

THE CITY OF TRUSSVILLE, ALABAMA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

THE CITY OF TRUSSVILLE, ALABAMA
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Cork, Hill & Company, L.L.C.

INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities of the City of Trussville, Alabama (the City), as of and for the year ended September 30, 2025, and the related Notes to the Financial Statements of the governmental activities, each major fund, and the aggregate remaining fund information which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the government activities, each major fund and the remaining fund information of the City of Trussville, Alabama as of September 30, 2025 and the changes in its net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules listed in the Table of Contents as required supplemental information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally

accepted in the United State of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Trussville's basic financial statements. The Schedule of Revenues - General Fund, Schedule of Expenditures - General Fund, Combining Balance Sheet - Nonmajor Governmental Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds, Comparative Balance Sheet - General Fund, Comparative Statement of Revenues, and Expenditures, and Changes in Fund Balance - General Fund are presented for purposes of additional analysis and are not a required part of the financial statements as listed in the Table of Contents.

The supplemental schedules listed above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplemental schedules listed above are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated April 28, 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 these reports 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. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

April 28, 2026

THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

As management of The City of Trussville (the City), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the City's financial statements and Notes to the Financial Statements that immediately follow this analysis.

FINANCIAL HIGHLIGHTS

- *Net Position* - The liabilities and deferred inflows of the City exceed its assets and deferred outflows by \$11.7 million. This deficit is largely the result of debt issued by the City on behalf of the Trussville City Schools (TCS). The City reports \$68.5 million in TCS-related debt, but the resulting school infrastructure (the asset) was transferred to the TCS after construction was complete. Absent this situation, the City's net position would reflect an excess of assets and deferred outflows over liabilities and deferred inflows of \$56.8 million.
- *Net Position Change* - The City's net position increased by \$354,936 in 2025. The principal driver of the net position increase is due to a decrease in the cost of City programs and proceeds received from the sale of property.
- *General Fund unassigned fund balance* - The general fund's unassigned fund balance was \$6.6 million (11.3%) of total general fund expenditures.
- *Revenues* - The City's total revenues increased by \$2.1 million (3.1%) over the prior fiscal year. This increase is attributable to an increase in other taxes (\$1 million) and a gain recognized on the sale of land (\$3.8 million).
- *Cost of City Programs* - The total cost of the City's programs was \$69.1 million. Significant components were Public Safety (\$27.4 million), Parks and Recreation (\$9.5), and Educational Support (\$8.1 million). The net cost after taking program revenues into account was \$56 million.
- *Capital Outlay* - Capital expenditures totaled \$10.4 million, including \$610,000 for vehicles, \$1.1 million of road repairs and infrastructure maintenance, and \$7.2 million for renovations of the athletic fields.
- *Debt* - The City decreased its outstanding general obligation warrants, lines of credit and notes and leases payable by \$4.1 million. The City expended \$12.2 million towards debt retirement, had \$5.0 million of debt retired from the proceeds of a land sale, and \$13.1 million in new debt issued. The City has an emphasis on self-funding smaller purchase needs, if feasible.

THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to the City of Trussville's basic financial statements. These basic financial statements consist of the following four components:

- Management's Discussion and Analysis (MD&A)
 - o The MD&A, a component of RSI, introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- Basic Financial Statements; consisting of three components:
 - o Government-Wide Financial Statements
 - o Fund Financial Statements
 - o Notes to Financial Statements
- Supplemental Information is also included and is intended to furnish additional detail to support the basic financial statements themselves.
- Other Required Supplemental Information (RSI).

Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner like a private-sector business.

- o *Statement of Net Position* presents financial information on all the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- o *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 periods (such as 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 all or a significant portion of their costs through use fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets, sanitation, and culture and recreation.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Redevelopment Authority (TRA) for which the City is financially accountable. Financial information from this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 18-19 of this report.

THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The City only has governmental-type 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 statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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 for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand 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*.

The City maintains 13 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, the bond construction fund and the debt service fund, which are considered to be major funds. Data from the other 9 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 the report.

- Proprietary fund types can be (1) *Enterprise funds* which are used to report the same functions presented as *business-type activities* in the government-wide financial statements. and (2) *Internal service funds* which is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City has no proprietary funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

- Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. They are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has no fiduciary funds.

THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. This budgetary comparison statement can be found on page 51 of this report.

The basic governmental fund financial statements can be found on pages 20-22 of this report.

Notes to the Financial Statements

Notes to the Financial Statements provide additional information that is necessary to acquire a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found on pages 23-47 of this report.

Required Supplemental Information ("RSI") and Related Notes

In addition to the basic financial statements and accompanying notes, this report also presents *Required Supplemental Information* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. RSI also provides additional information regarding budgeted revenues and expenditures that further explains and supports information in the financial statements. Required Supplemental Information can be found on pages 48-52 of this report.

Supplemental Information

Other Supplemental Information provides more detail regarding general fund revenues and expenditures to further explain and support the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Required Supplemental Information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 55-61 of this report.

THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS OF NET POSITION

Net position over time may serve as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources were less than liabilities and deferred inflows of resources by \$11.7 million.

Summary of Net Position

(All Numbers in Thousands)

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Assets:			
Current and other assets	\$ 28,692	\$ 24,796	\$ 3,896
Capital assets	<u>144,185</u>	<u>150,562</u>	<u>(6,377)</u>
Total assets	<u>\$ 172,877</u>	<u>\$ 175,358</u>	<u>\$ (2,481)</u>
Deferred outflows	\$ 21,113	\$ 22,085	\$ (972)
Liabilities:			
Current liabilities	\$ 18,112	\$ 14,027	\$ 4,085
Noncurrent liabilities	<u>177,018</u>	<u>188,508</u>	<u>(11,490)</u>
Total liabilities	<u>\$ 195,130</u>	<u>\$ 202,535</u>	<u>\$ (7,405)</u>
Deferred inflows	\$ 10,527	\$ 6,930	\$ 3,597
Net position:			
Net investment in capital assets	\$ (22,459)	\$ (20,191)	\$ (2,268)
Restricted	18,087	12,444	5,643
Unrestricted	<u>(7,295)</u>	<u>(4,275)</u>	<u>(3,020)</u>
Total net position	<u>\$ (11,667)</u>	<u>\$ (12,022)</u>	<u>\$ 355</u>

The largest portion of the City's net position (\$22.5 million deficit) reflects its investment in capital assets (land, buildings, equipment, vehicles, and infrastructure), less any related accumulated depreciation and debt 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 the 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. The resources for these long-term commitments will be budgeted by the City as they become due over the life of the debt commitment. In the City's case, the deficit is largely the result of debt issued by the City on behalf of the Trussville City Schools (TCS). The City reports \$68.5 million in TCS-related debt, but the resulting school infrastructure (the asset) was transferred to the TCS after construction was complete.

The restricted portion of net position of (\$18.1 million) represents resources that are subject to external restrictions on how they may be used and is primarily made up of assets reserved for construction projects, infrastructure maintenance and public safety.

The remaining component of the City's net position is an unrestricted deficit (\$7.3 million). This deficit represents the remaining net position of the City that does not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The City's overall net position increased \$354,536 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

GOVERNMENT-WIDE OVERALL ANALYSIS OF OPERATING RESULTS

The following comparative summary shows total revenues of the City for the year, expenses for the year by program, and the impact that operations had on the change in net position.

Summary of Changes in Net Position

(All Numbers in Thousands)

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Revenues			
Program revenues			
Charges for services	\$ 11,857	\$ 10,866	\$ 991
Operating grants and contributions	<u>1,274</u>	<u>3,896</u>	<u>(2,622)</u>
Total program revenues	<u>13,131</u>	<u>14,762</u>	<u>(1,631)</u>
General revenues and receipts			
Sales tax	38,446	37,837	609
Ad valorem taxes	7,497	7,700	(203)
Other taxes	5,948	5,006	942
Financial income	427	1,860	(1,433)
Other revenues and receipts	<u>4,028</u>	<u>233</u>	<u>3,795</u>
Total general revenues and receipts	<u>56,346</u>	<u>52,636</u>	<u>3,710</u>
Total revenues	69,477	67,398	2,079
Program expenses			
General government	4,252	4,497	(245)
Educational support	8,142	9,874	(1,732)
Redevelopment expenses	3,672	2,640	1,032
Public safety	27,433	26,770	663
Streets and sanitation	7,300	7,424	(124)
Parks and recreation	9,482	9,380	102
Library	2,370	2,266	104
Inspections	815	877	(62)
Interest on long-term debt	<u>5,656</u>	<u>7,924</u>	<u>(2,268)</u>
Total program expenses	<u>69,122</u>	<u>71,652</u>	<u>(2,530)</u>
(Decrease)/Increase in net position	355	(4,254)	4,609
Beginning net position	<u>(12,022)</u>	<u>(7,768)</u>	<u>(4,254)</u>
Ending net position	<u>\$ (11,667)</u>	<u>\$ (12,022)</u>	<u>\$ 355</u>

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$354,936 from the prior fiscal year for an ending deficit balance of \$11.7 million. Revenues increased \$2.1 million (3.1%). The increase was principally from taxes and gain on disposal of property. The City's program expenses decreased \$2.5 million (3.5%). The decrease is principally related to a \$1.7 million (17.5%) decrease in educational support, a decrease of \$245,000 (5.5%) in general government expenditures, and a \$2.3 million (28.6%) decrease in interest expenses. The decrease in educational support is due to a non-recurring transfer of excess trust funds that took place in the prior fiscal year.

THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

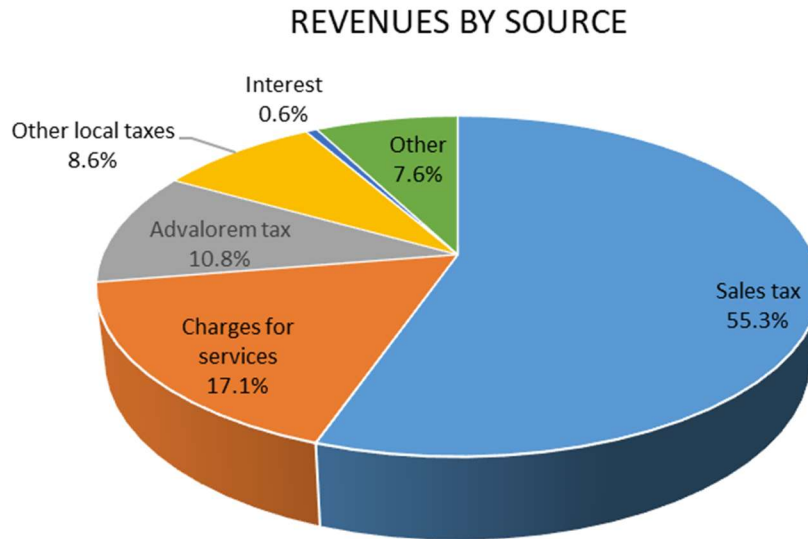
The following presents the total and net costs of providing governmental services by program. The net cost of services is the remaining cost after subtracting grants and charges for services that the City used to offset the program's total cost. The net cost of each program allows the reader to consider the cost of each program in relation to the benefit provided.

