TOWN OF CARROLLTON
CARROLLTON, ALABAMA

September 30, 2025

LeCroy Richardson
Certified Public Accountants

TOWN OF CARROLLTON, ALABAMA
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SEPTEMBER 30, 2025

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INTRODUCTORY SECTION

TOWN OF CARROLLTON, ALABAMA
TOWN GOVERNMENT

MAYOR

Mickey Walker

TOWN COUNCIL

Sherman Mayhew
Freddy Lowe
Phillip Trull
Terisa Robbins
Chuck McDaniel

TOWN CLERK

Jessica Perrigin

POLICE DEPARTMENT

Anthony Durrah - Chief

STREET & SANITATION

John Stepp-Supervisor

WATER & SEWER

Scottie Perrigin-Supervisor

LeCroy Richardson
Certified Public Accountants

Independent Auditor's Report

To the Mayor and Members
of the Town Council
Town of Carrollton, Alabama
Carrollton, Alabama 35447

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Carrollton, Alabama as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Carrollton, Alabama'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Carrollton, Alabama, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Carrollton, Alabama, 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 of Carrollton, Alabama'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 of Carrollton, Alabama'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 of Carrollton, Alabama'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, budgetary comparison information, schedule of employer contributions and schedule of changes in plan net pension liability on pages 6-8 and 32-39 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

LeCroy Richardson, P.C.

Northport, Alabama
June 17, 2026

LeCroy Richardson
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and Members of the Town Council
Town of Carrollton, Alabama
Carrollton, Alabama 35447

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Carrollton, Alabama, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Carrollton, Alabama's basic financial statements and have issued our report thereon dated June 17, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Carrollton, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Carrollton, Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Carrollton, 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 identify the following deficiencies in internal control that we consider to be a material weakness.

Management is responsible for preparing and recording monthly and year-end adjusting journal entries to ensure that the Town's financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles. Management relies on the auditor to propose certain adjusting journal entries which, if not made, would prevent the financial statements from being presented in accordance with generally accepted accounting principles.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Carrollton, Alabama's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard.*

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 Town'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.

LeCroy Richardson, P.C.

Northport, Alabama
June 17, 2026

MANAGEMENT DISCUSSION & ANALYSIS

TOWN OF CARROLLTON, ALABAMA
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

This section of the Town of Carrollton's financial report presents Management's analysis of the Town's financial performance during the year ended September 30, 2025. Please read in conjunction with the Town's financial statements, which follow this section.

Overview of the Financial Statements

The financial statements of the Town include two kinds of statements.

- Government-wide financial statements of net assets and statement of activities provide both long-term and short-term information about the Town's overall financial status.
- Fund financial statements focus on individual parts of the Town government, providing a more detailed look at the Town's operations than the government-wide statements.
    - Governmental fund statements reflect how general governmental services were financed and what is left for future spending. They include the fund balance sheet and the statement of revenues, expenses, and changes in fund balance.
    - Proprietary fund statements reflect how the business activities, such as water and sewer systems, are operating. They include the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows.

Financial Analysis

Statement of Net Position

	2025	2024	Variance	% Change
Assets:				
Current Assets	$ 1,228,459	$ 1,600,551	$ (372,092)	-23%
Noncurrent Assets	5,091,467	3,946,383	1,145,084	29%
Total Assets	**$ 6,319,926**	**$ 5,546,934**	**$ 772,992**	**14%**
Deferred Outflow of Resources	**$ 131,796**	**$ 184,256**	**$ (52,460)**	-28%
Liabilities:				
Current Liabilities	$ 238,404	$ 374,607	$ (136,203)	-36%
Noncurrent Liabilities	829,815	1,029,771	(199,956)	-19%
Total Liabilities	**$ 1,068,219**	**$ 1,404,378**	**$ (336,159)**	**-24%**
Deferred Inflow of Resources	**$ 129,392**	**$ 20,350**	**$ 109,042**	**536%**
Net Position:				
Invested in Capital Assets net of debt	$ 4,627,211	$ 3,444,219	$ 1,182,992	34%
Restricted Net Position	28,089	25,497	2,592	10%
Unrestricted Net Position	598,811	836,746	(237,935)	-28%
Total Net Position	**$ 5,254,111**	**$ 4,306,462**	**$ 947,649**	**22%**

As illustrated in the Statement of Net Position, the overall Net Position of the Town increased $947,649. Noncurrent Assets experienced a $1,145,084 increase from 2024 to 2025. This increase was because current year capital asset purchases were greater than depreciation expense. Deferred Outflow of Resources decreased $52,460 as a result of the pension plan performance and contributions. Noncurrent Liabilities decreased in the amount of $199,956 as a result of a decrease in net pension liability and loan payments made during the year.

Statement of Activities

	2025	2024	Variance	% Change
Revenue:				
Charges for Service	$ 633,396	$ 628,100	$ 5,296	1%
Taxes	598,832	571,523	27,309	5%
Miscellaneous	245,150	441,451	(196,301)	-44%
Total Revenue	**$ 1,477,378**	**$ 1,641,074**	**$ (163,696)**	**-10%**
Expenses:				
General Expenses	$ 284,302	$ 562,567	$ (278,265)	-49%
Street & Sanitation	338,748	443,563	(104,815)	-24%
Police Department	350,056	364,077	(14,021)	-4%
Water, Gas, & Sewer	358,107	335,706	22,401	7%
Depreciation	217,515	178,542	38,973	22%
Cultural & Recreation	26,489	59,822	(33,333)	-56%
Fire Department	17,380	25,057	(7,677)	-31%
Total Expenses	**$ 1,592,597**	**$ 1,969,334**	**$ (376,737)**	**-19%**
Excess (Deficiency) Revenue Over Expense Before Contributions	**$ (115,219)**	**$ (328,260)**	**$ 213,041**	**-65%**
Other Income & Expenses				
Capital Grants	$ 1,078,224	$ 505,258	$ 572,966	113%
Operating Grants	7,966	1,996	5,970	299%
Other Expenses	(23,322)	(17,198)	(6,124)	36%
Net Income (Loss)	$ 947,649	$ 161,796	$ 785,853	486%
Net Position Beginning	4,306,462	4,144,666	161,796	4%
Net Position Ending	**$ 5,254,111**	**$ 4,306,462**	**$ 947,649**	**22%**

Revenues
Income is made up of 43% charges for service, 40% taxes and 17% miscellaneous income. Overall, revenues decreased for 2025 in the amount of $163,696.

Expenses
Expenses are made up of 18% general expenses, 21% street & sanitation, 22% police department, 22% water, gas, & sewer, 14% depreciation, 2% cultural & recreation and 1% fire department. Overall, expenses decreased by $376,737 during the year ended September 30, 2025.

Other Income and Expenses
Other income consisted of operating and capital grants of $1,078,224. These grants increased $572,966 from the previous year. Other expenses consisted of interest expense related to the notes payable. This increased $6,124 from the previous year.

