

**Vestavia Hills
City Council Agenda
June 25, 2012
5:00 PM**

1. Call to Order
2. Roll Call
3. Invocation – Mary Lee Rice
4. Pledge of Allegiance
5. Candidates, Announcements and Guest Recognition
6. Mayor's Report
7. Councilors' Reports
8. Financial Reports – Melvin Turner, III, Finance Director/City Treasurer
9. Presentation – Jefferson-Blount-St. Clair Mental Health Authority
10. Approval Of Minutes – June 11, 2012 (Regular Meeting)

Old Business

11. Ordinance Number 2411 – An Ordinance To Repeal Ordinance 2209, Adopted June 6, 2005, And Adopt In Full Ordinance 2411 “City Of Vestavia Hills Smoke-Free Ordinance Of 2012”
12. Resolution Number 4308 – A Resolution Amending Resolution Number 4233 To Amend The General Fund Budget For Fiscal Year 2012-2013 To Allocate A Planner Position

New Business

13. Resolution Number 4314 - A Resolution Accepting The Audit for the FYE 2011 for the City Of Vestavia Hills.
14. Resolution Number 4310 - A Resolution Initiating The Rezoning Of 0.56 +/- Acres On Cahaba River Road Known As “The Anglin Property” From Jefferson County A-1 To Vestavia Hills B-2
15. Resolution Number 4311 - A Resolution Authorizing The Mayor To File A Petition For A “Minor Change” In The Patchwork Farms PUD

New Business (Requesting Unanimous Consent)

16. Resolution Number 4312 A Resolution Authorizing The Mayor To Enter Into An Agreement With ALEX, Inc., For Parking Lot Expansion At Sicard Hollow Fields

First Reading (No Action To Be Taken At This Meeting)

17. Resolution Number 4313 - A Resolution Accepting A Bid For A Pipe Inspection Camera And Crawler System
18. Ordinance Number 2413 – Annexation – 90-Day Final – 0.56 Acres, Cahaba River Road Known As The Anglin Property; City Of Vestavia Hills, Owner
19. Ordinance Number 2414 – An Ordinance To Purchase Property
20. Citizens Comments
21. Executive Session
22. Motion For Adjournment

CITY OF VESTAVIA HILLS

CITY COUNCIL

MINUTES

JUNE 11, 2012

The City Council of Vestavia Hills met in regular session on this date at 5:00 PM. The Council President called the meeting to order and the City Clerk called the roll with the following:

MEMBERS PRESENT:

Mary Lee Rice, Council President
Steve Ammons, President Pro-Tem
George Pierce
Linda Allison
Jim Sharp

OTHER OFFICIALS PRESENT:

Mayor Alberto C. Zaragoza, Jr.
Patrick H. Boone, City Attorney
Randy Robertson, City Manager
Rebecca Leavings, City Clerk
Melvin Turner, III, Finance Director
George Sawaya, Deputy Treasurer
Greg Gilchrist, Fire Marshal
Dan Rary, Police Chief
Lt. Jason Hardin
Jim St. John, Fire Chief
Christopher Brady, City Engineer

Invocation was given by Sam Bryant, Vestavia Primitive Baptist Church, followed by the Pledge of Allegiance.

ANNOUNCEMENTS, CANDIDATES, GUESTS

- Penny Bailey, Candidate for the 6th Congressional District, introduced herself and asked for support in the November election.

EMPLOYEE OF THE MONTH

Mr. Robertson introduced a new policy at the City for recognizing an “Employee of the Month” for each month beginning with this one. He stated that the first time this was awarded it would be to two employees for their outstanding contributions to their

jobs. The two recipients were Brian Gilham, Vestavia Hills Police Department and Kenneth Crow, Vestavia Hills Fire Department. Mr. Robertson explained that these two employees have consistently shown exemplary service in their employment, both going above and beyond the call of service. They were recognized with their families and awarded gift certificates from BB&T Bank and First Partners Bank.

Mr. Robertson introduced and thanked two of the sponsors who were in attendance: Susan Compton, BB&T and Steve Odle, First Partners Bank.

MAYOR'S REPORTS

- The Mayor invited everyone to Wing Ding, sponsored by Leadership Vestavia Hills to be held on Saturday, June 16 beginning at 10 AM.
- The City is working to refinance some existing warrants which will add no time or principal to the debts owed, but lower the interest rate enough to save the city approximately \$1.1 million over the next 10 years.
- Work began today on Healthy Way, the entrance drive to the new Lifetime Fitness and other proposed commercial facilities on the former Patchwork Farms.
- Repairs to the Community Room at the library have begun and there are hopes that the room will re-open in the Fall.
- The work to retrofit lighting in the City and the Civic Center has been completed and the expense will be reimbursed through a lighting grant. All lighting was replaced with energy efficient lighting.
- Exceptional Foundation has a display of artwork in the hallway of the Municipal Center to introduce their September 20th art show at their facility.

PROCLAMATION

The Mayor introduced a Proclamation designating June as National Dump the Pump Day which he read and presented to Jacquese Gary of the Birmingham-Jefferson County Transit Authority. Mayor Zaragoza indicated that Mr. Andrew Edwards is now a member of the Board serving on behalf of Vestavia Hills.

COUNCILOR REPORTS

- Mr. Ammons commended both of the recipients of the Employee of the Month and stated that each of them is known for his outstanding work.
- Mr. Pierce reminded everyone of the Chamber's "I Love America Day" festivities to be held on July 3 and August 10.

APPROVAL OF MINUTES

The minutes of May 9, 2012 (Special Meeting) were presented for approval.

- MOTION** Motion to dispense with the reading of the minutes of May 9, 2012 (Special Meeting) and approve them as presented was by Mr. Pierce and second by Mr. Sharp. Voice vote as follows:
- | | |
|------------------|-------------------------|
| Mr. Pierce – yes | Ms. Allison – abstained |
| Mr. Sharp – yes | Mr. Ammons – abstained |
| Ms. Rice – yes | Motion carried. |

The minutes of May 17, 2012 (Meeting with the Mayor) were presented for approval.

- MOTION** Motion to dispense with the reading of the minutes and approve them as presented was by Ms. Allison and second by Mr. Ammons. Voice vote as follows:
- | | |
|----------------------|-------------------|
| Mr. Pierce – yes | Ms. Allison – yes |
| Mr. Sharp – yes | Mr. Ammons – yes |
| Ms. Rice – abstained | Motion carried. |

The minutes of May 30, 2012 (Regular Meeting) were presented for approval.

- MOTION** Motion to dispense with the reading of the minutes and approve them as presented was by Mr. Pierce and second by Mr. Ammons. Voice vote as follows:
- | | |
|------------------|-------------------|
| Mr. Pierce – yes | Ms. Allison – yes |
| Mr. Sharp – yes | Mr. Ammons – yes |
| Ms. Rice – yes | Motion carried. |

OLD BUSINESS

ORDINANCE NUMBER 2409

Ordinance Number 2409 - Rezoning – Vestavia Hills High School Campus; Lime Rock Road; Rezone From VH R-2 To VH Inst-1 For School Use; Vestavia Hills Board Of Education, Owners

- MOTION** Motion to adopt Ordinance Number 2409 was by Mr. Pierce and second was by Mr. Ammons.

Dr. Jamie Blair, Superintendent of Vestavia Hills Board of Education, explained the previous request for Inst-1 zoning of the high school property which included the

construction of two parking lots extending along Lime Rock Road. He stated that when the bids were read recently, the costs were significantly above what had been projected, so the drawings were revised to show a tiered parking lot on the larger southern parcel with no specific plans for the parcel to the north. Dr. Blair stated that he has discussed the history of the property with the City Clerk and has been advised that since the property was owned by the Board prior to 1978, the use of the property was grandfathered and the zoning was not required for this property. However, for the sake of clarification and so there are no questions in the future regarding the use of this property, the Board has elected to continue on with the Inst-1 request.

Mr. Boone verified the validity of Dr. Blair's statements and reiterated that the actions of the Council this evening could not take away the Board's right to construct the fields. He gave a brief background on the history of the zoning codes as adopted by the City and indicated that the property's use was grandfathered.

Ms. Rice stated that the Council has received numerous emails regarding the proposed parking lots - both in opposition and in favor of the proposals. She then opened the floor for a public hearing. The following individuals addressed the Council relative to the proposed zoning request:

- Leon Dean, 2315 Lime Rock Road
- Charles Farrell, 1315 Malbu Place
- Matt Bates, 2271 Lime Rock Road
- Alan King 2322 Lime Rock Road
- Kristen Carlisle, 2314 Lime Rock Road
- Margo Rebar, 4625 Dolly Ridge Road

Issues discussed included landscaping and buffering, blasting, drainage, water retention, a proposed alternate entrance, etc.

There being no one else to address the Council, Ms. Rice closed the public hearing and called for the question.

MOTION Question called on a roll call vote:

Mr. Pierce – yes	Ms. Allison – yes
Mr. Sharp – yes	Mr. Ammons – yes
Ms. Rice – yes	Motion carried.

NEW BUSINESS

RESOLUTION NUMBER 4304

Resolution Number 4304 - A Resolution Approving A 032 – Club Liquor II License For Bar 31 D/B/A Bar 31, Inc., Jerry Bajalia, Edward Webber And James Mcleod, Executives

MOTION Motion to adopt Resolution Number 4304 was by Mr. Pierce and second was by Mr. Ammons.

Ed Webber and Eddie Sexton were present in regard to this request. Mr. Webber explained the private club concept and said that was their way to determine who was frequenting their establishment because of the proximity to the interstate.

Mr. Pierce asked about the memberships required, cost, etc.

Chief Rary indicated that he found no problems.

Ms. Rice opened the floor for a public hearing. There being no one present to address the Council, Ms. Rice closed the public hearing and called for the question.

MOTION Question called on a roll call vote:

Mr. Pierce – yes	Ms. Allison – yes
Mr. Sharp – yes	Mr. Ammons – yes
Ms. Rice – yes	Motion carried.

RESOLUTION NUMBER 4305

Resolution Number 4305 A Resolution Authorizing The Mayor To Sign An Agreement With Jefferson County Commission For Election Equipment For The August 28, 2012 And, If Needed, The October 9, 2012 City Of Vestavia Hills Municipal Elections

MOTION Motion to adopt Resolution Number 4305 was by Mr. Pierce and second was by Ms. Allison.

The Mayor explained that this Resolution is needed in order to obtain voter rolls and voter information from the Jefferson County Board of Registrars and other items needed for the 2012 Municipal Elections.

MOTION Question called on a roll call vote:

Mr. Pierce – yes	Ms. Allison – yes
Mr. Sharp – yes	Mr. Ammons – yes
Ms. Rice – yes	Motion carried.

RESOLUTION NUMBER 4306

Resolution Number 4306 - A Resolution Declaring Certain Personal Property As Surplus And Directing The Sale/Disposal Of Said Items

MOTION Motion to adopt Resolution Number 4306 was by Mr. Sharp and second was by Mr. Ammons.

The Mayor stated that this is a vehicle that was inadvertently left off the list that the Council approved at the last meeting. He has advised the Garage in the future, to submit listings of multiple vehicles and not to send them in individually.

Ms. Rice opened the floor for a public hearing. There being no one present to address the Council, Ms. Rice closed the public hearing and called for the question.

MOTION Question called on a roll call vote:

Mr. Pierce – yes	Ms. Allison – yes
Mr. Sharp – yes	Mr. Ammons – yes
Ms. Rice – yes	Motion carried.

RESOLUTION NUMBER 4307

Resolution Number 4307 - A Resolution Accepting A 3-Year Bid For Street Repairs/Resurfacing

MOTION Motion to adopt Resolution Number 4307 was by Ms. Allison and second was by Mr. Sharp.

The Mayor stated that bids were invited for a 3-year contract for street paving and repairs. He indicated that several bids were received and the recommendation of the City Engineer following review was to accept the low bidder, Good Hope. He explained that the bid prices are unit prices tied to the asphalt index approved and adopted by the State of Alabama.

MOTION Question called on a roll call vote:

Mr. Pierce – yes	Ms. Allison – yes
Mr. Sharp – yes	Mr. Ammons – yes
Ms. Rice – yes	Motion carried.

FIRST READING (NO ACTION TO BE TAKEN AT THIS MEETING)

Ms. Rice stated that the following Resolutions and/or Ordinances will be presented at a public hearing at the Council's next regularly scheduled meeting of June 25, 2012 at 5 PM.

- Ordinance Number 2411 – An Ordinance To Repeal Ordinance 2209, Adopted June 6, 2005, And Adopt In Full Ordinance 2411 “City Of Vestavia Hills Smoke Free Ordinance Of 2012”

- Resolution Number 4308 – A Resolution Amending Resolution Number 4233 To Amend The General Fund Budget For Fiscal Year 2012-2013 To Allocate A Planner Position

CITIZENS COMMENTS

Kim Cochran, American Cancer Society, explained their support for the proposed Ordinance Number 2411 to be presented to the City Council on June 25.

EXECUTIVE SESSION

Ms. Rice stated that the Council needed to move into Executive Session in order to discuss the purchase/sale of property. She explained that the Session is estimated to last approximately 60 minutes and asked Mr. Boone to verify that is a legal reason for an Executive Session.

Mr. Boone concurred and Ms. Rice opened the floor for a motion.

MOTION Motion for the Council to move into Executive Session for the discussion of purchase/sale for an estimated 60 minutes was by Mr. Pierce and second was by Mr. Ammons. On a roll call vote:
Mr. Pierce – yes Ms. Allison – yes
Mr. Ammons – yes Mr. Sharp – yes
Ms. Rice – yes Motion carried.

The Council exited the Chamber at 6:40 PM and entered into Executive Session. At 8:02 PM, they re-entered the Chamber and Ms. Rice called the meeting back to order.

MOTION Motion to adjourn the meeting at 8:03 PM was by Mr. Pierce. Mr. Ammons seconded the motion, voice vote as follows:
Mr. Pierce – yes Ms. Allison – yes
Mr. Ammons – yes Mr. Sharp – yes
Ms. Rice – yes Motion carried.

Mary Lee Rice
Council President

ATTESTED BY:

Rebecca Leavings
City Clerk

APPROVED BY:

Alberto C. Zaragoza, Jr.
Mayor

ORDINANCE NUMBER 2411

AN ORDINANCE TO REPEAL ORDINANCE 2209, ADOPTED JUNE 6, 2005, AND ADOPT IN FULL ORDINANCE NUMBER 2411 TITLED THE “CITY OF VESTAVIA HILLS SMOKE-FREE ORDINANCE OF 2012”

WHEREAS, the Council of the City of Vestavia Hills finds that numerous studies have shown that (1) exposure to secondhand smoke, a known carcinogen, causes disease and premature death in children and adults who do not smoke; (2) children exposed to secondhand smoke are at an increased risk for sudden infant death syndrome (SIDS), acute respiratory problems, ear infections, and asthma attacks, and that smoking by parents causes respiratory symptoms and slows lung growth in their children; (3) even occasional exposure of adults to secondhand smoke has adverse effects on the cardiovascular system and causes coronary heart disease and lung cancer; (4) there is no risk-free level of exposure to secondhand smoke; (5) establishing smoke-free workplaces is the only effective way to ensure that secondhand smoke exposure does not occur in the workplace, because ventilation and other air cleaning technologies cannot completely control exposure of nonsmokers to secondhand smoke; and (6) evidence from peer-reviewed studies shows that smoke-free policies and laws improve health and do not have an adverse economic impact on, and may positively impact, the hospitality industry.

WHEREAS, the Council finds that studies have shown that during periods of active smoking, peak and average outdoor tobacco smoke levels measured in outdoor cafés and restaurant and bar patios near smokers rival indoor tobacco smoke concentrations. Nonsmokers who spend six-hour periods in outdoor smoking sections of bars and restaurants experience a significant increase in levels of cotinine when compared to the cotinine levels in a smoke-free outdoor area.

