THE CITY OF MARGARET, ALABAMA

GENERAL PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

CITY OF MARGARET, ALABAMA
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SEPTEMBER 30, 2025

Cork, Hill & Company, L.L.C.

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council of
The City of Margaret, Alabama

Opinions

We have audited the accompanying financial statements of the governmental activities of the City of Margaret, Alabama (the City), as of and for the year ended September 30, 2025, and the related Notes to The Financial Statements of the governmental activities, each major fund, and the aggregate remaining fund information which collectively comprise the City'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 financial position of the government activities, each major fund and the remaining fund information of the City of Margaret, Alabama as of September 30, 2025, and the changes in its net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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.

Certified Public Accountants
31 Inverness Center Parkway, Suite 400
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Auditors' 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 Auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing* Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the Net Pension Liability, and the Schedule of Employer Contributions be presented to supplement the basic financial statements. Such information, 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 State of America, which consisted of inquiries of management about the method 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.

Cork, Hill & Company, LLC

Birmingham, Alabama
August 3, 2026

Cork, Hill & Company, L.L.C.

INDEPENDENT AUDITORS' 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 City Council
City of Margaret, Alabama

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, each major fund, and the aggregate remaining fund information of the City of Margaret, Alabama, as of and for the year ended September 30, 2025, and the related Notes to The Financial Statements, which collectively comprise the City of Margaret, Alabama's basic financial statements, and have issued our report thereon dated August 3, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Margaret, Alabama's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Margaret, Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Margaret, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Margaret, 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Cork, Hill & Company, LLC

Birmingham, Alabama
August 3, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Margaret (the City)'s financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the City's financial statements, which begin on page 12.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 and 13) provide information about the activities of the City as a whole and present a more comprehensive view of the City's finances. Fund financial statements start on page 14. These statements tell how the City was financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

REPORTING THE CITY AS A WHOLE

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the City's net position and the current year changes in net position. You can think of the City's net position (the differences between assets and liabilities) as one way to measure the City's financial health, or *financial position.* Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. You will also need to consider non-financial factors in order to assess the overall health of the City.

The Statement of Net Position and the Statement of Activities separate the City's governmental activities and its business type activities.

> Governmental activities - The City's basic services are reported here, including the police, fire, public works, parks departments, and general administration. Sales taxes, business licenses, and other taxes finance most of these activities.
>
> Business type activities - The City of Margaret operates a water system which is reported under this caption. These financial statements begin on page 18 and consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

The fund financial statements begin on page 14 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's governmental funds use the following accounting approach.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS - Continued

The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps you determine the availability of financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations on pages 15 and 17.

THE CITY AS A WHOLE

The following schedules present a comparison of current and prior year Statements of Net Position for government and business type activities.

	2025	2024	Variance
City as a Whole			
Cash	$ 2,255,865	$ 2,677,879	$ (422,014)
Receivables	148,589	130,796	17,793
Restricted cash	1,729,182	740,127	989,055
Other assets	23,248	16,680	6,568
Total Current Assets	4,156,884	3,565,482	591,402
Capital assets	14,322,525	14,459,635	(137,110)
Net pension asset	172,177	-	172,177
Total Assets	18,651,586	18,025,117	626,469
Deferred Outflows of Resources	166,563	186,674	(20,111)
Total Assets and Deferred Outflows of Resources	$ 18,818,149	$ 18,211,791	$ 606,358
Accounts payable	$ 39,780	$ 22,664	$ 17,116
Current maturities of long-term debt	123,380	123,380	-
Interest payable	4,242	4,839	(597)
Total Current Liabilities	167,402	150,883	16,519
Noncurrent liabilities	1,708,452	1,840,309	(131,857)
Total Liabilities	1,875,854	1,991,192	(115,338)
Deferred Inflows of Resources	318,619	195,482	123,137
Net Position			
Invested in capital assets	12,889,463	12,902,596	(13,133)
Restricted	1,420,658	383,195	1,037,463
Unrestricted	2,313,555	2,739,326	(425,771)
Total Net Position	16,623,676	16,025,117	598,559
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 18,818,149	$ 18,211,791	$ 606,358

BUSINESS ACTIVITIES	2025	2024	Variance
Cash	$ 1,754,574	$ 1,777,304	$ (22,730)
Receivables	229,179	309,598	(80,419)
Other current assets	79,880	85,187	(5,307)
Restricted cash	2,061,904	1,411,620	650,284
Total Current Assets	4,125,537	3,583,709	541,828
Capital assets	5,601,013	5,871,429	(270,416)
Net pension asset	68,371	-	68,371
Total Assets	9,794,921	9,455,138	339,783
Deferred Outflows of Resources	66,142	142,250	(76,108)
Total Assets and Deferred Outflows of Resources	$ 9,861,063	$ 9,597,388	$ 263,675
Accounts payable	$ 72,213	$ 44,168	$ 28,045
Current maturities of long-term debt	41,620	36,620	5,000
Other current liabilities	321,543	312,108	9,435
Total Current Liabilities	435,376	392,896	42,480
Noncurrent liabilities	5,344,378	5,390,295	(45,917)
Total Liabilities	5,779,754	5,783,191	(3,437)
Deferred Inflows of Resources	126,523	148,961	(22,438)
Net Position			
Net investment in capital assets	188,316	424,478	(236,162)
Restricted	1,775,943	1,411,620	364,323
Unrestricted	1,990,527	1,829,138	161,389
	3,954,786	3,665,236	289,550
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 9,861,063	$ 9,597,388	$ 263,675

The City operated with a surplus and reinvested current operations into capital assets. The public works department also operated with a surplus and reinvested current operations into the water plant and other assets.

STATEMENT OF ACTIVITIES

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Net Position. You will notice that governmental expenses are listed in the first column with revenues from that department reported to the right. The result is a net (expense)/revenue for each department. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Business activities are adjusted on one line as income or (loss). Details of business type revenues and expenses can be found starting on page 19. Some of the individual line-item revenues reported for each function are:

Police	Corrections fees and fines.
Fire	Donations.
Park and Recreation	Donations.

