recorded additions to the capital asset listing for assets the County did not own. Additionally, beginning balances for Infrastructure in Progress and Infrastructure included assets that were not owned by the County. Land purchased during the year was classified as Construction in Progress instead of being classified as Land.

At September 30, 2025, amounts recorded on the financial statements related to capital assets were misstated by the following amounts:

- Construction in Progress was overstated by $18,319,045.
- Infrastructure in Progress was overstated by $55,738,308.
- Land was understated by $2,739,149.
- Infrastructure was overstated by $11,375,183.
- Accumulated Depreciation was overstated by $1,103,030.
- Capital Outlay was overstated while current expenditures were understated by $28,890,709.
- Beginning Net Position – Governmental Activities was overstated by $52,699,648.

Management corrected the misstatements by restating beginning balances for Infrastructure in Progress, Infrastructure, and the related Accumulated Depreciation; adjusting additions to capital assets and reclassifying amounts recorded as capital outlay to current expenditures. The Commission did not have adequate policies and procedures in place to ensure that capital assets were correctly identified, classified, and recorded in the financial statements. As a result, capital assets and related expenditures were not properly reported in the financial statements.

Recommendation

The Commission should implement procedures to ensure that only County-owned assets are capitalized, and capital asset additions are reviewed for proper classification, valuation, and ownership prior to being recorded.

Views of Responsible Officials of the Auditee

The Mobile County Commission agrees with this finding.

Section III – Federal Awards Findings and Questioned Costs

No matters were reportable.

Summary Schedule of Prior Audit Findings

MOBILE COUNTY COMMISSION

COUNTY COMMISSIONERS

MERCERIA LUDGOOD, President

CONNIE HUDSON, Commissioner

RANDALL DUEITT, Commissioner

TELEPHONE (251) 574-5077

ADMINISTRATION

E. EDWIN "EDDIE" KERR
COUNTY ADMINISTRATOR

RICHARD A. MITCHELL, P.E.
DEPUTY COUNTY ADMINISTRATOR

TELEPHONE (251) 574-5073
FAX (251) 574-5080

Summary Schedule of Prior Audit Findings

For the Year Ended September 30, 2025

As required by the ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards***, 2 CFR 200.511(c), the Mobile County Commission has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2025.

Finding Ref. No.	**Status of Prior Audit Finding**

2024-001

Finding:

The ***Code of Alabama 1975***, Sections 11-3-11(a)(3) and (4), give the Commission the authority to examine, settle, and allow all accounts and claims chargeable against the county and to examine and audit the accounts of all officers having care, management, collection, or disbursement of money belonging to the county or appropriated for its use and benefit. Therefore, to fulfill this responsibility, it is incumbent upon management of the Commission to establish, implement and maintain policies and procedures to properly reconcile the cash shown in the Commission's accounting records to the cash in the bank accounts monthly. Bank account reconciliations for September 30, 2024, were not accurately performed to substantiate the cash balances recorded in the general ledger. The Commission did not have procedures in place to ensure amounts recorded as cash in the accounting records were accurately documented. As a result, errors in the accounting records could occur and not be detected in a timely manner. This finding was first reported as Finding 2022-002.

Status of Prior Audit Finding:

Partially corrected. The Commission implemented procedures during fiscal year 2025 assigning an accountant to perform monthly bank reconciliations by the 15th of each month, with management sign-off to verify accuracy. As of September 30, 2025, corrective action was still in progress and had not yet been fully implemented and operating effectively for a full reporting period. This finding is being repeated for fiscal year 2025 pending full implementation.

2024-002 ***Finding:***

The Governmental Accounting Standards Board's ***Codification of Governmental Accounting and Financial Reporting Standards***, Section 1400, requires capital assets to be properly valued, depreciated and reported in the government-wide financial statements. To comply with this standard, internal controls should be in place to ensure periodic inventories of capital assets are taken to substantiate the capital asset records. During the fiscal year 2024, a complete and accurate periodic inventory of capital assets was not taken and reconciled to the accounting records. Procedures were not in place to ensure physical inventories of capital assets were performed or were accurately recorded in the accounting records. As a result, the Commission's capital assets may not be properly accounted for, and misappropriation of capital assets could occur and not be detected. This finding was first reported as Finding 2022-003.