Net Cost of Government-Wide Activities

(In Thousands)

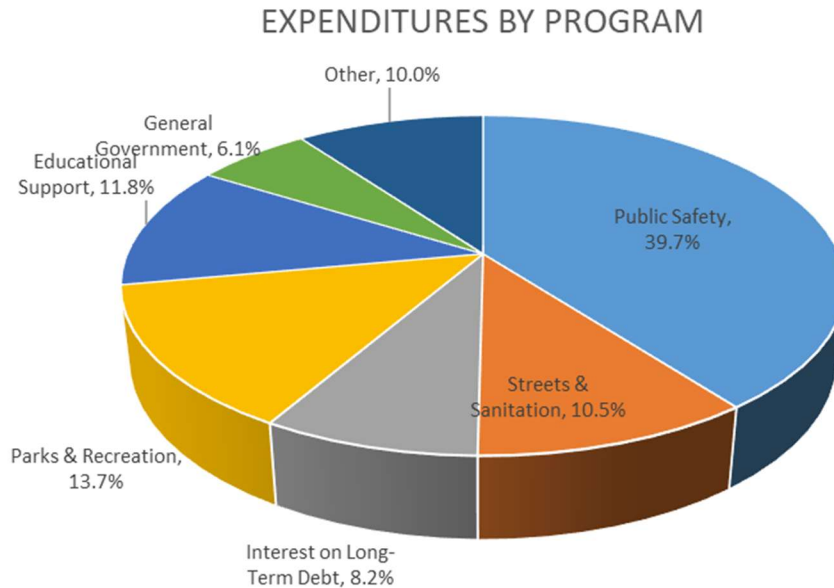
City Programs	Total Program Cost	Net Program Cost
General government	\$ 4,252	\$ 1,088
Educational support	8,142	(8,142)
Redevelopment expenses	3,672	(3,672)
Public safety	27,433	(24,369)
Streets and sanitation	7,300	(6,622)
Parks and recreation	9,482	(6,184)
Library	2,370	(2,370)
Inspections	815	(65)
Interest on long-term debt	5,656	(5,656)
Totals	<u>\$ 69,122</u>	<u>\$ (55,992)</u>

The following chart shows a breakdown of revenue by major source:



**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

The following chart shows a breakdown of expenditures by program:



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable 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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

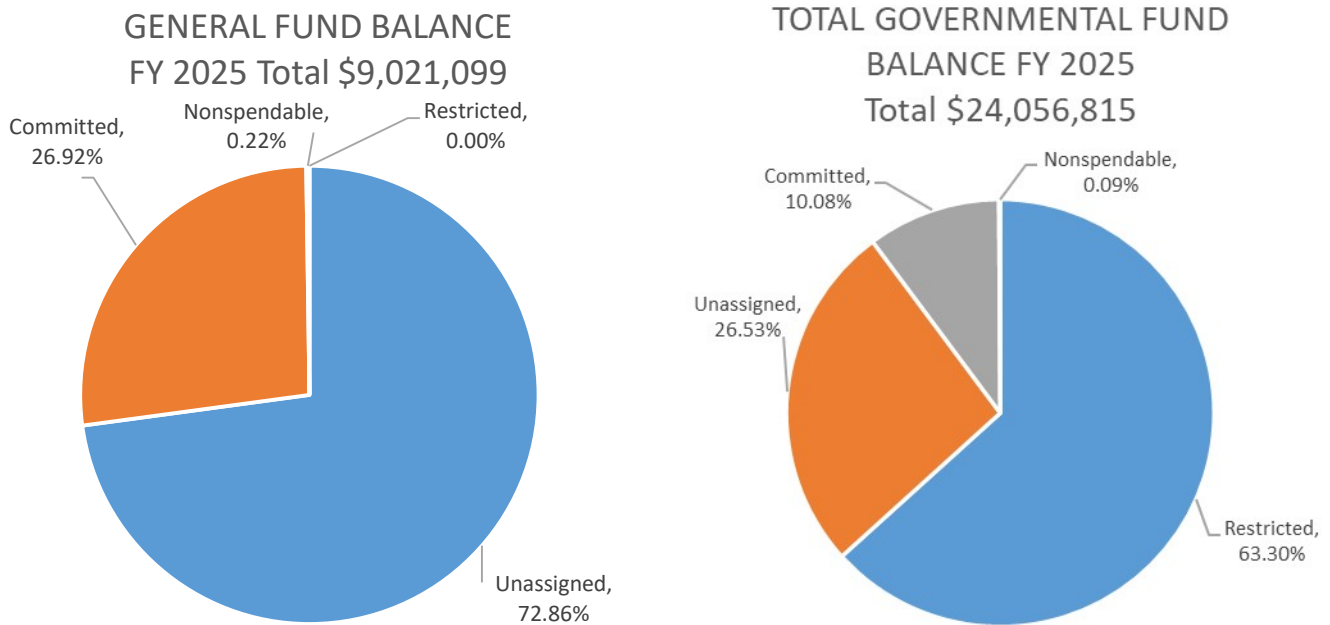
At September 30, 2025, the City's governmental funds reported combined fund balances of \$24.1 million, an increase of \$4.4 million (22.2%) from the prior year. Approximately 26.5% of this amount (\$6.4 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, (not in spendable form; \$0.02 million), *restricted*, (legally required to be maintained intact or restricted for particular purposes; \$15.2 million) or *committed* (committed for particular purposes; \$2.4 million).

**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

General Fund

The General Fund is the chief operating fund of the City and essentially functions as the City's reserves. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$6.6 million, while total fund balance was \$9.0 million, an increase of \$1.7 million (22.6%) from the prior year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 11.3% of total general fund expenditures, while total fund balance represents approximately 15.4% of that same amount.

The City's General Fund and Overall Fund Balance breakdown is shown below:



The fund balance of the City's general fund increased by \$1.7 million (22.6%) during the current fiscal year. General Fund revenues and general fund operating expenditures increased compared to the prior year. Increases in tax revenues and proceeds from the sale of property resulted in a significant change in fund balance.

The fund balance of the City's bond construction fund increased by \$4.1 million during the current fiscal year. The increase was primarily due to proceeds of debt.

The fund balance of the City's debt service fund increased by \$1,200 during the current fiscal year. The fund balance of the City's capital projects fund decreased by \$2.3 million, and the fund balance of the City's nonmajor funds increased by \$940,000 during the current fiscal year.

**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget compared to final budget

During the year, there were a few instances of budget amendments. These amendments consisted primarily of inter-departmental allocations and did not result in a change in the bottom line. In addition, net position neutral adjustments were made mid-year to react to changing conditions and unforeseen events occurring during the budget year.

Final Budget compared to actual results

The most significant differences between estimated revenues and actual revenues were as follows:

- Charges for Services revenues were \$620,000 (13.7%) higher than the final budget amount. Participation in recreational activities was greater than anticipated.
- Other revenues and receipts exceeded final budget amounts by \$5.3 million. Proceeds from the sale of two properties resulted in this budgetary variance.

Overall revenues exceeded the budgeted amounts by \$6.4 million (10.0%).

The most significant differences between estimated expenditures and actual expenditures were as follows:

- Redevelopment expenses were \$400,000 (684.6%) greater than the final budget amount.
- Payments to the Trussville School System were \$1.7 million (29.3%) greater than the final budget amount.

Overall expenditures exceeded the final budget by \$2.6 million (4.6%).

**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Asset Activity

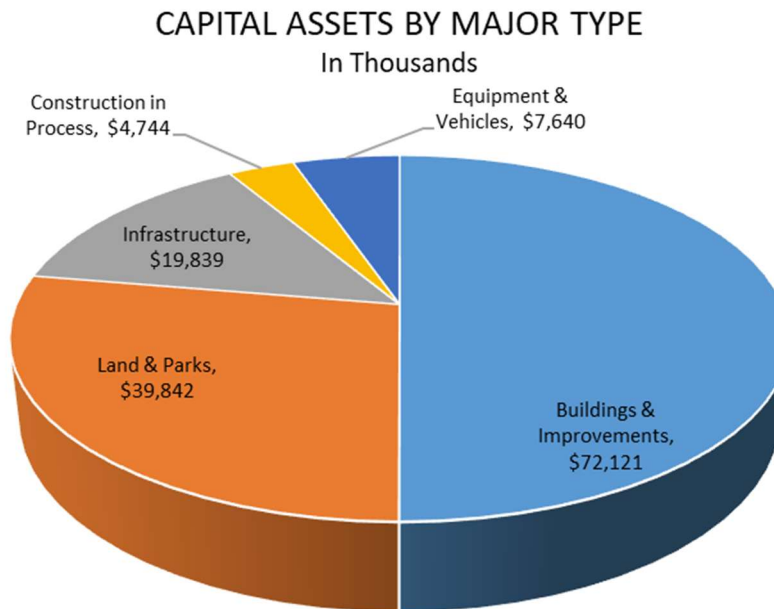
The City's investment in capital assets for its governmental activities as of September 30, 2025, amounts to \$144.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, park facilities, roads, and bridges. The total decrease in net capital assets for the current fiscal year was 4.2%.

Capital asset activity during the year totaled \$10.4 million, and included the following major additions:

- \$610,000 for City vehicles,
- \$7.2 million for construction of the new Fire Station,
- \$1.1 million for road repairs and infrastructure maintenance,

Additional information on the City's capital assets can be found in Note 6 on pages 31 - 32 of this report.

The following chart shows net capital assets by major type:



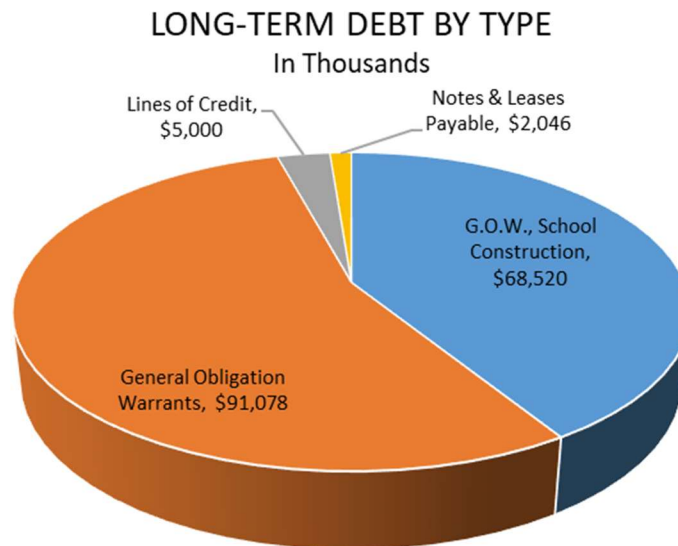
**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Long-term Debt Activity

As of September 30, 2025, the City had total debt outstanding of \$166.6 million. This debt is comprised of the following types for the following purposes:

- General Obligation Warrants, School Construction (\$68.5 million) - Used to finance Trussville City Schools (TCS) infrastructure. When construction was completed, the asset was transferred to the TCS, but the debt remains the responsibility of the City. However, the City retains certain funds from amounts due by agreement to the TCS, to cover annual debt service payments to be made by the City on the TCS-related warrants. Part of the TCS debt service coverage noted above includes a special Ad Valorem tax levy of 7 mills that has been irrevocably pledged to pay debt service on certain school construction general obligation warrants in the amount of \$19.2 million.
- General Obligation Warrants (\$91.1 million) - Used to finance major construction projects and/or to refinance existing debt at more favorable rates or terms.
- Lines of Credit (\$5.0 million) - Used for shorter-term financing of major projects and capital equipment or as bridge financing for major projects that will eventually be financed using general obligation warrants.
- Notes & Capital Leases (\$2.0 million) - Used to finance purchases of property and equipment.

