CITY OF VESTAVIA HILLS
VESTAVIA HILLS, ALABAMA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2025

CITY OF VESTAVIA HILLS, ALABAMA

Annual Comprehensive Financial Report

For the fiscal year ended
September 30, 2025

Submitted by:
Jeffrey Downes, *City Manager*
Cinnamon McCulley, *Assistant City Manager*

PREPARED BY THE CITY OF VESTAVIA HILLS FINANCE DEPARTMENT

Zachary Clifton, CPA, *Finance Director / Treasurer*

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VESTAVIA HILLS

VESTAVIA HILLS
A LIFE ABOVE

ASHLEY C. CURRY
Mayor

ZACHARY CLIFTON
Finance Director/Treasurer

Letter of Transmittal

June 26, 2026

To the Mayor, Members of Council and Citizens of the City of Vestavia Hills:

The Annual Comprehensive Financial Report (ACFR) of the City of Vestavia Hills (the City) for the fiscal year ended September 30, 2025, is hereby transmitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City's management. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in this report.

The State of Alabama requires an annual audit of the City's financial statements by independent certified public accountants, who must conduct the audit in accordance with established standards. An independent firm of certified public accountants, Carr, Riggs & Ingram, LLC, has audited the City's financial statements in accordance with this requirement. The auditors issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2025. The independent auditors' report is located at the front of the financial section of this report. Also, the City is required by federal law to conduct a "Single Audit," or audit of the City's compliance with the requirements of federal grants it has received. The results of that audit are issued after the statistical section of this report.

Management's discussion and analysis (MD&A) can be found immediately following the report of the independent auditors. The MD&A is a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The City of Vestavia Hills, Alabama has a population nearly 40,000 and is located geographically in Jefferson County along U.S. 31, I-65 and U.S. 280. Incorporated in 1950, the City is a Class 7 municipality of Alabama with a Council-Manager form of government with the Mayor presiding over the Council. The Mayor and Council serve as the legislative branch of the City government. The City Manager is the Chief Executive Officer for the municipal corporation, and he is responsible for the day-to-day operations. The City is in the Birmingham-Hoover Metropolitan Statistical Area and is served by the Regional Planning Commission of Greater Birmingham.

The City is a suburban community with its own public school system featuring one high school, one freshman campus, two middle schools and five elementary schools. The City is strong financially with consistently favorable credit ratings. Median household incomes are high, and residents demonstrate strong financial support of community programs.

In years past, "Home of the Dogwood Trail" was the City slogan, and the dogwood is still the City flower. In 2014, City leadership espoused the new "A Life Above" motto to describe the quality of life and values of the community. The new official logo includes a flag that bears the inscription "Unity, Prosperity, Family."

The City provides a full range of services including general administration, police and fire protection, construction and maintenance of streets and infrastructure, building inspections, licenses and permits, recreation and leisure activities, and cultural enrichment. The City evaluated various other entities within the vicinity of the City, which could possibly be subject to inclusion in the financial statements under criteria established to define the reporting entity and its component units. In the Financial Section, Notes to the Financial Statements, Note 1 discusses the reporting entity as well as the City's related organizations and why they are not included in the City's financial reporting.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager is required to submit a budget proposal to the City Council by August 15 of each year for all departments and funds. City Council, after public comment and evaluation, must adopt a balanced budget by the beginning of the fiscal year (October 1). The budget is prepared by fund and department. Department heads may transfer resources within a department as they see fit. However, additional appropriations and transfers between departments or funds need special approval from the Council.

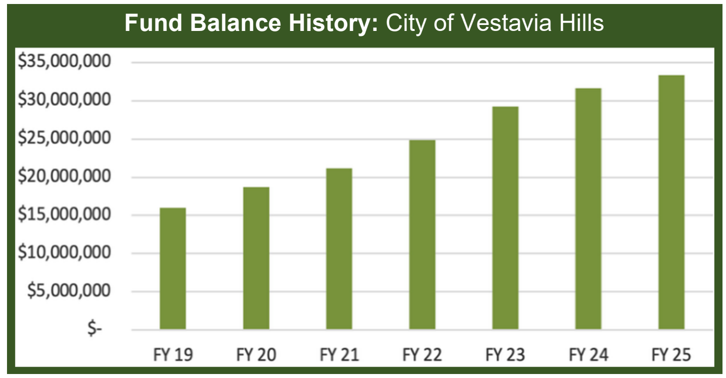
Local Economy

Vestavia Hills is the 12th largest city in Alabama and the 3rd largest city in Jefferson County, Alabama. It is characterized as a "bedroom" community in the Birmingham-Hoover MSA. As stated in the latest census data, there are 14,116 households within the city limits and the homeownership rate is strong at 75.6% across a 19.96 square mile jurisdiction. The median household income ranks highly among comparable Alabama cities at $129,171 annually. The Zillow Home Value Index reports an average single-family home value of $599,229 in Vestavia Hills as of January 2026 which is 3% higher than the previous 12 months. This is much higher than most Birmingham area home values. The City of Vestavia Hills has its own public school system operated independently from the City of Vestavia Hills. With very strong educational attainment metrics, it is an educational system in very high demand. Citizen surveys note that it is a primary reason for individuals moving to Vestavia Hills. Similarly, the same surveys represent a strong confidence with residents as to the long-term strength of the City's local economy.

Given the relative lack of industrial real estate and large corporate businesses within its jurisdiction, the City's local economy receives its strength from strong household incomes and disposable income. A key metric for the City's economic sustainability rests with growth in residential and non-industrial commercial real estate activity. In FY 25, a total of 103 new construction permits, both residential and commercial, were issued compared with a target of 88 annual new construction permits (based upon annual historical numbers.) New construction begets increased retail demand and home values. It further supports the financial integrity of the Vestavia Hills City government's finances given a heavy reliance upon ad valorem and sales tax receipts.

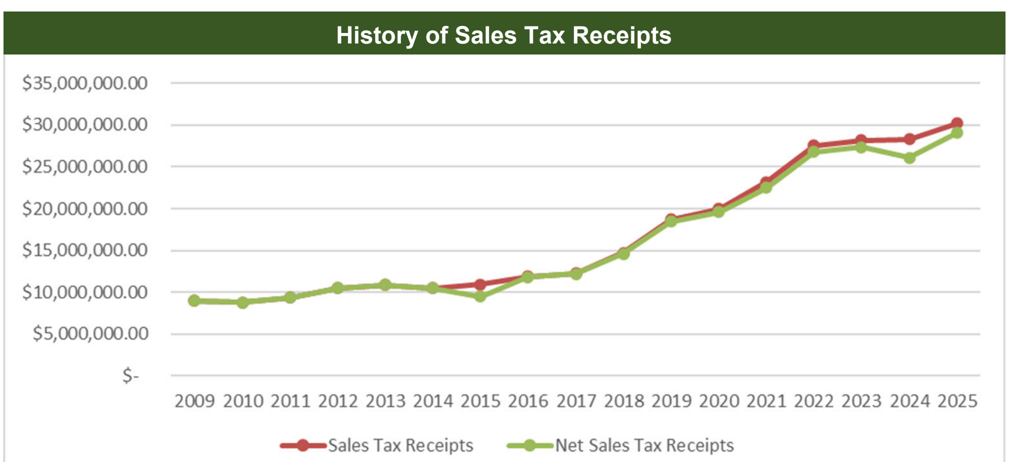
Financial Condition

The City of Vestavia Hills continues to be in a strong financial condition. This is reinforced in an objective way through its AAA credit rating as reported by Moody's and Fitch. Utilizing strong financial policies, a conservative budgeting philosophy and a robust economic development strategy, the City has operated consistently generating an operating surplus year-after-year. The economic development strategy includes evaluating large scale private sector capital projects that will produce significant new revenue for the City over the course of 10 to 20 years. If a selected project quantifies a feasibility gap associated with project execution, the City will determine the amount of the financial gap and structure an incentive program that will share new revenues that are limited to the amount of the feasibility gap in terms of dollars and time frame. This strategy has produced significant value over the last 10 years and been a factor in the growth of our operating surplus. This surplus has traditionally been utilized to provide a growth to the City's emergency reserves. A recent snapshot illustrating the growth in the City's general fund balance is provided in the Fund Balance History table.

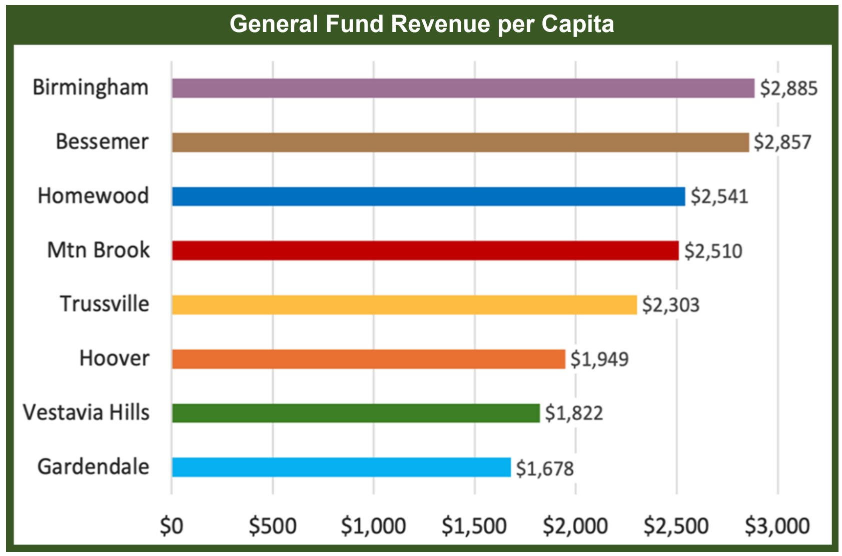


Fiscal Year	Audited Fund Balance	Change in Fund Balance	% Change in Fund Balance
FY 19	$16,002,847	$1,459,976	
FY 20	$18,720,647	$2,717,800	17.0%
FY 21	$21,164,992	$2,444,345	13.1%
FY 22	$24,890,505	$3,725,513	17.6%
FY 23	$29,261,641	$4,371,136	17.6%
FY 24	$31,659,101	$2,397,460	8.2%
FY 25	$33,321,456	$1,662,355	5.3%

As an illustration of the economic value that the City's incentive policy brings to the organization, the graphic below overlays the actual sales tax receipts with the net sales tax receipts after payment of incentives. The finding is that the policies have aided in a consistent and healthy growth to our sales tax revenue within the City.



The City of Vestavia Hills' largest sources of revenue are sales taxes, ad valorem taxes and business license permits. FY 25 revenue growth in sales tax receipts show a 7.5% amount above budget, ad valorem – real property receipts show a 1% amount above budget, and business license permits increased 10% above budget for the same time period. All of the City's major revenue sources show stable or increasing trends that bode well for the future. A key factor in the City's success also involves an intentional use of planning in its efforts to be prepared for various service demands and the ability to respond to such demands. The City is proud of its lean operations and ability to be able to provide more services utilizing fewer resources than most jurisdictions within our area. With annual general fund revenue totaling $1,822 per capita, this fact is reinforced in this graph:



Relevant Financial Policies

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate data are compiled to allow for the presentation of financial statements in conformance with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) that valuation of costs and benefits requires estimates and judgments by management.

Cash Management and Investments. It is the policy of the City to invest public funds in a manner that will provide the highest investment return while protecting the City's funds. The priorities for City investments shall be safety, liquidity and return on investment, applied in that order. All financial institutions holding City deposits are Qualified Public Depositories (QPD) authorized by the Security for Alabama Funds Enhancement (SAFE) program. The SAFE program provides a collateral pool administered by the Alabama State Treasurer.

General Fund Reserves. It is the policy of the City to establish and maintain an Emergency Reserve Fund Balance, classified as a "Committed Fund Balance" within the City's General Fund. The targeted goal for the Emergency Reserve Fund Balance will be to maintain a balance representing at least 25% of prior year actual general fund expenditures (modified accrual basis) plus operating transfers out.

Debt Management. The City shall, as a matter of policy, manage its finances so that the amount of direct, general obligation, indebtedness and full faith and credit lease purchase obligations outstanding at any time does not exceed 10% of the assessed property value of real and personal property in the City. Furthermore, the City shall strive to limit the annual debt service requirements on these obligations to an amount not greater than 10% of annual General Fund revenues. Such limits do not include debt paid pursuant to funding agreements by the Board of Education. These limitations apply to debt obligations issued with a specific pledge of the City's General Fund, obligations secured by a pledge of the City's full faith and credit, obligations that are secured by available general funds, and which are not self-supporting, or which are paid for from General Fund monies. Also included within this limitation are any other loan agreements entered into directly by the City or secured indirectly by a pledge of the City's General Fund.

Long-Term Planning and Major Initiatives

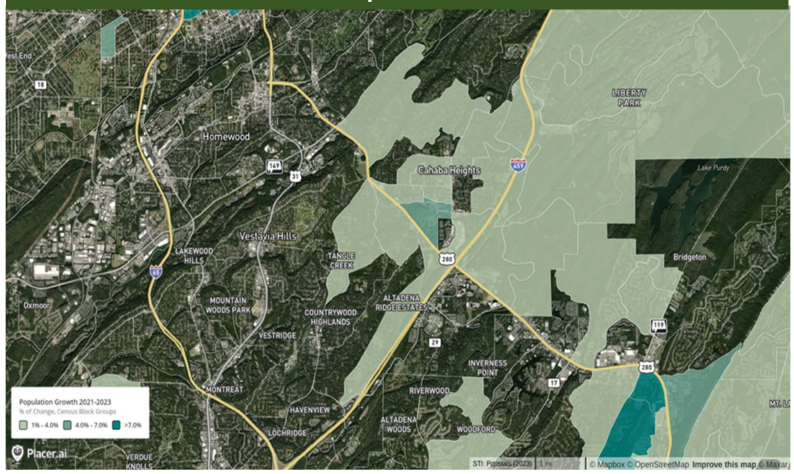
The City's long-range financial plan aligns the strategic goals of the City Council with the financial resources needed to deliver programs and services to meet the needs of the community. A five-year forecast is a planning tool that helps with fiscal management and accountability by showing historical and projected revenue and expenditures, provides an opportunity to engage the community and anticipate and adapt to economic conditions that impact the budgeting process. The City's financial forecast is based on City Council priorities; historical revenue performance; expenditure trends; maintaining competitive salaries and benefits; and following the City's financial policies.

On February 23 and 24, 2026, the Mayor, City Council and City staff leadership gathered for two days of strategic planning exercises. The effort commenced with recognizing the value of our employees and their long service to our organization and city. It was followed with a fully comprehensive review of our successes and opportunities in calendar year 2025. This rearview focus utilized metrics from past strategic planning efforts, City staff activities generated from resident requests, and the results of a biennial citizen survey that was concluded in January of 2025. Upon conclusion of that review, staff and elected leadership provided a polled impression of the findings. At that point, the strategic planning meetings transitioned to forward thinking efforts. These meetings utilized three themes to focus the sharing of information and discussion on efforts important to the City's success: the reality of the City's growth to the east, the need to recognize the power of innovation to an effective organizational culture, and the willingness to dream big by visioning the ideal actions for the future without immediate constraint on resources availability. At the conclusion of the planning process, the Mayor and Council were asked to discuss and prioritize efforts for the next 12 months to make staff efforts and funding opportunities the most effective and efficient as possible.

A review of the aforementioned 2025 data indicated many successes during the previous year. Customer service ratings from the biennial citizen survey and post-activity reports were notably strong and trending in a positive manner from previous annual reviews. Resident feedback was complimentary of attention to stormwater infrastructure, safety, education, recreation and library programs and facilities. There was a significant demand to improve the quality of walkability, transportation infrastructure and sanitation services. The performance of City staff was reported as productive and timely for most categories. At the conclusion of the data review, the attendees strongly supported the fact that the City of Vestavia Hills was headed in the right direction, should support an innovative culture, and focus on long-term strategies to react to the pressures of eastside growth.

An analysis of demographic and migration trends in the geographic region in and around Vestavia Hills support the theory that from 2021 until present the area generally east of Highway 280 has seen population growth while the area west of Highway 280 has seen static or reduced population demographics. This is seen most notably in the image below. It is further reinforced in an analysis of residential and commercial new construction permit activity which illustrates the largest amount of construction activity occurring in east Vestavia Hills.

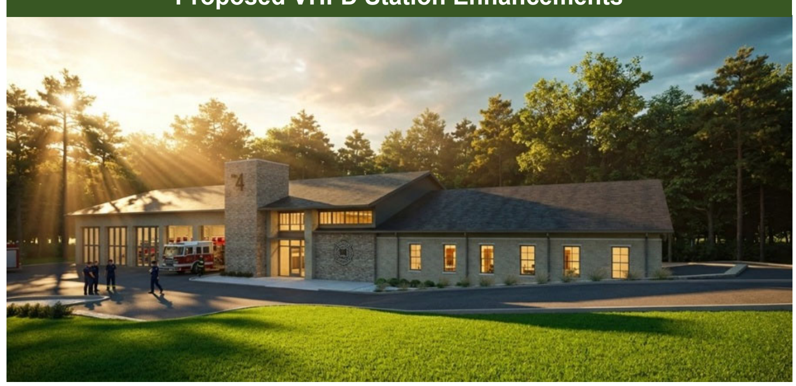
Vestavia Hills Area Population Growth: 2021-2023



These demographic trends served as a backdrop as strategic needs were discussed between staff and elected leadership. The Police Department emphasized the need for a physical presence on the eastside of the City's. This would assist in satisfying increased operational demands and provide a much-needed home for training activities. The Fire Department quantified subpar emergency response times in the east based upon a large number of senior healthcare or independent living facilities, the population trends and the unique topographic characteristics of the area. Quality of life amenities have been less than ideal or non-existent in library service and quality of life amenities and provision of diamond shaped athletic fields based upon use metrics. Furthermore, maintenance support functions are challenged by lack of an adequate presence in the area.

At the conclusion of informational sessions, the Mayor and City Council confirmed their desire to continue prioritization of the previously expressed facility and service enhancements. Continued financial planning and scope evaluations are ongoing as the Council's prioritization becomes an action plan. Potential locations for police, a library/civic gathering space and maintenance facilities have been identified. Also being considered are Fire Department facility enhancements for Fire Station 4 (Liberty Park), playing surface improvements for existing Liberty Park diamonds, and a collaborative project with Vestavia Hills City Schools for performing arts and multi-purpose facilities at Vestavia Hills High School. Finally, the City Council reaffirmed its high-level strategic principles and the various actions that support its goals. Following are the Strategic Plan Priorities and Actions that resulted from these efforts:

Proposed VHFD Station Enhancements



1. Improve City Aesthetics for Economic Sustainability and Community Perceptions

- Complete Highway 31 right-of-way/gateway beautification
- Complete Cahaba Heights gateway improvements
- Evaluate and upgrade street and pedestrian lighting options for residential, interstate and City Center areas

2. Improve City Infrastructure as a Foundational Element for Residents

- Reduce percentage of "lost streets" to 0% per PCI evaluation
- Resurface a minimum of 8 centerline miles annually
- Continue implementation of stormwater master plan projects
- Focus on collaborative solutions to improve or repair aging drainage infrastructure along the entirety of Highway 31 and its adjoining drainage basins
- Continue to construct sidewalks according to master plan priorities, with focus on securing grants to supplement budgeted funds
- Establish ordinance to regulate driveway spanners to improve management of stormwater drainage
- Consider implementation of a stormwater management fee to expedite improvements to public drainage infrastructure
- Improve ADA compliant sidewalk networks that connect to the Library in the Forest and pedestrian bridge

3. Continue Improvements to Community Quality of Life Amenities

- Continue feasibility study and preliminary design efforts for an east side library/civic building utilizing a steering committee and concurrence from the City Council on next steps
- Continue design and construction of a new east side maintenance facility to be to be located on reclaimed land at SHAC
- Demolish existing maintenance facility to improve safety at the rear entrance to Liberty Park ballfields and to expand parking capacity
- Explore improvements to Liberty Park ballfields to improve playability and capacity for user demands
- Complete construction of a Veterans Memorial at Altadena Valley Park
- Maintain focus on ensuring equitable distribution of City-provided amenities for all citizens
- Maintain a strong partnership and ongoing investment in Vestavia Hills City Schools (VHCS), highly prioritizing support for a performing arts facility and a wrestling facility that will serve both the City and VHCS

4. Provide a More Efficient and Effective Provision of City Services

- Embrace a culture of innovation throughout City operations
- Fully implement an asset management system
- Commence construction of an IT disaster recovery site in coordination with the "Plan for Growth"
- Continue investment in training to develop internal job skillsets that allow for cost-effective project implementation

5. Continue to Prioritize a Safe Community Experience

- Commence construction of a renovated and enlarged fire station in Liberty Park and onboard new employees for enhanced fire service
- Finalize design and commence construction for an east side police facility to be located on reclaimed land at SHAC
- Continue expanding the use of technology and strategic policing of our City parks to ensure safe user experiences

- Establish legally-enforceable regulations and a potential moratorium on the sale of edible products containing psychoactive THC
- Publicize a micro-mobility guide and implement enforcement/educational strategies to improve safety

6. Act as Good Stewards of Taxpayer Resources

- Adhere to established financial policies
- Continue trade area economic development strategies that will sustain the quality of businesses, shops and restaurants
- Evaluate and consider implementation of a new financial (ERP) system
- Continue focus on the redevelopment and revitalization of Highway 31 South with a focus on hospitality options

7. Provide Consistent Exceptional Customer Service

- Continue delivery of "Service Stars" customer service modules and other training programs
- Continue human resource strategies that will sustain a positive organizational culture

Awards and Acknowledgements

The City received the GFOA's Distinguished Budget Presentation Award for its 2024 annual budget document. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

The preparation of the annual comprehensive financial report could not be accomplished without the dedicated services of the Finance Department staff as well as all City Departments who practice fiscal responsibility and assist in collecting and recording financial data in an accurate and timely manner. We would like to express our appreciation to all City staff who assisted and contributed to the preparation of this report.

In closing, the commitment to the achievement of mandated priorities speaks to the progressive leadership and dedication to public service of the Mayor and the City Council. Their support for a policy of financial integrity has been instrumental in the preparation of this report.