Status of Prior Audit Finding:

Fully corrected. The Commission developed and implemented a formal procedure for a complete and accurate periodic inventory of capital assets, reconciled to the accounting records, with accounting and departmental staff verifying asset listings and documenting additions and disposals under a standardized inventory schedule. This corrective action was fully implemented as of September 30, 2025, and this finding is not repeated for fiscal year 2025

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Auditee Response/Corrective Action Plan

MOBILE COUNTY COMMISSION

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

ADMINISTRATION
E. EDWIN "EDDIE" KERR
COUNTY ADMINISTRATOR
RICHARD A. MITCHELL, P.E.
DEPUTY COUNTY ADMINISTRATOR
TELEPHONE (251) 574-5073
FAX (251) 574-5080

Auditee Response/Corrective Action Plan

For the Year Ended September 30, 2025

As required by the ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards***, 2 CFR 200.511(c), the Mobile County Commission has prepared and hereby submits the following Corrective Action Plan for the findings which are included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2025.

Finding Ref. No.	Corrective Action Plan Details

2025-002 ***Finding:***

The Governmental Accounting Standards Board (GASB) ***Codification of Governmental and Financial and Reporting Standards***, Section 1100.101, provides that a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles (GAAP), and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. This standard requires financial statements to agree with and be supported by the underlying accounting records of the government. GASB guidance further requires that when a governing body assumes financial accountability over legally separate entities or operational divisions, such as funds formerly administered by another elected official, those activities must be included in the reporting entity's financial statements. Additionally, generally accepted accounting principles require proper fund classification, including separate reporting of general, special revenue, and fiduciary funds, and accurate recognition of transactions following applicable governmental accounting principles. Effective January 20, 2025, pursuant to the ***Code of Alabama 1975***, Section 45-49-161.03(a), the Office of Treasurer was dissolved and the Mobile County Commission assumed full responsibility for all financial functions previously performed by the Treasurer. These accounts contained specific activities of the general, special revenue, and custodial fund types that were not properly segregated using fund accounting. Testing performed on the funds' financial records revealed posting errors and incorrect application of accounting principles, improper fund classification based on revenue restrictions, inaccurate

year-end account balances, and failure to segregate funds in conformity with GAAP. The Commission did not have procedures in place to ensure all financial activity was evaluated for inclusion in the financial statements and recorded properly under GAAP. As a result, the Commission's underlying accounting data was misstated, and the Commission's financial statements did not include all financial activity of the Commission.

Recommendation:
The Commission should establish procedures to ensure all financial activity is properly recorded in the financial statements and the underlying accounting records are maintained in conformity with generally accepted accounting principles.

Response/Views: We agree with the finding. Effective January 20, 2025, the Office of Treasurer was dissolved by local law, and the Commission assumed responsibility for the accounts and financial functions previously administered by the Treasurer. This transition occurred during the fiscal year, and the activity in those accounts was not fully evaluated and segregated into the appropriate fund types before year-end. The transition also coincided with vacancies in the Commission's Finance Director and Deputy County Administrator positions, which were not filled until March 2026.

Corrective Action Planned: The Commission will:

(1) Assess all bank accounts, balances, revenue sources, and activities assumed from the former Office of Treasurer, including identification of any legal, contractual, or grantor restrictions on each revenue source.

(2) Classify each activity as general, special revenue, or custodial in accordance with GASB Statements No. 54 and No. 84, establish separate funds in the Commission's accounting system where required, and record supported correcting entries so that the balance of each fund is properly stated.

(3) Reconcile all bank accounts assumed from the former Office of Treasurer to the general ledger monthly, as part of the corrective action for Finding 2025-003.

(4) Adopt written procedures requiring that any new fund, bank account, revenue source, or activity, including any function transferred to the Commission from another official or entity, be reviewed and approved by the Finance Director for proper fund classification and inclusion in the financial statements before it is established in the accounting system.

(5) Implement a year-end closing checklist that includes a review of all funds and accounts for completeness and proper classification under generally accepted accounting principles before the financial statements are prepared.

Anticipated Completion Date: September 30, 2027

Contact Person(s): Cody Scott, Finance Director

2025-003 ***Finding:***

The ***Code of Alabama 1975***, Sections 11-3-11(a)(3) and (4), give the Commission the authority to examine, settle, and allow all accounts and claims chargeable against the county and to examine and audit the accounts of all officers having care, management, collection, or disbursement of money belonging to the county or appropriated for its use and benefit. Therefore, to fulfill this responsibility, it is incumbent upon management of the Commission to establish, implement and maintain policies and procedures to properly reconcile the cash shown in the Commission's accounting records to the cash in the bank accounts on a monthly basis. The Commission failed to reconcile the amounts shown on September 30, 2025 bank accounts to the amounts shown in its accounting records in an accurate and timely manner. The Commission did not have procedures in place to ensure amounts recorded as cash in the accounting records were accurately documented. As a result, errors in the accounting records could occur and not be detected in a timely manner. This finding was previously reported as Finding 2022-002 and Finding 2024-001.