The following chart breaks out the City's long-term debt by type:



The City's total debt decreased by \$4.1 million (2.4%) during the current fiscal year. The decrease resulted from the total of debt service payments made during the year being greater than the amount of new debt issued during the current year.

The City maintains credit ratings of "AA" from Standard & Poor's.

Additional information on the City's long-term debt can be found in Note 7 on pages 33-34 of this report.

**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Trussville's Vision Statement is that of a small-town city, maintained through controlled growth, while offering amenities that attract the best.

The City's Mission Statement is to create a community where individuals live, learn, grow, work, and play to have a higher quality of life. Trussville is dedicated to being a city:

- With a competitive and diverse economy and smart infrastructure and with a friendly legal, business and investment environment.
- That works with other local and state governments to promote economic development and high quality of life.
- With excellent educational and skill training opportunities.
- That has state-of-the-art transportation, recreational, and utilities infrastructure; and
- That is environmentally conscious and provides a healthy and safe living environment for all its citizens.

Each fiscal year's budget is developed with these Mission-defined characteristics in mind and are based on using realistic yet conservative revenue projections, continuing to contain operating costs while maintaining high levels of service, and investing in capital asset maintenance and replacement.

The following economic factors currently affect the City of Trussville and were considered in developing the 2025-2026 fiscal year budget:

- The City of Trussville continues to experience a strong and growing local economy favorably located in the rapidly growing eastern area of the Birmingham - Hoover Metropolitan Statistical Area (MSA).
- The population is currently estimated at 27,516; a 5.00% increase since the latest census in 2020, and 35% over the last decade. One major reason for this growth is the success of Trussville City Schools (TCS), the City's public school system. TCS has received consistently high ratings for the qualifications of its faculty and staff and the achievements of its students, as well as strong local funding levels. The TCS standard of excellence proves a major factor in the City's residential growth.
- The City's property tax base has a 5-year annual growth rate of 6.4%. Median household income is 196% of the state median and 157% of the national median.
- The unemployment rate for the city is currently 1.9% among the lowest among major Alabama cities. This is below the rate of 2.7% for the State of Alabama. This low unemployment rate is likely to remain strong over the next few years.
- Retail sales tax represents approximately 56% of the City's revenues for fiscal year ending September 30, 2026. Over the past five years, this revenue has experienced an average annual growth rate of approximately 6%. Due to declines in retail sales activity observed during the fiscal year 2024, the City reduced the projection to 4% for the fiscal year end 2025 budget. As fiscal year 2025 concluded, retail sales continued to soften. Based on the most recent two years of actual collections, the City adjusted its forecast and reduced projected sales tax revenues by 1.5% compared to fiscal year 2025 actual results for the fiscal year September 30, 2026 budget.
- The City's downtown redevelopment contains an outdoor entertainment venue that continues to drive the addition of new restaurants and retail space in the downtown area.

Personnel and related expenses comprise approximately 63% of governmental expenses in operating departments, and as such, personnel related expenses are significant components of budgeting. Personnel factors taken into consideration in developing the 2025-2026 fiscal year budget include:

- Medical Costs - the State of Alabama Local Government Health Insurance Board (Board) administers the City's health insurance program. This Board is used by many of Alabama's municipalities and establishes health

**THE CITY OF TRUSSVILLE, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

insurance rates for the participating municipalities. The Board provides preferred rates for individual municipalities for meeting certain benchmarks and/or participation rates. The City has been able to take advantage of several of those opportunities to obtain preferred rates. Overall health insurance rates for the 2025-2026 fiscal year have increased by 4.75% from rates in effect for the fiscal year of this audit report. The City bears 85% of the cost for employee health insurance coverage and has allocated \$3.02 million in the 2025-2026 budget for the City's portion of these health insurance costs.

- Retirement Costs - The City's retirement program for employees is provided through the Retirement System of Alabama (RSA). The pension plan is currently funded at 74.00%, reflecting an unfunded liability of \$17.89 million as of the latest measurement date of September 30, 2024. The City's contractually required contribution rates for the 2025-2026 fiscal year are 11.33% for Tier 1 employees and 9.69% for Tier 2 employees, representing budgeted pension contributions of \$2.1 million.
- During fiscal year 2025, the City implemented a voluntary retirement incentive program designed to reduce long-term personnel costs and create opportunities for operational efficiencies across all departments. As a result of employee participation in this program, the City has realized an estimated \$1.25 million reduction in payroll and related personnel expenses compared to prior staffing levels. The City anticipates that these savings will continue in future fiscal years through lower ongoing salary and benefits obligations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the contact below:

Joseph Calvert
Finance Director
113 N. Chalkville Road
P. O. Box 159
Trussville, AL 35173
(205) 655-7478

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

	Governmental Activities	Component Unit
ASSETS		
Cash and cash equivalents	\$ 5,304,140	\$ 1,334,723
Restricted cash and cash equivalents	14,930,165	-
Investments	1,134,777	-
Receivables, net	7,303,348	468,985
Property available for sale	-	133,567
Prepaid expenses	19,800	-
Right of use lease asset	-	221,664
Right of use lease receivable	-	457,114
Capital assets:		
Land and construction in process, not being depreciated	31,219,434	-
Other capital assets, net of accumulated depreciation	<u>112,965,486</u>	<u>-</u>
 Total assets	 172,877,150	 2,616,053
 DEFERRED OUTFLOWS OF RESOURCES	 21,112,713	 -
 LIABILITIES		
Accounts payable and accrued expenses	4,507,174	10,183
Unearned revenue	184,600	-
Long-term liabilities:		
Right of use lease liability	-	270,437
Right of use deferred lease revenue	-	384,828
Due within one year	13,420,529	-
Due in more than one year	153,223,933	-
Unamortized bond premium	2,795,631	-
Compensated absences	3,545,255	-
Pension liability	10,857,304	-
Net other post employment benefit liability	<u>6,595,572</u>	<u>-</u>
 Total liabilities	 195,129,998	 665,448
 DEFERRED INFLOWS OF RESOURCES	 10,527,109	 -
 NET POSITION		
Net investment in capital assets	(22,459,542)	-
Restricted for:		
Debt service	10,703,345	-
Capital projects	4,244,001	-
Infrastructure maintenance	2,343,769	-
Public safety	796,359	-
Unrestricted net position	<u>(7,295,176)</u>	<u>1,950,605</u>
 Total net (deficit) / position	 <u>\$ (11,667,244)</u>	 <u>\$ 1,950,605</u>

See Independent Auditors' Report and Notes to the Financial Statements.

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

Function / Program	Expenses	Program Revenues			Net	Component
		Charges for	Operating	Capital	(Expense)/	
		Services	Grants and	Grants and	Revenue and	Unit
			Contributions	Contributions	Change in	
					Net Position	
Governmental Activities:						
General government	\$ 4,251,465	\$ 5,339,688	\$ -	\$ -	\$ 1,088,223	
Educational support	8,142,173	-	-	-	(8,142,173)	
Redevelopment expenses	3,671,570	-	-	-	(3,671,570)	
Public safety	27,433,396	2,978,814	86,142	-	(24,368,440)	
Streets and sanitation	7,300,432	8,364	670,439	-	(6,621,629)	
Parks and recreation	9,482,119	2,780,055	517,596	-	(6,184,468)	
Library	2,369,861	-	-	-	(2,369,861)	
Inspections	815,099	749,680	-	-	(65,419)	
Interest on long-term debt	5,656,215	-	-	-	(5,656,215)	
Total governmental activities	\$ 69,122,330	\$ 11,856,601	\$ 1,274,177	\$ -	(55,991,552)	
Component Unit:						
Redevelopment Authority						\$ 20,778
General Revenues:						
Taxes:						
Sales taxes					38,446,238	-
Ad valorem taxes					7,497,172	-
Other taxes					5,948,008	-
Interest and investment earnings					427,455	-
Miscellaneous					4,027,615	-
Total general revenues and receipts					56,346,488	-
Increase/(Decrease) in net position from activities					354,936	20,778
Net (deficit) / position - beginning					(12,022,180)	1,929,827
Net (deficit) / position - ending					\$ (11,667,244)	\$ 1,950,605

See Independent Auditors' Report and Notes to the Financial Statements.

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

	GENERAL FUND	BOND CONSTRUCTION FUND	DEBT SERVICE	CAPITAL PROJECTS FUND	NONMAJOR GOVT. FUNDS	TOTAL GOVT. FUNDS
Assets:						
Cash and cash equivalents	\$ 5,304,140	\$ -	\$ -	\$ -	\$ -	\$ 5,304,140
Restricted cash and cash equivalents	848,495	4,225,964	7,584,407	18,037	2,253,262	14,930,165
Investments	-	-	1,134,777	-	-	1,134,777
Receivables, net	5,909,168	-	-	-	66,333	5,975,501
Prepaid expenses	19,800	-	-	-	-	19,800
Total assets	<u>\$ 12,081,603</u>	<u>\$ 4,225,964</u>	<u>\$ 8,719,184</u>	<u>\$ 18,037</u>	<u>\$ 2,319,595</u>	<u>\$ 27,364,383</u>
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,875,904	\$ 2,605	\$ -	\$ 192,073	\$ 52,386	\$ 3,122,968
Unearned revenue	184,600	-	-	-	-	184,600
Total liabilities	3,060,504	2,605	-	192,073	52,386	3,307,568
Fund balances:						
Nonspendable	19,800	-	-	-	-	19,800
Restricted	-	4,223,359	8,719,184	18,037	2,267,209	15,227,789
Committed	2,428,134	-	-	-	-	2,428,134
Unassigned	6,573,165	-	-	(192,073)	-	6,381,092
Total fund balance	<u>9,021,099</u>	<u>4,223,359</u>	<u>8,719,184</u>	<u>(174,036)</u>	<u>2,267,209</u>	<u>24,056,815</u>
Total liabilities and fund balances	<u>\$ 12,081,603</u>	<u>\$ 4,225,964</u>	<u>\$ 8,719,184</u>	<u>\$ 18,037</u>	<u>\$ 2,319,595</u>	<u>\$ 27,364,383</u>

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF

GOVERNMENTAL ACTIVITIES

Total governmental fund balance \$ 24,056,815

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

Notes receivable are not receivable in the current period and are not reported in the funds 1,327,847

Capital assets used in governmental activities are not financial resources and, therefore,
are not reported in the funds 144,184,920

Bonds and other long-term liabilities are not due and payable in the current period and are not
reported in the funds (181,236,826)

Net deficit of government position \$ (11,667,244)

See Independent Auditors' Report and Notes to the Financial Statements.