All other governmental revenues are reported as general.

It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

THE CITY'S REVENUES

The following schedule presents a comparative summary of government-wide revenues and expenditures for the years ended September 30, 2025 and 2024.

	2025	2024	Variance Favorable (Unfavorable)
Revenues			
Program revenues	$ 56,041	$ 43,164	$ 12,877
Taxes and licenses	2,529,196	2,461,413	67,783
Investment earnings	3,988	4,810	(822)
Other	639,716	285,189	354,527
	3,228,941	2,794,576	434,365
Expenditures			
Administrative	747,187	759,355	(12,168)
Police	738,524	662,353	76,171
Fire	668,766	621,567	47,199
Public works	486,451	26,423	460,028
Interest	56,303	58,068	(1,765)
Transfers - net	(66,849)	57,342	(124,191)
	2,630,382	2,185,108	445,274
Change in net position	$ 598,559	$ 609,468	$ (10,909)

Business-type revenue and expenditures are summarized below.

	2025	2024	Variance Favorable (Unfavorable)
Revenue			
Charges for services	$ 2,259,101	$ 2,128,401	$ 130,700
Operating expenses			
Cost of water	221,422	189,052	32,370
Salaries	409,785	318,617	91,168
Depreciation	290,094	278,036	12,058
Insurance	153,001	126,510	26,491
Repairs	55,262	52,761	2,501
Other operating expenses	671,861	604,806	67,055
	1,801,425	1,569,782	231,643
Operating income	457,676	558,619	(100,943)
Non-operating income (expenses)	(168,126)	(42,978)	(125,148)
Change in net position	$ 289,550	$ 515,641	$ (226,091)

The following schedule presents a summary of governmental fund revenues and expenditures for the year ending September 30, 2025 and 2024.

Revenues	2025 Amount	2024 Amount	Increase (Decrease) From 2024
Governmental Revenues			
Taxes	$ 1,490,346	$ 1,278,029	$ 212,317
Licenses and permits	684,893	521,353	163,540
Intergovernmental	353,957	662,031	(308,074)
Fines and forfeitures	48,084	39,441	8,643
Investment income	3,988	4,811	(823)
Other	647,672	288,913	358,759
Total governmental revenues	$ 3,228,940	$ 2,794,578	$ 434,362

Expenditures	2025 Amount	2024 Amount	Increase (Decrease) From 2024
Governmental Expenditures			
General government	$ 541,603	$ 548,527	$ (6,924)
Public safety	1,238,192	1,123,478	114,714
Streets, sanitation and parks	483,584	23,556	460,028
Debt service and capital outlays	404,750	858,315	(453,565)
Transfers	(66,849)	57,342	(124,191)
Total governmental expenditures	2,601,280	2,611,218	(9,938)
Excess revenues (expenditures)	$ 627,660	$ 183,360	$ 444,300

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2025, the City had $27,280,021 invested in a broad range of governmental and business-type capital assets, including police and fire equipment, buildings, park facilities, roads, drainage systems, water system, sewer system, and land. See table below for current year to prior year comparisons of capital assets for governmental activities as well as business activities. This amount represents a net increase (including additions and deductions) of $244,148 from 2024.

	Government Activities		Business Activities	
	2025	2024	2025	2024
Land	$ 722,007	$ 722,007	$ 125,000	$ 125,000
Buildings and improvements	1,167,044	1,167,044	22,915	22,915
Automotive	1,101,584	1,101,584	242,111	242,111
Equipment and furniture	1,047,633	823,163	237,186	237,186
Roads and drainage system	15,051,695	15,051,695	-	-
Water plant and sewer system	-	-	7,562,846	7,543,168
	$ 19,089,963	$ 18,865,493	$ 8,190,058	$ 8,170,380
Total investment for 2025	$ 27,280,021			

Debt

As of September 30, 2025, the City had $1,428,820 in outstanding bonds and notes payable versus $1,552,200 last year, a decrease of $123,380. As of September 30, 2025, the water department had $5,471,180 in outstanding bonds and notes payable versus $5,507,800 last year, a decrease of $36,620.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The City's elected and appointed officials consider many factors concerning the City of Margaret's finances, including building permits, tax rates, fees, and the economy. The City's revenues are relatively stable and are expected to increase in future years due to economic growth and development within the City. Similarly, the City's expenses have remained consistent with prior years and are expected to increase in future years as the City continues to provide additional services to the community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact:

Matthew Tortorice, Mayor
City of Margaret
825 Woodland Circle
Margaret, AL 35120
(205) 629-5742

THE CITY OF MARGARET, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government		
	Governmental Activities	Business Activities	Total
ASSETS			
Current Assets - Unrestricted			
Cash and cash equivalents	$ 2,255,865	$ 1,754,574	$ 4,010,439
Receivables (net)	148,589	229,179	377,768
Inventories	-	70,650	70,650
Prepaids	23,248	9,230	32,478
Total Current Assets - Unrestricted	2,427,702	2,063,633	4,491,335
Current Assets - Restricted			
Cash and cash equivalents	1,729,182	2,061,904	3,791,086
Total Current Assets - Restricted	1,729,182	2,061,904	3,791,086
Total Current Assets	4,156,884	4,125,537	8,282,421
Noncurrent Assets			
Capital Assets:			
Non-depreciable	722,007	125,000	847,007
Depreciable - net of depreciation	13,600,518	5,476,013	19,076,531
Total Capital Assets, Net of Depreciation	14,322,525	5,601,013	19,923,538
Other Assets:			
Net pension asset	172,177	68,371	240,548
Total Other Assets	172,177	68,371	240,548
Total Noncurrent Assets	14,494,702	5,669,384	20,164,086
Total Assets	18,651,586	9,794,921	28,446,507
Deferred Outflows of Resources	166,563	66,142	232,705
Total Assets and Deferred Outflows of Resources	$ 18,818,149	$ 9,861,063	$ 28,679,212

