

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 2, 2026**

**NEW ISSUE-BOOK ENTRY ONLY**  
**BANK QUALIFIED**

**Rating: Standard & Poor's: "A+"**  
**Insured Rating (AG): "AA"**  
**(See "RATINGS" herein)**

*In the opinion of Bond Counsel, assuming continuing compliance by the City with certain conditions imposed by the Internal Revenue Code of 1986, referred to herein under "TAX MATTERS," the interest income on the Series 2026 Warrants (i) will be excludable from gross income of the recipients thereof for federal income tax purposes, and (ii) will not be an item of tax preference for purposes of the alternative minimum tax; provided, that the interest income on the Series 2026 Warrants may be included in the "adjusted financial statement income" of certain "applicable corporations" that are subject to the 15-percent alternative minimum tax under section 55 of the Code. See "TAX MATTERS" herein for certain other federal tax consequences to the recipients of the interest income on the Series 2026 Warrants. Bond Counsel is of the further opinion that the interest income on the Series 2026 Warrants is, under existing statutes and regulations, exempt from Alabama income taxation.*

**CITY OF BAY MINETTE, ALABAMA**

**\$6,245,000\***  
**General Obligation Warrants**  
**Series 2026**

**Dated: Date of Issuance**

**Due: January 1, as shown  
on the inside cover**

Interest on the Series 2026 Warrants is payable on January 1 and July 1 of each year, commencing January 1, 2027. The Series 2026 Warrants, when issued, will be issued in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2026 Warrants. Purchases of beneficial interest in the Series 2026 Warrants will be made in book-entry form, in denominations of \$5,000 or any integral multiple thereof. Except as herein described, purchasers will not receive certificates representing their beneficial interests in the Series 2026 Warrants. So long as DTC or its nominee, Cede & Co. is the registered owner of the Series 2026 Warrants, payments of principal and interest will be made directly to DTC or to such nominee. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of Direct Participants and Indirect Participants of DTC, all as more fully described herein.

The Series 2026 Warrants are subject to optional and mandatory redemption prior to maturity as more fully described herein.

The scheduled payment of principal of and interest on the Series 2026 Warrants when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2026 Warrants by ASSURED GUARANTY INC. (See "BOND INSURANCE" herein).



**See inside front cover for information on maturity dates, principal amounts, interest rates, yields and prices.**

The Series 2026 Warrants are offered when, as and if issued by the City of Bay Minette, Alabama, at the offering price set forth above, subject to the approval of the validity thereof by Hand Arendall Harrison Sale LLC, Mobile, Alabama, Bond Counsel. Certain legal matters will be passed upon for the City by its counsel, Stone Crosby, P.C., Bay Minette, Alabama. It is expected that the Series 2026 Warrants in definitive form will be available for delivery through DTC in New York, New York on or about \_\_\_\_\_, 2026.

**RAYMOND JAMES®**

Date: \_\_\_\_\_

\*Preliminary: Subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. The Series 2026 Warrants may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026 Warrants in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,  
YIELDS, PRICES AND INITIAL CUSIP NUMBERS**

**\$6,245,000\***

**CITY OF BAY MINETTE, ALABAMA  
General Obligation Warrants  
Series 2026**

<u>Due</u> <u>January 1</u>	<u>Amount</u> <u>Maturing*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP**</u>
2031	\$220,000				
2032	230,000				
2033	240,000				
2034	255,000				
2035	265,000				
2036	280,000				
2037	295,000				
2038	310,000				
2039	325,000				
2040	340,000				
2041	355,000				
2042	370,000				
2043	385,000				
2044	400,000				
2045	420,000				
2046	435,000				
2047	455,000				
2048	480,000				
2049	185,000				

\*Preliminary: Subject to change.

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**CITY OF BAY MINETTE, ALABAMA**

**Mayor**

**Joshua O. Brown**

**City Council Members**

**Pete Sellers  
Mike Phillips  
Matt Franklin  
Tyrone Thompson  
Chris Norman, Sr.**

**City Clerk**

**Rita Diedtrich, MMC**

**City Administrator**

**Clair Dorough**

**Finance Director**

**Jessica Powers**

**Counsel to the City**

**Stone Crosby, P.C.  
Bay Minette, Alabama**

**Bond Counsel**

**Hand Arendall Harrison Sale LLC  
Mobile, Alabama**

**Underwriter**

**Raymond James & Associates, Inc.  
Birmingham, Alabama**

**Paying Agent**

**Regions Bank  
Birmingham, Alabama**

In connection with the sale of the Series 2026 Warrants herein described, no person has been authorized to give any information or to make any representation not contained in this Official Statement and, if given or made, such information or representation must not be relied upon as having been authorized by the City of Bay Minette, Alabama. The information in this Official Statement has been obtained from the City and other sources which are considered dependable and which are customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of such Series 2026 Warrants, nor shall there be any sale of such Series 2026 Warrants by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2026 Warrants shall under any circumstances create any implication that there has been no change in the affairs of the City of Bay Minette, Alabama, since the date hereof.

**IN CONNECTION WITH THE OFFERING OF THE SERIES 2026 WARRANTS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2026 WARRANTS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

Assured Guaranty Inc. (“AG”) makes no representation regarding the Series 2026 Warrants or the advisability of investing in the Series 2026 Warrants. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE” and “Appendix C - Specimen Municipal Bond Insurance Policy”.

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**OFFICIAL STATEMENT**  
**CITY OF BAY MINETTE, ALABAMA**

**\$6,245,000\***  
**General Obligation Warrants**  
**Series 2026**

**INTRODUCTION**

This Official Statement provides certain information in connection with the sale and issuance by the City of Bay Minette, Alabama (the “*City*”) of its \$6,245,000\* principal amount of General Obligation Warrants, Series 2026 (the “*Series 2026 Warrants*”). The Series 2026 Warrants will be issued pursuant to the Constitution and laws of the State of Alabama and an ordinance (the “*Warrant Ordinance*”) adopted by the governing body of the City (the “*City Council*”). The Warrant Ordinance will constitute a contract with the holders of the Series 2026 Warrants.

The information contained in this Official Statement does not purport to be comprehensive or definitive. All references herein to, or summaries of, the Warrant Ordinance or any contract, indenture, ordinance, resolution or other document or official act related to the Series 2026 Warrants are qualified in their entirety by the exact terms of such documents or official acts which are items of public record available from the City. All references herein to, or summaries of, the Series 2026 Warrants are qualified in their entirety by the definitive form thereof and the information with respect thereto included in the Warrant Ordinance.

**Changes to the Preliminary Official Statement**

This Preliminary Official Statement and the information herein are subject to change, completion, and amendment. A final, definitive Official Statement will be made available prior to the delivery of the Series 2026 Warrants.

For purposes of this Preliminary Official Statement, selling compensation, delivery dates, and certain other information dependent on pricing of the Series 2026 Warrants have been omitted. Further, for purposes of this Preliminary Official Statement, offering prices, interest rates, aggregate principal amount, principal amount per maturity, and certain other information dependent on pricing of the Series 2026 Warrants have been estimated. Actual information dependent on pricing will be established after pricing of the Series 2026 Warrants and will be reflected in the final Official Statement. Such actual information will vary from the estimates.

**PURPOSES OF THE SERIES 2026 WARRANTS**

The City has determined to issue the Series 2026 Warrants for the purposes of (a) financing a portion of the costs of various capital improvements, including but not limited to improvements to the Bay Minette Municipal Airport, roadway improvements, acquisition of land for a fire station, improvements to the Douglasville School, and other miscellaneous capital projects (the “*2026 Improvements*”), (b) paying the expenses of issuing the Series 2026 Warrants and (c) paying the premium for a policy of municipal bond insurance with respect to the Series 2026 Warrants.

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\*Preliminary: subject to change.

## 2026 City Improvements

The City intends to finance the 2026 Improvements, as described above. The 2026 Improvements are expected to have a total cost in excess of \$12,557,369 and to be acquired and completed by September 2028. Any such cost not paid from the proceeds of the Series 2026 Warrants will be funded by the City or the Bay Minette Municipal Airport Authority from other sources.

### Estimated Sources and Use of Proceeds

The estimated sources and uses of funds for this financing are as follows:

#### Sources of Funds:

Par Amount	\$*
Less Original Issue Discount/Plus Original Issue Premium	
<b>Total</b>	<b>\$</b>

#### Uses of Funds:

Deposit to Improvements Account	\$
Issuance Expenses <sup>(1)</sup>	
<b>Total</b>	<b>\$</b>

(1) Includes underwriting discount, bond insurance, legal fees, advisory fees, ratings fees, printing, and other costs of issuance.

## THE SERIES 2026 WARRANTS

### Description of the Series 2026 Warrants

The Series 2026 Warrants will be issued as fully registered warrants issued initially in the denominations of \$5,000 or any integral multiple thereof and subject to exchange as hereinafter provided. The Series 2026 Warrants will be dated the date of their initial issuance and delivery, will bear interest payable semiannually on each January 1 and July 1, commencing January 1, 2027, at the rates set forth on the inside cover hereof, and will mature on the dates and in the principal amounts set forth on the inside cover hereof. So long as the Series 2026 Warrants are in book-entry-only form, payments will be made as described below in "Book-Entry System."

The principal of and the premium, if any, on the Series 2026 Warrants will be payable, with par clearance guaranteed, at the designated corporate trust office of Regions Bank, Birmingham, Alabama, the registrar, transfer agent and paying agent for the Series 2026 Warrants (said bank acting in such capacity, together with any successor thereto, being herein called the "**Registrar**" or "**Paying Agent**"). The interest payable on the Series 2026 Warrants on each interest payment date will be paid by check or draft mailed by the Registrar on such interest payment date to the registered holders thereof as of the December 15 or June 15 preceding such interest payment date (the "**Record Date**"). If any interest payment date shall fall on a Saturday, Sunday or legal holiday on which the Registrar is not open for business, such payment shall be made on the next following business day.

The Warrant Ordinance makes special provision for payment of overdue interest which may be paid to a holder other than the registered holder of a Series 2026 Warrant at the time such overdue interest becomes due and payable.

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\*Preliminary: subject to change.

## Book-Entry System

The Depository Trust Company (“**DTC**”), New York, NY, will act as securities depository for the Series 2026 Warrants. The Series 2026 Warrants will be issued as fully-registered warrants in the name of Cede & Co., (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Warrant certificate will be issued for each maturity of the Series 2026 Warrants and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Paying Banking law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2026 Warrants under the DTC system must be made by and through Direct Participants, which will receive a credit for the Series 2026 Warrants on DTC’s records. The ownership interest of each actual purchaser of each Warrant (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of their transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Series 2026 Warrants are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026 Warrants, except in the event that the use of the book-entry system for the Series 2026 Warrants is discontinued.

To facilitate subsequent transfers, all Series 2026 Warrants deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Warrants with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Warrants; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Warrants are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be

governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Warrants are being redeemed, DTC's practice is to determine by lot the amount of the beneficial interest of each Direct Participant in such Series 2026 Warrants to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Series 2026 Warrants unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026 Warrants are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and premium, if any, and interest payments on the Series 2026 Warrants will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detailed information from the City or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the City or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and Paying Agent; disbursement of such payments to Direct Participants is the responsibility of DTC; and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2026 Warrants at any time by giving reasonable notice to the City or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, warrant certificates are required to be printed and delivered. In addition, the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, warrant certificates will be printed and delivered as described below.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources (including DTC) that the City believes to be reliable, but the City and the Underwriter take no responsibility for the accuracy thereof.

None of the City, the Underwriter or the Paying Agent has any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in any global Warrant or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## **Discontinuation of Book-Entry System**

In the event the book-entry system is discontinued with respect to the Series 2026 Warrants, Warrant certificates in fully registered form would be delivered to, and registered in the names of, the Direct Participants, or such other persons as such Direct Participants may specify (which may be the Indirect Participants or Beneficial Owners), in denominations of \$5,000 or any integral multiple thereof. The ownership of the Series 2026 Warrants so delivered (and any Series 2026 Warrants thereafter delivered upon a transfer or exchange described below) would be registered in the registration books to be kept by the Paying Agent as the Warrant Registrar for the City. Except as provided in the Warrant Ordinance, the City and the Paying Agent are entitled to treat the registered owners of such Series 2026 Warrants, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Warrant Ordinance. See below.

## **Certain Provisions Respecting Registration and Transfer of the Series 2026 Warrants**

The Series 2026 Warrants shall be registered as to both principal and interest and may be transferred only on the registry books of the Paying Agent pertaining to the Series 2026 Warrants. The Paying Agent will not be required to register or transfer any Warrant during the period of fifteen (15) calendar days next preceding any interest payment date and shall not be required to transfer or exchange any Warrant during the period of sixty (60) calendar days next preceding the date for redemption or prepayment of any Warrant. The holder of one or more of the Series 2026 Warrants may, upon request, and upon the surrender to the Paying Agent of such Warrant, exchange such Warrant for Series 2026 Warrants of other authorized denominations of the same series, maturity and interest rate and together aggregating the same principal amount as the Series 2026 Warrant so surrendered. Any registration, transfer and exchange of Series 2026 Warrants shall be without expense to the holder thereof, except that the holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange. The holder of any Series 2026 Warrant will be required to pay any expenses incurred in connection with the replacement of a mutilated, lost, stolen or destroyed Series 2026 Warrant.

The Warrant Ordinance provides that each holder of the Series 2026 Warrants, by receiving or accepting the Series 2026 Warrants, consents and agrees and is estopped to deny that, insofar as the City and the Paying Agent are concerned, the Series 2026 Warrants may be transferred only in accordance with the provisions of the Warrant Ordinance. The Warrant Ordinance also provides that each transferee of the Series 2026 Warrants takes them subject to all principal and interest payments in fact made with respect to the Series 2026 Warrants.

No transfer of any Series 2026 Warrant will be valid except upon presentation and surrender of such Series 2026 Warrant at the principal corporate trust office of the Registrar with written power to transfer signed by the registered owner in person or by duly authorized attorney. Upon the proper transfer of any Series 2026 Warrant, the City will execute a new Series 2026 Warrant, and the Registrar will deliver to the transferee such new Series 2026 Warrant registered in the name of such transferee.

Any holder of one or more of the Series 2026 Warrants may, upon the surrender thereof to the Registrar, exchange such Series 2026 Warrant or Warrants for other Series 2026 Warrants of the same Series, in the denomination of \$5,000 or any integral multiple thereof, of the same maturity and interest rate and together aggregating the same principal amount as the Series 2026 Warrant or Warrants so surrendered.

## **Authority for Issuance**

The Series 2026 Warrants are issued by the City under authority of the Constitution and laws of the State of Alabama, including particularly Title 11, Chapter 47, Section 2 of the Code of Alabama (1975), as amended, and pursuant to authorization contained in the Warrant Ordinance.

## Redemption Prior to Maturity

The Series 2026 Warrants will be subject to redemption and payment prior to their maturity as follows:

*[Optional Redemption.* The Series 2026 Warrants maturing on or after \_\_\_\_ will be subject to redemption prior to their maturity, at the option of the City, in whole or in part, on \_\_\_\_\_ and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof, and if less than all of the Series 2026 Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Series 2026 Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Series 2026 Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.]

*[Scheduled Mandatory Redemption.* The Series 2026 Warrants maturing on \_\_\_\_ (the “\_\_\_\_ Term Warrants”) will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the \_\_\_\_ Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

January 1 of the Year

Principal Amount Required to be Redeemed

In the absence of prior optional redemption, \_\_\_\_ Term Warrants in the aggregate principal amount of \$ \_\_\_\_\_ will remain to be paid at their stated maturity on, \_\_\_\_.]

The City may, not less than 60 days prior to any such mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of \_\_\_\_\_ Term Warrants scheduled for redemption on such date: (i) the principal amount of \_\_\_\_\_ Term Warrants of the same maturity delivered by the City to the Paying Agent for cancellation and not previously claimed as a credit; and (ii) the principal amount of \_\_\_\_\_ Term Warrants of the same maturity previously redeemed (other than \_\_\_\_\_ Term Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Notice of any such redemption is required to be given, not less than thirty (30) days prior to the date fixed for redemption, by United States registered or certified mail to the registered holder of any Series 2026 Warrant called for redemption.

## SECURITY

### General

The Series 2026 Warrants will be general obligations of the City, for the payment of which the full faith and credit of the City will be irrevocably pledged.

## **Application of Tax Revenues and Creation of Funds**

*General.* The Warrant Ordinance will provide for the maintenance of a special fund designated the “City of Bay Minette Warrant Fund, 2026” (the “*Warrant Fund*”). Regions Bank will be designated in the Warrant Ordinance as the depository, custodian and disbursing agent for the Warrant Fund.

The City will be required to transfer to the Warrant Fund, on or before the 25<sup>th</sup> day of the month next preceding each January 1 and July 1, commencing January 1, 2027, an amount equal to the sum of (i) the semiannual installment of interest on the Series 2026 Warrants that will mature on the then next succeeding interest payment date, plus (ii) the principal, if any, of the Series 2026 Warrants that will mature on the then next succeeding interest payment date. Moneys on deposit in the Warrant Fund are to be used for the payment of the principal of and interest on the Series 2026 Warrants.

*Investment of Funds.* The City may, at its option, from time to time cause any or all of the moneys on deposit in the Warrant Fund to be invested in Government Obligations (as hereinafter defined) having a specified maturity, or being redeemable at the option of the holder, prior to the date when it is anticipated by the City that such moneys will be needed. In the event of any such investment of moneys in the Warrant Fund, the Government Obligations in which such investment shall be made, together with all income therefrom, shall become a part of said fund and shall be held by the Paying Agent to the same extent as if they were moneys on deposit therein. As used in this Official Statement, the term “Government Obligations” means securities that are direct obligations of the United States of America or that are unconditionally guaranteed by the United States of America as to the payment of both principal and interest (including money market funds investing solely in such obligations of the United States of America).

## **Bankruptcy**

Chapter 9 of the United States Bankruptcy Code permits political subdivisions and public agencies or instrumentalities that are insolvent or unable to meet their debts to file petitions for relief in a federal bankruptcy court if authorized by state law. Alabama law as presently construed authorizes the City and other political subdivisions in Alabama to file petitions for relief under the Bankruptcy Code.