Sincerely,

Jeffrey Downes
City Manager

Zachary Clifton
Finance Director/Treasurer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Vestavia Hills
Alabama

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

MANAGEMENT TEAM AND ELECTED OFFICIALS

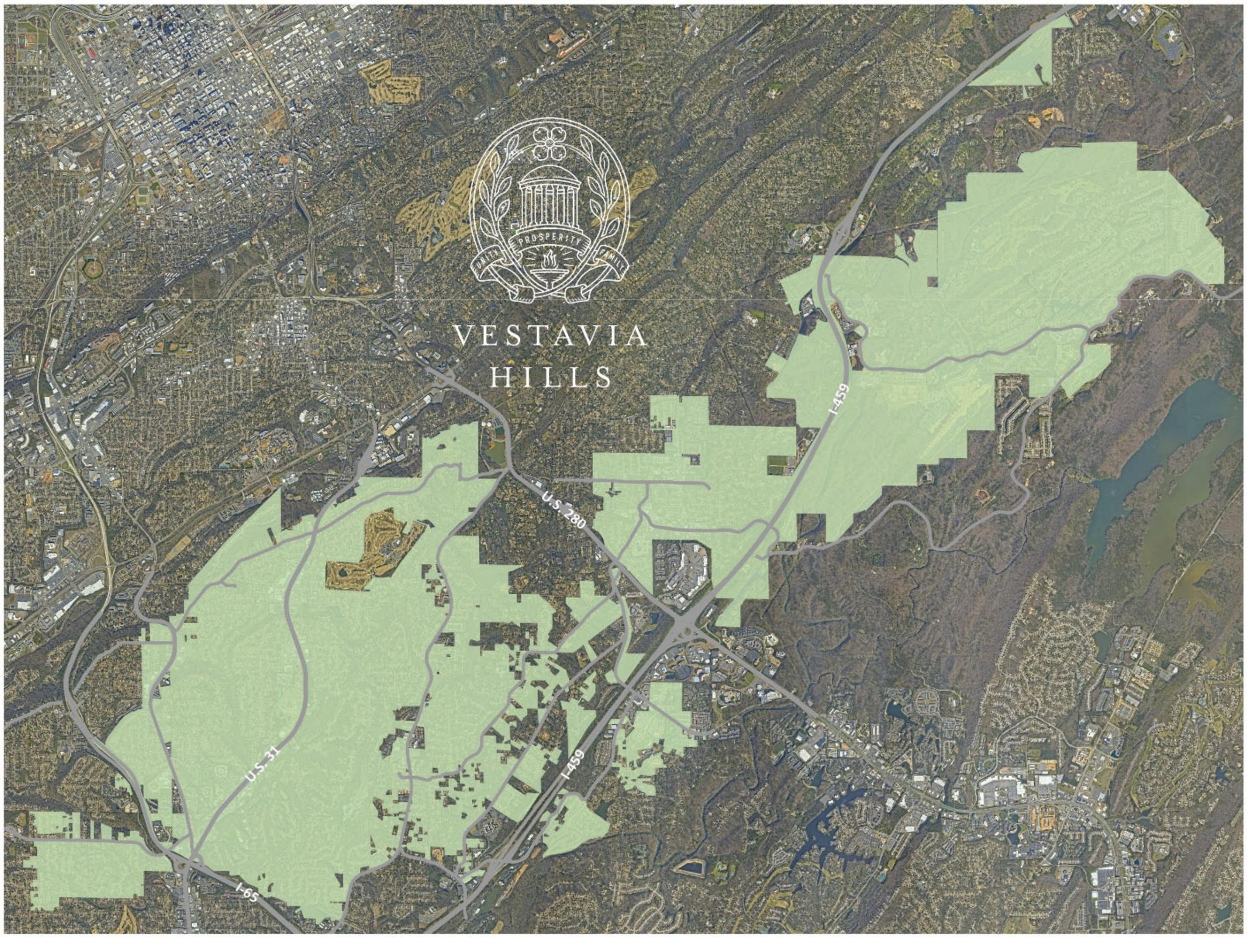
MANAGEMENT TEAM

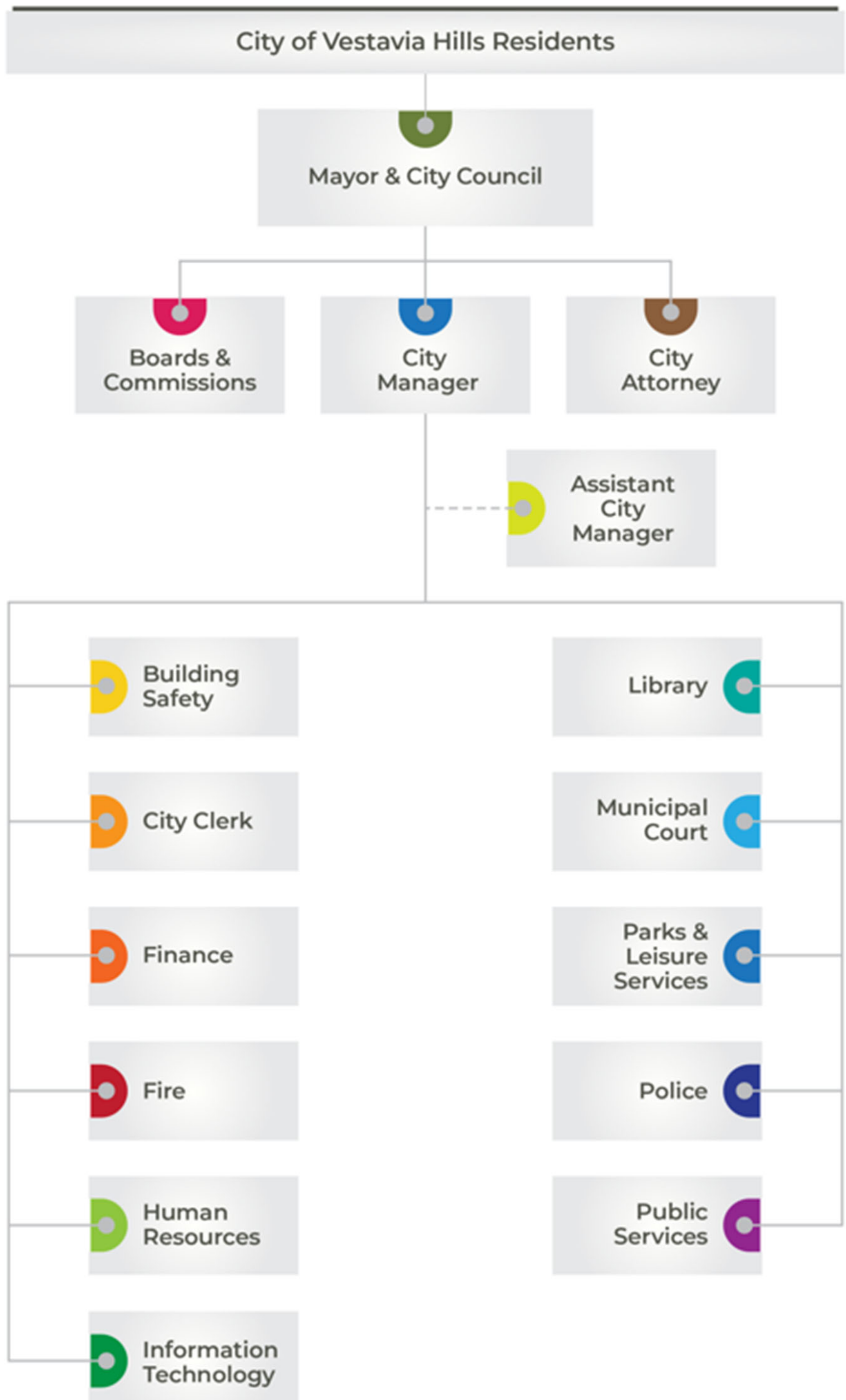
Jeffrey Downes, *City Manager*
Cinnamon McCulley, *Assistant City Manager*
Patrick Boone, *City Attorney*
Keith Blanton, *Building Safety Director*
Darrin Estes, *Information Technology Director*
Marvin Green, *Fire Chief*
Lori Beth Kearley, *Public Services Director*
Umang Patel, *Innovation and Administration Director*
Jamie Lee, *Parks and Leisure Services Director*
Tamara Davis, *Municipal Court Director*
James Randall, *Human Resources Director*
Taneisha Tucker, *Library Director*
Zachary Clifton, *Finance Director*
Shane Ware, *Police Chief*

CITY COUNCIL (terms began November 3, 2025)

Ashley Curry, *Mayor*
Rusty Weaver, *Mayor Pro Tempore, Place No. 1*
Kimberly Cook, *Place No. 2*
Mike Vercher, *Place No. 3*
Ali Pilcher, *Place No. 4*

MAP OF THE CITY OF VESTAVIA HILLS




City of Vestavia Hills Residents
Mayor & City Council
Boards & Commissions
City Manager
City Attorney
Assistant City Manager
Building Safety
City Clerk
Finance
Fire
Human Resources
Information Technology
Library
Municipal Court
Parks & Leisure Services
Police
Public Services

VESTAVIA HILLS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 16 through 25) and the pension and OPEB schedules (pages 67 through 69) and notes to required supplementary information (page 70) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor governmental funds financial statements, combining fiduciary funds financial statements, budgetary comparison schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental funds financial statements, combining fiduciary funds financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, L.L.C.

Birmingham, Alabama
June 26, 2026

VESTAVIA

HILLS

This section of the City of Vestavia Hills' Annual Comprehensive Financial Report (Annual Report) presents City management's discussion and analysis (MD&A) of the City's financial performance during the fiscal year that ended September 30, 2025. Please read this in conjunction with the City's financial statements and the accompanying notes, which follow this section, and the additional information furnished in the letter of transmittal in the introductory section of the Annual Report.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City of Vestavia Hills exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $151.6 million (net position). Of this amount, the City had $600k in unrestricted net position, $2.6 million in restricted net position and $148.4 million in net investment in capital assets.

- The primary government experienced a 2.9% increase in net position from $147.3 million on September 30, 2024 to $151.6 million on September 30, 2025.
- At the close of fiscal 2025, the City's governmental funds reported a combined fund balance of $43.4 million. This was a decrease of $2.8 million (6.0%) from the prior year.
- At the end of fiscal 2025, total fund balance for the General Fund was $33.3 million or 46.6% of total General Fund expenditures and other financing uses; total fund balance increased by $1.7 million (5.3%) from fiscal year 2024. Total ending fund balance in the General Fund comprised 45.6% of total revenues in 2025 and 44.3% in 2024.
- Unassigned fund balance for the General Fund was $8.6 million or 12.0% of total General Fund expenditures and other financing uses; this was an increase of $710k (9.0%) from fiscal 2024.
- Sales and use tax, the City's single largest revenue source, totaled $31.6 million across all funds. This increased by $2.1 million (6.9%) during the 2025 fiscal year as compared to the prior fiscal year.
- Significant changes in revenue in the City's General Fund during 2025 include the following in statement presentation order: licenses and permits decreased $1.4 million (16.4%); and charges for services increased $218k (12.1%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also contains additional required supplementary information (schedules related to pension liability and funding progress for other postemployment benefits) and other supplemental information (combining financial statements and budgetary and statistical schedules) intended to furnish additional detail to support the basic financial statements. These components are described below:

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business and are made up of the following two statements: the statement of net position and the statement of activities. The statements provide information about the City as a whole, presenting both an aggregate current view of the City's finances and a longer-term view of these assets. These are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *statement of net position* presents information on all the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference reported as net position. This statement combines and consolidates governmental funds, the current financial resources (short-term spendable resources) with the capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the City is improving or deteriorating. Other non-financial factors should also be taken into consideration, such as changes in the City's sales and property tax base and the condition of the City's infrastructure (i.e., roads, drainage improvements, storm and sewer lines, etc.) to assess the overall health or financial condition of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include general government administration, public safety, public works, library, parks and recreation and intergovernmental functions. The intergovernmental functions of the City are those activities whereby the City provides financial resources to other governmental entities.

The City has no business-type activities.

The government-wide financial statements can be found on pages 26-27 of this report.

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 or fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, and provide balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This is known as using the flow of current financial resources measurement focus approach and the modified accrual basis of accounting. These statements provide a detailed short-term view of the City's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the City.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. This comparison highlights the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, and the Capital Projects – Community Spaces Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic governmental fund financial statements can be found on pages 28-33 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources for which the City acts as a trustee or custodian. Resources held in fiduciary funds are not available to support the City's own programs and therefore are not reported in the government-wide financial statements. Related collections and payments are also reported in fiduciary funds.

The fiduciary fund financial statements can be found on pages 34-35 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. The City's uses notes to 1) present information in greater detail than is possible within the financial statements themselves, 2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and 3) report on certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies). The notes to the financial statements can be found on pages 36-66 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. The City presents progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 67-70.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 71-85 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $151.6 million, at the close of the most recent fiscal year, an increase of $4.3 million from the previous year.

City of Vestavia Hills Statement of Net Position (in thousands)

	2025	2024
Current and other assets	$ 49,731	$ 54,220
Capital assets	239,359	238,111
Total assets	289,090	292,331
Deferred outflows of resources	16,778	17,383
Other liabilities	3,796	5,461
Long-term liabilities	141,515	153,897
Total liabilities	145,311	159,358
Deferred inflows of resources	8,981	3,103
Net position		
Net invested in capital assets	148,402	141,302
Restricted	2,574	2,821
Unrestricted	600	3,130
Total Net Position	$ 151,576	$ 147,253

By far the largest portion of the City's net position, $148.4 million, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), net of accumulated depreciation/amortization and less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, $2.6 million represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the City's unrestricted net position was $600k.

Analysis of Changes in Net Position

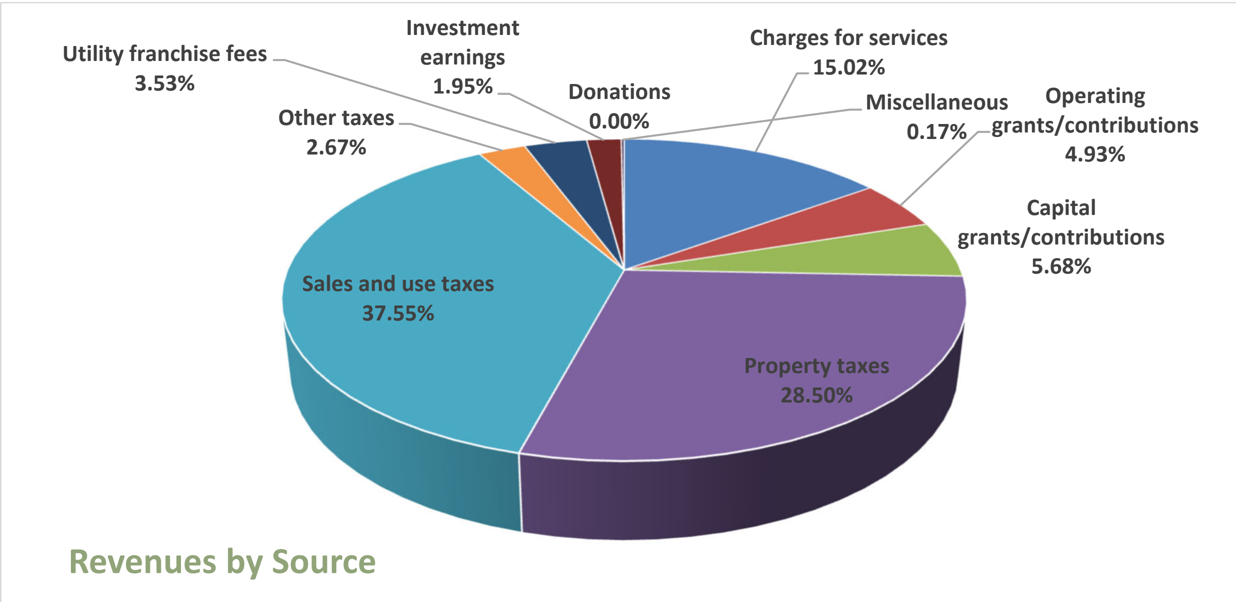
The following table provides a summary of the City's change in net position. Governmental activities net position increased by $4.3 million. The reasons for the increase are discussed in the governmental activities discussion herein.

City of Vestavia Hills Statement of Activities (in thousands)

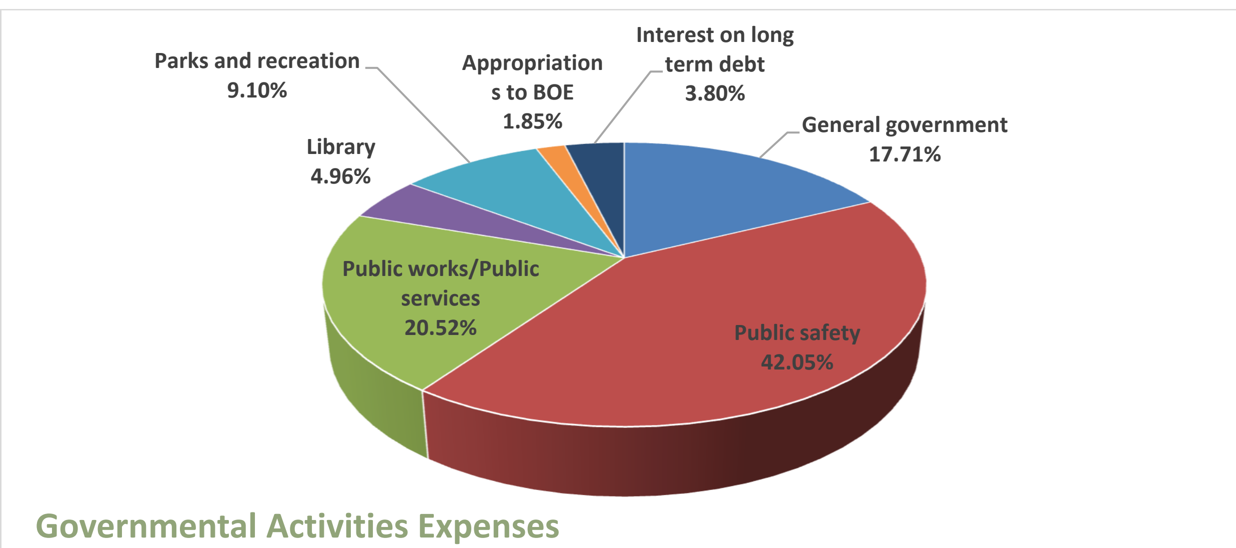
	2025	2024
Revenues		
Program revenues		
Charges for services	$ 12,656	$ 13,297
Operating grants/contributions	4,152	2,408
Capital grants/contributions	4,787	4,620
General revenues		
Taxes	57,901	55,247
Utility franchise fees	2,975	2,938
Investment earnings	1,640	2,473
Donations	2	46
Miscellaneous	141	222
Total revenues	84,254	81,251
Expenses		
General government	14,132	14,523
Public safety	33,556	33,028
Public works/Public services	16,377	15,486
Library	3,957	3,797
Parks and recreation	7,260	6,651
Appropriations to BOE	1,480	1,380
Interest on long term debt	3,033	3,313
Total expenses	79,795	78,178
Change in net position	4,459	3,073
Net position, beginning of year, as previously reported	147,253	144,180
Adjustment - change in accounting principle	(136)	-
Net position, beginning of year, as restated	147,117	-
Net position, ending	$ 151,576	$ 147,253

Governmental Activities

The City's revenues, excluding donated infrastructure assets, which do not provide spendable funds, increased $3.2 million or 3.9%. The increase resulted principally from increased grocery sales tax collections causing sales and use taxes to increase $2.1 million or 6.9%.



The City's program expenses increased $1.6 million or 2.1%. The increase resulted principally from parks and recreation expenses increasing $609k or 9.2% due to the City increasing the selection of recreation leagues available throughout the City.



The following table is a condensed statement taken from the Statement of Activities showing the total cost for providing services for seven 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.

Net Cost of Government-Wide Activities (in thousands)

	Total Cost of Services	Net Cost (Benefit) of Services
General government administration	$ 14,132	$ 6,923
Public safety	33,556	29,241
Public works/Public services	16,377	8,586
Library	3,957	3,768
Parks and recreation	7,260	5,169
Appropriations to BOE	1,480	1,480
Interest on long term debt	3,033	3,033
Total	$ 79,795	$ 58,200

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental 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.

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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of $43.4 million a decrease of $2.8 million or 6.0%. Of the total fund balance, $1.9 million (4.3%) constitutes the non-spendable fund balance, which includes amounts that are either not in spendable form or legally or contractually required to be maintained intact. In addition, $4.6 million (10.7%) of fund balance is classified as restricted, meaning that funds can only be used for specific purposes defined by enabling legislation or externally imposed limitations. Amounts that can only be used for specific purposes pursuant to constraints of the government's highest level of decision-making authority are reported as committed fund balance. Committed fund balance represents $24.9 million (57.5%) of total fund balance. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed are reported as assigned fund balance. Assigned fund balance represents $3.3 million (7.7%) of total fund balance. The remaining funds that are not classified in any of the other four categories constitute the unassigned fund balance. For the fiscal year ended September 30, 2025, unassigned fund balance represented $8.6 million (19.8%) of total fund balance.

Total revenues were $84.2 million, an increase of $3.3 million or 4.0% from 2024. Sales and use taxes increased by $2.1 million or 6.9% due to increased grocery store sales tax collections; and grants increased $2.0 million or 34.3% due to construction of two projects funded by the Alabama Department of Public Transportation.

Looking at each major governmental fund individually, the fund balance for the General Fund at September 30, 2025 was $33.3 million, an increase of $1.6 million from the prior year. This increase in fund balance was primarily attributable to a $2.1 million increase in sales and use tax, as noted above. The fund balance at September 30, 2025 for the Capital Projects Fund was $5.4 million, a decrease of $5.2 million. The decrease was primarily attributable to capital outlay expenditures related to purchases of new vehicles totaling $4.6 million. The fund balance for the Community Spaces Fund at September 30, 2025 was $818k, an increase of $818k. The increase is attributable to the fact that a portion of sales tax is required, by Ordinance, to be transferred to the Community Spaces Fund, this aligns with the overall increase in sales tax.

GENERAL FUND BUDGETARY HIGHLIGHTS

On or before October 1 of each year, the City Manager prepares and submits an annual budget to be adopted by the City Council. The fiscal year 2025 budget was adopted August 26, 2026. 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 32. The City's actual results as compared to the City's budget can be briefly summarized as follows:

- Actual revenues exceeded total budgeted revenues by $6.5 million or 10.0%. Ad valorem real estate and sales taxes were the largest revenue generators, representing $53.0 million or 81.6% of total budgeted revenues.
- Actual expenditures exceeded budget by $2.3 million or 4.4%. The overage resulted principally due to new economic incentive programs increasing general government expenditures $2.4 million or 24.6%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental activities as of September 30, 2025, totaled $239.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, infrastructure, sewer plant and equipment. For further information on capital assets see Note 2 in the notes to the financial statements. Major purchases including construction in progress for 2025 consisted of $5.5 million to construct new roads and a pedestrian bridge, and $4.6 million for new police and fire vehicles.

City of Vestavia Hills Capital Assets (in thousands)

	2025	2024
Land	$ 94,571	$ 94,571
Construction-in-progress	8,528	20,379
Buildings	21,117	22,000
Right-to-use asset: Building	1,184	1,344
Land improvements	24,839	20,275
Vehicles	9,270	7,557
Recreational facilities	20,886	21,930
Equipment and fixtures	4,263	3,727
Subscriptions	399	523
Books and artwork	-	36
Infrastructure	54,302	45,769
Total	$ 239,359	$ 238,111

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

Construction-in-progress	$ 5,514
Buildings	129
Vehicles	4,599
Equipment and fixtures	1,214
Subscriptions	103
Infrastructure	351
Total	$ 11,910

Debt Administration

At fiscal year end, the City had $93.3 million in outstanding warrants, installment payable and capital leases. Additional long-term liabilities totaled $48.2 million consisting of the net pension liabilities, OPEB liability, and compensated absences. Overall, long-term debt decreased $7.9 million from the prior year primarily due normal pay off of principal. See Note 2 to the financial statements for additional information.