	Primary Government		
	Governmental Activities	Business Activities	Total
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	$ 39,780	$ 72,213	$ 111,993
Liabilities payable from restricted assets:			
Customer deposits	-	285,961	285,961
Current maturities of long-term debt	123,380	41,620	165,000
Interest payable	4,242	35,582	39,824
Total Current Liabilities	167,402	435,376	602,778
Noncurrent liabilities			
Bonds payable	1,305,440	5,223,779	6,529,219
Accrued compensated absences	93,624	8,883	102,507
Unamortized bond premium	-	111,716	111,716
Unearned revenue	309,388	-	309,388
Total Noncurrent Liabilities	1,708,452	5,344,378	7,052,830
Total Liabilities	1,875,854	5,779,754	7,655,608
Deferred Inflows of Resources	318,619	126,523	445,142
NET POSITION			
Net Investment in capital assets	12,889,463	188,316	13,077,779
Restricted position	1,420,658	1,775,943	3,196,601
Unrestricted assets	2,313,555	1,990,527	4,304,082
	16,623,676	3,954,786	20,578,462
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 18,818,149	$ 9,861,063	$ 28,679,212

THE CITY OF MARGARET, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	Total
Function/Program Activities							
Primary Government:							
Government Activities:							
General government	$ 747,187	$ 14,405	$ -	$ 350,000	$ (382,782)	$ -	$ (382,782)
Police and courts	738,524	41,636	350	-	(696,538)	-	(696,538)
Fire	668,766	-	500	-	(668,266)	-	(668,266)
Parks and recreation	486,451	-	-	-	(486,451)	-	(486,451)
Interest on long-term debt	56,303	-	-	-	(56,303)	-	(56,303)
Total governmental activities	2,697,231	56,041	850	350,000	(2,290,340)	-	(2,290,340)
Business-type Activities							
Water department operating income						457,676	457,676
Interest expense and other income						(101,277)	(101,277)
Total business-type activities						356,399	356,399
Total primary government	$ 2,697,231	$ 56,041	$ 850	$ 350,000	(2,290,340)	356,399	(1,933,941)
General Revenues:							
Taxes:							
Ad valorem taxes					350,670	-	350,670
Sales tax					1,007,412	-	1,007,412
Gas tax					132,264	-	132,264
Licenses and permits					684,893	-	684,893
Intergovernmental					353,957	-	353,957
Investment earnings					3,988	-	3,988
Miscellaneous					288,866	-	288,866
Transfers (net)					66,849	(66,849)	-
Total general revenues and transfers					2,888,899	(66,849)	2,822,050
Change in net position					598,559	289,550	888,109
Net position, beginning of year					16,025,117	3,665,236	19,690,353
Net position, end of year					$ 16,623,676	$ 3,954,786	$ 20,578,462

THE CITY OF MARGARET, ALABAMA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General	American Rescue Plan Act Fund	Non Major Funds	Total Governmental Funds
Assets				
Assets:				
Cash and cash equivalents	$ 2,255,865	$ -	$ -	$ 2,255,865
Receivables				
Taxes	139,205	-	9,384	148,589
Prepaid expenses	23,248	-	-	23,248
Restricted assets:				
Cash and cash equivalents	19,216	315,888	1,394,078	1,729,182
Total Assets	$ 2,437,534	$ 315,888	$ 1,403,462	$ 4,156,884
Liabilities and Fund Balance				
Liabilities:				
Accounts payable and accrued liabilities	$ 31,260	$ 6,500	$ 2,020	$ 39,780
Unearned revenue	-	309,388	-	309,388
Total Liabilities	31,260	315,888	2,020	349,168
Fund Balance				
Non-spendable	23,248	-	-	23,248
Restricted	19,216	-	1,401,442	1,420,658
Unassigned	2,363,810	-	-	2,363,810
Total Fund Balance	2,406,274	-	1,401,442	3,807,716
Total Liabilities and Fund Balance	$ 2,437,534	$ 315,888	$ 1,403,462	$ 4,156,884

THE CITY OF MARGARET, ALABAMA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund Balance - Total Governmental Funds	$	3,807,716
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.		14,322,525
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(4,242)
Long-Term Liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet.		(1,428,820)
Compensated absences payable do not require current financial resources. Therefore, this liability is not reported in the governmental funds balance sheet. Compensated absences reported in the government wide statement of position are:		(93,624)
Net pension liability/asset is not payable in the current period and therefore this is not reported in the governmental funds balance sheet.		172,177
Net deferred inflows of resources and deferred outflows of resources related to the pension plan do not require current financial resources and therefore are not reported in the governmental funds balance sheet.		(152,056)
Net Position of Governmental Activities	$	16,623,676

THE CITY OF MARGARET, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	American Rescue Plan Act Fund	Non Major Funds	Total Governmental Funds
Revenues:				
Taxes	$ 1,358,082	$ -	$ 132,264	$ 1,490,346
Licenses and permits	684,893	-	-	684,893
Intergovernmental	85,254	53,374	215,329	353,957
Fines and forfeitures	48,084	-	-	48,084
Interest	3,937	34	17	3,988
Other	288,641	-	359,031	647,672
	2,468,891	53,408	706,641	3,228,940
Expenditures				
Current operations:				
General government	541,435	-	168	541,603
Public safety	1,116,332	-	121,860	1,238,192
Streets, sanitation and parks	117,901	17,492	348,191	483,584
Total current operations	1,775,668	17,492	470,219	2,263,379
Capital outlays	188,554	35,916	-	224,470
Debt service:				
Principal	123,380	-	-	123,380
Interest and fiscal charges	56,900	-	-	56,900
Total expenditures	2,144,502	53,408	470,219	2,668,129
Excess of revenues over expenditures	324,389	-	236,422	560,811
Other financial sources (uses):				
Operating transfers out	(800,500)	-	-	(800,500)
Operating transfers in	66,849	-	800,500	867,349
Total other financing sources (uses)	(733,651)	-	800,500	66,849
Excess of revenues and other financing sources over expenditures and other financing uses	(409,262)	-	1,036,922	627,660
Fund balance, beginning	2,815,536	-	364,520	3,180,056
Fund balance, ending	$ 2,406,274	$ -	$ 1,401,442	$ 3,807,716