Bankruptcy proceedings by the City could have significant adverse effects on the holders of the Series 2026 Warrants, including (a) delay in the enforcement of their remedies, (b) subordination of their claims to the claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings or to other claims of creditors of the City, (c) subordination of liens, (d) avoidance of liens or preferential transfers, and (e) imposition without their consent of a plan for the adjustment of the City’s debts that may modify the rights of creditors generally, including the rights of the owners of the Series 2026 Warrants. The Bankruptcy Code permits the use of a plan for the adjustment of debts of a political subdivision which is binding upon all creditors who had notice or knowledge of the plan and which discharges all claims against such political subdivision provided for in the plan, subject to certain requirements and conditions. The effect of these and other provisions of the Bankruptcy Code cannot be predicted with any certainty and may be significantly affected by judicial interpretation or future action of the Congress of the United States or the Alabama Legislature.

## **Enforceability of Remedies**

The extent of the remedies afforded to the holders of the Series 2026 Warrants are subject to the provisions of existing Alabama law exempting from levy and sale under any process, judgment or decree all property (real or personal) belonging to cities in Alabama and used for public purposes. Rights of the holders of the Series 2026 Warrants and the enforceability thereof may also be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor rights and the exercise of judicial

discretion in appropriate cases, including the law-imposed requirement that the City may pay, prior to the payment of debt service on its obligations, the expenses of providing necessary and appropriate governmental services.

**BOND INSURANCE**  
{ TC “BOND INSURANCE” \f C \l “1” }

**Bond Insurance Policy**

Concurrently with the issuance of the Series 2026 Warrants, Assured Guaranty Inc. (“**AG**”) will issue its Municipal Bond Insurance Policy (the “**Policy**”) for the Series 2026 Warrants. The Policy guarantees the scheduled payment of principal of and interest on the Series 2026 Warrants when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

**Assured Guaranty Inc.**

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“**AGL**” and together with its subsidiaries, “**Assured Guaranty**”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

*Current Financial Strength Ratings*

On August 4, 2025, KBRA announced that it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG’s financial strength rating of “AA” (stable outlook).

On July 10, 2024, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

### *Capitalization of AG*

At March 31, 2026:

- The policyholders' surplus of AG was approximately \$3,158 million.
- The contingency reserve of AG was approximately \$1,539 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,402 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "**SEC**") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8 K, after the filing of the last document referred to above and before the termination of the offering of the Series 2026 Warrants shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100) Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption “BOND INSURANCE– Assured Guaranty Inc.” or included in a document incorporated by reference herein (collectively, the “AG Information”) shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

### *Miscellaneous Matters*

AG makes no representation regarding the Series 2026 Warrants or the advisability of investing in the Series 2026 Warrants. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE”.

## **RISK FACTORS**

### **General**

An investment in the Series 2026 Warrants involves certain risks which should be carefully considered by investors. Prospective investors should carefully examine this Official Statement and their own financial condition in order to make a judgment as to their ability to bear the economic risk of such an investment and whether or not the Series 2026 Warrants are an appropriate investment for them. The sufficiency of general fund moneys to pay debt service on the Series 2026 Warrants may be affected by events and conditions relating generally to, among other things, the assessed value of taxable property in the City, the value of retail sales in the City, and population trends and economic developments, the exact nature and extent of which are not presently determinable.

The following is a discussion of certain risk factors that should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Series 2026 Warrants. This discussion is not comprehensive or definitive and does not summarize all risks that may be associated with the Series 2026 Warrants.

### **Limitation on City Revenue Increases**

Holders of the Series 2026 Warrants also should be aware that, under present law, the rates at which Alabama property taxes are levied may be increased only after approval by the legislature and a majority vote of the qualified electors of the affected jurisdiction, and that, under applicable judicial precedents, neither Alabama general sales and use taxes nor Alabama business license taxes may be levied at rates that are confiscatory or unreasonable.

### **Limitations on Remedies**

The rights of the holders of the Series 2026 Warrants are subject to limitations imposed by the United States Bankruptcy Code and by the constitution and laws of the State of Alabama. See “SECURITY– Bankruptcy” and “SECURITY– Enforceability of Remedies.”

## **Additional Obligations**

The City may issue additional general obligation bonds or warrants, without limit as to amount to the extent permitted under the Alabama constitution, that will be general obligations of the City and its full-faith and credit will be pledged to the payment of the principal and interest on such general obligation bonds or warrants.

## **Secondary Market**

If and when a holder elects to sell a Series 2026 Warrant prior to its maturity, there is no assurance that a market shall have been established, maintained and be in existence for the sale of such Series 2026 Warrant subsequent to its issuance.

## **Loss of Tax Exemption**

The interest on the Series 2026 Warrants could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Warrants because of a failure of the City to comply with certain provisions of the Code. The City has covenanted to comply with all such requirements but failure to comply with certain of such requirements could cause the interest on the Series 2026 Warrants to be included in gross income, retroactive to the date of issuance of the Series 2026 Warrants. There is no provision for the redemption of any of the Series 2026 Warrants or for the payment of additional interest on any of the Series 2026 Warrants in the event that interest on any of the Series 2026 Warrants becomes includable in gross income for federal income tax purposes. In the event that interest on the Series 2026 Warrants becomes includable in gross income for federal income tax purposes, the value and marketability of such Series 2026 Warrants would likely be adversely affected.

## **Risk of Future Legislative Changes and/or Court Decisions**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2026 Warrants. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2026 Warrants will not have an adverse effect on the tax status of interest on the Series 2026 Warrants or the market value or marketability of the Series 2026 Warrants. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2026 Warrants from gross income for federal or state income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2026 Warrants may be affected and the ability of holders to sell their Series 2026 Warrants in the secondary market may be reduced. The Series 2026 Warrants are not subject to special mandatory redemption, and the interest rates on the Series 2026 Warrants are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Series 2026 Warrants. Investors should consult their own financial and tax advisors to analyze the importance of these risks.

## **Ratings on the Series 2026 Warrants**

The ratings of the Series 2026 Warrants are not a recommendation to purchase, hold or sell the Series 2026 Warrants, and the ratings do not comment on the market price or suitability of the Series 2026 Warrants for a particular investor. The ratings of the Series 2026 Warrants may not remain for a given period of time and may be lowered or withdrawn depending on, among other things, each rating agency's assessment of the City's financial strength and changes in each rating agency's methodology in assigning a credit rating to the Series 2026 Warrants. The City is not required to maintain a specified rating with respect to the Series 2026 Warrants.

## **Insurance on the Series 2026 Warrants**

The payment of scheduled principal and interest on the Series 2026 Warrants, when due, will be secured by the Policy as described under the heading “BOND INSURANCE” herein. The Policy does not insure the liquidity or market value of the Series 2026 Warrants. A change in the rating or claims paying ability of the insurer could affect the market value or liquidity of the Series 2026 Warrants. In the event the City fails to make regularly scheduled payments of the principal of and interest on any Series 2026 Warrants when the same become due, the owners of such Series 2026 Warrants shall have recourse against the insurer under the Policy for such payments. There can be no assurance that the insurer will have sufficient revenues to enable it to make timely payments on such Series 2026 Warrants.

So long as the Series 2026 Warrants are outstanding and the insurer is not in default under the Policy, the insurer shall be deemed the owner of the Series 2026 Warrants, including for purposes of exercising rights and remedies of the Warrantholders.

## **Suitability of the Series 2026 Warrants for Investment**

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing.

## **Hurricanes and Other Severe Weather**

The Gulf Coast region is subject to occurrences of severe weather, including hurricanes, in which winds and tidal surges are powerful enough to cause severe destruction. The City, which is located near a coastal area, and is the county seat for a county that is particularly susceptible to such storms and their effects. While the City’s property and equipment is insured against damage from such weather hazards in amounts the City’s management believes to be reasonable, the City is not insured against risks like business interruption or loss of taxes and other revenues that could result from such weather hazards. There can be no assurance that the City will have adequate financial reserve funds against such uninsured risks in the event of future storms.

## **Cybersecurity**

Despite the implementation of network security measures by the City, its information technology systems may be vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins and other similar events or issues. State and local governments have recently been subject to such attacks. The City maintains cyber risk insurance through Alabama Municipal Insurance Corporation with a current coverage limits ranging from \$50,000 to \$100,000 to help mitigate potential impacts from cyber threats. Additionally, all City employees are required to complete cybersecurity awareness training.

Cybersecurity events or issues could lead to the inadvertent disclosure of confidential information, holding critical information and operations hostage or could have an adverse effect on the City’s ability to provide municipal services or to collect taxes and fees. Any breach or cyberattack that compromises data could result in negative press and substantial fines or penalties for violation of state privacy laws. Despite efforts of the City, no assurances can be given that the City’s measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial conditions of the City.

## CONTINUING DISCLOSURE

### General

Pursuant to Rule 15c2-12 (the “*Rule*”) promulgated by the Securities and Exchange Commission, the City has covenanted for the benefit of the holders and beneficial owners of the Series 2026 Warrants to provide its audited financial statements and certain financial information and operating data relating to the City by not later than 270 days following the end of the City’s fiscal year, which is currently September 30 (the “*Annual Report*”), commencing with the report for the 2026 Fiscal Year, and to provide notices of the occurrence of certain enumerated events, if material, as described below. The Annual Report and notices of material events will be filed by the City with the Electronic Municipal Market Access System (“*EMMA*”) maintained by the Municipal Securities Rulemaking Board and with a State of Alabama State Repository, if any is established.

### Annual Reports

Each Annual Report will include an audited financial statement of the City and certain annual financial information and operating data of the kind set forth in the Official Statement in the tables under the caption “CITY REVENUES,” *excluding* the three tables under the heading “2025-2026 General Fund Budget” and the table setting forth ad valorem millage rates under the heading “Ad Valorem Taxes.” If the audited financial statements are not available by the time the Annual Report is due, it is required to be filed when available, provided, in such event unaudited financial statements are required to be delivered as part of the Annual Report.

### Material Events Notices

Notices of the following events will be provided in a timely manner not in excess of 10 business days after the occurrence of the event:

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on any reserve funds reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Warrants, or other material events affecting the tax status of the Warrants
- Modifications to rights of Warrant holders, if material
- Warrant calls, if material, and tender offers
- Defeasances
- Release, substitution or sale of property securing repayment of the Series 2026 Warrants, if material
- Rating changes
- Bankruptcy, insolvency, receivership or similar event with respect to the City
- The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of a successor or additional trustee or the change of the name of a trustee, if material

- Incurrence of a financial obligation (as defined by the Rule) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Warrant holders, if material
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City, any of which reflect financial difficulties

In addition, the City must give notice of any failure to file its required Annual Report on or before the date specified above.

The City may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above if, in the judgment of the City, such other events are material with respect to the Series 2026 Warrants, but the City does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

### **Other Provisions of Continuing Disclosure Agreement**

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided, that the City agrees that any such modification will be done in a manner consistent with the Rule. The City reserves the right to terminate its obligations to provide annual financial information and notices of material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Series 2026 Warrants within the meaning of the Rule. The City acknowledges that its undertaking, pursuant to the Rule described under this heading, is intended to be for the benefit of beneficial owners of the Series 2026 Warrants and that the City's obligations may be enforced by any beneficial owner of the Series 2026 Warrants; provided, that the beneficial owner's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the City's obligations under the Continuing Disclosure Agreement and any failure by the City to comply with the provisions of such undertaking shall not be in event of default with respect to the Series 2026 Warrants.

### **Compliance with Disclosure Obligations**

During the past five years the City has failed to file on a timely basis certain information required by its previous undertakings. The City's Annual Report for the fiscal year ended September 30, 2021, which was timely filed on EMMA pursuant to the City's undertaking with respect to its Series 2018 Warrants, did not include a table showing the assessed value of property in the City.

*[Remainder of page intentionally left blank.]*

## CITY DEBT

### General Obligation Indebtedness

The City's outstanding long-term indebtedness after the issuance of the Series 2026 Warrants will be as follows:

<b><u>Issue</u></b>	<b><u>Principal Amount Outstanding</u></b>
General Obligation Warrants, Series 2026*	\$6,245,000
Taxable General Obligation Economic Development Improvement Warrant, 2024-B	2,483,484
General Obligation Economic Development Improvement Warrants, Series 2023A	4,880,000
General Obligation Warrants, Series 2023B	2,100,000
General Obligation Warrants, Series 2022	4,655,000
General Obligation Warrant, Series 2019	182,259
General Obligation Economic Development Improvement Warrants, Series 2018	4,045,000
General Obligation Warrants, Series 2008	392,500
Compensated Absences (as of September 30, 2025)	<u>386,376</u>
TOTAL*	\$17,504,158

### Other Indebtedness

In addition to the long-term indebtedness shown above, the City has (i) a capital lease for the purchase of equipment, currently outstanding in the amount of not more than \$213,334 and maturing in December 2029; (ii) a capital lease for the purchase of equipment currently outstanding in the amount of not more than \$817,944 and maturing in April 2030 and (iii) a capital lease for the purchase of equipment, currently outstanding in the amount of not more than \$1,784,364 and maturing in October, 2034, and (iv) a revolving line of credit in the maximum principal amount of \$5,000,000, of which is presently outstanding in the principal amount of not more than \$727,381.

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\*Preliminary: subject to change.

*[Remainder of page intentionally left blank.]*

## Recent Economic Development Projects and Obligations

Economic development projects and obligations recently undertaken by the City include the following:

*The Novelis Project.* Novelis Corporation (“Novelis”) is in the process of constructing a fully integrated, greenfield advanced flat-rolled aluminum products plant in Baldwin County near the City’s corporate limits and within its police jurisdiction, with respect to which Novelis has projected that it will make a capital investment of more than \$3,800,000,000 and employ as many as 1,000 full-time employees. The City joined the State of Alabama, Baldwin County, and other stakeholders in providing incentives to induce Novelis to locate its facility in the County, including a \$5,000,000 contribution by the City. The City financed a portion of its contribution to the project with proceeds of its General Obligation Economic Development Improvement Warrants, Series 2023A. The Novelis plant is expected to open in November 2026.

*Big Mike’s Steakhouse.* The City issued its \$2,500,000 Taxable General Obligation Economic Development Improvement Warrant, 2024-B in a bank placement financing, and loaned the proceeds thereof to The Cooperative District of Bay Minette – North Hoyle Project (the “North Hoyle District”) for the purpose of funding the renovation of a building to be leased to the operator of a Big Mike’s Steakhouse restaurant pursuant to a 20-year lease. The North Hoyle District’s obligation to the City is evidenced by a limited obligation bond, payable from the rental payments and the proceeds of a fee charged by the North Hoyle District at the restaurant. The City intends to pay the debt service on the Series 2024-B Warrant with the project revenues received from the North Hoyle District. However, the City is obligated under the Series 2024-B Warrant without regard to the sufficiency of such revenues. Big Mike’s Steakhouse is expected to open in May 2026.

*Cobblestone Hotel.* In order to induce and facilitate the location of a Cobblestone Hotel within its downtown business district, the City entered into a project development agreement pursuant to which it agreed to make certain payments over a period of up to 20 years to the hotel owner comprising portions of the sales and use taxes on building materials incorporated into the project, lodging and sales taxes collected at the hotel, and a fee to be charged at the hotel by The Cooperative District of Bay Minette – Hotel Project; provided that the total payments made and discounts granted shall not exceed \$2,000,000. The City’s payment obligations under the project development agreement are additionally evidenced by a limited obligation revenue warrant payable solely out of the aforementioned revenues. The hotel is expected to open in November 2026.

*Hilton Hotel.* In order to induce and facilitate the location of a Hilton-brand hotel and two adjacent restaurants within its corporate limits, the City entered into a project development agreement pursuant to which it agreed to loan the funds required to demolish certain buildings and perform other site preparation work on the project site, which is currently owned by the City. The City’s intends to fund the loan using proceeds from the sale of the project site. The loan will be evidenced by a revenue bond issued by The Cooperative District of Bay Minette – McMeans Avenue I to the City, payable solely from the proceeds of a fee charged at the hotel and restaurants. The project is still in its due diligence phase and remains subject to cancellation by the developer/owner.

*[Remainder of page intentionally left blank.]*

## Debt Service Requirements

The following table presents the annual debt service on the Series 2026 Warrants, Series 2024-B Warrant, Series 2023A Warrants, Series 2023B Warrants, Series 2022 Warrants, the Series 2018 Warrants, the Series 2008 Warrants, and capital lease obligations:

<u>Fiscal Year</u>	<u>Series 2026 Warrants*</u>	<u>Series 2024B Warrant<sup>[1]</sup></u>	<u>Series 2023A Warrants</u>	<u>Series 2023B Warrants</u>	<u>Series 2022 Warrants</u>	<u>Series 2019 Warrant</u>	<u>Series 2018 Warrants</u>	<u>Series 2008 Warrants</u>	<u>Capital Leases</u>	<u>Total Debt Service*</u>
2026		\$164,721.24	\$296,233.76	\$ 86,546.26	\$297,353.75	\$18,722.16	\$153,590.00	\$146,698.75	\$271,079.81	\$1,434,945.73
2027	\$307,436.46	219,628.32	298,008.76	86,546.26	300,427.50	18,722.16	153,590.00	151,862.50	534,427.01	2,070,648.97
2028	283,787.50	219,628.32	294,708.76	86,546.26	298,175.00	18,722.16	153,590.00	151,752.50	534,427.01	2,041,337.51
2029	283,787.50	219,628.32	296,333.76	86,546.26	295,625.00	18,722.16	233,590.00	76,368.75	534,427.01	2,045,028.76
2030	283,787.50	219,628.32	297,808.76	86,546.26	296,725.00	18,722.16	311,190.00		440,368.94	1,954,776.94
2031	498,287.50	219,628.32	294,208.76	86,546.26	296,400.00	18,722.16	306,390.00		263,347.20	1,983,530.20
2032	497,037.50	219,628.32	295,533.76	86,546.26	295,925.00	18,722.16	309,990.00		263,347.20	1,986,730.20
2033	495,287.50	219,628.32	296,708.76	86,546.26	300,225.00	18,722.16	308,190.00		263,347.20	1,988,655.20
2034	497,912.50	219,628.32	297,058.76	86,546.26	299,300.00	18,722.16	311,190.00		263,347.20	1,993,705.20
2035	494,912.50	219,628.32	296,558.76	86,546.26	298,225.00	18,722.16	308,790.00		263,347.20	1,986,730.20
2036	496,287.50	219,628.32	295,858.76	86,546.26	297,000.00	18,722.16	306,190.00			1,720,233.00
2037	496,912.50	219,628.32	294,958.76	86,546.26	295,625.00	18,722.16	308,390.00			1,720,783.00
2038	496,787.50	219,628.32	298,758.76	86,546.26	299,025.00	18,722.16	310,190.00			1,729,658.00
2039	495,912.50	219,628.32	297,258.76	86,546.26	297,200.00	10,922.65	306,590.00			1,714,058.49
2040	495,987.50	219,628.32	295,558.76	86,546.26	300,150.00		308,450.00			1,706,320.84
2041	497,087.50	219,628.32	298,558.76	86,546.26	297,875.00		309,940.00			1,709,635.84
2042	497,587.50	219,628.32	296,258.76	86,546.26	300,375.00		306,060.00			1,706,455.84
2043	497,246.88	219,628.32	298,658.76	86,546.26	297,650.00		306,995.00			1,706,725.22
2044	496,056.26	219,628.32	295,658.76	86,546.26	299,700.00		307,560.00			1,705,149.60
2045	498,618.76	219,628.32	297,253.76	86,546.26	296,525.00		307,490.00			1,706,062.10
2046	494,915.63	116,133.68	298,438.76	86,546.26	298,125.00		307,040.00			1,601,199.33
2047	495,162.50		294,316.26	86,546.26	299,425.00		306,210.00			1,481,660.02
2048	499,125.00		294,886.26	395,088.76						1,189,100.02
2049	189,162.50		295,015.63	396,825.01						881,003.14
2050			294,703.13	397,903.13						692,606.26
2051			293,978.13	393,465.63						687,443.76
2052			297,737.50	393,512.51						691,250.01
2053			295,981.25	392,940.63						688,921.88

\* Preliminary: subject to change. Interest amounts for the Series 2026 Warrants assume an average interest rate of approximately 4.455%.