WHEREAS, the Council finds that studies have shown that residual tobacco contamination, or “thirdhand smoke,” from cigarettes, cigars, and other tobacco products is left behind after smoking occurs and builds up on surfaces and furnishings. This sticky, highly toxic particulate matter, including nicotine, can linger in spaces long after smoking has ceased and cling to walls and ceilings and be absorbed into carpets, draperies, and other upholsteries, and then be reemitted (off-gassed) back into the air and recombine to form harmful compounds. Tobacco residue is noticeably present in dust throughout places where smoking has occurred.

This process represents an unappreciated health hazard through dermal exposure, dust inhalation, and ingestion.

WHEREAS, the Council finds that unregulated high-tech smoking devices, commonly referred to as electronic cigarettes, or “e-cigarettes,” closely resemble and purposefully mimic the act of smoking by having users inhale vaporized liquid nicotine created by heat through an electronic ignition system. The Food and Drug Administration (FDA) determined that various samples tested contained not only nicotine but also detectable levels of known carcinogens and toxic chemicals, including tobacco-specific nitrosamines and diethylene glycol, a toxic chemical used in antifreeze. The FDA’s testing also suggested that “quality control processes used to manufacture these products are inconsistent or non-existent. “E-cigarettes” produce a vapor of undetermined and potentially harmful substances, which may appear similar to the smoke emitted by traditional tobacco products. Their use in workplaces and public places where smoking of traditional tobacco products is prohibited creates concern and confusion and leads to difficulties in enforcing the smoking prohibitions.

WHEREAS, the Council finds that the Society of Actuaries has determined that secondhand smoke costs the U.S. economy approximately \$10 billion a year: \$5 billion in estimated medical costs associated with secondhand smoke exposure and \$4.6 billion in lost productivity.

WHEREAS, the Council finds that there is no legal or constitutional “right to smoke” and that business owners have no legal or constitutional right to expose their employees and customers to the toxic chemicals in secondhand smoke and instead have a common-law duty to provide their workers with a workplace that is not unreasonably dangerous.

WHEREAS, the Council finds that smoking is a potential cause of fires and cigarette and cigar burns and ash stains on merchandise and fixtures cause economic damage to businesses.

NOW, THEREFORE, the Council of the City of Vestavia Hills finds that secondhand smoke is a form of air pollution, a danger to health, and a material public nuisance, and deems it appropriate to enact the following ordinance to (1) protect the public health and welfare by prohibiting smoking in public places and places of employment, (2) guarantee the right of nonsmokers to breathe smoke-free air, and (3) recognize that the need to breathe smoke-free air shall have priority over the desire to smoke.

Section 1. BE IT HEREBY ORDAINED by the Council of the City of Vestavia Hills that Ordinance 2209, as amended is hereby repealed and the following Ordinance Number 2411 is hereby adopted to read in full as follows:

Section 2. Smoking In Public Places And Places Of Employment

- (a) **Definitions.** In this Section, the following definitions shall apply:
- (1) “*Bar*” means an establishment that is devoted to the serving of alcoholic beverages for consumption by guests on the premises and in which the serving of food is only incidental to the consumption of those beverages, including but not limited to: taverns, nightclubs, cocktail lounges, and cabarets.
 - (2) “*Business*” means a sole proprietorship, partnership, joint venture, corporation, or other business entity, either for-profit or not-for-profit, including retail establishments where goods or services are sold; professional corporations and other entities where legal, medical, dental, engineering, architectural, or other professional services are delivered; and private clubs.
 - (3) “*E-cigarette*” means any electronic oral device, such as one composed of a heating element, battery, and/or electronic circuit, which provides a vapor of nicotine or any other substances, and the use or inhalation which simulates smoking. The term shall include any such device, whether manufactured, distributed, marketed, or sold as an “e-cigarette”, “e-cigar”, “e-pipe”, or under any other product name or descriptor.
 - (4) “*Employee*” means a person who works for an employer, whether in consideration for direct or indirect monetary wages or profit, or as a volunteer.
 - (5) “*Employer*” means a person, association, trust, or a business, including a municipal corporation, with one or more employees.
 - (6) “*Enclosed Area*” means all space between a floor and a ceiling that is bounded on at least two sides by walls, doorways, or windows, whether open or closed. A wall includes any retractable divider, garage door, or other physical barrier, whether temporary or permanent and whether or not containing openings of any kind.
 - (7) “*Health Care Facility*” means an office or institution providing care or treatment of diseases, whether physical, mental, or emotional, or other medical,

- physiological, or psychological conditions, including but not limited to: hospitals, rehabilitation hospitals or other clinics, including weight control clinics, nursing homes, long-term care facilities, homes for the aging or chronically ill, laboratories, and offices of surgeons, chiropractors, physical therapists, physicians, psychiatrists, dentists, and all specialists within these professions. This definition shall include all waiting rooms, hallways, private rooms, semiprivate rooms, and wards within health care facilities.
- (8) “*Place of Employment*” means an area under the control of a public or private employer, including, but not limited to: work areas, private offices, employee lounges, restrooms, conference rooms, meeting rooms, classrooms, employee cafeterias, hallways, construction sites, temporary offices, and vehicles. A private residence is not a “place of employment” unless it is used as a child care, adult day care, or health care facility.
- (9) “*Private Club*” means an organization, whether incorporated or not, which is the owner, lessee, or occupant of a building or portion thereof used exclusively for club purposes at all times, which is operated solely for a recreational, fraternal, social, patriotic, political, benevolent, or athletic purpose, but not for pecuniary gain, and which only sells alcoholic beverages incidental to its operation. The affairs and management of the organization are conducted by a board of directors, executive committee, or similar body chosen by the members at an annual meeting. The organization has established bylaws and/or a constitution to govern its activities, requires applications to be completed for membership, and maintains membership records that show the date of application, admission, name and address for each member, and serial number of the membership card issued. The organization has been granted an exemption from the payment of federal income tax as a club under 26 U.S.C. Section 501.
- (10) “*Public Place*” means an area to which the public is permitted. A private residence is not a “public place” unless it is used as a child care, adult day care, or health care facility.
- (11) “*Restaurant*” means an eating establishment, including but not limited to: coffee shops, cafeterias, sandwich stands, and private and public school cafeterias,

which gives or offers for sale food to the public, guests, or employees, as well as kitchens and catering facilities in which food is prepared on the premises for serving elsewhere. The term “restaurant” shall include a bar area within the restaurant.

(12) “*Service Line*” means an indoor or outdoor line in which one or more persons are waiting for or receiving service of any kind, whether or not the service involves the exchange of money, including but not limited to: ATM lines, concert lines, food vendor lines, movie ticket lines, and sporting event lines.

(13) “*Shopping Mall*” means an enclosed public walkway or hall area that serves to connect retail or professional establishments.

(14) “*Smoke*” or “*Smoking*” means inhaling, exhaling, burning, or carrying any lighted or heated cigar, cigarette, pipe, or other tobacco or plant product intended for inhalation, in any manner or in any form. “Smoking” also includes the use of an “e-cigarette” which creates a vapor, in any manner or in any form, or the use of any oral smoking device for the purpose of circumventing the prohibition of smoking in this Section.

(15) “*Sports Arena*” means a place where people assemble to engage in physical exercise, participate in athletic competition, or witness sports or other events, including sports pavilions, stadiums, gymnasiums, health spas, boxing arenas, swimming pools, roller and ice rinks, and bowling alleys.

(b) ***Prohibition Of Smoking In Enclosed Public Places.*** Smoking shall be prohibited in all enclosed public places within the City of Vestavia Hills, including but not limited to, the following places:

- (1) Aquariums, galleries, libraries, and museums;
- (2) Banks;
- (3) Bar and lounges;
- (4) Bingo facilities;
- (5) Child care and adult day care facilities;
- (6) Convention facilities;
- (7) Educational facilities, both public and private;
- (8) Elevators;

- (9) Gaming facilities, including bingo facilities;
- (10) Health care facilities;
- (11) Hotels and motels;
- (12) Laundromats;
- (13) Lobbies, hallways, and other common areas in apartment buildings, condominiums, trailer parks, retirement facilities, nursing homes, and other multiple-unit residential facilities;
- (14) Polling places;
- (15) Private clubs;
- (16) Professional offices;
- (17) Public transportation vehicles, including buses and taxicabs, under the authority of the City of Vestavia Hills, and ticket, boarding, and waiting areas of public transportation facilities, including bus, train, and airport facilities;
- (18) Restaurants and retail food production and marketing establishments;
- (19) Restrooms, lobbies, reception areas, waiting rooms, hallways, and other common-use areas;
- (20) Retail service establishments;
- (21) Retail stores;
- (22) Rooms, chambers, places of meeting or public assembly, and other enclosed areas and vehicles owned, leased, or operated by the City of Vestavia Hills, including areas under the control of an agency, board, commission, or committee of the City, to the extent the place is subject to the jurisdiction of the City;
- (23) Service lines;
- (24) Shopping malls;
- (25) Sports arenas, including enclosed places in outdoor arenas; and
- (26) Theaters and other facilities primarily used for exhibiting motion pictures, stage dramas, lectures, musical recitals, or other similar performances.

(c) ***Prohibition Of Smoking In Enclosed Places Of Employment.***

- (1) Smoking shall be prohibited in all enclosed areas of places of employment within the City of Vestavia Hills, including, but not limited to: common work areas,

auditoriums, classrooms, conference and meeting rooms, private offices, elevators, hallways, medical facilities, cafeterias, employee lounges, stairs, restrooms, vehicles. This prohibition also applies to rooms, chambers, places of meeting or public assembly, and other enclosed areas and vehicles owned, leased, or operated by the City of Vestavia Hills, including areas under the control of an agency, board, commission, or committee of the City, to the extent the place is subject to the jurisdiction of the City.

- (2) This prohibition on smoking shall be communicated to all existing employees by the effective date of this Section and to all prospective employees upon their application for employment.

(d) ***Prohibition Of Smoking In Enclosed Residential Facilities.*** Smoking shall be prohibited in the following enclosed residential facilities:

- (1) All private and semiprivate rooms in nursing homes and
- (2) All hotel and motel rooms that are rented to guests.

(e) ***Prohibition Of Smoking In Outdoor Public Places.*** Smoking shall be prohibited in the following outdoor places:

- (1) Within a reasonable distance of 20 feet outside entrances, operable windows, and ventilation systems of enclosed areas where smoking is prohibited, so as to prevent tobacco smoke from entering those areas;
- (2) In, and within 20 feet of, outdoor seating or serving areas of restaurants and bars;
- (3) In all outdoor arenas, stadiums, and amphitheaters. Smoking shall also be prohibited in, and within 20 feet of, bleachers and grandstands for use by spectators at sporting and other public events;
- (4) In, and within 20 feet of, all outdoor public transportation stations, platforms, and shelters under the authority of the City of Vestavia Hills; and
- (5) In all outdoor service lines;

- (f) **Exemptions.** Notwithstanding any other provision of this Section to the contrary, smoking shall not be prohibited in private residences, unless used as a child care, adult day care, or health care facility.
- (g) **Declaration Of Establishment Or Outdoor Area As Nonsmoking.** Notwithstanding any other provision of this Section, an owner, operator, manager, or other person in control of an establishment, facility, or outdoor area may declare that entire establishment, facility, or outdoor area as a nonsmoking place. Smoking shall be prohibited in any place in which a sign conforming to the requirements of Section 2(h) is posted.
- (h) **Posting Of Signs And Removal Of Ashtrays.** The owner, operator, manager, or other person in control of a public place or place of employment where smoking is prohibited by this Section shall:
- (1) Clearly and conspicuously post “No Smoking” signs or the international “No Smoking” symbol (consisting of a pictorial representation of a burning cigarette enclosed in a red circle with a red bar across it) in that place.
 - (2) Clearly and conspicuously post at every entrance to that place a sign stating that smoking is prohibited.
 - (3) Clearly and conspicuously post on every vehicle that constitutes a place of employment under this Section at least one sign, visible from the exterior of the vehicle, stating that smoking is prohibited.
 - (4) Remove all ashtrays from any area where smoking is prohibited by this Section, except for ashtrays displayed for sale and not for use on the premises.
- (i) **Nonretaliation; Nonwaiver Of Rights.**
- (1) No person or employer shall discharge, refuse to hire, or in any manner retaliate against an employee, applicant for employment, customer, or resident of a multiple-unit residential facility because that employee, applicant, customer, or resident exercises any rights afforded by this Section or reports or attempts to prosecute a violation of this Section. Notwithstanding Section 2(k), violation of this provision

- (2) An employee who works in a setting where an employer allows smoking does not waive or otherwise surrender any legal rights the employee may have against the employer or any other party.

(j) Enforcement.

- (1) This Section shall be enforced by the county health officer or his or her duly authorized representative, any duly sworn police officer employed by the City of Vestavia Hills, or as otherwise allowed by law.
- (2) Notice of the provisions of this Section shall be given to all applicants for a business license in the City of Vestavia Hills.
- (3) Any resident who desires to register a complaint under this Section may initiate enforcement with an entity responsible for enforcement, such as the Jefferson County Department of Health or Police Department.
- (4) The County Health Department, the Fire Department, or their designees shall, while an establishment is undergoing otherwise mandated inspections, inspect for compliance with this Section.
- (5) Any owner, manager, operator, or employee of an area regulated by this Section shall direct a person who is smoking in violation of this Section to extinguish the product being smoked. If the person does not stop smoking, the owner, manager, operator, or employee shall refuse service and immediately ask the person to leave the premises. If the person in violation refuses to leave the premises, the owner, manager, operator, or employee shall contact a law enforcement agency.
- (6) Notwithstanding any other provision of this Section, an employee or private citizen may bring legal action to enforce this Section.
- (7) In addition to the remedies provided by the provisions of this Section, the City of Vestavia Hills, the county health officer, or any person aggrieved by the failure of the owner, operator, manager, or other person in control of a public place or a place of employment to comply with the provisions of this Section may apply for injunctive relief to enforce those provisions in any court of competent jurisdiction.

(k) *Violations and Penalties.*

(1) A person who knowingly or intentionally smokes in an area where smoking is prohibited by the provisions of this Section commits an offense, punishable by a fine of fifty dollars (\$50) per offense. A charge of violation shall be treated in the same manner as a traffic violation.

(2) Except as otherwise provided in Section I (1), a person who owns, manages, operates, or otherwise controls a public place or place of employment and who fails to comply with the provisions of this Section shall be guilty of an offense, punishable by:

a. A fine of one hundred dollars (\$100) for a first violation. A charge of violation shall be treated in the same manner as a traffic violation.

b. A fine of two hundred dollars (\$200) for a second violation within one (1) year. A charge of violation shall be treated in the same manner as a traffic violation.

c. A fine of five hundred dollars (\$500) for each additional violation within one (1) year. A charge of violation shall be treated in the same manner as a traffic violation.

(3) In addition to the fines established by this Section, violation of this Section by a person who owns, manages, operates, or otherwise controls a public place or place of employment may result in the suspension or revocation of any permit or license issued to the person for the premises on which the violation occurred.

(4) Violation of this Section is hereby declared to be a public nuisance, which may be abated by the City of Vestavia Hills, the county health officer, or a designee by restraining order, preliminary and permanent injunction, or other means provided for by law, and the entity or person seeking abatement may take action to recover the costs of the nuisance abatement.

(5) Each day on which a violation of this Section occurs shall be considered a separate and distinct violation.

(l) *Other Applicable Laws.* This Section shall not be interpreted or construed to permit smoking where it is otherwise restricted by other applicable laws.

- (m) **Liberal Construction.** This Section shall be liberally construed so as to further its purposes.

Section 3. Public Education. The City of Vestavia Hills shall engage in a continuing program to explain and clarify the purposes and requirements of this Ordinance to residents affected by it, and to guide owners, operators, and managers in their compliance with it. The program may include publication of a brochure for affected businesses and individuals explaining the provisions of this Ordinance.

Section 4. Governmental Agency Cooperation. The City of Vestavia Hills shall annually request other governmental and educational agencies having facilities within Jefferson and Shelby Counties to establish local operating procedures in cooperation and compliance with this Ordinance. This includes urging all Federal, State, County, and School District agencies to update their existing smoking regulations to be consistent with the current health findings regarding secondhand smoke.