THE CITY OF MARGARET, 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

Change in fund balances - total governmental funds	$ 627,660
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide Statement of Activities, the cost of these assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period, net of current year disposals.	224,470
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions are as follows:	
Repayment of long-term debt	123,380
Accrued compensated absences is recorded in the government-wide Statement of Activities, but they do not require the use of current financial resources. Therefore, accrued compensated absences are not recorded as an expenditure in governmental funds.	(52,732)
Depreciation expense on capital assets is recorded in the government-wide Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation expense is not recorded as an expenditure in governmental funds.	(361,580)
Accrued interest expense on long-term debt is recorded in the government-wide Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest expense is not recorded as an expenditure in governmental funds.	597
Pension expense is recorded in the government-wide Statement of Activities on the accrual basis and on the modified accrual basis for governmental funds statements. This is the difference in pension expense recongnized on the accrual basis.	36,764
Change in net position of governmental activities	$ 598,559

THE CITY OF MARGARET, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2025

Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	$	1,754,574
Receivables		
Customer accounts (less allowance for doubtful accounts of $7,000)		229,179
Inventories		70,650
Prepaid expenses		9,230
Total current assets		2,063,633
Property, Plant and Equipment		
Land		125,000
Depreciable capital assets		8,065,058
		8,190,058
Less accumulated depreciation		2,589,045
		5,601,013
Restricted Assets		
Trust and construction funds		1,775,943
Customer deposits		285,961
		2,061,904
Other Assets		
Net pension asset		68,371
		68,371
Total Assets		9,794,921
Deferred Outflows of Resources		66,142
Total Assets and Deferred Outflows of Resources	$	9,861,063

Liabilities and Net Position

Current Liabilities	
Accounts payable and accrued expenses	$ 72,213
Total current liabilities (payable from current assets)	72,213
Current Liabilities (payable from restricted assets)	
Meter deposits	285,961
Current maturities of long-term debt	41,620
Accrued interest	35,582
Total current liabilities (payable from restricted assets)	363,163
Total current liabilities	435,376
Noncurrent Liabilities	
Bonds payable	5,223,779
Premium on bonds issued	111,716
Compensated absences	8,883
Total noncurrent liabilities	5,344,378
Total Liabilities	5,779,754
Deferred Inflows of Resources	126,523
Net Position	
Restricted	1,775,943
Invested in capital assets, net of related debt	188,316
Unrestricted	1,990,527
	3,954,786
Total Liabilities, Deferred Outflows of Resources, and Net Position	$ 9,861,063

THE CITY OF MARGARET, ALABAMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Amount	% of Revenue
Operating revenues		
Charges for services		
Water charges	$ 1,229,324	54.42
Sewer charges	701,369	31.05
Taps and other charges	328,408	14.53
Total operating revenues	2,259,101	100.00
Operating expenses		
Materials and supplies	421,055	18.64
Salaries and wages	409,785	18.14
Depreciation	290,094	12.84
Cost of water	221,422	9.80
Insurance	153,001	6.77
Testing and professional fees	93,541	4.14
Repairs and maintenance	55,262	2.45
Office expense	54,775	2.42
Utilities	38,380	1.70
Other expenses	35,446	1.57
Fuel	27,592	1.22
Uniforms	1,072	0.05
Total operating expenses	1,801,425	79.74
Operating income	457,676	20.26
Nonoperating revenue (expenses)		
Investment income	47,752	2.11
Operating transfers net	(66,849)	(2.96)
Interest	(149,029)	(6.60)
Total nonoperating revenue (expense)	(168,126)	(7.45)
Change in net assets	289,550	12.82
Net assets, beginning of year	3,665,236	
Net assets, end of year	$ 3,954,786	

See Independent Auditors' Report and Notes to the Financial Statements

THE CITY OF MARGARET, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Cash flows from operating activities:	
Received from customers	$ 2,349,183
Paid to suppliers	(1,075,568)
Paid to employees	(424,003)
Net cash provided by operating activities	849,612
Cash flows from non-capital financing activities:	
Operating transfers	(66,849)
Net cash used by non-capital financing activities	(66,849)
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(19,678)
Repayment of indebtedness	(28,781)
Interest paid on capital and related financing activities	(154,502)
Net cash used by capital and related financing activities	(202,961)
Cash flows from investing activities	
Interest received on investments	47,752
Net cash provided by investing activities	47,752
Net increase in cash and cash equivalents	$ 627,554
Cash and cash equivalents at beginning of year	$ 3,188,924
Cash and cash equivalents at end of year	$ 3,816,478
Unrestricted cash	$ 1,754,574
Restricted cash	2,061,904
	$ 3,816,478
Reconciliation of operating income to	
Net cash provided by operations	
Operating income	$ 457,676
Adjustments to reconcile operating income to net	
Cash provided by operating activities:	
Depreciation	290,094
Changes in operating assets and liabilities	
Decrease in accounts receivable	80,419
Decrease in inventories and prepayments	5,307
Increase in accounts payable and accrued expenses	27,124
Increase in customer deposits	9,663
Change in pension related accounts	(20,671)
	$ 849,612

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction - The financial statements of the City of Margaret, Alabama (the City) are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity - The City of Margaret, Alabama (the City) is a municipal corporation governed by an elected Mayor and a five-member City Council. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City has no component units which are required to be included in these financial statements.

Other Boards - The City Council may appoint the members of other local boards. These boards do not possess corporate powers that distinguish them as being legally separate from the City, and are, for financial reporting purposes, considered to be parts of the City's primary government.