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

	GENERAL FUND	BOND CONSTRUCTION FUND	DEBT SERVICE	CAPITAL PROJECTS FUND	NONMAJOR GOVT. FUNDS	TOTAL GOVT. FUNDS
Revenues:						
Taxes	\$ 51,464,942	\$ -	\$ -	\$ -	\$ 670,439	\$ 52,135,381
Licenses and permits	6,047,348	-	-	-	-	6,047,348
Intergovernmental	25,920	-	-	-	242,707	268,627
Charges for services	5,408,807	-	-	-	-	5,408,807
Fines and forfeitures	676,874	-	-	-	152,742	829,616
Financial income	33,054	330	160,992	-	25	194,401
Other revenues and receipts	5,963,589	-	3,340,972	-	97,431	9,401,992
Total revenues	69,620,534	330	3,501,964	-	1,163,344	74,286,172
Expenditures:						
Current operations:						
General government	5,467,219	18	-	-	-	5,467,237
Public safety:						
Fire and rescue	9,964,286	-	-	-	-	9,964,286
Police and court	14,348,632	-	-	-	225,372	14,574,004
Streets and sanitation	5,041,254	-	-	-	172,403	5,213,657
Parks and recreation	8,184,818	-	-	-	-	8,184,818
Library	2,231,446	-	-	-	-	2,231,446
Inspections	776,420	-	-	-	-	776,420
Educational support	7,565,538	-	-	-	-	7,565,538
Redevelopment expenses	462,897	733,084	-	-	-	1,195,981
Total current operations	54,042,510	733,102	-	-	397,775	55,173,387
Capital outlays	1,829,233	1,168,761	-	7,425,179	-	10,423,173
Debt service:						
Principal	1,938,445	-	10,295,071	-	-	12,233,516
Interest and fiscal charges	588,361	62,500	4,632,950	-	-	5,283,811
Total expenditures	58,398,549	1,964,363	14,928,021	7,425,179	397,775	83,113,887
Revenues over / (under) expenditures	11,221,985	(1,964,033)	(11,426,057)	(7,425,179)	765,569	(8,827,715)
Other financing sources / (uses):						
Interfund transfers in	2,396,507	-	11,722,727	3,133,107	177,693	17,430,034
Interfund transfers out	(16,956,036)	(96,449)	(372,936)	-	(4,613)	(17,430,034)
QECB subsidy	-	-	77,433	-	-	77,433
Proceeds of debt	5,000,000	6,125,000	-	2,000,000	-	13,125,000
Total other financing sources / (uses)	(9,559,529)	6,028,551	11,427,224	5,133,107	173,080	13,202,433
Net change in fund balance	1,662,456	4,064,518	1,167	(2,292,072)	938,649	4,374,718
Fund balances, beginning	7,358,643	158,841	8,718,017	2,118,036	1,328,560	19,682,097
Fund balances, ending	\$ 9,021,099	\$ 4,223,359	\$ 8,719,184	\$ (174,036)	\$ 2,267,209	\$ 24,056,815

See Independent Auditors' Report and Notes to the Financial Statements.

THE CITY OF TRUSSVILLE, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental funds	\$ 4,374,718
--	--------------

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and the sale of land exceeded net capital outlays in the current period.	(6,401,994)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	17,233,516
--	------------

Issuing of bonds and other debt is an other financing source in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.	(13,125,000)
--	--------------

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore; are not reported as expenditures in governmental funds.	(1,726,304)
--	--

Change in net position of governmental activities	\$ 354,936
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See Independent Auditors' Report and Notes to the Financial Statements.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements of the City of Trussville, Alabama (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies.

Reporting Entity

The City is a municipal corporation governed by an elected Mayor and City Council. As required by generally accepted accounting principles, these financial statements present the City and its component unit, The Trussville Redevelopment Authority (TRA), an entity for which the City is considered to be financially accountable. The TRA is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City. The TRA is governed by a board which is appointed by the City of Trussville. The potential exists for this board to provide financial benefit to or impose financial burdens upon the City. The Trussville Redevelopment Authority has a September 30 year end and issues financial statements that can be obtained by contacting the TRA or the City.

Government-Wide Financial Statements

Financial reporting requirements include a Management's Discussion and Analysis, basic financial statements consisting of Government-Wide and Fund Financial Statements, Required Supplemental Information, and Other Supplemental Information.

The basic financial statements include both Government-Wide (based on the City as a whole) and Fund Financial Statements. The Government-Wide Statement of Net Position is presented on a consolidated basis on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The Government-Wide Statement of Activities reflects both the gross and net costs per functional category that are being supported by general revenues, primarily taxes. The Statement of Activities reduces gross expenses by directly related program revenues. 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 and (2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Taxes and other items not included in program revenues are reported as general revenues. As a general rule, the effect of interfund activity has been eliminated from the Government-Wide Financial Statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the Fund Financial Statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are budgeted and presented on the *current financial resource measurement focus* and the *modified accrual* basis of accounting. Since the Fund Financial Statements are presented on a different measurement focus and basis of accounting than the Government-Wide Financial Statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile them.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 the related cash flows.

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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 judgements, are recorded only when the payment is due.

Property taxes, sales taxes, other miscellaneous taxes, and interest associated with the current fiscal period are all considered susceptible to accrual and are recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the government.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

All of the City's funds fall under the broad classification of Governmental funds. Governmental funds focus on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) and not net income. The following is a description of the major governmental funds of the City:

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

Debt Service Fund - accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

Bond Construction Fund - accounts for the expenditure of funds related to ongoing major capital projects.

Capital Projects Fund - accounts for the expenditure of funds related to ongoing major capital projects.

Non-major funds are aggregated and presented in a single column. The City's non-major funds are comprised of special revenue funds and smaller capital projects funds. Special revenue funds account for the proceeds of specific revenue sources other than special assessments or major capital projects that are legally restricted to expenditures for specified purposes. Capital project funds account for financial resources designated to construct or acquire capital assets and major capital improvements.

Property Tax Calendar

Property values are assessed, and property taxes are collected by Jefferson County and St. Clair County. Property values are assessed, and property taxes attach as an enforceable lien on property as of October 1 of each fiscal year. The property taxes are due and payable on October 1 of the subsequent fiscal year and are delinquent after January 1.

**THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with a duration of one year or less from the date of acquisition. Restricted cash represents amounts that have been placed into escrow for payment of bond principal and interest as it becomes due, amounts in special revenue accounts that are restricted by the revenue source, and amounts that have been committed for specific uses.

Receivables

Receivables are reported net of an allowance for uncollectibles, which is based upon collection experience. The allowance for uncollectible ambulance billings is \$1.77 million. Accounts receivable in governmental funds consist of taxes receivable from other governments who collect these taxes on the City's behalf. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment, it has concluded that realization losses on balances outstanding at year end will be immaterial. Receivables as of year end are considered fully collectible and are recorded at net realizable value.

Prepaid Items

Payments to vendors for services that will benefit periods beyond September 30th are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Fund accounting reports capital outlays as expenditures and does not recognize capital assets and depreciation. Under the government-wide, accrual basis of reporting, general capital assets are long-lived assets of the City as a whole. When purchased, such assets are capitalized subject to a \$5,000 capitalization threshold. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings - 40 years; improvements/infrastructure - 5 to 40 years; equipment - 5 to 15 years.

Bond Premium

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

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

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred outflows/inflows of resources

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

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

Net Position and Fund Balance

In the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt associated with the acquisition, construction, or improvement of these assets reduces this category.

Restricted Net Position - This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted - This category represents the net position of the City that is not restricted for any project or other purpose by third parties.

Pension Plan

The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with 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 Comprehensive Annual Financial Report.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which a City is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Non-Spendable Fund Balance - 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.

Restricted Fund Balance - Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that can be used only for the specific purposes determined by an Ordinance, the City's highest level of decision-making authority (the City Council). The City Council must adopt an ordinance to modify or rescind committed fund balances.

Assigned Fund Balance - Amounts that are constrained by the City's expressed intent to use resources for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council has the authority to assign amounts intended to be used for specific purposes.

Unassigned Fund Balance - All amounts not included in other spendable classifications. The general fund is the only fund that reports a positive unassigned fund balance amount. In all other funds, unassigned is limited to negative residual fund balance, if any.

Compensated Absences

The City accrues unused portions of vacation pay in the period the fund liability is incurred. The vesting method is used to accrue sick leave liability. The liability is based on the sick leave accumulated at year-end by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments.

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

Use of Estimates

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

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The Governmental Fund Balance Sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the Government-Wide Statement of Net Position. One element of that reconciliation explains that "bonds and other long-term liabilities are not due and payable in the current period and are not reported in the funds." The details of that difference are as follows:

Bonds and notes payable	\$ (166,644,462)
Unamortized loss on refunding	6,163,997
Unamortized bond premium	(2,795,631)
Accrued interest payable	(1,384,205)
Compensated absences	(3,545,255)
Pension liability	(7,614,005)
Other post employment benefits	<u>(5,417,264)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (181,236,825)</u></u>

Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the Government - Wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of that difference are as follows:

Net capital outlay	\$ 10,423,173
less sale of land	(9,605,848)
Depreciation	<u>(7,219,319)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (6,401,994)</u></u>

**THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

The City does not have a formal, written investment policy; however, state law limits the kinds of investments that Alabama municipalities can make to: (1) accounts and certificates of deposits with banks or savings associations that are qualified public depositories; (2) direct obligations of the U.S. Department of the Treasury and certain federal agencies (collectively referred in this note as "USTO"; (3) certain qualified obligations of any state and their agencies; and (4) common trust funds, collective investment funds maintained by qualified institutions, or any registered mutual funds, all of which must hold a prescribed amount of obligations meeting the requirements of 1-3 above.

Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

Certain funds in the amount of \$1,134,777, to be used for debt retirement are invested in daily repurchase agreements (repos) through a local bank acting as agent. A repo is an arrangement by which a securities dealer sells an underlying security to an investor (The City) with an agreement to repurchase the security the next day at a slightly higher price. Although the transaction is collateralized by the underlying security, the risk of default exists on the part of the dealer if they were unable to fulfill their obligation to repurchase the underlying security. In that instance, the City can keep the underlying security and liquidate it to recover their investment. The City's repurchase agreement states that the securities collateralizing the transaction can include cash, government securities, debt securities, loan participations, money market instruments or other securities, including those that are rated below investment grade. At September 30, 2025, the underlying securities collateralizing the City's investment of \$1,134,777 were issued by Fannie Mae and had a market value of \$1,133,178.