Capital Assets

	2025	2024	Variance	% Change
Land	$ 35,711	$ 35,711	$ -	0%
Buildings	1,454,234	968,377	485,857	50%
Machinery & Equipment	2,169,083	2,067,749	101,334	5%
Improvements Other Than Building	179,261	179,261	-	0%
Utility Plant	4,564,022	4,194,571	369,451	9%
Construction in Progress	741,982	336,025	405,957	0%
Accumulated Depreciation	(4,052,826)	(3,835,311)	(217,515)	6%
Net Capital Assets	**$ 5,091,467**	**$ 3,946,383**	**$ 1,145,084**	29%

Capital Assets increased because current year capital asset purchases were greater than depreciation expense for the year.

Economic Factors and Events Affecting Operations

The Town's increase in revenues (including grants) is primarily due to an increase in capital grants. Additionally, the Town's decrease in overall expenses is primarily due to a decrease in general expenses.

Conclusions

Overall, the Town had a good year financially. Its' management is committed to staying abreast of regulations and appropriations as well as maintaining an ongoing analysis of all budgets and expenses to ensure that the Town continues to operate at the highest level.

Contact

The financial report is designed to provide the citizens, taxpayers, customers and investors and creditors of the Town of Carrollton a general overview of the Town's finances and to demonstrate the Town's accountability for money it receives. If you have any questions about this report or need additional financial information, contact the Town of Carrollton, P.O. Box 169, Carrollton, Alabama 35447.

BASIC FINANCIAL STATEMENTS

TOWN OF CARROLLTON, ALABAMA
GOVERNMENT WIDE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government		
	Governmental Activites	Business-type Activites	Totals (Memo Only)
ASSETS			
Cash	$ 378,897	$ 112,306	$ 491,203
Cash - Restricted	-	28,089	28,089
Certificates of Deposit	426,624	19,279	445,903
Water, Gas, Sewer Service Receivable	-	31,055	31,055
Police Dockets Receivable	71,253	-	71,253
Grant Receivable	-	86,500	86,500
Other Receivables	28,879	-	28,879
Material Inventory	-	12,242	12,242
Prepaid Insurance	12,186	1,727	13,913
Due From Other Funds	19,422	-	19,422
Land	20,736	14,975	35,711
Buildings	1,454,234	-	1,454,234
Machinery and Equipment	1,858,603	310,480	2,169,083
Improvements Other Than Buildings	179,261	-	179,261
Construction in Progress	579,982	162,000	741,982
Utility Plant	-	4,564,022	4,564,022
Accumulated Depreciation	(1,797,483)	(2,255,343)	(4,052,826)
TOTAL ASSETS	**$ 3,232,594**	**$ 3,087,332**	**$ 6,319,926**
Deferred Outflow of Resources	**$ 113,266**	**$ 18,530**	**$ 131,796**
LIABILITIES			
Accounts Payable	$ 17,332	$ 12,949	$ 30,281
Retirement Payable	5,720	-	5,720
Other Liabilities	8,081	-	8,081
Grant Payable	-	86,500	86,500
Accrued Interest Payable	-	12,355	12,355
Notes Payable	20,667	9,000	29,667
Payroll Taxes Payable	12,565	4,060	16,625
Customer Meter Deposits	-	24,947	24,947
Due to Other Funds	6,806	12,616	19,422
Utility Tax Payable	-	722	722
Accrued Comp Absences	3,035	1,049	4,084
Net Pension Liability	332,596	53,630	386,226
Long-Term Liabilities	70,825	372,764	443,589
TOTAL LIABILITIES	**$ 477,627**	**$ 590,592**	**$ 1,068,219**
Deferred Inflow of Resources	**$ 101,408**	**$ 27,984**	**$ 129,392**
NET POSITION			
Invested in Capital Assets, net	$ 2,203,841	$ 2,423,370	$ 4,627,211
Restricted - Debt Service	-	28,089	28,089
Unrestricted	562,984	35,827	598,811
TOTAL NET POSITION	**$ 2,766,825**	**$ 2,487,286**	**$ 5,254,111**

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

TOWN OF CARROLLTON, ALABAMA
GOVERNMENT WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activites	Business-type Activites	Totals (Memo Only)
PRIMARY GOVERNMENT:							
GOVERNMENTAL ACTIVITIES:							
General	$ 284,302	$ -	$ -	664,772	$ 380,470	$ -	$ 380,470
Police Department	350,056	145,182	-	-	(204,874)	-	(204,874)
Street and Sanitation	338,748	140,595	-	-	(198,153)	-	(198,153)
Fire Department	17,380	-	-	-	(17,380)	-	(17,380)
Cultural and Recreation	26,489	-	7,966	-	(18,523)	-	(18,523)
Depreciation Expense (Unallocated)	119,165	-	-	-	(119,165)	-	(119,165)
TOTAL GOVERNMENTAL ACTIVITIES	$ 1,136,140	$ 285,777	$ 7,966	$ 664,772	$ (177,625)	$ -	$ (177,625)
BUSINESS-TYPE ACTIVITIES:							
Water, Gas, and Sewer	$ 358,107	$ 347,619	$ -	$ 413,452	$ -	$ 402,964	$ 402,964
Depreciation Expense	98,350	-	-	-	-	(98,350)	(98,350)
TOTAL BUSINESS-TYPE ACTIVITIES	$ 456,457	$ 347,619	$ -	$ 413,452	$ -	$ 304,614	$ 304,614
TOTAL PRIMARY GOVERNMENT	$ 1,592,597	$ 633,396	$ 7,966	$ 1,078,224	$ (177,625)	$ 304,614	$ 126,989
Taxes					$ 598,832	$ -	$ 598,832
Other Revenues					244,716	434	245,150
Interest Expense					(6,517)	(16,805)	(23,322)
TOTAL GENERAL REVENUES AND TRANSFERS					$ 837,031	$ (16,371)	$ 820,660
Transfers (to) from Funds					$ (54,754)	$ 54,754	$ -
CHANGE IN NET POSITION					**$ 604,652**	**$ 342,997**	**$ 947,649**
NET POSITION BEGINNING					2,162,173	2,144,289	**4,306,462**
NET POSITION ENDING					**$ 2,766,825**	**$ 2,487,286**	**$ 5,254,111**

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

TOWN OF CARROLLTON, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash	$ 228,426	$ 150,471	$ 378,897
Certificates of Deposit	426,624	-	426,624
Police Dockets Receivable	71,253	-	71,253
Prepaid Insurance	12,186	-	12,186
Other Receivable	28,879	-	28,879
Due from Other Funds	19,422	-	19,422
TOTAL ASSETS	**$ 786,790**	**$ 150,471**	**$ 937,261**
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts Payable	$ 13,911	$ 3,421	$ 17,332
Due to Other Funds	5,915	891	6,806
Payroll Taxes Payable	11,973	592	12,565
Retirement Payable	5,720	-	5,720
Other Liabilites	8,081	-	8,081
Accrued Comp Absences	3,035	-	3,035
TOTAL LIABILITIES	$ 48,635	$ 4,904	$ 53,539
FUND BALANCE:			
Nonspendable Fund Balance	$ 100,130	$ -	$ 100,130
Restricted Fund Balance	-	55,631	55,631
Committed Fund Balance	-	89,936	89,936
Unassigned Fund Balance	638,025	-	638,025
TOTAL FUND BALANCE	$ 738,155	$ 145,567	$ 883,722
TOTAL LIABILITIES AND FUND BALANCE	**$ 786,790**	**$ 150,471**	**$ 937,261**

