

**TOWN OF NEEDHAM
NEEDHAM, ALABAMA**

**ANNUAL REPORT
FISCAL YEARS ENDED SEPTEMBER 30, 2025 & 2024**

**DON WALLACE, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
NORTHPORT, ALABAMA**

TOWN OF NEEDHAM
NEEDHAM, ALABAMA
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May 8, 2026

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Michael Kelly and
Members of the Town Council
Town of Needham, Alabama

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Needham, as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Needham, as of September 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Town of Needham, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, 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 Town'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 Town's ability to continue as a going concern for a reasonable period.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The general, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general, combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Don Wallace CPA

Don Wallace, CPA, PC

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
ALABAMA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**Town of Needham
Annual Report
September 30, 2025 and 2024
Management's Discussion & Analysis**

This section of the Town of Needham's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal years that ended September 30, 2025 and 2024. Please read it in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Bank balances increased by \$22,979 to \$214,636 during fiscal year 2025.
- Total net assets rose by \$13,313, while net value of fixed assets decreased to \$303,672 due to depreciation expense. Equipment of \$10,670 was added in 2024.
- The Town was able to enter fiscal year 2026 with \$525,645 in net assets.
- The Town had no outstanding long-term debt. The only liabilities were for routine monthly payables.
- Total revenues increased 13% in 2025, mostly from an insurance reimbursement.
- Expenses decreased 5%, mostly related to the decrease in park & recreation costs. Depreciation charges for each year were \$12,262.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: Management's Discussion & Analysis and the Basic Financial Statements. Two other parts, Required Supplementary Information and Combining Statements for non-major governmental funds, are presented in the financial statements for September 30, 2025 and 2024. The Basic Financial Statements include two types of statements that present different views of the town:

- The first two statements are "government-wide", which provide short and long-term information about the Town's overall financial status.
- The remaining statements are "fund financial statements" that focus on individual divisions of the government.

The financial statements also include Notes that explain some of the information in the report and provide further detailed data. Towns under a population of 2,000 are not required by the State of Alabama to adopt a budget. The Town is required to undergo an annual audit or agreed-upon procedures on a bi-annual basis.

**Town of Needham
Annual Report
September 30, 2025 and 2024
Management's Discussion & Analysis**

Government-Wide Financial Statements

Report information about the Town as a whole, using methods similar to those of private-sector companies. Report Net Assets – the difference between Assets and Liabilities – as one way to measure financial health.

Fund Financial Statements

Provide more detail about the most significant funds, not the Town as a whole. Funds keep track of specific sources of funding. Some funds are required by law, others by bond covenants or resolution.

Needham currently has only governmental funds and activities reflected in its financial statements, which account for the Town's basic services, currently general government services. Sales and franchise taxes finance most of these activities.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Assets. The Town's total net assets grew 2% to \$525,645 in Fiscal 2025 with no significant changes in activities. A comparison of the Town's net assets is shown below.

	FY 2025	FY 2024
ASSETS		
Current assets	\$ 222,595	\$ 197,697
Capital assets, net	303,672	315,934
Total assets	<u>526,267</u>	<u>513,631</u>
LIABILITIES		
Accounts payable	622	1,299
Notes payable	0	0
	<u>622</u>	<u>1,299</u>
NET ASSETS		
Investment in net capital assets	303,672	315,934
Restricted	163,241	143,104
Unrestricted	58,732	53,294
Total net assets	<u>525,645</u>	<u>512,332</u>

**Town of Needham
Annual Report
September 30, 2025 and 2024
Management's Discussion & Analysis**

The Town's revenues and expenses for overall government-wide reporting was as follows:

	FY 2025	FY 2024
REVENUE		
Sales & property tax	\$16,960	\$16,277
Licenses and franchises	6,469	5,897
Rebuild Alabama	18,278	17,527
Other gas excise tax	3,097	3,082
Other intergovernmental	3,514	3,221
Miscellaneous	4,330	497
Total revenues	<u>52,648</u>	<u>46,501</u>
EXPENSES		
General government	26,812	24,257
Streets	5,571	5,689
Park & Rec	7,582	11,677
Total expenses	<u>39,335</u>	<u>41,623</u>
Change in net assets	<u>13,313</u>	<u>4,878</u>

Revenue & Expenses. Sales, business and franchise taxes for the year combined to \$16,960, a slight increase over Fiscal 2024. Expenses decreased 5% versus the prior period, primarily due to less street expense.