<sup>[1]</sup> The City intends to use rental payments on a 20-year lease to a restaurant and the proceeds of a project user fee levied at the restaurant to pay the debt service on the City's Taxable General Obligation Economic Development Improvement Warrant, 2024-B. However, this indebtedness is a general obligation of the City and the City will be obligated to pay without regard to the sufficiency of revenues. See "CITY DEBT – Recent Economic Development Projects and Obligations – Big Mike's Steakhouse" herein.

The following table presents the debt service on the Series 2026 Warrants:

<u>Fiscal Year</u>	<u>Principal of the Series 2026 Warrants*</u>	<u>Interest on the Series 2026 Warrants*</u>	<u>Total Debt Service*</u>
2026			
2027		\$307,436.46	\$307,436.46
2028		283,787.50	283,787.50
2029		283,787.50	283,787.50
2030		283,787.50	283,787.50
2031	\$220,000.00	278,287.50	498,287.50
2032	230,000.00	267,037.50	497,037.50
2033	240,000.00	255,287.50	495,287.50
2034	255,000.00	242,912.50	497,912.50
2035	265,000.00	229,912.50	494,912.50
2036	280,000.00	216,287.50	496,287.50
2037	295,000.00	201,912.50	496,912.50
2038	310,000.00	186,787.50	496,787.50
2039	325,000.00	170,912.50	495,912.50
2040	340,000.00	155,987.50	495,987.50
2041	355,000.00	142,087.50	497,087.50
2042	370,000.00	127,587.50	497,587.50
2043	385,000.00	112,246.88	497,246.88
2044	400,000.00	96,056.26	496,056.26
2045	420,000.00	78,618.76	498,618.76
2046	435,000.00	59,915.63	494,915.63
2047	455,000.00	40,162.50	495,162.50
2048	480,000.00	19,125.00	499,125.00
2049	185,000.00	4,162.50	189,162.50

\*Preliminary: subject to change.

### Constitutional Limitation on Debt of City

*General Limitation.* Section 225 of the Constitution of Alabama provides that cities having a population of six thousand or more may not become indebted in an amount in excess of 20% of the assessed valuation of the property situated therein (the “**General Debt Limit**”). The Constitution exempts from this General Debt Limit several categories of indebtedness, including (i) temporary loans, to be paid in one year, made in anticipation of the collection of taxes and not exceeding one-fourth of the general revenues; (ii) bonds or other obligations issued for the purpose of acquiring, providing or constructing schoolhouses, water works and sewers; and (iii) obligations incurred and bonds issued for street or sidewalk improvements where the cost of the same, in whole or in part, is to be assessed against the property abutting said improvements. Obligations issued under Section 94.01 of the Constitution of Alabama of 2022 are exempt from the General Debt Limit.

The General Debt Limit based on assessed value of real, personal, auto and utility property of \$140,926,722 for the tax year ended September 30, 2025, for which taxes were due on October 1, 2025, is computed as follows after the issuance of the Series 2026 Warrants:

General & Limited Obligation Debt*	\$30,912,642
Debt Chargeable to 20% Debt Limit*	\$17,504,158
Debt Limit (20% of Assessed Value)	\$28,185,344
Debt Margin*	\$10,681,186
Debt to Assessed Valuation*	21.94%
2024 Population of City	8,505
Total Debt Per Capita*	\$3,635

*Special Indebtedness.* Under Section 94.01 of the Constitution of Alabama of 2022, the City is authorized to issue bonds, warrants or other obligations for the purpose of promoting economic development. Section 94.01 provides that the City shall not issue any obligations pursuant thereto, unless the principal amount of such obligations, when added to the aggregate principal amount of any other obligations of the City then outstanding and issued under Section 94.01 does not exceed fifty percent (50%) of the assessed value of all taxable property in the City.

Following the issuance of the Series 2026 Warrants, the City has no more than \$13,408,484 of debt issued under Section 94.01. The limitation (based on net assessed value of real and personal property of \$140,926,722 for the tax year ended September 30, 2025, for which taxes were due on October 1, 2025) imposed by Section 94.01 is as follows:

Debt Chargeable to 50% Debt Limit <sup>[1]</sup>	\$13,408,484
Debt Limit (50% of Assessed Value)	70,463,361
Debt Margin	57,054,877

<sup>[1]</sup> Includes the Series 2024-B Warrant, the Series 2023-A Warrants, the Series 2018 Warrants, and the City’s obligations with respect to the Cobblestone Hotel project.

## CITY REVENUES

### General

The City operates on a fiscal year basis beginning October 1 and ending September 30. The City prepares a detailed budget for each fiscal year that is approved by the City Council prior to October 1 and all departments are required by City policy to operate within their respective budgets. There is no constitutional requirement that the budget be balanced each year, but the City has, as a matter of policy, required a balanced budget.

The significant accounting practices for City finances are summarized in the audited financial statements of the City. A copy of the audited financial statements of the City for the fiscal year which ended September 30, 2025, is included as APPENDIX B to this Official Statement, including statements of revenues, expenditures and changes in fund balances. The General Fund finances substantially all current operations. These financial statements should be reviewed by prospective purchasers of the Series 2026 Warrants.

\*Preliminary: subject to change.

## Summary of Primary Sources of Revenues and Expenditures

The following table sets forth the primary sources of All Governmental Fund revenues, as well as primary categories of expenditures, for the fiscal years ended September 30, 2021 through 2025:

CITY OF BAY MINETTE  
Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the Fiscal Years Ended September 30

	2021	2022	2023	2024	2025
<b>Revenues</b>					
Taxes	\$8,218,254	\$8,697,974	\$9,616,949	\$10,292,080	\$12,023,088
License and Permits	1,718,134	1,459,779	1,746,042	1,931,592	2,020,459
Fines and Forfeitures	895,361	733,122	542,365	571,002	732,135
Investment Income	1,213	4,875	72,965	80,576	18,531
Rent Income	139,724	148,207	178,869	176,130	195,323
Donations	64,325	36,094	90,443	26,897	1,380,842
Federal, State and Local Grants	1,974,966	1,221,252	2,071,519	2,257,926	2,171,329
Proceeds from Sale of Property	-0-	-0-	-0-	-0-	1,300,000
Services and Miscellaneous	2,149,018	2,075,893	2,202,640	2,047,175	1,954,111
<b>Total Revenues</b>	<b>15,160,995</b>	<b>14,377,196</b>	<b>16,521,792</b>	<b>17,383,378</b>	<b>21,795,818</b>
<b>Expenditures Current:</b>					
Current:					
General Government	4,232,583	3,281,681	3,268,563	3,212,229	4,037,414
Economic Development	-0-	1,700,000	-0-	3,300,000	-0-
CDBG Passthrough Grant	-0-	-0-	1,267,612	772,788	156,320
Public Safety	3,671,033	4,027,324	4,485,259	4,764,485	5,341,139
Public Works	2,582,202	2,627,529	2,967,807	2,907,498	3,196,528
Culture and Recreation	1,444,112	1,461,314	1,758,999	1,808,903	2,152,209
Airport	87,183	38,356	32,692	41,207	36,064
Capital Expenditures	1,583,617	2,137,122	6,806,540	4,886,035	7,276,056
Debt Service:					
Principal	1,130,950	1,152,207	1,022,862	767,554	579,169
Interest on Long-Term Debt	290,277	324,237	534,309	636,554	755,688
<b>Total Expenditures</b>	<b>15,021,957</b>	<b>16,749,770</b>	<b>22,144,643</b>	<b>23,097,253</b>	<b>23,530,587</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over Expenditures</b>	<b>139,038</b>	<b>(2,372,574)</b>	<b>(5,622,851)</b>	<b>(5,713,875)</b>	<b>(1,734,769)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	2,517,747	2,924,564	3,613,952	3,618,273	2,906,811
Transfers Out	(2,517,747)	(2,924,564)	(3,613,952)	(3,618,273)	(2,906,811)
Issuance of Bonds/Warrants	-0-	5,310,000	7,285,000	-0-	4,474,112
<b>Total Other Financing Sources (Uses)</b>	<b>-0-</b>	<b>5,310,000</b>	<b>7,285,000</b>	<b>-0-</b>	<b>4,474,112</b>
<b>Net change in Fund Balances</b>	<b>139,038</b>	<b>2,937,426</b>	<b>1,662,149</b>	<b>(5,713,875)</b>	<b>2,739,343</b>
<b>Fund Balance – Beginning</b>	<b>5,254,100</b>	<b>6,526,543</b>	<b>9,463,969</b>	<b>11,126,118</b>	<b>5,412,243</b>
<b>Fund Balance– Ending</b>	<b>\$5,393,138</b>	<b>\$9,463,969</b>	<b>\$11,126,118</b>	<b>\$5,412,243</b>	<b>\$8,151,586</b>

## 2025-2026 General Fund Budget

The following table summarizes the General Fund budget of the City for the current 2025-2026 fiscal year:

### General Fund Operations

<b>Revenues</b>	
Taxes	\$10,855,000
License and Permits	2,185,750
Charges for Services	256,700
Fines and Forfeiture	630,000
Interest Income	25,000
Rent Income	23,500
Other Income	1,228,600
<b>Total Revenues</b>	<b>\$15,204,550</b>
<b>Expenditures</b>	
General Government	\$ 3,932,913
Public Safety	5,014,601
Culture and Recreation	1,416,522
Public Works	3,329,502
Capital Outlay	400,000
Debt Service	1,075,011
Reserve	36,000
<b>Total Expenditures</b>	<b>\$15,204,550</b>

### Special Revenue Funds – Gas Excise

<b>Revenues</b>	
Additional 1% Gas Tax Transfer	\$155,000
Gasoline Excise Tax 7%	22,000
Gasoline Excise Tax 4% and 5%	18,000
Gas & Oil Severance Tax	5,500
Rebuild Alabama Act Funds	92,000
<b>Total Revenues</b>	<b>\$292,500</b>
<b>Expenditures</b>	
Street Improvements	\$292,500
<b>Total Expenditures</b>	<b>\$292,500</b>

### Special Revenue Funds– State Trust and Fire Tax

<b>Revenues</b>	
Ad Valorem - Fire	\$366,000
State Trust Fund	78,000
Unreserved Fund Balance	316,750
<b>Total Revenues</b>	<b>\$760,750</b>
<b>Expenditures</b>	
Notes Payable – BNY-Fire Station	\$147,300
Lease Payable – REV Financial	54,750
Reserved for Capital Exp (Fire)	263,347
Reserved for Capital Exp (Buildings)	0
Unreserved Fund Balance	295,353
<b>Total Expenditures</b>	<b>\$760,750</b>

The general fund balance as of September 30, 2025 is \$3,999,497. The total government funds fund balance as of September 30, 2025 is \$8,151,586.

The City follows these procedures each year in establishing its budgetary data:

- Prior to September 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1.
- Two consecutive public council meetings are conducted, to provide taxpayers with an opportunity to ask questions or provide comments.
- Prior to October 1, the budget is legally enacted through passage of an ordinance.
- The Mayor or his designee is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total budgeted expenditures must be approved by the City Council.

### **Sales and Use Taxes**

The City levies a privilege license tax at the rate of 3% pursuant to Ordinance No. 823, on the gross receipts of all persons selling or storing, using or otherwise consuming tangible personal property or conducting places of amusement in the City; however, certain transactions within the City’s corporate limits are taxed at lower rates and all transactions outside of the City’s corporate limits but within its “police jurisdiction” are taxed at a rate which may not exceed 1.5%. The ordinance levying the City’s Sales and Use Taxes incorporates by reference exemptions and regulations under the Statewide sales and use tax statute. The City self-administers its collection of Sales and Use Taxes.

Collections of the Sales and Use Taxes have been as follows for the past five fiscal years:

<u>Fiscal Year</u>	<u>Collection</u>
2024-25	\$9,747,047
2023-24	7,651,748
2022-23	7,209,045
2021-22	6,434,689
2020-21	5,987,629

### **Business License Tax**

The City levies, under general authority granted by the Legislature of the State of Alabama, a business license fee on the privilege of engaging in certain businesses and professions within the corporate limits of the City and its police jurisdiction. Businesses and professions are charged a fee based on gross receipts of the prior year at which certain businesses located within the corporate limits of the City, including banks and insurance companies are charged and references to the Code of Alabama highlight those licensing rates. The business license fee is collected by the City’s License Department.

Collections of the City’s Business License Tax have been as follows for the last five fiscal years indicated:

<u>Fiscal Year</u>	<u>Collection</u>
2024-25	\$1,599,175
2023-24	1,522,440
2022-23	1,282,238
2021-22	1,233,282
2020-21	1,184,125

## Property Taxes

Property taxes are generally collected and received by municipalities by April 1 of each fiscal year. Collections of the City 12.5 property tax in the City deposited in the City’s General Fund have been as follows for the prior fiscal years indicated:

<u>Fiscal Year</u>	<u>Property</u>	<u>Motor Vehicles</u>	<u>Total</u>
2024-25	\$1,339,304	\$164,921	\$1,504,225
2023-24	1,094,687	158,058	1,252,745
2022-23	962,672	152,992	1,115,664
2021-22	893,904	128,383	1,022,207
2020-21	836,455	120,031	956,486

Source: City of Bay Minette, Alabama

## Ad Valorem Taxes

The levy and collection of ad valorem taxes in Alabama are subject to the provisions of the Alabama Constitution as amended, which, among other things, fix the percentage of market value at which property can be assessed for taxation, limit the rates of municipal taxation that can be levied against property and provide a maximum value for the aggregate ad valorem taxes that can be levied by all taxing authorities on any property in any tax year.

The amount of any specific ad valorem tax in Alabama is computed by multiplying the tax rate by the assessed value of the taxable property. The assessed value of taxable property is a specified percentage (ranging from 10% to 20%) of its fair and reasonable market value or, in certain circumstances, its current use value. Ad valorem tax rates are generally stated in terms of mills (one-thousandth of a dollar) per dollar of assessed value. Thus, for any given ad valorem tax, each mill in the rate of taxation represents a tax on property equal to one-tenth of one percent of the assessed value of such property.

The following taxes (expressed in mills) are currently levied on taxable property situated in the City, but are levied by other taxing authorities:

	<u>Mills</u>
State of Alabama	6.5
City of Bay Minette	12.5
Baldwin County:	
General	5.0
Schools	9.0
Road & Bridges	2.5
Special School District	3.0
Fire	1.5
Hospital	2.0
Health Department	<u>0.5</u>
	<u>42.50</u>

There are, therefore, 42.50 mills currently being levied on taxable property situated in the City.

The following classifications of taxable property and corresponding ratios of assessed value to fair and reasonable market value are established pursuant to amendments (the “*1978 Amendments*”) to the Alabama Constitution for all ad valorem taxation (state and local), subject to certain exceptions stated below:

Class I Property of utilities used in their business - 30%

Class II Property not otherwise classified (generally, business or commercial property, including railroad property) - 20%

Class III Agricultural, forest and single-family owner-occupied residential property and historical buildings and sites - 10%; and

Class IV Private passenger automobiles and small trucks for personal use - 15%

The 1978 Amendments provide that all ad valorem taxes payable to the State and to all counties, municipalities and other taxing authorities with respect to any items of taxable property shall not exceed the following percentage of the fair and reasonable market value of such property in any single tax year: 2% in the case of Class I property; 1-1/2% in the case of Class II property; 1% in the case of Class III property; and 1-1/4% in the Class IV property. These limitations are not exceeded as to any class of property in the City.

Ad valorem taxes on real and personal property levied by the City are collected on behalf of the City by the Baldwin County Revenue Commissioner Collections Division. Under Alabama law, any property owner not paying ad valorem taxes will have his property sold for taxes on July 31 following the December 31 on which they are due. The net assessed valuation of all property (including motor vehicles) located within the corporate limits of the City was as follows for the years shown:

<u>Fiscal Year</u>	<u>Net Assessed Value</u>	<u>Motor Vehicles</u>	<u>Total</u>
2024-25	\$125,754,420	\$15,172,302	\$140,926,722
2023-24	114,913,280	14,439,042	129,352,322
2022-23	96,170,740	13,437,364	109,608,104
2021-22	84,567,100	11,859,063	96,426,163
2020-21	76,616,460	11,134,630	87,751,090

Source: Baldwin County, Alabama Revenue Commissioner and Judge of Probate of Baldwin County

The market value as of September 30, 2025 of properties (excluding motor vehicles) in the City was \$841,404,296.