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

TOWN OF CARROLLTON, ALABAMA
RECONCILIATION OF THE STATEMENT OF NET POSITION
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
SEPTEMBER 30, 2025

TOTAL FUND BALANCE PER BALANCE SHEET		**$ 883,722**
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds		
Governmental Capital Assets	$ 4,092,816	
Less: Accumulated Depreciation	(1,797,483)	2,295,333
Long-term liabilities, including bonds payable, arbitrage and compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.		(412,230)
NET POSITION OF GOVERNMENTAL ACTIVITIES		**$ 2,766,825**

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

TOWN OF CARROLLTON, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Grant Income	$ 664,772	$ 7,966	$ 672,738
Taxes	482,841	115,991	598,832
Intergovernmental	170,890	-	170,890
Charges for Services	145,182	-	145,182
Licenses and Permits	140,595	-	140,595
Miscellaneous	42,061	4,879	46,940
Fines and Forfeitures	26,886	-	26,886
TOTAL REVENUES	$ 1,673,227	$ 128,836	$ 1,802,063
EXPENDITURES			
General Government	$ 1,105,168	$ 53,308	$ 1,158,476
Street and Sanitation	372,778	12,000	384,778
Police Department	350,056	-	350,056
Cultural and Recreation	777	25,712	26,489
Fire Deparment	-	32,380	32,380
TOTAL EXPENDITURES	$ 1,828,779	$ 123,400	$ 1,952,179
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ (155,552)	$ 5,436	$ (150,116)
OTHER FINANCING SOURCES (USES)			
Transfers In	$ -	$ 42,425	$ 42,425
Transfers Out	(52,554)	(44,625)	(97,179)
TOTAL OTHER FINANCING SOURCES AND USES	$ (52,554)	$ (2,200)	$ (54,754)
NET CHANGE IN FUND BALANCE	$ (208,106)	$ 3,236	$ (204,870)
FUND BALANCE BEGINNING	940,047	142,331	1,082,378
Decrease in Nonspendable Funds	6,214	-	6,214
FUND BALANCE ENDING	**$ 738,155**	**$ 145,567**	**$ 883,722**

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

TOWN OF CARROLLTON, 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 BALANCE - TOTAL GOVERNMENTAL FUNDS		$ (204,870)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.		
Capital asset purchases capitalized	894,393	
Less: Current Year Depreciation	(119,165)	775,228
Governmental funds report principal payments of debt as expenditures and borrowings as revenue. However, in the Statement of Activities, the payments reduce the value of the outstanding debt and the borrowings increase the liability		
Principal payments of debt	$ 19,908	19,908
Some revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		6,214
Some expenses in the statement of activities that do not provide current financial resources are not reported as expenses in the funds		8,172
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		**$ 604,652**

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

TOWN OF CARROLLTON, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

ASSETS

	WATER AND SEWER
CURRENT ASSETS	
Cash on Hand	$ 100
Cash in Bank	112,206
Certificates of Deposit	19,279
Cash - Restricted	28,089
Grant Receivable	86,500
Material Inventory	12,242
Water, Garbage & Sewer Receivable, net of allowance	31,055
Prepaid Insurance	1,727
TOTAL CURRENT ASSETS	$ 291,198
CAPITAL ASSETS	
Land	$ 14,975
Utility Plant	4,564,022
Machinery & Equipment	310,480
Construction in Progress	162,000
TOTAL CAPITAL ASSETS	$ 5,051,477
Less: Accumulated Depreciation	(2,255,343)
NET CAPITAL ASSETS	$ 2,796,134
TOTAL ASSETS	**$ 3,087,332**
DEFERRED OUTFLOW OF RESOURCES	**$ 18,530**

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Payable from Unrestricted Assets:	
Accounts Payable	$ 12,949
Accrued Compensated Absences	1,049
Accrued Current Liabilities	4,060
Grant Payable	86,500
Customer Meter Deposits	24,947
Accrued Interest Payable	12,355
Utility Tax Payable	722
Due from General Fund	12,616
Notes Payable - Current	9,000
TOTAL CURRENT LIABILITIES	$ 164,198
NONCURRENT LIABILITIES	
Net Pension Liability	$ 53,630
Notes Payable - Long Term Portion	372,764
TOTAL NONCURRENT LIABILITIES	$ 426,394
TOTAL LIABILITIES	**$ 590,592**
DEFERRED INFLOW OF RESOURCES	**$ 27,984**
NET POSITION	
Invested in Capital Assets, Net	$ 2,423,370
Restricted for Debt Service	28,089
Unrestricted Net Assets	35,827
TOTAL NET POSITION	**$ 2,487,286**

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

TOWN OF CARROLLTON, ALABAMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

OPERATING REVENUES	**WATER AND SEWER**
Water & Sewer Revenue Sales	$ 311,499
Penalties And Taxes	36,120
TOTAL OPERATING REVENUES	$ 347,619
OPERATING EXPENSES	
Salaries	$ 131,895
Water Purchases	116,496
Materials	16,225
Insurance	16,026
Maintenance and Repairs	13,585
Retirement	12,936
Utilities	11,091
Lab Fees	10,072
Utility Tax	8,619
Miscellaneous	5,223
Gas and Oil	4,739
Accounting and Legal	4,000
Postage	3,000
Rent	2,200
Professional Fees	2,000
TOTAL OPERATING EXPENSES	$ 358,107
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE DEPRECIATION	**$ (10,488)**
Less: Depreciation	$ 98,350
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE TRANSFERS	**$ (108,838)**
OTHER FINANCING SOURCES (USES)	
Transfer In - General Fund	54,754
OPERATING INCOME (LOSS)	**$ (54,084)**
NONOPERATING REVENUES (EXPENSES)	
Grant Income	$ 413,452
Interest Income	434
Interest Expense	(16,805)
TOTAL NONOPERATING REVENUES (EXPENSES)	$ 397,081
CHANGE IN NET POSITION	**$ 342,997**
NET POSITION - BEGINNING	2,144,289
NET POSITION - ENDING	**$ 2,487,286**

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

TOWN OF CARROLLTON, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	WATER AND SEWER	
CASH FLOWS FROM OPERATIONS		
Cash Received from Customers	$ 346,542	
Cash Received from Other Funds	33,446	
Cash Payments to Employees for Services	(131,895)	
Cash Payments to Suppliers for Goods & Services	(198,053)	
CASH PROVIDED (USED) BY OPERATIONS		$ 50,040
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest Paid on Notes Payable	$ (16,805)	
Principle Paid on Notes Payable	(9,000)	
Capital Grant Proceeds & Contributions	413,452	
Capital Asset Purchases	(468,207)	
CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		(80,560)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	$ 434	
Purchase of Investments	(380)	
CASH PROVIDED (USED) BY INVESTING ACTIVITIES		54
NET (DECREASE) IN CASH		**$ (30,466)**
CASH BALANACE - OCTOBER 1		170,861
CASH BALANCE - SEPTEMBER 30		**$ 140,395**
RECONCILATION OF OPERATING INCOME (LOSS) TO CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)		$ (54,084)
Noncash Items in Net Income:		
Depreciation		98,350
Changes in Receivables, Inventory and Payables:		
Water, Gas and Sewer Receivables	$ (1,077)	
Grant Receivables	(19,943)	
Due from Other Funds	(1,365)	
Deferred Outflow/Inflow of Resources	37,734	
Inventories	(1,689)	
Prepaid Insurance	354	
Accounts Payable	(664)	
Grant Payables	19,943	
Accrued Interest Payable	(291)	
Customer Meter Deposits	10,438	
Utility Tax Payable	(186)	
Other Current Liabilities	336	
Net Pension Liability	(37,965)	
Accrued Compensated Absences	149	
NET CHANGES IN RECEIVABLES, INVENTORY, AND PAYABLES		5,774
CASH PROVIDED BY OPERATIONS		$ 50,040

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

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

REPORTING ENTITY

The Town of Carrollton is the county seat and is located in Pickens County, Alabama. The Town occupies approximately 2.1 square miles and as of the 2020 census there were 1,023 people residing in the town. The Town of Carrollton, Alabama operates under a Council-Mayor form of government and provides the following services: police and fire protection, water and sewer services, and a public library. The basic financial statements of the Town of Carrollton, Alabama have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles.