General government was the largest expenses during 2025 and 2024.

The Town had no long-term debt during Fiscal 2025 or 2024.

CAPITAL ASSET & DEBT ADMINISTRATION

The Town capitalized \$10,670, for equipment costs in 2024. Depreciation expense for 2025 and 2024 totaled \$12,262 and was allocated by program area. The Town has no long-term debt.

A summary of capital assets is as follows:

<u>Capital assets, net of depreciation</u>	<u>9/30/25</u>	<u>9/30/24</u>
Land	\$ 12,446	\$ 12,446
Buildings & improvements	281,559	291,615
Furniture & equipment	9,666	11,872
<u>TOTAL</u>	<u>303,671</u>	<u>315,933</u>

**Town of Needham
Annual Report
September 30, 2025 and 2024
Management's Discussion & Analysis**

BUDGET ANALYSIS

The Town is under 2,000 in population and is not required to adopt a formal budget. No budgets were adopted for the fiscal years. A schedule of resources and charges for the general fund are presented as other supplementary information.

ECONOMIC FACTORS

The Town of Needham is in West Alabama, located in Choctaw County near the Mississippi border. It was incorporated in 1981 and has less than 100 residents. The Town is home to Needham Grocery. The Town sponsors a fall festival the third weekend in November at Broadhead Memorial Park on County Highway 18. The park features a one-mile walk on Bogueloosa Creek, a dog-trot cabin, the Wilson grist mill, and other exhibits. The festival has basket weaving demonstrations, a tour of the cabin, food and craft vendors, local singers, and a demonstration of cane syrup making.

CONTACTING THE TOWN'S MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Needham, Town Clerk, 2553 Needham Road, Needham, AL 36915.

MUNICIPAL OFFICIALS AS OF SEPTEMBER 30, 2025

Mayor: Michael K. Kelly
Town Clerk: Lee Ann Johnson
Council: Arthur Broadhead
Mitchell Kelly
Merry Cummings
Linda Kelly

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

TOWN OF NEEDHAM
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2025 AND 2024

<u>ASSETS</u>	<u>FY 9-30-25</u>	<u>FY 9-30-24</u>
Cash in bank	\$ 214,636	\$ 191,657
Prepaid expenses	3,009	2,965
Receivables, net	<u>4,950</u>	<u>3,075</u>
Total Current Assets	<u>222,595</u>	<u>197,697</u>
Capital assets		
Non-depreciable	12,446	12,446
Depreciable assets, net	<u>291,226</u>	<u>303,488</u>
Total Capital Assets	<u>303,672</u>	<u>315,934</u>
Total assets	<u>526,267</u>	<u>513,631</u>
 <u>LIABILITIES</u>		
Accounts payable	516	1,268
Payroll liabilities	<u>106</u>	<u>31</u>
Total liabilities	<u>622</u>	<u>1,299</u>
 <u>NET ASSETS</u>		
Investment in net capital assets	303,672	315,934
Restricted for:		
Capital projects	3,355	1,685
Streets	159,886	141,419
Unrestricted	<u>58,732</u>	<u>53,294</u>
Total net assets	<u>525,645</u>	<u>512,332</u>

TOWN OF NEEDHAM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Program Revenues</u>				
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Net Revenues (Deficiencies)
<u>FUNCTIONS/PROGRAMS</u>					
Governmental activities:					
Administration	\$ 26,182	\$ 0	\$ 0	\$ 0	\$ -26,182
Street	5,571	0	1,730	19,650	15,809
Park & recreation	7,582	125	0	0	-7,457
Total programs	39,335	125	1,730	19,650	-17,830