Section 5. Severability. If any word, provision, clause, sentence, paragraph, or subsection of this Ordinance or the application thereof to any person or circumstances shall be held invalid by a court of competent jurisdiction then the remaining provisions of this Ordinance shall be in full force and effect.

Section 6. Effective Date. This Ordinance shall be effective 30 days after approval by the Council of the City of Vestavia Hills and Mayor, and publication should be made as required by law, showing the effective date.

DONE, ORDERED, ADOPTED and APPROVED this the 25th day of June, 2012.

Mary Lee Rice
Council President

ATTESTED BY:

Rebecca Leavings
City Clerk

APPROVED BY:

Alberto C. Zaragoza, Jr.
Mayor

CERTIFICATION:

I, Rebecca Leavings, as Acting City Clerk of the City of Vestavia Hills, Alabama, hereby certify that the above and foregoing copy of 1 (one) Ordinance # 2411 is a true and correct copy of such Ordinance that was duly adopted by the City Council of the City of Vestavia Hills on the 25th day of June, 2012, as same appears in the official records of said City.

Posted at Vestavia Hills Municipal Center, Vestavia Hills Library in the Forest, Vestavia Hills New Merkle House and Vestavia Hills Recreational Center this the _____ day of _____, 2012.

Rebecca Leavings
City Clerk

City of Vestavia Hills SmokeFree Ordinance of 2012 Introduction and Opening Remarks to City Council

Good evening, Councilmember's and Mr. Mayor. Thank you for the opportunity to address you today. My name is Kim Cochran and I am here on behalf of the American Cancer Society Cancer Action Network, the American Lung Association, American Cancer Society and the American Heart Association.

I am here today as a sign of our collective request and support for comprehensive smoke free policies that protect everyone – workers, residents and visitors - from exposure to secondhand smoke in workplaces and public places, including restaurants ~~and~~ bars, + private clubs

In 2005, the City of Vestavia Hills for took a bold move in to enact a smoke-free ordinance. Indeed, they were one of the first over the mountain cities to address the ^{his} issues. I know Council President Rice was instrumental in her leadership on that issue and we applaud ^{her} you for those actions.

I stand before you today to support you in efforts to strengthen this ordinance and provide cleaner and safer environments for all, free from the risk of exposure to cancer causing agents and heart damaging tobacco smoke.

Secondhand smoke is a serious public health problem and even the briefest exposure is harmful. We believe everyone has the right to breathe clean, smokefree air. Secondhand smoke exposure causes lung cancer and heart

disease, as well as Sudden Infant Death Syndrome (SIDS), respiratory infections and more severe asthma in kids. Each year, more than 800 adult non-smokers in Alabama die from exposure to secondhand smoke.

Everyone, including people that work in bars, restaurants and motels have the right to breathe smokefree air.

In 2006, the Surgeon General of the United States came out with a report that there was enough scientific evidence to conclude that ventilation systems cannot remove the harmful elements in secondhand smoke (verified by the American Society of Heating, Refrigeration, and Air-Conditioning Engineers – ASHRAE). This is new evidence since the VH ordinance was enacted in 2005. Eliminating smoking in indoor spaces through comprehensive smokefree policies is the proven way to FULLY protect non-smokers from exposure to secondhand smoke.

A July 2011 public opinion poll showed an overwhelming majority (76%) of Jefferson County voters support a comprehensive law that includes “all workplaces, restaurants and bars.” Support for a comprehensive policy is broad and deep; across party lines, and various demographic groups. By 84%, voters in the same survey believe “the right of everyone to breathe clean air trumps the right of smokers to smoke.”

The Ordinance before you today was drafted with assistance from the Tobacco Control Legal Consortium, an award-winning legal network for tobacco control policy, and American’s for Nonsmokers Rights, a leading national

organization dedicated to nonsmokers' rights. We would like to request that the ordinance be reviewed by Mr. Boone at his earliest convenience.

The proposed ordinance would protect everyone in indoor public places from exposure to deadly tobacco smoke, including, but not limited to restaurants, bars and hotel and motel rooms. It also considers protection in outdoor public places with a reasonable distance requirement outside entrances, operable windows, and ventilation systems. This protection helps to ensure that smoke does not enter those areas and will protect everyone entering and leaving buildings from exposure to secondhand smoke.

We have strong support in this community to move forward on a comprehensive ordinance which will effectively protect the health of the public and employees in Vestavia Hills from secondhand smoke exposure. The American Cancer Society, American Lung Association, and the American Heart Association request your consideration and support of the 'City of Vestavia Hills SmokeFree Ordinance of 2012,' which would protect ALL Vestavia Hills residents, workers and visitors from exposure to secondhand smoke.

Last but not least, as a resident of Vestavia Hills, I applaud your willingness to address this serious public health issue and hope you will show the same strength and boldness as I have seen you all do in the past in passing a comprehensive smokefree ordinance for OUR city.

Thank you for your time and consideration. I would be happy to address your questions or comments.

RESOLUTION NUMBER 4308

A RESOLUTION AMENDING RESOLUTION NUMBER 4233 - APPROVING AND ADOPTING THE GENERAL FUND BUDGET, A SPECIAL REVENUE FUND BUDGET AND A CAPITAL PROJECT FUND BUDGET FOR THE CITY OF VESTAVIA HILLS FOR THE PERIOD BEGINNING OCTOBER 1, 2011 UNTIL SEPTEMBER 30, 2012 FOR AN ADDITIONAL \$16,000 FOR A PLANNER POSITION.

WHEREAS, on September 26, 2011, the City Council of the City of Vestavia Hills adopted and approved Resolution Number 4233 for a General Fund Budget, a Special Revenue Budget and a Capital Project Fund budget for the period beginning October 1, 2011 until September 30, 2012; and

WHEREAS, the “general fund budget” as approved for said period reflected anticipated revenues and expenditures in the amount of \$30,004,396, including transfers out, to be effective for the period beginning October 1, 2011, through September 30, 2012; and

WHEREAS, the “special fund budget” for said period reflecting anticipated revenues and expenditures in the amount of \$2,377,830, including transfers from the General Fund, to be effective for the period beginning October 1, 2011, through September 30, 2012; and

WHEREAS, the “capital projects fund budget” for said period reflected expenditures in the amount of \$394,634 to be effective for the period beginning October 1, 2011, through September 30, 2012.

WHEREAS, Title 11-43-57, Code of Alabama, 1975, provides as follows:

Annual appropriation of funds for expenditures of all departments and interest on indebtedness: In all cities, the Council shall appropriate the sums necessary for the expenditures of the several City departments and for the interest on its bonded and other indebtedness, not exceeding in the aggregate within ten (10) percent of its estimated expenses, and such City Council shall not appropriate in the aggregate an amount in excess of its annual legally authorized revenue. But, nothing in this

section shall prevent such cities from anticipating their revenues for the year for which such appropriation was made, or from contracting for temporary loans as provided in the applicable provision of this title, or from bonding or refunding their outstanding indebtedness or from appropriating anticipated revenue at any time for the current expenses of the City and interest on the bonded and other indebtedness of the City; and

WHEREAS, the City Council agreed to approve and adopt ninety (90) percent, or \$27,003,956, of the municipal general fund budget for the City of Vestavia Hills for fiscal year 2011-2012 upon the terms conditions and provisions set forth below; and

WHEREAS, the City Council agreed to approve and adopt ninety (90) percent, or \$2,140,047, of the municipal special revenue fund budget for the City of Vestavia Hills for fiscal year 2011-2012 upon the terms, conditions and provisions set forth below; and

WHEREAS, the City Council agreed to approve and adopt ninety (90) percent, or \$355,170, of the capital project fund budget for the City of Vestavia Hills for fiscal year 2011-2012; and

WHEREAS, the City Manager had analyzed certain departments within the City of Vestavia Hills and determined the need for the establishment of the position of a Planner in the City's Planning and Zoning Department at a cost of approximately \$16,000 for the current fiscal year's budget; and

WHEREAS, the Mayor and City Council have concurred with the City Manager and feel it is in the best public interest to amend the City's General Fund budget to allocate the position of a Planner within the City's budget at a cost not to exceed \$16,000.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Vestavia Hills, Alabama, as follows:

1. The municipal general fund budget for the City of Vestavia Hills, Alabama, prepared by the Mayor and submitted to the City Council is hereby

amended to the extent of \$14,400 for a total of \$27,018,356, which said amount is not exceeding the aggregate within ten (10) percent of the estimated expenses:

\$30,004,396 plus \$16,000 multiplied by 90% equals
\$27,018,356; and

3. The Mayor is hereby authorized to expend the sum of \$27,018,356 from the General Fund for municipal expenses for the period beginning October 1, 2011, and ending September 30, 2012.

5. This Resolution shall become effective immediately upon its approval and adoption.

APPROVED and ADOPTED this the 25th day of June, 2012.

Mary Lee Rice
Council President

ATTESTED BY:

Rebecca Leavings
City Clerk

APPROVED BY:

Alberto C. Zaragoza, Jr.
Mayor

RESOLUTION NUMBER 4314

**A RESOLUTION ACCEPTING THE 2010-2011 AUDIT
FOR THE CITY OF VESTAVIA HILLS, ALABAMA**

WHEREAS, the audit for the fiscal year 2010-2011 has been submitted to the Mayor and the City Council for review; and

WHEREAS, the Mayor and the City Council feel it is in the best public interest to accept the audit performed by Carr, Riggs, and Ingram, LLC.

**THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF VESTAVIA HILLS, ALABAMA, AS FOLLOWS:**

1. That the City Council wishes to accept the audit for the fiscal year 2010-2011;
and
2. That a copy of the submitted audit be affixed to this resolution marked "Exhibit A."

ADOPTED and APPROVED this the 25th day of June, 2012.

Mary Lee Rice
Council President

ATTESTED BY:

Rebecca Leavings
City Clerk

APPROVED BY:

Alberto C. Zaragoza, Jr.
Mayor

City of Vestavia Hills, Alabama

Financial Statements

September 30, 2011

City of Vestavia Hills, Alabama
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Independent Auditors' Report

To the Mayor and City Council
City of Vestavia Hills
Vestavia Hills, Alabama

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Vestavia Hills, Alabama (the "City") as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3.1 through 3.9 and pages 35 through 36, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Carly Riggs & Ingram, L.L.C.

Birmingham, Alabama
June 18, 2012

City of Vestavia Hills
Management's Discussion & Analysis (MD&A)
September 30, 2011

The City of Vestavia Hills' Management Discussion and Analysis report provides an overview of the City's financial activities for fiscal year ended September 30, 2011. Please read the report in conjunction with the City's financial statements and notes to the financial statements that immediately follow this analysis.

Financial Highlights: Significant Items to Note

- ❖ The assets of the City exceeded the liabilities at the close of the 2011 fiscal year by \$86.5 million (net assets).
- ❖ The City's net assets increased 3.4% (\$2.8 million) in the 2011 fiscal year.
- ❖ The total cost of the City's programs for the 2011 fiscal year was \$31.8 million. The net cost was \$25.4 million after subtracting grants and charges for services.
- ❖ The General Fund revenues received during the 2011 fiscal year exceeded expenditures by \$825,054.
- ❖ At the end of the 2011 fiscal year, the general fund unassigned fund balance, excluding the City's committed funds for economic stabilization fund balance of \$6.8 million, was \$2.9 million, or 11.4% of the total general fund operating expenses before debt service.
- ❖ Major capital expenditures for the 2011 fiscal year totaled \$5.5 million including \$.45 million for projects in progress and \$5.05 million for completed projects.
- ❖ The City decreased its outstanding General Obligation Warrants by \$2.55 million.

Using the Annual Financial Report - An Overview for the User

The annual financial report consists of five parts - *management's discussion and analysis* (this section), the *independent auditors' report*, the *basic financial statements*, *required supplementary information*, and *other supplementary information*.

The City's basic financial statements are comprised of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the basic financial statements*.

Government-Wide Financial Statements - The focus of these statements is to provide readers with a broad overview of the City's finances as a whole, similar to a private-sector business, instead of an individual fund basis.

Government-wide statements report both long-term and short-term information about the City's overall financial status including the capitalization of capital assets and depreciation of all exhaustible capital assets and the outstanding balances of long-term debt and other obligations. These statements report all assets and liabilities perpetuated by these activities using the accrual basis of accounting. The accrual basis takes into account all of the City's current year's revenues and expenses regardless of when cash is received or paid. This approach moves the financial reporting method for governmental entities closer to the financial reporting methods used in the private sector.

The following *government-wide financial statements* report is on all of the governmental activities of the City as a whole.

The *statement of net assets* (on page 4) is most closely related to a balance sheet. It presents information on all of the City's assets (what it owns) and liabilities (what it owes), with the difference between the two reported as net assets. The net assets reported in this statement represent the accumulation of changes in net assets for the current fiscal year and all fiscal years in the past combined. Over time, the increase or decrease in net assets reported in this statement may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* (on page 5) is most closely related to an income statement. It presents information showing how the City's net assets changed during the current fiscal year only. All of the current year's revenues and expenses are accounted for in the *statement of activities* regardless of when cash is received or paid. This statement shows gross expenses and offsetting program revenues to arrive at net cost information for each major expense function or activity of the City. By showing the change in net assets for the year, the reader may be able to determine whether the City's financial position has improved or deteriorated over the course of the current fiscal year.

However, the reader will also need to consider non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure assets, in order to assess the overall health of the City.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal and internal requirements. All of the funds of the City can be classified as governmental funds.

Governmental Funds - Governmental *fund financial statements* begin on page 6. These statements account for basically the same governmental activities reported in the *government-wide financial statements*. *Fund financial statements* presented herein display separate information on each of the City's most significant governmental funds or *major funds*. This is required in order to better assess the City's accountability for significant governmental programs or certain dedicated revenue. The City's *major funds* are the General Fund, the Debt Service Fund, and the Capital Projects Fund.

The *Fund Financial Statements* are measured on the modified-accrual basis of accounting. As a result, the *fund financial statements* focus more on the near term use and availability of spendable resources. The information provided in these statements is useful in determining the City's immediate financial needs. This is in contrast to the accrual-based *government-wide financial statements*, which focus more on overall long-term availability of spendable resources. The relationship between governmental activities reported in the *government-wide financial statements* and the governmental funds reported in the *fund financial statements* are reconciled on pages 7 and 9 of these financial statements. These reconciliations are useful to readers in understanding the long-term impact of the City's short-term financing decisions.

Notes to the Basic Financial Statements - The *notes to the basic financial statements* provide additional information that is essential for the statements to fairly represent the City's financial

position and its operations. The notes contain important information that is not part of the basic financial statements. However, the notes are an integral part of the statements, not an appendage to them. The *notes to the basic financial statements* begin on page 11 in this section.

After the presentation of the basic financial statements, the *required supplementary information* is presented following the notes to the basic financial statements. The *required supplementary information* beginning on page 35 provides a comparison of the adopted budget of the City's General Fund to the actual operating results for the fiscal year. The comparison of this data allows users to assess management's ability to project and plan for its operations throughout the year.

Analysis of the City of Vestavia Hills' Overall Financial Position

As indicated earlier, net assets may serve over time as a useful indicator of a government's financial position. Refer to *Table 1* when reading the following analysis of net assets.

Table 1: Summary of Net Assets

	As of September 30, (dollars in thousands)	
	2011	2010
Assets		
Current and other assets	\$ 20,126	\$ 23,607
Capital assets	<u>112,550</u>	<u>109,957</u>
Total assets	<u>132,676</u>	<u>133,564</u>
Liabilities		
Other liabilities	2,511	3,389
Long-term liabilities	<u>43,626</u>	<u>46,451</u>
Total liabilities	<u>46,137</u>	<u>49,840</u>
Net assets		
Invested in capital assets, (net of related debt)	79,543	78,312
Restricted	308	75
Unrestricted	<u>6,687</u>	<u>5,337</u>
Total net assets	<u>\$ 86,538</u>	<u>\$ 83,724</u>

The City's assets exceeded liabilities by \$86.5 million at September 30, 2011.