City of Vestavia Hills Outstanding Debt (in thousands)

	Beginning Balance	Net Change	Ending Balance
Government activities:			
Warrant payable	$ 87,704	$ (4,971)	$ 82,733
Financing arrangements	11,640	(2,655)	8,985
Lease liability	1,377	(139)	1,238
Subscription agreements	483	(94)	389
Totals	$ 101,204	$ (7,859)	$ 93,345

The City maintains a credit rating of AAA with Fitch Ratings and Moody's Investors Service. The City is one of only two in Alabama to have the highest rating of AAA. Rating agency reports have referenced a "stable outlook" as a contributing factor to the City's strong credit ratings.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year ending September 30, 2025, the City has continued to show above average performance in comparison to national and state benchmarks. The increase of online retailing through the State of Alabama's Simplified Sellers Use Tax (SSUT) remains a challenge due to a lower tax rate charged through this program than locally, low unemployment and expansion of local businesses has been able to offset any online retailing challenges in the current environment. When compared to benchmarks such as overall unemployment, tax growth, and home sales, the City continues its' positive trend from the last decade. The City continues its' emphasis on retail, healthcare and residential sectors of the economy through responsible planning and the strategic use of incentive programs.

The City continues to contribute to the Vestavia Hills Board of Education to create an excellent school system that will attract both new residents and economic development. The City continues to place emphasis on encouraging economic development within the City to help fund improvements and government services as well as provide increased quality of life for all residents.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances and to demonstrate accountability for the money it receives from taxpayers, customers, and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Zachary Clifton, City of Vestavia Hills Finance Department, 1032 Montgomery Hwy, Vestavia Hills, Alabama 35216, by calling (205) 978-0149, or by sending an email to zclifton@vhal.org.

VESTAVIA HILLS

City of Vestavia Hills, Alabama
Statement of Net Position

September 30, 2025		Governmental Activities
Assets		
Cash	$	2,094,163
Cash - restricted		3,074,670
Investments		30,675,322
Investment - restricted		2,347,156
Receivables, net of allowance for uncollectibles		6,874,287
Leases receivable		2,802,231
Prepaid items		1,862,960
Capital assets		
Non-depreciable		103,098,324
Depreciable, net		134,676,473
Right-to-use lease assets, net		1,184,409
Right-to-use subscription assets, net		399,630
Total assets		289,089,625
Deferred Outflows of Resources		
Deferred charges - debt refunding		929,230
Deferred outflows of resources related to pension		15,077,905
Deferred outflows of resources related to OPEB		771,305
Total deferred outflows of resources		16,778,440
Liabilities		
Accounts payable		2,249,483
Accrued payroll		31,368
Court and performance bonds payable		948,098
Accrued interest payable		436,775
Unearned revenues - grants		130,558
Other liabilities		
Due within one year		
Warrant obligations and other liabilities		9,262,926
Due in more than one year		
Warrant obligations and other liabilities		88,352,590
Net pension liability		42,011,737
Total OPEB liability		1,887,407
Total liabilities		145,310,942
Deferred Inflows of Resources		
Deferred inflows of resources related to leases		2,655,130
Deferred inflows of resources related to pension		6,046,363
Deferred inflows of resources related to OPEB		279,313
Total deferred inflows of resources		8,980,806
Net Position		
Net investment in capital assets		148,402,034
Restricted for road maintenance		156,742
Restricted for debt service		2,347,156
Restricted for public safety		70,279
Unrestricted		600,106
Total net position	$	151,576,317

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

For the year ended September 30, 2025

Program Activities	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government: Total
Primary government					
Governmental activities					
General government administration	$ 14,132,156	$ 6,822,055	$ 24,628	$ 362,053	$ (6,923,420)
Public safety	33,556,019	1,443,402	2,871,425	-	(29,241,192)
Public works	16,377,451	2,239,002	1,126,880	4,425,007	(8,586,562)
Library	3,956,784	132,032	56,939	-	(3,767,813)
Parks and recreation	7,260,428	2,019,691	72,145	-	(5,168,592)
Appropriation to BOE	1,480,000	-	-	-	(1,480,000)
Interest on long-term debt	3,032,491	-	-	-	(3,032,491)
Total primary government	$ 79,795,329	$ 12,656,182	$ 4,152,017	$ 4,787,060	(58,200,070)

General revenues	
Taxes	
Advalorem (real and personal property)	24,012,395
Sales and use	31,635,958
Other taxes	2,252,635
Utility franchise fees	2,975,326
Investment earnings	1,640,340
Donations	2,156
Miscellaneous	141,021
Total general revenues	62,659,831
Change in net position	4,459,761
Net position, at beginning of year, as previously reported	147,252,600
Adjustment - change in accounting principle	(136,044)
Net position, at beginning of year, as restated	147,116,556
Net position at end of year	$ 151,576,317

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

September 30, 2025

	General	Capital Projects	Community Spaces	Nonmajor Funds	Total Governmental Funds
Assets					
Cash	$ 125,189	$ -	$ 422,003	$ 1,546,971	$ 2,094,163
Cash - restricted	982,897	2,063,503	-	28,270	3,074,670
Investments	30,675,322	-	-	-	30,675,322
Investments - restricted	-	-	-	2,347,156	2,347,156
Accounts receivable, net of allowance for uncollectibles	4,324,574	1,202,163	-	1,347,550	6,874,287
Leases receivable	2,802,231	-	-	-	2,802,231
Prepaid items	597,260	1,265,700	-	-	1,862,960
Interfund receivables	233,803	1,866,619	452,427	-	2,552,849
Total assets	39,741,276	6,397,985	874,430	5,269,947	52,283,638
Liabilities					
Accounts payable	1,571,420	548,220	56,240	73,603	2,249,483
Accrued payroll	31,368	-	-		31,368
Court and performance bonds payable	948,098	-	-	-	948,098
Interfund payables	1,213,804	-	-	1,339,045	2,552,849
Unearned revenues - grants	-	130,558	-	-	130,558
Total liabilities	3,764,690	678,778	56,240	1,412,648	5,912,356
Deferred Inflows of Resources					
Leases	2,655,130	-	-	-	2,655,130
Unavailable revenues	-	350,000	-	-	350,000
Total deferred inflows of resources	2,655,130	350,000	-	-	3,005,130
Fund Balances					
Nonspendable	597,260	1,265,700	-	-	1,862,960
Restricted for:					
Road maintenance	-	-	-	156,742	156,742
Capital projects	-	2,063,503	-	-	2,063,503
Debt service	-	-	-	2,347,156	2,347,156
Public safety	-	-	-	70,279	70,279
Committed to:					
Capital projects	-	-	818,190	-	818,190
Emergency reserve	21,852,276	-	-	-	21,852,276
Liberty Park - road maintenance	2,271,912	-	-	-	2,271,912
Assigned:					
Capital projects	-	2,040,004	-	60,616	2,100,620
Debt service	-	-	-	-	-
Public safety	-	-	-	387,398	387,398
Library	-	-	-	598,377	598,377
Other	-	-	-	237,556	237,556
Unassigned	8,600,008	-	-	(825)	8,599,183
Total fund balances	33,321,456	5,369,207	818,190	3,857,299	43,366,152
Total liabilities, deferred inflows of resources, and fund balances	$ 39,741,276	$ 6,397,985	$ 874,430	$ 5,269,947	$ 52,283,638

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

City of Vestavia Hills, Alabama
Reconciliation of Balance Sheet – Governmental Funds to the Statement of Net Position

September 30, 2025		
Fund balances - total governmental funds		$ 43,366,152
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		
Governmental capital assets	$ 332,090,476	
Accumulated depreciation and amortization	(92,731,640)	239,358,836
Deferred outflows of resources related to debt refundings, pensions, and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds balance sheet.		16,778,440
Deferred inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds balance sheet.		(6,325,676)
Deferred inflows of resources related to unavailable revenues		350,000
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Warrant obligations, net	(82,733,513)	
Net pension liability	(42,011,737)	
OPEB liability	(2,022,407)	
Compensated absences	(4,135,440)	
Accrued interest payable	(436,775)	
Lease liability	(1,237,566)	
Subscription liability	(389,400)	
Direct - vehicle and equipment financing agreements	(8,984,597)	(141,951,435)
Net position of governmental activities		$ 151,576,317

City of Vestavia Hills, Alabama
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the year ended September 30, 2025	General	Capital Projects	Community Spaces	[Formerly Major] Debt Service	Nonmajor Funds	Total Governmental Funds
Revenues						
Taxes	$ 55,760,919	$ -	$ -	$ -	$ 2,140,069	$ 57,900,988
Licenses and permits	7,267,558	-	-	-	58,311	7,325,869
Intergovernmental	-	-	-	-	1,026,779	1,026,779
Charges for services	2,019,691	-	-	-	34,907	2,054,598
Fines and forfeitures	374,775	-	-	-	694,588	1,069,363
Fees	3,034,256	-	-	-	-	3,034,256
Grants	1,343,923	6,219,524	-	-	142,365	7,705,812
Interest revenues	205,910	143,974	76,033	-	99,764	525,681
Library revenues	-	-	-	-	113,181	113,181
Other revenues	3,124,006	24,952	100,100	-	182,811	3,431,869
Total revenues	73,131,038	6,388,450	176,133	-	4,492,775	84,188,396
Expenditures						
Current						
General government administration	11,427,715	264,964	-	-	988,498	12,681,177
Public safety	28,813,493	106,307	-	-	953,276	29,873,076
Public works	6,678,885	1,156,731	1,168,185	-	2,774,123	11,777,924
Library	3,077,215	125,018	-	-	150,309	3,352,542
Parks and recreation	5,522,085	40,996	78,337	-	-	5,641,418
Debt service						
Principal retirement	196,250	3,012,081	402,069	-	4,794,590	8,404,990
Interest	5,528	397,813	18,535	-	2,777,032	3,198,908
Capital outlay	135,430	11,207,588	451,448	-	48,417	11,842,883
Intergovernmental						
Appropriation to BOE	-	-	1,480,000	-	-	1,480,000
Total expenditures	55,856,601	16,311,498	3,598,574	-	12,486,245	88,252,918
Excess of revenues over (under) expenditures	17,274,437	(9,923,048)	(3,422,441)	-	(7,993,470)	(4,064,522)
Other Financing Sources (Uses)						
Subscription financing	98,519	-	-	-	4,593	103,112
Transfers in	-	3,701,527	7,451,809	-	7,942,212	19,095,548
Transfers out	(15,710,601)	(173,769)	(3,211,178)	-	-	(19,095,548)
Sale of surplus assets	-	439,847	-	-	-	439,847
Proceeds from vehicle and equipment financing arrangements (direct)	-	764,031	-	-	-	764,031
Total other financing sources (uses)	(15,612,082)	4,731,636	4,240,631	-	7,946,805	1,306,990
Net change in fund balances	1,662,355	(5,191,412)	818,190	-	(46,665)	(2,757,532)
Fund balances at beginning of year	31,659,101	10,560,619	-	2,253,635	1,650,329	46,123,684
Adjustment	-	-	-	(2,253,635)	2,253,635	-
Fund balances at beginning of year, after adjustment	31,659,101	10,560,619	-	-	3,903,964	46,123,684
Fund balances at end of year	$ 33,321,456	$ 5,369,207	$ 818,190	$ -	$ 3,857,299	$ 43,366,152

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

City of Vestavia Hills, Alabama
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds to the Statement of Activities

For the year ended September 30, 2025				
Net change in fund balances - total governmental funds			$	(2,757,532)
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	$	11,842,883		
Less current year depreciation and amortization		(10,206,972)		1,635,911
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.				
The effect of donated capital assets				66,694
Repayment of long-term debt principal (including direct - vehicle and equipment financing agreements, leases and subscriptions) are expenditures in the governmental funds, but reduce long-term liabilities in the statement of net position.				8,404,990
Proceeds from vehicle and equipment financing arrangements (direct) and subscriptions are reported as financing sources in the governmental funds and, thus, contribute to the change in fund balance. These increase liabilities in the statement of net position, but does not affect the statement of activities.				(867,143)
The net effect of transactions involving the disposal of capital assets is to decrease net position.				(454,570)
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.				
Difference in pension expense related to deferred outflows and inflows of resources and net pension liability		(1,331,190)		
Difference in OPEB expense related to deferred outflows and inflows of resources and net OPEB liability		(200,619)		
Change in compensated absences		(203,197)		
Change in accrued interest payable		29,968		
Amortization of bond premiums/discounts and deferred charges, net		136,449		(1,568,589)
Change in net position of governmental activities			$	4,459,761

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

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

For the year ended September 30, 2025	Budget - Original and Final	Actual on the Budgetary Basis	Variance with Budget
Revenues			
Taxes	$ 53,000,186	$ 55,760,919	$ 2,760,733
Licenses and permits	7,011,728	7,267,558	255,830
Charges for services	1,746,000	2,019,691	273,691
Fines and forfeitures	400,000	374,775	(25,225)
Fees	3,078,611	3,034,256	(44,355)
Grants	1,233,418	1,343,923	110,505
Interest revenues	153,377	205,910	52,533
Other revenues	2,532,221	3,124,006	591,785
Total revenues	69,155,541	73,131,038	3,975,497
Expenditures			
General government administration			
City Wide	6,628,028	7,122,698	(494,670)
City Council	90,293	80,357	9,936
Mayor and administration	2,770,622	2,582,570	188,052
City Clerk	653,989	618,998	34,991
Municipal complex	457,870	453,907	3,963
Information services	975,926	830,412	145,514
Total	11,576,728	11,688,942	(112,214)
Public safety			
Police	16,003,581	15,072,746	930,835
Fire	14,599,272	13,933,124	666,148
Total	30,602,853	29,005,870	1,596,983
Public works			
Public services	5,654,131	5,745,926	(91,795)
Building safety	969,887	932,959	36,928
Total	6,624,018	6,678,885	(54,867)
Court and Corrections	-	-	-
Library	3,319,639	3,079,640	239,999
Parks and recreation	5,061,980	5,522,085	(460,105)
Total expenditures	57,185,218	55,975,422	1,209,796
Excess of revenues over expenditures	11,970,323	17,155,616	5,185,293
Other Financing Sources (Uses)			
Subscription financing	-	98,519	98,519
Proceeds from vehicle and equipment financing arrangements	110,000	-	(110,000)
Proceeds from sale of assets	15,000		(15,000)
Transfers in	-	-	-
Transfers out	(16,095,323)	(15,710,601)	384,722
Total other financing sources (uses)	(15,970,323)	(15,612,082)	358,241
Net change in fund balance	(4,000,000)	1,543,534	5,543,534
Fund balances at beginning of year	32,375,100	31,659,101	(715,999)
Fund balances at end of year	$ 28,375,100	$ 33,202,635	$ 4,827,535

(Continued)

City of Vestavia Hills, Alabama
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General Fund (Continued)

Reconciliation of Budgetary Basis to GAAP Basis perspective and entity differences:

	Revenues - Actual on Budgetary Basis	Perspective Differences	Entity Differences[1]	Total Revenues - Actual GAAP
Taxes	$ 55,760,919	$ -	$ -	$ 55,760,919
Licenses and permits	7,267,558	-	-	7,267,558
Charges for services	2,019,691	-	-	2,019,691
Fines and forfeitures	374,775	-	-	374,775
Fees	3,034,256	-	-	3,034,256
Grants	1,343,923	-	-	1,343,923
Interest revenues	205,910	-	-	205,910
Other revenues	3,124,006	-	-	3,124,006
Total revenues	$ 73,131,038	$ -	$ -	$ 73,131,038

	Expenditures - Actual on Budgetary Basis	Perspective Differences	Entity Differences[1]	Total Expenditures - Actual GAAP
General government administration				
City Wide	$ 7,122,698	$ (261,129)	$ -	
City Council	80,357	-	-	
Mayor and administration	2,582,570	(3)	-	
City Clerk	618,998	(95)	-	
Municipal complex	453,907	-	-	
Information services	830,412	-	-	
Total	11,688,942	(261,227)	-	$ 11,427,715
Public safety				
Dispatch	-	-	-	
Police	15,072,746	(36,645)	(118,821)	
Fire	13,933,124	(36,911)	-	
Total	29,005,870	(73,556)	(118,821)	28,813,493
Public works				
Public services	5,745,926	-	-	
Building safety	932,959	-	-	
Total	6,678,885	-	-	6,678,885
Court and Corrections	-	-	-	-
Library	3,079,640	(2,425)	-	3,077,215
Parks and recreation	5,522,085	-	-	5,522,085
Debt service				
Principal retirement	-	196,250	-	196,250
Interest	-	5,528	-	5,528
Capital outlay	-	135,430	-	135,430
Total expenditures	$ 55,975,422	$ -	$ (118,821)	$ 55,856,601

[1] Certain program expenditures are reported in a special revenue fund instead of the general fund for GAAP purposes

City of Vestavia Hills, Alabama
Statement of Fiduciary Net Position

September 30, 2025		Total Custodial Funds
Assets		
Cash and cash equivalents	$	962,896
Total assets	$	962,896
Liabilities		
Due to other governments	$	962,896
Total liabilities		962,896
Net Position		
Restricted		-
Total net position		-
Total liabilities and net position	$	962,896

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

City of Vestavia Hills, Alabama
Statement of Changes in Fiduciary Net Position

For the year ended September 30, 2025	Total Custodial Funds
Additions	
Advalorem taxes for other governments	$ 33,594,049
Total additions	33,594,049
Deductions	
Advalorem taxes to other governments	33,594,049
Total deductions	33,594,049
Net increase (deficiency) in fiduciary net position	-
Net position at beginning of year	-
Net position at end of year	$ -

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Vestavia Hills, Alabama (the City) was incorporated on November 8, 1950.

Reporting Entity

The City operates under a Council-Manager 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 (four Councilors and the Mayor who serves as President of the Council) elected at-large for concurrent five-year terms. The City Manager is appointed by the City Council. The terms of the current administration are scheduled to expire October 31, 2029.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to the governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB). The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

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.

The City currently receives real property advalorem taxes from the Jefferson and Shelby County Tax Collectors 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 Board. The City also remits personal advalorem property taxes to the Board. During the year ended September 30, 2025, the total advalorem taxes remitted to the Board amounted to approximately $32,036,247 and $773,622 was due the Board of Education at September 30, 2025. Because of the custodial nature of these transactions that pass through the City from Jefferson and Shelby Counties to the Board, the City accounts for this activity in a fiduciary fund in accordance with GASB Statement No. 84.

The City also appropriates a portion of sales taxes collected within the City to the Board. During the year ended September 30, 2025, the total sales taxes appropriated to the Board were $558,886 and $44,370 was due to the Board as of September 30, 2025.

During the year ended September 30, 2019, the City and the Board entered into a funding agreement whereby the City has agreed to use excess Community Spaces funds to cover 25% of the cost of debt service in relation to the Board’s debt for various capital improvements. Annual support will be $280,000 per year for ten years. At September 30, 2025, the City was seven years into the ten-year agreement.

During the year ended September 30, 2024, the City and the Board entered into a funding agreement whereby the City has agreed to use excess Community Spaces funds to provide supplemental funding to the Board for certain capital improvements to shared facilities. The City Manager is authorized to provide $3.5 million in funds over three years in the following increments: July 1, 2024 $1.1 million, July 1, 2025 $1.2 million, July 1, 2026 $1.2 million.

Government-wide and Fund Financial Statements

The statement of net position 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 component units). Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of net position 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 component units). Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The custodial funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates the City's governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The effect of interfund activity has been eliminated from the government-wide financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of governmental fund financial statements is on major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others that cannot be used to support the government's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Capital Projects Fund* is used to account for the acquisition and construction of the City's major capital assets.

The *Community Spaces Fund* is a capital projects fund used for acquisition and construction of capital assets, funding related debt service and other related purposes. (The City has voluntarily chosen to present the Debt Service Fund as a Major Fund.)

Additionally, the City reports the following non-major fund types:

The *Debt Service Fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

Capital projects funds account for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

The City has two Custodial Fiduciary Funds:

- The City sells vehicle tags on behalf of Jefferson County, Alabama. The personal property advalorem taxes collected by the City related to the vehicle tag sales are remitted to other governments. The City accounts for the temporary custodianship of the personal property advalorem tax funds in a fiduciary fund.

- Through various state and local statutes, the Vestavia Hills Board of Education (BOE) is entitled to a share of the real and personal property advalorem taxes collected by Jefferson and Shelby Counties, Alabama. Because of the tax payment/remittance mechanisms used by the Counties, these property taxes are remitted to the City and subsequently disbursed to the BOE from the City. The City collection and disbursement method related to these advalorem taxes causes the City to hold assets of the BOE and remit collections to the BOE. This activity is reflected in a custodial fiduciary fund activity of the City.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Capital Projects Fund, Community Spaces Fund, Debt Service Fund and Nonmajor Special Revenue Funds (other than the Vehicle Tags Fund, Police Confiscations Fund and Opioid Settlement Fund) except that debt service and capital outlay expenditures are included within each department's budget instead of the separate character classification.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance

Cash and Cash Equivalents

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

Investments

Investments for the City are reported at cost plus accrued interest or fair value as appropriate.

Receivables and Payables

In the government-wide financial 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 sixty days since they would be considered both measurable and available.

Lease receivables – The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Unearned revenues – Unearned revenue represents amounts received before eligibility requirements are met.

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 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)

Interfund Transactions (Continued)

Details of current interfund receivables and payables are as follows:

Payable from	Payable to	Amount
General Fund	Capital Projects Fund	$761,377
General Fund	Community Spaces Fund	$452,427
Nonmajor Funds	General Fund	$233,803
Nonmajor Funds	Capital Projects Fund	$1,105,242

The purpose of the interfund receivable balance to the General Fund from the Nonmajor Funds is for the motor vehicle tag fees due to the General Fund.

The interfund receivable balances to the Capital Projects Fund and Community Spaces Fund represent temporary loans related to the City's pooled cash accounts.

Interfund receivables and payables and transfers between funds within governmental activities are eliminated in the statement of net position and the statement of activities.

Transfers for the fiscal year ended September 30, 2025 consisted of the following:

	Transfer From			
Transfer to	General Fund	Capital Projects Fund	Community Spaces Fund	Total
Nonmajor Funds	$ 4,557,265	$ 173,769	$ 3,211,178	$ 7,942,212
Capital Projects Fund	3,701,527	-	-	3,701,527
Community Spaces Fund	7,451,809	-	-	7,451,809
Total	$ 15,710,601	$ 173,769	$ 3,211,178	$ 19,095,548

The purpose of the transfer from the General Fund to the Nonmajor Funds is for the operations of the Municipal Court and to pay debt service obligations.

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

The purpose of the transfer from the General Fund to the Community Spaces Fund is for funding capital projects.