Basis of Accounting, Measurement Focus and Financial Statement Presentation - The general purpose financial statements include government-wide (based on the city as a whole), proprietary and fund financial statements. In the government wide statements, all governmental funds are combined and reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Both government-wide and fund financial statements provide valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the financial information. In the fund financial statements, major funds are presented separately, and non-major funds combined. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The City's funds are grouped into two broad fund categories for financial statement presentation purposes. Governmental funds include the general and special revenue funds. Proprietary funds only have an enterprise fund.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These Statements distinguish between activities that are governmental and those that are considered business-type activities. Internal activity between funds is considered immaterial and is not eliminated.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The Statement of Activities presents a comparison between revenue and expenses with a net revenue or expense for each governmental department. Each segment of the business-type activities of the City are presented separately.

In the Statement of Activities direct expenses are those that are specifically associated with a department and are therefore clearly identifiable to a function. Program revenues include charges paid by recipients for goods or services received and grants and contributions that are restricted to meeting the operational or capital requirements of a department. Revenues which are not classified as program revenues are presented as general revenues.

The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City. Net position is reported in three parts, net investment in capital assets; restricted net position and unrestricted net position. Net position is restricted when constraints placed on the use of net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

FUND FINANCIAL STATEMENTS
Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this approach, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Because of the differences in accounting methods used for entity-wide financial statements and fund financial statements, the fund financial statements are followed by a reconciliation with a brief explanation to identify the relationship between the entity wide statements and the governmental funds statement. The City reports the following major funds:

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

American Rescue Plan Act Fund - This fund is used to account for the American Rescue Plan Act Funds that were received as a result of COVID-19. These funds are to be used for the general operations of the City.

Revenue Recognition - In applying the susceptible to accrual concept under the modified accrual basis, taxes and investment earnings are deemed both measurable and available if collected within the current year or within 60 days of year-end. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made. When received in advance, these revenues are deferred until expenditures are made.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues are recorded as revenue when received because they are generally not measurable until received.

Expenditure Recognition - The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds because purchases of capital assets are treated as expenditures.

Enterprise Funds - The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's water operations are accounted for as a proprietary fund and use the accrual basis of accounting. The City has adopted GASB 62, *Codifications of Accounting and Financial Reporting Guidance Contained in Pre-November 2019 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance in FASB pronouncements when they do not conflict or contradict GASB pronouncements. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services in connection with the delivery of water to its customers. Operating expenses also includes depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents - The City's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables - All receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is based on the City's historical bad debt experience and management's judgement. Property values are assessed, and taxes are collected by St. Clair County. Property values are assessed annually, and taxes are due and payable on October 1 of the subsequent fiscal year. Property taxes are an enforceable lien on property and are considered delinquent if paid after January 1.

Inventories - Inventories are valued at cost using the first-in/first out (FIFO) method.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Restricted Assets - Certain resources set aside for general obligation warrant repayment and special revenue funds are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants or enabling legislation.

Capital Assets and Depreciation - The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Fund accounting reports capital outlays as expenditures and does not recognize capital assets and depreciation. Under the government-wide accrual basis of reporting, general capital assets are accounted for as long-lived assets of the City as a whole. When purchased, such assets are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The City capitalizes all capital assets with a value of $1,000 or greater and a life exceeding one year when acquired. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	40 years
Improvements and infrastructure	5-100 years
Equipment	5-15 years

Long-Term Obligations - Long-term debt and other long-term obligations are reported in the governmental activities on the Statement of Net Position in the government-wide financial statements.

Accumulated Compensated Absences - The liability for compensated absences reported in the government-wide financial statements consists of accumulated vacation and unpaid, accumulated sick leave balances.

For the year ended September 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences*, which requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The City recognizes leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. Management has determined that the implementation of GASB Statement No. 101 did not materially affect the City’s financial statements for the year ended September 30, 2025.

Restricted Funds - It is the City’s policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and non-restricted assets are available.

Pension Plan - The City of Margaret (the City) participates in the Retirement System of Alabama (RSA) and substantially all the City’s full-time employees are covered. Funding rates are determined each year actuarially in accordance with an act of the State Legislature and vary according to funding requirements. Rates for employees hired prior to January 1, 2013, required a payment of 3.50% of covered compensation by the employer and 5% from employees except police officers where the employee contribution rate is 6%. For employees coming into the plan after January 1, 2013, the City contributed 1.75% of covered compensation and employees contributed 7.5% except for police officers who contribute 8.5%.

Bond Premium - On government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are shown as additional long-term liabilities on the Statement of Net Position.

On the governmental fund financial statements, bond premiums are recognized in the year the bonds are issued.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Outflows/Inflows of Resources - In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources, which represent a consumption of net position that applies to a future period and therefore, will not be recognized as an outflow of resources (expense) until then. The City currently has three types of items that qualify for reporting in this category; the deferred loss on refunding debt, differences between expected and actual pension service costs, and deferred pension expense. The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the lesser of the life of the refunded or refunding debt. The differences between expected and actual pension service costs occur when actuarially projected amounts differ from actual results. These differences are amortized over 5 to 10.1 years. Deferred pension expense results from contributions made after the liability measurement date. These contributions will be incorporated in the actuarial calculations of the next measurement date.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources, which represent an acquisition of net position that applies to a future period and as such, will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows for differences in expected and actual pension experience that are being amortized over 7 years, differences in projected and actual pension investment earnings that are being amortized over 5 to 10.1 years.

Interfund Receivables/Payables - During the normal course of operations, the City has numerous transactions between funds to provide services, construct assets, service debt, etc. These receivables and payables are classified as “due to/from other funds” if short-term in nature and as “advances to/from other funds” if they are considered noncurrent. These amounts are not considered material and have not been eliminated on the government-wide financial statement.

Fund Balance - Fund balance classifications are based primarily on the extent to which the City is bound to honor constraints on the use of the resources reported in each governmental fund. In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances:

Non-spendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.

Restricted Fund Balance - includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance - includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council of the City of Margaret. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance - includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Council and Mayor have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all remaining amounts (except negative amounts) in governmental funds, other than the General Fund, that are not classified as non-spendable, restricted or committed.