Custodial Credit Risk - Deposits

The City has a policy that all of its deposits be insured by federal depository insurance or the Security for Alabama Funds Enhancement, or SAFE program, which was the case for all bank deposits as of September 30, 2025. The SAFE program is administered by the State Treasurer according to State of Alabama statute, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 4 - RECEIVABLES

Receivables consist of the following as of September 30, 2025:

	ENTITY WIDE	GENERAL FUND	NON MAJOR SPEC REV	COMP. UNIT
Taxes	\$ 2,992,731	\$ 2,926,398	\$ 66,333	\$ -
Ambulance charges	2,563,067	2,563,067	-	-
Interest	2,442	2,442	-	-
Other	2,183,671	2,183,671	-	9,583
Note receivable from the Industrial Development Board, repaid on demand as lots in the industrial park are sold*	1,327,847	-	-	-
Note receivable associated with a redevelopment project, repaid in monthly installments of \$5,525, including interest at 3%. Final balloon payment due in 2025.	-	-	-	459,402
	9,069,758	7,675,578	66,333	468,985
Less allowance for uncollectibles	(1,766,410)	(1,766,410)	-	-
	<u>\$ 7,303,348</u>	<u>\$ 5,909,168</u>	<u>\$ 66,333</u>	<u>\$ 468,985</u>

NOTE 5 - INTERFUND TRANSFERS

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due. The composition of interfund balances as of September 30, 2025, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Capital Projects Fund	General Fund	\$ 3,133,107
General Fund	Bond Construction Fund	96,449
General Fund	Opioid Recovery Fund	173,080
General Fund	Debt Service Fund	372,936
Debt Service Fund	General Fund	11,722,727
Civic Center Fund	General Fund	1,162,646
General Fund	Entertainment District Fund	482,581
General Fund	Vehicle Tag Fund	42,942
Confiscated Fund - Spendable	Confiscated Fund - Restricted	243,566
		<u>\$ 17,430,034</u>

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

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

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Not being depreciated:				
Land	\$ 36,070,399	\$ 11,334	\$ (9,605,848)	\$ 26,475,885
Construction in process	16,420,887	9,462,345	(21,139,683)	4,743,549
	52,491,286	9,473,679	(30,745,531)	31,219,434
Other capital assets:				
Buildings and improvements	77,743,523	12,633,405	-	90,376,928
Improvements other than buildings	2,096,996	-	-	2,096,996
Recreation facilities	11,775,217	8,307,144	-	20,082,361
Equipment, technology, and rolling equipment	8,349,082	298,062	-	8,647,144
Roads, sidewalks, bridges and drainage structures	99,229,236	265,224	-	99,494,460
Library collection	1,234,625	-	-	1,234,625
Vehicles	14,877,053	609,842	-	15,486,895
	215,305,732	22,113,677	-	237,419,409
Accumulated depreciation:				
Buildings and improvements	(18,263,684)	(1,932,902)	-	(20,196,586)
Improvements other than buildings	(633,362)	(144,525)	-	(777,887)
Recreation facilities	(5,784,528)	(931,583)	-	(6,716,111)
Equipment, technology, and rolling equipment	(4,073,362)	(1,095,345)	-	(5,168,707)
Roads, sidewalks, bridges and drainage structures	(77,786,734)	(1,869,047)	-	(79,655,781)
Library collection	(528,902)	(84,465)	-	(613,367)
Vehicles	(10,164,032)	(1,161,452)	-	(11,325,484)
	(117,234,604)	(7,219,319)	-	(124,453,923)
Net other capital assets	98,071,128	14,894,358	-	112,965,486
Net capital assets	\$ 150,562,414	\$ 24,368,037	\$ (30,745,531)	\$ 144,184,920

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION - Continued

During the year ended September 30, 2025, the Fire Station #4 project, Athletic Field Renovation project, and other miscellaneous projects were completed and removed from construction in process. Each completed project was capitalized and added to the City's depreciable capital assets:

Fire Station #4	\$ 12,104,009
Athletic Field Renovations	8,307,144
Other Miscellaneous Projects	728,530
	<u>\$ 21,139,683</u>

Remaining construction in process is made up of the following:

	Expended to September 30, 2025
Downtown Loop Road	\$ 3,181,517
Highway 11 Widening	275,852
Pierce Enforcer Pumper Fire Truck	767,463
Various other projects	518,717
	<u>\$ 4,743,549</u>

No additional financing is expected to be necessary to complete these projects.

Depreciation was charged to functions as follows:

Administrative services	\$ 1,689,311
Streets and sanitation	2,052,439
Public safety	1,521,994
Parks and recreation	1,645,033
Library	288,314
Inspections	22,228
	<u>\$ 7,219,319</u>

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 7 - BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

General Obligation Warrants

The City issues general obligation ("G.O.") warrants, which are a direct obligation and pledge of the full faith and credit of the City, for the acquisition and construction of major capital facilities or to refund other G.O. warrants. The City utilizes lines of credit generally for the short-term financing of capital projects or major equipment acquisitions. The City enters into notes payable and capital leases generally for the acquisition of property and equipment.

Description	Interest Rate	Balance 9/30/2024	Issued	Retired	Balance 9/30/2025	Amounts Due Within One Year
General Obligation Warrants:						
2014 Series A & B	2.0 - 5.0	\$ 260,000	\$ -	\$ 260,000	\$ -	\$ -
2014 QECB Series	4.68	2,485,000	-	-	2,485,000	-
2014 Series C & D	2.0 - 5.0	670,000	-	560,000	110,000	35,000
2015 Series	3.0 - 5.0	20,110,000	-	950,000	19,160,000	1,000,000
2018 Series A & B*	3.0 - 5.0	29,405,000	-	1,035,000	28,370,000	1,090,000
2020 Series A&B*	.3 - 2.5	77,925,000	-	3,795,000	74,130,000	4,630,000
2022 Series A&B	1.0 - 5.0	16,705,000	-	290,000	16,415,000	305,000
Subtotal General Obligation Warrants		147,560,000	-	6,890,000	140,670,000	7,060,000
Direct Placement GO Warrants:						
2017 Series	3.28	8,665,000	-	85,000	8,580,000	85,000
2021 Series	1.43	1,750,883	-	239,637	1,511,246	243,071
2023 Series	3.54	3,681,206	-	3,681,206	-	-
2024 Series	4.19	3,090,955	-	244,940	2,846,015	279,197
2025 Series	3.93	-	6,125,000	134,245	5,990,755	413,096
Subtotal Direct Placement GO Warrants		17,188,044	6,125,000	4,385,028	18,928,016	1,020,364
Total General Obligation Warrants		\$ 164,748,044	\$ 6,125,000	\$ 11,275,028	\$ 159,598,016	\$ 8,080,364
* - A portion of this debt is associated with Trussville City Schools						
Lines of Credit:						
\$6,000,000 line of credit, interest payable monthly at 2.39%.						
Matures July 15, 2026.	2.39	\$ 616,253	\$ -	\$ 616,253	\$ -	\$ -
\$6,000,000 line of credit, interest payable monthly at the One Month Term SOFR plus 233 basis points.						
Matures July 17, 2027	4.34	-	5,000,000	-	5,000,000	5,000,000
\$3,000,000 line of credit, interest payable monthly at 2.21%						
Matures August 21, 2026	2.21	3,000,000	2,000,000	5,000,000	-	-
Total Lines of Credit		\$ 3,616,253	\$ 7,000,000	\$ 5,616,253	\$ 5,000,000	\$ 5,000,000

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 7 - BONDS, NOTES AND OTHER LONG-TERM LIABILITIES - Continued

Description	Interest Rate	Balance 9/30/2024	Issued	Retired	Balance 9/30/2025	Amounts Due Within One Year
Notes and capital leases payable:						
Land mortgage payable, due in monthly installments of \$15,019	3.5	\$ 912,835	\$ -	\$ 150,714	\$ 762,121	\$ 156,036
Mortgage payable, due in monthly installments of \$9,000	4.0	1,107,621	-	64,590	1,043,031	67,221
Note payable, due in monthly installments of \$8,105	2.25	233,750	-	84,423	149,327	74,400
Capital lease payable, due in annual installments of \$47,627	4.05	134,475	-	42,508	91,967	42,508
Total notes and capital leases payable		2,388,681	-	342,235	2,046,446	340,165
Compensated absences		2,944,358	600,897	-	3,545,255	-
Total long-term liabilities		<u>\$ 173,697,336</u>	<u>\$ 13,725,897</u>	<u>\$ 17,233,516</u>	<u>\$ 170,189,717</u>	<u>\$ 13,420,529</u>

Source of Repayment of Long-Term Liabilities

The City's long-term debt is generally repaid from the Debt Service fund with resources provided by the General Fund. Compensated absences are generally paid for with General Fund resources since most of the activities affecting the liability occur within General Fund departments. Principal maturities of G.O. warrants and notes payable are as follows for the fiscal years ended:

September 30,	Principal	Interest
2026	13,420,529	4,899,962
2027	8,616,259	4,689,886
2028	8,730,627	4,448,381
2029	8,969,002	4,211,500
2030	9,148,453	3,953,102
2031-2035	50,478,673	15,571,493
2036-2040	50,320,919	7,477,325
2041-2045	9,035,000	2,476,619
2046-2050	5,065,000	1,213,684
2051-2055	2,860,000	202,344
	<u>\$ 166,644,462</u>	<u>\$ 49,144,296</u>

Amortization of Loss on Refunding

The City has refunded several debt obligations that resulted in a loss from refunding. This loss results from the reacquisition price exceeding the net carrying amount of old debt. This loss is amortized over the life of the new debt and is considered a component of interest expense for financial statement presentation. The amount recognized in the current year as amortized loss on refunding was \$445,130.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 8 - LEASES IN STATEMENTS OF LESSEES - Discretely Presented Component Unit

The Trussville Redevelopment Authority leases a commercial building from The Village in Trussville, LLC. This lease commenced in October 2011 and will expire September 2026. The lease provides for minimum monthly lease payments of \$22,638 for the first 120 months and \$23,437 for the remaining 60 months of the lease. An incremental borrowing rate of 3% was used to calculate the present value of the remaining portion of this lease for implementation of GASB 87.

Future lease payments are as follows:

2026	\$ 281,244
Thereafter	-
	<u>\$ 281,244</u>

Operating Leases:

Future lease payments	\$ 281,244
Less: discounted cash flows of future lease payments in calculating present value	<u>59,580</u>
Present value of future lease payments:	\$ 221,664
 Operating lease right of use assets	 <u>\$ 221,664</u>
 Operating lease liability - current portion	 \$ 270,437
Operating lease liability - noncurrent portion	<u>-</u>
Total operating lease liabilities:	<u>\$ 270,437</u>

The right of use lease asset and lease liability balances decrease over the life of the lease as follows:

	<u>ROU Asset</u>	<u>ROU Liability</u>
2026	\$ 221,664	\$ 270,437
Thereafter	<u>-</u>	<u>-</u>
	<u>\$ 221,664</u>	<u>\$ 270,437</u>

Reconciliation of undiscounted cash flows to the operating lease liability recognized in the Balance Sheet are as follows:

2026	\$ 59,580
	<u>\$ 59,580</u>

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 9 - LEASES IN STATEMENTS OF LESSORS - Discretely Presented Component Unit

The Authority subleases several units of the commercial building detailed in Note 8. Two of the sublease arrangements in effect as of September 30, 2025, are subject to GASB 87 implementation. These sublease arrangements commenced in October 2013 and their maturity dates and options to renew are detailed below. An incremental borrowing rate of 3% was used to calculate the present value of the remaining portion of this lease for implementation of GASB 87. The subtenants are obligated under the following terms of the sublease arrangements:

Lease receivable from a tenant for commercial space in a building used in operations due in 60 monthly installments of \$9,163 and 60 monthly installments of \$10,088 with an option to renew for an additional 60 monthly installments of \$11,088 including interest of 3.00%; maturing September 2028.