GENERAL REVENUES

Local taxes:

Sales 13,902

Ad valorem 3,058

Licenses and franchises 6,469

Intergovernmental:

Capital grants not restricted to specific programs 1,670

Other intergovernmental 1,844

Insurance reimbursement 3,700

Miscellaneous 500

TOTAL 31,143

Change in net assets 13,313

Net assets- beginning 512,332

Net assets- ending 525,645

TOWN OF NEEDHAM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Program Revenues</u>				
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Net Revenues (Deficiencies)
<u>FUNCTIONS/PROGRAMS</u>					
Governmental activities:					
Administration	\$ 24,257	\$ 0	\$ 0	\$ 0	-24,257
Street	5,689	0	1,722	18,892	14,925
Park & recreation	11,677	475	0	0	-11,202
Total programs	41,623	475	1,722	18,892	-20,534
 <u>GENERAL REVENUES</u>					
Local taxes:					
Sales					13,042
Ad valorem					2,906
Gas tax					329
Licenses and franchises					5,897
Intergovernmental:					
Capital grants not restricted to specific programs					1,685
Other intergovernmental					1,536
Miscellaneous					17
<u>TOTAL</u>					<u>25,412</u>
Change in net assets					4,878
Net assets- beginning					<u>507,454</u>
Net assets- ending					<u>512,332</u>

The accompanying notes are an integral part of the financial statements.

FUND
FINANCIAL STATEMENTS

TOWN OF NEEDHAM
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Nonmajor Funds	Total
<u>ASSETS</u>			
Cash in bank	\$ 139,173	\$ 75,463	\$ 214,636
Prepaid assets	3,009	0	3,009
Receivables	4,670	280	4,950
Total assets	<u>146,852</u>	<u>75,743</u>	<u>222,595</u>
<u>LIABILITIES</u>			
Accounts Payable	307	209	516
Payroll Payables	106	0	106
Total liabilities	<u>413</u>	<u>209</u>	<u>622</u>
<u>FUND BALANCE</u>			
Nonspendable	3,009	0	3,009
Restricted	87,707	75,534	163,241
Unrestricted:			
Assigned	0	0	0
Unassigned	55,723	0	55,723
Total fund balance	<u>146,439</u>	<u>75,534</u>	<u>221,973</u>
Total liabilities & fund balance	<u>146,852</u>	<u>75,743</u>	<u>222,595</u>

TOWN OF NEEDHAM
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Nonmajor Funds	Total
<u>REVENUES</u>			
Local Taxes	\$ 16,960	\$ 0	\$ 16,960
Intergovernmental	20,122	4,767	24,889
Licenses & franchises	6,469	0	6,469
Park & rental	125	0	125
Insurance & other	4,200	5	4,205
Total revenues	<u>47,876</u>	<u>4,772</u>	<u>52,648</u>
<u>EXPENDITURES</u>			
Administrative	22,812	0	22,812
Street	0	2,913	2,913
Park & recreation	1,348	0	1,348
Total expenditures	<u>24,160</u>	<u>2,913</u>	<u>27,073</u>
Changes before transfers	23,716	1,859	25,575
Transfers	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over disbursements	23,716	1,859	25,575
Fund balance- Oct. 1, 2024	<u>122,723</u>	<u>73,675</u>	<u>196,398</u>
Fund balance- Sept. 30, 2025	<u>146,439</u>	<u>75,534</u>	<u>221,973</u>

Reconciliation of amounts reported for governmental activities in the
Statement of Net Assets because:

Capital assets used in governmental activities are not financial resources and
and therefore are not reported in the funds 303,672

Long-term liabilities are not due and payable in the current period and
therefore are not reported in the funds: This is the amount of long-term debt
payable and accrued interest as of September 30, 2025. 0

Net Assets of Governmental Activities 525,645

TOWN OF NEEDHAM
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net changes in Fund Balances – Total Governmental Funds \$ 25,575

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures, rather than as depreciated in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation of \$12,262 in the current year. -12,262