Source: Baldwin County, Alabama Revenue Commissioner

## THE CITY

### Geographic Information

The City is located in north Baldwin County, Alabama (the “*County*”) within thirty miles of Mobile, Alabama, and within fifty miles of Pensacola, Florida. Baldwin County is traversed by two Interstate Highways, I-10 and I-65; three U.S. Highways, U.S. 98, 31 and 90; and Alabama Highways 180, 112, 182, 59, 225 and 104.

The City became the county seat of Baldwin County, Alabama in 1900. According to the U.S. Census Bureau, the City has a total area of 17.3 square miles, of which 17.26 square miles is land and .08 square miles is water. The 2020 U.S. Census data ranks Baldwin County as the 7th fastest-growing metropolitan area in the country and the fastest-growing county in Alabama.

## Governmental Organization and Administration

The City is a municipal corporation incorporated under the Constitution and laws of the State of Alabama. The City is governed by a council consisting of the Mayor and five council members elected for concurrent terms of four years. Members of the City Council serve part-time and are responsible for adopting all legislative ordinances and setting policies of the City, including the appropriation of money. The Mayor, who is a member of the Council, is the chief executive officer of the City. The Mayor is responsible for the day-to-day management of the City. The managers of the City's several departments are appointed by the City Council and are responsible for the day-to-day operation of their respective departments. The City Clerk, City Administrator and the City Finance Director serve at the pleasure of the City Council.

The City's governing body and principal officers consist of the following officers:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Joshua O. Brown	Mayor	November, 2029
Pete Sellers	Council member	November, 2029
Mike Phillips	Council member	November, 2029
Matt Franklin	Council member	November, 2029
Tyrone Thompson	Council member	November, 2029
Chris Norman, Sr.	Council member	November, 2029
Rita Diedtrich, MMC	City Clerk	Pleasure of the Council
Clair Dorough	City Administrator	Pleasure of the Council
Jessica Powers	City Finance Director	Pleasure of the Council

## Personnel and Retirement System

The City provides, among other things, police protection, fire protection and park and recreation facilities. The City employed approximately 149 full-time, part-time and seasonal employees in its several departments as of September 30, 2025. The benefits and compensation for all employees of the City's several departments are established by the City Council and are paid from the City's general fund revenues.

No employees of the City are represented by labor unions or similar employee organizations. The City does not bargain collectively with any labor union or employee organization. The City has enjoyed good relations with City employees and the City believes that good relations will continue.

The City participates in a retirement system established by the Alabama Legislature known as the Employee's Retirement System of Alabama, to which contributions are made by both the employees and the City. See APPENDIX B —Audited Financial Statements of the City for a description of the City's obligations with respect to the Employee's Retirement System of Alabama.

## Other Post-Employment Benefits

The City has recently adopted a health reimbursement plan for eligible retired employees of the City. In order to be eligible, an employee must (a) retire on or after November 1, 2025, having met the eligibility requirements for retirement under the Employee's Retirement System of Alabama, (b) have at least 25 years of creditable service with the City on the date of retirement, and (c) not be eligible for Medicare. Plan benefits cease once a participant becomes eligible for Medicare. The plan provides benefits to each participant of up to \$10,000 per year for qualifying medical expenses. There are currently no retirees participating in the plan.

## Utilities

North Baldwin Utilities provide water, sewage, and natural gas for the City of Bay Minette. Alabama Power and Baldwin EMC supply and distribute electricity.

## Education

The City is a part of the Baldwin County Public Schools system. The City has Baldwin County High School (grades 9-12), North Baldwin Center for Technology (grades 11-12), Bay Minette Middle School (grades 7-8), Pine Grove Elementary School (PK-6), Delta Elementary School (PK-6), Stapleton Elementary School (PK-6), Perdido Elementary School (PK-8) and Bay Minette Elementary School (K-6). Coastal Alabama Community College is a two-year public college with the main campus in Bay Minette and satellite campuses located in Baldwin, Choctaw, Clarke and Monroe counties in Alabama.

## Health Care Services

North Baldwin Infirmary, a 78-bed community hospital located in the City, serves the City and surrounding areas.

## Population

The following table sets forth certain historical population statistics relating to the State of Alabama, Baldwin County, and the City for the years indicated.

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
State of Alabama	4,040,587	4,447,100	4,779,736	5,025,369	5,157,699
Baldwin County	98,280	140,415	182,265	231,767	261,608
Bay Minette	7,177	7,902	8,044	8,098	8,505

Source: U.S. Census Bureau, Population Division; Estimates

With the City's population of 8,505 in 2024, it is the 86th largest city in Alabama. Bay Minette is currently growing at a rate of 1.12% annually and its population has increased by 7.11% since the most recent census, which recorded a population of 8,120 in 2020. Bay Minette has a population density of 471 people per square mile. The average household income in Bay Minette is \$44,523 with a poverty rate of 24.38%. The median age in Bay Minette is 34.6 years, 33.6 years for males, and 32.5 years for females.

Source: <https://worldpopulationreview.com/us-cities/alabama/bay-minette>

*[Remainder of page intentionally left blank]*

## Unemployment Rates

The following tables sets forth average comparative civilian labor force, employment, unemployment and unemployment rates for Baldwin County in each of the years indicated:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025*</u>
Civilian Labor Force	105,984	107,386	110,609	113,078	116,653	117,594
Employment	99,918	104,485	108,220	110,639	113,448	114,499
Unemployment	6,030	2,901	2,389	2,439	3,205	3,095
Unemployment Rate	5.7%	2.7%	2.2%	2.2%	2.7%	2.6%

Source: Alabama Department of Labor in cooperation with United States Department of Labor, Bureau of Labor Statistics, based on 2024 benchmark. \*Data for October 2025 were not collected due to the federal government shutdown. Dated January 30, 2026.

The following table sets forth average comparative unemployment rates for the State of Alabama and the United States in each of the years indicated:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025*</u>
State of Alabama	4.5%	2.7%	2.3%	2.8%	3.3%	4.3%
United States	6.7%	3.9%	3.5%	3.8%	4.1%	2.9%

Source: Alabama Department of Labor in cooperation with United States Department of Labor, Bureau of Labor Statistics, based on 2024 benchmark. \*Data for October 2025 were not collected due to the federal government shutdown. Dated January 30, 2026.

## Industries

The leading industries in Bay Minette, Alabama include manufacturing, health and social services, manufacturing, retail trade, and education.

## Major Employers

The top ten (10) manufacturing and nonmanufacturing employers in Baldwin County, their principal activity and the number of employees of each are as follows:

### Top 10 Manufacturers in Baldwin County

Company	Product	Location	Employment
Collins Aerospace	Thrust Reversers, Cawlings & Nacelle Components	Foley	1,026
Novelis	Rolled Aluminum	Bay Minette	375
Vulcan, Inc.	Aluminum & Steel Products	Foley	236
Segers Aerospace	Aerospace and Defense	Fairhope	225
Quincy Compressors	Air Compressors	Bay Minette	210
Bon Secour Fisheries	Seafood Processing	Bon Secour	150
Ecovery.	Metals Processing	Loxley	136
International Paper	Paper Products	Bay Minette	135
Quality Filters	Air Filters	Robertsdale	130
Ascend Performance Materials	Medical Instruments	Foley	114

### Top 10 Non-Manufacturers in Baldwin County

Company	Product/Service	Location	Employment
Baldwin County Board of Education	Education	Bay Minette	3,900
Wal-Mart Super Centers	Retail	Baldwin County	1,700
Infirmiry Health	Health Care	Fairhope/Bay Minette	1,490
Baldwin Health	Health Care	Foley	1,490
Publix	Retail	Baldwin County	830
Columbia Southern University	Education	Foley	776
Marriott Grand Hotel	Hotel & Country Club	Fairhope	721
Baldwin County Commission	Government	Baldwin County	670
Brett/Robinson Gulf Corporation	Vacation Rental Management	Gulf Shores	520
OWA	Entertainment & Retail	Gulf Shores	488

Source: Baldwin County Economic Development Alliance; March 2026.

### City's Major Employers

<u>Employers</u>	<u>Number of Employees</u>
Baldwin County Board of Education	3,900 (County Wide); 629 (North Baldwin Area)
Walmart	1,700 (County Wide); 250 (Bay Minette)
North Baldwin Infirmiry	1,490 (County Wide) 50 (Bay Minette)
Baldwin County Commission	670 (County Wide); 237 (North Baldwin Area)
Quincy Compressor	210
Coastal Alabama Community College	365 (County Wide); 147 (Bay Minette)
International Paper	135
City of Bay Minette	127
Dental EZ	100
Gulf Packaging	90
North Baldwin Utilities	51

Source: City of Bay Minette and Baldwin County Economic Development Alliance, March 2026.

### Income Levels

There are two basic methods of measuring annual income: (i) per capita income, which is the total income of all families and individuals in a given area divided by the total population of the area, and (ii) median household income, above and below which there are an equal number of family incomes in a given area.

The U.S. Department of Commerce Bureau of Economic Analysis indicates the following with respect to per capita personal income levels in the following jurisdictions:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Baldwin County	\$47,921	\$50,935	\$56,504	\$57,721	\$61,354	\$63,905
Alabama	\$42,998	\$45,843	\$50,495	\$51,660	\$54,112	\$56,684
United States	\$53,683	\$56,514	\$59,365	\$57,104	\$58,088	\$59,195

Source U.S. Bureau of Economic Analysis and Federal Reserve Bank of St. Louis, Per Capita Personal Income, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series>, February 24, 2026.

The U.S. Department of Commerce Bureau of Economic Analysis indicates the following with respect to median household income levels in the following jurisdictions.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Baldwin County	\$59,871	\$71,135	\$65,658	\$71,704	\$74,248	\$82,519
Alabama	\$56,200	\$54,690	\$56,930	\$59,910	\$60,660	\$65,560
United States	\$68,700	\$68,010	\$70,780	\$74,580	\$80,610	\$83,730

Source U.S. Census Bureau, Median Household Income, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series>, February 24, 2026.

The percentage of all ages in the City, Baldwin County, in the State of Alabama and in the United States with income below the poverty level in 2024 is as follows:

Bay Minette	24.4%
Baldwin County	10.5%
State of Alabama	15.2%
United States	12.1%

Source: U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE) Program.

### Top Ten Ad Valorem Taxpayers of the City - 2025

<u>Taxpayers</u>	<u>Assessed Value (000's)</u>	<u>Taxes Paid</u>
Store Master Funding XV LLC	\$5,919,880	\$251,595
Plasmine Technology Inc	5,816,980	214,555
Alabama Power Company	3,971,420	162,908
International Paper Company Inc	1,883,220	79,984
NextGen Investments LLC	1,833,840	77,938
Wal-Mart Real Estate Business Trust	1,588,060	67,493
Yarbrough & Associates LLC	1,302,980	55,377
Cottage Park LTD	1,243,600	52,801
International Paper Company	1,231,060	52,320
EDS Alabama LLC	1,198,460	50,935

Source: Baldwin County Revenue Commissioner

### Housing

The U.S. Department of Commerce, U.S. Census Bureau reports that the median value of owner-occupied houses in the City, 2020-2024 was \$173,000.

### LITIGATION

There is no litigation pending or, to the knowledge of the City, threatened contesting the validity of the Series 2026 Warrants or relating to the organization or boundaries of the City, the incumbency of any of the City's officers, or the issuance or sale of the Series 2026 Warrants. Simultaneously with the delivery of the Series 2026 Warrants, the City will deliver a certificate to the effect that no such litigation is pending or, to the knowledge of the City, threatened.

The City is not a defendant in any lawsuits or other pending litigation which it believes would have a materially adverse effect upon its financial condition.

Recent court decisions have substantially eroded the immunity from tort liability formerly enjoyed by local governmental units in Alabama. Chapter 93 of Title 11 of the Code of Alabama 1975, as amended, now prescribes certain maximum limits on the liability of local governmental units (such as the City) for bodily injury, sickness, disease or death sustained by a person and for injury or destruction of tangible property. However, Chapter 93 has no application to causes of action under Section 1983 of Title 42 of the United States Code. Municipalities and other local governmental units throughout the country have been increasingly subject to lawsuits, many of which claim damages in large amounts for alleged denials of civil rights under the provisions of Section 1983. The City has procured liability insurance coverage from the Alabama Municipal Insurance Corporation which does afford, within limits, coverage and costs of defense for such lawsuits brought pursuant to federal law.

## **TAX MATTERS**

### **General**

In the opinion of Bond Counsel, under the Internal Revenue Code of 1986 (the “*Code*”), as presently construed and administered, and assuming compliance by the City with the all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 2026 Warrants in order that interest thereon be and remain excludable from gross income, the interest income on the Series 2026 Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code and will not constitute an item of tax preference for the purpose of computing the liability of individuals and corporations for the alternative minimum tax imposed by Section 55 of the Code; provided, that the interest income on the Series 2026 Warrants may be included in the “adjusted financial statement income” of certain “applicable corporations” that are subject to the 15-percent alternative minimum tax under Section 55 of the Code. The City has covenanted to comply with all such requirements, but failure to comply with certain of such requirements could cause the interest on the Series 2026 Warrants to be included in gross income, retroactive to the date of issuance of the Series 2026 Warrants. Bond Counsel will express no opinion with respect to the federal tax consequences to the recipients of the interest income on the Series 2026 Warrants under any provision of the Code not referred to above.

Bond Counsel’s opinion represents its legal judgment based upon its review of the Code, as presently construed and administered, and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result. Existing law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that existing law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Series 2026 Warrants.

Prospective purchasers of the Series 2026 Warrants should be aware that ownership of the Series 2026 Warrants may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to a branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2026 Warrants. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Series 2026 Warrants should consult their tax advisors as to collateral federal income tax consequences.

Bond Counsel is also of the opinion that, under existing law, interest income on the Series 2026

Warrants will be exempt from State of Alabama income taxation.

### **Risk of Future Legislative Changes and/or Court Decisions**

The Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2026 Warrants. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2026 Warrants will not have an adverse effect on the tax status of interest on the Series 2026 Warrants or the market value or marketability of the Series 2026 Warrants. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2026 Warrants from gross income for federal or state income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2026 Warrants may be affected and the ability of holders to sell their Series 2026 Warrants in the secondary market may be reduced. The Series 2026 Warrants are not subject to special mandatory redemption, and the interest rates on the Series 2026 Warrants are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Series 2026 Warrants. Investors should consult their own financial and tax advisors to analyze the importance of these risks.

### **[Original Issue Discount**

The initial public offering price to be paid for certain of the Series 2026 Warrants (the “**Original Issue Discount Warrants**”) is less than the principal amount thereof. Under existing law, the difference between (i) the amount payable at the maturity of each Original Issue Discount Warrant, and (ii) the initial offering price to the public of such Original Issue Discount 2026 Warrant constitutes original issue discount with respect to such Original Issue Discount Warrant in the hands of any owner who has purchased such Original Issue Discount Warrant in the initial public offering of the Series 2026 Warrants. Such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Warrant equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Warrant continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of any such Original Issue Discount Warrant prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Warrant in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Warrant was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Warrant is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Series 2026 Warrants and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such Original Issue Discount Warrant for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other taxable disposition thereof. The amount (if any) to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods (if any) multiplied by the yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Warrants.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Warrants which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Warrants should consult their own tax advisors with respect to the determination for federal, state and

local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Warrants and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Discount Warrants.

### **[Original Issue Premium**

The initial public offering price to be paid for certain of the Series 2026 Warrants (the “**Original Issue Premium Warrants**”) is greater than the principal amount thereof. Under existing law, any owner who has purchased an Original Issue Premium Warrant in the initial public offering of the Series 2026 Warrants is required to reduce his basis in such Original Issue Premium Warrant by the amount of premium allocable to periods during which he holds such Original Issue Premium Warrant, and the amount of premium allocable to each accrual period will be applied to reduce the amount of interest received by the owner during each such period. All owners of Original Issue Premium Warrants should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Premium Warrant and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Premium Warrant.]

### **Bank Qualification**

The City has designated the Series 2026 Warrants as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. In the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution’s interest expense allocable to interest on the Series 2026 Warrants.

## **UNDERWRITING**

The Series 2026 Warrants will be purchased by Raymond James & Associates, Inc. (the “**Underwriter**”) at a purchase price of \$ \_\_\_\_\_, which reflects an underwriter’s discount of \$ \_\_\_\_\_ and original issue discount/premium of \$ \_\_\_\_\_. The initial public offering prices set forth on the cover page may be changed by the Underwriter, and the Underwriter may offer and sell the Series 2026 Warrants to certain dealers (including dealers depositing the Series 2026 Warrants into investment trusts) and others at prices lower than the offering price set forth on the cover page. The Underwriter will purchase all the Series 2026 Warrants, if any are purchased. The Underwriter is obligated to purchase and pay for all the Series 2026 Warrants in cash.

## **RATINGS**

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“**S&P**”) is expected to assign a rating to the Series 2026 Warrants of “AA” (Stable Outlook), with the understanding that, upon delivery of the Series 2026 Warrants a municipal bond insurance policy guaranteeing the timely payment of the principal of and the interest on the Series 2026 Warrants will be issued by Assured Guaranty Inc. S&P has assigned an underlying rating to the Series 2026 Warrants of “A+”. Any definitive explanation of the significance of any such ratings may be obtained only from S&P. There is no assurance that any such rating will remain in effect for any given period of time or that any such rating will not be lowered or withdrawn entirely if, in the judgment of S&P, circumstances should warrant such action. Any such downward revision or withdrawal of any rating assigned to the Series 2026 Warrants could have an adverse effect on their market price.

**LEGAL MATTERS**

The legality and validity of the Series 2026 Warrants will be approved by Hand Arendall Harrison Sale LLC, of Mobile, Alabama, Bond Counsel, whose approving opinion will be delivered at the time of the delivery of the Series 2026 Warrants. It is anticipated that the opinion of Bond Counsel will be in substantially the forms attached hereto as APPENDIX A. Certain matters will be approved upon for the City by its counsel, Stone Crosby, P.C., Bay Minette, Alabama.