Lease receivable from a tenant for commercial space in a building used in operations due in 84 monthly installments of \$9,583 with an option to renew for an additional 72 monthly installments of \$11,979 including interest of 3.00%; maturing September 2026.

Future lease payments are as follows:

2026	276,804
2027	133,056
2028	133,056
Thereafter	-
	<u>\$ 542,916</u>

Operating Leases:

Future lease payments	\$ 542,916
Less: discounted cash flows of future lease payments in calculating present value	<u>85,802</u>
Present value of future lease payments:	\$ 457,114
Operating lease right of use lease receivable	<u>\$ 457,114</u>
Operating lease unearned lease revenue - current portion	\$ 189,582
Operating lease unearned lease revenue - noncurrent portion	<u>195,246</u>
Total operating lease unearned lease revenue:	<u>\$ 384,828</u>

The right of use lease asset and lease liability balances decrease over the life of the lease as follows:

	<u>ROU Asset</u>	<u>ROU Liability</u>
2026	\$ 221,289	\$ 189,582
2027	115,876	97,623
2028	119,949	97,623
Thereafter	-	-
	<u>\$ 457,114</u>	<u>\$ 384,828</u>

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 10 - RISK MANAGEMENT

The City maintains commercial insurance policies to mitigate the risk of significant losses. Management believes the amount of insurance maintained to be adequate. There have been no significant reductions in insurance coverage. Insurance settlements have not exceeded insurance coverage for the current year or the three prior years. During the current year, the City implemented GASB Statement No. 102, *Certain Risk Disclosures*, which requires a government to assess whether a concentration or constraint makes the primary government vulnerable to the risk of a substantial impact. The City has evaluated the impact and applicability of this Statement and is unaware of any risks that meet the criteria for disclosure.

NOTE 11 - FUND BALANCE

Amounts for specific purposes by fund and fund balance classifications for the year ended September 30, 2025, are as follows:

Classification / Fund	Purpose	Amount
Unassigned / General Fund		\$ 6,573,165
Unassigned / Capital Projects Fund		(192,073)
Restricted / Subdivision Paving Fund	Infrastructure Maintenance	46,904
Restricted / Street Improvement Fund	Infrastructure Maintenance	554,133
Restricted / Opioid Recovery Fund	Public Safety	157,107
Committed / General Fund	Infrastructure Maintenance	400,385
Committed / General Fund	Public Safety	448,110
Restricted / Gas Tax Fund	Infrastructure Maintenance	960,265
Restricted / Debt Service Fund	Debt Payments	8,719,184
Restricted / Corrections Fund	Public Safety	60,092
Restricted / Confiscated Fund	Public Safety	106,626
Restricted / Capital Projects Fund	Capital Projects	18,037
Restricted / Capital Improvement Fund	Infrastructure Maintenance	382,082
Restricted / Bond Construction Fund	Capital Projects	4,223,359
Nonspendable / General Fund	Prepaid Expense	19,800
Committed / General Fund	Education	1,579,639
		<u>\$ 24,056,815</u>

NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES

The City is involved in various lawsuits at September 30, 2025, substantially all of which will be covered by insurance in the event of a settlement or judgement against the City.

The City, in order to foster economic growth, has entered into the following agreements:

The City has entered into tax abatement agreements with local businesses to promote economic development. The agreements rebate varying percentages of sales taxes, rental taxes and/or business license fees generated by the respective commercial development. The total amount rebated under these agreements for the year ended September 30, 2025, was \$1,390,941. The balances remaining to be paid under these agreements as of September 30, 2025, cannot be determined since the total to be paid is dependent upon future sales tax, rental tax and business license revenue from each development.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 13 - POST EMPLOYMENT BENEFITS

Plan Description. The City of Trussville (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Trussville's 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 as this is a pay as you go plan.

Benefits Provided. Benefits are provided through comprehensive plans and are made available to employees upon actual retirement. To qualify for retiree medical benefits, retirees must be eligible to retire under the provisions of the Retirement System of Alabama (RSA). 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 I" members). Retiree healthcare also requires age 62 with 30 years of service, or age 55 with 25 years of consecutive service with the City of Trussville.

Employees Covered by Benefit Terms. At September 30, 2025, the following types of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>275</u>
Total	<u><u>281</u></u>

Total OPEB Liability. The City has a total OPEB liability of \$6,595,572 as of the measurement date September 30, 2025, the end of the fiscal year.

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	3.0%
Salary increases	3.0%, including inflation
Prior Discount rate	3.81%
Discount rate	4.90%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Getzen model, initial trend of 5.5%
Mortality	120% of Pub-2010/2021

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, 2025, valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2025.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 13 - POST EMPLOYMENT BENEFITS - Continued

Changes in the Total OPEB Liability.

Balance at September 30, 2024	\$ 6,511,398
Changes for the year:	
Service cost	291,865
Interest	253,644
Differences between expected and actual experience	283,706
Changes in assumptions/inputs	(714,677)
Benefit payments and net transfers	(30,364)
Net changes	<u>84,174</u>
Balance at September 30, 2025	<u>\$ 6,595,572</u>

Sensitivity of the Total OPEB Liability to Change 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 one percent lower (3.90%) or one percent higher (5.90%) than the current discount rate:

	<u>1% Decrease (3.90%)</u>	<u>Current Discount (4.90%)</u>	<u>1% Increase (5.90%)</u>
Total OPEB liability	<u>\$ 7,335,776</u>	<u>\$ 6,595,572</u>	<u>\$ 5,953,002</u>

Sensitivity of the Total OPEB Liability to Change in the Healthcare Cost Trend 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 healthcare cost trend rates that are one percent lower (4.5%) or one percent higher (6.5%) than the current healthcare cost trend rates:

	<u>1% Decrease (4.5%)</u>	<u>Current Trend (5.5%)</u>	<u>1% Increase (6.5%)</u>
Total OPEB liability	<u>\$ 5,902,968</u>	<u>\$ 6,595,572</u>	<u>\$ 7,407,917</u>

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 13 - POST EMPLOYMENT BENEFITS - Continued

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 \$644,086. 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	\$ 1,330,028	\$ (958,868)
Changes of assumptions	<u>2,213,151</u>	<u>(1,406,003)</u>
Total	<u><u>\$ 3,543,179</u></u>	<u><u>\$ (2,364,871)</u></u>

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

Amortization of Deferred Inflows / Outflows: Year ended September 30,	Net Amount Recognized in Current Year	Net Amount Recognized Cumulative
2026	\$ (47,886)	\$ 98,577
2027	(47,886)	98,577
2028	(47,886)	98,577
2029	(47,886)	98,577
2030	(47,886)	98,577
Thereafter	<u>(143,655)</u>	<u>685,423</u>
	<u><u>\$ (383,085)</u></u>	<u><u>\$ 1,178,308</u></u>

NOTE 14 - PENSION PLAN

Employee's Retirement System of Alabama (ERS)

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 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

**THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

NOTE 14 - PENSION PLAN - Continued

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

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

Benefits provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. 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 guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service.

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

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier I 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.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 14 - PENSION PLAN - Continued

As of September 30, 2024, City membership consisted of:

Retirees and beneficiaries currently receiving benefits	77
Vested inactive members	8
Non-vested inactive members	56
Active members	279
Post-DROP participants who are still in active service	<u>-</u>
Total	<u><u>420</u></u>

Contributions. Tier 1 covered members of the ERS contribute 5% of earnable compensation with the exception of certified law enforcement, correctional officers and firefighters who contribute 6%. Tier 2 covered members contribute 6 percent of earnable compensation with the exception of law enforcement, correctional officers, and firefighters who contribute 7% of earnable compensation.

The ERS establishes employer rates based on an actuarial determined rate calculated by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost 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 9.45 percent of covered payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 9.02 percent of covered payroll.

The City's contractually required contribution rate for the year ended September 30, 2025 was 9.90% of pensionable pay for Tier 1 employees, and 8.13% 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 an actuarially determined amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were \$1,896,423 for the year ended September 30, 2025.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 14 - PENSION PLAN - Continued

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:

	<u>Expected</u>	<u>Actual Before Plan Changes</u>	<u>Actual After Plan Changes</u>
(a) Total Pension Liability as of September 30, 2023	\$ 58,763,552	\$ 61,421,442	\$ 61,421,442
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2023 - September 30, 2024	1,916,019	1,916,019	1,916,019
(d) Transfers Among Employers:	-	(196,431)	(196,431)
(e) Actual Benefit Payments and Refunds for the period October 1, 2023 - September 30, 2024	<u>(2,257,490)</u>	<u>(2,257,490)</u>	<u>(2,257,490)</u>
(f) Total Pension Liability as of September 30, 2024 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 62,715,874</u>	<u>\$ 65,375,346</u>	<u>\$ 65,375,346</u>
(g) Difference between Expected and Actual		\$ 2,659,472	
(h) Less Liability Transferred for Immediate Recognition		<u>(196,431)</u>	
(i) Difference between Expected and Actual - Experience (Gain)/Loss = (g) - (h)		<u>\$ 2,855,903</u>	
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change (Gain)/Loss			<u>\$ -</u>

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

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

*Net of pension plan investment expense

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 14 - PENSION PLAN - Continued

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	15.00%	2.80%
US Large Stocks	32.00%	8.00%
US Mid Stocks	9.00%	10.00%
US Small Stocks	4.00%	11.00%
Int'l Developed Market Stocks	12.00%	9.50%
Int'l Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100%	

*Includes assumed rate of inflation of 2.00%

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 14 - 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)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2023	\$ 58,763,552	\$ 44,613,172	\$ 14,150,380
Changes for the year:			
Service cost	1,916,019	-	1,916,019
Interest	4,293,793	-	4,293,793
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	2,855,903	-	2,855,903
Contributions - employer	-	1,542,353	(1,542,353)
Contributions - employee	-	1,348,976	(1,348,976)
Net investment income	-	9,467,462	(9,467,462)
Benefit payments, including refunds of employee contributions	(2,257,490)	(2,257,490)	-
Administrative expense	-	-	-
Transfers among employers	(196,431)	(196,431)	-
Net changes	6,611,794	9,904,870	(3,293,076)
Balances at September 30, 2024	<u>\$ 65,375,346</u>	<u>\$ 54,518,042</u>	<u>\$ 10,857,304</u>

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Plan's Net Pension Liability (Asset)	\$ 19,608,870	\$ 10,857,304	\$ 3,578,368

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2024. The auditor's report dated April 17, 2024 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 14 - PENSION PLAN - Continued

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 \$1,796,996. At September 30, 2025, the City 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	\$ 4,878,903	\$ 976,949
Changes of assumptions	1,084,625	-
Net difference between projected and actual earnings on plan investments	3,545,586	7,185,289
Employer contributions subsequent to the Measurement Date	<u>1,896,423</u>	<u>-</u>
Total	<u>\$ 11,405,537</u>	<u>\$ 8,162,238</u>

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

Year ended September 30,	
2026	\$ 2,246,311
2027	1,234,717
2028	(784,926)
2029	(497,928)
2030	637,964
Thereafter	<u>407,161</u>
	<u>\$ 3,243,299</u>

NOTE 15 - ECONOMIC DEPENDENCY

Sales and use tax revenue accounted for 55 percent of total governmental fund-type revenues for the year ended September 30, 2025.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 16 - FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in subsequent fiscal years. The statements address:

- Statement No. 103, *Financial Reporting Model Improvements*, continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units. This Statement is effective for years beginning after June 15, 2025.
- Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. This Statement is effective for years beginning after June 15, 2025.
- Statement No. 105, *Subsequent Events*, defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement is effective for years beginning after June 15, 2026.