The definition of the reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Town of Carrollton, Alabama, organizations for which the Town is financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town. Based upon the application of these criteria, there were no organizations that met the criteria described above.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net position and the statement of activities) report information of all of the non-fiduciary activities of the Town. The effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function, or identifiable activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, or identifiable activity. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, or identifiable activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual governmental finds and major individual enterprise funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as is used for the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and other similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are reported when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are reported only when payment is due.

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* *(continued)*

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND PRESENTATION (continued)

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The funds are grouped into two fund types and five generic funds, as described below:

GOVERNMENTAL FUND TYPES

These are the funds through which most governmental functions typically are financed. The funds included in this category are the General Fund, Special Revenue Funds, Special Funds and Debt Service Funds.

GENERAL FUND - This fund is established to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

SPECIAL REVENUE FUNDS - These funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

SPECIAL FUNDS – These funds are established to account for the revenues and expenditures of appropriable resources earmarked by the Town or other contractual agreement. The funds could be accounted for in the General Fund except by election of the Town to account for these revenues and expenditures in separate special funds.

DEBT SERVICE FUNDS - These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds and Special Assessment Funds.

PROPRIETARY FUND TYPES

These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the Enterprise Funds.

ENTERPRISE FUNDS - These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected to follow subsequent private sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

BUDGETARY DATA

Formal budgetary accounting is employed as a management control for all funds of the Town. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund, Special Revenue Funds, and Proprietary Funds, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis.

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* *(continued)*

RECEIVABLES

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

DUE TO AND FROM OTHER FUNDS

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. All inter-fund receivables and payables are eliminated in the government wide statement.

OTHER ASSETS

Other assets held are recorded and accounted for at cost.

PROPERTY TAXES

The Pickens County Commission levies property taxes for all jurisdictions including the school boards and municipalities within the county. Millage rates for property taxes are levied at the first regular meeting of the County Commission in February of each year. Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31.

RESTRICTED ASSETS

Enterprise Funds, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt.

CAPITAL ASSETS

All capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the financial statements for the governmental funds.

Capital Assets, including public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks and bridges are capitalized for expenditures of capital assets after October 1, 2000 and depreciated over the useful life of the related capital assets. Capital Assets are recorded at cost or historical cost if purchased or constructed.

Property, plant, and equipment acquired for proprietary funds are capitalized in the respective fund to which it applies. Capital assets are defined by the Town as assets with an initial, individual cost of more than $1,000. Property, plant, and equipment are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer. Depreciation of exhaustible fixed assets is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Machinery & Equipment	3-15 years
Improvements other than buildings	50 years
Utility System	50 years

LONG-TERM DEBT

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported gross of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of debt issued is reported as another financing source.

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* *(continued)*

LONG-TERM DEBT (continued)

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

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 Annual Comprehensive Financial Report.

DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is therefore deferred until that time. A deferred gain on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The Town also recognizes deferred inflows of resources related to pensions.

Governmental funds report revenue that is unavailable as deferred inflows of resources. Governmental funds report unavailable revenue from property taxes and from special assessments. These amounts are deferred and recognized as revenue in the period that the amounts become available.

Deferred outflows of resources represent a consumption of net position that applies to a future period, and is therefore deferred until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The Town also recognizes deferred outflows of resources related to pensions.

INVENTORY

Inventories of proprietary funds are valued at the lower of cost or market using the first-in, first-out (FIFO) method of inventory valuation.

USE OF 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. The Town uses estimates to calculate the useful life of fixed assets.

NOTE 2: *NOTES PAYABLE*

The following notes payable were outstanding as of September 30, 2025:

UTILITY BOARD	**Current**	**Long-Term**
USDA Loan		
Note payable mature 1/1/49, interest rate of 4.375%	$ 9,000	$ 372,764
GENERAL FUND		
BankFirst Loan		
Note payable mature 12/31/28, interest rate of 5.85%	20,667	70,825
TOTAL	**$ 29,667**	**$ 443,589**

NOTE 2: ***NOTES PAYABLE*** *(continued)*

Maturities of long-term debt are as follows:

	Notes Payable
Debt Outstanding 9-30-24	$ 502,164
Additions	-
Retirement	(28,908)
Debt Outstanding 9-30-25	**$ 473,256**

Year	Amount	Year	Amount
2026	$ 29,667	2038	$ 15,000
2027	31,876	2039	16,000
2028	33,155	2040	17,000
2029	36,794	2041	17,000
2030	11,000	2042	18,000
2031	12,000	2043	19,000
2032	12,000	2044	20,000
2033	13,000	2045	21,000
2034	13,000	2046	22,000
2035	14,000	2047	23,000
2036	14,000	2048	24,000
2037	15,000	2049	25,764
		Total	**$ 473,256**

NOTE 3: ***CASH IN BANK***

Cash, cash equivalents and investments at September 30, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Cash Equivalents	$ 519,292
Investments	445,903
Total Cash and Investments	**$ 965,195**

Cash and investments at September 30, 2025 consist of the following:

Cash:	
Cash on Hand	$ 156
Deposit with Financial Institutions	519,136
Investments:	
Long-term Certificate of Deposit	445,903
Total Cash and Investments	**$ 965,195**

Effective January 1, 2002, the Alabama Legislature enacted the Security for Alabama Funds Enhancement Act, or SAFE Program (Act No. 2000-748). In accordance with this program, any financial institution in the State of Alabama accepting public deposits must meet the requirements to be designated as a qualified public depository (QPD).

The QPD pledges collateral to the Treasurer of The State of Alabama for all public fund deposits. Bank balances are considered insured or collateralized with SAFE Program securities held by the Town or by its agent in the Town's name.

NOTE 3: ***CASH IN BANK*** *(continued)*

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Town policies restrict investments to the safest security types and require portfolio diversification so that potential losses on individual securities will be minimized. As of September 30, 2025, the Town did not have any investments in securities.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. When the length of the investment is longer than 30-90 days, the Town looks at the safety and liquidity of the investment in addition to the rate of return.

Concentration of Credit Risk – The Town places no limit on the amount it may invest with one issuer. The Town's total investments are:

Certificates of Deposits	100.0 %

Custodial Credit Risk- Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, the Town will not be able to cover the value of its investment or collateral securities that are in possession of another party. All of the Town's cash and investments are covered by FDIC coverage.