**INFORMATION IN THE APPENDICES**

The financial statements of the City attached hereto as APPENDIX B have been examined by Kubina, Hayles & Ray, P.C., Certified Public Accountants, Bay Minette, Alabama, independent auditors, to the extent and for the periods indicated in their report which appears in such Appendix. Such financial statements have been included in reliance upon such report.

**MISCELLANEOUS**

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

References herein to the Alabama Constitution and all legislative acts referred to herein are intended to be only brief outlines of certain provisions of each thereof and do not purport to summarize or describe all provisions thereof.

The distribution of this Official Statement and its use in the offering and sale of the Series 2026 Warrants have been approved by the governing body of the City.

CITY OF BAY MINETTE, ALABAMA

By: \_\_\_\_\_  
Mayor

Dated \_\_\_\_\_

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APPENDIX A

[FORM OF LEGAL OPINION]

City of Bay Minette, Alabama  
Bay Minette, Alabama

Re: \$ \_\_\_\_\_ City of Bay Minette, Alabama General Obligation Warrants, Series 2026

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance of the warrant issue in caption (the “Series 2026 Warrants”) and as such have examined certified copies of proceedings of the governing body of the City of Bay Minette, Alabama (the “City”) in connection therewith, including the ordinance of such governing body, adopted \_\_\_\_\_, 2026 (the “Authorizing Ordinance”) and other documents submitted to us pertaining to the authorization, sale and issuance of the Series 2026 Warrants. As to questions of fact material to our opinion, we have relied upon certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2026 Warrants (except to the extent stated in the Official Statement) and we express no opinion relating thereto other than the matters set forth as our opinion in the Official Statement.

Based upon the aforesaid examinations, we are of the opinion that:

1. The Series 2026 Warrants have been duly authorized and issued and constitute valid orders on the City Treasurer of the City for the payment thereof as therein provided, and that the indebtedness ordered paid by the Series 2026 Warrants is a valid general obligation of the City for the payment of the principal of and interest on which the full faith and credit of the City have been validly and irrevocably pledged.

2. The interest income on the Series 2026 Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Internal Revenue Code of 1986 (the “Code”), as presently construed and administered. In addition, the interest income on the Series 2026 Warrants will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under Section 55 of the Code; provided, that the interest received by the Owners of the Series 2026 Warrants may be included in the “adjusted financial statement income” of certain “applicable corporations” that are subject to the 15-percent alternative minimum tax under Section 55 of the Code. The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026 Warrants in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement, but failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2026 Warrants in gross income for federal income tax purposes to be retroactive to the date of the issuance of the Series 2026 Warrants. We express no opinion regarding other federal tax consequences arising with respect to the Series 2026 Warrants.

3. Under existing law, the interest income on the Series 2026 Warrants is exempt from State of Alabama income taxation.

Pursuant to the Authorizing Ordinance, the City has designated the Series 2026 Warrants as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code.

The rights of the holders of the Series 2026 Warrants and the enforceability of the Series 2026 Warrants and the Authorizing Ordinance are subject to all applicable bankruptcy, insolvency, reorganization, sovereign immunity, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

HAND ARENDALL HARRISON SALE LLC

By: \_\_\_\_\_

APPENDIX B  
FINANCIAL STATEMENTS OF  
THE CITY OF BAY MINETTE

**CITY OF BAY MINETTE, ALABAMA**  
**AUDITED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Audited Financial Statements  
City of Bay Minette, Alabama  
September 30, 2025**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**CITY OF BAY MINETTE, ALABAMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED**  
**September 30, 2025**

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Our discussion and analysis of the City of Bay Minette's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the City's financial statements, which begin on page 11.

### **Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the current fiscal year by \$34,395,655.
- At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,151,586.
- The General Fund closed with a fund balance of \$3,999,497; an increase of \$14,530 since the beginning of the year.
- The City's Statement of Activities reflects the net position increased by \$2,542,990.

### **Using this Report**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) governmental fund statements, 3) notes to financial statements, and 4) supplementary information.

The Statement of Net Position and the Statement of Activities, (pages 11 and 12) provide information about the activities of the City as a whole and present a cumulative view of the City's finances.

Governmental fund statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Governmental fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements start on page 19.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability, employer contributions, general fund budget, and federal awards. This supplementary information begins on page 46.

### **Reporting the City as a Whole**

#### *The Statement of Net Position and the Statement of Activities*

One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the economic resources measurement focus and reflect an accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's changes in net position and ending net position. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

**CITY OF BAY MINETTE, ALABAMA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS - UNAUDITED**  
**September 30, 2025**

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*Fund Financial Statements*

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State Law and by bond covenants. However, the City Council established other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. Major funds are separately reported while all others are combined into a single, aggregated presentation.

- *Governmental funds* – The City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the current financial resource method and the modified accrual basis of accounting. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Government fund information helps you determine whether there are more or fewer resources that can be spent in the near future to finance the City’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a separate reconciliation following each fund financial statement.

**Financial Analysis**

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole.

The City’s net position at fiscal year-end is \$34,395,655. This is an increase of \$2,542,990 from last year’s restated net position of \$31,852,665. See page 26 for restatement disclosure. The following table provides a summary of the City’s net position:

<b>City of Bay Minette, AL</b>			
<b>Summary of Net Position</b>			
<b>September 30,</b>			
	Governmental Activities		Amount Change
	2025	2024	
Current assets	\$ 10,444,243	\$ 6,699,934	\$ 3,744,309
Capital assets	49,729,760	46,018,061	3,711,699
Deferred Outflows	1,501,559	1,907,488	(405,929)
Total assets and deferred outflows	\$ 61,675,562	\$ 54,625,483	\$ 7,050,079
Current liabilities	\$ 3,011,836	\$ 1,839,379	\$ 1,172,457
Noncurrent liabilities	22,931,269	20,275,856	2,655,413
Deferred Inflows	1,336,802	657,583	679,219
Total liabilities and deferred inflows	\$ 27,279,907	\$ 22,772,818	\$ 4,507,089
<b>Net position:</b>			
Net Investment in Capital Assets	\$ 28,318,752	\$ 28,540,880	\$ (222,128)
Restricted	1,391,607	1,171,071	220,536
Unrestricted	4,685,296	2,140,714	2,544,582
Total net position - as restated	\$ 34,395,655	\$ 31,852,665	\$ 2,542,990
Total liabilities and net position	\$ 61,675,562	\$ 54,625,483	\$ 7,050,079

**CITY OF BAY MINETTE, ALABAMA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED**  
**September 30, 2025**

The largest portion of the City’s net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, equipment, etc.) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City’s net position represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position may be used to meet the City’s on-going obligations to citizens and creditors.

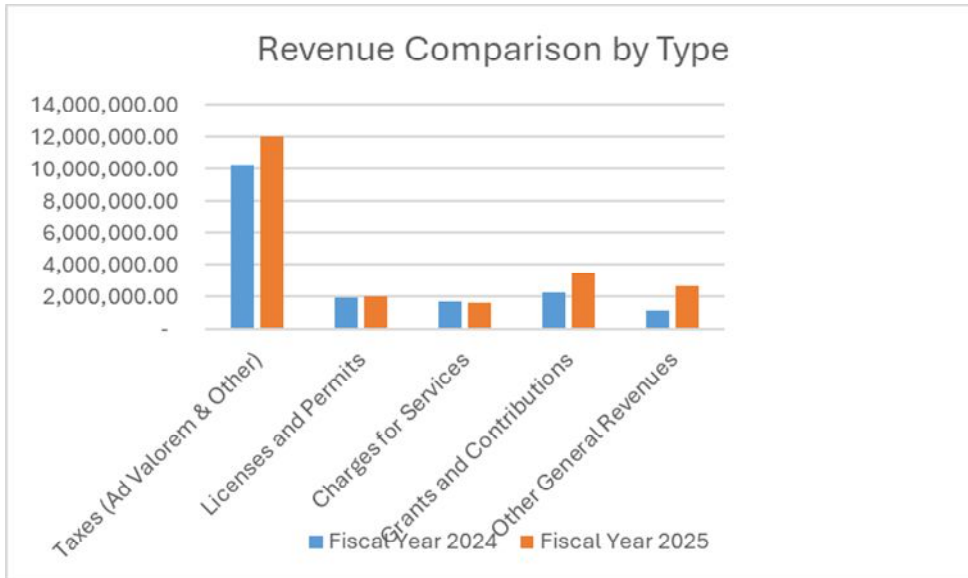
For fiscal year ended September 30, 2025, the City completed participating in a CDBG Pass through Grant for North Baldwin Utilities which enables them to increase their needed infrastructure to support the Novelis Project. There is an offsetting revenue included in the Grants and Contributions revenue line item. The City also established the City of Bay Minette Redevelopment Authority and subsequently approved the creation of Cooperative Districts to facilitate economic development within the Redevelopment Authority’s approved “development area”.

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the City’s changes in net position as presented in the Statement of Activities:

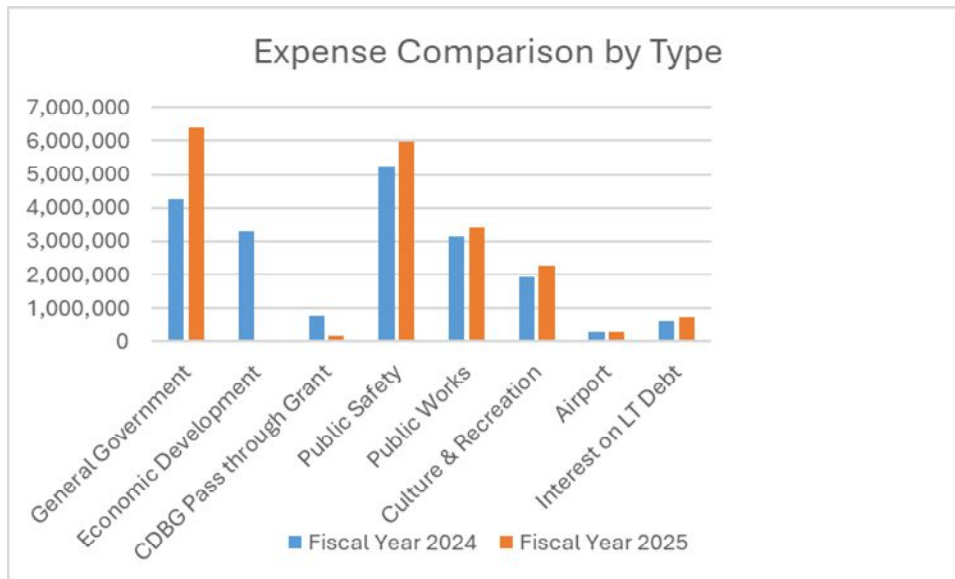
	<b>City of Bay Minette, AL</b>		<b>Amount Change</b>
	<b>Statement of Activities</b>		
	<b>Governmental Activities</b>		
	<u>2025</u>	<u>2024</u>	
Program Revenues:			
Charges for services	\$ 1,626,351	\$ 1,733,372	\$ (107,021)
Grants and Contributions	3,451,241	2,257,926	1,193,315
General Revenues:			
Taxes	12,023,088	10,292,080	1,731,008
Licenses and permits	2,020,459	1,931,592	88,867
Fines and forfeitures	732,135	571,002	161,133
Investment income	18,531	80,576	(62,045)
Rent income	195,323	176,130	19,193
Miscellaneous	327,760	313,803	13,957
Proceeds from Sale of Property	1,300,000	-	1,300,000
Donations	100,930	26,897	74,033
Total revenues	<u>\$ 21,795,818</u>	<u>\$ 17,383,378</u>	<u>\$ 4,412,440</u>
Program Expenses:			
General government	\$ 6,401,583	\$ 4,255,175	\$ 2,146,408
CDBG Passthrough Grant	156,320	772,788	(616,468)
Economic development	-	3,300,000	(3,300,000)
Public safety	5,968,745	5,243,031	725,714
Public works	3,424,817	3,131,245	293,572
Culture and recreation	2,261,935	1,905,468	356,467
Airport	283,740	283,432	308
Interest on long-term debt	755,688	636,554	119,134
Total expenses	<u>\$ 19,252,828</u>	<u>\$ 19,527,693</u>	<u>\$ (274,865)</u>
Change in net position	\$ 2,542,990	\$ (2,144,315)	\$ 4,687,305
Net position, beginning	\$ 31,852,665	\$ 34,120,095	\$ (2,267,430)
Change in Accounting Principle	\$ -	\$ (123,115)	\$ 123,115
Net position, ending	<u>\$ 34,395,655</u>	<u>\$ 31,852,665</u>	<u>\$ 2,542,990</u>

**CITY OF BAY MINETTE, ALABAMA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS - UNAUDITED**  
**September 30, 2025**

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City’s activities for fiscal year 2025 as compared to fiscal year 2024.



As graphically portrayed above, the City is heavily reliant on taxes to support governmental operations. Taxes provided 55% of the City’s total governmental revenues in fiscal year 2025 and 59% in 2024.



Governmental activity expenses varied from the prior year due to Economic Development costs in 2024. Of the \$19,252,828 of governmental expenditures, Public Safety made up 31% for 2025 and 27% for 2024.

**CITY OF BAY MINETTE, ALABAMA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS - UNAUDITED**  
**September 30, 2025**

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**General Fund Budgetary Highlights**

The general fund budget for fiscal year 2025 was approximately \$14,521,150. This was a decrease of approximately \$93,000 from the prior year budget.

**Capital Assets and Debt Administration**

*Capital Assets*

As of September 30, 2025, the City’s investment in capital assets, net of accumulated depreciation for governmental activities was \$49,554,886. See Note 3 for additional information about changes in capital assets during the fiscal year.

*Long-term Debt*

As of September 30, 2025, the City had \$24,272,719 of long-term debt outstanding, including bonds payable, notes payable, compensated absences and net pension liability. See Note 6 for additional information about changes in long-term debt during the fiscal year.

**Contacting the City’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need any additional information, please contact the City Administrator/Finance Director at 301 D’Olive Street, Bay Minette, Alabama 36507.

**AUDITED FINANCIAL STATEMENTS**

# KUBINA, HAYLES & RAY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 970 · 2100 HAND AVENUE

BAY MINETTE, ALABAMA 36507

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members  
Of the City Council of the  
City of Bay Minette, Alabama

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bay Minette, Alabama, (the City) as of and for the year ended, September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements 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 City as of September 30, 2025, and the respective changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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. 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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



America Counts on CPAs

### ***Change in Accounting Principle***

As described on page 26 of the notes to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement 101, Compensated Absences. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 City's ability to continue as a going concern for twelve months beyond the financial statement date, including any 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City'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, the schedule of changes in the net pension liability, the schedule of employer pension plan contributions, and the budgetary comparison information on page 50 be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying other supplementary information as listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 15, 2025 on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

*Kubina, Hayles & Ray, P.C.*

KUBINA, HAYLES & RAY, P.C.  
Bay Minette, Alabama  
October 15, 2025

**City of Bay Minette, Alabama**  
**Statement of Net Position**  
**September 30, 2025**

**ASSETS**

Cash and Cash Equivalents	\$	4,739,389
Cash and Cash Equivalents, Restricted		1,391,607
Investments		1,745,961
Receivables, Net		2,567,286
Other Assets:		
Right of Use Assets, Net		105,110
Land		7,316,336
Depreciable Capital Assets, Net		38,331,227
Construction in Progress		3,907,323
Prepaid and Other		69,764
		60,174,003
Total Assets	\$	60,174,003

**Deferred Outflows of Resources** 1,501,559

**Total Assets and Deferred Outflows of Resources** \$ 61,675,562

**LIABILITIES**

Accounts Payable and Accrued Liabilities	\$	1,565,276
Noncurrent Liabilities:		
Due Within One Year:		
Short-Term Warrants Payable		727,381
Current Maturities of Bonds and Warrants Payable		410,144
Notes Payable and Capital Financing		266,558
Right of Use Liability		42,477
Due In More Than One Year:		
Bonds and Warrants Payable		17,917,142
Notes Payable and Capital Financing		2,642,290
Right of Use Liability		62,633
Compensated Absences		386,376
Net Pension Liability		1,922,828
		25,943,105
Total Liabilities	\$	25,943,105

**Deferred Inflows of Resources** 1,336,802

**NET POSITION**

Net Investment in Capital Assets	\$	28,318,752
Restricted - for Capital Improvements		967,717
Restricted - for Debt Service		269,002
Restricted - Other		154,888
Unrestricted		4,685,296
		34,395,655
<b>Total Net Position</b>	<b>\$</b>	<b>34,395,655</b>

**Total Liabilities, Deferred Inflows of Resources and Net Position** \$ 61,675,562

**City of Bay Minette, Alabama**  
**Statement of Activities**  
**For the Year Ended September 30, 2025**

	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ (6,401,583)	\$ 238,062	\$ 56,417	\$ 1,579,912	\$ (4,527,192)
CDBG Passthrough Grant	(156,320)	-	-	156,320	-
Public Safety	(5,968,745)	412,185	221,614	-	(5,334,946)
Public Works	(3,424,817)	3,900	-	-	(3,420,917)
Culture and Recreation	(2,261,935)	951,257	-	-	(1,310,678)
Airport	(283,740)	20,947	-	1,436,978	1,174,185
Interest on Long-Term Debt	(755,688)	-	-	-	(755,688)
	<u>\$ (19,252,828)</u>	<u>\$ 1,626,351</u>	<u>\$ 278,031</u>	<u>\$ 3,173,210</u>	<u>\$ (14,175,236)</u>
General Revenues:					
Taxes					\$ 12,023,088
Licenses and Permits					2,020,459
Fines and Forfeitures					732,135
Investment Income					18,531
Rent Income					195,323
Donations					100,930
Proceeds from Sale of Property					1,300,000
Miscellaneous					<u>327,760</u>
Total General Revenues					<u>\$ 16,718,226</u>
Change in Net Position					\$ 2,542,990
Net Position					
Beginning, As Restated, See Page 26					<u>31,852,665</u>
Net Position, Ending					<u>\$ 34,395,655</u>