Net assets invested in capital assets of \$79.5 million reflect the City's investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, fixtures, furniture, equipment and transportation equipment), less accumulated depreciation and debt related to the acquisition of the assets. Since these capital assets are used in governmental activities, this portion of net assets is not available for future spending or funding of operations.

Restricted net assets in the amount of \$308,500 represents the net assets of the Four, Five and Seven Cent State Shared Gasoline Tax Funds. These net assets have been restricted by enabling legislation. Unrestricted net assets of \$6,687,000 may be used at the City's discretion to meet ongoing obligations to citizens and creditors and for future operations. Additionally, the

unrestricted assets include funds established in fiscal 2009 designated for “Other Post Employment Benefits” (OPEB) of \$77,400 (net of current liability \$27,000) and general insurance and worker’s compensation of \$73,100 (net of current liability \$8,500).

Analysis of the City of Vestavia Hills’ Operating Results

The results of this fiscal year's operations as a whole are reported in detail in the *Statement of Activities* on page 5. *Table 2* below condenses the results of operations for the fiscal year into a format where the reader can easily see the total revenues of the City for the year. It also shows the impact that operations had on changes in net assets as of September 30, 2011 and 2010.

Table 2: Summary of Changes in Net Assets

Revenues	Fiscal Year Ended	
	September 30, (dollars in thousands)	
	<u>2011</u>	<u>2010</u>
Program revenues		
Charges for services	\$ 4,619	\$ 4,355
Operating grants/contributions	969	216
Capital grants/contributions	810	1,055
General revenues:		
Taxes	25,391	24,835
Utility franchise fees	2,441	2,351
Investment earnings	113	105
Interest on notes receivable	87	118
Other	122	67
Donations	31	78
Donated infrastructure assets	<u>63</u>	<u>123</u>
Total revenues	<u>34,646</u>	<u>33,303</u>
Expenses		
General government	4,588	4,196
Public safety	14,925	14,669
Public works	5,567	6,190
Library	1,956	1,381
Parks and recreation	2,915	2,788
Interest on long-term debt	<u>1,880</u>	<u>1,870</u>
Total expenses	<u>31,831</u>	<u>31,094</u>
Change in net assets	2,815	2,209
Net assets, beginning	<u>83,724</u>	<u>81,515</u>
Net assets, ending	<u>\$ 86,539</u>	<u>\$ 83,724</u>

The City’s revenues, excluding donated infrastructure assets and donated property, which do not provide spendable funds, increased 4.38% (\$1,450,000). The increase resulted from several revenue categories which are as follows: 6.06% (\$264,000) in charges for services, 348% (\$753,000) in operating grants/contributions, 2.23% (\$556,000) in taxes, 3.83% (\$90,000) in utility franchise fees and 82.09% (\$55,000) in gain on sale of assets. The revenue increase was

partially offset by a decrease of 26.27% (\$31,000) in interest on notes receivable (Board of Education warrants) and 23.22% (\$245,000) in capital grants/contributions.

The tax revenue increase was primarily due to a 7.33% (\$710,100) increase in sales taxes resulting from an increase in reportable sales by businesses located within the city limits of Vestavia Hills. The increase was partially offset by a 1.17% (\$156,000) decrease in Ad Valorem taxes due to a slight depreciation of assessed values of properties located within Vestavia Hills.

The City's program expenses increased 2.49% (\$737,000). The increase resulted principally from increases in depreciation expense \$588,000, tornado damage clean-up \$305,000, compensated absences \$156,000, economic development consultation \$135,000, fringe benefits \$66,000 and utilities \$50,000. The City program expense increases were partially offset by reduction in street paving \$560,000.

Table 3 is a condensed statement taken from the Statement of Activities on page 5 showing the total cost for providing services for six major City activities. Total cost of services is compared to the net cost of providing these services. The net cost of services is the remaining cost of services after subtracting grants and charges for services that the City used to offset the program's total cost. In other words, the net cost shows the financial burden that was placed on all taxpayers for each of these activities. This information allows citizens to consider the cost of each program in comparison to the benefits provided.

Table 3: Net Cost of Government-Wide Activities

	Fiscal Year Ended September 30, 2011	
	(dollars in thousands)	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 4,588	\$ 1,927
Public safety	14,925	14,108
Public works	5,567	3,539
Library	1,956	1,560
Parks and recreation	2,915	2,418
Interest on long-term debt	1,880	1,880
Total	<u><u>\$ 31,831</u></u>	<u><u>\$ 25,432</u></u>

Performance of City Funds

As noted earlier, the City uses fund accounting to control and manage resources in order to ensure compliance with finance-related legal and internal requirements. Using funds to account for resources for particular purposes helps the reader to determine the City's accountability for these resources whether provided by taxpayers and other entities, and to help to provide more insight into the City's overall financial health. The following analysis of the City's funds should be read in reference to the *fund financial statements* that begin on page 6.

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the City's financial requirements (Note: the reconciliation statement between the *fund financial statements* and the *government-wide financial statements* are presented on pages 7 and

9). At the end of the fiscal year, the City's governmental funds reported a combined fund balance of \$15.9 million, which includes a \$6.8 million committed fund balance to be used for economic stabilization in the event of an unforeseen emergency and \$2.9 million of unassigned general fund balance which is available for future capital needs.

Budgetary Highlights of the General Fund

On or before October 1 of each year, the Mayor prepares and submits an annual budget to be adopted by the City Council. The fiscal 2011 budget was adopted November 22, 2010. The comparison of the general fund budget to the actual results is detailed in the "Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual" on page 35. The City's actual results as compared to the City's budget can be briefly summarized as follows:

- ❖ Actual revenues exceeded budget by \$1,993,700 or 6.8%. Fines and forfeitures, fees, proceeds from sale of assets and other revenues were under budget totaling \$145,000; however, the decrease was offset due to taxes, licenses and permits, charges for services, grant and investment revenues exceeding budget totaling \$2,138,700.
- ❖ Actual expenditures exceeded budget by \$548,500 or 2.2%. Public works, library and public safety were under budget totaling \$168,300; however, the decrease was offset due to expenditures exceeding budget in general government administration, parks and recreation and capital outlay totaling \$716,900. General government administration, parks and recreation and capital outlay expenditures exceeded budget primarily due to unanticipated tornado cleanup, higher than anticipated fees for property reappraisal, utilities and economic development consultation. Public works, library and public safety were below budget primarily due to lower sanitation contract cost and lower salaries and fringe benefits cost resulting from unfilled positions.

Capital Assets and Debt Administration

Capital Assets - The City's investment in capital assets for governmental activities for the year ended September 30, 2011, amounted to \$79.5 million, net of accumulated depreciation and debt related to the acquisition of the assets. The City's investment in capital assets, which includes land, land improvements, infrastructure, buildings and improvements, fixtures, equipment, vehicles and furniture at actual or estimated historical cost, equipment under capital lease, and construction in progress, is shown in *Table 4*. Assets are presented net of accumulated depreciation.

Table 4: Capital Assets (net of accumulated depreciation)

	Fiscal Year Ended September 30, (dollars in thousands)	
	2011	2010
Land	\$ 21,742	\$ 21,742
Land/Infrastructure	48,520	48,468
Construction-in-progress	369	14,085
Buildings	12,270	2,850
Improvements	5,758	5,142
Recreational facilities	12,223	6,187
Vehicular equipment	1,788	1,341
Other equipment and fixtures	2,431	3,426
Books	696	689
Infrastructure	6,753	6,027
Capital assets, net of depreciation	\$ 112,550	\$ 109,957

Additions to capital assets during the current year included the following:

Donated infrastructure assets (streets)	\$ 63,071
Construction-in-progress projects (includes sidewalk design and construction, library and storm shelter projects)	453,079
Recreational facilities	3,654,490
Land improvements / depreciable	67,775
Vehicles	8,325
Equipment, furniture and fixtures	575,567
Computer equipment and software	466,187
Library books and artwork	179,353
	\$ 5,467,847

Long-Term Debt - At year-end, the City had \$43.6 million in general obligation warrants, capital lease contracts payable and other long-term debt outstanding. This is a decrease of 6.08% in debt from last year, as shown in *Table 5* below.

Table 5: Outstanding Debt

	As of September 30, 2011 (dollars in thousands)		
	Beginning Balance	Net Change	Ending Balance
Governmental activities:			
Warrants payable	\$ 44,160	\$ (2,555)	\$ 41,605
Capital leases	627	(421)	206
Compensated absences	1,664	150	1,814
Totals	\$ 46,451	\$ (2,826)	\$ 43,625

While the \$41.6 million of General Obligation Warrants are a legal obligation of the City, it is important to note that due to a funding agreement with the Vestavia Hills Board of Education, the City is obligated for future debt service on only \$40.1 million of this debt. The Vestavia Hills Board of Education pays debt service on the remaining \$1.5 million of the outstanding Warrants issued by the City in 2001 for the benefit of the Board of Education.

Long-term debt activity for the year consisted of the following:

- ❖ The City reduced its General Obligation Warrants by \$2.55 million.
- ❖ The net decrease in the capital leases liability resulted from current year principal payments. The long-term liability in compensated absences increased due to an increase in compensation and available days.
- ❖ A favorable bond rating facilitates the City's ability to meet financial obligations. Moody's Investors Service and Fitch Ratings assigned the City of Vestavia Hills a rating of Aa1 and AA+ in 2011, respectively.

Economic Factors and Next Year's Budget

Ad Valorem Tax – The City's ad valorem tax is based on an annual reassessment of real property. Over the last three years, ad valorem taxes have been volatile due to the nationwide slump in housing and the related credit crunch arising from sub-prime lending. Over the last three years, the City reflects the following percentage change: (2009) 5.05% increase, (2010) 1.39% decrease and (2011) 1.70% decrease. However, collections for fiscal year 2012 are showing signs of recovery, reflecting an increase of 1.11% through the month of March 2012.

Personnel Administration Cost – The City's personnel administration is provided by the Personnel Board of Jefferson County (PBJC). Participating municipalities pay an annual fee based on the number of classified employees employed by the municipality times a percentage of the PBJC's operating budget. Over the last three years, the City has realized the following percentage change: (2009) 65% increase, (2010) 55% decrease and (2011) 156 % increase. Fiscal 2012 is more favorable, reflecting a decrease of 33%.

Medical Costs – Employee health insurance is provided through the State of Alabama Insurance Board. The City of Vestavia Hills retained its preferred insurance classification rating resulting from minimal medical claims and employees' participation in the State of Alabama Wellness Screening Program. Subsequently, there was no increase in the City's insurance premium for fiscal 2012. The projected amount, \$1.30 million, decreased from fiscal 2011 resulting from reduced employee participation.

Retirement Costs –The City's retirement program for employees is provided through the Retirement System of Alabama (RSA). Economic and market conditions in recent years resulted in increases in the City's required contribution to this program. In an effort to slow and lessen the cost for participating municipalities, RSA placed a two year hold on the "employer contribution factor", setting Vestavia Hills' factor at 10.56% for fiscal 2011 and 2012. The City's budget for fiscal 2012 includes a contribution of \$1.45 million, equivalent to fiscal 2011.

Cost-of-Living Raise – A cost of living increase was not included in the 2011-2012 fiscal budget.

Community Vision Plan – Market Street Services, Inc. has completed the Community Vision Plan. The City is now working on the Implementation Plan, which includes identifying key organizational partners, recommending volunteer and staff leadership, cost estimates, timeline and a set of performance metrics to measure success.

Highway 31 Corridor Development Plan – The City has been awarded a grant from the Birmingham Regional Planning Commission for redevelopment and revitalization of Highway 31, the City’s highest economic development priority.

Lifetime Fitness – The City has sold 16 acres at Patchwork Farms to Lifetime Fitness for construction of a 103,000 square foot facility that should be completed by June 2013 and employ approximately 250.

Contacting the City’s Financial Management

This financial report is designed to provide citizens, taxpayers, 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 financial information, please contact Melvin Turner, III, Finance Director at the City of Vestavia Hills, 513 Montgomery Highway, Vestavia Hills, AL 35216, or by calling (205) 978-0128 during regular office hours, Monday through Friday, from 8:00 a.m. to 5:00 p.m., Central Standard Time.

City of Vestavia Hills, Alabama

Government-wide Statement of Net Assets

<i>September 30, 2011</i>	Primary Government		
	Governmental Activities	Library Foundation	Park and Recreation Foundation
Assets			
Cash and temporary investments	\$ 14,925,638	\$ 89,740	\$ 32,779
Cash - restricted	515,123	-	-
Investments	-	-	338,224
Receivables	2,420,061	-	28,000
Inventory	19,895	-	-
Prepaid expenses	203,890	-	-
Notes receivable and related accrued interest	1,522,583	-	-
Deferred bond issuance charges, net	518,745	-	-
Land	70,261,199	-	-
Construction in progress	369,008	-	-
Capital assets, net of accumulated depreciation	41,919,464	-	-
Total assets	132,675,606	89,740	399,003
Liabilities			
Accounts payable	1,592,407	-	-
Court and performance bonds payable	506,046	-	-
Accrued salaries	104,297	-	-
Accrued interest payable	308,507	-	-
Noncurrent liabilities			
Due within one year:			
Compensated absences	249,581	-	-
Warrants payable	2,650,000	-	-
Obligation due under long-term capital leases	112,640	-	-
Due in more than one year:			
Compensated absences	1,564,554	-	-
Warrants payable	38,955,000	-	-
Obligation due under long-term capital leases	93,853	-	-
Total liabilities	46,136,885	-	-
Net assets			
Investment in property and equipment (net of related debt)	79,543,035	-	-
Restricted	308,498	-	-
Unrestricted	6,687,188	89,740	399,003
Total net assets	\$ 86,538,721	\$ 89,740	\$ 399,003

See accompanying notes to basic financial statements.

City of Vestavia Hills, Alabama

Government-wide Statement of Activities

Year ended September 30, 2011

Program Activities	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government administration	\$ 4,587,870	\$ 2,502,281	\$ 3,949	\$ 154,313
Public safety	14,925,030	551,765	172,578	92,581
Public works	5,567,307	1,044,149	771,872	212,397
Library	1,955,769	60,366	21,078	314,035
Parks and recreation	2,915,352	460,470	-	37,000
Interest on long-term debt	1,879,710	-	-	-
Total primary government	\$ 31,831,038	\$ 4,619,031	\$ 969,477	\$ 810,326
Component units				
Library Foundation	\$ 8,004	\$ -	\$ 27,763	\$ -
Park and Recreation Foundation	160,336	-	60,363	-
Total component units	\$ 168,340	\$ -	\$ 88,126	\$ -

General revenues:

Taxes:

Ad Valorem (real and personal property)

Sales and use

Other taxes

Utility franchise fees

Investment earnings

Interest on notes receivable

Donations

Donated infrastructure assets

Miscellaneous

Net assets at beginning of year

Net assets at end of year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary		Component Units	
Government		Library	Park and Recreation
Total		Foundation	Foundation
\$ (1,927,327)	\$	-	\$ -
(14,108,106)		-	-
(3,538,889)		-	-
(1,560,290)		-	-
(2,417,882)		-	-
(1,879,710)		-	-
(25,432,204)		-	-
-		19,759	-
-		-	(99,973)
-		19,759	(99,973)
13,183,986		-	-
10,392,103		-	-
1,814,144		-	-
2,440,781		-	-
113,373		-	-
86,742		-	-
31,375		-	-
63,071		-	-
121,762		-	-
28,247,337		-	-
2,815,133		19,759	(99,973)
83,723,588		69,981	498,976
\$ 86,538,721	\$	89,740	\$ 399,003

City of Vestavia Hills, Alabama
Governmental Funds Balance Sheet

<i>September 30, 2011</i>	General	Debt Service	Capital Projects
Assets			
Cash and temporary investments	\$ 10,064,983	\$ -	\$ 4,381,877
Cash - restricted	515,123	-	-
Accounts receivable, net of allowance for uncollectibles	1,923,949	-	393,384
Inventory	19,895	-	-
Prepaid expenses	202,800	1,090	-
Interfund receivables	-	-	589,169
Total assets	\$ 12,726,750	\$ 1,090	\$ 5,364,430
Liabilities			
Accounts payable	\$ 1,977,735	\$ -	\$ 100,701
Wages payable	104,297	-	-
Interfund payables	589,169	-	-
Total liabilities	2,671,201	-	100,701
Fund balance			
Nonspendable	222,695	-	-
Restricted for:			
Road maintenance	-	-	-
Debt service requirement	-	1,090	-
Committed to:			
Capital projects	-	-	5,263,729
Emergency reserve	6,799,865	-	-
Assigned	161,594	-	-
Unassigned	2,871,395	-	-
Total fund balance	10,055,549	1,090	5,263,729
Total liabilities and fund balance	\$ 12,726,750	\$ 1,090	\$ 5,364,430

See accompanying notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 478,778	\$ 14,925,638
-	515,123
102,728	2,420,061
-	19,895
-	203,890
20,636	609,805
<u>\$ 602,142</u>	<u>\$ 18,694,412</u>
\$ 20,017	\$ 2,098,453
-	104,297
20,636	609,805
<u>40,653</u>	<u>2,812,555</u>
-	222,695
308,498	308,498
-	1,090
-	5,263,729
-	6,799,865
252,991	414,585
-	2,871,395
<u>561,489</u>	<u>15,881,857</u>
<u>\$ 602,142</u>	<u>\$ 18,694,412</u>

City of Vestavia Hills, Alabama

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

September 30, 2011

Fund balance - total governmental funds \$ 15,881,857

Amounts reported for governmental activities in the statement of net assets are different because:

Long-term receivables are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet.