Governmental Funds report proceeds from sale of assets as a source of revenue, rather than gains or losses in the Statement of Net Assets. This is the basis of assets sold included during the year that are shown as revenues in the fund statements. 0

Governmental Funds report debt service payments as expenditures. These are the amount of principal payments that are not included as expenses in the Statement of Activities. 0

Changes in net assets – governmental activities 13,313

Reconciliation of Fund Disbursements to Program Expenses:

	<u>Admin</u>	<u>Street</u>	<u>Fire</u>	<u>Senior</u>	<u>Industrial</u>	<u>Park</u>	<u>TOTAL</u>
Disbursements	22,812	2,913	0	0	0	1,348	27,073
Add: Depreciation	3,370	2,658	0	0	0	6,234	12,262
Less: Debt Reduction	0	0	0	0	0	0	0
Less: Capital assets	0	0	0	0	0	0	0
Program Expenses	<u>26,182</u>	<u>5,571</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,582</u>	<u>39,335</u>

TOWN OF NEEDHAM
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	Nonmajor Funds	Total
<u>ASSETS</u>			
Cash in bank	\$ 118,059	\$ 73,598	\$ 191,657
Prepaid assets	2,965	0	2,965
Receivables	2,789	286	3,075
Total assets	<u>123,813</u>	<u>73,884</u>	<u>197,697</u>
<u>LIABILITIES</u>			
Accounts Payable	1,059	209	1,268
Payroll Payables	31	0	31
Total liabilities	<u>1,090</u>	<u>209</u>	<u>1,299</u>
<u>FUND BALANCE</u>			
Nonspendable	2,965	0	2,965
Restricted	69,429	73,675	143,104
Unrestricted:			
Assigned	0	0	0
Unassigned	50,329	0	50,329
Total fund balance	<u>122,723</u>	<u>73,675</u>	<u>196,398</u>
Total liabilities & fund balance	<u>123,813</u>	<u>73,884</u>	<u>197,697</u>

TOWN OF NEEDHAM
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Nonmajor Funds	Total
<u>REVENUES</u>			
Local Taxes	\$ 16,277	\$ 0	\$ 16,277
Intergovernmental	19,063	4,767	23,830
Licenses & franchises	5,897	0	5,897
Park & rental	475	0	475
Insurance & other	17	5	22
Total revenues	<u>41,729</u>	<u>4,772</u>	<u>46,501</u>
<u>EXPENDITURES</u>			
Administrative	20,887	0	20,887
Street	10,670	3,031	13,701
Park & recreation	5,443	0	5,443
Total expenditures	<u>37,000</u>	<u>3,031</u>	<u>40,031</u>
Changes before transfers	4,729	1,741	6,470
Transfers	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over disbursements	4,729	1,741	6,470
Fund balance- Oct. 1, 2023	<u>117,994</u>	<u>71,934</u>	<u>189,928</u>
Fund balance- Sept. 30, 2024	<u>122,723</u>	<u>73,675</u>	<u>196,398</u>

Reconciliation of amounts reported for governmental activities in the
Statement of Net Assets because:

Capital assets used in governmental activities are not financial resources and
and therefore are not reported in the funds 315,934

Long-term liabilities are not due and payable in the current period and
therefore are not reported in the funds: This is the amount of long-term debt
payable and accrued interest as of September 30, 2024. 0

Net Assets of Governmental Activities 512,332

TOWN OF NEEDHAM
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net changes in Fund Balances – Total Governmental Funds \$ 6,470

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures, rather than as depreciated in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation of \$12,262 in the current year. -1,592

Governmental Funds report proceeds from sale of assets as a source of revenue, rather than gains or losses in the Statement of Net Assets. This is the basis of assets sold included during the year that are shown as revenues in the fund statements. 0

Governmental Funds report debt service payments as expenditures. These are the amount of principal payments that are not included as expenses in the Statement of Activities. 0

Changes in net assets – governmental activities 4,878

Reconciliation of Fund Disbursements to Program Expenses:

	<u>Admin</u>	<u>Street</u>	<u>Fire</u>	<u>Senior</u>	<u>Industrial</u>	<u>Park</u>	<u>TOTAL</u>
Disbursements	20,887	13,701	0	0	0	5,443	40,031
Add: Depreciation	3,370	2,658	0	0	0	6,234	12,262
Less: Debt Reduction	0	0	0	0	0	0	0
Less: Capital assets	0	-10,670	0	0	0	0	-10,670
Program Expenses	<u>24,257</u>	<u>5,689</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,677</u>	<u>41,623</u>

TOWN OF NEEDHAM
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. These principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

1.A. FINANCIAL REPORTING ENTITY

The Town of Needham was incorporated under the laws of the State of Alabama. The Town provides various services to the community and its financial reporting entity is comprised of the following in accordance with GASBS No. 14, “The Financial Reporting Entity”:

Primary Government:	Town of Needham
Discrete Component Units:	None

1.B BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures. Funds of the Town consist of governmental funds, with an emphasis placed on major funds and a proprietary fund for water and natural gas service. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

TOWN OF NEEDHAM
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

The funds of the Town are described below:

Governmental Funds

General Fund – the primary operating fund of the Town and always classified as a major fund. It is used to account for all activities except those legally required to be accounted for in other funds.

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for certain purposes.

Proprietary Fund – the Town has no proprietary or business-type fund.

Major and Non-Major Funds

Major:

General	See above for description
---------	---------------------------

Non-Major Funds:

Special Revenue Funds:

7 Cent Gas Tax	Accounts for revenues from the State of Alabama 7% gas excise tax and related expenditures for street repairs, maintenance and utilities.
4 Cent Gas Tax	Accounts for revenues from the State of Alabama 4% gas excise taxes and related expenditures for street improvements.
5 Cent Gas Tax	Accounts for revenues from the State of Alabama 5% gas excise taxes and related expenditures for street improvements.
Capital Improvement	Accounts for revenues from the State of Alabama Oil and Gas Windfall Trust funds and related expenditures for capital purposes.

TOWN OF NEEDHAM
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. above.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources in a given period. These funds use fund balance as their measure of resources.
- b. The proprietary funds utilize the “economic resources” measurement focus. Also referred to as enterprise funds, they report assets, liabilities, and results of operations in a manner consistent with “for profit” business activities, including the depreciation of fixed assets.

Basis of Accounting

In the government-wide statements activities are presented using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this method, revenues are recognized when “measurable and available.” Expenditures (including capital outlays) are recorded when the related fund liability is incurred. Proprietary funds are presented using the accrual basis of accounting.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF NEEDHAM
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

1.D. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Assets, cash includes all demand, savings, and certificates of deposit of the Town with an original maturity of three months or less. Investments are carried at fair value, based on quoted market price. Cash and investments are deposited as allowed by state law and the SAFE Act.

Fixed Assets

The Town has adopted a fixed asset capitalization policy for the purpose of depreciating acquisition of assets with a cost of \$1,500 or more. Assets are depreciated over their estimated useful life, using the straight-line method. Repairs and betterments that significantly extend the useful lives of assets are capitalized in the fixed asset section of the financial statements. General capital assets are initially recorded as expenditures in the governmental funds. Those assets are capitalized and depreciated in the government-wide statements, in the same manner as proprietary funds.

Estimated useful lives are as follows:

Buildings	40 years
Improvements	10-15 years
Machinery & Equipment	5-10 years
Furniture & Fixtures	5-7 years

Receivables

Interfund Receivables and Payables

Those transactions that occur between individual funds that may result in amounts owed between funds are classified as “due to and from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

Accrued Absences

Accrued absences include vacation pay based on respective employees accrued leave as set forth in the Town’s personnel policy and the current rate of pay. It is recorded as a fund liability and related expense. There were no accrued absence liabilities at yearend.