Unrestricted Fund Balance - the residual classification for the General Fund and to report negative fund balances in the other governmental funds.

Use of Estimates - In preparing these financial statements, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The State of Alabama requires all financial institutions accepting deposits of public funds to be a member of The Security for Alabama Funds Enhancement (SAFE) program. This is a state-wide collateral pool for all public funds and is administered through the Alabama Treasurers Office. All City's deposits are collateralized by FDIC insurance and this collateral pool except for debt service funds which are invested in U.S. government securities and are not required to be collateralized.

NOTE 3 - RECEIVABLES

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds	Enterprise Fund	Total
Taxes:			
Sales and use tax	$ 105,367	$ -	$ 105,367
Gas taxes	9,384	-	9,384
Beer and tobacco tax	838	-	838
Intergovernmental			
Ad Valorem	27,148	-	27,148
Other taxes	3,790	-	3,790
Licenses and permits	2,062	-	2,062
Accounts			
Sewer deposits	-	60,688	60,688
Water service	-	175,491	175,491
Total receivables	148,589	236,179	384,768
Less allowance for uncollectable accounts	-	7,000	7,000
Net total receivables	$ 148,589	$ 229,179	$ 377,768

Gas Tax receivable includes $9,384 in taxes which are restricted for road improvements

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance Oct. 1, 2024	Additions	Retirements	Ending Balance Sept. 30, 2025
Governmental Activities				
Capital assets not being depreciated				
Land	$ 722,007	$ -	$ -	$ 722,007
Total capital assets not being depreciated	722,007	-	-	722,007
Capital assets being depreciated				
Buildings	1,167,044	-	-	1,167,044
Automotive equipment	1,101,584	-	-	1,101,584
Equipment and furniture	823,163	224,470	-	1,047,633
Streets and roads	15,051,695	-	-	15,051,695
	18,143,486	224,470	-	18,367,956
Less accumulated depreciation	4,405,858	361,580	-	4,767,438
Net capital assets being depreciated	13,737,628	(137,110)	-	13,600,518
Governmental activities, net capital assets	$ 14,459,635	$ (137,110)	$ -	$ 14,322,525

Depreciation was charged to governmental functions as follows:	
Administrative	$ 203,109
Fire	83,680
Police	71,924
Parks and public works	2,867
	$ 361,580

Capital asset activity for the Business Activities of the City during the year ended September 30, 2025, was as follows:

	Beginning Balance Oct. 1, 2024	Additions	Retirements	Ending Balance Sept. 30, 2025
Business Type Activities				
Capital assets not being depreciated				
Land	$ 125,000	$ -	$ -	$ 125,000
Total capital assets not being depreciated	125,000	-	-	125,000
Capital assets being depreciated				
Buildings	22,915	-	-	22,915
Automotive equipment	242,111	-	-	242,111
Utility plant and equipment	7,543,168	19,678	-	7,562,846
Heavy equipment	233,142	-	-	233,142
Furniture and office equipment	4,044	-	-	4,044
	8,045,380	19,678	-	8,065,058
Less accumulated depreciation	2,298,951	290,094	-	2,589,045
Net capital assets being depreciated	5,746,429	(270,416)	-	5,476,013
Net Capital Assets	$ 5,871,429	$ (270,416)	$ -	$ 5,601,013

Depreciation expense charged to water department	$ 140,000
Depreciation expense charged to sewer department	150,094
	$ 290,094

NOTE 5 - LONG-TERM DEBT

General Obligation Warrants - The City issues general obligation warrants to provide funds for the acquisition and construction of major capital facilities and improvements to the City and water system. The warrants issued are general obligation warrants which pledge the full faith and credit of the City. The proceeds of the bonds issued which are used by the water system are allocated to the water department because accounting methods used by proprietary funds are different than those used by general government funds. The outstanding debt of the City is detailed as follows:

	Balance Oct. 1, 2024	Issued	Retired	Balance Sept. 30, 2025
Governmental Activities				
Series 2017 General Obligation Bonds dated 12/21/2017 in the amount of $2,830,000. 79.6% allocated to the Governmental funds of the City and the remaining 20.4% allocated to the Water system. Maturing 9/1/2035 carrying interest ranging from 2.00-4.00% payable June 1 and December 1, principal beginning 9/1/2018.	$ 1,552,200	$ -	$ 123,380	$ 1,428,820
Governmental fund total	$ 1,552,200	$ -	$ 123,380	$ 1,428,820
Business Type Activities				
Series 2017 General Obligation Bonds dated 12/21/2017 in the amount of $2,830,000. 79.6% allocated to the Governmental funds of the City and the remaining 20.4% allocated to the Water system. Maturing 9/1/2035 carrying interest ranging from 2.00-4.00% payable June 1 and December 1, principal beginning 9/1/2018.	$ 397,800	$ -	$ 31,620	$ 366,180
Series 2021 General Obligation Bonds dated 12/30/2021 in the amount of $5,130,000 for purchase of the City's Sewer system. Maturing 12/1/2051 carrying interest ranging from 2.00-3.00% payable June 1 and December 1, principal beginning 12/1/2022.	5,110,000	-	5,000	5,105,000
Business type activities total	$ 5,507,800	$ -	$ 36,620	$ 5,471,180
Less:				
Unamortized discounts				(205,781)
Net general obligation warrants payable				$ 5,265,399
Total all long-term debt	$ 7,060,000	$ -	$ 160,000	$ 6,694,219

All the above debt is direct placement in nature and contains provisions for immediate payment in the event of default.