The purpose of the transfer from the Capital Projects Fund to the Nonmajor Funds was to transfer amounts related to Police Confiscations.

The purpose of the transfer from the Community Spaces Fund to the Nonmajor Funds is to pay debt service obligations and fund operations of the Seven Cent Fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)

Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position and fund financial statements because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Customer and Developer Deposit Accounts – Deposited in non-interest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.

Warrant and Direct – Vehicle and Equipment Financing Arrangements Debt Service Accounts – Includes certain proceeds from issuance of warrants, as well as certain resources set aside for the repayment of warrants or direct – vehicle and equipment financing arrangements.

Law Enforcement Fines and Confiscated Property Account – Funds generated from fines and confiscated property applied towards further education and enhancement of the police department pursuant to state statutes.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.
Capital 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 acquisition value at the date of donation. Historical cost was used to value the majority of the assets.

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 Position. 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)

Deferred Outflows/Inflows of Resources (Continued)

The City has three (3) items that qualify for reporting as deferred outflows of resources, the deferred amount on debt refunding, deferred outflows related to pension, and deferred outflows related to OPEB which are reported in the government-wide statement of net position. The deferred amount on debt refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceeds their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pension and OPEB are an aggregate of items related to pension and OPEB as calculated in accordance with GASB Codification (GASBC) Section P20: Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria and P50: Postemployment Benefits Other Than Pensions – Reporting for Benefits Provided through Trusts That Meet Specified Criteria. The deferred outflows related to pension and OPEB will be recognized as either pension/OPEB expense or a reduction in the associated liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four (4) items that qualify for reporting as deferred inflows of resources. The deferred inflows related to pension and OPEB are an aggregate of items related to pension and OPEB as calculated in accordance with GASBC Section P20: Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria and P50: Postemployment Benefits Other Than Pensions – Reporting for Benefits Provided through Trusts That Meet Specified Criteria. The deferred inflows related to pension and OPEB will be recognized as a reduction to pension/OPEB expense in future reporting years. The deferred inflows related to leases are associated with amounts owed to the City, as lessor, by entities leasing the City's capital assets.

Unavailable Revenue*,* which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the State of Alabama for capital improvements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

The City records liabilities for compensated absences in accordance with GASB Statement No. 101, Compensated Absences. A liability is recognized when leave is (1) attributable to services already rendered, (2) accumulates, and (3) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. Unused sick leave is converted into retirement service credits in the Employees Retirement System of Alabama (ERS) upon retirement.

The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Losses resulting from the refunding of bonds are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. Debt issuance costs (except for prepaid insurance costs) are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures except as noted above.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)

Leases

Lease contracts that provide the City with control of a non-financial asset, such as land, building or equipment, for a period of time in excess of twelve months are reported as a right-to-use lease asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. Right-to-use lease assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Subscriptions

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Pensions

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

Other Postemployment Benefits (OPEB)

Other Postemployment Benefits (OPEB) cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note 5), regardless of the amount recognized as OPEB expense on a modified accrual basis of accounting. Annual OPEB cost is calculated in accordance with GASB Statement No. 75.

Categories and Classification of Net Position and Fund Balance

Government-wide Financial Statements
Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – 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 liabilities that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – 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.

Unrestricted – All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

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.

Fund Financial Statements
In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)

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 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 the Finance Director 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 all governmental funds.

The City has restricted fund balance in the Capital Projects Fund of $2,063,503 which represents unspent loan proceeds of direct vehicle and equipment financing arrangements. In the Nonmajor funds, the City has $156,742 of restricted fund balance which represents gas tax proceeds that are restricted for road maintenance, $2,347,156 of restricted fund balance which represents amounts in a bond sinking fund held in trust for the purposes of debt service and $70,279 restricted for Opioid remediation.

The City Council has adopted an Emergency Reserve Fund Balance Policy. 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 transfers out. The City Council has currently committed $21,852,276 of General 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.

The Liberty Park Home Owner's Association donated funds to the City, which were originally set aside for repairs and maintenance of the roads in Liberty Park. The acceptance of those roads, by the City, stated that these funds would be committed for those purposes. The City Council has currently committed $2,271,912 of General Fund balance for this purpose.

The City has assigned $1,283,947 of the Nonmajor Funds balance for use as follows: $387,398 for E-911, $598,377 for the Library, $1,000 for Vehicle Tags, $22,565 for Courts $213,991 for Police Confiscations and $60,616 for Capital Projects – Sidewalks.

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.

Revenues and Expenditures

Program Revenues – Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures (Continued)

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

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

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

Property Taxes

All advalorem real property taxes levied by municipalities in Jefferson County, Alabama and Shelby County, Alabama are assessed by the Jefferson and Shelby County Tax Assessors and collected by the Jefferson and Shelby County Tax Collectors. The Jefferson and Shelby County Tax Assessors attach 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 and Shelby County Tax Collectors and are due throughout the year. After collecting property taxes, the Jefferson and Shelby County Tax Collectors remit the City's portion by check on a monthly basis. Taxes collected by the Jefferson and Shelby County Tax Collectors prior to fiscal year-end, but remitted to the City after September 30 are accrued in the General Fund.

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.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2026 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Economic Dependency

The City receives a significant portion of their revenue from property taxes and sales and use taxes. Property tax revenue was $24,012,395 or 28.50% of total revenue in fiscal year 2025. Sales and use tax revenue was $31,635,958 or 37.55% of total revenue in fiscal year 2025.

Recently Issued and Implemented Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*, the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. See Note #2 for additional information.

GASB Statement No. 102, *Certain Risk Disclosures*, the objective of this Statement is to better meet the information needs of financial statement users by providing disclosures related to certain concentrations or constraints in order to allow users of financial statements to understand the nature of the circumstances the government's vulnerability to risk of a substantial impact. This statement had no impact on these financial statements.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

GASB Statement No. 103, *Financial Reporting Model Improvements*, the objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets,* the objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 105, *Subsequent Events,* the objective of this Statement is to improve financial reporting requirements for subsequent events, by enhancing consistency and better meeting the needs of users of the financial statements.

The City is evaluating the requirements of the above statements and the impact on reporting.

Note 2: CHANGE WITHIN THE FINANCIAL REPORTING ENTITY AND CHANGE IN ACCOUNTING PRINCIPLE

The City previously elected to present the Debt Service Fund as a major fund in a separate column in its fiscal year 2024 governmental fund financial statements. However, in fiscal year 2025, the City has elected not to do so; since the fund does not meet the quantitative threshold for major fund presentation, the City has reclassified the fund as nonmajor and presented it in the aggregate nonmajor fund column.

In fiscal year 2025, the City implemented GASB Statement No. 101, *Compensated Absences.* The implementation of this Statement required the restatement of the September 30, 2024 net position for the cumulative effect of the change. As a result, long-term liabilities were increased and net position of Governmental Activities was decreased by $136,044 as of the beginning of the year.

	Fund Financial Statements	
	Governmental	
	Debt Service	Nonmajor
9/30/2024 fund balance as previously reported	$ 2,253,635	$ 1,650,329
Change from major to non major presentation	(2,253,635)	2,253,635
Implementation of Statement 101	-	-
9/30/2024 fund balance as restated	$ -	$ 3,903,964

	Government-Wide Financial Statements
	Governmental Activities
9/30/2024 net position as previously reported	$ 147,252,600
Change from major to non major presentation	-
Implementation of Statement 101	(136,044)
9/30/2024 net position as restated	$ 147,116,556

Note 3: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2025, all of the City's bank deposits were either covered by federal depository insurance or secured by collateral through the Security for Alabama Funds Enhancement Program (SAFE Program). Under the SAFE program all public deposits are protected through a collateral pool administered by the Alabama State Treasurer's office.

Public deposits include the funds of any covered public entity or covered public official placed on deposit in a qualified depository, including time and demand deposit accounts and certificates of deposit but excluding bonds, notes, money market mutual funds, repurchase agreements and similar investment instruments. Covered public entities include the state and its political subdivisions, including school boards. In the past, the bank pledged collateral directly to each public entity. Under SAFE, which is mandatory, each qualified public depository (QPD) is required to hold collateral for all of its public deposits on a pooled basis in a custody account (SAFE Custody Account) established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer, who would use the SAFE pool collateral or other means to reimburse the loss. The SAFE program is classified as a category 1 credit risk.

The City maintains several checking accounts that are separately held by several of the City's funds. At year-end, the carrying amount and bank balance of the City's deposit accounts were as follows:

	Net Carrying Amount	Bank Balance
All funds: Cash (excluding fiduciary funds)	$ 5,168,833	$ 6,956,791
Fiduciary fund - Board of Education tax fund	773,622	773,622
Fiduciary fund - vehicle tag tax fund	189,274	189,274
Total	$ 6,131,729	$ 7,919,687

Custodial Credit Risk – For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. Management believes that there is no significant custodial credit risk because as of September 30, 2025, 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.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy states that deposit type securities shall be collateralized through the SAFE Program for any amount exceeding FDIC coverage. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent. The collateral for any repurchase agreements will, at all times, be no less than 102% of the value of the repurchase agreement. The City's investments in U.S. Treasury Securities and the guaranteed investment contract are held by the City's custodial counterparties in the name of the City.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy restricts all investments of funds to be used for current operations to those with maturities of one year or less and Capital Projects, Emergency Reserve and Special Revenue Fund(s) investments to those with maturities of two years or less. Cash and investment maturities as of September 30, 2025, were as follows:

Maturity	Portion of Respective Portfolio
Less than one year	67%
1-2 years	33%
Total	100%

Credit Risk – The City's investment will conform to the Code of Alabama Section 11-81-21 (other than externally managed investments held in trust required under sinking fund debt agreements). The City's investments are also be made with judgment and appropriate care under circumstances prevailing and with the prudence, discretion, and intelligence appropriate for the management of public funds. Investments shall not be made for speculation, but will consider the probable safety of their principal as well as the probable income to be derived. The City diversifies its investments by security type and institution. However, the City will limit at least 90% of its investment portfolio (including cash and equivalents) to U.S. Treasury securities, authorized pools, FDIC insured funds and SAFE Program qualified public depository investments. The remaining 10% could be invested in other allowed investments in accordance with the Code of Alabama Section 11-81-21, but with no more than 50% of that amount to be in a single security type or with a single financial institution.

Concentration Risk- GASB Section I50: *Investments* requires disclosures of investments in any one issuer that represents five percent or more of total investments. The City's restricted investments held in bond sinking fund described below represent approximately six percent of total investments. These investments are fully collateralized by the issuer.

Included in the carrying amount above are restricted assets totaling $3,074,670, which includes deposits related to the following: $87,556 court appearance bonds, $2,063,503 lease escrow, $28,270 police confiscations, and $895,341 contractor's surety. 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.

The City's restricted investment held in a bond sinking fund trust of $2,347,156 was collateralized by a financial institution in an amount exceeding 104% of the value. The City deposits cash funds annually into a bond sinking fund trust which is separately managed by a financial institution. This trust and the related investment management is a required part of the City's Series 2013 general obligation Qualified Energy Conservation Bond indenture. This investment is exempted from the City's normal investment portfolio policy since it is required under a separate debt agreement.

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

The asset fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of September 30, 2025

		Maturities (in years)			
	Fair Value	Less than 1	1 - 5	More than 5	Level
Investments by fair value level					
U.S. Treasury Securities	$ 30,375,289	$ 15,169,585	$ 15,205,704	$ -	L1
Guaranteed Investment Contract					
(restricted - held in bond sinking fund trust)	2,347,156	2,347,156	-	-	L3
Total investments measured by fair value level	$ 32,722,445	$ 17,516,741	$ 15,205,704	$ -	
Investments measured at the net asset value (NAV)					
Money market treasury funds	300,033				
Total investments	$ 33,022,478				

Accounts Receivable

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

	General Fund	Capital Projects Fund	Nonmajor Funds	Total
Sales taxes	$ 2,425,695	$ -	$ -	$ 2,425,695
Property taxes	474,295	-	-	474,295
Road & bridge taxes	-	-	1,037,905	1,037,905
Business license	203,640	-	-	203,640
Other taxes	184,743	-	-	184,743
Franchise fees	66,130	-	-	66,130
Transport receivable, net	821,787	-	-	821,787
Intergovernmental	-	-	309,410	309,410
Grant receivables	-	831,163	-	831,163
Other receivables	148,284	371,000	235	519,519
Total	$ 4,324,574	$ 1,202,163	$ 1,347,550	$ 6,874,287

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Leases Receivable

On October 1, 2021, City of Vestavia Hills, Alabama entered into a 283-month lease as Lessor for the use of Tillman Tower Lease. An initial lease receivable was recorded in the amount of $682,060. As of September 30, 2025, the value of the lease receivable is $591,810. The lessee is required to make monthly fixed payments of $1,400. Additionally, there are monthly other reasonably certain payments of $500. The lease has an interest rate of 0.00%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2025 was $566,376, and City of Vestavia Hills, Alabama recognized lease revenue of $28,921 during the fiscal year. The lessee has 4 extension option(s), each for 60 months. The lessee had a termination period of 2 months as of the lease commencement.

On October 1, 2021, City of Vestavia Hills, Alabama entered into a 40-month lease as Lessor for the use of AT&T Tower Lease. An initial lease receivable was recorded in the amount of $5,856. As of September 30, 2025, the value of the lease receivable is $0. The lessee is required to make monthly fixed payments of $146. The lease has an interest rate of 0.00%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2025 was $0, and City of Vestavia Hills, Alabama recognized lease revenue of $586 during the fiscal year.

On October 1, 2021, City of Vestavia Hills, Alabama entered into a 230-month lease as Lessor for the use of CC Holding 825375. An initial lease receivable was recorded in the amount of $343,226. As of September 30, 2025, the value of the lease receivable is $281,931. The lessee is required to make monthly fixed payments of $1,219. The lease has an interest rate of 0.00%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2025 was $271,596, and City of Vestavia Hills, Alabama recognized lease revenue of $17,907 during the fiscal year. The lessee has 1 extension option(s), each for 180 months.

On October 1, 2021, City of Vestavia Hills, Alabama entered into a 480-month lease as Lessor for the use of CC Holding 874936. An initial lease receivable was recorded in the amount of $2,018,722. As of September 30, 2025, the value of the lease receivable is $1,928,490. The lessee is required to make annual fixed payments of $19,271. Additionally, there are monthly other reasonably certain payments of $200. The lease has an interest rate of 0.00%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2025 was $1,817,158, and City of Vestavia Hills, Alabama recognized lease revenue of $50,391 during the fiscal year.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Following is a summary of the changes in the City's capital assets for the year ended September 30, 2025:

	Balance at 9/30/2024	Additions	Disposals/ Retirements/ Completed	Reclassifications	Balance at 9/30/2025
Capital Assets Not Being Depreciated					
Land	$ 94,570,987	$ -	$ -	$ -	$ 94,570,987
Construction in progress	20,378,708	5,514,248	(229,275)	(17,136,344)	8,527,337
Total capital assets not being depreciated	114,949,695	5,514,248	(229,275)	(17,136,344)	103,098,324
Capital Assets Being Depreciated/Amortized					
Land improvements	31,213,180	-	-	6,471,540	37,684,720
Buildings	32,912,158	128,896	-	-	33,041,054
Right-to-use asset: Buildings	1,596,956	-	-	-	1,596,956
Building equipment and fixtures	1,011,768	181,346	-	84,082	1,277,196
Vehicles	17,220,585	4,599,220	(2,010,158)	-	19,809,647
Equipment	8,858,280	654,063	(28,620)	-	9,483,723
Computer equipment	2,693,795	132,360	-	-	2,826,155
Recreational equipment	3,598,785	201,617	-	-	3,800,402
Office furniture and fixtures	2,478,538	43,579	-	-	2,522,117
Office equipment	133,715	-	-	-	133,715
Recreational facilities	40,027,542	-	-	-	40,027,542
Books and artwork	2,360,970	-	-	-	2,360,970
Subscriptions	833,724	103,112	(118,536)	-	818,300
Infrastructure	62,677,797	351,136	-	10,580,722	73,609,655
Total capital assets being depreciated/amortized	207,617,793	6,395,329	(2,157,314)	17,136,344	228,992,152
Less Accumulated Depreciation and Amortization					
Land improvements	10,937,864	1,907,996	-	-	12,845,860
Buildings	10,912,011	1,011,752	-	-	11,923,763
Right-to-use asset: Buildings	252,852	159,695	-	-	412,547
Building equipment and fixtures	392,161	94,979	-	-	487,140
Vehicles	9,663,637	2,661,459	(1,784,863)	-	10,540,233
Equipment	7,386,034	366,610	(28,620)	-	7,724,024
Computer equipment	2,310,046	151,122	-	-	2,461,168
Recreational equipment	2,379,963	134,200	-	-	2,514,163
Office furniture and fixtures	2,445,250	14,545	-	-	2,459,795
Office equipment	133,710	5	-	-	133,715
Recreational facilities	18,098,268	1,043,657	-	-	19,141,925
Books and artwork	2,324,907	36,063	-	-	2,360,970
Subscriptions	311,129	226,077	(118,536)	-	418,670
Infrastructure	16,908,855	2,398,812	-	-	19,307,667
Total accumulated depreciation and amortization	84,456,687	10,206,972	(1,932,019)	-	92,731,640
Total capital assets being depreciated/amortized, net	123,161,106	(3,811,643)	(225,295)	17,136,344	136,260,512
Governmental activities capital assets, net	$ 238,110,801	$ 1,702,605	$ (454,570)	$ -	$ 239,358,836

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

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

Governmental activities		
General government administration	$	899,937
Public safety		2,752,077
Public services		4,520,128
Parks and recreation		1,530,130
Library		504,700
Total depreciation and amortization expense	$	10,206,972

Warrant Obligations

Outstanding principal of warrant obligations of the City at September 30, 2025 consist of the following:

	Purpose of Issuance		Principal Outstanding
General Obligation Warrants, Qualified Energy Conservation Bonds (QECB) Series 2013 were issued in the principal amount of $4,245,000 in May 2013. The warrants bear interest at an average of 2.20%, payable semiannually on February 1 and August 1. The warrants mature serially with a final maturity in 2033 and are callable at any time without penalty. (Net of $2,127,192 held in sinking fund for repayment).	Capital Improvements	$	1,897,844
General Obligation Warrants, Series 2014 (CWSRF-DL) were issued in the principal amount of $960,000 in September 2014. The warrants bear interest at an average of 2.00%, payable semiannually on February 1 and August 1. The warrants mature serially with a final maturity in 2034 and are callable at any time without penalty.	Capital Improvements		485,000
General Obligation Warrants, Series 2016 were issued in the principal amount of $11,810,000 in June 2016. The warrants bear interest at an average of 3.00%, 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.	Refunding and Capital Improvements		5,010,000
General Obligation Warrants, Series 2018 was issued in the principal amount of $55,770,000 in August 2018. The warrants bear interest at an average of 3.75%, payable semiannually on February 1 and August 1. The warrants mature serially with a final maturity in 2048 and are callable at any time without penalty.	Refunding and Capital Improvements		48,015,000
General Obligation Warrants, Series 2020A was issued in the principal amount of $4,175,000 in June 2020. The warrants bear interest at an average of 3.625%, 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.	Refunding and Capital Improvements		1,820,000
General Obligation Warrants, Series 2020B was issued in the principal amount of $19,885,000 in June 2020. The warrants bear interest at an average of 1.4%, payable semiannually on February 1 and August 1. The warrants mature serially with a final maturity in 2033 and are callable at any time without penalty.	Refunding and Capital Improvements		18,215,000
General Obligation Warrants, Series 2021 was issued in the principal amount of $5,265,000 in November 2021. The warrants bear interest at an average of 3.5%, 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.	Refunding and Capital Improvements		2,775,000
Total outstanding			78,217,844
Amount held in sinking fund for QECB payment			2,347,156
Total warrants outstanding - principal		$	80,565,000

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Warrant Obligations (Continued)

The following schedule shows the debt service requirements at September 30, 2025:

For the years ending September 30,	Debt Service Related to Principal	Debt Service Related to Interest	Total Debt Service
2026	$ 4,840,000	$ 2,591,202	$ 7,431,202
2027	5,020,000	2,409,571	7,429,571
2028	5,190,000	2,237,356	7,427,356
2029	4,880,000	2,084,930	6,964,930
2030	5,005,000	1,951,736	6,956,736
2031-2035	23,705,000	7,743,447	31,448,447
2036-2040	10,540,000	5,291,200	15,831,200
2041-2045	12,600,000	3,231,050	15,831,050
2046-2048	8,785,000	712,000	9,497,000
Total	$ 80,565,000	$ 28,252,492	$ 108,817,492

The total interest paid by the City during 2025 relative to the above warrants was $2,772,997.

The City makes annual contributions into an invested sinking fund in the amount of $171,051 each fiscal year to pay the principal payment on the QECB warrants. This amount is included in the table above as debt service requirements. These amounts are held in the sinking fund and applied to the payment of the principal of the warrants at maturity on February 1, 2033. The balance in the sinking fund is $2,347,156 as of September 30, 2025.

As a result of the refunding debts in prior years, the City recorded deferred charges in the government-wide statement of net position. These charges represent the difference between the reacquisition price and the net carrying amounts of the refunded warrants. These costs are being amortized over the average remaining life of the refunded warrants. The unamortized portion of these costs as of September 30, 2025 was $929,230.

Direct Equipment Financing Arrangements

The current portion of the outstanding liability related to these financing arrangements at September 30, 2025 reported in the government-wide financial statements totaled $3,025,562. The remaining long-term portion of these financing arrangements reported in the government-wide financial statements totaled $5,959,035 at September 30, 2025.

The following schedule shows the future minimum financing arrangement payments at September 30, 2025:

For the years ending September 30,	Principal	Interest	Total Payment
2026	$ 3,025,562	$ 318,976	$ 3,344,538
2027	2,413,399	245,172	2,658,571
2028	1,777,155	176,910	1,954,065
2029	911,694	92,166	1,003,860
2030	477,976	43,699	521,675
2031	378,811	13,171	391,982
Total	$ 8,984,597	$ 890,094	$ 9,874,691

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Leases Payable

On February 23, 2023, City of Vestavia Hills, Alabama entered into a 120-month lease as Lessee for the use of Public Works Building. An initial lease liability was recorded in the amount of $1,596,956. As of September 30, 2025, the value of the lease liability is $1,237,566. City of Vestavia Hills, Alabama is required to make monthly fixed payments of $11,651. Additionally, there are monthly other reasonably certain payments of $2,934. The lease has an interest rate of 2.6730%. The Buildings estimated useful life was 120 months as of the contract commencement. The value of the right to use asset as of September 30, 2025 of $1,596,956 with accumulated amortization of $412,547 is included with Buildings on the Lease Class activities table found below. City of Vestavia Hills, Alabama has 1 extension option(s), each for 60 months.