TOWN OF NEEDHAM
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

Equity Classifications – Government-Wide Statements

Equity is classified as net assets and displayed in 3 components:

- a. Invested in capital assets, net of related debt.
- b. Restricted net assets – those with constraints placed on the use either by (1) external groups such as grantors, creditors, or laws and regulations, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets”.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as Non-spendable, Restricted and Unrestricted in accordance with GASB 54. Unrestricted is further divided into Committed, Assigned and Unassigned per GASB 54. Proprietary fund equity is presented as retained earnings.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Revenue Recognition

Governmental fund revenues are recognized as being available within 60 days in the governmental fund financial statements. Significant categories of governmental revenues include sales and property tax, franchise/business licenses, and intergovernmental tax sources. Proprietary funds account for operations that are primarily financed by user charges and revenues are recognized when earned.

Expenditure Recognition

Governmental funds focus on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Long-term debt expenses are recognized when paid, while depreciation is not recognized in the governmental funds. Proprietary expenses are recognized when incurred.

In the government-wide statements, expenses are classified by function for governmental or business-type activities.

In the fund financial statements, expenditures are classified by character (function, debt service or capital outlay) for governmental funds, and by Operating and Non-Operating for proprietary funds.

TOWN OF NEEDHAM
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

Key components of the Statement of Activities in the government-wide financial statements include governmental programs such as administration, street & highway, fire and park, and proprietary activities of the water and natural gas systems.

Spending Policy

The Town would typically use restricted fund balances first, followed by committed or assigned resources. The Town reserves the right to selectively spend unassigned resources first to defer the use of other classified funds.

NOTE 2:STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government, the Town is subject to various federal, state and local laws and contractual regulations. An analysis of the Town's compliance with laws and demonstration of stewardship over resources is as follows:

2.A. FUND ACCOUNTING REQUIREMENTS

The Town complies with all state and local laws requiring the use of separate funds, including the following:

State Gasoline Excise Tax Funds	Required by State of Alabama
Capital Improvement Fund	Required by State of Alabama
Federal Grant Funds	Required by Federal Agencies and ADECA

2.B. BUDGETS AND APPROPRIATIONS

Under laws of the State of Alabama, the Town is not required to adopt a budget for all funds. Budgets have not been adopted for all major funds, therefore budgetary comparison schedules are not presented in the Supplemental Section as Required Supplemental Information. The budgetary basis is the modified accrual basis for governmental funds and the accrual basis for proprietary funds.

Liquidity:

The Town had overall cash balances in excess of operating expenditure needs for the most recent fiscal year. The Town has no formal liquidity policy, but analyzes operating results and needed cash requirements on a routine monthly and annual basis.

Restricted cash and investments as of September 30, 2025 and 2024 were as follows:
General Government Activities:

	<u>FY 2025</u>	<u>FY 2024</u>
Alabama Trust Fund	\$ 3,355	\$ 1,685
Gasoline Excise Tax Funds	72,108	71,913
General Fund – Rebuild Alabama	<u>87,707</u>	<u>69,429</u>
<u>Total Governmental</u>	<u>163,170</u>	<u>143,027</u>

TOWN OF NEEDHAM
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 3: DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

Capital asset activity for the fiscal years ended September 30, 2024 and 2025:

	10/1/23	Additions	Disposals	9/30/24
<u>GOVERNMENTAL ACTIVITIES</u>				
Land	\$ 12,446	\$ 0	\$ 0	\$ 12,446
Buildings & Improvements	301,671	0	0	301,671
Furniture & equipment	3,408	10,671	0	14,079
Total, at historical cost	317,525	10,671	0	328,196
Accumulated Depreciation:				
Buildings & Improvements	0	10,056	0	10,056
Furniture & equipment	0	2,206	0	2,206
Total Depreciation	0	12,262	0	12,262
Governmental Capital Assets, net	317,525	-1,591	0	315,934
	10/1/24	Additions	Disposals	9/30/25
<u>GOVERNMENTAL ACTIVITIES</u>				
Land	\$ 12,446	\$ 0	\$ 0	\$ 12,446
Buildings & Improvements	301,671	0	0	301,671
Furniture & equipment	14,079	0	0	14,079
Total, at historical cost	328,196	0	0	328,196
Accumulated Depreciation:				
Buildings & Improvements	10,056	10,056	0	20,112
Furniture & equipment	2,206	2,206	0	4,412
Total Depreciation	12,262	12,262	0	24,524
Governmental Capital Assets, net	315,934	-12,262	0	303,672