NOTE 5 - LONG-TERM DEBT - continued

Long-term debt maturities, including principal and interest, are as follows:

Long-Term Debt Maturities

Year Ending September 30	Governmental Activities Principal	Governmental Activities Interest	Business Type Activities Principal	Business Type Activities Interest	Total
2026	$ 123,380	$ 50,904	$ 41,620	$ 151,027	$ 366,931
2027	123,380	46,894	46,620	149,749	366,643
2028	131,340	42,885	43,660	148,472	366,357
2029	135,320	38,288	44,680	147,093	365,381
2030	139,300	33,551	45,700	145,680	364,231
2031-2035	776,100	87,679	258,900	704,076	1,826,755
2036-2040	-	-	1,230,000	588,905	1,818,905
2041-2045	-	-	1,430,000	395,931	1,825,931
2046-2050	-	-	1,620,000	200,685	1,820,685
2051-2055	-	-	710,000	18,769	728,769
	$ 1,428,820	$ 300,201	$ 5,471,180	$ 2,650,387	$ 9,850,588

The City permits employees to accumulate a limited amount of earned but unused annual leave that will be paid to employees upon separation of the City's service. The cost of such leave is accrued annually and as of September 30, 2025, was $93,624 and $8,883 for the City and Business Type Activities, respectively. The accrued compensated absences of the City and Business Type Activities are detailed as follows:

	Balance Oct. 1, 2024	Additions	Reductions	Balance Sept. 30, 2025
Governmental Activities				
Compensated Absences	$ 40,892	$ 87,316	$ 34,584	$ 93,624
Business Type Activities				
Compensated Absences	9,804	22,837	23,758	8,883
Total:	$ 50,696	$ 110,153	$ 58,342	$ 102,507

NOTE 6 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; employee medical benefits; workers' compensation; and natural disasters for which the City carries commercial insurance. Management believes the amount of insurance maintained is adequate to protect the City from significant loss.

NOTE 7 - PENSION PLAN

Plan Description

The City of Margaret contributes to the Employees' Retirement System of Alabama (RSA), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the various state agencies and departments.

General Information about the Pension Plan

Plan Description **-** The Employees' Retirement System (ERS), an agent multiple-employer public employee retirement plan, was established as of 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.

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

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

Benefits Provided - State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of 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.

NOTE 7 - PENSION PLAN - continued

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.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits 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.

The ERS serves approximately 891 local participating employers. The ERS membership includes approximately 120,100 participants. As of September 30, 2024, membership of the City of Margaret consisted of:

Membership from the City of Margaret	
Retirees and beneficiaries currently receiving benefits	3
Vested Inactive Members	1
Non-vested inactive members	13
Active members	33
Total	50

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.

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 active employee contribution rate was 4.39% of covered employee payroll for tier 1 employees and 3.29% for tier 2 employees. The City's average contribution rate to fund the normal and accrued liability costs was 4.24% of covered employee payroll.

NOTE 7 - PENSION PLAN - continued

The City's contractually required contribution rate for the year ended September 30, 2025, was 4.39% of pensionable pay for Tier 1 employees, and 3.29% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2022, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan were $35,877 for the year ended September 30, 2025.

Net Pension Liability

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

	Expected	Actual Before Plan Changes	Actual After Plan Changes
Roll Forward of Total Pension Liability			
(a) Total pension liability, September 30, 2023	$ 1,495,019	$ 1,423,120	$ 1,423,120
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2023 - September 30, 2024	101,217	101,217	101,217
(d) Transfers among employers	-	(104,950)	(104,950)
(e) Actual Benefit payments and refunds for the period October 1, 2023 - September 30 2024	(48,892)	(48,892)	(48,892)
(f) Total Pension Liability as of September 30, 2024 =[(a) x (1+(b))]+(c+(d)+[(e x (1+.5*(b)]	$ 1,656,902	1,474,696	1,474,696
(g) Difference between Expected and Actual		(182,206)	-
(h) Less liability transferred for immediate recognition		(104,950)	-
(i) Difference between Expected and Actual - Experience (Gain)/Loss		$ (77,256)	-
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change (Gain)/Loss			$ -

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

Inflation	2.50%
Salary Increases	3.25% - 6.00%
Investment rate of return*	7.45%

*Net of pension plan investment expense

NOTE 7 - PENSION PLAN - continued

Mortality rates for ERS were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

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 weighing 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%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash	5.00%	1.50%
	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 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.

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

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
City's net pension liability (asset)	$ (31,917)	$ (240,548)	$ (405,767)

NOTE 7 - PENSION PLAN - continued

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability (Asset)**
Balance at September 30, 2023	$ 1,495,019	$ 1,481,214	$ 13,805
Changes for the year:			
Service cost	101,217	-	101,217
Interest	109,558	-	109,558
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	(77,256)	-	(77,256)
Contributions - Employer	-	15,434	(15,434)
Contributions - Employee	-	67,163	(67,163)
Net investment income	-	305,275	(305,275)
Benefit payments, including refunds of employee contributions	(48,892)	(48,892)	-
Administrative expense	-	-	-
Transfers among employers	(104,950)	(104,950)	-
Net Change	(20,323)	234,030	(254,353)
Balances at September 30, 2024	$ 1,474,696	$ 1,715,244	$ (240,548)

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

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended September 30, 2025, the City recognized a net pension credit of $13,655. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net difference between expected and actual experience	$ 34,047	$ 202,586
Changes of assumptions	22,496	-
Net difference between projected and actual earnings on plan investments	140,285	242,556
Employer contributions subsequent to measurement date	35,877	-
	$ 232,705	$ 445,142

NOTE 7 - PENSION PLAN - continued

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

Year ended September 30:		
2026	$	(29,897)
2027		211
2028		(84,628)
2029		(75,658)
2030		(13,375)
Thereafter		(9,090)
	$	(212,437)

NOTE 8 - RESERVED NET POSITION AND RESTRICTED ASSET AMOUNTS

The City's general obligation water warrants covenants do not require reservations of the water system's retained earnings.