NOTE 17 - UNEARNED REVENUE

The City has \$184,600 of unearned revenue related to the Civic Center activities.

NOTE 18 - SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through April 28, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - RETIREMENT SYSTEMS OF ALABAMA
FOR THE YEAR ENDED SEPTEMBER 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 1,916,019	\$ 1,712,382	\$ 1,536,670	\$ 1,298,682	\$ 1,173,969	\$ 1,092,756	\$ 1,003,571	\$ 976,468	\$ 893,261	\$ 866,177
Interest	4,293,793	3,926,288	3,576,873	3,402,954	3,014,175	2,756,258	2,522,261	2,338,719	2,138,421	1,963,550
Changes of benefit terms	-	-	38,541	-	655,599	-	-	-	-	-
Differences between expected and actual experience	2,855,903	1,247,416	939,981	(2,062,449)	2,057,021	877,767	558,263	89,323	(71,589)	203,360
Changes of assumptions	-	-	-	2,232,134	-	-	218,385	-	1,509,603	-
Benefit payments, including refunds of employee contributions	(2,257,490)	(1,941,914)	(1,677,096)	(1,639,088)	(1,450,286)	(1,232,373)	(1,022,225)	(938,632)	(844,892)	(849,514)
Transfers among employers	(196,431)	146,573	407,575	604,282	(307,003)	(35,886)	75,083	(55,802)	(131,171)	-
Net change in total pension liability	6,611,794	5,090,745	4,822,544	3,836,515	5,143,475	3,458,522	3,355,338	2,410,076	3,493,633	2,183,573
Total pension liability - beginning	58,763,552	53,672,807	48,850,263	45,013,748	39,870,273	36,411,751	33,056,413	30,646,337	27,152,704	24,969,131
Total pension liability - ending (a)	\$ 65,375,346	\$ 58,763,552	\$ 53,672,807	\$ 48,850,263	\$ 45,013,748	\$ 39,870,273	\$ 36,411,751	\$ 33,056,413	\$ 30,646,337	\$ 27,152,704
Plan fiduciary net position										
Contributions - employer	\$ 1,542,353	\$ 1,365,381	\$ 1,332,300	\$ 1,114,745	\$ 996,441	\$ 991,508	\$ 865,528	\$ 822,430	\$ 802,312	\$ 729,859
Contributions - member	1,348,976	1,215,470	1,039,132	982,116	803,833	770,222	753,840	629,893	641,861	560,562
Net investment income	9,467,462	5,081,219	(5,601,118)	7,761,816	1,859,473	807,952	2,615,928	3,144,242	2,226,928	250,728
Benefit payments, including refunds of employee contributions	(2,257,490)	(1,941,914)	(1,677,096)	(1,639,088)	(1,450,286)	(1,232,373)	(1,022,225)	(938,632)	(844,892)	(849,514)
Transfers among employers	(196,431)	146,573	407,575	604,282	(307,003)	(35,886)	75,083	(55,802)	(131,171)	54,926
Net change in plan fiduciary net position	9,904,870	5,866,729	(4,499,207)	8,823,871	1,902,458	1,301,423	3,288,154	3,602,131	2,695,038	746,561
Plan net position - beginning	44,613,172	38,746,443	43,245,650	34,421,779	32,519,321	31,217,898	27,929,744	24,327,613	21,632,575	20,886,014
Plan net position - ending (b)	\$ 54,518,042	\$ 44,613,172	\$ 38,746,443	\$ 43,245,650	\$ 34,421,779	\$ 32,519,321	\$ 31,217,898	\$ 27,929,744	\$ 24,327,613	\$ 21,632,575
Net pension liability (asset) - ending (a) - (b)	\$ 10,857,304	\$ 14,150,380	\$ 14,926,364	\$ 5,604,613	\$ 10,591,969	\$ 7,350,952	\$ 5,193,853	\$ 5,126,669	\$ 6,318,724	\$ 5,520,129
Plan fiduciary net position as a percentage of the total pension liability	83.39%	75.92%	72.19%	88.53%	76.47%	81.56%	85.74%	84.49%	79.38%	79.67%
Covered-employee payroll	\$ 19,617,815	\$ 17,867,612	\$ 15,570,704	\$ 14,123,140	\$ 13,242,966	\$ 12,698,966	\$ 12,071,935	\$ 10,990,780	\$ 10,452,502	\$ 9,801,065
Net pension liability (asset) as a percentage of covered-employee payroll	55.34%	79.20%	95.86%	39.68%	79.98%	57.89%	43.02%	46.65%	60.45%	56.32%

See Notes to the Required Supplemental Information.

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS - RETIREMENT SYSTEMS OF ALABAMA
FOR THE YEAR ENDED SEPTEMBER 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,896,423	\$ 1,615,209	\$ 1,430,876	\$ 1,293,868	\$ 1,164,747	\$ 1,059,803	\$ 1,000,397	\$ 891,797	\$ 851,471	\$ 821,552
Contribution in relation to the actuarially determined contribution	<u>1,896,423</u>	<u>1,615,209</u>	<u>1,430,876</u>	<u>1,293,868</u>	<u>1,164,747</u>	<u>1,059,803</u>	<u>1,000,397</u>	<u>891,797</u>	<u>851,471</u>	<u>821,552</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 20,061,146	\$ 19,617,815	\$ 17,867,612	\$ 15,570,704	\$ 14,123,140	\$ 13,242,966	\$ 12,698,966	\$ 12,071,935	\$ 10,990,780	\$ 10,452,502
Contributions as a percentage of covered- employee payroll	9.45%	8.23%	8.01%	8.31%	8.25%	8.00%	7.88%	7.39%	7.75%	7.86%

Actuarial cost method:	Entry Age
Amortization Method:	Level percent closed
Remaining amortization period:	25.9 years
Asset valuation method:	Five-year smoothed market
Inflation:	2.50%
Salary increases:	3.25 – 6.00%, including inflation
Investment rate of return:	7.45%, net of pension plan investment expense, including inflation

See Notes to the Required Supplemental Information.

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF FUNDING PROGRESS - POST EMPLOYMENT HEALTH INSURANCE PLAN
FOR THE YEAR ENDED SEPTEMBER 30,

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 291,865	\$ 212,372	\$ 210,731	\$ 321,810	\$ 185,671	\$ 192,097	\$ 69,886	\$ 83,311
Interest	253,644	232,327	201,207	116,761	101,177	141,755	91,704	80,181
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	283,706	427,759	314,175	139,248	128,113	(1,598,113)	499,993	68,580
Changes of assumptions	(714,677)	93,541	(37,685)	(934,581)	407,768	552,732	2,448,817	(164,323)
Benefit payments	<u>(30,364)</u>	<u>(28,781)</u>	<u>(14,021)</u>	<u>(13,290)</u>	<u>(38,234)</u>	<u>(36,241)</u>	<u>(36,240)</u>	<u>(34,351)</u>
Net change in total OPEB liability	84,174	937,218	674,407	(370,052)	784,495	(747,770)	3,074,160	33,398
Total OPEB liability - beginning	<u>6,511,398</u>	<u>5,574,180</u>	<u>4,899,773</u>	<u>5,269,825</u>	<u>4,485,330</u>	<u>5,233,100</u>	<u>2,158,940</u>	<u>2,125,542</u>
Total OPEB liability - ending (a)	<u><u>\$ 6,595,572</u></u>	<u><u>\$ 6,511,398</u></u>	<u><u>\$ 5,574,180</u></u>	<u><u>\$ 4,899,773</u></u>	<u><u>\$ 5,269,825</u></u>	<u><u>\$ 4,485,330</u></u>	<u><u>\$ 5,233,100</u></u>	<u><u>\$ 2,158,940</u></u>
 Covered-employee payroll	 \$ 19,650,371	 \$ 19,078,030	 \$ 16,579,366	 \$ 16,096,472	 \$ 13,405,521	 \$ 13,015,069	 \$ 11,576,884	 \$ 11,239,693
 Net OPEB liability (asset) as a percentage of covered-employee payroll	 33.56%	 34.13%	 33.62%	 30.44%	 39.31%	 34.46%	 45.20%	 19.21%
 Notes to Schedule:								
Benefit Changes	None	None	None	None	None	None	None	None
Discount Rate	4.90%	3.81%	4.09%	4.02%	2.15%	2.21%	2.66%	4.18%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Notes to the Required Supplemental Information.

THE CITY OF TRUSSVILLE, ALABAMA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:				
Taxes	\$ 50,934,400	\$ 50,934,400	\$ 51,464,942	\$ 530,542
Licenses and permits	5,954,100	5,954,100	6,047,348	93,248
Intergovernmental	18,200	18,200	25,920	7,720
Charges for services	4,786,200	4,786,200	5,408,807	622,607
Fines and forfeitures	643,200	643,200	676,874	33,674
Financial income	299,600	299,600	33,054	(266,546)
Other revenues and receipts	630,500	630,500	5,963,589	5,333,089
Total Revenues	63,266,200	63,266,200	69,620,534	6,354,334
Expenditures:				
Current operations:				
General government	5,460,600	5,460,600	5,467,219	(6,619)
Public safety:				
Fire and rescue	10,348,100	10,348,100	9,964,286	383,814
Police and court	14,847,200	14,847,200	14,348,632	498,568
Streets and sanitation	4,732,300	4,732,300	5,041,254	(308,954)
Parks and recreation	8,772,600	8,772,600	8,184,818	587,782
Library	2,121,600	2,121,600	2,231,446	(109,846)
Inspections	783,200	783,200	776,420	6,780
Payments to the Trussville School System	5,851,200	5,851,200	7,565,538	(1,714,338)
Redevelopment expenses	59,000	59,000	462,897	(403,897)
Total current operations	52,975,800	52,975,800	54,042,510	(1,066,710)
Capital outlays	480,600	480,600	1,829,233	(1,348,633)
Debt service	2,370,200	2,370,200	2,526,806	(156,606)
Total expenditures	55,826,600	55,826,600	58,398,549	(2,571,949)
Revenues over / (under) expenditures	7,439,600	7,439,600	11,221,985	3,782,385
Other financing sources / (uses):				
Interfund transfers in	2,171,100	2,171,100	2,396,507	225,407
Interfund transfers out	(13,089,100)	(13,089,100)	(16,956,036)	(3,866,936)
Proceeds of debt	2,500,000	2,500,000	5,000,000	2,500,000
Total other financing sources / (uses)	(8,418,000)	(8,418,000)	(9,559,529)	(1,141,529)
Net change in fund balance	\$ (978,400)	\$ (978,400)	1,662,456	\$ 2,640,856
Fund balances, beginning			7,358,643	
Fund balances, ending			\$ 9,021,099	

See Notes to the Required Supplemental Information.