Recommendation:

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

Response/Views: We agree with the finding. As reported in the Summary Schedule of Prior Audit Findings, corrective action on this finding was in progress but had not been completed at September 30, 2025.

Corrective Action Planned: The Commission has established separate bank accounts for multiple funds that were previously combined in a single pooled bank account and has now prevented that account from automatically investing excess funds through a "sweep" account, so that it can be fully reconciled and corrected. The Commission is completing a fund-level reconciliation of the pooled account and will record supported adjustments to correct cash balances by fund. In addition, the Commission will:

(1) Adopt written bank reconciliation procedures that assign responsibility for each bank account, including accounts assumed from the former Office of Treasurer, and require reconciliations to be completed within 30 days of month-end.

(2) Reconcile each bank account to the general ledger cash balance, at the fund level where cash is pooled.

(3) Require reconciling items to be documented, investigated, and resolved timely, with no unsupported differences carried forward.

(4) Require each reconciliation to be reviewed, signed, and dated by the Comptroller or Finance Director, and provide the Finance Director a monthly status report of all bank reconciliations to monitor timeliness.

Reason for the Recurrence: When the County converted to its current accounting system (Workday) in 2023, approximately 26 funds were combined into a single pooled bank account, which made reconciling cash to the individual fund level difficult. The pooled cash account was then added to the sweep account for automatic investing of excess funds in June 2025, further complicating its reconciliation. During fiscal year 2025, the Commission also assumed the bank accounts and financial functions of the former Office of Treasurer and experienced turnover in key financial positions; the Finance Director and Deputy Finance Director positions were vacated in June 2025 and October 2024, respectively. This delayed full implementation of the corrective action plan for the prior finding.

Anticipated Completion Date: September 30, 2027. Written procedures and timely monthly reconciliations will be in place by March 31, 2027.

Contact Person(s): Cody Scott, Finance Director

2025-004 ***Finding:***

The Governmental Accounting Standards Board (GASB) ***Codification of Governmental and Financial and Reporting Standards***, Section 1100.101, provides that a government accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles (GAAP), and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. Governmental accounting standards require investment balances to be accurately stated, properly supported, and allocated to individual funds on a reasonable and consistently applied basis. Fund-level investment reporting must accurately reflect actual investment activity and be supported by investment statements and allocation schedules. Although long-term investments were accurately reported at the government-wide level, fund-level allocations in the accounting records changed between June and September 2025 without corresponding activity. Several funds showed negative beginning balances, and the August 2025 adjustments used to eliminate those balances lacked adequate supporting documentation. The Commission did not have policies and procedures in place to ensure sufficient documentation was maintained to support changes in investment balances and for fund-level investment reporting. As a result, the Commission failed to properly report investments in governmental funds.

Recommendation:

The Commission should establish, implement and maintain policies and procedures to ensure investment balances are properly supported and allocated to individual funds.

Response/Views: We agree with the finding. As noted in the finding, long-term investments agreed in total at the government-wide level; however, the allocation of investments among individual funds was not adequately supported.

Corrective Action Planned: The Commission engaged an independent certified public accounting firm to perform agreed-upon procedures related to the County's investments. Using the results of that engagement and the investment custodian statements, the Commission will reconstruct and document the allocation of investments to individual funds, including the support for the correcting adjustments made as of September 30, 2025, and record any necessary additional correcting entries. The Commission will also adopt written policies and procedures that:

(1) Establish a documented, consistently applied method for allocating pooled investments and investment earnings to individual funds.

(2) Require investment balances to be reconciled monthly to custodian statements, in total and by fund, with a fund-level allocation schedule maintained to support the general ledger.

(3) Require every entry that changes a fund's investment balance to be supported by documentation and approved by the Finance Director before posting.

(4) Require any negative fund-level investment balance to be investigated promptly and, where appropriate, reported as an interfund payable rather than a negative investment.