The City's assets are restricted as follows:

	City Wide Basis	General Fund	American Rescue Plan Act Fund	Non Major Funds	Business Type Activity
Debt service investments	$ 19,216	$ 19,216	$ -	$ -	$ 1,203,174
Capital improvements	1,349,529	-	315,888	1,033,641	572,769
Special revenue accounts	360,437	-	-	360,437	-
Customer deposit funds	-	-	-	-	285,961
	$ 1,729,182	$ 19,216	$ 315,888	$ 1,394,078	$ 2,061,904

NOTE 9 - UNEARNED REVENUE

The City received federal funds from the American Rescue Plan Act (ARPA). These funds are to be used by the City to cover allowable costs under the act. The amount of allowable costs covered by the ARPA funds for the year ended September 30, 2025, was $53,374. The amount of unearned revenue at year end is $309,388.

NOTE 10 - SUBSEQUENT EVENTS

The City has reviewed subsequent events until August 3, 2026, the date of this report and has determined there are no other events requiring disclosure.

NOTE 11 - FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in subsequent fiscal years. The City is evaluating any possible impacts on future financial statements from the following pronouncements:

- Statement No. 103, Financial Reporting Model Improvements, continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units. This Statement is effective for years beginning after June 15, 2025.

- Statement No. 104, Disclosure of Certain Capital Assets, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. This Statement is effective for years beginning after June 15, 2025.

- Statement No. 105, Subsequent Events, defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement is effective for years beginning after June 15, 2026.

NOTE 12 - MAYOR AND COUNCIL MEMBERS

Mayor and council members of the City of Margaret at September 30, 2025, were as follows:

Mr. Daryl McIntyre, Mayor
Mr. James Chapman, Council Member
Mr. Darius Crump, Council Member
Mrs. Sandra Cook, Council Member
Mr. Matt Tortorice, Council Member
Mr. Jonathan Ray, Council Member

REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF MARGARET, ALABAMA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
SEPTEMBER 30, 2025

Total Pension Liability	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Service cost	$ 101,217	$ 97,742	$ 66,294	$ 40,233	$ 40,287	$ 46,320	$ 45,113	$ 51,742	$ 28,883	$ 36,757
Interest	109,558	118,469	105,388	73,468	67,644	70,915	90,300	67,517	36,573	32,865
Changes of benefit terms	-	-	-	-	30,076	-	-	-	-	-
Difference between expected and actual experience	(77,256)	(30,152)	11,728	73,421	(8,538)	(203,374)	(336,970)	127,772	108,020	12,453
Change of assumptions	-	-	-	58,835	-	-	4,571	-	54,964	-
Benefit payments including refunds of employee contributions	(48,892)	(41,748)	(60,578)	(56,326)	(34,084)	(33,948)	(75,656)	(109,934)	(34,667)	(36,780)
Transfers among employers	(104,950)	(260,348)	43,332	272,962	(8,621)	77,670	7,604	139,733	257,885	-
Net change in total pension liability	(20,323)	(116,037)	166,164	462,593	86,764	(42,417)	(265,038)	276,830	451,658	45,295
Total pension liability - beginning	1,495,019	1,611,056	1,444,892	982,299	895,535	937,952	1,202,990	926,160	474,502	429,207
Total pension liability - ending	1,474,696	1,495,019	1,611,056	1,444,892	982,299	895,535	937,952	1,202,990	926,160	474,502
Plan Fiduciary Net Position										
Contributions - employer	15,434	16,298	10,207	8,949	9,920	19,731	16,163	11,780	6,338	7,238
Contributions - member	67,163	52,994	45,447	37,907	28,943	25,836	21,317	18,849	18,187	16,130
Net investment income	305,275	183,577	(221,614)	287,452	62,952	26,511	84,968	102,518	59,763	5,544
Benefit payments including refunds of employee contributions	(48,892)	(41,748)	(60,578)	(56,326)	(34,084)	(33,948)	(75,656)	(109,934)	(34,667)	(36,780)
Transfers among employers	(104,950)	(260,348)	43,332	272,962	(8,621)	77,670	7,604	139,733	257,885	(6,370)
Net change to plan fiduciary net position	234,030	(49,227)	(183,206)	550,944	59,110	115,800	54,396	162,946	307,506	(14,238)
Plan net position - beginning	1,481,214	1,530,441	1,713,647	1,162,703	1,103,593	987,793	933,397	770,451	462,945	477,183
Plan net position - ending	1,715,244	1,481,214	1,530,441	1,713,647	1,162,703	1,103,593	987,793	933,397	770,451	462,945
Net pension liability (asset) - ending	$ (240,548)	$ 13,805	$ 80,615	$ (268,755)	$ (180,404)	$ (208,058)	$ (49,841)	$ 269,593	$ 155,709	$ 11,557
Plan fiduciary net position as a percentage of the total pension liability	116.31%	99.08%	95.00%	118.60%	118.37%	123.23%	105.31%	77.59%	83.19%	97.56%
Covered payroll*	$ 797,871	$ 887,237	$ 745,611	$ 660,657	$ 544,258	$ 516,443	$ 433,418	$ 377,878	$ 355,480	$ 341,873
Net pension liability (asset) as a percentage of covered payroll	-30.15%	1.56%	10.81%	-40.68%	-33.15%	-40.29%	-11.50%	71.34%	43.80%	3.38%

* Employer's covered payroll during the measurement period is the total covered payroll. For Fiscal Year 2025 the measurement period is October 1, 2023 to September 30, 2024.

THE CITY OF MARGARET, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 35,877	$ 16,188	$ 14,792	$ 10,361	$ 8,758	$ 9,891	$ 18,833	$ 16,488	$ 13,021	$ 7,371
Contributions in relation to the actuarially determined contribution	35,877	16,188	14,792	10,361	8,758	9,891	18,833	16,488	13,021	7,371
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	$ 846,689	$ 797,871	$ 887,237	$ 745,611	$ 660,657	$ 544,258	$ 516,443	$ 433,418	$ 377,878	$ 355,480
Contributions as a percentage of covered employee payroll	4.24%	2.03%	1.67%	1.39%	1.33%	1.82%	3.65%	3.80%	3.45%	2.07%

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30 three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2024 were based on the September 30, 2022 actuarial valuation.

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

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	29.8 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