Due from Vestavia Hills Board of Education 1,522,583

Deferred items related to debt issuance used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.

518,745

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.

Governmental capital assets	\$ 142,046,092	
Accumulated depreciation	<u>(29,496,421)</u>	112,549,671

Long-term liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet.

Warrants payable	(41,605,000)	
Compensated absences	(1,814,135)	
Accrued interest payable	(308,507)	
Capital lease payable	<u>(206,493)</u>	<u>(43,934,135)</u>

Net assets of governmental activities \$ 86,538,721

City of Vestavia Hills, Alabama

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

Year ended September 30, 2011

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 23,606,909	\$ -	\$ -	\$ 1,301,726	\$ 24,908,635
Licenses and permits	3,097,415	-	-	-	3,097,415
Intergovernmental	-	-	-	493,504	493,504
Charges for services	460,470	-	-	-	460,470
Fines and forfeitures	223,445	-	-	143,320	366,765
Fees	2,520,991	-	-	-	2,520,991
Grants	939,439	-	816,600	19,303	1,775,342
Proceeds from sale of assets	1,998	-	-	-	1,998
Investment revenues	49,524	51,757	11,348	744	113,373
Library revenues	-	-	-	64,828	64,828
Other revenues	546,686	105,367	7,116	-	659,169
Total revenues	31,446,877	157,124	835,064	2,023,425	34,462,490
Expenditures					
Current (operating):					
General government administration	4,176,085	5,835	-	161,453	4,343,373
Public safety	13,680,045	-	12,206	966,747	14,658,998
Public works	4,024,694	-	-	883,464	4,908,158
Library	1,129,580	-	42,562	43,284	1,215,426
Parks and recreation	2,217,241	-	550	-	2,217,791
Debt service	-	4,456,428	-	-	4,456,428
Capital outlay	224,261	-	5,160,520	-	5,384,781
Total expenditures	25,451,906	4,462,263	5,215,838	2,054,948	37,184,955
Excess of revenues over (under) expenditures	5,994,971	(4,305,139)	(4,380,774)	(31,523)	(2,722,465)
Other financing sources (uses)					
Received by City for debt repayment	-	802,363	-	-	802,363
Donations	28,351	-	7,515	-	35,866
Operating transfers in	-	3,503,866	1,341,166	370,099	5,215,131
Operating transfers out	(5,198,268)	-	(11,541)	(5,322)	(5,215,131)
Total other financing sources (uses)	(5,169,917)	4,306,229	1,337,140	364,777	838,229
Excess of revenues and other financing sources over (under) expenditures and other uses	825,054	1,090	(3,043,634)	333,254	(1,884,236)
Fund balance, beginning of year, as restated	9,230,495	-	8,307,363	228,235	17,766,093
Fund balance, end of year	\$ 10,055,549	\$ 1,090	\$ 5,263,729	\$ 561,489	\$ 15,881,857

See accompanying notes to basic financial statements.

City of Vestavia Hills, Alabama

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-wide Statement of Activities

September 30, 2011

Net change in fund balances - total governmental funds \$ (1,884,236)

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

Governmental funds report capital outlays as expenditures.
However, in the government-wide statement of activities,
the cost of those assets is allocated over their estimated
useful lives as depreciation expense.

Expenditures for capital assets	\$ 5,404,776	
Less current year depreciation	<u>(2,837,240)</u>	2,567,536

Some revenues reported in the government-wide statement
of activities do not provide current financial resources
and therefore are not reported as revenues in the
governmental funds.

Change in accrued interest receivable on notes from Board of Education	(5,621)
--	---------

The net effect of transactions involving the sale of capital assets is to decrease net assets.	(38,354)
---	----------

The effect of donated infrastructure assets is to increase net assets.	63,071
--	--------

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	2,555,000
--	-----------

Principal payments on warrants paid by the Board of Education are reported as revenue in the governmental funds, but are reductions of notes receivable in the government-wide statement of activities.	(710,000)
--	-----------

Some expenses reported in the government-wide statement
of activities do not require the use of current financial
resources and therefore are not reported as expenditures
in governmental funds.

Change in long-term compensated absences	\$ (150,263)	
Change in accrued interest payable	16,795	
Change in long-term debt (capital lease)	420,889	
Change in deferred items related to debt issuance	<u>(19,684)</u>	267,737

Change in net assets of governmental activities **\$ 2,815,133**

See accompanying notes to basic financial statements.

City of Vestavia Hills, Alabama
Notes to Financial Statements Index

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Vestavia Hills, Alabama (the "City") was incorporated on November 8, 1950. The City operates under a Mayor-Council form of government organized to comply with the provisions of Title 11, Chapter 43, Sections 20-22 of the Code of Alabama 1975, as amended. The City Council is composed of five officials elected at-large for concurrent four year terms. The Mayor is elected at the same time as Council members and serves as the political leader of the community. The terms of the current administration are scheduled to expire October 31, 2012.

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Reporting Entity

The accompanying financial statements present the City's primary government and two component units.

One component unit, the City of Vestavia Hills Park and Recreation Foundation, is significantly influenced by the City. The significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The City appoints the members of the Park and Recreation Board, which then appoints a voting majority of the Board of Directors of the City of Vestavia Hills Park and Recreation Foundation. Accordingly, this component unit is discretely reported in the accompanying financial statements to emphasize that, although legally separate from the City, the City remains financially accountable. The Foundation's financial statements may be viewed at the City's administrative offices.

Another component unit is the Vestavia Hills Library Foundation. The Foundation is a non-profit organization formed for the benefit of the City's library. Several of the Foundation's Board members are also members of the City's Library Board. The Library Foundation has received contributions from citizens which will be utilized to construct, furnish, and equip the City's library facilities. This component unit is also discretely presented in the accompanying financial statements and a copy of the Foundation's financial statements can be obtained at City Hall.

B. Related Organization

The City Council is responsible for appointing the members of the Vestavia Hills Board of Education (the Board). However, the City has no control or influence in the presentation or adoption of the Board's annual operating budget; the City is not responsible for any budget deficits incurred by the Board; and the Board has the authority to issue debt securities, which are neither secured by the City's revenues or obligations of the City. Accordingly, the financial statements of the Board are not presented in the accompanying financial statements because the City is not considered to be financially accountable for the Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Related Organization (continued)

The City currently receives ad valorem taxes from the Jefferson County Tax Collector based on a total millage rate of 49.30 mills. Of the 49.30 mills received from the County, 20.55 mills are kept by the City to fund general government operations and the balance of 28.75 mills is remitted by the City to the Vestavia Hills Board of Education. During the year ended September 30, 2011, the total ad valorem taxes remitted to the Board amounted to approximately \$16.3 million and \$173,539 was due the Board of Education at September 30, 2011.

C. Government-Wide Financial Statements

The statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include funds of the reporting entity except for fiduciary funds and component units that are fiduciary in nature (at year end the City had no fiduciary type activity).

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

D. Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary (the City has no proprietary or fiduciary funds at year end). An emphasis is placed on major funds within the governmental categories. At a minimum, governmental funds other than the general fund must be reported as major funds if they meet both of the following criteria:

- a. *Ten percent criterion.* An individual governmental fund reports at least 10 percent of any of the following: a) total governmental fund assets, b) total governmental fund liabilities, c) total governmental fund revenues, or d) total governmental fund expenditures.
- b. *Five percent criterion.* An individual governmental fund reports at least 5 percent of the aggregated total for both governmental funds and proprietary funds of any one of the items for which it met the 10 percent criterion.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statements (continued)

The funds of the financial reporting entity are described below:

Governmental funds

1. General Fund

The General Fund is the principal fund of the City and is always classified as a major fund. It is used to account for all revenues and expenditures applicable to the general operations of City government which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to their use by outside sources are recorded in the General Fund.

2. Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

3. Debt Service Funds

The Debt Service Fund is used to account for financial resources related to the City's debt service and debt defeasances.

4. Capital Project Funds

Capital Projects Funds are used to account for financial resources that are received and used for the acquisition, construction, or improvement of capital assets.

5. Major and Nonmajor Funds

The General Fund, Capital Projects Fund, and Debt Service Fund are classified as major funds and are described above.

The remaining Other Governmental Funds (Special Revenue Funds) are classified as nonmajor funds and are described above.

E. Measurement Focus and Basis of Accounting

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

Measurement focus

On the Government-Wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting (continued)

Measurement focus (continued)

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of accounting

In the Government-Wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

F. Receivables

In the Government-Wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, advalorem taxes, and other taxes.

In the fund financial statements, receivables in governmental funds include the receivables mentioned in the preceding paragraph and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

The Vestavia Hills Park and Recreation Foundation (the Foundation) has also adopted ASC Topic 958, *Not-For-Profit Entities – Revenue Recognition*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. The Foundation recognizes contributions when the donor makes a promise to give that is, in substance, unconditional.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Equity Classifications

Government-wide statements

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

- a. Investment in property and equipment, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation, construction in progress, land, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund statements

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions, ordinances, or policies of the City Council – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. The classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Equity Classifications (continued)

Fund statements (continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then committed, assigned, and unassigned – in order as needed.

The City Council adopted an Emergency Reserve Fund Balance Policy on September 26, 2011. Under this policy, it is the City's intent to develop and maintain a General Fund Emergency Reserve fund balance representing at least 25% of prior year actual General Fund expenditures (modified accrual basis) plus operating transfers out. The City Council has currently committed \$6,799,865 of General Fund fund balance for economic stabilization in case of an emergency. An emergency that would warrant use of their committed fund balance is defined as an unforeseen non-routine event that generally represents an economic impact to the City greater than 5% of the previous 5 year average of sales tax collections by the City and this event cost can't be absorbed by reducing the current year budgeted expenses, increasing current year budgeted revenue, or the event occurred too late in the year to overcome the impact by adjusting the budget in the normal course of the City's business.

H. Long-term Debt

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The City's long-term debt consists primarily of notes and warrants payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

I. Expenditures/Expenses

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

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

J. Fixed Assets

The accounting treatment for property, plant, and equipment (fixed assets) depends on whether the assets are reported in the government-wide or fund financial statements.

In the government-wide financial statements, fixed assets with initial individual costs of more than \$5,000 and an estimated useful life in excess of one year are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Historical cost was used to value the majority of the assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fixed Assets (continued)

Government-wide statements

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Buildings	20-50 years
Improvements	10-50 years
Machinery and equipment	3-20 years
Infrastructure	25-50 years

Fund financial statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as expenditures of the government upon acquisition.

K. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Any encumbrances outstanding at year-end are reported as assigned, restricted, or committed fund balance as applicable and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

L. Inventory

Inventory items, which consist mainly of garage parts, are valued at cost which approximates market. The cost of inventory is recorded as an expenditure when consumed rather than when purchased.

M. Compensated Absences

A City employee receives twelve days of annual vacation for the first twelve years of service; eighteen days of annual vacation during years twelve to twenty-five; and twenty-four days of annual vacation leave after twenty-five years of satisfactory employment. Annual vacation leave can accumulate up to forty days or 320 hours and an employee cannot be paid for annual leave in lieu of time off. Each year at December 31, any annual vacation leave over 320 hours is converted hour for hour to sick leave. Employees also earn other compensatory time off for working on City holidays, and other approved circumstances over their normal work week. This compensatory time off accrues in the same manner as overtime pay at a rate of time and a half. There is no annual maximum limit for this compensatory time off and an employee can use it as other time off or is paid for the balance upon separation from the City. Sick leave can be accumulated, but upon separation from service all sick leave is canceled and is not transferable to annual leave. Upon retirement from the City, sick leave can be converted to years of service credits in the Retirement Systems of Alabama.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences (continued)

A liability for vacation pay is reported in the governmental funds only if the obligation has matured, for example, as a result of an employee's resignation or retirement. All vacation pay is accrued when incurred in the government-wide statements. The current portion of accrued vacation at September 30, 2011 reported in the government-wide financial statements is \$249,581. The remaining long-term incurred portion of the accrued vacation of the governmental activities at September 30, 2011 totaled \$1,564,554.

N. Pension Expense

All full-time employees participate in the City's defined benefit pension plan. The City funds pension expense as actuarially determined and required by the plan (Note 7).

O. Interfund Transactions

During the course of normal operations, the City incurs numerous transactions between funds to provide services, construct assets, service debt, etc. These transactions are generally reported as operating transfers except in instances where the transfer represents the reimbursement to a fund for expenditures incurred for the benefit of another fund. Remaining fund balances in discontinued funds and non-recurring, non-routine transfers are accounted for as residual equity transfers.

Details of current interfund receivables and payables are as follows:

<u>Payable from</u>	<u>Payable to</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 589,169
Other Governmental Funds	Other Governmental Funds	20,636
		<u>\$ 609,805</u>

The purpose of the interfund receivable balance to the Capital Projects Fund from the General Fund is for the capital reserve allocation from the General Fund.

The purpose of the interfund receivable balance between the Other Governmental Funds is for reimbursement of paving expenses paid from one fund on behalf of the other.

Interfund receivables and payables and transfers between funds within governmental activities are eliminated in the Statement of Net Assets and the Statement of Activities.

Transfers for the fiscal year ended September 30, 2011 consisted of the following:

	<u>Transfers out</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	
Transfers in:				
Debt Service Fund	\$ 3,503,866	\$ -	\$ -	\$ 3,503,866
Capital Projects Fund	1,329,625	11,541	-	1,341,166
Other Governmental Funds	364,777	-	5,322	370,099
	<u>\$ 5,198,268</u>	<u>\$ 11,541</u>	<u>\$ 5,322</u>	<u>\$ 5,215,131</u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Interfund Transactions (continued)

The purpose of the transfer from the General Fund to the Debt Service Fund is for the reimbursement of debt service paid from the Debt Service Fund.

The purpose of the transfer from the General Fund to the Capital Projects Fund is for the capital reserve allocation from the General Fund.

The purpose of the transfer from the General Fund to the Other Governmental Funds is for the reimbursement of operating expenditures paid from the Other Governmental Funds on behalf of the General Fund.

The purpose of the transfer between Capital Projects Funds is to reimburse expenses paid from one fund on behalf of the other.

The purpose of the transfer between Other Governmental Funds is to reimburse expenses paid from one fund on behalf of the other.