**City of Bay Minette, Alabama**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2025**

	General Fund	Capital Projects Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,464,569	\$ 377,848
Cash and Cash Equivalents - Restricted	269,002	-
Cash and Cash Equivalents - Committed	1,303,804	-
Cash and Cash Equivalents - Assigned	-	114,616
Investments	-	-
Receivables, Net	832,044	1,357,636
<b>Total Assets</b>	<b>\$ 4,869,419</b>	<b>\$ 1,850,100</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 142,541	\$ 920,928
Short-Term Debt	727,381	-
<b>Total Liabilities</b>	<b>\$ 869,922</b>	<b>\$ 920,928</b>
<b>FUND BALANCE</b>		
Nonspendable	\$ -	\$ -
Restricted	269,002	
Committed	1,303,804	-
Assigned	-	114,616
Unassigned	2,426,691	814,556
<b>TOTAL FUND BALANCE</b>	<b>\$ 3,999,497</b>	<b>\$ 929,172</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,869,419</b>	<b>\$ 1,850,100</b>

Special Revenue Fund 03	Airport Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 49,678	\$ 302,634	\$ 3,194,729
967,717	-	154,888	1,391,607
-	-	92,212	1,396,016
-	-	34,028	148,644
-	-	1,745,961	1,745,961
-	377,606	-	2,567,286
<u>\$ 967,717</u>	<u>\$ 427,284</u>	<u>\$ 2,329,723</u>	<u>\$ 10,444,243</u>
\$ 8,574	\$ 397,481	\$ 95,752	\$ 1,565,276
-	-	-	727,381
<u>\$ 8,574</u>	<u>\$ 397,481</u>	<u>\$ 95,752</u>	<u>\$ 2,292,657</u>
\$ -	\$ -	\$ -	\$ -
959,143	-	154,888	1,383,033
-	-	92,212	1,396,016
-	-	34,028	148,644
-	29,803	1,952,843	5,223,893
<u>\$ 959,143</u>	<u>\$ 29,803</u>	<u>\$ 2,233,971</u>	<u>\$ 8,151,586</u>
<u>\$ 967,717</u>	<u>\$ 427,284</u>	<u>\$ 2,329,723</u>	<u>\$ 10,444,243</u>

**City of Bay Minette, Alabama**  
**Reconciliation of the Governmental Fund Balances**  
**to the Net Position of Governmental Activities**  
**September 30, 2025**

**Fund Balances of Governmental Funds as reported on page 14** **\$ 8,151,586**

Amounts Presented for Governmental Activities in the  
Statement of Net Position are different because:

Capital Assets reported in the Statement of  
Net Position are not financial resources:

Governmental Capital Assets	\$ 75,474,292	
Less Accumulated Depreciation	<u>(25,919,406)</u>	49,554,886
Lease Right of Use Assets		105,110

Long-term liabilities are reported in the Statement of  
Net Position but they are not due and payable from financial  
resources in the current period and therefore are not  
reported as liabilities of fund balances:

Bond and Warrants Payable - Long-term		(18,327,286)
Notes Payable - Long-Term		(2,908,848)
Lease Liabilites - Long-term		(105,110)
Liability for Compensated Absences		(386,376)
Unamortized Bond Insurance		69,764
Pension Related Amounts:		
Net Pension Liability		(1,922,828)
Deferred Outflows of Resources		1,501,559
Deferred Inflows of Resources		<u>(1,336,802)</u>

**Net Position of Governmental Activities as reported on page 11** **\$ 34,395,655**

**City of Bay Minette, Alabama**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2025**

	General Fund	Capital Projects Fund
<b>Revenues:</b>		
Taxes	\$ 11,333,106	\$ -
Licenses and Permits	2,020,459	-
Fines and Forfeitures	731,290	-
Investment Income	17,048	1,188
Rent Income	34,548	-
Donations	6,922	1,345,590
Federal, State and Local Grants	26,089	677,934
Proceeds from Sale of Property	-	1,300,000
Services and Miscellaneous	646,946	224,696
<b>Total Revenues</b>	<b>\$ 14,816,408</b>	<b>\$ 3,549,408</b>
<b>Expenditures:</b>		
Current:		
General Government	\$ 3,858,074	\$ 144,711
CDBG Passthrough Grant	-	156,320
Public Safety	4,999,862	295,003
Public Works	3,079,655	105,720
Culture and Recreation	1,396,619	-
Airport	-	-
Capital Expenditures	43,689	3,641,400
Debt Service:		
Principal	130,000	403,502
Interest on Long-Term Debt	262,530	460,237
<b>Total Expenditures</b>	<b>\$ 13,770,429</b>	<b>\$ 5,206,893</b>
Excess (Deficiency) of Revenues over Expenditures	<b>\$ 1,045,979</b>	<b>\$ (1,657,485)</b>
<b>Other Financing Sources and (Uses)</b>		
Transfers In	\$ 942,864	\$ 1,886,073
Transfers Out	(1,974,313)	(501,248)
Issuance of Bonds/Warrants	-	943,787
<b>Total Other Financing Sources and (Uses)</b>	<b>(1,031,449)</b>	<b>2,328,612</b>
Net Change in Fund Balances	\$ 14,530	\$ 671,127
Fund Balances		
Beginning	3,984,967	258,045
Ending	<b>\$ 3,999,497</b>	<b>\$ 929,172</b>

Special Revenue Fund 03	Airport Fund	Other Governmental Funds	Total Governmental Funds
\$ 689,982	\$ -	\$ -	\$ 12,023,088
-	-	-	2,020,459
-	-	845	732,135
295	-	-	18,531
-	112,027	48,748	195,323
-	-	28,330	1,380,842
-	1,436,978	30,328	2,171,329
-	-	-	1,300,000
-	20,947	1,061,522	1,954,111
<u>\$ 690,277</u>	<u>\$ 1,569,952</u>	<u>\$ 1,169,773</u>	<u>\$ 21,795,818</u>
\$ 28,890	\$ -	\$ 5,739	\$ 4,037,414
-	-	-	156,320
-	-	46,274	5,341,139
11,153	-	-	3,196,528
2,634	-	752,956	2,152,209
-	36,064	-	36,064
1,919,643	1,540,387	130,937	7,276,056
45,667	-	-	579,169
32,921	-	-	755,688
<u>\$ 2,040,908</u>	<u>\$ 1,576,451</u>	<u>\$ 935,906</u>	<u>\$ 23,530,587</u>
\$ (1,350,631)	\$ (6,499)	\$ 233,867	\$ (1,734,769)
\$ 1,814	\$ -	\$ 76,060	\$ 2,906,811
(130,000)	-	(301,250)	(2,906,811)
1,784,364	-	1,745,961	4,474,112
<u>1,656,178</u>	<u>-</u>	<u>1,520,771</u>	<u>4,474,112</u>
\$ 305,547	\$ (6,499)	\$ 1,754,638	\$ 2,739,343
<u>653,596</u>	<u>36,302</u>	<u>479,333</u>	<u>5,412,243</u>
<u>\$ 959,143</u>	<u>\$ 29,803</u>	<u>\$ 2,233,971</u>	<u>\$ 8,151,586</u>

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

**Net Change in Fund Balances - Total Governmental Funds, page 17**                    \$     2,739,343

Governmental Funds report capital investments as an expenditure, while the Statement of Activities reports depreciation expense on capital assets:

Expenditures for capital assets, including construction in progress	\$    7,276,056	
Basis difference on disposal of capital assets	(1,684,499)	
Less current year depreciation	<u>(1,918,742)</u>	3,672,815

The issuance of long-term debt (e.g. Warrants, Leases, Notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Other non-current liabilities also do not consume current financial resources.

Debt Obligations Issued	(4,474,112)
Principal Repayments	579,169
Compensated Absences	(57,711)
Unamortized Bond Insurance	(2,735)
Other	
Pension Related Amounts:	
Net Pension Liability	1,294,484
Deferred Outflows of Resources	(405,929)
Deferred Inflows of Resources	<u>(802,334)</u>

**Change in Net Position of Governmental Activities, page 12**                    \$     2,542,990

**CITY OF BAY MINETTE, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Bay Minette, Alabama (the City) operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), street and drainage, sanitation, culture and recreation, public improvements, and general administrative services. The accounting policies of the City of Bay Minette, Alabama conform to accounting principles generally accepted in the United States of America. The following is a summary of significant policies.

**The Reporting Entity**

The City's basic financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (GASB).

As required by accounting principles generally accepted in the United States of America, the financial statements of the City include the accounts of all City operations. The City includes, as necessary, component units as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards. Criteria for including a component unit include: the organization is legally separate (can sue and be sued in their own name); whether the City holds the corporate powers of the organization; whether the City appoints a voting majority of the organization's board; whether the City is able to impose its will on the organization; whether the organization has the potential to impose a financial benefit/burden on the City and whether there is fiscal dependency by the organization on the City.

**Blended Component Unit**

The Bay Minette Municipal Airport Authority, Inc. is governed by a board appointed by the City's Mayor and elected council. The Authority holds title to certain parcels of land at, and adjacent to, the City airport. Financial management of the Airport is performed by the City's employees.

**Related Organizations**

The City is responsible for appointing a majority of the members of the boards of North Baldwin Utilities, the Housing Authority of the City of Bay Minette, the Industrial Development Authority of the City of Bay Minette, and the City of Bay Minette Redevelopment Authority; the City's accountability for these organizations does not extend beyond making appointments.

The City also coordinates certain economic development projects with the Cooperative District of Bay Minette - North Hoyle Project, the Cooperative District of Bay Minette - Hotel Project, and the Cooperative District of Bay Minette - McMeans Avenue I. The City's accountability for these organizations does not extend beyond making the appointment of one board member to each district's board. See Note 10 for a discussion of these projects.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Basis of Presentation - Government-wide and Fund Level**

**Government-wide**

The basic financial statements include government-wide and fund financial statements. The reporting model focuses on the City as a whole and on major funds. Government-wide and fund financial statements categorize primary activities as governmental or business-type.

In the Statement of Net Position, governmental and business-type activities (a) are presented using the economic resources measurement focus, and (b) reflect accrual accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. As a general rule, eliminations have been made to minimize the double-counting of internal activities. The Statement of Activities reflects both the gross and net cost per functional category (public works, police, fire, etc.) which are otherwise being supported by general government revenues (taxes, licenses and permits, etc.). The Statement of Activities reduces gross expenses, including depreciation, by related program revenues. The program revenues must be directly associated with a function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

**Fund Level**

The governmental fund level financial statements are presented using the current financial resource method and the modified accrual basis of accounting. Since governmental fund level financial statements are presented on a different basis of accounting and measurement focus than governmental activities in the government-wide presentation, a summary is presented to explain adjustments necessary to reconcile fund level statements to the government-wide presentation. The accounts of the City are organized on the basis of funds which are each considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues result from nonexchange transactions or ancillary activities. The various funds are grouped into broad fund categories as follows:

**The General Fund** accounts for all revenues and expenditures of the City except those which must be accounted for by other funds, and it is the largest accounting activity of the City. These resources together with inter-fund revenues finance all of the current operations of the general governmental units which basically benefit all of the taxpayers or citizenry as a whole. In addition, it underwrites any deficits in other funds.

**Special Revenue Funds** are used to account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute or local ordinance resolutions to finance particular activities or functions.

**Debt Service Funds** of the City are used to account for the payment of interest on, and principal of, most long-term debt not being financed by Proprietary Funds. They also provide the bond holders assurance that the provisions of the indentures relating to sinking fund requirements for principal and interest are met and that the security for the debt is protected. The City does not report any Debt Service Funds for the year ended September 30, 2025.

**Capital Projects Funds** are used to account for financial resources segregated for the acquisition of major capital facilities. A separate capital projects fund is used to account for the expenditures of the proceeds for each bond issue or grant when the fund is used for capital projects. The requirement of one fund for each source of revenue is necessitated by the fact that the accounting for particular revenue must show that the proceeds were spent only on the projects and for the purposes authorized, and that any unused proceeds are properly handled and accounted for in accordance with applicable legal, budgetary, and policy provisions.

**The Airport Fund** accounts for revenues, expenses, and grants which benefit the City through airport improvements and operations.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

The City reports the following major governmental funds:

- General Fund
- Capital Projects Fund
- Special Revenue Fund 03
- The Airport Fund

**Proprietary Funds** are used to account for operations of the City that are: (a) financed and operated in a manner similar to private business enterprise, where the interest of the governing body is that the costs of providing goods or services to the general public on a continuing basis be recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or measurement of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City does not report any Proprietary Funds for the year ended September 30, 2025.

**Capital Assets**

The accounting treatment over capital assets depends on whether the assets are used by governmental funds or proprietary funds and fund level or government-wide reporting.

In government-wide reporting, all capital assets are reported as capital assets for both governmental-type and business-type activities. The City records as capital assets those having an original cost of \$7,500 or more and over three years of useful life. Depreciation is provided on all capital assets at the government-wide level.

In fund level reporting, capital assets are reported as expenditures by governmental funds, while they remain capital assets in proprietary funds. Depreciation is not provided in governmental funds at the fund level.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at estimated fair value on the date donated.

Depreciation is allocated as an expense in the Statement of Activities (government-wide level) and accumulated depreciation is reflected in the Statement of Net Position (government-wide level).

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Depreciation has been provided over the estimated useful lives using the straight-line method as follows:

- Buildings, Structures and Improvements 20 - 50 years
- Infrastructure and Improvements 20 - 50 years
- Equipment 7 - 10 years
- Vehicles 5 - 15 years

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Governmental wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they become measurable and available. The City considers sales taxes and similar taxes collected by an intermediary at year end but not remitted until the following fiscal year to be available and therefore recognized as revenues if collected within 30 days of the year end. Revenue which is not both measurable and available includes licenses, permits and fines. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized when due.

Proprietary fund financial statements are presented on the accrual basis of accounting in accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

The City reports unearned revenue on its combined balance sheet. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

**Budgetary Control**

An annual budget is adopted for the general fund.

The City follows these procedures in establishing the budgetary data presented in the accompanying financial statements:

- Prior to September 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Two consecutive public council meetings are conducted to provide taxpayers with an opportunity to ask questions or provide comments.
- Prior to October 1, the budget is legally enacted through passage of an ordinance.
- The Mayor and/or his designee is authorized to transfer budgeted amounts between departments within funds; however, revisions that alter the total budgeted expenditures must be approved by the City Council.
- Formal budgetary integration is employed as a management control device during the year for the general fund. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgets are adopted on a basis consistent with generally accepted accounting principles. Appropriations lapse at year end.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

For the fiscal year ended September 30, 2025, total general fund revenues exceeded budgeted amounts while total general fund expenditures also exceeded budgeted amounts; see page 50 for the General Fund - Budget and Actual Comparison which reflects an excess of revenues over expenditures.

**Cash and Investments**

The City considers all highly liquid debt instruments purchased with a original maturity of three months or less to be cash equivalents. Investments in money market accounts are stated at cost which approximates fair value.

**Accounts Receivable**

Accounts receivable are recorded on the accrual basis of accounting. Accounts receivable from taxes and fees were \$832,044 at September 30, 2025. Accounts receivable from grants and reimbursements were \$1,735,242 at September 30, 2025, including \$1,300,000 due from the sale of property at McMeans Avenue to the Cooperative District of Bay Minette - McMeans Avenue I. Management is of the opinion that all accounts receivable are collectible.

**Unearned Revenue**

In the government-wide and fund level financial statements, unearned revenue represents amounts received which have not been earned, such as unexpended grants or governmental funding received in advance. At September 30, 2025, the City of Bay Minette had no unearned revenue to report.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Ad Valorem Taxes**

Ad Valorem taxes are levied on the assessed property valuations as of October 1 each year. They are due on October 1, but are not considered delinquent until December 31, after which delinquent penalties are levied.

**Inventories**

Inventories (when held) are valued at cost which approximates market, using the first-in, first-out (FIFO) method.

**Insurance**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which it carries commercial insurance. There were no instances of settlements that exceeded insurance coverage in the last three fiscal years.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Compensated Absences - As restated**

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave. Accrued vacation is payable upon separation from service and a liability is accrued in the government wide Statement of Net Position; sick leave is not, however, available to be paid to employees upon separation from service, and in accordance with GASB Statement 101, Compensated Absences only the amount of accumulated sick leave that has been earned and is anticipated to be used or settled through cash and noncash means is accrued. The amount of liability accrued for compensated absences is \$386,376 at September 30, 2025.

In governmental funds, the cost of both vacation and sick leave is recognized when payments are made to employees. There was no current liability recorded in the governmental fund types under the modified accrual basis because expenditures are expected to be made from future revenues rather than from expendable available resources.

**Change in Accounting Principle and Restatement of Net Position**

During the year ending September 30, 2025, the City adopted new accounting guidance by implementing provisions of GASB Statement number 101. GASB Statement No. 101, Compensated Absences, prescribed a new approach to the recognition and measurement for compensated absences. Whereas the City previously recorded accumulated sick leave liability to the extent that the City believed would be paid upon employee severance, the new guidance requires accumulated sick leave liability to also include leave that is earned and anticipated to be used or settled through cash and noncash means. The paragraph above reflects the liability for the City's compensated absences. The adoption and restatement resulted in a decrease of beginning net position of \$123,115.

**Pensions**

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

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Net Position and Equity Classifications**

Government-wide Financial Statements:

The City adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, that superseded GASB Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Government.

Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt or deferred inflows of resources attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of the related debt. Rather, that portion of the debt or deferred inflows of resources is included in the same net position as the unspent proceeds.

- Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted net position - The net amount of the 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 component of net position.

**Fund Financial Statements**

The fund equity of the governmental fund financial statements is classified as fund balance. In March 2009, GASB adopted a standard that establishes a hierarchy based on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Fund balance is classified into one of the following five categories:

- Nonspendable fund balance - Consists of amounts that are not in a spendable form or are required to be maintained intact.
- Restricted fund balance - Consists of fund balances with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) the City's own laws through its enabling legislation and other provisions of its laws and regulations.
- Committed fund balance - Consists of fund balances that are useable only for specific purposes by formal action of the government's highest level of decision making authority. The City's highest level of decision making lies with the Mayor of the City and the City Council. In order to establish, modify or rescind a fund balance commitment, the Mayor and City Council must pass a law or ordinance by formal action committing the funds.
- Assigned fund balance - Consists of fund balances that are intended to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (1) the governing body itself, or (2) a subordinate high-level body or official which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Mayor and the City Council have the power to assign fund balance amounts to specific purposes. The governing body must vote to grant authorization of assigned fund balances to specific purposes.
- Unassigned fund balance - All other fund balances that do not meet the definition of "nonspendable, restricted, committed, or assigned fund balances."