Cash, cash equivalents, and investments are presented in the government-wide financial statements as follows:

	Cash and Cash Equivalents	Investments	Total
Governmental Activities:			
General Fund	$ 228,426	$ 426,624	$ 655,050
Fire Department	89,777	-	89,777
4 Cent Gasoline Fund	27,966	-	27,966
7 Cent Gasoline Fund	26,912	-	26,912
Library	3,963	-	3,963
Capital Improvement Fund	1,853	-	1,853
Total Governmental Activities	$ 378,897	$ 426,624	$ 805,521
Business-Type Activities:			
Utility Board	$ 140,395	$ 19,279	$ 159,674
Total Government-Wide	**$ 519,292**	**$ 445,903**	**$ 965,195**

NOTE 4: ***DEFINED BENEFIT PENSION PLAN***

GENERAL INFORMATION ABOUT THE PENSION PLAN

PLAN DESCRIPTION

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

NOTE 4: *DEFINED BENEFIT PENSION PLAN* *(continued)*

PLAN DESCRIPTION (continued)

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 Town, county, or a public agency each of whom is an active beneficiary of ERS.
    b. Two vested active state employees.
    c. One vested active employee of a participating municipality or Town in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6.*
    d. One vested active employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6.*
    e. One vested active employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6.*
    f. One vested active employee of a participating employer other than a municipality, Town or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6.*

BENEFITS PROVIDED

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), 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 formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of state police service in computing the formula method.

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

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

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 628 employers adopted Act 2019-132 as of September 30, 2024.

NOTE 4: *DEFINED BENEFIT PENSION PLAN* *(continued)*

BENEFITS PROVIDED (continued)

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

Act 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.

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

	ERS	Town of Carrollton
Retirees and beneficiaries currently receiving benefits	32,477	5
Terminated employees entitled to but not yet receiving benefits	2,425	-
Terminated employees not entitled to a benefit	22,097	-
Active Members	60,279	11
Post-DROP participants who are still in active service	31	-
Total	**117,309**	**16**

CONTRIBUTIONS

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2025, the Town's active employee contribution rates were 5%, 6% and 7% of covered employee payroll, and the Town's average contribution rate to fund the normal and accrued liability costs was 14.51 percent of pensionable payroll.

NOTE 4: *DEFINED BENEFIT PENSION PLAN* *(continued)*

CONTRIBUTIONS (continued)

The Town's contractually required contribution rate for the year ended September 30, 2025 was 16.78% of pensionable pay for Tier 1 employees, and 12.24% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of 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 Town were $58,930 for the year ended September 30, 2025.

NET PENSION LIABILITY

The Town's net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2023, rolled forward to September 30, 2024, using standard roll-forward techniques as shown in the following table:

Total Pension Liability (a)	**Expected**	**Actual Before Plan Changes**	**Actual After Plan Changes**
as of September 30, 2023	$ 1,477,135	$ 1,426,585	$ 1,426,585
Discount Rate (b)	7.45%	7.45%	7.45%
Entry Age Normal Cost (c)			
for October 1, 2023 - September 30, 2024	26,765	26,765	26,765
Transfers Amoung Employers (d)	-	6,172	6,172
Actual Benefit Payments and Refunds (e)			
for October 1, 2023 - September 30, 2024	(81,108)	(81,108)	(81,108)
Total Pension Liability (f)			
as of September 30, 2023			
[(a) x (1+(b))] + (c) + (d) + [(e) x (1+.5*(b))]	$ 1,529,817	$ 1,481,673	$ 1,481,673

Difference between Expected and Actual (g):	$ (48,144)	
Less Liability Transferred for Immediate Recognition (h):	$ 6,172	
Difference between Expected and Actual - Experience (Gain)/Loss (i)	$ (54,316)	
Difference between Actual TPL Before and After Plan Changes - Benefit Change (Gain)/Loss (k):		$ -

ACTUARIAL ASSUMPTIONS

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

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

*Net of pension plan investment expense

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

NOTE 4: ***DEFINED BENEFIT PENSION PLAN*** *(continued)*
ACTUARIAL ASSUMPTIONS (continued)

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

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

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

* Includes assumed rate of inflation of 2.00%

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

NOTE 4: *DEFINED BENEFIT PENSION PLAN* *(continued)*

CHANGES IN PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/23	$ 1,477,135	$ 921,004	$ 556,131
Changes for the year:			
Service Cost	26,765	-	26,765
Interest	107,025	-	107,025
Changes of Benefit Terms	-	-	-
Changes of Assumptions	-	-	-
Difference between expected & actual experience	(54,316)	-	(54,316)
Contributions - Employer	-	36,655	(36,655)
Contributions - Employee	-	20,144	(20,144)
Net Investment Income	-	192,580	(192,580)
Benefit Payments, Including Refunds of Employee Contributions	(81,108)	(81,108)	-
Administrative Expense	-	-	-
Transfers Among Employers	6,172	6,172	-
Net Changes	4,538	174,443	(169,905)
Balances at 9/30/24	**$ 1,481,673**	**$ 1,095,447**	**$ 386,226**

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Plan's Net Pension Liability (Asset)	$ 536,259	$ 386,226	$ 259,927

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2024. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

NOTE 4: *DEFINED BENEFIT PENSION PLAN* *(continued)*

PENSION EXPENSE AND DEFERRED OUTFLOWS/ INFLOWS OF RESOURCES

For the year ended September 30, 2025, the Town recognized pension expense of $58,930. At September 30, 2025, the Town 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
Difference between expected and actual experience	$ 51,450	$ 57,054
Changes in Assumptions	21,416	-
Net difference between projected and actual earnings on pension plan investments	-	72,338
Employer contributions subsequent to measurement date	58,930	-
Total	**$ 131,796**	**$ 129,392**

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

Year ended September 30:	
2026	$ (2,073)
2027	9,855
2028	(33,814)
2029	(30,494)
2030	-0-
Thereafter	-0-

NOTE 5: *INTERFUND PAYABLES AND RECEIVABLES*

Receivables and payables at September 30, 2025, are as follows:

	RECEIVABLES	PAYABLES
General Fund	$ 19,422	$ 5,915
Water & Sewer Fund	-0-	12,616
Library Fund	-0-	791
7 Cent Fund	-0-	100
TOTAL	**$ 19,422**	**$ 19,422**

NOTE 6: *ACCRUED COMPENSATED ABSENCES*

GASB Statement No. 101 requires the accrual of leave time that is more likely than not to be used for time off, paid or settled. For vacation leave and other compensated absences with similar characteristics, there is an accrual of a liability as the benefits are earned by the employees, if both of the following conditions are met:

a. The employees' right to receive compensation is attributable to services already rendered.
b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

It is the Town's policy for employees to be given six days of sick leave after six months of employment. Employees are entitled to 100% of their accrued sick leave upon retirement. The accrued compensation liability account balance was $4,084 as of September 30, 2025.

All sick and annual leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations and retirements.