P. Property Taxes

All ad valorem real property taxes levied by municipalities in Jefferson County, Alabama are assessed by the Jefferson County Tax Assessor and collected by the Jefferson County Tax Collector. The Jefferson County Tax Assessor attaches taxes as enforceable liens on property as of October 1 and taxes become due October 1 through December 31. Property taxes not paid by January 1 are considered delinquent. Personal property taxes are also collected by the Jefferson County Tax Collector and are due throughout the year. After collecting property taxes, the Jefferson County Tax Collector remits the City's portion by check monthly. Taxes collected by the Jefferson County Tax Collector before the fiscal year end but remitted to the City after September 30 is accrued in the General Fund.

Q. Management Estimates

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

R. Subsequent Events

The City has evaluated subsequent events through the date of issuance of these financial statements.

S. Implementation of New Accounting Principles

For the year ending September 30, 2011, the City implemented the following statement of financial accounting standards issued by the Governmental Accounting Standards Board:

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Implementation of New Accounting Principles (continued)

GASB Statement No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

The implementation of GASB Statement No. 54 is further explained in section G. of this note and in Note 12.

NOTE 2 – CASH AND INVESTMENTS

The City maintains several checking accounts that are separately held by several of the City's funds. In addition, investments may also be held by an individual City fund. Deposits and investments are stated at market values.

At year-end, the carrying amount and bank balance of the City's deposit accounts were as follows:

	Carrying Amount	Bank Balance
All funds	\$ 15,440,761	\$ 15,873,984

At September 30, 2011, all of the bank balance of the City's funds was either covered by federal depository insurance or secured by collateral through the Alabama State Treasury's Security for Alabama Funds Enhancement (SAFE) Program. Under the SAFE program, the City's funds are protected through a collateral pool administered by the Alabama State Treasury. Certain banks holding deposits belonging to the state, counties, cities, or agencies of any of these entities must pledge securities as collateral against these deposits. In the event of the failure of a bank, securities pledged by that bank would be liquidated by the State Treasurer to replace the public deposits. If the securities pledged failed to produce adequate funds for that purpose, every bank participating in the pool would share the liability for the remaining balance. At September 30, 2011, all of the City's depositories are participating in the SAFE program.

The component units' cash balances were uncollateralized and were insured in the amount of \$250,000, respectively.

Included in the carrying amount above are deposits of \$515,123 related to construction, land disturbance, and court appearance bonds. These deposits consist of cash equivalents and are considered restricted as they are payable to various third parties upon completion of a future event. Accordingly, a corresponding liability is recorded for this amount.

City of Vestavia Hills, Alabama

Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS

Following is a summary of the changes in the City's capital assets for the year ended September 30, 2011:

	Balance at 09/30/10	Additions	Disposals/ Retirements/ Completed	Balance at 09/30/11
Capital assets not being depreciated:				
Land	\$ 70,209,424	\$ 51,775	\$ -	\$ 70,261,199
Construction progress	14,085,103	269,737	(13,985,832)	369,008
Total capital assets not being depreciated	84,294,527	321,512	(13,985,832)	70,630,207
Capital assets being depreciated:				
Land improvements	6,886,564	2,023,848	-	8,910,412
Buildings	4,957,276	9,590,726	(10,203)	14,537,799
Building equipment and fixtures	235,409	58,811	-	294,220
Vehicles	4,636,207	8,325	(61,006)	4,583,526
Equipment	4,425,048	327,708	(137,569)	4,615,187
Computer equipment	790,314	466,187	(88,757)	1,167,744
Recreational equipment	1,753,869	54,609	-	1,808,478
Office furniture and fixtures	823,572	372,652	(26,467)	1,169,757
Office equipment	67,177	28,167	(12,585)	82,759
Recreational facilities	12,839,024	6,010,485	(7,512)	18,841,997
Books and artwork	3,334,957	179,353	(1,522,857)	1,991,453
Infrastructure	13,401,257	11,296	-	13,412,553
Total capital assets being depreciated	54,150,674	19,132,167	(1,866,956)	71,415,885
Less accumulated depreciation for:				
Land improvements	1,744,213	412,883	-	2,157,096
Buildings	2,107,713	377,223	-	2,484,936
Building equipment and fixtures	53,657	23,189	-	76,846
Vehicles	3,295,456	283,853	(58,302)	3,521,007
Equipment	2,547,726	377,004	(136,502)	2,788,228
Computer equipment	578,596	129,015	(88,757)	618,854
Recreational equipment	1,147,769	85,800	-	1,233,569
Office furniture and fixtures	284,144	138,625	(2,086)	420,683
Office equipment	56,122	7,437	(12,586)	50,973
Recreational facilities	6,651,680	549,887	(7,512)	7,194,055
Books and artwork	2,646,165	172,598	(1,522,857)	1,295,906
Infrastructure	7,374,542	279,726	-	7,654,268
Total accumulated depreciation	28,487,783	2,837,240	(1,828,602)	29,496,421
Total capital assets being depreciated, net	25,662,891	16,294,927	(38,354)	41,919,464
Governmental activities capital assets, net	\$ 109,957,418	\$ 16,616,439	\$ (14,024,186)	\$ 112,549,671

NOTE 3 – CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government administration	\$ 215,145
Public safety	516,081
Public works	670,084
Recreational	694,341
Library	741,589
Total depreciation expense	\$ 2,837,240

NOTE 4 – CAPITALIZED LEASES

At September 30, 2011, approximately \$862,555 in accumulated depreciation and approximately \$167,569 in current year depreciation expense has been recorded in the government-wide financial statements related to assets costing \$1,848,938 purchased under capital leases. The current portion of the outstanding liability related to these capital leases at September 30, 2011 reported in the government-wide financial statements totaled \$112,640. The remaining long-term portion of these capital lease obligations reported in the government-wide financial statements totaled \$93,853 at September 30, 2011.

The following schedule shows the future minimum lease payments at September 30, 2011:

Fiscal year	Interest	Principal	Total Lease Payment
2012	\$ 8,195	\$ 112,640	\$ 120,835
2013	3,414	93,853	97,267
Total	\$ 11,609	\$ 206,493	\$ 218,102

NOTE 5 – ACCOUNTS RECEIVABLE

The following details the description and amounts of accounts receivable for the City:

Sales taxes	\$ 825,172
Property taxes	332,247
Franchise fees	114,000
Transport receivable	165,794
Intergovernmental	494,030
Other receivables	488,818
Total	\$ 2,420,061

NOTE 6 – LONG-TERM DEBT

The following is a summary of the changes in long-term debt of the City for the year ended September 30, 2011:

Warrant obligations at September 30, 2010	\$ 44,160,000
Principal payments	(2,555,000)
Total warrants outstanding	41,605,000
Long-term portion of accumulated compensated absences	1,814,135
Total long-term debt at September 30, 2011	\$ 43,419,135

Outstanding warrant obligations of the City at September 30, 2011 consist of the following:

General Obligation Warrants, Series 2001-A were issued in the principal amount of \$9,330,000 in November 2001. The warrants bear interest at an average of 4.18%, payable semi-annually on February 1 and August 1. The warrants mature serially with a final maturity in 2021 and are callable on or after February 1, 2011 at 102% plus accrued interest, and without premium if called on February 1, 2013 or thereafter, at which time the warrants are callable at 100% plus accrued interest.	\$ 4,980,000
General Obligation School Refunding Warrants, Series 2001-B were issued in the principal amount of \$7,145,000 in November 2001. The warrants bear interest at an average of 4.67% payable semiannually on February 1 and August 1. The warrants mature serially with a final maturity in 2013 and are callable on or after February 1, 2011 at 102% plus accrued interest.	1,510,000
General Obligation Warrants, Series 2002-A were issued in the principal amount of \$6,415,000 in August 2002. The warrants bear interest at an average of 4.18%, payable semiannually on February 1 and August 1. The warrants mature serially with a final maturity in 2022 and are callable on or after August 1, 2012 without premium or penalty, and at which time the warrants are callable at 100% plus accrued interest.	3,880,000
General Obligation Refunding Warrants, Series 2002-B were issued in the principal amount of \$7,895,000 in August 2002. The warrants bear interest at an average of 5.97%, payable semiannually on February 1 and August 1. The warrants mature serially with a final maturity in 2015 and are callable on or after August 1, 2012 without premium or penalty, and at which time the warrants are callable at 100% plus accrued interest.	4,610,000
General Obligation Warrants, Series 2008 were issued in the principal amount of \$9,615,000 in February 2009. The warrants bear interest at an average of 4.38%, payable semiannually on February 1 and August 1. The warrants mature serially with a final maturity in 2028 and are callable on or after February 1, 2019 without premium or penalty, and at which time the warrants are callable at 100% plus accrued interest.	9,615,000

Notes to Financial Statements

NOTE 6 – LONG-TERM DEBT (CONTINUED)

General Obligation Warrants, Series 2009-A were issued in the principal amount of \$10,940,000 in December 2009. The warrants bear interest at an average of 3.56%, payable semiannually on February 1 and August 1. The warrants mature serially with a final maturity in 2028 and are callable at any time without penalty. \$ 10,940,000

Taxable General Obligation Warrants, Series 2009-B were issued in the principal amount of \$6,070,000 in December 2009. The warrants bear interest at an average of 4.8%, payable semiannually on February 1 and August 1. The warrants mature serially with a final maturity in 2028 and are callable at any time without penalty. 6,070,000

Total \$ 41,605,000

The following schedule shows the debt service requirements, at September 30, 2011:

Fiscal year	Debt Service Related to Principal	Debt Service Related to Interest	Total Debt Service
2012	\$ 2,650,000	\$ 1,785,813	\$ 4,435,813
2013	2,790,000	1,657,560	4,447,560
2014	2,110,000	1,540,743	3,650,743
2015	2,205,000	1,440,125	3,645,125
2016	1,930,000	1,355,070	3,285,070
2017	2,010,000	1,272,715	3,282,715
2018	2,085,000	1,195,584	3,280,584
2019	2,160,000	1,109,966	3,269,966
2020	2,245,000	1,018,357	3,263,357
2021	2,330,000	921,045	3,251,045
2022	2,425,000	828,354	3,253,354
2023	2,520,000	722,900	3,242,900
2024	2,615,000	616,275	3,231,275
2025	2,710,000	501,482	3,211,482
2026	2,825,000	381,275	3,206,275
2027	2,935,000	252,975	3,187,975
2028	3,060,000	118,644	3,178,644
	\$ 41,605,000	\$ 16,718,883	\$ 58,323,883

The total interest paid by the City during 2011 relative to the above warrants was \$1,809,065.

The General Obligation School Refunding Warrants, Series 2001-B (Warrants) were issued by the City for the benefit of the Board of Education of the City of Vestavia Hills (the Board). The proceeds of these Warrants were used by the Board to refund prior bond issues of the Board. While this debt is a legal obligation of the City, a funding agreement exists between the City and the Board whereby the Board is obligated to pay the debt service of these Warrants directly to the Warrants' paying agent on behalf of the City. Accordingly, the government-wide financial statements include a note receivable from the Board in the amount of \$1,522,583 (including accrued interest).

NOTE 7 – PENSION PLAN

A. Plan description

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

Substantially all employees are members of the Employees' Retirement System of Alabama (RSA). Membership is mandatory for covered or eligible employees of the City. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method, retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members with more than one year of creditable service or \$5,000 for those with less than one year of service.

The Employees' Retirement System was established as of October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for State employees, State police, and on an elective basis to all cities, counties, towns, and quasi-public organizations. The responsibility for general administration and operation of the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through Sections 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the Board of Control authority to accept or reject various Cost-Of-Living-Adjustments (COLAs) granted to retirees.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

B. Funding

Effective January 1, 2002, the member contribution rate for certified full-time firefighters and certified full-time law enforcement officers increased to 6% of employee's compensation. Regular member contributions remain at 5% of employee's compensation. In addition, the RSA requires that the City remit monthly matching contributions to the pension plan. The City's matching contributions are actuarially determined annually and stated as a percentage of covered compensation. The City's actuarially determined matching contribution for the year ended September 30, 2011 was 10.56% of covered compensation.

NOTE 7 – PENSION PLAN (CONTINUED)

B. Funding (continued)

For the year ended September 30, 2011, the City's total compensation was approximately \$14 million and the City's total covered compensation used to determine the City's pension contribution was approximately \$13.7 million. The City's policy is to fund the required contribution as actuarially determined by the RSA and stated as a percentage of eligible compensation. Following are the pension contributions remitted to the RSA by fiscal year since 2007:

Year Ended September 30,	Employer Contribution	Employer Percentage of APC Contributed	Net Pension Obligation (NPO)	Employer	Employee	Combined
2007	8.55%	100%	\$ -	\$ 1,101,609	\$ 731,066	\$ 1,832,675
2008	9.26%	100%	-	1,226,883	752,142	1,979,025
2009	9.36%	100%	-	1,264,965	766,431	2,031,396
2010	10.56%	100%	-	1,340,776	773,826	2,114,602
2011	10.56%	100%	-	1,397,815	753,021	2,150,836

C. Funding progress

Following is the schedule of funding progress obtained from most recent actuarial valuation:

Actuarial Valuation Date Sept. 30,	Actuarial Value of Assets *	Actuarial Accrued Liability (AAL) Entry Age 1	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Ratio of UAAL to Covered Payroll (b-a)/c
	(a)	(b)				(b-a)/c
2005	\$ 29,658,516	\$ 36,536,405	\$ 6,877,889	81.2%	\$ 11,926,584	57.7%
2006	2 31,896,218	40,552,305	8,656,087	78.7%	12,204,569	70.9%
2007	34,708,921	44,646,275	9,937,354	77.7%	12,751,200	77.9%
2008	36,513,188	47,951,941	11,438,752	76.1%	13,077,721	87.5%
2009	*37,066,467	52,018,719	14,952,252	71.3%	13,573,505	110.2%
2010	3 37,192,950	55,353,332	18,160,382	67.2%	13,714,158	132.4%
2010	4 37,192,950	55,522,438	18,329,488	67.0%	13,714,158	133.7%

1 Reflects liability for cost of living benefit increases granted on or after October 1, 1978.

2 Reflects changes in actuarial assumptions.

3 Reflects the impact of Act 2011-27, which closes the DROP program to new applicants after March 24, 2011.

4 Reflects the impact of Act 2011-27 as well as Act 2011-676, which increases the member contribution rates by 2.25% beginning October 1, 2011 and by an additional 0.25% beginning October 1, 2012.

* Market value of assets as of September 30, 2010: \$31,133,647

NOTE 7 – PENSION PLAN (CONTINUED)

D. Additional information

Following is additional information obtained from the most recent actuarial valuation prepared as of September 30, 2010:

Valuation date	September 30, 2010
Actuarial cost method	Entry age
Amortization method	Level percent open
Remaining amortization period	30 years
Asset valuation method	5 – year smoothed market
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected salary increases*	4.61 – 7.75%
*Includes inflation at	4.50%
Cost-of-living adjusts	None

NOTE 8 – ACCUMULATED COMPENSATED ABSENCES

For vacation leave and other compensated absences with similar characteristics, GASB Statement No. 16 requires the accrual of a liability as the benefits are earned by the employees if both of these conditions are met:

- a. The employee's 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.

A City employee receives twelve days of annual vacation for the first twelve years of service; eighteen days of annual vacation during years twelve to twenty-five; and twenty-four days of annual vacation leave after twenty-five years of satisfactory employment. Annual vacation leave can accumulate up to forty days or 320 hours and an employee cannot be paid for annual leave in lieu of time off. At year end, any annual vacation leave over 320 hours is converted hour for hour to sick leave. Employees also earn other compensatory time off for working on city holidays, and other approved circumstances over their normal work week. This compensatory time off accrues in the same manner as overtime pay at a rate of time and a half. There is no annual maximum limit for this compensatory time off and an employee can use it as other time off or is paid for the balance upon separation from the City. Sick leave can be accumulated, but upon separation from service all sick leave is canceled and is not transferable to annual leave. Sick leave can be converted as years of service upon retirement in the Retirement Systems of Alabama.

The total liability for these compensated absences is recorded as a debt in the government-wide statements. In the fund financial statements, only the portion of compensated absences representing amounts due to separated employees at September 30, 2011 is recorded as a liability.