The following is a schedule of minimum future lease payments from lease agreements as of September 30:

For the years ending September 30,	Principal	Interest	Total Payment
2026	$ 143,689	$ 31,328	$ 175,017
2027	147,577	27,440	175,017
2028	159,780	23,392	183,172
2029	170,046	18,950	188,996
2030	174,648	14,349	188,997
2031-2033	441,826	14,916	456,742
Total	$ 1,237,566	$ 130,375	$ 1,367,941

Subscription-Based Information Technology Arrangements

The City has various software arrangements that require recognition under GASBC Section S:80, *Subscription-Based Information Technology Arrangements* (SBITAs). The standard establishes a single model for accounting for SBITAs based on the principle that SBITAs are financings of the right to use an asset. The subscriber recognizes an intangible right to use asset and subscription liability. See below for additional information.

As of September 30, 2025, the City has entered into 10 SBITAs. The SBITAs have interest rates ranging from 3.0740% to 3.1213%

Below is a summary of the right-to-use assets included in the accompanying statement of net position:

Asset Class	Subscription Asset Value	Accumulated
Software	$ 818,300	$ 418,670
Total subscriptions	$ 818,300	$ 418,670

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

The following is a schedule of minimum future payments from SBITA's as of September 30, 2025:

For the years ending September 30,	Principal	Interest	Total Payment
2026	$ 177,787	$ 11,398	$ 189,185
2027	163,482	6,408	169,890
2028	14,928	1,342	16,270
2029	5,427	1,015	6,442
2030	5,715	848	6,563
2031-2035	22,061	1,589	23,650
Total	$ 389,400	$ 22,600	$ 412,000

Changes in Long-Term Liabilities

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

	Balance 9/30/2024 (Restated)	Additions	Reductions	Balance 9/30/2025	Due Within One Year
Warrants Payable					
General Obligation Warrants, QECB Series 2013	$ 4,245,000	$ -	$ -	$ 4,245,000	$ -
General Obligation Warrants, Series 2014 (CWSRF-DL)	535,000	-	50,000	485,000	50,000
General Obligation Warrants, Series 2016	6,560,000	-	1,550,000	5,010,000	1,620,000
General Obligation Warrants, Series 2018	49,270,000	-	1,255,000	48,015,000	1,320,000
General Obligation Warrants, Series 2020A	2,395,000	-	575,000	1,820,000	600,000
General Obligation Warrants, Series 2020B	18,580,000	-	365,000	18,215,000	365,000
General Obligation Warrants, Series 2021	3,630,000	-	855,000	2,775,000	885,000
Unamortized bond premium	2,537,124	-	328,590	2,208,534	328,590
Unamortized bond issuance discount	(48,039)	-	(8,018)	(40,021)	(8,018)
Total warrants outstanding	87,704,085	-	4,970,572	82,733,513	5,160,572
Other Liabilities					
Direct - vehicle and equipment financing arrangements	11,639,403	764,031	3,418,837	8,984,597	3,025,562
Lease liability	1,377,469	-	139,903	1,237,566	143,689
Subscription liability	482,538	103,112	196,250	389,400	177,787
Net pension liability	46,776,826	-	4,765,089	42,011,737	-
OPEB liability	2,120,671	-	98,264	2,022,407	135,000
Compensated absences, net	3,932,243	203,197	-	4,135,440	620,316
Total long-term liabilities	$ 154,033,235	$ 1,070,340	$ 13,588,915	$ 141,514,660	$ 9,262,926

Lease, subscription, pension, OPEB and compensated absences liabilities will be liquidated in future periods primarily by the General Fund.

Note 3: PENSION PLAN

Plan Description

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

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter* 27 (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. Effective October 1, 2021 Act 390 of the Legislature of 2021 will create two additional representatives and change the composure of representatives within the ERS Board of Control. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

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

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

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of ERS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation.

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

Note 3: PENSION PLAN (Continued)

Benefits Provided

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

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to Code of Alabama 1975, Section 36-27-6 to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 628 employers adopted Act 2019-132 as of September 30, 2024.

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

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

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

Retirees and beneficiaries currently receiving benefits	32,477
Terminated employees entitled to but not yet receiving benefits	2,425
Terminated employees not entitled to a benefit	22,097
Active members	60,279
Post-DROP participants who are still in active service	31
Total	117,309

Contributions

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

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

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS contribute 7% of earnable compensation.

Note 3: PENSION PLAN (Continued)

Contributions (Continued)

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2025, the City's active employee contribution rate was 15.89% of covered employee payroll and the City's average contribution rate to fund the normal and accrued liability costs was 15.59% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2025 was 16.76% of pensionable pay for Tier 1 employees and 15.06% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2022, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan were $4,366,536 for the year ended September 30, 2025.

Net Pension Liability

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

	Expected	Actual Before Plan Changes	Actual After Plan Changes
Total Pension Liability			
as of September 30, 2023 (a)	$ 122,477,766	$ 127,151,957	$ 127,151,957
Discount Rate (b)	7.45%	7.45%	7.45%
Entry Age Normal Cost for			
October 1, 2023 – September 30, 2024 (c)	2,539,618	2,539,618	2,539,618
Transfers Among Employers (d)	-	423,310	423,310
Actual Benefit Payment and Refunds for			
October 1, 2023 – September 30, 2024 (e)	(6,781,366)	(6,781,366)	(6,781,366)
Total Pension Liability			
as of September 30, 2024			
[(a) x (1+(b))] + (c) + (d) + [(e)x(1+0.5*(b))]	$ 127,108,006	$ 132,553,734	$ 132,553,734
Difference between Expected and Actual		$ 5,445,728	
Less liability transferred for immediate recognition		423,310	
Difference between Expected and			
Actual Experience (Gain)/Loss		$ 5,022,418	
Difference between Actual TPL Before and After			
Plan Changes - Benefit Change (Gain)/Loss			$ -

Note 3: PENSION PLAN (Continued)

Actuarial Assumptions

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

Inflation	2.50%
Projected salary increases	3.25%-6.00%
Investment rate of return*	7.45%

*Net of pension plan investment expense.

Mortality rates were based on the Pub-210 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

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

The actuarial assumptions used in the September 30, 2022 valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

Asset Class	Target Allocation	Long-term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash	5.00%	1.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%.

Note 3: PENSION PLAN (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Total Pension Liability (a)	Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2023	$ 122,477,766	$ 75,700,940	$ 46,776,826
Changes for the year			
Service cost	2,539,618	-	2,539,618
Interest	8,871,988	-	8,871,988
Difference between expected and actual experience	5,022,418	-	5,022,418
Contributions – employer	-	3,543,594	(3,543,594)
Contributions – employee	-	1,778,599	(1,778,599)
Net investment income	-	15,876,920	(15,876,920)
Benefit payments, including refunds of employee contributions	(6,781,366)	(6,781,366)	-
Administrative expense	-	-	-
Transfers among employers	423,310	423,310	-
Net changes	10,075,968	14,841,057	(4,765,089)
Balances at September 30, 2024	$ 132,553,734	$ 90,541,997	$ 42,011,737

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1.00% Decrease (6.45)	Current Discount Rate (7.45)	1.00% Increase (8.45)
Net Pension Liability	$ 58,042,039	$ 42,011,737	$ 28,594,233

Note 3: PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2025, the City recognized pension expense of $1,331,190. At September 30, 2025, the reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,011,816	$ 54,598
Changes of assumptions	1,699,553	-
Net differences between projected and actual earnings on pension plan investments	-	5,991,765
Employer contributions subsequent to the measurement date	4,366,536	-
Total	$ 15,077,905	$ 6,046,363

The City reported $4,366,536 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

For the years ending September 30,	
2026	$ 1,249,541
2027	2,999,948
2028	(595,175)
2029	(445,162)
2030	1,069,516
Thereafter	386,338
Total	$ 4,665,006

Note 4: ACCUMULATED COMPENSATED ABSENCES

The City records liabilities for compensated absences in accordance with GASB Statement No. 101, Compensated Absences. A liability is recognized when leave is (1) attributable to services already rendered, (2) accumulates, and (3) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

A liability for compensated absences is reported in the governmental funds only for the amount liquidated using current financial resources.

Note 4: ACCUMULATED COMPENSATED ABSENCES (Continued)

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. Therefore, the City excludes the portion of accumulated sick leave that is more likely than not to be converted to service credits from its liability for compensated absences.

The City has recorded a liability for vacation, compensatory and sick time in the government-wide statements. The estimated current portion of accrued vacation at September 30, 2025 reported in the government-wide financial statements is $620,316 The remaining long-term incurred portion of the accrued vacation of the governmental activities at September 30, 2025 totaled $3,515,124.

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City provides certain continuing health care and life insurance benefits for its retired employees. The City of Vestavia Hills' OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB).

Benefits Provided

Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called Tier 1 members). Employees hired on and after January 1, 2013 (called Tier 2 members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service. Effective October 1, 2021, Tier 1 retirement eligibility was extended to Tier 2 employees.

Employees Covered by Benefit Terms

At September 30, 2024 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	287
Total	297

Total OPEB Liability

The City's total OPEB liability of $2,022,407 was measured as of September 30, 2025 and was determined by an actuarial valuation as of that date.

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%	
Salary Increases	Service	Annual Rate
	0	6.00%
	1-5	4.25%
	6-10	4.00%
	11-15	3.75%
	16-19	3.50%
	20+	3.25%

Discount rate	3.81% annually (Beginning of Year to Determine ADC)
	4.9%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Getzen model, with an initial trend of 5.5%
Mortality	PubG.H 2010 (B)

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2025, the end of the applicable measurement period.

The actuarial assumptions used in the September 30, 2024 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2024.

Changes in the Total OPEB Liability

Balance at September 30, 2024	$	2,120,671
Changes for the year		
Service cost		81,494
Interest		81,421
Differences between expected and actual experience		-
Changes of assumptions		(129,674)
Benefit payments and net transfers		(131,505)
Net changes		(98,264)
Balance at September 30, 2025	$	2,022,407

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current discount rate:

	1.00% Decrease (3.90%)	Current Discount Rate (4.90%)	1.00% Increase (5.90%)
Total OPEB liability	$ 2,147,556	$ 2,022,407	$ 1,903,200

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.00% Decrease (4.5%)	Current Trend (5.5%)	1.00% Increase (6.5%)
Total OPEB liability	$ 2,014,999	$ 2,022,407	$ 2,028,771

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of $332,124. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 302,300	$ -
Changes of assumptions	469,005	279,313
Total	$ 771,305	$ 279,313

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

For the years ending September 30,	Cumulative Net Amount to be Recognized
2026	$ 169,213
2027	51,485
2028	58,565
2029	52,899
2030	52,899
Thereafter	106,931
Total	$ 491,992

Note 6: 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.

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 7: CONTINGENCIES AND COMMITMENTS

Litigation

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 effect on the City's financial statements.

Project Commitments

As of September 30, 2025, the City had executed contracts for various project commitments in the amount of $14,918,123. At September 30, 2025, $5,429,992 had been expended on these construction contracts.

Note 8: TAX ABATEMENTS

The City has entered into various tax abatements with property owners, businesses and real estate developers for the purpose of a) recruiting new business development and b) promoting the development of commercial parcels within the City. The agreements have limited terms and are entered into by the City as they are expected to benefit the City to increase revenue. These incentive agreements require approval by the City Council and are authorized by Amendment 772 to the Constitution of Alabama (1901) (Article 94.01 of the Recompiled Constitution of Alabama).

The incentive agreements generally expire upon the earlier of a specified term of years or the satisfaction of the agreed upon incentive amount. Following is a summary of such agreements:

Nature of Incentive	Type of Tax	City Taxes Abated	FYE September 30, 2024 Abatement Amount	Expiration of Incentive[1]	Maximum Incentive Amount
Commercial development[3]	Ad Valorem tax[2]	100%	$ 51,213	September 30, 2035	$1,600,000
Commercial development[3]	Ad Valorem tax[2]	100%	19,124	September 30, 2033	$200,000
Restaurant development	Sales tax[4]	50%	72,988	December 31, 2027	$575,000
Retail development	Sales tax[4]	50%	21,399	November 30, 2024	$232,372
Restaurant development	Sales tax[4]	50%	32,642	July 31, 2026	$325,000
Restaurant development	Sales tax[4]	50%	41,626	October 31, 2028	$500,000
Commercial development	Sales tax[4]	50%	1,473	March 31, 2027	$575,000
Commercial development	Sales tax[4]	50%	48,569	December 31, 2026	$475,000
Restaurant development	Sales tax[4]	50%	82,563	August 31, 2029	$750,000
Restaurant development	Sales tax[4]	50%	34,528	September 30, 2029	$250,000
Commercial development	Sales tax[4]	50%	385,971	August 1, 2028	$4,247,808
Commercial development	Sales tax[4]	50%	326,953	March 31, 2035	$1,200,000
Commercial development	Permit fees	50%	75,479	September 30, 2042	$12,000,000
		Total	$ 1,194,528		

1 Earlier of date below, maximum incentive amount or cessation of operations, if applicable.

2 Non-educational portion only.

3 Of the $5,150,000 Maximum Incentive amount, $3,550,000 was paid directly by the City for building modifications and infrastructure improvements and $1,600,000 will be abated in advalorem taxes.

4 Non-educational portion only and none dedicated to capital reserves.

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net Pension Liability and Related Ratios

For the years ended September 30,	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	**$ 2,539,618**	$ 2,307,838	$ 2,154,797	$ 1,818,139	$ 1,603,626	$ 1,555,575	$ 1,508,540	$ 1,486,956	$ 1,379,763	$ 1,319,081
Interest	**8,871,988**	8,241,922	7,671,075	7,165,205	6,582,779	6,324,319	6,061,114	5,772,185	5,371,641	4,970,899
Changes in benefit terms	**-**	-	60,666	-	1,094,328	-	-	-	-	-
Differences between expected and actual experience	**5,022,418**	3,858,898	2,680,035	454,784	1,948,016	(418,564)	321,100	529,080	141,280	2,132,828
Changes of assumptions	**-**	-	-	4,314,245	-	-	449,717	-	3,809,927	-
Benefit payments, including refunds of employee contributions	**(6,781,366)**	(6,402,634)	(5,908,295)	(4,979,466)	(4,569,754)	(4,157,825)	(4,016,820)	(3,846,705)	(3,436,179)	(3,390,895)
Transfers among employees	**423,310**	640,598	1,251,270	1,604,351	1,109,829	259,081	(327,053)	(128,346)	273,131	-
Net change in total pension liability	**10,075,968**	8,646,622	7,909,548	10,377,258	7,768,824	3,562,586	3,996,598	3,813,170	7,539,563	5,031,913
Total pension liability - beginning	**122,477,766**	113,831,144	105,921,596	95,544,338	87,775,514	84,212,928	80,216,330	76,403,160	68,863,597	63,831,684
Total pension liability - ending (a)	**$ 132,553,734**	$ 122,477,766	$ 113,831,144	$ 105,921,596	$ 95,544,338	$ 87,775,514	$ 84,212,928	$ 80,216,330	$ 76,403,160	$ 68,863,597
Plan Fiduciary Net Position										
Contributions - employer	**$ 3,543,594**	$ 3,146,311	$ 2,980,007	$ 2,631,424	$ 2,485,425	$ 2,384,919	$ 2,010,155	$ 2,076,923	$ 1,852,693	$ 1,777,403
Contributions - employee	**1,778,599**	1,672,972	1,696,679	1,433,097	1,109,027	1,251,467	1,006,259	984,086	974,431	916,651
Net investment income	**15,876,920**	8,752,703	(9,972,120)	14,126,644	3,416,367	1,498,367	5,010,199	6,272,112	4,585,395	532,576
Benefit payments, including refunds of employee contributions	**(6,781,366)**	(6,402,634)	(5,908,295)	(4,979,466)	(4,569,754)	(4,157,825)	(4,016,820)	(3,846,705)	(3,436,179)	(3,390,895)
Transfers among employers	**423,310**	640,598	1,008,620	1,604,351	1,109,829	259,081	(327,053)	(128,346)	273,131	235,587
Net change in plan fiduciary net position	**14,841,057**	7,809,950	(10,195,109)	14,816,050	3,550,894	1,236,009	3,682,740	5,358,070	4,249,471	71,322
Plan net position - beginning	**75,700,940**	67,890,990	78,086,099	63,270,049	59,719,155	58,483,146	54,800,406	49,442,336	45,192,865	45,121,543
Plan net position - ending (b)	**$ 90,541,997**	$ 75,700,940	$ 67,890,990	$ 78,086,099	$ 63,270,049	$ 59,719,155	$ 58,483,146	$ 54,800,406	$ 49,442,336	$ 45,192,865
Net pension liability - ending (a) - (b)	**$ 42,011,737**	$ 46,776,826	$ 45,940,154	$ 27,835,497	$ 32,274,289	$ 28,056,359	$ 25,729,782	$ 25,415,924	$ 26,960,824	$ 23,670,732
Plan fiduciary net position as a percentage of total pension liability	**68.31%**	61.81%	59.64%	73.72%	66.22%	68.04%	69.45%	68.32%	64.71%	65.63%
Covered payroll*	**$ 25,477,108**	$ 22,428,917	$ 20,527,732	$ 19,299,809	$ 18,449,981	$ 17,823,998	$ 16,890,643	$ 16,582,596	$ 15,839,133	$ 15,248,055
Net pension liability as a percentage of covered payroll	**164.90%**	208.56%	223.80%	144.23%	174.93%	157.41%	152.33%	153.27%	170.22%	155.24%

*City's covered payroll during the measurement period is the total covered payroll. For FY 2025, the measurement period is October 1, 2023 - September 30, 2024.

GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with FY2017.

City of Vestavia Hills, Alabama
Schedule of Employer Pension Contributions

For the years ended September 30,	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution*	**$ 4,366,536**	$ 3,637,851	$ 3,229,299	$ 2,927,638	$ 2,702,938	$ 2,542,889	$ 2,450,447	$ 2,072,633	$ 2,132,174	$ 1,911,298
Employer Contributions to Pension Plan	**4,366,536**	3,637,851	3,229,299	2,927,638	2,702,938	2,542,889	2,450,447	2,072,633	2,132,174	1,911,298
Annual Contribution Deficiency (Excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll**	**$ 27,481,335**	$ 25,477,108	$ 22,428,917	$ 20,527,732	$ 19,299,809	$ 18,449,981	$ 17,823,998	$ 16,890,643	$ 16,582,596	$ 15,839,133
Employer Contributions to Pension Plan as a % of Covered Payroll	**15.89%**	14.28%	14.40%	14.26%	14.00%	13.78%	13.75%	12.27%	12.86%	12.07%

*The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments.

The Schedule of Employer Contributions is based on the 12-month period of the underlying financial statement.

**City's covered payroll for FY 2024 is the total covered payroll for the 12-month period underlying the financial statement.

City of Vestavia Hills, Alabama
Schedule of Changes in Total OPEB Liability and Related Ratios

For the years ended September 30,	**2025**	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	**$ 81,494**	$ 25,972	$ 29,781	$ 37,924	$ 45,525	$ 36,221	$ 19,873	$ 21,139
Interest	**81,421**	67,633	65,527	37,325	37,333	25,686	31,209	28,260
Differences between expected and actual experience	**-**	86,313	44,304	356,876	22,165	149,569	87,670	41,998
Changes of assumptions	**(129,674)**	376,057	(10,318)	(399,349)	50,028	590,285	157,223	(48,684)
Benefit payments	**(131,505)**	(124,649)	(139,935)	(137,645)	(78,931)	(77,319)	(76,604)	(72,610)
Net change in total OPEB liability	**(98,264)**	431,326	(10,641)	(104,869)	76,120	724,442	219,371	(29,897)
Total OPEB liability - beginning	**2,120,671**	1,689,345	1,699,986	1,804,855	1,728,735	1,004,293	784,922	814,819
Total OPEB liability - ending	**$ 2,022,407**	$ 2,120,671	$ 1,689,345	$ 1,699,986	$ 1,804,855	$ 1,728,735	$ 1,004,293	$ 784,922
Covered-employee payroll*	**$ 23,455,317**	$ 22,717,014	$ 18,502,818	$ 17,791,171	$ 17,332,334	$ 16,665,706	$ 15,820,146	$ 15,211,679
Total OPEB liability as a percentage of covered-employee payroll	**8.62%**	9.34%	9.13%	9.56%	10.41%	10.37%	6.35%	5.16%

Notes to Schedule:

*The City's covered payroll during the measurement period is the total covered payroll. For FY2025, the measurement period is October 1, 2024 - September 30, 2025.

Benefit changes - There were no changes of benefit terms for the year ended September 30, 2025.

Changes of assumptions - The discount rate as of 9/30/2024 was 3.81% and it changed to 4.9% as of 9/30/2025.

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Note 1: SCHEDULE OF CHANGES IN NET PENSION LIABILITY

The total pension liabilities presented in these schedules were provided by the Retirement Systems of Alabama's actuarial consultants, Cavanaugh MacDonald Consulting, LLC. The net pension liability is measured as the total pension liability less the components of the plan net position reserved to fund the total pension liability. Those components are annuity savings and pension accumulation. The related ratios show plan net position as a percentage of the total pension liability and the net pension liability as a percentage of covered employee payroll.

Note 2: SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

Contributions were made in accordance with actuarially determined contribution requirements. The employer contribution rate expressed as a percent of payroll is determined annually by reviewing a variety of factors including benefits promised, member contributions, investment earnings, mortality, and withdrawal experience. The City's employer contribution rates were 16.76% for Tier 1 employees (hired before January 1, 2013) and 15.06% for Tier 2 employees (hired after January 1, 2013).

Note 3: SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

The total OPEB liability presented in these schedules were provided by the City's actuarial consultants, Fontenot Benefits and Actuarial Consulting. The related ratios show the total OPEB liability as a percentage of employee covered payroll. The are no assets held in a trust for payment of benefits.