Anticipated Completion Date: June 30, 2027

Contact Person(s): Cody Scott, Finance Director

2025-005 ***Finding:***

The Governmental Accounting Standards Board (GASB) ***Codification of Governmental and Financial and Reporting Standards***, Section 1500 requires all debt activity, including debt issuances, classifications, and related transactions, to be accurately recorded in the financial statements. In addition, debt must be recognized when incurred and properly classified as short-term or long-term liabilities. The Commission failed to record both the issuance and redemption of $19,000,000 in Pay As You Go Road, Bridge, and Drainage Facilities Bonds, Series 2022C. Additionally, the Commission misclassified $30,000,000 in Pay As You Go Road, Bridge, and Drainage Facilities Bonds, Series 2024A as short-term debt rather than long-term debt. The Commission did not have procedures in place to ensure debt activity was recorded timely and debt classifications were reviewed for accuracy. As a result, proceeds from debt issuance and principal retirement were understated by

$49,000,000 in the Special Highway Tax Fund, and long-term debt was not properly reported in Governmental Activities. When brought to the attention of management, adjustments were made to correctly present the financial statements.

Recommendation:
The Commission should establish and implement procedures to ensure all debt activity, including issuances, redemptions, and related transactions, is recorded accurately and reviewed for proper presentation in the financial statements.

Response/Views: We agree with the finding.

Corrective Action Planned: The Commission will implement written procedures for recording and reviewing debt activity, which will include:

(1) Maintaining a comprehensive debt schedule for all bonds, warrants, and other obligations that includes issuance and maturity dates, principal and interest requirements, and the short-term or long-term classification of each obligation.

(2) Obtaining the closing documents for each issuance, refunding, or redemption, including the sources and uses of funds and the debt service schedule, and recording the related transactions in the general ledger in the period in which they occur.

(3) Reviewing Commission agendas and resolutions that authorize debt so that all debt actions are identified and recorded timely.

(4) Reconciling the debt schedule to paying agent and trustee statements and to the general ledger quarterly and at year-end.

(5) Review by the Finance Director of the debt schedule, the classification of each obligation, and all debt-related entries before the financial statements are prepared.

Anticipated Completion Date: March 31, 2027. These procedures will be applied in preparing the financial statements for the year ending September 30, 2026.

Contact Person(s): Cody Scott, Finance Director

2025-006 ***Finding:***
The Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, Section 1300.122, provides the authoritative guidance for the proper accounting and reporting of interfund transactions within an entity. This guidance requires interfund balances to be accurately recorded, reconciled, and cleared in a timely manner so that both the receiving and disbursing funds reflect correct financial activity. The Commission failed to eliminate interfund activity within individual funds, resulting in an overstatement of interfund receivables and payables of $39,030,351 within

the General Fund and $18,870,701 within the Coronavirus Rescue Act Fund. The Commission did not have procedures in place to eliminate interfund activity within individual funds. As a result, interfund receivables and payables were overstated. When brought to the attention of management, adjustments were made to correctly present the financial statements.

Recommendation:
The Commission should establish and implement procedures to ensure interfund receivables and payables are accurately reported in the financial statements.

Response/Views: We agree with the finding.

Corrective Action Planned: The Commission will:

(1) Maintain a documented mapping of each fund in the Commission's accounting system to the fund in which it is presented in the financial statements.

(2) Add a year-end closing procedure to identify and eliminate interfund receivables and payables between funds that are combined for reporting purposes, so that only balances between separately reported funds are presented as interfund receivables and payables.

(3) Reconcile interfund receivable and payable balances monthly to ensure that amounts due to and due from other funds agree, and settle interfund balances periodically when cash is available.

(4) Require the Finance Director to review the eliminations and remaining interfund balances before the financial statements are prepared.

Anticipated Completion Date: March 31, 2027. These procedures will be applied in preparing the financial statements for the year ending September 30, 2026.

Contact Person(s): Cody Scott, Finance Director

2025-007 ***Finding:***
The Governmental Accounting Standards Board (GASB) ***Codification of Governmental Accounting and Financial Reporting Standards***, Section 1400, requires capital assets to be properly valued, depreciated, and reported in the government-wide financial statements. To comply with this standard, policies and procedures should be in place to ensure capital asset balances reflect only those assets owned by the government, additions and deletions are accurately recorded, and capitalized expenditures and accumulated depreciation are properly reported. The Mobile County Commission incorrectly capitalized certain expenditures and recorded additions to the capital asset listing for assets the County did not own. Additionally, beginning balances for Infrastructure in Progress and Infrastructure included assets that were not owned by the County. Land purchased during the year was classified as Construction in Progress instead of being classified as Land.

At September 30, 2025, amounts recorded on the financial statements related to capital assets were misstated by the following amounts:

- Construction in Progress was overstated by $18,319,045.
- Infrastructure in Progress was overstated by $55,738,308.
- Land was understated by $2,739,149.
- Infrastructure was overstated by $11,375,183.
- Accumulated Depreciation was overstated by $1,103,030.
- Capital Outlay was overstated while current expenditures were understated by $28,890,709.
- Beginning Net Position – Governmental Activities was overstated by $52,699,648.