NOTE 9 – POST-EMPLOYMENT BENEFITS

Plan description

The City of Vestavia Hills' medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

The retirement eligibility provisions are as follows: 10 years of consecutive service and attainment of age 60; or, 25 years of service and attainment of age 55. Complete plan provisions are included in the official plan documents.

Contribution rates

Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding policy

Until Fiscal Year Ending September 30, 2008, the City of Vestavia Hills recognized the cost of providing post-employment medical benefits (the City of Vestavia Hills' portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective with the Fiscal Year beginning October 1, 2008, the City of Vestavia Hills implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs.

In Fiscal Year Ending September 30, 2011, the City of Vestavia Hills' portion of health care funding cost for retired employees totaled \$105,277. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the table on the following page.

Annual required contribution

The City's annual required contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the normal cost plus the contribution to amortize the actuarial accrued liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning October 1, 2010 is \$89,472, as set forth below:

	Medical
Normal cost	\$ 35,514
30-year UAL amortization amount	53,958
Annual required contribution (ARC)	\$ 89,472

NOTE 9 – POST-EMPLOYMENT BENEFITS (CONTINUED)

Net post-employment benefit obligation (asset)

The table below shows the City’s net other post-employment benefit (OPEB) obligation (asset) for fiscal year ending September 30, 2011:

	Medical
Annual required contribution	\$ 89,472
Interest on net OPEB obligation	(560)
ARC adjustment	810
Annual OPEB cost	89,722
Contributions	-
Current year retiree premium	(105,277)
Change in net OPEB obligation	(15,555)
Beginning net OPEB obligation 10/1/2010	(14,002)
Ending net OPEB obligation (asset) 9/30/2011	\$ (29,557)

The following table shows the City’s annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded PEB liability (asset):

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	September 30, 2009	\$ 90,406	99.74%	\$ 235
Medical	September 30, 2010	91,023	115.64%	(14,002)
Medical	September 30, 2011	89,722	117.34%	(29,577)

Funded status and funding progress

In the fiscal year ending September 30, 2011, the City made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of October 1, 2010, the most recent actuarial valuation, the AAL was \$933,115, which is defined as that portion, as determined by a particular actuarial cost method (the City uses the projected unit credit cost method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since no plan funding has occurred through fiscal year 2011, the entire actuarial accrued liability of \$933,115 was unfunded.

At September 30, 2011, the City has \$104,372 in the Actuarial Trust special revenue fund. The City intends to transfer these funds to its post employment benefits plan at a future date. This \$104,372 will not reduce the AAL until it is transferred to the City’s post employment benefits plan.

	Medical
Actuarial Accrued Liability (AAL)	\$ 933,115
Actuarial Value of Plan Assets	-
Unfunded Act. Accrued Liability (UAAL)	933,115
Funded Ratio (Act. Val. Assets/AAL)	0%
Covered Payroll (active plan members)	\$ 11,006,562
UAAL as a percentage of covered payroll	8.48%

NOTE 9 – POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial cost method

The ARC is determined using the projected unit credit cost method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial value of plan assets

Since the OPEB obligation has not as yet been funded, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6), as provided in paragraph number 125 of GASB Statement 45 will be used.

Turnover rate

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%. The rates for each age are below:

Age	Percent Turnover
18 - 25	20.0%
26 - 40	12.0%
41 - 54	8.0%
55+	6.0%

It has further been assumed that 43% of retirees decline medical coverage at retirement and that an additional 27% defer retirement until Medicare eligibility.

NOTE 9 – POST-EMPLOYMENT BENEFITS (CONTINUED)

Post-employment benefit plan eligibility requirements

Based on past experience, it has been assumed that entitlement to benefits will commence three years after initial eligibility to retire. Medical benefits are provided to employees upon actual retirement. The retirement eligibility provisions are as follows: 10 years of consecutive service and attainment of age 60; or, 25 years of service and attainment of age 55.

Investment return assumption (discount rate)

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. As of September 30, 2011, the City has allocated \$104,372 in the General Fund for future funding of benefits. Since the City intends to transfer these funds to its post employment benefits plan at a future date, the valuation has been calculated using a 4% annual investment return assumption.

Health care cost trend rate

The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality rate

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of determining value of benefits

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays a portion of the medical insurance premiums which are "unblended" as required by GASB 45 for valuation purposes. The portion of the total retiree medical premium (single or family coverage) paid by the employer is 2.5% times the total years of service at retirement, subject to a maximum of 87.5%, a minimum dollar amount of \$240 per month, and a maximum dollar amount of \$600 per month. The employer does not pay for coverage after Medicare eligibility (age 65).

NOTE 10 – DEFERRED COMPENSATION PLAN

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code (IRC) Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is payable to employees upon termination, retirement, death, or unforeseen emergency.

NOTE 10 – DEFERRED COMPENSATION PLAN (CONTINUED)

It is the opinion of the City's legal counsel that the City has no liability for losses under the plans. Under the plans, participants select investments from alternatives offered by the plan administrators, who are under contract with the City to manage the plans. Investment selection by a participant may be changed from time to time. The City manages none of the investment selections. By making the selection, enrollees accept and assume all risks that pertain to the particular plan and its administration.

The City placed the deferred compensation plans assets' into trust for the exclusive benefit of the plans participants' and beneficiaries' in accordance with Governmental Accounting Standards Board (GASB) Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.

The City has little administrative involvement and does not perform the investing function for the plans. The City does not hold the assets in a trustee capacity and does not perform fiduciary accountability for the plans. Therefore, the City employees' deferred compensation plans created in accordance with IRC 457 are not reported in the financial statements of the City.

NOTE 11 – CONTINGENCIES AND COMMITMENTS

Several suits have been filed and are pending against the City. In the opinion of management and the City's attorney, these matters are either without merit, are covered by insurance or involve amounts that would not have a material adverse affect on the City's financial statements.

As of September 30, 2011, the City had executed contracts for the Patchworks Farms entrance and for the construction of the Highway 31 Pedestrian Bridge in the amount of \$583,341. At year end, \$0 had been expended on these construction contracts with \$0 assigned in the Fund financial statements.

NOTE 12 – ACCOUNTING CHANGE

GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The City implemented this standard in fiscal year 2011. The City analyzed all funds previously reported as special revenue funds and determined that the Actuarial Trust Fund and the Insurance Reserve Fund should not be classified as Special Revenue funds. The transactions of these funds are now reported within the General Fund. The fund balances of these funds have been restated to reflect this accounting change.

	General Fund	Actuarial Trust Fund (Other Governmental Fund)	Insurance Reserve Fund (Other Governmental Fund)
Fund balance as previously reported	\$ 9,100,264	\$ 37,248	\$ 92,983
Restatements	130,231	(37,428)	(92,983)
Fund balance as restated	\$ 9,230,495	\$ -	\$ -
Excess of revenues and other sources over (under) expenditures and other uses as previously reported	\$ 1,034,293	\$ 35,248	\$ (49,209)
Effect of restatements	13,961	(35,248)	49,209
Excess of revenues and other sources over expenditures and other uses as previously reported as restated	\$ 1,048,254	\$ -	\$ -

Required Supplementary Information

City of Vestavia Hills, Alabama

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual - General Fund

Year ended September 30, 2011

	Budget - Original and Final	General Fund Actual	Variance
Revenues			
Taxes	\$ 22,796,517	\$ 23,606,909	\$ 810,392
Licenses and permits	2,610,429	3,097,415	486,986
Charges for services	397,300	460,470	63,170
Fines and forfeitures	257,000	223,445	(33,555)
Fees	2,559,169	2,520,991	(38,178)
Grants	161,720	939,439	777,719
Proceeds from sale of assets	15,000	1,998	(13,002)
Investment revenues	49,040	49,524	484
Other revenues	606,981	546,686	(60,295)
Total revenues	29,453,156	31,446,877	1,993,721
Expenditures			
General government administration	3,641,978	4,176,085	(534,107)
Public safety	13,690,863	13,680,045	10,818
Public works	4,154,276	4,024,694	129,582
Library	1,157,571	1,129,580	27,991
Parks and recreation	2,089,003	2,217,241	(128,238)
Capital outlay	169,704	224,261	(54,557)
Total expenditures	24,903,395	25,451,906	(548,511)
Excess of revenues over expenditures	4,549,761	5,994,971	1,445,210
Other financing sources (uses)			
Donations	-	28,351	28,351
Operating transfers in	172,781	-	(172,781)
Operating transfers out	(4,722,542)	(5,198,268)	(475,726)
Total other financing sources (uses)	(4,549,761)	(5,169,917)	(620,156)
Excess of revenues and other financing sources over expenditures	-	825,054	825,054
Fund balances, beginning of year	9,230,495	9,230,495	-
Fund balances, end of year	\$ 9,230,495	\$ 10,055,549	\$ 825,054

See accompanying notes to basic financial statements.

City of Vestavia Hills, Alabama

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual - Capital Projects Fund

Year ended September 30, 2011

	Budget - Original and Final	Capital Projects Fund Actual	Variance
Revenues			
Grants	\$ -	\$ 816,600	\$ 816,600
Investment revenues	-	11,348	11,348
Other revenues	-	7,116	7,116
Total revenues	-	835,064	835,064
Expenditures			
Public safety	-	12,206	(12,206)
Library	-	42,562	(42,562)
Parks and recreation	-	550	(550)
Capital outlay	268,450	5,160,520	(4,892,070)
Total expenditures	268,450	5,215,838	(4,947,388)
Excess of revenues over (under) expenditures	(268,450)	(4,380,774)	(4,112,324)
Other financing sources (uses)			
Donations	-	7,515	7,515
Operating transfers in	521,937	1,341,166	819,229
Operating transfers out	(172,781)	(11,541)	161,240
Total other financing sources	349,156	1,337,140	987,984
Excess of revenues and other financing sources over (under) expenditures	80,706	(3,043,634)	(3,124,340)
Fund balances, beginning of year	8,307,363	8,307,363	-
Fund balances, end of year	\$ 8,388,069	\$ 5,263,729	\$ (3,124,340)

See accompanying notes to basic financial statements.

Notes to Required Supplementary Information

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Budgets and budgetary accounting

The City adopts annual budgets for the general fund, capital projects fund, and special revenue funds and such budgets are prepared on a basis consistent with generally accepted accounting principles. Any revisions that alter the total expenditures must be approved by the City Council. The budget of the General fund and Capital Projects fund are presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual. Revenues collected for and submitted to the Board of Education were not budgeted since they were remitted to the Board as received.

The City does not adopt budgets for the Debt Service Fund.

Budget information presented in the financial statements is based on the original budget as adopted by the City Council on September 28, 2010.

Supplementary Information

City of Vestavia Hills, Alabama

Combining Balance Sheet - Other Governmental Funds

Year ended September 30, 2011

	State Shared Gasoline Tax Funds			
	Four Cent	Five Cent	Seven Cent	Emergency 911
Assets				
Cash and temporary investments	\$ -	\$ -	\$ 281,939	\$ -
Accounts receivable	13,880	6,756	23,645	58,447
Interfund receivable	-	-	20,636	-
Total assets	\$ 13,880	\$ 6,756	\$ 326,220	\$ 58,447
Liabilities				
Accounts payable	\$ -	\$ -	\$ 17,722	\$ 429
Interfund payable	13,880	6,756	-	-
Total liabilities	13,880	6,756	17,722	429
Fund equity				
Fund balance:				
Restricted for road maintenance	-	-	308,498	-
Assigned	-	-	-	58,018
Total fund equity	-	-	308,498	58,018
Total liabilities and fund equity	\$ 13,880	\$ 6,756	\$ 326,220	\$ 58,447

	Court & Corrections	Library	Totals
\$	853	\$ 195,986	\$ 478,778
	-	-	102,728
	-	-	20,636
<hr/>			
\$	853	\$ 195,986	\$ 602,142
<hr/>			

\$	853	\$ 1,013	\$ 20,017
	-	-	20,636
<hr/>			
	853	1,013	40,653
<hr/>			

	-	-	308,498
	-	194,973	252,991
<hr/>			
	-	194,973	561,489
<hr/>			
\$	853	\$ 195,986	\$ 602,142
<hr/>			

City of Vestavia Hills, Alabama

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Other Governmental Funds

Year ended September 30, 2011

	State Shared Gasoline Tax Funds		
	Four Cent	Five Cent	Seven Cent
Revenues			
Taxes	\$ 1,649	\$ -	\$ 621,956
Intergovernmental	155,031	76,141	262,332
Fines and forfeitures	-	-	-
Grants	-	-	-
Investment revenues	15	7	248
Library revenues	-	-	-
Total revenues	156,695	76,148	884,536
Expenditures			
General government administration	-	-	-
Public safety	-	-	-
Public works	156,695	76,148	650,621
Library	-	-	-
Capital outlay	-	-	-
Total expenditures	156,695	76,148	650,621
Excess of revenues over (under) expenditures	-	-	233,915
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	233,915
Fund balance, beginning of year	-	-	74,583
Fund balance, end of year	\$ -	\$ -	\$ 308,498

Emergency 911	Court & Corrections	Library	Totals
\$ 678,121	\$ -	\$ -	\$ 1,301,726
-	-	-	493,504
-	143,320	-	143,320
-	-	19,303	19,303
-	-	474	744
-	-	64,828	64,828
678,121	143,320	84,605	2,023,425
-	161,453	-	161,453
950,688	16,059	-	966,747
-	-	-	883,464
-	-	43,284	43,284
-	-	-	-
950,688	177,512	43,284	2,054,948
(272,567)	(34,192)	41,321	(31,523)
330,585	34,192	5,322	370,099
-	-	(5,322)	(5,322)
330,585	34,192	-	364,777
58,018	-	41,321	333,254
-	-	153,652	228,235
\$ 58,018	\$ -	\$ 194,973	\$ 561,489

RESOLUTION NUMBER 4310

A RESOLUTION INITIATING THE REZONING OF 0.56 ACRES +/- ON CAHABA RIVER ROAD FROM JEFFERSON COUNTY A-1 (AGRICULTURE) TO VESTAVIA HILLS B-2 (BUSINESS DISTRICT)

WHEREAS, on January 30, 2012, the City Council of the City of Vestavia Hills adopted and approved Ordinance Number 2383 to purchase 0.56 +/- acres on Cahaba River Road (“the Anglin property”); and

WHEREAS, on February 13, 2012, the Council adopted and approved Ordinance Number 2387 to annex the Anglin property to the City of Vestavia Hills; and

WHEREAS, the Mayor and City Council feel it is in the best public interest to rezone the Anglin property from the current zoning classification of Jefferson County A-1 (agriculture district) to Vestavia Hills B-2 (business district); and

WHEREAS, the Anglin property is more particularly described as:

Part of the SW ¼ of the SE ¼ of Section 27, Township 18 South, Range 2 West, Jefferson County, Alabama being more particularly described as follows:

Beginning at an existing 2 inch open top iron pipe being the locally accepted SW corner of said SW ¼ of SE ¼ of said Section 27; run in an Easterly direction along the South line of said ¼ - ¼ section for a distance of 262.37 feet to an existing iron rebar set by GSA and being on the Southwest right of way line of Cahaba River Road; thence turn an angle to the left of 144° 41’ 06” and run in a Northwesterly direction along the Southwest right of way line of Cahaba River Road for a distance of 323.71 feet to an existing iron rebar set by Weygand and being on the West line of said SW ¼ of SE ¼ of said Section 27; thence turn an angle to the left of 125° 51’ 24” and run in a Southerly direction for a distance of 187.13 feet, more or less, to the point of beginning; Containing 0.56 acres, more or less.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VESTAVIA HILLS, ALABAMA, AS FOLLOWS:

1. The Mayor is hereby authorized to file a petition to rezone the Anglin property from Jefferson County A-1 to Vestavia Hills B-2 (business district); and

2. This Resolution Number 4310 shall become effective immediately upon adoption and approval.

ADOPTED and APPROVED this the 25th day of June, 2012.