UNITY PROSPERITY FAMILY

VESTAVIA HILLS

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet—Nonmajor Governmental Funds

	Special Revenue Funds											Debt Service Fund	Capital Projects Fund	
September 30, 2025	Four Cent	Five Cent	Ten Cent	Seven Cent	E-911	Court & Corrections	Library State Aid	Library Donations	Vehicle Tags	Police Confiscations	Opioid Settlement	Debt Service	Sidewalks	Totals
Assets														
Cash	$ -	$ 2,590	$ -	$ -	$ 310,827	$ 33,813	$ -	$ 602,614	$ 252,379	213,853	70,279	$ -	$ 60,616	$ 1,546,971
Cash - restricted	-	-	-	-	-	-	-	-	-	28,270	-		-	28,270
Investments - restricted	-	-	-	-	-	-	-	-	-	-	-	2,347,156	-	2,347,156
Accounts receivable,												-		
net of allowance												-		
for uncollectibles	42,987	20,906	57,832	1,145,871	79,719	235	-	-	-	-	-	-	-	1,347,550
Total assets	$ 42,987	$ 23,496	$ 57,832	$ 1,145,871	$ 390,546	$ 34,048	$ -	$ 602,614	$ 252,379	$ 242,123	$ 70,279	$ 2,347,156	$ 60,616	$ 5,269,947
Liabilities														
Accounts payable	$ -	$ -	$ -	$ 8,202	$ 3,148	$ 11,483	$ -	$ 4,237	$ 17,576	28,132	-	$ 825	$ -	$ 73,603
Interfund payables	7,195	-	11,002	1,087,045	-	-	-	-	233,803	-	-	-	-	1,339,045
Total liabilities	7,195	-	11,002	1,095,247	3,148	11,483	-	4,237	251,379	28,132	-	825	-	1,412,648
Fund Balances														
Restricted for road maintenance	35,792	23,496	46,830	50,624	-	-	-	-	-	-	-	-	-	156,742
Restricted for debt service	-	-	-	-	-	-	-	-	-	-	-	2,347,156	-	2,347,156
Restricted for public safety	-	-	-	-	-	-	-	-	-	-	70,279	-	-	70,279
Assigned														
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-	60,616	60,616
Public safety	-	-	-	-	387,398	-	-	-	-	-	-	-	-	387,398
Library	-	-	-	-	-	-	-	598,377	-	-	-	-	-	598,377
Other	-	-	-	-	-	22,565	-	-	1,000	213,991	-	-	-	237,556
Unassigned	-	-	-	-	-	-	-	-	-	-	-	(825)	-	(825)
Total fund balances	35,792	23,496	46,830	50,624	387,398	22,565	-	598,377	1,000	213,991	70,279	2,346,331	60,616	3,857,299
Total liabilities and fund balances	$ 42,987	$ 23,496	$ 57,832	$ 1,145,871	$ 390,546	$ 34,048	$ -	$ 602,614	$ 252,379	$ 242,123	$ 70,279	$ 2,347,156	$ 60,616	$ 5,269,947

City of Vestavia Hills, Alabama
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds

	Special Revenue Funds											Debt Service Fund	Capital Projects Fund	
For the year ended September 30, 2025	Four Cent	Five Cent	Ten Cent	Seven Cent	E-911	Court & Corrections	Library State Aid	Library Donations	Vehicle Tags	Police Confiscations	Opioid Settlement	Debt Service	Sidewalks	Totals
Revenues														
Taxes	$ 3,338	$ -	$ -	$ 1,101,194	$ 1,035,537	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,140,069
License and permits	-	-	-	58,311	-	-	-	-	-	-	-	-	-	58,311
Intergovernmental	231,887	114,313	305,666	374,913	-	-	-	-	-	-	-	-	-	1,026,779
Charges for services	-	-	-	-	-	-	-	34,907	-	-	-	-	-	34,907
Fines and forfeitures	-	-	-	-	-	694,588	-	-	-	-	-	-	-	694,588
Grants	-	-	-	-	-	-	40,883	-	-	-	101,482	-	-	142,365
Interest revenues	936	-	402	-	7,885	909	-	31,646	-	1,160	-	53,467	3,359	99,764
Library revenues	-	-	-	-	-	-	-	113,181	-	-	-	-	-	113,181
Other revenues	-	-	-	-	-	24,659	-	-	-	39,062	-	119,090	-	182,811
Total revenues	236,161	114,313	306,068	1,534,418	1,043,422	720,156	40,883	179,734	-	40,222	101,482	172,557	3,359	4,492,775
Expenditures														
Current														
General government administration	-	-	-	-	-	979,810	-	-	-	-	-	8,688	-	988,498
Public safety	-	-	-	-	834,455	-	-	-	-	-	118,821	-	-	953,276
Public works	270,500	111,000	330,800	2,061,823	-	-	-	-	-	-	-	-	-	2,774,123
Library	-	-	-	-	-	-	40,883	109,426	-	-	-	-	-	150,309
Debt service														
Principal retirement	-	-	-	-	144,590	-	-	-	-	-	-	4,650,000	-	4,794,590
Interest	-	-	-	-	4,006	29	-	-	-	-	-	2,772,997	-	2,777,032
Capital outlay	-	-	-	-	43,824	4,593	-	-	-	-	-	-	-	48,417
Total expenditures	270,500	111,000	330,800	2,061,823	1,026,875	984,432	40,883	109,426	-	-	118,821	7,431,685	-	12,486,245
Excess of revenues over (under) expenditures	(34,339)	3,313	(24,732)	(527,405)	16,547	(264,276)	-	70,308	-	40,222	(17,339)	(7,259,128)	3,359	(7,993,470)
Other Financing Sources (Uses)														
Subscription financing	-	-	-	-	-	4,593	-	-	-	-	-	-	-	4,593
Transfers in	-	-	-	46,753	-	282,248	-	-	-	173,769	87,618	7,351,824	-	7,942,212
Total other financing sources (uses)	-	-	-	46,753	-	286,841	-	-	-	173,769	87,618	7,351,824	-	7,946,805
Net change in fund balances	(34,339)	3,313	(24,732)	(480,652)	16,547	22,565	-	70,308	-	213,991	70,279	92,696	3,359	(46,665)
Fund balances (deficit) at beginning of year	70,131	20,183	71,562	531,276	370,851	-	-	528,069	1,000	-	-	-	57,257	1,650,329
Adjustment	-	-	-	-	-	-	-	-	-	-	-	2,253,635		2,253,635
Fund balances at beginning of year, after adjustment	70,131	20,183	71,562	531,276	370,851	-	-	528,069	1,000	-	-	2,253,635		3,903,964
Fund balances at end of year	$ 35,792	$ 23,496	$ 46,830	$ 50,624	$ 387,398	$ 22,565	$ -	$ 598,377	$ 1,000	$ 213,991	$ 70,279	$ 2,346,331	$ 60,616	$ 3,857,299

Combining Statement of Fiduciary Net Position—Custodial Funds

	Custodial Funds		
September 30, 2025	Board of Education Tax Fund	Vehicle Tag Tax Fund	Total
Assets			
Cash and cash equivalents	$ 773,622	$ 189,274	$ 962,896
Total assets	$ 773,622	$ 189,274	$ 962,896
Liabilities			
Due to other governments	$ 773,622	$ 189,274	$ 962,896
Total liabilities	773,622	189,274	962,896
Net Position			
Restricted	-	-	-
Total net position	-	-	-
Total liabilities and net position	$ 773,622	$ 189,274	$ 962,896

Combining Statement of Changes in Fiduciary Net Position—Custodial Funds

	Custodial Funds		
For the year ended September 30, 2025	Board of Education Tax Fund	Vehicle Tag Tax Fund	Total
Additions			
Advalorem taxes for other governments	$ 32,036,247	$ 1,557,802	$ 33,594,049
Total additions	32,036,247	1,557,802	33,594,049
Deductions			
Advalorem taxes to other governments	32,036,247	1,557,802	33,594,049
Total deductions	32,036,247	1,557,802	33,594,049
Net increase (deficiency) in fiduciary net position	-	-	-
Net position at beginning of year	-	-	-
Net position at end of year	$ -	$ -	$ -

City of Vestavia Hills, Alabama
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget to Actual—Capital Projects Fund

For the year ended September 30, 2025	Budget - Original and Final	Actual on Budgetary Basis	Variance with Budget
Revenues			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Fees	-	-	-
Grants	10,095,363	6,219,524	(3,875,839)
Interest revenues	204,000	143,974	(60,026)
Library revenues	-	-	-
Other revenues	105,000	24,952	(80,048)
Total revenues	10,404,363	6,388,450	(4,015,913)
Expenditures			
General government administration			
City Wide	-	-	-
City Council	-	-	-
Mayor and administration	44,033	180,792	(136,759)
City Clerk	16,831	17,370	(539)
Municipal complex	1,202,501	226,602	975,899
Information services	491,856	498,448	(6,592)
Total	1,755,221	923,212	832,009
Public safety			
Dispatch	-	-	-
Police	3,239,428	3,030,134	209,294
Fire	4,452,572	3,907,426	545,146
Total	7,692,000	6,937,560	754,440
Public works			
Public services	13,115,320	7,372,163	5,743,157
Building safety	82,228	38,818	43,410
Total	13,197,548	7,410,981	5,786,567
Court and Corrections	68,844	41,725	27,119
Library	344,432	372,666	(28,234)
Parks and recreation	595,429	625,354	(29,925)
Total expenditures	23,653,474	16,311,498	7,341,976
Excess of revenues over expenditures	(13,249,111)	(9,923,048)	3,326,063
Other Financing Sources (Uses)			
Subscription financing	-	-	-
Proceeds from vehicle and equipment financing arrangements	4,137,911	764,031	(3,373,880)
Proceeds from sale of assets	324,200	439,847	115,647
Transfers in	4,200,000	3,701,527	(498,473)
Transfers out	-	(173,769)	(173,769)
Total other financing sources (uses)	8,662,111	4,731,636	(3,930,475)
Net change in fund balance	(4,587,000)	(5,191,412)	(604,412)
Fund balances at beginning of year	6,234,600	10,560,619	4,326,019
Fund balances at end of year	$ 1,647,600	$ 5,369,207	$ 3,721,607

City of Vestavia Hills, Alabama
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget to Actual—Community Spaces

For the year ended September 30, 2025	Budget - Original and Final	Actual on Budgetary Basis	Variance with Budget
Revenues			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Fees	-	-	-
Grants	-	-	-
Interest revenues	62,000	76,033	14,033
Library revenues	-	-	-
Other revenues	-	100,100	100,100
Total revenues	62,000	176,133	114,133
Expenditures			
General government administration			
City Wide	1,480,000	1,480,000	-
City Council	-	-	-
Mayor and administration	-	-	-
City Clerk	-	-	-
Municipal complex	-	-	-
Information services	-	-	-
Total	1,480,000	1,480,000	-
Public safety			
Dispatch	-	-	-
Police	-	-	-
Fire	-	-	-
Total	-	-	-
Public works			
Public services	2,394,822	2,040,237	354,585
Building safety	-	-	-
Total	2,394,822	2,040,237	354,585
Court and Corrections	-	-	-
Library	-	-	-
Parks and recreation	-	78,337	(78,337)
Total expenditures	3,874,822	3,598,574	276,248
Excess of revenues over expenditures	(3,812,822)	(3,422,441)	390,381
Other Financing Sources (Uses)			
Subscription financing	-	-	-
Proceeds from vehicle and equipment financing arrangements	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	7,024,000	7,451,809	427,809
Transfers out	(3,211,178)	(3,211,178)	-
Total other financing sources (uses)	3,812,822	4,240,631	427,809
Net change in fund balance	-	818,190	818,190
Fund balances at beginning of year	1,086,000	-	(1,086,000)
Fund balances at end of year	$ 1,086,000	$ 818,190	$ (267,810)

City of Vestavia Hills, Alabama
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget to Actual—Four Cent

For the year ended September 30, 2025	Budget - Original and Final	Actual on Budgetary Basis	Variance with Budget
Revenues			
Taxes	$ 2,500	$ 3,338	$ 838
Licenses and permits	-	-	-
Intergovernmental	225,000	231,887	6,887
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Fees	-	-	-
Grants	-	-	-
Interest revenues	1,000	936	(64)
Library revenues	-	-	-
Other revenues	-	-	-
Total revenues	228,500	236,161	7,661
Expenditures			
General government administration			
City Wide	-	-	-
City Council	-	-	-
Mayor and administration	-	-	-
City Clerk	-	-	-
Municipal complex	-	-	-
Information services	-	-	-
Total	-	-	-
Public safety			
Dispatch	-	-	-
Police	-	-	-
Fire	-	-	-
Total	-	-	-
Public works			
Public services	270,500	270,500	-
Building safety	-		-
Total	270,500	270,500	-
Court and Corrections	-	-	-
Library	-	-	-
Parks and recreation	-	-	-
Total expenditures	270,500	270,500	-
Excess of revenues over expenditures	(42,000)	(34,339)	7,661
Other Financing Sources (Uses)			
Subscription financing	-	-	-
Proceeds from vehicle and equipment financing arrangements	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	(42,000)	(34,339)	7,661
Fund balances at beginning of year	42,000	70,131	28,131
Fund balances at end of year	$ -	$ 35,792	$ 35,792

City of Vestavia Hills, Alabama
Schedule of Revenues, Expenditures, and
Changes in Fund Balances—Budget to Actual—Five Cent

For the year ended September 30, 2025	Budget - Original and Final	Actual on Budgetary Basis	Variance with Budget
Revenues			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	110,000	114,313	4,313
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Fees	-	-	-
Grants	-	-	-
Interest revenues	1,000	-	(1,000)
Library revenues	-	-	-
Other revenues	-	-	-
Total revenues	111,000	114,313	3,313
Expenditures			
General government administration			
City Wide	-	-	-
City Council	-	-	-
Mayor and administration	-	-	-
City Clerk	-	-	-
Municipal complex	-	-	-
Information services	-	-	-
Total	-	-	-
Public safety			
Dispatch	-	-	-
Police	-	-	-
Fire	-	-	-
Total	-	-	-
Public works			
Public services	111,000	111,000	-
Building safety	-	-	-
Total	111,000	111,000	-
Court and Corrections	-	-	-
Library	-	-	-
Parks and recreation	-	-	-
Total expenditures	111,000	111,000	-
Excess of revenues over expenditures	-	3,313	3,313
Other Financing Sources (Uses)			
Subscription financing	-	-	-
Proceeds from vehicle and equipment financing arrangements	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	-	3,313	3,313
Fund balances at beginning of year	-	20,183	20,183
Fund balances at end of year	$ -	$ 23,496	$ 23,496

City of Vestavia Hills, Alabama
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget to Actual—Ten Cent

For the year ended September 30, 2025	Budget - Original and Final	Actual on Budgetary Basis	Variance with Budget
Revenues			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	264,000	305,666	41,666
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Fees	-	-	-
Grants	-	-	-
Interest revenues	6,500	402	(6,098)
Library revenues	-	-	-
Other revenues	-	-	-
Total revenues	270,500	306,068	35,568
Expenditures			
General government administration			
City Wide	-	-	-
City Council	-	-	-
Mayor and administration	-	-	-
City Clerk	-	-	-
Municipal complex	-	-	-
Information services	-	-	-
Total	-	-	-
Public safety			
Dispatch	-	-	-
Police	-	-	-
Fire	-	-	-
Total	-	-	-
Public works			
Public services	330,800	330,800	-
Building safety	-	-	-
Total	330,800	330,800	-
Court and Corrections	-	-	-
Library	-	-	-
Parks and recreation	-	-	-
Total expenditures	330,800	330,800	-
Excess of revenues over expenditures	(60,300)	(24,732)	35,568
Other Financing Sources (Uses)			
Subscription financing	-	-	-
Proceeds from vehicle and equipment financing arrangements	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	(60,300)	(24,732)	35,568
Fund balances at beginning of year	60,300	71,562	11,262
Fund balances at end of year	$ -	$ 46,830	$ 46,830

City of Vestavia Hills, Alabama
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget to Actual—Seven Cent

For the year ended September 30, 2025	Budget - Original and Final	Actual on Budgetary Basis	Variance with Budget
Revenues			
Taxes	$ 981,000	$ 1,101,194	$ 120,194
Licenses and permits	50,000	58,311	8,311
Intergovernmental	350,000	374,913	24,913
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Fees	-	-	-
Grants	-	-	-
Interest revenues	10,500	-	(10,500)
Library revenues	-	-	-
Other revenues	-	-	-
Total revenues	1,391,500	1,534,418	142,918
Expenditures			
General government administration			
City Wide	-	-	-
City Council	-	-	-
Mayor and administration	-	-	-
City Clerk	-	-	-
Municipal complex	-	-	-
Information services	-	-	-
Total	-	-	-
Public safety			
Dispatch	-	-	-
Police	-	-	-
Fire	-	-	-
Total	-	-	-
Public works			
Public services	1,914,753	2,061,823	(147,070)
Building safety	-	-	-
Total	1,914,753	2,061,823	(147,070)
Court and Corrections	-	-	-
Library	-	-	-
Parks and recreation	-	-	-
Total expenditures	1,914,753	2,061,823	(147,070)
Excess of revenues over expenditures	(523,253)	(527,405)	(4,152)
Other Financing Sources (Uses)			
Subscription financing	-	-	-
Proceeds from vehicle and equipment financing arrangements	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	46,753	46,753	-
Transfers out	-	-	-
Total other financing sources (uses)	46,753	46,753	-
Net change in fund balance	(476,500)	(480,652)	(4,152)
Fund balances at beginning of year	476,500	531,276	54,776
Fund balances at end of year	$ -	$ 50,624	$ 50,624

City of Vestavia Hills, Alabama
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget to Actual—E-911

For the year ended September 30, 2025	Budget - Original and Final	Actual on Budgetary Basis	Variance with Budget
Revenues			
Taxes	$ 970,032	$ 1,035,537	$ 65,505
Licenses and permits	-	-	-
Intergovernmental	-	-	
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Fees	-	-	-
Grants	-	-	-
Interest revenues	2,100	7,885	5,785
Library revenues	-	-	-
Other revenues	-	-	-
Total revenues	972,132	1,043,422	71,290
Expenditures			
General government administration			
City Wide	-	-	-
City Council	-	-	-
Mayor and administration	-	-	-
City Clerk	-	-	-
Municipal complex	-	-	-
Information services	-	-	-
Total	-	-	-
Public safety			
Dispatch	1,006,382	1,026,875	(20,493)
Police	-	-	-
Fire	-	-	-
Total	1,006,382	1,026,875	(20,493)
Public works			
Public services	-	-	-
Building safety	-	-	-
Total	-	-	-
Court and Corrections	-	-	-
Library	-	-	-
Parks and recreation	-	-	-
Total expenditures	1,006,382	1,026,875	(20,493)
Excess of revenues over expenditures	(34,250)	16,547	50,797
Other Financing Sources (Uses)			
Subscription financing	-	-	-
Proceeds from vehicle and equipment financing arrangements	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	(34,250)	16,547	50,797
Fund balances at beginning of year	132,300	370,851	238,551
Fund balances at end of year	$ 98,050	$ 387,398	$ 289,348

City of Vestavia Hills, Alabama
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget to Actual—Court and Corrections

For the year ended September 30, 2025	Budget - Original and Final	Actual on Budgetary Basis	Variance with Budget
Revenues			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	
Charges for services	-	-	-
Fines and forfeitures	675,000	694,588	19,588
Fees	-	-	-
Grants	-	-	-
Interest revenues	3,500	909	(2,591)
Library revenues	-	-	-
Other revenues	25,000	24,659	(341)
Total revenues	703,500	720,156	16,656
Expenditures			
General government administration			
City Wide	-	-	-
City Council	-	-	-
Mayor and administration	-	-	-
City Clerk	-	-	-
Municipal complex	-	-	-
Information services	-	-	-
Total	-	-	-
Public safety			
Dispatch	-	-	-
Police	-	-	-
Fire	-	-	-
Total	-	-	-
Public works			
Public services	-	-	-
Building safety	-	-	-
Total	-	-	-
Court and Corrections	985,748	984,432	1,316
Library	-	-	-
Parks and recreation	-	-	-
Total expenditures	985,748	984,432	1,316
Excess of revenues over expenditures	(282,248)	(264,276)	17,972
Other Financing Sources (Uses)			
Subscription financing	-	4,593	4,593
Proceeds from vehicle and equipment financing arrangements	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	282,248	282,248	-
Transfers out	-	-	-
Total other financing sources (uses)	282,248	286,841	4,593
Net change in fund balance	-	22,565	22,565
Fund balances at beginning of year	-	-	-
Fund balances at end of year	$ -	$ 22,565	$ 22,565

City of Vestavia Hills, Alabama
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget to Actual—Library State Aid

For the year ended September 30, 2025	Budget - Original and Final	Actual on Budgetary Basis	Variance with Budget
Revenues			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Fees	-	-	-
Grants	34,385	40,883	6,498
Interest revenues	-	-	-
Library revenues	-	-	-
Other revenues	-	-	-
Total revenues	34,385	40,883	6,498
Expenditures			
General government administration			
City Wide	-	-	-
City Council	-	-	-
Mayor and administration	-	-	-
City Clerk	-	-	-
Municipal complex	-	-	-
Information services	-	-	-
Total	-	-	-
Public safety			
Police	-	-	-
Fire	-	-	-
Total	-	-	-
Public works			
Public services	-	-	-
Building safety	-	-	-
Total	-	-	-
Court and Corrections	-	-	-
Library	34,385	40,883	(6,498)
Parks and recreation	-	-	-
Total expenditures	34,385	40,883	(6,498)
Excess of revenues over expenditures	-	-	-
Other Financing Sources (Uses)			
Subscription financing	-	-	-
Proceeds from vehicle and equipment financing arrangements	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	$ -	$ -	$ -

City of Vestavia Hills, Alabama
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget to Actual—Library Donations

For the year ended September 30, 2025	Budget - Original and Final	Actual on Budgetary Basis	Variance with Budget
Revenues			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	
Charges for services	55,000	34,907	(20,093)
Fines and forfeitures	-	-	-
Fees	-	-	-
Grants	17,000	-	(17,000)
Interest revenues	10,900	31,646	20,746
Library revenues	58,000	113,181	55,181
Other revenues	-	-	-
Total revenues	140,900	179,734	38,834
Expenditures			
General government administration			
City Wide	-	-	-
City Council	-	-	-
Mayor and administration	-	-	-
City Clerk	-	-	-
Municipal complex	-	-	-
Information services	-	-	-
Total	-	-	-
Public safety			
Police	-	-	-
Fire	-	-	-
Total	-	-	-
Public works			
Public services	-	-	-
Building safety	-	-	-
Total	-	-	-
Court and Corrections	-	-	-
Library	181,300	109,426	71,874
Parks and recreation	-	-	-
Total expenditures	181,300	109,426	71,874
Excess of revenues over expenditures	(40,400)	70,308	110,708
Other Financing Sources (Uses)			
Subscription financing	-	-	-
Proceeds from vehicle and equipment financing arrangements	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	(40,400)	70,308	110,708
Fund balances at beginning of year	500,000	528,069	28,069
Fund balances at end of year	$ 459,600	$ 598,377	$ 138,777

City of Vestavia Hills, Alabama
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget to Actual—Debt Service Fund

For the year ended September 30, 2025	Budget - Original and Final	Actual on Budgetary Basis	Variance with Budget
Revenues			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Fees	-	-	-
Grants	-	-	-
Interest revenues	50,839	53,467	2,628
Library revenues	-	-	-
Other revenues	120,000	119,090	(910)
Total revenues	170,839	172,557	1,718
Expenditures			
General government administration			
City Wide	7,433,510	7,431,685	1,825
City Council	-	-	-
Mayor and administration	-	-	-
City Clerk	-	-	-
Municipal complex	-	-	-
Information services	-	-	-
Total	7,433,510	7,431,685	1,825
Public safety			
Dispatch	-	-	-
Police	-	-	-
Fire	-	-	-
Total	-	-	-
Public works			
Public services	-	-	-
Building safety	-	-	-
Total	-	-	-
Court and Corrections	-	-	-
Library	-	-	-
Parks and recreation	-	-	-
Total expenditures	7,433,510	7,431,685	1,825
Excess of revenues over expenditures	(7,262,671)	(7,259,128)	3,543
Other Financing Sources (Uses)			
Subscription financing	-	-	-
Proceeds from vehicle and equipment financing arrangements	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	7,533,500	7,351,824	(181,676)
Transfers out	-	-	-
Total other financing sources (uses)	7,533,500	7,351,824	(181,676)
Net change in fund balance	270,829	92,696	(178,133)
Fund balances at beginning of year	2,104,100	2,253,635	149,535
Fund balances at end of year	$ 2,374,929	$ 2,346,331	$ (28,598)

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STATISTICAL SECTION

The Statistical Section of the City of Vestavia Hills' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the financial reports and department records for the relevant year.