Management corrected the misstatements by restating beginning balances for Infrastructure in Progress, Infrastructure, and the related Accumulated Depreciation; adjusting additions to capital assets; and reclassifying amounts recorded as capital outlay to current expenditures. The Commission did not have adequate policies and procedures in place to ensure that capital assets were correctly identified, classified, and recorded in the financial statements. As a result, capital assets and related expenditures not properly reported in the financial statements.

Recommendation:
The Commission should implement procedures to ensure that only County-owned assets are capitalized, and capital asset additions are reviewed for proper classification, valuation, and ownership prior to being recorded.

Response/Views: We agree with the finding.

Corrective Action Planned: The Commission will update its capital asset policy and implement procedures to ensure that only County-owned assets are capitalized and that capital asset additions are reviewed for proper classification, valuation, and ownership before being recorded. These procedures will include:

(1) A review, performed by the Finance Department in conjunction with the appropriate departments, of asset ownership and capitalization eligibility for each capital project when it is established in the accounting system. Expenditures for assets owned by other governments, organizations, or private parties will be recorded as current expenditures.

(2) Recording land acquisitions directly to Land, based on closing documents and deeds, rather than to Construction in Progress.

(3) A year-end reconciliation of capital outlay expenditures to capital asset additions, with each addition reviewed by the Finance Director for ownership, classification, and valuation before it is recorded.

(4) A year-end review of Construction in Progress and Infrastructure in Progress to confirm County ownership, transfer completed projects to the appropriate

asset category, and move amounts spent that should not be capitalized to current expenditures.

(5) A review of the existing Infrastructure and Infrastructure in Progress listings, with the appropriate departments, to identify and remove any remaining assets not owned by the County.

Anticipated Completion Date: September 30, 2027

Contact Person(s): Cody Scott, Finance Director

A matter came to our attention while performing our audit that is not included in the Schedule of Findings and Questioned Costs. This matter will be addressed in the Schedule of State and Local Compliance and Other Findings and is included as a finding below.

Finding Ref. No.	Corrective Action Plan Details
2025-001	***Finding:*** The ***Code of Alabama 1975***, Section 11-8-10, provides a county commission shall not issue warrants or order the payment of money unless funds are available for payment. Therefore, to fulfill this responsibility, it is incumbent upon the management of the Commission to establish, implement and maintain policies and procedures to ensure the county does not expend more funds than it has in available resources. During the year, the Commission expended funds in excess of funds available in the Cigarette Tax Fund, GoMESA Fund, Oil Spill Recovery Fund, Dauphin Island Fund, Natural Resources Damage Assessment Fund, Public Safety Equitable Share Fund, Public Safety Fund, ADECA Cares Fund, Capital Improvement 2019 Fund, and Pay As You Go Fund resulting in deficit fund balances totaling $12,399,002 within the Other Governmental Funds. Procedures were not in place to ensure the availability of funds prior to disbursement. As a result, the Commission failed to comply with the ***Code of Alabama 1975***, Section 11-8-10, and issued payments in excess of available resources. ***Recommendation:*** The Commission should establish procedures that ensure compliance with the ***Code of Alabama 1975***, Section 11-8-10. ***Response/Views:*** We agree with the finding. ***Corrective Action Planned:*** The Commission will analyze each fund with a deficit fund balance to determine the cause, such as the timing of grant reimbursements, unrecorded receivables or transfers, or expenditures in excess of available resources, and will eliminate each deficit by recording and collecting amounts due from grantors, correcting recording errors, or approving transfers from the General Fund or other legally available sources. To ensure funds are available before payments are made, the Commission will: (1) Use budgetary controls in its accounting system to prevent requisitions, purchase orders, and payments from exceeding available resources in each fund. (2) Prepare a monthly report of cash and fund balance by fund, reviewed by the Finance Director, to identify any fund at risk of a deficit before additional expenditures are made. (3) Require the Finance Department to verify that funds are available in the paying fund before claims are presented to the Commission for approval.

(4) Submit reimbursement requests for reimbursement-based grants timely and, when expenditures must be paid before reimbursement is received, provide for the timing difference through an interfund advance or transfer approved by the Commission in advance.

Anticipated Completion Date: September 30, 2027. The procedures above will be in place by March 31, 2027.

Contact Person(s): Cody Scott, Finance Director

E. Edwin Kerr, County Administrator
Mobile County Commission