Depreciation expense charged to governmental activities was allocated as follows:

	<u>FY 2025</u>	<u>FY 2024</u>
General Government	\$ 3,370	\$ 3,370
Parks & Recreation	6,234	6,234
Streets	2,658	2,658
Fire Protection	0	0
Total Depreciation Expense	12,262	12,262

NOTE 4: INSURANCE

Insurance coverage for the fiscal year ended September 30, 2025, was reviewed with the Town Clerk and the agent handling the insurance for the Town of Needham. The Town has maintained adequate coverage for all physical properties, as well as liability coverage.

TOWN OF NEEDHAM
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 5: DEPOSITS WITH FINANCIAL INSTITUTIONS

As of September 30, 2025, the Town had the following deposits with Financial Institutions:
Regions Bank: \$214,636.

Regions Bank is a participant in the Security for Alabama Funds Enhancement Program (SAFE). Under the SAFE program, funds in excess of \$100,000 are collateralized by pledging securities directly to the State Treasurer for the SAFE collateral pool. Under Section 41-14A of the Code of Alabama, Regions Bank is a Qualified Public Depository. This Program is mandatory for banks to hold public deposits.

NOTE 6: RETIREMENT PLAN DESCRIPTION

The Town of Needham does not participate in the Employees' Retirement System.

NOTE 7: SUBSEQUENT EVENTS

Management has evaluated events and transactions that have occurred between September 30, 2025, and May 8, 2026, which is the date that the financial statements were available to be issued for possible recognition or disclosure in the financial statements.

**OTHER
SUPPLEMENTARY INFORMATION**

TOWN OF NEEDHAM
SCHEDULE OF RESOURCES AND CHARGES – GENERAL FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	<u>9-30-2025</u>	<u>9-30-2024</u>
Fund balance- October 1	\$ 122,723	\$ 117,994
<u>RESOURCES</u>		
Sales and use tax	13,902	13,042
Property tax	3,058	2,906
Rebuild Alabama	18,278	17,527
Licenses & franchise	6,469	5,897
Gas taxes	0	329
MVL & production	1,409	1,171
Beer tax	435	365
Rental income	125	475
Insurance claim	3,700	0
Other income	500	17
Total resources	<u>47,876</u>	<u>41,729</u>
Amount available for appropriation	<u>170,599</u>	<u>159,723</u>
<u>CHARGES</u>		
Administration:		
Mayor & Council	1,930	2,175
Payroll & taxes	2,797	2,231
Professional services	520	440
Collection fees	0	0
Maintenance & repairs	8,809	6,536
Insurance	3,239	3,235
Utilities & telephone	4,103	3,875
Office & supplies	469	1,242
Dues	587	574
Other	358	579
Total administration	<u>22,812</u>	<u>20,887</u>
Street:		
Equipment	<u>0</u>	<u>10,670</u>
Park & Recreation:		
Park expenses	1,348	1,138
Decorations	0	4,305
	<u>1,348</u>	<u>5,443</u>
Total charges	<u>24,160</u>	<u>37,000</u>
Fund balance- September 30	<u>146,439</u>	<u>122,723</u>