City of Vestavia Hills, Alabama
Net Position by Component
Financial Trends—Table 1

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Primary Government										
Net investment in capital assets	$ 148,402,034	$ 141,302,164	$ 136,263,715	$ 100,125,503	$ 91,287,511	$ 81,105,999	$ 81,806,469	$ 84,178,288	$ 76,649,701	$ 77,269,317
Restricted	2,574,177	2,820,344	2,870,540	2,806,050	5,404,258	20,084,299	3,284,465	1,863,357	1,263,538	1,420,389
Unrestricted	600,106	3,130,092	5,046,043	8,181,651	1,366,822	(12,530,607)	(2,549,013)	(5,984,798)	(7,983,101)	(7,227,071)
Total primary government net position	$ 151,576,317	$ 147,252,600	$ 144,180,298	$ 111,113,204	$ 98,058,591	$ 88,659,691	$ 82,541,921	$ 80,056,847	$ 69,930,138	$ 71,462,635

Notes:

Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only (a) when an external party, (b) a constitutional provision, (c) or enabling legislation imposes legally enforceable limits on how they may be used.

City of Vestavia Hills, Alabama
Changes in Net Position
Financial Trends—Table 2

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities										
General government administration	$ 14,132,156	$ 14,522,732	$ 12,318,384	$ 9,278,881	$ 9,956,827	$ 9,652,252	$ 7,929,747	$ 8,429,364	$ 8,527,537	$ 10,562,037
Public safety	33,556,019	33,028,114	28,518,251	25,234,198	23,613,472	21,996,026	21,444,576	20,385,849	19,423,395	18,493,943
Public works	16,377,451	15,485,790	14,764,661	15,405,748	12,418,524	12,395,353	15,623,988	11,468,411	11,293,810	10,138,974
Library	3,956,784	3,797,307	3,511,666	3,341,567	3,266,575	3,002,534	2,895,284	2,682,095	2,493,376	2,442,566
Parks and recreation[1]	7,260,428	6,650,639	5,399,866	-	-	-	-	-	-	-
Appropriation to BOE	1,480,000	1,380,000	280,000	280,000	280,000	559,811	-	-	-	-
Interest on long-term debt	3,032,491	3,312,937	3,032,861	3,516,612	3,392,484	3,199,842	4,011,797	2,498,389	2,125,482	1,884,006
Total governmental activities expenses	79,795,329	78,177,519	67,825,689	57,057,006	52,927,882	50,805,818	51,905,392	45,464,108	43,863,600	43,521,526
Program Revenues										
Governmental activities										
Fees, fines and charges for services										
General government administration	6,822,055	5,949,745	5,590,716	5,273,479	4,685,451	4,305,721	4,058,822	3,817,117	3,891,247	3,609,686
Public safety	1,443,402	1,172,237	1,028,713	948,331	732,861	960,524	748,731	717,393	745,769	690,658
Public works	2,239,002	4,229,789	2,342,532	2,453,547	2,496,465	2,253,835	2,202,150	2,192,941	1,941,158	2,082,378
Library	132,032	143,070	119,556	59,466	56,144	64,523	135,668	121,767	147,255	100,193
Parks and recreation[1]	2,019,691	1,801,985	1,377,440	-	-	-	-	-	-	-
Operating grants and contributions	4,152,017	1,392,648	6,310,800	6,106,706	774,181	1,811,861	921,211	762,793	689,906	756,602
Capital grants and contributions	4,787,060	4,388,127	674,717	366,437	507,012	1,270,987	330,967	516,657	980,894	299,054
Total program revenues	21,595,259	19,077,601	17,444,474	15,207,966	9,252,114	10,667,451	8,397,549	8,128,668	8,396,229	7,538,571
Total governmental activities net (expense) revenue	(58,200,070)	(59,099,918)	(50,381,215)	(41,849,040)	(43,675,768)	(40,138,367)	(43,507,843)	(37,335,440)	(35,467,371)	(35,982,955)
General Revenues										
Governmental activities										
Taxes										
Ad Valorem (real and personal property)	24,012,395	23,416,184	21,380,057	19,201,249	18,433,130	17,446,551	16,206,605	15,782,118	15,043,160	14,528,727
Sales and use	31,635,958	29,585,548	29,807,104	29,392,779	24,771,713	21,773,501	20,341,644	16,547,051	13,667,105	13,058,992
Other taxes	2,252,635	2,245,119	2,031,121	1,840,240	1,860,561	2,586,863	2,357,441	2,160,079	2,191,375	2,184,779
State shared revenues	-	1,014,593	969,188	929,469	874,596	-	-	-	-	-
Utility franchise fees	2,975,326	2,938,178	2,861,058	2,789,359	2,694,435	2,919,092	2,838,497	2,731,693	2,613,906	2,721,544
Investment earnings	1,640,340	2,472,964	423,808	167,049	329,947	782,637	1,260,611	360,168	193,507	141,220
Donated infrastructure assets	-	-	22,053,547	627,692	3,959,625	135,044	187,770	9,318,585	-	311,241
Donations	2,156	277,529	2,751,708	-	-	-	-	-	-	-
Miscellaneous	141,021	222,105	121,491	179,015	149,265	523,649	217,188	1,344,160	209,766	328,224
Gain/(loss) on sale of assets	-	-	126,147	(263,199)	1,396	88,800	1,821,711	33,114	16,055	928,181
Gain/(loss) on investments	-	-	923,080	-	-	-	-	-	-	-
Economic incentive	-	-	-	-	-	-	-	-	-	-
Total general revenues	62,659,831	62,172,220	83,448,309	54,863,653	53,074,668	46,256,137	45,231,467	48,276,968	33,934,874	34,202,908
Change in net position	$ 4,459,761	$ 3,072,302	$ 33,067,094	$ 13,014,613	$ 9,398,900	$ 6,117,770	$ 1,723,624	$ 10,941,528	$ (1,532,497)	$ (1,780,047)

[1] Parks and Recreation was a combined department with Public Works (was referred to as Public Services) prior to 2023.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	$ 597,260	$ 415,434	$ 112,866	$ 69,438	$ 48,302	$ 89,456	$ 76,093	$ 154,488	$ 112,305	$ 79,982
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	24,124,188	23,353,744	20,297,630	18,094,472	14,430,713	12,946,508	12,036,083	10,499,562	10,376,504	9,824,113
Assigned	-	-	-	-	500,000	500,000	500,000	500,000	500,000	744,174
Unassigned	8,600,008	7,889,923	8,851,145	6,726,595	6,185,977	5,184,683	3,390,671	3,388,821	2,369,707	2,813,250
Total general fund	33,321,456	31,659,101	29,261,641	24,890,505	21,164,992	18,720,647	16,002,847	14,542,871	13,358,516	13,461,519
All other governmental funds										
Non-spendable	1,265,700	3,128,528	-	-	-	-	-	-	-	-
Restricted	4,637,680	6,788,100	2,870,540	2,806,050	5,404,258	20,084,299	41,547,685	49,741,924	1,263,538	1,420,389
Committed	818,190	-	4,205,394	6,116,650	8,570,918	4,135,070	3,258,598	2,630,623	2,262,880	1,748,128
Assigned	3,323,951	4,547,955	765,337	574,754	539,111	4,899,138	1,311,934	1,413,630	1,033,085	2,648,121
Unassigned	(825)	-	(230)	-	-	(11,313)	-	(6,025)	-	-
Total all other governmental funds	$ 10,044,696	$ 14,464,583	$ 7,841,041	$ 9,497,454	$ 14,514,287	$ 29,107,194	$ 46,118,217	$ 53,780,152	$ 4,559,503	$ 5,816,638

City of Vestavia Hills, Alabama
Changes in Fund Balances—Governmental Funds
Financial Trends—Table 4

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes	$ 57,900,988	$ 55,246,851	$ 53,218,282	$ 50,434,268	$ 45,065,403	$ 40,188,243	$ 37,406,418	$ 33,056,364	$ 30,235,865	$ 29,112,269
Licenses and permits	7,325,869	8,760,874	6,795,898	5,691,571	5,429,821	5,625,463	4,874,750	4,909,222	4,387,991	4,341,939
Intergovernmental	1,026,779	1,014,593	969,187	929,469	874,596	776,033	678,669	666,515	665,775	660,230
Charges for services	2,054,598	1,838,586	1,377,440	953,969	664,128	234,842	393,852	365,782	368,373	362,092
Fines and forfeitures	1,069,363	989,998	961,091	1,005,397	947,022	614,016	856,276	671,791	754,112	899,443
Fees	3,034,256	2,994,267	2,912,364	2,844,089	2,768,952	3,816,191	3,754,808	3,561,477	2,669,206	2,774,763
Grants	7,705,812	5,736,712	6,868,856	7,271,882	2,052,103	3,489,771	1,247,230	1,206,357	1,667,507	1,053,738
Interest revenues	525,681	860,058	423,808	167,049	329,950	782,636	1,260,609	335,758	193,552	141,220
Library revenues	113,181	119,182	164,068	101,086	57,069	66,751	140,617	194,861	150,547	102,112
Other revenues	3,431,869	3,365,666	5,022,094	818,196	948,555	1,514,951	1,007,993	2,085,807	1,222,120	1,054,251
Total revenues	84,188,396	80,926,787	78,713,088	70,216,976	59,137,599	57,108,897	51,621,222	47,053,934	42,315,048	40,502,057
Expenditures										
Current										
General government administration	12,681,177	12,763,883	9,907,017	9,129,884	8,344,673	8,021,500	6,897,281	7,375,828	6,574,128	6,771,519
Public safety	29,873,076	28,072,334	25,284,900	23,427,508	21,853,458	21,073,676	20,346,568	18,754,904	18,350,692	17,528,858
Public works	11,777,924	10,962,849	10,887,653	13,049,945	10,060,025	10,180,108	13,447,928	9,389,648	9,334,570	8,254,475
Library	3,352,542	3,008,141	2,883,772	2,642,276	2,333,561	2,142,601	2,060,167	1,884,428	1,742,450	1,716,782
Parks and recreation[1]	5,641,418	5,260,974	4,549,404	-	-	-	-	-	-	-
Debt service										
Principal retirement	8,404,990	7,547,353	7,054,451	6,327,829	5,554,073	5,096,616	5,106,913	3,839,516	3,555,360	3,524,046
Interest	3,198,908	3,245,115	3,205,047	3,345,053	3,509,045	3,435,319	4,047,291	2,527,731	2,107,536	1,919,549
Capital outlay	11,842,883	6,096,265	16,897,679	18,918,886	19,805,917	28,067,246	8,505,449	2,903,579	12,376,635	6,545,071
Intergovernmental										
Appropriation to BOE	1,480,000	1,380,000	280,000	280,000	280,000	559,811	-	-	-	2,000,000
Total expenditures	88,252,918	78,336,914	80,949,923	77,121,381	71,740,752	78,576,877	60,411,597	46,675,634	54,041,371	48,260,300
Excess (deficiency) of revenues over (under) expenditures	(4,064,522)	2,589,873	(2,236,835)	(6,904,405)	(12,603,153)	(21,467,980)	(8,790,375)	378,300	(11,726,323)	(7,758,243)
Other Financing Sources (Uses)										
Proceeds of warrants	-	-	-	5,265,000	-	24,060,000	-	55,770,000	9,500,000	11,810,000
Proceeds of direct financing	764,031	5,897,269	2,844,775	5,215,588	294,370	4,408,438	-	1,698,720	850,130	1,688,871
Refunded bond redemption	-	-	-	-	-	-	-	-	-	-
Payment to bond escrow agent	-	-	-	(5,533,141)	-	(21,965,468)	-	(9,297,654)	-	(10,923,875)
Bond premium	-	-	-	573,130	-	538,270	-	1,810,906	-	1,265,051
Right-to-use assets	-	-	1,596,956	-	-	-	-	-	-	-
Subscription financing	103,112	423,873	354,837	-	-	-	-	-	-	-
Sale of surplus assets	439,847	109,987	154,990	92,508	160,221	133,517	1,826,966	44,732	16,055	1,296,424
Transfers in	19,095,548	18,787,091	18,093,657	17,498,150	16,197,541	14,941,003	13,502,635	7,134,992	5,442,381	7,123,893
Transfers out	(19,095,548)	(18,787,091)	(18,093,657)	(17,498,150)	(16,197,541)	(14,941,003)	(13,502,635)	(7,134,992)	(5,442,381)	(7,123,893)
Total other financing sources (uses)	1,306,990	6,431,129	4,951,558	5,613,085	454,591	7,174,757	1,826,966	50,026,704	10,366,185	5,136,471
Net change in fund balances	$ (2,757,532)	$ 9,021,002	$ 2,714,723	$ (1,291,320)	$ (12,148,562)	$ (14,293,223)	$ (6,963,409)	$ 50,405,004	$ (1,360,138)	$ (2,621,772)
Debt Service as a % of Noncapital Expenditures	15.2%	14.9%	16.0%	16.6%	17.5%	16.9%	17.6%	14.5%	13.6%	13.0%

[1] Parks and Recreation was a combined department with Public Works (referred to as Public Services) prior to 2023.

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes	$ 55,760,919	$ 53,101,287	$ 51,351,670	$ 48,763,680	$ 43,358,100	$ 39,361,237	$ 36,628,663	$ 32,350,470	$ 28,766,487	$ 27,645,092
Licenses and permits	7,267,558	8,693,947	6,481,012	5,412,768	5,213,938	5,426,845	4,712,682	4,750,948	4,238,905	4,228,918
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	2,019,691	1,801,985	1,377,440	953,969	664,128	234,737	393,142	363,932	368,373	362,092
Fines and forfeits	374,775	387,533	392,457	435,839	404,510	270,900	364,533	278,499	330,937	410,475
Fees	3,034,256	2,994,267	2,912,364	2,844,089	2,768,952	2,973,552	2,934,205	2,795,113	2,669,206	2,774,763
Grants	1,343,923	1,228,710	1,218,454	920,066	870,103	2,390,624	765,494	643,018	637,553	547,717
Investment income	205,910	192,182	58,661	93,264	131,510	249,308	456,440	216,460	164,227	99,568
Library revenues	-	-	-	-	-	-	-	-	-	-
Other revenues	3,124,006	3,053,264	2,097,414	651,698	780,257	747,001	673,129	684,129	617,920	664,333
Total revenues	73,131,038	71,453,175	65,889,472	60,075,373	54,191,498	51,654,204	46,928,288	42,082,569	37,793,608	36,732,958
Expenditures										
Current										
General government administration	11,427,715	11,909,125	8,901,054	8,144,432	7,490,206	7,329,386	6,261,331	6,052,912	5,713,456	5,988,377
Public safety	28,813,493	27,174,897	24,358,369	22,461,187	20,872,268	19,863,500	19,331,268	17,869,311	17,518,121	16,415,405
Public works	6,678,885	6,316,086	6,057,862	9,249,176	8,183,689	7,560,454	7,590,608	7,807,832	7,349,268	6,957,917
Library	3,077,215	2,873,968	2,781,297	2,565,400	2,234,192	2,108,932	1,944,565	1,780,591	1,698,071	1,643,715
Parks and recreation[1]	5,522,085	5,065,310	4,412,300	-	-	-	-	-	-	-
Debt service										
Principal retirement	196,250	173,688	-	-	-	-	-	-	-	-
Interest	5,528	5,293	1,605	-	-	-	-	-	-	-
Capital outlay	135,430	481,996	581,610	39,776	259,325	180,313	206,465	373,901	297,205	206,850
Intergovernmental										
Appropriation to the Board	-	-	-	-	-	279,811	-	-	-	-
Total expenditures	55,856,601	54,000,363	47,094,097	42,459,971	39,039,680	37,322,396	35,334,237	33,884,547	32,576,121	31,212,264
Excess (deficiency) of revenues over (under) expenditures	17,274,437	17,452,812	18,795,375	17,615,402	15,151,818	14,331,808	11,594,051	8,198,022	5,217,487	5,520,694
Other Financing Sources (Uses)										
Subscription financing	98,519	417,564	301,589	-	-	-	-	-	-	-
Sale of surplus assets	-	-	101,654	92,508	160,221	42,328	16,016	21,325	16,055	42,483
Transfers in	-	75,000	50,000	68,033	81,336	59,121	94,230	50,000	52,918	-
Transfers out	(15,710,601)	(15,547,916)	(14,877,482)	(14,050,430)	(12,949,030)	(11,715,457)	(10,244,321)	(7,084,992)	(5,389,463)	(5,119,307)
Total other financing sources (uses)	(15,612,082)	(15,055,352)	(14,424,239)	(13,889,889)	(12,707,473)	(11,614,008)	(10,134,075)	(7,013,667)	(5,320,490)	(5,076,824)
Net change in fund balances	$ 1,662,355	$ 2,397,460	$ 4,371,136	$ 3,725,513	$ 2,444,345	$ 2,717,800	$ 1,459,976	$ 1,184,355	$ (103,003)	$ 443,870

[1] Parks and Recreation was a combined department with Public Works (referred to as Public Services) prior to 2023.

City of Vestavia Hills, Alabama
Tax Revenues by Source
Financial Trends—Table 6

Fiscal years ended September 30,	Property	Sales & Use	Road	Excise	All Other	Total
2025	$ 24,012,395	$ 31,635,958	$ 1,101,194	$ 115,903	$ 1,035,538	$ 57,900,988
2024	23,416,184	29,585,548	1,082,827	102,363	1,059,929	55,246,851
2023	21,380,057	29,807,104	1,002,814	167,833	860,474	53,218,282
2022	19,201,249	29,392,779	800,568	172,481	867,191	50,434,268
2021	18,433,130	24,771,713	870,516	155,355	834,690	45,065,404
2020	17,446,551	21,773,501	824,690	143,501	1,618,672	41,806,915
2019	16,206,605	20,341,644	744,113	82,547	1,530,781	38,905,690
2018	15,782,115	16,547,051	703,672	23,527	1,432,880	34,489,245
2017	15,043,160	13,667,105	647,164	58,412	1,485,799	30,901,640
2016	14,528,727	13,058,992	648,432	59,559	1,476,788	29,772,498

Source:
City of Vestavia Hills Revenue Department

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Automotive sales	$ 1,081,307	$ 1,056,467	$ 1,087,908	$ 1,003,698	$ 1,014,383	$ 778,062	$ 739,606	$ 700,333	$ 631,431	$ 683,188
Food stores	4,834,905	5,478,569	5,096,288	4,848,205	4,486,591	3,802,097	3,660,740	3,526,372	2,553,137	2,072,917
Home furnishings and building supply	3,242,130	2,440,352	2,511,999	2,686,774	2,508,827	2,206,103	2,134,603	1,954,649	1,256,745	1,324,189
Medical sales and pharmacy	1,074,105	1,085,389	1,129,201	1,851,798	1,041,488	971,218	1,147,934	985,429	754,562	734,913
Merchandise retail	4,561,725	4,524,647	4,260,988	4,594,284	4,205,266	3,368,296	3,087,228	2,379,443	2,337,531	3,145,253
Restaurants	4,851,876	4,827,502	4,301,633	4,206,381	3,722,764	3,098,909	3,270,622	2,471,907	2,015,392	1,978,982
Service stations and auto parts	794,981	880,427	849,890	804,839	670,280	698,173	710,900	507,769	459,293	464,556
Other	11,194,929	9,292,195	10,569,197	9,396,800	7,122,114	6,850,643	5,590,011	4,021,149	3,659,014	2,654,994
Total	$ 31,635,958	$ 29,585,548	$ 29,807,104	$ 29,392,779	$ 24,771,713	$ 21,773,501	$ 20,341,644	$ 16,547,051	$ 13,667,105	$ 13,058,992

Source:
City of Vestavia Hills Revenue Department

Fiscal Year	City Direct Rate	Jefferson County	State of Alabama	Total Sales Tax
2025	4.00%	2.00%	4.00%	10.00%
2024	4.00%	2.00%	4.00%	10.00%
2023	4.00%	2.00%	4.00%	10.00%
2022	4.00%	2.00%	4.00%	10.00%
2021	4.00%	2.00%	4.00%	10.00%
2020	4.00%	2.00%	4.00%	10.00%
2019	4.00%	2.00%	4.00%	10.00%
2018	4.00%	2.00%	4.00%	10.00%
2017	3.00%	2.00%	4.00%	9.00%
2016	3.00%	2.00%	4.00%	9.00%

Sources:
City Revenue Department
Jefferson County Revenue Department
Alabama Department of Revenue

Taxpayer	2025 Rank	2016 Rank
Publix Alabama LLC	1	1
Walmart Inc	2	2
Royal Automotive Inc	3	3
Marks Outdoors Inc	4	4
Apple Inc	5	
American Multi Cinema Inc	6	
Raj Ajit Hotel LLC	7	
Jaxnco LLC	8	
Walgreen Co	9	9
JC Hospitality LLC	10	
Winn Dixie Montgomery LLC		5
Western Supermarkets Inc		6
Marcus Cable Associates LP		7
Alabama CVS Pharmacy LLC		8
Stein Mart Inc		10
Total sales and use taxes - principal payers		

Note:

State law prohibits the disclosure of confidential taxpayer data, such as the amount of sales tax remitted for individual businesses.