NOTE 7: *RISK MANAGEMENT*

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to protect itself from exposure to losses under the risks described above, the Town carries traditional commercial insurance coverage, including workers' compensation and employee health insurance, rather than finance risks through self-insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8: *CAPITAL ASSETS*

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

GOVERNMENTAL FUNDS	BEGINNING BALANCE	ADDITIONS	DEDUCTIONS	ENDING BALANCE
Land	$ 20,736	$ -	$ -	$ 20,736
Buildings	968,377	485,857	-	1,454,234
Machinery & Equipment	1,812,023	46,580	-	1,858,603
Improvements other than buildings	179,261	-	-	179,261
Construction in Progress	218,026	579,982	(218,026)	579,982
Less: Accumulated Depreciation	(1,678,318)	(119,165)	-	(1,797,483)
NET CAPITAL ASSETS	**$ 1,520,105**	**$ 993,254**	**$ (218,026)**	**$ 2,295,333**

ENTERPRISE FUNDS	BEGINNING BALANCE	ADDITIONS	DEDUCTIONS	ENDING BALANCE
Land	$ 14,975	$ -	$ -	$ 14,975
Utility System	4,194,571	369,451	-	4,564,022
Machinery & Equipment	255,726	54,754	-	310,480
Construction in Progress	117,999	162,000	(117,999)	162,000
Less: Accumulated Depreciation	(2,156,993)	(98,350)	-	(2,255,343)
NET CAPITAL ASSETS	**$ 2,426,278**	**$ 487,855**	**$ (117,999)**	**$ 2,796,134**

NOTE 9: *FUND BALANCES – GOVERNMENTAL FUNDS*

As of September 30, 2025 fund balances of the governmental funds are classified as follows in the following categories:

NON-SPENDABLE – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

RESTRICTED – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

COMMITTED – amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Council is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council.

ASSIGNED – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

UNASSIGNED – all other spendable amounts.

NOTE 9: ***FUND BALANCES – GOVERNMENTAL FUNDS*** *(continued)*
As of September 30, 2025, fund balances are composed of the following:

	General Fund	Other Governmental Funds	Total Governmental
Nonspendable:	$ 100,130	$ -	$ 100,130
Restricted:			
4 Cent Gas	-	27,966	27,966
7 Cent Gas	-	25,812	25,812
Capital Improvement	-	1,853	1,853
Committed:			
Fire	-	87,671	87,671
Library	-	2,265	2,265
Assigned:			
Debt Service	-	-	-
Unassigned:	638,025	-	638,025
Total Fund Balances	**$ 738,155**	**$ 145,567**	**$ 883,722**

NOTE 10: ***SUBSEQUENT EVENTS***
In accordance with Accounting Standards, we have reviewed the Town's records and transactions as of September 30, 2025 and subsequent to that date through the date of our report to determine if any events or transactions have occurred which would have a material effect on the financial statements as of September 30, 2025. No events or transactions were deemed by management to be of a nature to be disclosed or reported in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CARROLLTON, ALABAMA
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2025

REVENUES	BUDGET			
Taxes:	ORIGINAL	FINAL	ACTUAL	VARIANCE
Ad Valorem Tax	$ 220,000	$ 220,000	$ 196,448	$ (23,552)
State Sales Tax	160,000	160,000	188,899	28,899
Excise Tax	55,000	55,000	36,810	(18,190)
City Gasoline Tax	35,000	35,000	34,705	(295)
Alcohol Tax	14,000	14,000	11,282	(2,718)
Tobacco Products Tax	4,000	4,000	7,629	3,629
Payment in Lieu of Taxes - T.V.A.	7,000	7,000	6,369	(631)
Oil Production Privilege Tax	1,000	1,000	699	(301)
TOTAL TAXES	$ 496,000	$ 496,000	$ 482,841	$ (13,159)
Intergovernmental Revenues:				
Gas Board	$ 152,000	$ 152,000	$ 152,000	$ -
Motor Vehicle	270	270	18,890	18,620
TOTAL INTERGOVERNMENTAL	$ 152,270	$ 152,270	$ 170,890	$ 18,620
Fines Forfeitures:				
Fines and Costs	$ 40,000	$ 40,000	$ 26,886	$ (13,114)
Licenses and Permit:				
Business Licenses	$ 114,000	$ 114,000	$ 140,595	$ 26,595
Charges for Services:				
Garbage Collection Fees	$ 90,000	$ 90,000	$ 125,182	$ 35,182
Clerical Service	24,000	24,000	20,000	(4,000)
TOTAL CHARGES FOR SERVICES	$ 114,000	$ 114,000	$ 145,182	$ 31,182
Grant Income	$ -	$ -	$ 664,772	$ 664,772
TOTAL GRANT INCOME	$ -	$ -	$ 664,772	$ 664,772
Miscellaneous Revenue:				
Interest	$ 3,000	$ 3,000	$ 18,060	$ 15,060
Other	4,500	4,500	11,881	7,381
Opening and Closing Graves	3,500	3,500	8,150	4,650
Rent	2,400	2,400	2,000	(400)
Cable T.V.	3,000	3,000	1,970	(1,030)
TOTAL MISCELLANEOUS REVENUES	$ 16,400	$ 16,400	$ 42,061	$ 25,661
TOTAL REVENUES	**$ 932,670**	**$ 932,670**	**$ 1,673,227**	**$ 740,557**

TOWN OF CARROLLTON, ALABAMA
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	BUDGET			
EXPENDITURES	ORIGINAL	FINAL	ACTUAL	VARIANCE
General Government:				
Grant Expenses	$ -	$ -	$ 613,540	$ 613,540
Miscellanous	16,818	16,818	237,165	220,347
Salaries	75,000	75,000	73,498	(1,502)
Employee Benefits	36,342	36,342	66,393	30,051
Insurance	26,000	26,000	35,438	9,438
Office Supplies	9,000	9,000	34,515	25,515
Legal and Accounting	12,000	12,000	14,181	2,181
Maintenance	7,000	7,000	9,569	2,569
Utilities	6,500	6,500	8,526	2,026
Retirement	6,000	6,000	7,637	1,637
Equipment	1,000	1,000	3,350	2,350
Dues	1,500	1,500	1,356	(144)
Payroll Taxes	9,945	9,945	-	(9,945)
TOTAL GENERAL GOVERNMENT	$ 207,105	$ 207,105	$ 1,105,168	$ 898,063
Police Department:				
Salaries	$ 200,000	$ 200,000	$ 221,368	$ 21,368
Retirement	15,000	15,000	21,089	6,089
Insurance	22,300	22,300	18,496	(3,804)
Payroll Taxes	22,950	22,950	16,915	(6,035)
Dispatching	14,000	14,000	14,001	1
Gas and Oil	18,000	18,000	13,252	(4,748)
Repairs and Supplies	20,600	20,600	12,525	(8,075)
Utilities	10,000	10,000	11,888	1,888
Court Expenses	5,500	5,500	10,394	4,894
Other	3,400	3,400	5,165	1,765
Court Fees	4,000	4,000	3,822	(178)
Jail Expense	9,000	9,000	720	(8,280)
Equipment	10,000	10,000	421	(9,579)
				-
TOTAL POLICE DEPARTMENT	$ 354,750	$ 354,750	$ 350,056	$ (4,694)