Mary Lee Rice
Council President

ATTESTED BY:

Rebecca Leavings
City Clerk

APPROVED BY:

Alberto C. Zaragoza, Jr.
Mayor

State of Alabama
Jefferson County

"BOUNDARY LINE SURVEY"

I, Laurence D. Wiggard, a Registered Engineer and Surveyor or Ray Wiggard, a Registered Land Surveyor, certify to the purchaser of this property at this time, that I have surveyed the land shown herein and described below, that I have compared the Federal Insurance Administration Flood Hazard Boundary Map and found that this property is not located in a special flood hazard area, I hereby state that all parts of this survey and drawing have been prepared in accordance with the current requirements of the Standards of Practice for Surveying in the State of Alabama to the best of my knowledge, information and belief, and that the correct description is as follows:

Note: (a) No title search of the public records has been performed by this firm and land shown herein may not abstracted for easements and/or rights-of-way, recorded or unrecorded. The purchaser herein is subject to such title, easements, covenants, and restrictions that may be found in the public records of said county and/or city. (b) All bearings and/or angles, and distances are determined using actual unless otherwise noted. (c) Underground positions of lines, structures, foundations, or other underground structures, utilities, structures or burial sites, were not located unless otherwise noted. We do not look for underground sewers or any waste-like covers. (d) The shown north arrow is based on an assumed bearing from a well defined line.

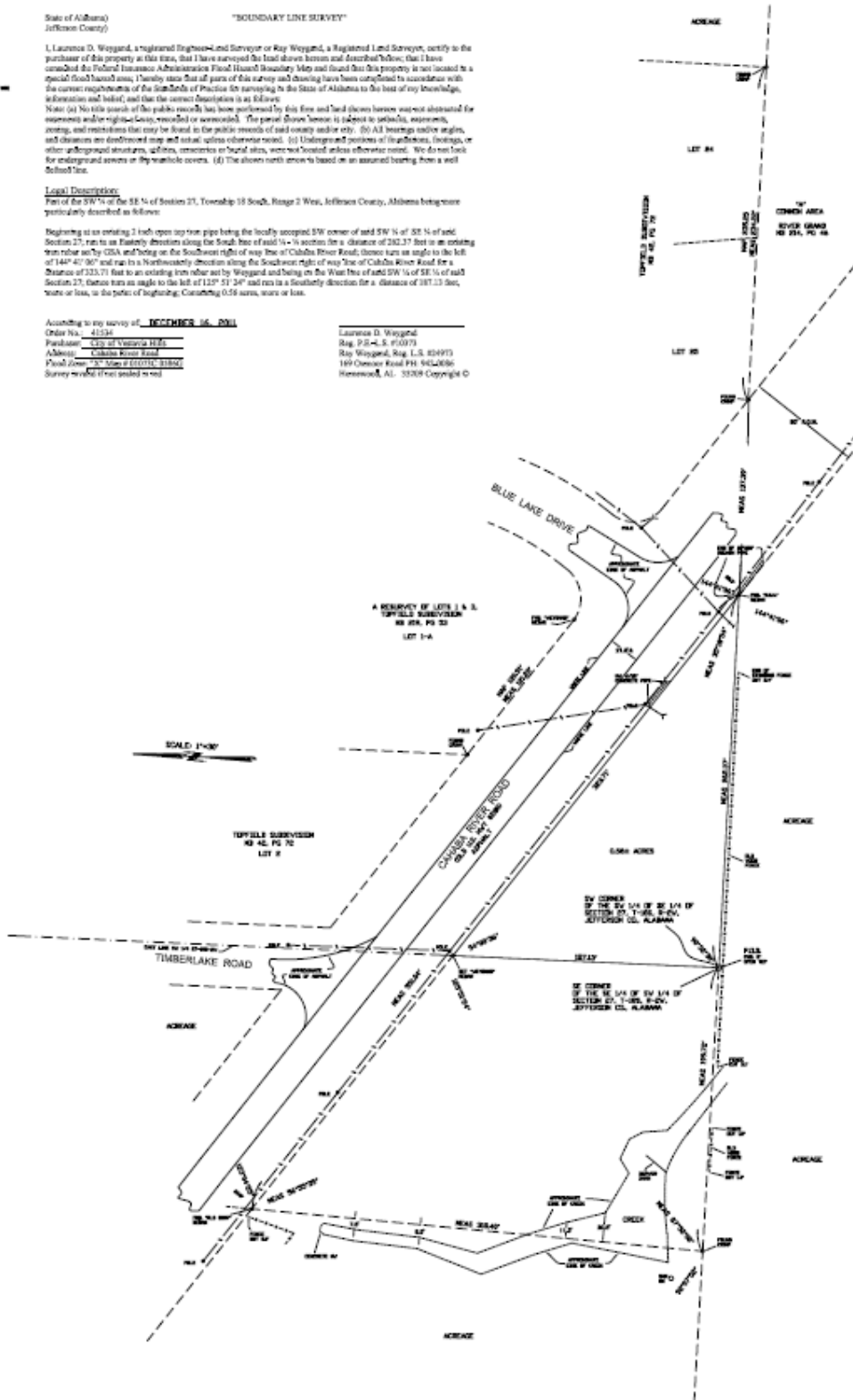
Legal Description:

Part of the SW 1/4 of the SE 1/4 of Section 27, Township 18 South, Range 2 West, Jefferson County, Alabama being more particularly described as follows:

Beginning at an existing 1 inch open top iron pipe being the locally accepted SW corner of said SW 1/4 of SE 1/4 of said Section 27, run to an Ebbly direction along the South line of said 1/4 x 1/4 section for a distance of 282.27 feet to an existing iron rebar set by GSA and being on the Southwest right of way line of Cahaba River Road; thence turn an angle to the left of 144° 41' 00" and run to a Northwesterly direction along the Southwest right of way line of Cahaba River Road for a distance of 133.71 feet to an existing iron rebar set by Wiggard and being on the West line of said SW 1/4 of SE 1/4 of said Section 27, thence turn an angle to the left of 129° 51' 24" and run to a Southerly direction for a distance of 187.13 feet, more or less, to the point of beginning; Containing 0.58 acres, more or less.

According to my survey of DECEMBER 16, 2011
Order No. 41134
Parish: JEFFERSON COUNTY
Address: CAHABA RIVER ROAD
Parcel ID: 28-18-0000-0100-0100-0100
Survey was/are filed on the

Laurence D. Wiggard
Reg. # L.S. 5100719
Ray Wiggard, Reg. L.S. 814973
189 Ochsner Road PH 9542886
Huntsville, AL 35895 Copyright ©



RESOLUTION NUMBER 4311

**A RESOLUTION AUTHORIZING THE MAYOR TO FILE FOR A
MINOR CHANGE IN THE PATCHWORK FARMS PUD
PURSUANT TO THE VESTAVIA HILLS ZONING CODE**

WHEREAS, the City of Vestavia Hills, Alabama (“Developer”), is the owner of a portion of the Planned Unit Development known as Patchwork Farms; and

WHEREAS, on February 23, 2009, the Vestavia Hills City Council adopted and approved Ordinance Number 2253 to rezone the Patchwork Farms development to PUD (planned unit development) with a designated 11.09 +/- acre nature park; and

WHEREAS, when the plan was originally drawn, it assumed that the nature park would partially be utilized for detention/retention of runoff from properties within the PUD; and

WHEREAS, the Developer has sold properties within the development with the condition that each property owner detain/retain storm water upon each private property; and

WHEREAS, the detention/retention requirement allowed each property owner to purchase larger properties thus reducing the size of the nature park to 9.0 +/- acres of land; and

WHEREAS, the Mayor and City Council feel it is in the best public interest to request a deviation from the PUD as approved pursuant to Section 6.10.6(2) of the Vestavia Hills Zoning Code entitled “Minor Change” to reduce the required size of the nature park from the original 11.09 +/- acres to 9.0 +/- acres.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF
THE CITY OF VESTAVIA HILLS, AS FOLLOWS:**

1. The Mayor is hereby authorized to file a petition with the Vestavia Hills Planning and Zoning Commission for a “minor change” pursuant to section 6.10.6(2) of the Vestavia Hills Zoning Code to reduce the required nature park from the original 11.09 +/- acres to 9.0 +/- acres; and
2. This Resolution Number 4311 shall become effective immediately upon adoption and approval.

ADOPTED and APPROVED this the 25th day of June, 2012.

ATTESTED BY:

Rebecca Leavings
City Clerk

Mary Lee Rice
Council President

APPROVED BY:

Alberto C. Zaragoza, Jr.
Mayor

RESOLUTION NUMBER 4312

**A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO
AN AGREEMENT WITH ALEX, INC., FOR PARKING LOT
EXPANSION AT SICARD HOLLOW FIELDS**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
VESTAVIA HILLS, ALABAMA, AS FOLLOWS:**

1. The Mayor is hereby authorized to execute a contract with ALEX, Inc., for expansion of the parking facilities at Sicard Hollow Fields; and
2. A detail of said expansion is attached and incorporated into this Resolution Number 4312 as though written fully therein, marked as "Exhibit A"; and
3. This Resolution shall become effective immediately upon adoption and approval.

ADOPTED and APPROVED this the 25th day of June, 2012.

Mary Lee Rice
Council President

ATTESTED BY:

Rebecca Leavings
City Clerk

APPROVED BY:

Alberto C. Zaragoza, Jr.
Mayor

“Exhibit A”

June 20, 2012

I met with Joe Walters from ALEX, INC to discuss the potential parking area on the right side of the existing parking lot. He has submitted an estimate detailed below:

Clearing and leveling the land	\$4,900
Crush and run gravel to cover 10,500 square feet	\$7,000
Dump Truck hauling (Vulcan Materials)	\$3,500
Compactor	\$1,800
Contingency	\$ 800
Total	\$18,000

These are all conservative estimates, and includes the gravel being delivered by Vulcan Materials. If we were to haul the gravel, it would take both of our trucks about 34 loads each. The compactor might not be necessary once the land is leveled, but I didn't want to have to come back and ask for additional funding if it was necessary. The contingency is for anything that might come up while moving the rocks/trees/debris from the sight.

Mr. Walters has stated that he can be completed with this project no later than August 1, barring any weather setbacks.

This would allow for approximately an additional 60 parking spaces.

I would like to see if we can get this on the next agenda so we can get started as soon as possible. Please let me know if you have any questions.

Brian C. Davis, Director
Department of Public Services
1973 Merryvale Road
Vestavia Hills, Alabama 35216
205-978-0166 office
205-276-9095 cell
205-978-0174 fax

"Ninety-nine percent of the failures come from people who have the habit of making excuses."

- George Washington Carver

RESOLUTION NUMBER 4313

A RESOLUTION ACCEPTING A BID FOR THE CITY OF VESTAVIA HILLS FOR A PIPE INSPECTION AND CRAWLER SYSTEM

WHEREAS, the City of Vestavia Hills received and opened bids for a pipe inspection and crawler system on June 14, 2012; and

WHEREAS, five bids were received; and

WHEREAS, a detail of the bid results is attached hereto and marked as “Exhibit A” following the review of the City Engineer, in an email dated June 20, 2012, recommended the acceptance of Sansom Equipment Co. in an amount of \$87,568.25; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VESTAVIA HILLS, ALABAMA, AS FOLLOWS:

1. The bid package submitted by Sansom Equipment Co., is hereby accepted at an amount of \$87,568.25; and
2. This Resolution Number 4313 shall become effective immediately upon adoption and approval.

DONE, ORDERED, ADOPTED AND APPROVED this the 9th day of July, 2012.

Mary Lee Rice
Council President

ATTESTED BY:


Rebecca Leavings
City Clerk

APPROVED BY:

Alberto C. Zaragoza, Jr.
Mayor

From: Christopher Brady
To: Mayor; Randy Robertson; Rebecca Leavings
Cc: Brian Davis; Jeff Hughes
Subject: FW: crawler bid summary

Sent: Wed 6/20/2012 4:22 PM

Attachments:  BidSummary_PipeCrawler.doc (75 KB)

Attached is the bid summary for the Pipe Inspection Camera and Crawler System taken on 6/14/12. I am recommending award to Sansom Equipment as the lowest bid that meets all specifications.

This is a budgeted expense at \$70,000. I am proposing we potentially utilize "07" funding for the \$17,568 that exceeds this budgeted amount.

Please let me know if any questions.

Thanks,
Christopher

Ingram

1 year warranty included
no screen on operator pendant; stand-alone monitor included
40:1 (10:1 optical, 4:1 digital) zoom capability
min pipe diameter - 5"
transmission cable thickness - .35
single drive motor
high traction wheels available, unclear if included
un-noted head lift height
transport unit included; no dimensions noted in spec, not detailed in submitted specs

3 year warranty
display screen on controller for operator's ease
10:1 optical, 12:1 digital zoom
capable of operating in 4" pipe diameter
transmission cable thickness - .26
double drive motors
high traction wheels included
remotely operated head with upto 7" lift
transport unit to be capable of fitting in pickup truck; specified shelving, lockable, accessory storage, tie-downs

10,000
NA
NA
NA
NA
NA
?
?
*8,000

NA = Not Available or Not Applicable

* both Atlas and Ingram submit some detail on included transport unit, but note some exceptions from specifications

ORDINANCE NUMBER 2413

**ANNEXING CERTAIN TERRITORY TO THE
CORPORATE LIMITS OF THE CITY OF
VESTAVIA HILLS, ALABAMA.**

WHEREAS, on the 13th day of February, 2012, a petition was presented to the City Council of the City of Vestavia Hills, Alabama, proposing the annexation of certain property to the City of Vestavia Hills, Alabama, under the provisions of Act 32 of the Special Session on the Alabama Legislature of 1964; and

WHEREAS, the City Council of the City of Vestavia Hills, at the time and place of its regular meeting on said date, made a determination that the matters contained in the Petition were true and that it was in the public interest that said property be annexed to the City of Vestavia Hills, Alabama.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Vestavia Hills, Alabama, as follows:

1. That the following property which was described in said petition be annexed to the City of Vestavia Hills, Alabama:

0.56 +/- acres, Cahaba River Road
City of Vestavia Hills, Owner(s)

More Particularly Described as follows:

Legal Description:

Part of the SW ¼ of the SE ¼ of Section 27, Township 18 South, Range 2 West, Jefferson County, Alabama being more particularly described as follows:

Beginning at an existing 2 inch open top iron pipe being the locally accepted SW corner of said SW ¼ of SE ¼ of said Section 27; run in an Easterly direction along the South line of said ¼ - ¼ section for a distance of 262.37 feet to an existing iron rebar set by GSA and being on the Southwest right of way line of Cahaba River Road; thence turn an angle to the left of 144° 41' 06" and run in a Northwesterly direction along the

Southwest right of way line of Cahaba River Road for a distance of 323.71 feet to an existing iron rebar set by Weygand and being on the West line of said SW ¼ of SE ¼ of said Section 27; thence turn an angle to the left of 125° 51' 24" and run in a Southerly direction for a distance of 187.13 feet, more or less, to the point of beginning; Containing 0.56 acres, more or less; and

2. That this Annexation shall become effective upon the adoption and approval of this Ordinance in accordance with the provisions of law, after which the heretofore described property shall become a part of the City of Vestavia Hills, Alabama.

3. That the City Clerk be and is hereby directed to publish this Ordinance in accordance with the requirements of the law and to file a copy hereof, together with a duly certified copy of the petition, with the Probate Judge of Jefferson County, Alabama.

ADOPTING and APPROVED this the 9th day of July, 2012.

Mary Lee Rice
Council President

ATTESTED BY:

Rebecca Leavings
City Clerk

APPROVED BY:

Alberto C. Zaragoza, Jr.
Mayor

CERTIFICATION:

I, Rebecca Leavings, as City Clerk of the City of Vestavia Hills, Alabama, hereby certify that the above and foregoing copy of 1 (one) Ordinance # 2413 is a true and correct copy of such Ordinance that was duly adopted by the City Council of the City of Vestavia Hills on the 9th day of July, 2012, as same appears in the official records of said City.

Posted at Vestavia Hills Municipal Center, Vestavia Hills Library in the Forest, Vestavia Hills New Merkle House and Vestavia Hills Recreational Center this the _____ day of _____, 2012.

Rebecca Leavings
City Clerk