Source:

City of Vestavia Hills Revenue Department

Sales and Use Tax Proceeds and Proceeds Available for Debt Service

Revenue and Expenditure Capacity—Table 10

Fiscal Year	Proceeds of Sales and Use Tax	Sales and Use Tax Proceeds Available for Debt Service
2025	$ 31,635,958	$ 29,658,711
2024	29,585,548	27,736,451
2023	29,807,104	27,944,160
2022	29,392,779	27,555,730
2021	24,771,713	23,223,481
2020	21,773,501	20,412,657
2019	20,341,644	19,070,291
2018	16,547,051	15,512,860
2017	13,667,105	12,812,911
2016	13,058,992	12,242,805

Source: City Revenue Department

City of Vestavia Hills, Alabama
Direct and Overlapping Property Tax Rates
Revenue and Expenditure Capacity—Table 11

	City of Vestavia Hills			Overlapping Rates						
Fiscal Year	General Fund	City Schools	City Total	County	County Schools	School District	County Total	State of Alabama	Total Overlapping	Total Overlapping and Direct
Jefferson County										
2025	20.55	28.75	49.30	13.50	8.20	15.10	36.80	6.50	43.30	92.60
2024	20.55	28.75	49.30	13.50	8.20	15.10	36.80	6.50	43.30	92.60
2023	20.55	28.75	49.30	13.50	8.20	15.10	36.80	6.50	43.30	92.60
2022	20.55	28.75	49.30	13.50	8.20	15.10	36.80	6.50	43.30	92.60
2021	20.55	28.75	49.30	13.50	8.20	15.10	36.80	6.50	43.30	92.60
2020	20.55	28.75	49.30	13.50	8.20	15.10	36.80	6.50	43.30	92.60
2019	20.55	28.75	49.30	13.50	8.20	15.10	36.80	6.50	43.30	92.60
2018	20.55	28.75	49.30	13.50	8.20	15.10	36.80	6.50	43.30	92.60
2017	20.55	28.75	49.30	13.50	8.20	15.10	36.80	6.50	43.30	92.60
2016	20.55	28.75	49.30	13.50	8.20	15.10	36.80	6.50	43.30	92.60
Shelby County										
2025	20.55	28.75	49.30	7.50	16.00	-	23.50	6.50	30.00	79.30
2024	20.55	28.75	49.30	7.50	16.00	-	23.50	6.50	30.00	79.30
2023	20.55	28.75	49.30	7.50	16.00	-	23.50	6.50	30.00	79.30
2022	20.55	28.75	49.30	7.50	16.00	-	23.50	6.50	30.00	79.30
2021	20.55	28.75	49.30	7.50	16.00	-	23.50	6.50	30.00	79.30
2020	20.55	28.75	49.30	7.50	16.00	-	23.50	6.50	30.00	79.30
2019	20.55	28.75	49.30	7.50	16.00	-	23.50	6.50	30.00	79.30
2018	20.55	28.75	49.30	7.50	16.00	-	23.50	6.50	30.00	79.30
2017	20.55	28.75	49.30	7.50	16.00	-	23.50	6.50	30.00	79.30
2016	20.55	28.75	49.30	7.50	16.00	-	23.50	6.50	30.00	79.30

City of Vestavia Hills, Alabama
Principal Property Tax Payers
Revenue and Expenditure Capacity—Table 12

	2024			2015		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
PZ UC Building Owner LLC	$ 19,447,200	1	4.09%	$ 13,260,120	1	4.72%
Alabama Power Co	14,554,980	2	2.99%	8,333,120	3	2.86%
Vestavoa MZL LLC	11,793,720	3	2.48%			
PAC Vestavoa LLC	11,683,520	4	2.46%			
Grand Highlands Apartments LP	9,838,500	5	2.07%			
CMF 15 Portfolio LLC	9,040,840	6	1.90%	4,035,320	8	1.44%
Liberty Park Joint Venture	7,614,640	7	1.60%	8,357,680	2	2.98%
Royal Towers Realty LLC	7,320,440	8	1.54%			
TV-ALA LP	6,254,020	9	1.32%			
WSL-Cahaba Ridge LLC	6,083,320	10	1.28%			
Excel Vestavia LLC				5,650,780	4	2.01%
Mountain Brook Multifamily Partners LLC				5,583,040	5	1.99%
Vestavia Hills Ltd				4,436,720	6	1.58%
GFTV Vestavia Owners LLC				4,164,780	7	1.48%
LTF Real Estate Company				3,868,140	9	1.38%
Bellsouth Telecommunications				3,519,800	10	1.25%
Total taxable assessed value for principal property taxpayer	$ 103,631,180		21.74%	$ 61,209,500		21.69%

Source:
Jefferson County Property Appraiser

Assessed Value and Estimated Actual Value of Taxable Property
Revenue and Expenditure Capacity—Table 13

	Public Utility Property Class I		Real, Personal & Other Property Class II		Real & Other Property Class III		Motor Vehicles Class IV		Total		
Fiscal Year Ended September 30,	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value
2025	$ 16,456,543	$ 54,855,143	$ 411,340,239	$ 2,056,701,195	$ 631,318,218	$ 6,313,182,180	$ 125,389,100	$ 835,927,333	$ 1,184,504,100	$ 9,260,665,851	13%
2024	16,092,610	53,642,033	404,084,516	2,020,422,580	606,630,274	6,066,302,740	116,985,510	779,903,400	1,143,792,910	8,920,270,753	13%
2023	13,137,154	43,790,513	416,318,142	2,081,590,710	587,028,904	5,870,289,040	115,865,220	772,434,800	1,132,349,420	8,768,105,063	13%
2022	13,073,854	43,579,513	333,470,318	1,667,351,590	549,893,868	5,498,938,680	89,245,160	594,967,733	985,683,200	7,804,837,516	13%
2021	12,500,412	41,668,040	308,604,081	1,543,020,405	495,094,107	4,950,941,070	86,224,240	574,828,267	902,422,840	7,110,457,782	13%
2020	13,228,840	44,096,133	327,625,240	1,638,126,200	516,302,000	5,163,020,000	78,075,100	520,500,667	935,231,180	7,365,743,000	13%
2019	12,583,820	41,946,067	312,362,220	1,561,811,100	488,814,800	4,888,148,000	93,567,420	623,782,800	907,328,260	7,115,687,967	13%
2018	12,418,840	41,396,133	276,829,980	1,384,149,900	465,680,700	4,656,807,000	81,022,290	540,148,600	835,951,810	6,622,501,633	13%
2017	12,513,540	41,711,800	275,463,240	1,377,316,200	441,159,960	4,411,599,600	80,827,770	538,851,800	809,964,510	6,369,479,400	13%
2016	12,485,620	41,618,733	230,631,640	1,153,158,200	393,148,020	3,931,480,200	77,919,250	519,461,667	714,184,530	5,645,718,800	13%

Sources:
- Jefferson County Property Appraiser
- Shelby County Property Tax Commissioner
- Shelby County License Office

	Collected Within the Fiscal Year of the Levy				Total Collections to Date	
Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Amount Collected	Percentage of Levy	Collections in Subsequent Years	Amount Collected	Percentage of Levy
2025	$ 21,088,036	$ 21,404,557	102%	$ 40,893	$ 21,445,450	102%
2024	20,876,379	20,892,573	100%	10,185	20,902,758	100%
2023	18,409,957	18,910,487	103%	82,055	18,992,542	103%
2022	16,762,291	17,128,692	102%	49,326	17,178,018	102%
2021	16,158,290	16,595,702	103%	10,584	16,606,286	103%
2020	15,766,042	15,781,698	100%	9,559	15,791,257	100%
2019	14,285,081	14,594,810	102%	5,205	14,600,015	102%
2018	13,821,948	14,161,813	102%	16,857	14,178,670	103%
2017	13,053,346	13,368,779	102%	53,274	13,422,053	103%
2016	12,430,160	12,840,564	103%	17,703	12,858,267	103%

Sources:
City cash receipt source documents
Jefferson County Tax Collector
Jefferson County Property Appraiser

	Governmental Activities								
Fiscal Year	General Obligation Warrants	Direct Financing Arrangements	Lease Liability	Subscription-based IT Arrangement Liability	Total Outstanding Debt	Personal Income [1]	Percentage of Personal Income	Population [1]	Debt per Capita
2025	$ 82,733,513	$ 8,984,597	$ 1,237,566	$ 389,400	$ 93,345,076	$ 2,594,725,812	3.60%	38,151	$ 2,447
2024	87,704,085	11,639,403	1,377,469	482,538	101,203,495	2,540,192,240	3.98%	38,020	2,662
2023	92,494,657	8,509,582	1,513,686	232,353	102,750,278	2,633,608,884	3.90%	38,292	2,683
2022	97,300,229	8,028,504	-	-	105,328,733	2,360,148,427	4.46%	38,801	2,715
2021	101,704,479	4,750,756	-	-	106,455,235	2,252,588,016	4.73%	39,102	2,723
2020	106,269,677	5,775,459	-	-	112,045,136	2,011,715,154	5.57%	34,413	3,256
2019	106,519,345	2,673,637	-	-	109,192,982	1,970,273,214	5.54%	34,461	3,169
2018	110,559,914	4,020,550	-	-	114,580,464	1,850,685,270	6.19%	34,291	3,341
2017	65,414,243	3,343,737	-	-	68,757,980	1,796,734,336	3.83%	34,688	1,982
2016	58,657,929	3,423,967	-	-	62,081,896	1,796,732,224	3.46%	34,174	1,817

[1] Obtained from the U.S. Census Bureau

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

Fiscal Year	General Obligation Debt	Less: Amounts Available for Debt Service	Net General Bonded Debt	Estimated Actual Value of Taxable Property [(a)]	Percentage of Estimated Actual Taxable Value of Property	Population [(b)]	Per Capita
2025	$ 82,733,513	$ 2,347,156	$ 80,386,357	$ 9,260,665,851	0.87%	38,151	$ 2,107
2024	87,704,085	2,253,635	85,450,450	8,920,270,753	0.96%	38,020	2,248
2023	92,494,657	1,966,313	90,528,344	8,768,105,063	1.03%	38,292	2,364
2022	97,300,229	2,401,375	94,898,854	7,804,837,516	1.22%	38,801	2,446
2021	101,704,479	2,147,425	99,557,054	7,110,457,782	1.40%	39,102	2,546
2020	106,269,677	1,989,023	104,280,654	7,365,743,000	1.42%	34,413	3,030
2019	106,519,345	1,759,670	104,759,675	7,115,687,967	1.47%	34,461	3,040
2018	110,559,914	1,556,335	109,003,579	6,622,501,633	1.65%	34,291	3,179
2017	65,414,243	1,217,792	64,196,451	6,369,479,400	1.01%	34,688	1,851
2016	58,657,929	1,132,014	57,525,915	5,645,718,800	1.02%	34,174	1,683

Notes:

(a) Obtained from Jefferson County Tax Assessor's Office

(b) Obtained from U.S. C

City of Vestavia Hills, Alabama
Direct and Overlapping Governmental Activities Debt
Debt Capacity—Table 17

Governmental Unit	Net Debt Outstanding	Percentage of Debt Applicable to the City [1]	City's Share of Debt
Direct Debt			
City of Vestavia Hills	$ 93,345,076	100%	$ 93,345,076
Total direct debt	93,345,076		93,345,076
Overlapping Debt			
Jefferson County	341,166,130	7.90%	26,955,348
Jefferson County Board of Education	268,541,339	7.90%	21,217,303
Total overlapping debt	609,707,469		48,172,651
Total direct and overlapping debt	$ 703,052,545		$ 141,517,727

[1] The percentage of overlapping debt applicable is estimated using the taxable assessed value of properties located within the City of Vestavia Hills divided by the county's total taxable assessed value. FY2025 total taxable assessed value for City of Vestavia Hills is $1,184,504,100 and the total County taxable assessed value is $14,991,929,560

Sources:
Jefferson County Board of Education
Jefferson County Commission

City of Vestavia Hills, Alabama
Legal Debt Margin Information
Debt Capacity—Table 18

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt limit	$ 236,900,820	$ 228,758,582	$ 226,469,884	$ 197,136,640	$ 180,484,568	$ 187,046,236	$ 181,465,652	$ 167,190,362	$ 161,992,902	$ 142,836,906
Total net debt applicable to limit	93,345,076	101,203,495	102,750,278	105,328,733	106,455,235	112,045,136	109,192,982	114,580,464	68,757,980	62,081,896
Legal debt margin	$ 143,555,744	$ 127,555,087	$ 123,719,606	$ 91,807,907	$ 74,029,333	$ 75,001,100	$ 72,272,670	$ 52,609,898	$ 93,234,922	$ 80,755,010
Total net debt applicable to the limit as a percentage of debt limit	39.40%	44.24%	45.37%	53.43%	58.98%	59.90%	60.17%	68.53%	42.45%	43.46%

Legal debt margin calculation

Assessed value of property	$ 1,184,504,100
Debt limit - 20% of total assessed value	236,900,820
Debt applicable to limit:	
General obligation warrants	82,733,513
Direct financing arrangements	8,984,597
Lease liability	1,237,566
Subscription-based IT arrangements	389,400
	93,345,076
	$ 143,555,744

City of Vestavia Hills, Alabama
Debt Service on Outstanding General Obligation Warrants
Debt Capacity—Table 19

Fiscal Year	Series 2021	Series 2020A	Series 2020B	Series 2018	Series 2016	Series 2014 CWSRF- DL	Series 2013	Total General Obligations
2026	$ 978,300	$ 660,800	$ 685,127	$ 3,166,675	$ 1,720,200	$ 60,912	$ 159,188	$ 7,431,202
2027	982,100	636,800	695,021	3,165,675	1,731,000	59,787	159,188	7,429,571
2028	984,300	632,400	699,280	3,166,425	1,727,100	58,663	159,188	7,427,356
2029	-	-	3,574,529	3,168,675	-	62,538	159,188	6,964,930
2030	-	-	3,569,073	3,167,175	-	61,300	159,188	6,956,736
2031	-	-	3,569,320	3,164,025	-	60,063	159,188	6,952,596
2032	-	-	3,575,843	3,164,525	-	58,825	159,188	6,958,381
2033	-	-	3,594,176	3,164,275	-	57,587	4,324,594	11,140,632
2034	-	-	-	3,167,238	-	61,350	-	3,228,588
2035	-	-	-	3,168,250	-	-	-	3,168,250
2036	-	-	-	3,168,250	-	-	-	3,168,250
2037	-	-	-	3,165,250	-	-	-	3,165,250
2038	-	-	-	3,164,250	-	-	-	3,164,250
2039	-	-	-	3,165,050	-	-	-	3,165,050
2040	-	-	-	3,168,400	-	-	-	3,168,400
2041	-	-	-	3,163,950	-	-	-	3,163,950
2042	-	-	-	3,166,875	-	-	-	3,166,875
2043	-	-	-	3,166,825	-	-	-	3,166,825
2044	-	-	-	3,168,800	-	-	-	3,168,800
2045	-	-	-	3,164,600	-	-	-	3,164,600
2046	-	-	-	3,166,400	-	-	-	3,166,400
2047	-	-	-	3,163,800	-	-	-	3,163,800
2048	-	-	-	3,166,800	-	-	-	3,166,800
Total	$ 2,944,700	$ 1,930,000	$ 19,962,369	$ 72,822,188	$ 5,178,300	$ 541,025	$ 5,438,910	$ 108,817,492

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

Demographic and Economic Information—Table 20

Year	Population [a]		Personal Income (a)		Per Capita Income	Public School Enrollment [b]	Unemployment Rate [c]
2025	38,151	$	2,594,725,812	$	68,012	6,965	2.00%
2024	38,020		2,540,192,240		66,812	6,913	1.80%
2023	38,292		2,633,608,884		68,777	7,068	1.50%
2022	38,801		2,360,148,427		60,827	7,117	1.60%
2021	39,102		2,252,588,016		57,608	7,014	3.30%
2020	34,413		2,011,715,154		58,458	7,142	1.90%
2019	34,461		1,970,273,214		57,174	7,125	3.70%
2018	34,291		1,850,685,270		53,970	7,192	3.90%
2017	34,688		1,796,734,336		51,797	7,083	5.90%
2016	34,174		1,796,732,224		52,576	7,014	6.00%

Sources:
(a) Obtained from U.S. Census Bureau.
(b) Obtained from Vestavia Hills Board of Education
(c) Obtained from Alabama Department of Labor

City of Vestavia Hills, Alabama
Principal Employers
Demographic and Economic Information—Table 21

	2025		2018	
Employer	Number of Employees	Rank	Number of Employees	Rank
Vulcan Materials	11,800	1	420	2
Vestavia Hills City School System	945	2	962	1
Drummond Companies	731	3	199	7
NaphCare, Inc.	368	4	238	6
LifeTime Fitness	300	5	320	3
Publix Alabama, LLC	288	6	285	4
Vulcan Industrial Contractors	275	7		
Royal Automotive, Inc.	138	8	134	10
Medical Properties Trust	121	9		
Old Overton Club	108	10		
Mount Royal Towers			250	5
Aspire Physical Recovery Center			196	8
Carr Allison			137	9
Total Top 10	15,074		3,141	

Source: Obtained from Vestavia Hills Chamber of Commerce. 2016 & 2017 Data is unavailable.

Note: Information does not include City Government employees

City of Vestavia Hills, Alabama
Full-time Equivalent Employees by Function
Operating Information—Table 22

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function										
General Government										
Administration	15	14	13	15	13	10	10	10	10	10
City Clerk	4	4	4	4	4	4	4	4	4	4
City Council	5	5	5	5	5	5	5	5	5	5
Information Technology	4	4	4	4	4	3	3	3	3	2
Municipal Court	9	9	9	9	9	9	8	8	8	8
Total General Government	37	36	35	37	35	31	30	30	30	29
Public Safety										
Fire	108	112	107	107	107	106	103	108	107	100
Police	114	115	113	112	111	109	102	97	92	91
Total Public Safety	222	227	220	219	218	215	205	205	199	191
Public Services										
Building Safety	7	7	7	6	6	6	6	6	6	5
Public Works	28	28	23	22	22	21	22	20	21	18
Total Public Services	35	35	30	28	28	27	28	26	27	23
Library										
Library in the Forest	36	35	35	34	34	33	35	33	32	32
Total Library	36	35	35	34	34	33	35	33	32	32
Parks and recreation										
Parks and Recreation	90	87	104	53	54	42	40	36	37	35
Total Parks and Recreation	90	87	104	53	54	42	40	36	37	35
Total Employees	420	420	424	371	369	348	338	330	325	310

Source:
City payroll report

Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
Administration										
Employees hired	26	35	43	31	41	22	27	25	22	23
Business licenses issued	2,118	1,969	2,087	1,829	2,187	1,975	1,895	1,913	2,112	2,161
Municipal Court										
Traffic cases	10,610	9,296	10,030	11,445	11,085	7,690	11,811	10,049	9,229	10,114
Non-traffic cases	736	677	882	952	804	725	847	614	736	731
Public Safety										
Police										
Emergency calls	50,400	50,084	46,834	46,260	43,247	37,973	42,193	37,444	36,389	37,171
Arrests	1,544	1,081	1,420	1,514	1,184	971	1,533	1,590	1,437	1,511
Fire										
Emergency responses	6,305	6,168	5,814	5,662	5,295	4,857	5,115	4,741	4,731	4,262
Public Services										
Public Works										
Street resurfacing (miles)	8.0	6.6	6.8	1.9	4.2	2.5	14.7	0.4	3.6	-
Building Safety										
Construction permits issued	2,925	3,526	3,447	2,922	3,174	3,594	3,605	4,315	4,237	3,421
Contractor licenses issued	1,397	1,345	1,218	1,610	1,530	1,495	1,554	1,574	1,483	1,516
Library										
Materials checked out	461,555	464,097	468,655	475,725	377,642	336,063	512,871	424,143	450,119	461,737
Parks and recreation										
Civic Center memberships	1,638	1,816	1,550	-	-	-	-	-	-	-
Aquatic Complex memberships	1,959	2,058	2,013	1,983	1,782	-	-	-	-	-

Source:

Various City Departments

Capital Assets by Function/Program
Operating Information—Table 24

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
General government buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	6	7	6	7	3	3	3	3	3	4
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Vehicles	136	144	148	118	94	81	76	69	66	63
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Vehicles	36	42	42	39	37	35	36	35	36	29
Public Services										
Public works buildings	1	1	1	-	-	-	1	1	1	1
Vehicles	32	43	46	56	45	41	41	38	36	32
Traffic signals	6	6	6	6	6	6	5	5	5	5
Paved streets (lane miles)	378.6	378.5	378.3	344.4	343.4	343.4	343.1	342.8	328.4	328.1
Library										
Library buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	2	2	-	-	-	-	-	-
Parks and recreation										
Parks acreage	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035	2,035
Parks	10	10	10	10	10	10	9	9	9	9
Tennis/Pickleball courts	18	18	18	6	6	6	6	6	6	6
Vehicles	18	17	13	12	14	8	10	10	10	11

Source:

Various city departments

Governmental Services Provided by the City and Others

Service	City	County	State	Independent Agency
Fire protection	Exclusive			
Solid waste disposal				Exclusive
Storm water sewers	Exclusive			
Police protection	Primary	Shared	Shared	
Street maintenance and repair	Primary	Shared	Shared	
Recreation	Primary			Shared
Sanitary sewers		Primary		
Courts	Shared	Shared	Primary	
Road construction	Shared		Primary	
Health		Primary		
Public transportation	Shared	Shared		Primary
Aviation				Primary
Water service				Primary
Education	Primary		Shared	
Social welfare		Shared	Shared	

City Labor Relations

The City is under the Personnel Board of Jefferson County for all classified employees.

VESTAVIA
HILLS

REPORT ON INTERNAL CONTROL AND COMPLIANCE MATTERS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Vestavia Hills, Alabama (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, L.L.C.

Birmingham, Alabama
June 26, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, L.L.C.

Birmingham, Alabama
June 26, 2026

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified?		yes	X	none reported
Noncompliance material to financial statements noted?		yes	X	no

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified?		yes	X	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)		yes	X	no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: $ 1,000,000

Auditee qualified as low-risk auditee?	X	yes		no

Section II - Financial Statement Finding

There were no matters to be reported.

Section III - Federal Awards Findings and Questioned Costs

There were no matters to be reported.

For the year ended September 30, 2025

Description	Assistance Listing Number	Pass Through Entity Identifying Number	Total Grant Award	Revenue Recognized	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation						
Passed through the Alabama Department of Transportation						
Highway Planning and Construction	20.205	CMAQ-7030(600)	$ 4,868,320	$ 1,214,170	$ 1,214,170	$ -
Highway Planning and Construction	20.205	HPP-TAPBH-CMAQ-A104(916)	4,245,949	3,023,786	3,023,786	-
Total U.S. Department of Transportation			9,114,269	4,237,956	4,237,956	-
U.S. Department of Justice, Bureau of Justice Assistance						
Bulletproof Vest Partnership Grant	16.607		10,175	2,824	2,824	-
Total U.S. Department of Justice, Bureau of Justice Assistance			10,175	2,824	2,824	-
U.S. Department of Treasury						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		8,180,928	1,434,647	1,434,647	-
Total U.S. Department of Treasury			8,180,928	1,434,647	1,434,647	-
Total Federal Awards			$ 17,305,372	$ 5,675,427	$ 5,675,427	$ -

Note 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Vestavia Hills, Alabama. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other state and local government agencies, is included in the schedule.

Note 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements.

Note 3: INDIRECT COST

The City does not utilize the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: FEDERALLY FUNDED INSURANCE AND FEDERALLY FUNDED LOANS

The City had no federally funded insurance and no federally funded loans or loan guarantee for the fiscal year ended September 30, 2025.

Note 5: NON-CASH AWARDS

During the year ended September 30, 2025, the City did not receive any non-cash federal assistance.

Note 6: RECONCILIATION TO FINANCIAL RECORDS

During the year ended September 30, 2025, the City recognized revenue for expenditures incurred in fiscal years 2015-2022 for the Pedestrian Crossover Bridge project (ALN 20.205, ALDOT project #HPP-TAPBH-CMAQ-A104(916)). These expenditures were not included on the SEFA in the year they were incurred since reimbursement was not requested until fiscal year 2025. The SEFA for fiscal year 2025 for this project includes $277,965 related to previously incurred expenditures and $2,745,821 for current year expenditures for a total of $3,023,786.