TOWN OF NEEDHAM
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	4 Cent Gas Tax	5 Cent Gas Tax	7 Cent Gas Tax	Capital Improvement	Total
<u>ASSETS</u>					
Checking	\$ 47,797	\$ 20,019	\$ 4,292	\$ 3,355	\$ 75,463
Receivables, net	85	39	156	0	280
Total assets	<u>47,882</u>	<u>20,058</u>	<u>4,448</u>	<u>3,355</u>	<u>75,743</u>
<u>LIABILITIES & FUND BALANCE</u>					
Liabilities	0	0	209	0	209
Fund balance	<u>47,882</u>	<u>20,058</u>	<u>4,239</u>	<u>3,355</u>	<u>75,534</u>
Total liabilities & fund balance	<u>47,882</u>	<u>20,058</u>	<u>4,448</u>	<u>3,355</u>	<u>75,743</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF NEEDHAM
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	4 Cent Gas Tax	5 Cent Gas Tax	7 Cent Gas Tax	Capital Improvement	Total
<u>REVENUES</u>					
State fuel taxes	\$ 941	\$ 426	\$ 1,730	\$ 0	\$ 3,097
Alabama Trust Fund	0	0	0	1,670	1,670
Miscellaneous	5	0	0	0	5
Total revenues	<u>946</u>	<u>426</u>	<u>1,730</u>	<u>1,670</u>	<u>4,772</u>
<u>EXPENDITURES</u>					
Administrative	0	0	0	0	0
Street	367	0	2,546	0	2,913
Fire Protection	0	0	0	0	0
Seniors	0	0	0	0	0
Total expenditures	<u>367</u>	<u>0</u>	<u>2,546</u>	<u>0</u>	<u>2,913</u>
Changes before transfers	579	426	-816	1,670	1,859
Transfers from (to) other funds	0	0	0	0	0
Change in fund balance	579	426	-816	1,670	1,859
Fund balance- Beginning	<u>47,303</u>	<u>19,632</u>	<u>5,055</u>	<u>1,685</u>	<u>73,675</u>
Fund balance- Ending	<u>47,882</u>	<u>20,058</u>	<u>4,239</u>	<u>3,355</u>	<u>75,534</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF NEEDHAM
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	4 Cent Gas Tax	5 Cent Gas Tax	7 Cent Gas Tax	Capital Improvement	Total
<u>ASSETS</u>					
Checking	\$ 47,216	\$ 19,593	\$ 5,104	\$ 1,685	\$ 73,598
Receivables, net	87	39	160	0	286
Total assets	<u>47,303</u>	<u>19,632</u>	<u>5,264</u>	<u>1,685</u>	<u>73,884</u>
<u>LIABILITIES & FUND BALANCE</u>					
Liabilities	0	0	209	0	209
Fund balance	<u>47,303</u>	<u>19,632</u>	<u>5,055</u>	<u>1,685</u>	<u>73,675</u>
Total liabilities & fund balance	<u>47,303</u>	<u>19,632</u>	<u>5,264</u>	<u>1,685</u>	<u>73,884</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF NEEDHAM
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	4 Cent Gas Tax	5 Cent Gas Tax	7 Cent Gas Tax	Capital Improvement	Total
<u>REVENUES</u>					
State fuel taxes	\$ 936	\$ 424	\$ 1,722	\$ 0	\$ 3,082
Alabama Trust Fund	0	0	0	1,685	1,685
Miscellaneous	5	0	0	0	5
Total revenues	<u>941</u>	<u>424</u>	<u>1,722</u>	<u>1,685</u>	<u>4,772</u>
<u>EXPENDITURES</u>					
Administrative	0	0	0	0	0
Street	355	0	2,676	0	3,031
Fire Protection	0	0	0	0	0
Seniors	0	0	0	0	0
Total expenditures	<u>355</u>	<u>0</u>	<u>2,676</u>	<u>0</u>	<u>3,031</u>
Changes before transfers	586	424	-954	1,685	1,741
Transfers from (to) other funds	0	0	0	0	0
Change in fund balance	586	424	-954	1,685	1,741
Fund balance- Beginning	<u>46,717</u>	<u>19,208</u>	<u>6,009</u>	<u>0</u>	<u>71,934</u>
Fund balance- Ending	<u>47,303</u>	<u>19,632</u>	<u>5,055</u>	<u>1,685</u>	<u>73,675</u>

The accompanying notes are an integral part of the financial statements.