The City considers restricted fund balances to have been spent when both restricted and unrestricted fund balances are available. Also, the City considers assigned and committed fund balances to have been spent when unassigned or unrestricted amounts are available.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Capital Grant Proceeds in Governmental Funds**

The City received/accrued proceeds from various grants during the fiscal year 2025. These and other capital grants and donations are recorded as capital grants and donations on the Statement of Revenues, Expenses and Changes in Fund Net Balance.

**Reclassifications**

Certain reclassifications have been made to the 2024 financial statement presentation to correspond to the current year's format. Total equity and net income remain unchanged due to these reclassifications.

**Subsequent Events**

The City of Bay Minette, Alabama has evaluated subsequent events through October 15, 2025, the date which the financial statements were available to be issued.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

At September 30, 2025, the City had an investment in Federated Hermes U.S. Treasury Cash Reserves Fund #125 (CUSIP # 60934N682) through its trustee agreement for debt sinking funds. The fair value of the investment was \$269,002. The average maturity of the portfolio was 41 days.

**Investment Risk**

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

State statutes authorize the City's investments. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, direct obligations of the state, and SEC registered mutual funds holding like maturities. The City has no investment policy that further limits investment choices.

**Custodial Credit Risk**

The City is a participant in the Security for Alabama Funds Enhancement (SAFE) Program, a multiple financial institution collateral pool, administered by the State of Alabama. The program, by law, provides administration of pledge collateral coverage for all governments and agencies in the State and requires qualified financial institutions to provide collateral to the administrator adequate to secure all deposits of public funds in that financial institution.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 2 - DEPOSITS AND INVESTMENTS, CONTINUED**

The State guarantees deposits identified as “public funds” will be adequately secured by insurance or collateral. Any collateral shortages of one financial institution are assessed to other member financial institutions.

To assist with economic development, the City has provided financing to the Cooperative District of Bay Minette – North Hoyle Project by purchasing the District’s Limited Obligation Revenue Bond 2024 in the amount of \$1,745,961 at September 30, 2025. The purchase of the bond is reflected as an investment on the City’s Statement of Net Position at September 30, 2025.

**NOTE 3 - CAPITAL ASSETS**

Changes in capital assets during the fiscal year were as follows:

	<u>Balance</u> <u>10/01/24</u>	<u>Additions</u>	<u>Reclass/ Retirements</u>	<u>Balance</u> <u>09/30/25</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 6,586,261	\$ 1,309,228	\$ 579,153	\$ 7,316,336
Construction in Progress	<u>356,914</u>	<u>3,907,323</u>	<u>356,914</u>	<u>3,907,323</u>
Capital assets not being depreciated	\$ 6,943,175	\$ 5,216,551	\$ 936,067	\$ 11,223,659
Capital assets being depreciated				
Buildings and Structures	\$ 32,393,141	\$ 952,717	\$ 1,667,808	\$ 31,678,050
Infrastructure (Streets, Roads, Drainage Systems)	17,438,188	179,113	85,749	17,531,552
Vehicles and equipment	<u>14,069,001</u>	<u>1,284,589</u>	<u>312,559</u>	<u>15,041,031</u>
Capital assets being depreciated	<u>\$ 63,900,330</u>	<u>\$ 2,416,419</u>	<u>\$ 2,066,116</u>	<u>\$ 64,250,633</u>
<b>Total Capital Assets</b>	<b>\$ 70,843,505</b>	<b>\$ 7,632,970</b>	<b>\$ 3,002,183</b>	<b>\$ 75,474,292</b>
Less accumulated depreciation for:				
Buildings and Structures	\$ 8,354,923	\$ 731,464	\$ 660,546	\$ 8,425,841
Infrastructure	6,086,031	372,513	34,854	6,423,690
Vehicles and equipment	<u>10,520,479</u>	<u>814,765</u>	<u>265,369</u>	<u>11,069,875</u>
Total accumulated depreciation	<u>\$ 24,961,433</u>	<u>\$ 1,918,742</u>	<u>\$ 960,769</u>	<u>\$ 25,919,406</u>
<b>Total Capital assets, net</b>	<b><u>\$ 45,882,072</u></b>	<b><u>\$ 5,714,228</u></b>	<b><u>\$ 2,041,414</u></b>	<b><u>\$ 49,554,886</u></b>

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 3 - CAPITAL ASSETS, CONTINUED**

Depreciation was charged to governmental activities as follows:

General	\$ 705,442
Public Safety	627,607
Public Works	228,288
Culture and Recreation	109,727
Airport	<u>247,678</u>
Total	<u>\$ 1,918,742</u>

**NOTE 4 - RIGHT OF USE ASSETS AND LEASE LIABILITY**

The City entered into certain leases for equipment. Approximate future maximum principal and interest payments under these leases at September 30, 2025, are as follows:

	2025		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 42,477	\$ 4,289	\$ 46,766
2027	22,378	3,002	25,380
2028	23,692	1,688	25,380
2029	16,563	357	16,920
2030	-0-	-0-	-0-
Thereafter	-0-	-0-	-0-
	<u>\$ 105,110</u>	<u>\$ 9,336</u>	<u>\$ 114,446</u>
Less Current	<u>42,477</u>	<u>4,289</u>	<u>46,766</u>
Long Term	<u>\$ 62,633</u>	<u>\$ 5,047</u>	<u>\$ 67,680</u>

	2025			
	Right of Use			Right of Use
	Asset Balance	Additions	Amortization	Asset Balance
	<u>10/1/2024</u>			<u>9/30/2025</u>
Leased Equipment	\$ 63,490	\$ 83,770	\$ (42,150)	\$ 105,110
Total	<u>\$ 63,490</u>	<u>\$ 83,770</u>	<u>\$ (42,150)</u>	<u>\$ 105,110</u>

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 5 - SHORT-TERM DEBT**

Short-term debt activity for the year ended September 30, 2025 was as follows:

	2024			Balance 9/30/25
	Balance 10/01/24	Issued or Assumed	Reductions	
General Obligation Warrants	\$ 825,000	\$ -0-	\$ 97,619	\$ 727,381
Total	\$ 825,000	\$ -0-	\$ 97,619	\$ 727,381

On September 6, 2024 the City issued a Taxable General Obligation Warrant Series 2024, to provide a short term, revolving line of credit not to exceed \$5,000,000, which was renewed on September 8, 2025 and is due and payable on September 8, 2026. Interest is variable and is due monthly until maturity. The balance outstanding at September 30, 2025 was \$727,381.

**NOTE 6 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended September 30, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
General Obligation Warrants	\$ 16,791,667	\$ -0-	\$ 395,000	\$ 16,396,667	\$ 400,000
Notes Payable, Capital Financing Activities, and General Obligation Warrants from Direct Borrowings:					
General Obligation Warrants	194,328	1,745,961	9,669	1,930,620	10,144
Notes Payable	-0-	-0-	-0-	-0-	-0-
Capital Financing	355,197	2,728,151	174,500	2,908,848	266,558
	549,525	4,474,112	184,169	4,839,468	276,702
Net Pension Liability	3,217,312	-0-	1,294,484	1,922,828	-0-
Compensated Absences					
- as restated, net change	328,665	57,711	-0-	386,376	-0-
	3,545,977	57,711	1,294,484	2,309,204	-0-
Governmental Activities, long-term liabilities	20,887,169	4,531,823	1,873,653	23,545,339	676,702
Total Long-term Liabilities	\$ 20,887,169	\$ 4,531,823	\$ 1,873,653	\$ 23,545,339	\$ 676,702

Compensated absences and the Net Pension Liability, typically, have been liquidated in the general fund.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 6 - LONG-TERM LIABILITIES, CONTINUED**

General Obligation Warrants were comprised of the following at September 30, 2025:

Series 2008 General Obligation Warrants; due monthly with interest at 3.60%, maturing November 20, 2029.	\$ 446,667
Series 2018 General Obligation Economic Development Improvement Warrants payable with interest ranging from 3.00% to 4.00%, payable on February 15, and August 15, with principal due in annual installments beginning August 15, 2029 and ranging from \$80,000 to \$295,000 through August 15, 2047.	4,045,000
Series 2022 General Obligation Warrants payable with interest ranging from .50% to 3.00%, payable on January 1 and July 1, with principal due in annual installments beginning January 1, 2024, and ranging from \$160,000 to \$295,000 through January 1, 2047.	4,820,000
Series 2023A General Obligation Warrants payable with interest ranging from 3.00% to 4.125%, payable on January 1 and July 1, with principal due in annual installments beginning January 1, 2024, and ranging from \$100,000 to \$290,000 through January 1, 2053.	4,985,000
Series 2023B General Obligation Warrants payable with interest ranging from 4.10% to 4.125%, payable on January 1 and July 1, with principal due in annual installments beginning January 1, 2048, and ranging from \$315,000 to \$385,000 through January 1, 2053.	<u>2,100,000</u> <u>\$ 16,396,667</u>

CITY OF BAY MINETTE, ALABAMA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
SEPTEMBER 30, 2025

**NOTE 6 - LONG-TERM LIABILITIES, CONTINUED**

Notes Payable, Capital Financing Activities and General Obligation Warrants from Direct Borrowings were comprised of the following at September 30, 2025:

Direct Borrowings

Series 2019 General Obligation Warrants; Payable in monthly installments of \$1,560.18 with interest at 4.75%, maturing April 5, 2039.	\$ 184,658
Series 2024-B General Obligation Warrants; Payable in monthly installments with interest at 6.27%, and the remaining balance due December 15, 2029.	1,745,961
Capital financing activity payable for purchase of equipment, due in 9 annual installments of \$54,751.25, including interest at 3.07% and maturing December, 2029.	250,244
Capital financing activity payable for purchase of equipment, due in monthly installments of \$18,027.38, including interest at 5.29% and maturing April, 2030.	874,241
Capital financing activity payable for purchase of equipment, due in 9 annual installments of \$263,347.20, including interest at 4.98% and maturing October, 2034.	<u>1,784,364</u>
	<u>\$ 4,839,468</u>
Total General Obligation Bonds/Warrants, Notes Payable, and Capital Financing Activity, including Direct Borrowings	<u>\$ 21,236,135</u>

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 6 - LONG-TERM LIABILITIES, CONTINUED**

Annual debt service requirements to maturity for general obligation bonds and warrants, notes payable and capital financing activities are as follows:

Year Ending September 30,	Gen. Obligation Warrants		Direct Borrowings	
	Principal	Interest	Principal	Interest
2025	\$ 400,000	\$ 580,423	\$ 276,702	\$ 245,740
2026	410,000	573,573	376,131	251,148
2027	410,000	573,004	482,840	223,694
2028	421,667	557,095	511,246	195,288
2029	455,000	537,270	1,922,325	102,377
2030-2034	2,495,000	2,379,230	1,212,299	203,839
2035-2039	2,975,000	1,913,340	57,925	4,934
2040-2044	3,555,000	1,359,320	-	-
2045-2049	2,985,000	626,391	-	-
2050-2054	2,290,000	111,375	-	-
Thereafter	-	-	-	-
	<u>\$16,396,667</u>	<u>\$ 9,211,021</u>	<u>\$ 4,839,468</u>	<u>\$ 1,227,020</u>

The bond agreement authorizing the 2008 warrant includes a provision requiring the City to pay, upon early payoff of the warrants (if occurring), an amount equivalent to the value of a certain interest rate swap between U.S. Bank and Bank of NY Mellon. The City is not counterparty to the swap; however the City's liability related to the agreement, contingent on early payoff, is estimated to be \$9,639 at September 30, 2025. If the warrants are outstanding to normal maturity no additional amounts are owed related to the swap agreement.

**NOTE 7 - DEBT ISSUANCE COST**

Issuance expense, except any portion related to prepaid insurance costs, on long-term debt is accounted for as costs relating to the services provided in the current period and, as such, is expensed in the current period. For governmental funds, bond discounts/premiums are treated as other financing sources (uses) in the year of issue in the fund financial statements. In the government-wide financial statements and proprietary fund financial statements, bond discounts/premiums are presented as a reduction/addition to the face amount of the bonds payable.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 8 - PENSION PLAN**

**Plan Description**

The City's defined benefit pension plan provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plan is affiliated with the Employees Retirement System of Alabama (RSA), an agency multiple-employer pension plan. The State of Alabama has the authority to establish and amend the benefit provisions of the plans that participate. RSA issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

The RSA was established on October 1, 1945, under the provisions of Act 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 general administration and operation of the RSA is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through 36-27B-6.

Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the City authority to accept or reject various cost-of-living adjustments granted to retirees. RSA issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

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

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows;
  - a) Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
  - b) Two vested active state employees.
  - c) Four vested active employees of specified employer classes participating in ERS pursuant to 36-27-6.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 8 - PENSION PLAN, CONTINUED**

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *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 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 608 employers adopted Act 2019-132 as of September 30, 2022.

Act 316 of the Legislature of 2019 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 partial lump sum distribution selected.

**Benefits Provided**

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life.

Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 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.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 8 - PENSION PLAN, CONTINUED**

Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

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

The ERS serves approximately 890 local participating employers. The ERS membership includes approximately 117,309 participants.

As of September 30, 2024, membership of ERS in total, and of the City's plan, consists of:

	<u>ERS in Total</u>	<u>City of Bay Minette</u>
Retirees and beneficiaries currently receiving benefits	32,477	42
Terminated employees entitled to but not yet receiving benefits	2,425	8
Terminated employees not entitled to a benefit	22,097	76
Post-DROP participants who Are still in active service	31	0
Active Members	<u>60,279</u>	<u>121</u>
Total	<u><u>117,309</u></u>	<u><u>247</u></u>

**Contributions**

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.

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 8 - PENSION PLAN, CONTINUED**

The City's contractually required contribution rate for the year ended September 30, 2025 was 8.73% for Tier 1 employees, and 6.30% 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 System were \$497,691 for the year ended September 30, 2025.

**Net Pension Liability**

The City'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 of September 30, 2023 rolled forward to September 30, 2024 using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) <b>Total Pension Liability</b> as of September 30, 2023	\$ 15,985,813	\$ 16,362,118	\$ 16,362,118
(b) <b>Discount Rate</b>	7.45%	7.45%	7.45%
(c) <b>Entry Age Normal Cost</b> for the period October 1, 2023 to September 30, 2024	583,147	583,147	583,147
(d) <b>Transfers Among Employees</b>	0	(164,007)	(164,007)
(e) <b>Actual Benefit Payments &amp; Refunds</b> for October 1, 2023 to September 30, 2024	(783,395)	(783,395)	(783,395)
(f) <b>Total Pension Liability</b> as of September 30, 2024 [(a)x(1+(b)))+(c)+(d)+[(e)x(1+0.5x(b))]	\$ 16,947,327	\$ 17,187,660	\$ 17,187,660
(g) <b>Difference between Expected and Actual Experience (Gain)/Loss</b>		\$ 240,333	
(h) <b>Less Liability Transferred</b>		(164,007)	
(i) <b>Experience (Gain) Loss</b>		\$ 404,340	
(j) <b>Difference between Actual TPL Before and After Plan Changes - Benefit Change (Gain) Loss</b>			\$ -0-

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 8 - PENSION PLAN, CONTINUED**

**Actuarial Assumptions**

The total pension liability as of September 30, 2024 was determined as part of actuarial valuations using the entry age actuarial cost method. The actuarial assumptions included (a) 7.45% investment rate of return (net of pension plan investment expense), (b) projected salary increases ranging from 3.25% to 6.00% per year, and an inflation component of 2.50%.

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2000 scale, which is adjusted by 66-2/3% beginning with year 2019. 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 - 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:

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	15.0%	2.80%
U.S. Large Stocks	32.0%	8.00%
U.S Mid Stocks	9.0%	10.00%
U.S. Small Stocks	4.0%	11.00%
International Developed Mkt Stks	12.0%	9.50%
International Emerging Mkt Stks	3.0%	11.00%
Alternatives	10.0%	9.00%
Real Estate	10.0%	6.50%
Cash	<u>5.0%</u>	1.50%
	100.0%	

\*Includes assumed rate of inflation of 2.0%

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 8 - PENSION PLAN, CONTINUED**

**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 RSA 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.

**Changes in the Net Pension Liability - Measurement Date September 30, 2024**

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at September 30, 2023	\$ 15,985,813	\$12,768,501	\$ 3,217,312
Changes for the year:			
Service cost	583,147	-	583,147
Interest	1,161,762	-	1,161,762
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	404,340	-	404,340
Contributions - employer	-	374,467	(374,467)
Contributions - employee	-	391,961	(391,961)
Net investment income	-	2,677,305	(2,677,305)
Benefit payments, including refunds of employee contributions	(783,396)	(783,396)	-
Administrative expense	-	-	-
Transfers among employers	(164,007)	(164,007)	-
Net Changes	<u>1,201,847</u>	<u>2,496,331</u>	<u>(1,294,484)</u>
Balances at September 30, 2024	<u>\$ 17,187,660</u>	<u>\$15,264,832</u>	<u>\$ 1,922,828</u>

Sensitivity of the net pension liability to changes in the discount rate - The following table presents the Board's net pension liability calculated using the discount rate of 7.45%, as well as what the 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:

	<u>1% Decrease (6.45%)</u>	<u>Current Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
Net pension liability	\$ 4,192,848	\$ 1,922,828	\$ 39,762

**CITY OF BAY MINETTE, ALABAMA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
SEPTEMBER 30, 2025**

**NOTE 8 - PENSION PLAN, CONTINUED**

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 68 Report for the RSA 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 [www.rsa-al.gov](http://www.rsa-al.gov).