TOWN OF CARROLLTON, ALABAMA
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	BUDGET			
	ORIGINAL	**FINAL**	**ACTUAL**	**VARIANCE**
Street and Sanitation:				
Salaries	$ 120,000	$ 120,000	$ 136,477	$ 16,477
Repairs and Supplies	19,000	19,000	89,590	70,590
Equipment	-	-	35,080	35,080
Landfill Fees	36,000	36,000	34,630	(1,370)
Utilities	24,000	24,000	24,553	553
Gas and Oil	22,000	22,000	17,531	(4,469)
Retirement	12,000	12,000	17,036	5,036
Payroll Taxes	18,360	18,360	10,409	(7,951)
Insurance	30,268	30,268	7,472	(22,796)
TOTAL STREET AND SANITATION	$ 281,628	$ 281,628	$ 372,778	$ 91,150
Parks and Recreation:				
Repairs and Supplies	$ -	$ -	$ 777	$ 777
TOTAL PARKS AND RECREATION	$ -	$ -	$ 777	$ 777
				-
TOTAL EXPENDITURES	**$ 843,483**	**$ 843,483**	**$ 1,828,779**	**$ 985,296**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	$ 89,187	$ 89,187	$ (155,552)	$ (244,739)
Transfers In / (Out):				
Seven Cent Fund	$ 20,000	$ 20,000	$ 44,625	$ 24,625
Library Fund/Special School Tax	(26,000)	(26,000)	(16,000)	10,000
Debt Service	(26,425)	(26,425)	(26,425)	-
Utility Fund	-	-	(54,754)	(54,754)
TOTAL TRANSFERS	$ (32,425)	$ (32,425)	$ (52,554)	$ (20,129)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**$ 56,762**	**$ 56,762**	**$ (208,106)**	**$ (264,868)**

TOWN OF CARROLLTON, ALABAMA
NOTES TO SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Sources/Inflows of Resources		
Actual amounts (budgetary basis) available for appropriation shown as total revenues on budgetary comparison schedule	$	952,670
Differences - budget to GAAP		-
Total revenues as reported on statement of revenues, expenditures and changes in fund balances - governmental funds	$	952,670
Uses/Outflows of Resources		
Actual amounts (budgetary basis) available for expenditures shown as total expenditures on budgetary comparison schedule	$	895,908
Differences - budget to GAAP		-
Total expenditures as reported on statement of revenues, expenditures and changes in fund balances - governmental funds	$	895,908

TOWN OF CARROLLTON, ALABAMA
THE WATER, AND SEWER BOARD
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
OPERATING REVENUES				
Water and Sewer Revenue	$ 335,000	$ 335,000	$ 311,499	$ (23,501)
Penalties and Taxes	15,800	15,800	36,120	20,320
TOTAL OPERATING REVENUES	$ 350,800	$ 350,800	$ 347,619	$ (3,181)
OPERATING EXPENSES				
Salaries	$ 110,000	$ 110,000	$ 131,895	$ 21,895
Water Purchases	101,000	101,000	116,496	15,496
Materials	8,000	8,000	16,225	8,225
Insurance	17,796	17,796	16,026	(1,770)
Maintenance and Repairs	19,235	19,235	13,585	(5,650)
Retirement	8,600	8,600	12,936	4,336
Utilities	9,500	9,500	11,091	1,591
Lab Fees	7,500	7,500	10,072	2,572
Utility Tax	9,000	9,000	8,619	(381)
Miscellaneous	-	-	5,223	5,223
Gas and Oil	7,500	7,500	4,739	(2,761)
Accounting and Legal	7,500	7,500	4,000	(3,500)
Postage	1,000	1,000	3,000	2,000
Rent	2,400	2,400	2,200	(200)
Professional Fees	-	-	2,000	2,000
Payroll Taxes	9,500	9,500	-	(9,500)
TOTAL OPERATING EXPENSES	$ 318,531	$ 318,531	$ 358,107	$ 39,576
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	$ 32,269	$ 32,269	$ (10,488)	$ (42,757)
Depreciation	-	-	98,350	98,350
OTHER FINANCING SOURCES				
Transfer In	-	-	54,754	54,754
OPERATING INCOME (LOSS)	$ 32,269	$ 32,269	$ (54,084)	$ (86,353)
NONOPERATING INCOME (EXPENSES)				
Grant Income	$ -	$ -	$ 413,452	$ 413,452
Interest Income	100	100	434	334
Interest Expense	(28,464)	(28,464)	(16,805)	11,659
TOTAL NONOPERATING INCOME (EXPENSE)	$ (28,364)	$ (28,364)	$ 397,081	$ 425,445
NET INCOME (LOSS)	**$ 3,905**	**$ 3,905**	**$ 342,997**	**$ 339,092**

TOWN OF CARROLLTON, ALABAMA
NOTES TO SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - WATER, & SEWER BOARD
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Sources/Inflows of Resources		
Actual amounts (budgetary basis) available for appropriation shown as total revenues on budgetary comparison schedule	$	350,900
Differences - budget to GAAP		-
Total revenues as reported on statement of revenues, expenditures and changes in fund balances - governmental funds	$	350,900
Uses/Outflows of Resources		
Actual amounts (budgetary basis) available for expenditures shown as total expenditures on budgetary comparison schedule	$	346,995
Differences - budget to GAAP		-
Total expenditures as reported on statement of revenues, expenditures and changes in fund balances - governmental funds	$	346,995

TOWN OF CARROLLTON, ALABAMA
SCHEDULE OF CHANGES IN THE PLAN NET PENSION LIABILITY
LAST 10 FISCAL YEARS[1]

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	$ 26,765	$ 30,771	$ 24,580	$ 22,184	$ 25,479	$ 24,069	$ 26,424	$ 25,460	$ 18,197	$ 18,117
Interest	107,025	96,556	96,106	89,478	81,973	75,923	73,814	70,089	59,334	57,316
Changes in benefit terms	-	-	2,089	-	-	-	4,997	-	-	-
Difference between expected and actual experience	(54,316)	77,349	(29,731)	(2,722)	41,398	26,366	(19,613)	3,682	25,159	4,284
Changes in assumptions	-	-	-	78,520	-	-	-	-	105,933	-
Benefit payments, including refunds of employee contributions	(81,108)	(78,332)	(69,084)	(57,903)	(48,527)	(47,056)	(57,031)	(45,323)	(56,134)	(52,851)
Transfers among employers	6,172	15,573	(13,304)	4,007	1,833	-	-	-	4,813	-
Net change in total pension liability	4,538	141,917	10,656	133,564	102,156	79,302	28,591	53,908	157,302	26,866
Total pension liability - beginning	1,477,135	1,335,218	1,324,562	1,190,998	1,088,842	1,009,540	980,949	927,041	769,739	742,873
Total pension liability - ending (a)	$ 1,481,673	$ 1,477,135	$ 1,335,218	$ 1,324,562	$ 1,190,998	$ 1,088,842	$ 1,009,540	$ 980,949	$ 927,041	$ 769,739
Plan Fiduciary Net Position										
Contributions - employer	$ 36,655	$ 35,646	$ 33,050	$ 32,966	$ 26,543	$ 19,945	$ 20,034	$ 18,105	$ 20,504	$ 13,695
Contributions - member	20,144	19,480	17,964	15,755	16,260	11,106	12,833	12,908	13,565	11,060
Net Investment Income	192,580	106,268	(122,895)	177,939	43,558	19,331	65,476	82,489	61,004	7,243
Benefit payments, including refunds of employee contributions	(81,108)	(78,332)	(69,084)	(57,903)	(48,527)	(47,056)	(57,031)	(45,323)	(56,134)	(52,851)
Transfer to employers	6,172	15,573	(13,304)	4,007	1,833	-	-	-	4,813	7,842
Net change in plan fiduciary net position	174,443	98,635	(154,269)	172,764	39,667	3,326	41,312	68,179	43,752	(13,011)
Plan net position - beginning	921,004	822,369	976,638	803,874	764,207	760,881	719,569	651,390	607,638	620,649
Plan net position - ending (b)	$ 1,095,447	$ 921,004	$ 822,369	$ 976,638	$ 803,874	$ 764,207	$ 760,881	$ 719,569	$ 651,390	$ 607,638
Plan net liability (asset) - ending (a) - (b)	$ 386,226	$ 556,131	$ 512,849	$ 347,924	$ 387,124	$ 324,635	$ 248,659	$ 261,380	$ 275,651	$ 162,101
Plan fiduciary net position as a percentage of the total pension liability	73.93%	62.35%	61.59%	73.73%	67.50%	70.19%	75.37%	73.35%	70.27%	78.94%
Covered-employee payroll	$ 340,950	$ 330,325	$ 298,338	$ 292,039	$ 255,309	$ 252,415	$ 223,286	$ 195,383	$ 194,229	$ 193,126
Net pension liability (asset) as a percentage of covered-employee payroll	113.28%	168.36%	171.90%	119.14%	151.63%	128.61%	111.36%	133.78%	141.92%	83.94%