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

For the year ended September 30, 2025, the City recognized pension expense of \$398,627. Components of pension expense recognized for the year ended September 30, 2025 are as follows:

Service Cost	\$ 583,147
Interest on the total pension liability	1,161,762
Current period benefit changes	-
Expensed portion of current period difference between expected and actual experience in the total pension liability	77,758
Expensed portion of the current period changes of assumptions	-
Member contributions	(391,961)
Projected earnings on plan investments	(944,512)
Expensed portion of current period differences between actual and projected earnings on plan investments	(346,559)
Recognition of beginning deferred outflows of resources as pension expense	464,216
Recognition of beginning deferred inflows of resources as pension expense	<u>(205,224)</u>
Pension Expense Recognized	<u>\$ 398,627</u>

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 8 - PENSION PLAN, CONTINUED**

At September 30, 2025, the City 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	\$ 825,134	\$ 329,244
Changes of assumptions	178,734	-
Net difference between projected and actual earnings on plan investments	-	1,007,558
Employer contributions subsequent to measurement date	<u>497,691</u>	<u>-</u>
Total	<u>\$ 1,501,559</u>	<u>\$ 1,336,802</u>

The \$497,691 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the City's net pension liability in the year ending September 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be amortized in pension expense in accordance with the following schedule of years ending September 30:

Amort. Year	Actual and Expected Experience	Investment Gains/Losses	Assumption Changes	Total
2026	\$ 108,461	\$ (254,074)	\$ 119,157	\$ (26,456)
2027	93,375	66,050	59,577	219,002
2028	188,233	(472,977)	-0-	(284,744)
2029	90,271	(346,557)	-0-	(256,286)
2030	15,550	-0-	-0-	15,550
Thereafter	-0-	-0-	-0-	-0-
Total	<u>\$ 495,890</u>	<u>\$ (1,007,558)</u>	<u>\$ 178,734</u>	<u>\$ (332,934)</u>

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 9 - INTERFUND TRANSACTIONS**

Interfund transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due or to the general fund, and 2) move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**NOTE 10 - ECONOMIC DEVELOPMENT INCENTIVE OBLIGATIONS**

The City, in conjunction with the Industrial Development Board of the City of Bay Minette and the Baldwin County Economic Development Alliance enters into economic development incentive agreements with entities that propose to locate businesses within the city, or expand businesses within the City, which are expected to provide stimulus to the City's economy. These agreements provide for full or partial abatement of sales, use and/or property taxes, as well as other financial commitments. Property taxes are abated through reductions of assessed values. Sales and use taxes are abated either through exemptions granted on purchases for specified construction or equipment-purchase purposes or through tax rebate arrangements. The agreements have limited terms of duration and/or maximum thresholds.

As a result of these agreements the City expects to receive economic benefits including but not limited to increased revenue, job creation and job retention. These incentive agreements require approval by the Mayor and City Council and are pursuant to *Chapter 54A of Title 11 of the code of Alabama 1975, as amended and Chapter 9B of Title 40 of the Code of Alabama 1975, as amended*. Some agreements provide for the repayment to the City of abated amounts if the entity ceases to operate its business for a certain length of time, fails to produce and maintain a certain level of employment or fails to complete construction within a certain length of time.

The City does not collect property taxes. The Revenue Commissioner of Baldwin County is responsible for such collections.

Property taxes abated - fiscal year 2025 \$ 15,759

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2025**

**NOTE 10 - ECONOMIC DEVELOPMENT INCENTIVE OBLIGATIONS, CONTINUED**

The City also coordinates certain economic development projects with the Cooperative District of Bay Minette - North Hoyle Project, the Cooperative District of Bay Minette - Hotel Project, and the Cooperative District of Bay Minette - McMeans Avenue I. Significant transactions during the year ended September 30, 2025 are:

- 1) The City loaned the Cooperative District of Bay Minette - North Hoyle Project \$1,745,961 which is secured by the District's issuance of the Cooperative District of Bay Minette - North Hoyle Project Limited Obligation Revenue Bond 2024. These funds will be used in economic development within the District and are to be repaid out of certain fees and charges imposed by the District.
- 2) The City has approved a Limited Obligation Project Revenue Warrant in the amount of \$2,000,000 in support of the Cooperative District of Bay Minette - Hotel Project; however, no funds have been drawn on the warrant at September 30, 2025.
- 3) The City transferred property at McMeans Avenue to the Cooperative District of Bay Minette - McMeans Avenue I under a sales agreement in the amount of \$1,300,000. This amount is currently reflected as a receivable from the District on the City's Statement of Net Position at September 30, 2025 and will be paid to the City by the District, as the Project progresses.

**NOTE 11 - CONTINGENCIES**

The City is party to various legal proceedings which normally occur in governmental operations. The City's administration is of the opinion that it is reasonably possible that these legal proceedings could have a material adverse impact to the City, however the amount of any impact is not estimable.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BAY MINETTE**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**FOR THE MEASUREMENT PERIOD ENDED SEPTEMBER 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Total Pension Liability</u>				
Service Cost	\$ 583,147	\$ 507,503	\$ 444,838	\$ 431,066
Interest	1,161,762	1,070,885	1,074,139	982,065
Changes of Benefit Terms	-	-	8,659	-
Difference between expected and actual experience	404,340	638,078	(746,613)	405,904
Changes of assumptions	-	-	-	655,362
Benefit payments, including refunds of employee contributions	(783,395)	(872,012)	(778,269)	(848,596)
Transfers among Employers	<u>(164,007)</u>	<u>(168,936)</u>	<u>430</u>	<u>2,916</u>
Net change in total pension liability	1,201,847	1,175,518	3,184	1,628,717
Total Pension Liability - beginning	<u>15,985,813</u>	<u>14,810,295</u>	<u>14,807,111</u>	<u>13,178,394</u>
Total Pension Liability - ending (a)	<u>\$ 17,187,660</u>	<u>\$ 15,985,813</u>	<u>\$ 14,810,295</u>	<u>\$ 14,807,111</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - employer	\$ 374,467	\$ 400,188	\$ 332,940	\$ 313,353
Contributions - employee	391,961	360,912	347,955	294,411
Net investment income	2,677,305	1,483,264	(1,703,052)	2,450,228
Benefit payments, including refunds of employee contributions	(783,395)	(872,012)	(778,269)	(848,596)
Transfers among employers	<u>(164,007)</u>	<u>(168,936)</u>	<u>430</u>	<u>2,916</u>
Net change in plan fiduciary net position	2,496,331	1,203,416	(1,799,996)	2,212,312
Plan Net Position - beginning	<u>12,768,501</u>	<u>11,565,085</u>	<u>13,365,081</u>	<u>11,152,769</u>
Plan Net Position - ending (b)	<u>\$ 15,264,832</u>	<u>\$ 12,768,501</u>	<u>\$ 11,565,085</u>	<u>\$ 13,365,081</u>
Net pension liability (asset)- ending (a) - (b)	\$ 1,922,828	\$ 3,217,312	\$ 3,245,210	\$ 1,442,030
Plan fiduciary net position as a percentage of the total pension liability	88.81%	79.87%	78.09%	90.26%
Covered payroll*	\$ 6,206,023	\$ 5,907,628	\$ 5,495,140	\$ 4,880,038
Net pension asset (liability) as a percentage of covered payroll	30.98%	54.46%	59.06%	29.55%

\* Employer's covered payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll)

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 337,912	\$ 341,421	\$ 313,301	\$ 328,279	\$ 290,849	\$ 302,046
921,470	894,829	862,397	829,790	807,960	799,426
248,832	-	-	-	-	-
(109,060)	(80,601)	(235,164)	78,050	(152,029)	(352,893)
-	-	64,244	-	368,655	-
(756,788)	(708,332)	(753,223)	(636,044)	(689,649)	(594,167)
<u>190,491</u>	<u>(77,106)</u>	<u>219,458</u>	<u>(120,757)</u>	<u>(45,112)</u>	<u>-</u>
832,857	370,211	471,013	479,318	580,674	154,412
<u>12,345,537</u>	<u>11,975,326</u>	<u>11,504,313</u>	<u>11,024,995</u>	<u>10,444,321</u>	<u>10,289,909</u>
<u>\$ 13,178,394</u>	<u>\$ 12,345,537</u>	<u>\$ 11,975,326</u>	<u>\$ 11,504,313</u>	<u>\$ 11,024,995</u>	<u>\$ 10,444,321</u>
\$ 304,759	\$ 265,757	\$ 288,629	\$ 264,973	\$ 297,262	\$ 309,050
269,282	229,809	213,254	204,715	204,383	183,124
602,643	267,559	896,262	1,117,349	830,619	97,863
(756,788)	(708,332)	(753,223)	(636,044)	(689,649)	(594,167)
<u>190,491</u>	<u>(77,106)</u>	<u>219,458</u>	<u>(120,757)</u>	<u>(45,112)</u>	<u>(46,327)</u>
610,387	(22,313)	864,380	830,236	597,503	(50,457)
<u>10,542,382</u>	<u>10,564,695</u>	<u>9,700,315</u>	<u>8,870,079</u>	<u>8,272,576</u>	<u>8,323,033</u>
<u>\$ 11,152,769</u>	<u>\$ 10,542,382</u>	<u>\$ 10,564,695</u>	<u>\$ 9,700,315</u>	<u>\$ 8,870,079</u>	<u>\$ 8,272,576</u>
\$ 2,025,625	\$ 1,803,155	\$ 1,410,631	\$ 1,803,998	\$ 2,154,916	\$ 2,171,745
84.63%	85.39%	88.22%	84.32%	80.45%	79.21%
\$ 4,608,261	\$ 4,150,819	\$ 3,954,494	\$ 3,865,538	\$ 3,832,383	\$ 3,625,607
43.96%	43.44%	35.67%	46.67%	56.23%	59.90%

**CITY OF BAY MINETTE, ALABAMA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE  
EMPLOYEES RETIREMENT SYSTEM  
FOR THE YEARS ENDED SEPTEMBER 30,**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined Contribution	\$ 497,691	\$ 387,310	\$ 397,268	\$ 361,944
Contributions in relation to the actuarially determined contribution	<u>497,691</u>	<u>387,310</u>	<u>367,268</u>	<u>361,944</u>
Contribution variance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,968,019	\$ 6,206,023	\$ 5,907,628	\$ 5,495,140
Contributions as a percentage of covered payroll	7.14%	6.24%	6.73%	6.58%

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 for the period October 1, 2024 to September 30, 2025:

Actuarial cost method:	Entry Age
Amortization method:	Level percent closed
Remaining amortization period:	15.9 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

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 334,306	\$ 304,735	\$ 284,893	\$ 288,685	\$ 285,428	\$ 312,428
<u>334,306</u>	<u>304,735</u>	<u>284,893</u>	<u>288,685</u>	<u>285,428</u>	<u>312,428</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,880,038	\$ 4,608,261	\$ 4,150,819	\$ 3,954,494	\$ 3,865,538	\$ 3,832,383
6.85%	6.61%	6.87%	7.30%	7.38%	8.15%

**City of Bay Minette, Alabama**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**General Fund - Budget and Actual**  
**For the Year Ended September 30, 2025**

	Budget		Actual Budgetary	Variance
	Original	Final	Basis	
<b>Revenues:</b>				
Taxes	\$ 10,220,000	\$ 10,255,000	\$ 11,520,914	\$ 1,265,914
Licenses and Permits	1,904,250	2,055,750	2,020,459	(35,291)
Fines and Forfeitures	540,000	630,000	731,290	101,290
Investment Income	25,000	25,000	17,048	(7,952)
Rent Income	20,000	23,500	34,548	11,048
Services and Miscellaneous	1,534,900	1,531,900	1,298,154	(233,746)
<b>Total Revenues</b>	<b>\$ 14,244,150</b>	<b>\$ 14,521,150</b>	<b>\$ 15,622,413</b>	<b>\$ 1,101,263</b>
<b>Expenditures</b>				
Current:				
General Government	\$ 3,615,702	\$ 3,690,353	\$ 3,836,012	\$ 145,659
Public Safety	4,589,887	4,817,661	5,001,676	184,015
Public Works	3,264,300	3,203,185	3,078,361	(124,824)
Culture and Recreation	1,298,981	1,334,671	1,447,556	112,885
Capital Expenditures and Capital Transfers	500,000	500,000	1,054,507	554,507
Reserve	36,000	36,000	36,000	-
Debt Service:				
Principal	563,955	563,955	525,000	(38,955)
Interest on Long-Term Debt	375,325	375,325	355,952	(19,373)
<b>Total Expenditures</b>	<b>\$ 14,244,150</b>	<b>\$ 14,521,150</b>	<b>\$ 15,335,064</b>	<b>\$ 813,914</b>
 Excess of				
Revenues over Expenditures	\$ -	\$ -	<u>\$ 287,349</u>	

**OTHER SUPPLEMENTARY INFORMATION**

CITY OF BAY MINETTE, ALABAMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor/ Program Title	Assistance Listing Number	Assistance Period	Expenditures
<b>U.S. Department of Transportation -</b>			
Passed through the Alabama Department of Transportation:			
Airport Improvement Program	20.106	10/01/2024-09/30/2025	\$ 1,309,367
<b>U.S. Department of Justice -</b>			
Passed through the Alabama Department of Economic and Community Development:			
Edward Byrne Memorial Justice Assistance Grant	16.738	10/01/2024-09/30/2025	\$ 202,217
<b>U.S. Department of Housing and Urban Development -</b>			
Passed through the Alabama Department of Economic and Community Development:			
Community Development Block Grant	14.228	10/01/2024-09/30/2025	\$ 156,320
<b>U.S. Department of Commerce -</b>			
Passed through the Alabama Department of Conservation and Natural Resources			
Coastal Zone Management Administration Awards	11.419	10/01/2024-09/30/2025	\$ 50,000
<b>U.S. Department of Health and Human Services -</b>			
Passed through the South Alabama Regional Planning Commission:			
Special Programs for the Aging, Title III	93.043	10/01/2024-09/30/2025	\$ 20,000
<b>U.S. Department of Justice -</b>			
Passed through the Mobile Alabama County Commission:			
National Priority Safety Programs	20.617	10/01/2024-09/30/2025	\$ 19,032
<b>Institute of Museum and Library Services</b>			
Passed through the Alabama Public Library Service:			
LSTA Gants to States	45.310	10/01/2024-09/30/2025	\$ 12,000
<b>U.S. Department of Justice -</b>			
Bulletproof Vest Partnership Program			
	16.607	10/01/2024-09/30/2025	\$ 365
			<u>\$ 1,769,301</u>

**CITY OF BAY MINETTE, ALABAMA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**FISCAL YEAR ENDING SEPTEMBER 30, 2025**

**Note 1 - Significant Accounting Policies**

- A. **Basis of Presentation** - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance).
1. **Federal Awards** - According to the Single Audit Act Amendments of 1996 (Public Law 104-156) and the Uniform Guidance, Federal Awards consist of Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities.
  2. **Federal Financial Assistance** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and the Uniform Guidance, Federal financial assistance is defined as assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
  3. **Major Programs** - A risk-based approach to determine which Federal programs are major programs is required. Federal programs are classified as either Type A or Type B programs. The dollar threshold used to distinguish between Type A and Type B programs is \$1,000,000.
  4. **Indirect Costs** - The City has not elected to use the 10% de minimus indirect cost rule under Uniform Guidance.
- B. **Basis of Accounting** - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The information presented in the Schedule of Expenditures of Federal Awards has been prepared using the accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred except for: (1) inventories of materials and supplies which are considered expenditures when consumed; (2) principal and interest on long-term debts which is generally recognized when due.

CITY OF BAY MINETTE, ALABAMA  
NOTES TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS - CONTINUED  
FISCAL YEAR ENDING SEPTEMBER 30, 2025

**Note 2 - Sub-Recipients**

Of the federal expenditures presented in the schedule, the City provided federal awards to sub-recipients as follows:

Community Development Block Grant Assistance Listing Number 14.228	\$ 156,320
Edward Byrne Memorial Justice Assistance Grant Assistance Listing Number 16.738	\$ 170,745

ADDITIONAL INFORMATION

# KUBINA, HAYLES & RAY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 970 · 2100 HAND AVENUE

BAY MINETTE, ALABAMA 36507

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JIMMY C. KUBINA, C.P.A.

GEORGE A. HAYLES, C.P.A.

HANNAH B. RAY, C.P.A.

MEMBERS  
ALABAMA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## 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 AUDITORS' REPORT

Honorable Mayor and Members  
Of the City Council of the  
City of Bay Minette, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bay Minette, Alabama, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively compose the City of Bay Minette, Alabama's basic financial statements and have issued our report thereon dated October 15, 2025.

#### Report on Internal Control Over Financial Reporting

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

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



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

#### **Report on Compliance and Other Matters**

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

#### **Purpose of this Report**

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

*Kubina, Hayles & Ray, P.C.*

KUBINA, HAYLES & RAY, P.C.  
Bay Minette, Alabama  
October 15, 2025

# KUBINA, HAYLES & RAY, P.C.

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AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members  
Of the City Council of the  
City of Bay Minette, Alabama

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

##### Opinion on Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City'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 City'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 City's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

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

*Kubina, Hayles & Ray, P.C.*

KUBINA, HAYLES & RAY, P.C.  
Bay Minette, Alabama  
October 15, 2025

**CITY OF BAY MINETTE, ALABAMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the consolidated financial statements of the City of Bay Minette, Alabama.
2. No material weaknesses were identified relative to internal control over financial reporting.
3. No significant deficiencies identified that are not considered to be material weaknesses are reported relative to internal control over financial reporting.
4. No instances of noncompliance material to the consolidated financial statements of the City of Bay Minette, Alabama were noted.
5. No material weaknesses were identified relative to internal control over major programs.
6. No significant deficiencies identified that are not considered to be material weaknesses are reported relative to internal control over major programs.
7. The auditors' report on compliance for the major federal programs for the City of Bay Minette, Alabama expresses an unqualified opinion.
8. No audit findings are disclosed that are required to be reported in accordance with the Uniform Guidance.
9. The program tested as a major program was:

Airport Improvement Program, Assistance Listing #20.106
10. The threshold for distinguishing Type A and B programs was \$1,000,000.
11. The City of Bay Minette, Alabama was determined to be a low-risk auditee.

**CITY OF BAY MINETTE, ALABAMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**B. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT**

None Identified

**C. FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARDS PROGRAM**

None Identified

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## APPENDIX C

### SPECIMEN MUNICIPAL BOND INSURANCE POLICY



### MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Form 500 (8/24)

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By \_\_\_\_\_  
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)

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