[1] - GASB No. 68 requires the disclosure to depict the last 10 fiscal years. However, the Employee's Retirement System of Alabama has only provided the most recent fiscal year figures. More years will be disclosed as the information is provided.

TOWN OF CARROLLTON, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST 10 FISCAL YEARS[1]

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contributions*	$ 37,560	$ 37,899	$ 36,869	$ 33,369	$ 35,426	$ 31,435	$ 23,740	$ 20,915	$ 19,248	$ 18,881
Contributions in relation to the actuarially determined contribution	37,560	37,560	41,159	34,895	33,601	32,610	25,323	21,274	17,536	21,136
Contribution deficiency (excess)	$ -	$ 339	$ (4,290)	$ (1,526)	$ 1,825	$ (1,175)	$ (1,583)	$ (359)	$ 1,712	$ (2,255)
Covered-employee payroll**	$ 419,409	$ 340,950	$ 330,325	$ 298,338	$ 292,039	$ 255,309	$ 252,415	$ 238,251	$ 219,979	$ 243,623
Contributions as a percentage of covered-employee payroll	8.96%	11.02%	12.46%	11.70%	11.51%	12.77%	10.03%	8.93%	7.97%	8.68%

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

** Employer's covered payroll for FY2025 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	26.9 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

[1] - GASB No. 68 requires the disclosure to depict the last 10 fiscal years. However, the Employee's Retirement System of Alabama has only provided the most recent fiscal years figures. More years will be disclosed as the information is provided.

LeCroy Richardson
Certified Public Accountants

SINGLE AUDIT REPORT FOR COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Mayor and Members
of the Town Council
Town of Carrollton, Alabama
Carrollton, Alabama 35447

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Carrollton, Alabama'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 Town of Carrollton, Alabama's major federal programs for the year ended September 30, 2025. The Town of Carrollton, Alabama'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 Town of Carrollton, Alabama, 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 Town of Carrollton, Alabama 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 Town of Carrollton, Alabama'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 of grant agreements applicable to the Town of Carrollton, Alabama's federal programs.

Auditors' Responsibility 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 Town of Carrollton, Alabama'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 Town of Carrollton, Alabama'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 Town of Carrollton, Alabama'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 Town of Carrollton, Alabama'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 Town of Carrollton, Alabama'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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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.

LeCroy Richardson, P.C.

Northport, Alabama
June 17, 2026

THE TOWN OF CARROLLTON, ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS/THROUGH GRANTOR'S NUMBER	DISBURSEMENTS OR EXPENDITURES
Department of the Treasury:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	CS010916-01	$ 634,737
Department of Transportation:			
Highway Planning and Construction	20.205	N/A	6,544
Appalachian Regional Commission:			
Appalachian Area Development	23.002	AL-21663-2024	23,491
States' Economic Development Assistance Program			
Sewer Rehab Grant Phase II	90.204	AL-7418	162,000
Sewer Rehab Grant Phase I	90.204	AL-54833	251,452
TOTAL FEDERAL FINANCIAL EXPENDITURES			**$ 1,078,224**

See Independent Auditors' Report.

TOWN OF CARROLLTON, ALABAMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2025

NOTE 1: *BASIS OF PRESENTATION*

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Town of Carrollton, Alabama, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).* Because the Schedule presents only a selected portion of the operations of the Town of Carrollton, Alabama, it is not intended to and does not present the financial position or changes in net position of the Town of Carrollton, Alabama.

NOTE 2: *BASIS OF ACCOUNTING*

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

NOTE 3: *REPORTING ENTITY*

The Town's reporting entity is fully described in Note 1 to the financial statements.

NOTE 4: *INDIRECT COST RATES*

The Town did not elect to use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance*.

TOWN OF CARROLLTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements	Status
Type of Auditor's report issued:	Unmodified
Internal control over financing reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(s) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified that are not considered to be material weaknesses?	No
Type of Auditor's report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?	No
Identification of major programs:	
21.027 Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold used to distinguish between Type A and Type B programs	$ 1,000,000
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

2025 - 001 **Material Weakness - Fair Presentation of Financial Statements**

Condition: Material adjusting entries were made to the general ledger.

Criteria: Management is responsible for ensuring the financial statements are fairly presented in all material respects.

Cause: The Town did not record the necessary year-end adjusting journal entries.

Effect: Because of the failure to properly adjust all general ledger accounts, the financial statements of the Town could be materially misstated.

Recommendation: It is recommended that the Town make the necessary adjustments to ensure the financial statements are in conformity with generally accepted accounting principles.

See accompanying Planned Corrective Actions in Corrective Action Plan.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

THE TOWN OF CARROLLTON
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2025

The Town of Carrollton, Alabama
P.O. Box 169, Carrollton, Alabama 35447

June 17, 2026

U.S. Department of the Treasury

The Town of Carrollton, Alabama respectfully submits the following corrective action plan for the year ended September 30, 2025.

Name and address of independent public accounting firm:
LeCroy Richardson, P.C.
5710 Watermelon Road, Suite 400
Northport, Alabama 35473

Audit period: Year ended September 30, 2025

The finding from the 2025 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

Material Weakness

FINDING 2025-001 Fair Presentation of Financial Statements

Recommendation: The Town should properly record all necessary year-end adjusting journal entries.

Action Taken: We concur with the recommendation and it will be implemented through discussions with Town personnel in preparation for closing out the year ended September 30, 2026.

If the U.S. Department of Treasury has questions regarding this plan, please contact us.

Sincerely,

Mr. Mickey Walker
Mayor