THE CITY OF TRUSSVILLE, ALABAMA
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 - COMPLIANCE AND ACCOUNTABILITY

Budget Requirements, Accounting, and Reporting

Requirements:

A budget is adopted for the City's general fund. The budget is based on expected expenditures by program and estimated resources by source.

With the exception of construction in progress, appropriations lapse at the end of each fiscal year.

Appropriation control (City Council appropriated budget) is by department within a fund. The budget may be amended to transfer amounts between departments and to revise for unanticipated receipts and/or expenditures. Budgetary comparison schedules are presented in the Supplemental Section as Required Supplementary Information. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS



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

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

To the Honorable Mayor and Members of City Council
City of Trussville, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States, the financial statements of The City of Trussville, Alabama (the City), which comprise the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the related notes to the financial statements and have issued our report thereon dated April 28, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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.

Certified Public Accountants
31 Inverness Center Parkway, Suite 400
Birmingham, AL 35242

P. 205.879.3292 F. 205.879.3295

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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the determination of financial statement amounts. 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cork, Hill & Company, LLC.

Birmingham, Alabama

April 28, 2026

SUPPLEMENTAL INFORMATION

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF REVENUES - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

TAXES	
Sales Tax	\$ 40,890,363
Advalorem Tax	7,497,172
Lodging Tax	1,387,922
County Road Tax	607,197
County Gas Tax	205,333
Beer, Wine and Liquor Tax	289,061
Rental Lease Tax	329,446
Bank Excise Tax	137,575
Other Miscellaneous Tax	120,873
	<u>51,464,942</u>
 LICENSES AND PERMITS	
Business Licenses	4,864,194
Building Permits	999,385
Franchise Fees	183,769
	<u>6,047,348</u>
 INTERGOVERNMENTAL PAYMENTS	25,920
 CHARGES FOR SERVICES	
Civic Center and Park Programs	2,733,155
Ambulance Calls	1,422,271
Assessments	16,325
Fees	263,054
Court	728,909
Miscellaneous	245,093
	<u>5,408,807</u>
 FINES & FORFEITURES	676,874
 OTHER	5,996,643
 TOTAL REVENUES	<u><u>\$ 69,620,534</u></u>

Changes in City accounting policies and financial statement classifications affect this Statement's comparability with years prior to September 30, 2021.

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF EXPENDITURES - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

GENERAL GOVERNMENT	
Payroll and related costs	\$ 2,234,842
Economic incentive agreements	1,390,941
Professional fees	566,973
Insurance	57,509
Collection fees	214,593
Other operating costs	<u>1,002,361</u>
	5,467,219
FIRE AND RESCUE	
Payroll and related costs	7,687,518
Repairs and maintenance	425,293
Insurance	289,261
Utilities	234,278
Equipment and supplies	486,728
Other operating costs	<u>841,208</u>
	9,964,286
POLICE AND COURT	
Police Department	
Payroll and related costs	10,471,480
Utilities	638,163
Repairs and maintenance	960,956
Fuel	250,264
Other operating costs	1,254,365
Municipal Court	
Payroll and related costs	564,696
Other operating costs	<u>208,708</u>
	14,348,632
STREET	
Payroll and related costs	1,219,277
Garbage pickup	2,658,892
Paving, street lights and maintenance	465,954
Other operating costs	<u>697,131</u>
	5,041,254
PARKS AND RECREATION	
Payroll and related costs	4,473,691
Parks programs and events	1,022,105
Utilities	870,963
Repairs and maintenance	908,647
Other operating costs	<u>909,412</u>
	8,184,818
LIBRARY	
Payroll and related costs	1,419,945
Library materials	207,415
Other operating costs	<u>604,086</u>
	2,231,446

THE CITY OF TRUSSVILLE, ALABAMA
SCHEDULE OF EXPENDITURES - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

INSPECTIONS	
Payroll and related costs	623,462
Other operating costs	<u>152,958</u>
	776,420
 EDUCATIONAL SUPPORT	 7,565,538
 REDEVELOPMENT EXPENSES	 462,897
 CAPITAL OUTLAYS	 1,829,233
 DEBT SERVICE	 <u>2,526,806</u>
 TOTAL EXPENDITURES	 <u><u>\$ 58,398,549</u></u>

Changes in City accounting policies and financial statement classifications affect this Statement's comparability with years prior to September 30, 2021.

THE CITY OF TRUSSVILLE, ALABAMA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>STATE SHARED GASOLINE TAX FUNDS</u>									
	STATE 4 & 5	STATE 7	STATE 10	SUBDIVISION	OPIOID	CONFISCATED	CONFISCATED		CAPITAL	TOTALS -
	CENT GAS	CENT GAS	CENT GAS	PAVING	RECOVERY	HOLDING	AVAILABLE	CORRECTIONS	IMPROVEMENT	GOVT.
	TAX FUND	TAX FUND	TAX FUND	FUND	FUND	FUND	FUND	FUND	FUND	FUNDS
Assets:										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	241,743	529,997	676,325	46,904	157,107	34,106	106,626	78,372	382,082	2,253,262
Investments	-	-	-	-	-	-	-	-	-	-
Receivables, net	20,662	24,136	21,535	-	-	-	-	-	-	66,333
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 262,405</u>	<u>\$ 554,133</u>	<u>\$ 697,860</u>	<u>\$ 46,904</u>	<u>\$ 157,107</u>	<u>\$ 34,106</u>	<u>\$ 106,626</u>	<u>\$ 78,372</u>	<u>\$ 382,082</u>	<u>\$ 2,319,595</u>
Liabilities:										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,106	\$ -	\$ 18,280	\$ -	\$ 52,386
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	34,106	-	18,280	-	52,386
Fund balances:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	262,405	554,133	697,860	46,904	157,107	-	106,626	60,092	382,082	2,267,209
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balance	<u>262,405</u>	<u>554,133</u>	<u>697,860</u>	<u>46,904</u>	<u>157,107</u>	<u>-</u>	<u>106,626</u>	<u>60,092</u>	<u>382,082</u>	<u>2,267,209</u>
Total liabilities and fund balances	<u>\$ 262,405</u>	<u>\$ 554,133</u>	<u>\$ 697,860</u>	<u>\$ 46,904</u>	<u>\$ 157,107</u>	<u>\$ 34,106</u>	<u>\$ 106,626</u>	<u>\$ 78,372</u>	<u>\$ 382,082</u>	<u>\$ 2,319,595</u>

THE CITY OF TRUSSVILLE, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	STATE SHARED GASOLINE TAX FUNDS									
	STATE 4 & 5	STATE 7	STATE 10	SUBDIVISION	OPIOID	CONFISCATED	CONFISCATED		CAPITAL	TOTALS -
	CENT GAS	CENT GAS	CENT GAS	PAVING	RECOVERY	HOLDING	AVAILABLE	CORRECTIONS	IMPROVEMENT	GOV'T.
	TAX FUND	TAX FUND	TAX FUND	FUND	FUND	FUND	FUND	FUND	FUND	FUNDS
Revenues:										
Taxes	\$ 223,775	\$ 246,693	\$ 199,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 670,439
Intergovernmental	-	-	-	-	-	-	-	-	242,707	242,707
Fines and forfeitures	-	-	-	-	-	4,330	-	148,412	-	152,742
Other revenues and receipts	-	-	-	51,404	46,027	-	-	-	-	97,431
Interest	-	-	-	-	-	-	-	-	25	25
Total Revenues	223,775	246,693	199,971	51,404	46,027	4,330	-	148,412	242,732	1,163,344
Expenditures:										
Current operations:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety:										
Police and court	-	-	-	-	62,000	1,655	38,499	123,218	-	225,372
Streets and sanitation	-	167,903	-	4,500	-	-	-	-	-	172,403
Total current operations	-	167,903	-	4,500	62,000	1,655	38,499	123,218	-	397,775
Capital outlays	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	167,903	-	4,500	62,000	1,655	38,499	123,218	-	397,775
Revenues over / (under) expenditures	223,775	78,790	199,971	46,904	(15,973)	2,675	(38,499)	25,194	242,732	765,569
Other financing sources / (uses):										
Interfund transfers in	-	-	-	-	173,080	-	4,613	-	-	177,693
Interfund transfers out	-	-	-	-	-	(4,613)	-	-	-	(4,613)
Proceeds of debt	-	-	-	-	-	-	-	-	-	-
Total other financing sources / (uses)	-	-	-	-	173,080	(4,613)	4,613	-	-	173,080
Net change in fund balance	223,775	78,790	199,971	46,904	157,107	(1,938)	(33,886)	25,194	242,732	938,649
Fund balances, beginning	38,630	475,343	497,889	-	-	1,938	140,512	34,898	139,350	1,328,560
Fund balances, ending	\$ 262,405	\$ 554,133	\$ 697,860	\$ 46,904	\$ 157,107	\$ -	\$ 106,626	\$ 60,092	\$ 382,082	\$ 2,267,209

THE CITY OF TRUSSVILLE, ALABAMA
COMPARATIVE BALANCE SHEET - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>2024</u>	<u>2025</u>
Assets:		
Cash and cash equivalents	\$ 4,434,162	\$ 5,304,140
Restricted cash and cash equivalents	853,395	848,495
Investments	-	-
Receivables, net	5,463,964	5,909,168
Prepaid expenses	<u>96,986</u>	<u>19,800</u>
 Total assets	 <u><u>\$ 10,848,507</u></u>	 <u><u>\$ 12,081,603</u></u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 3,355,850	\$ 2,875,904
Deferred revenue	<u>134,014</u>	<u>184,600</u>
Total liabilities	3,489,864	3,060,504
Fund balances:		
Nonspendable	96,986	19,800
Restricted	-	-
Committed	1,622,880	2,428,134
Unassigned	<u>5,638,777</u>	<u>6,573,165</u>
Total fund balance	<u>7,358,643</u>	<u>9,021,099</u>
 Total liabilities and fund balances	 <u><u>\$ 10,848,507</u></u>	 <u><u>\$ 12,081,603</u></u>

THE CITY OF TRUSSVILLE, ALABAMA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>2024</u>	<u>2025</u>
Revenues:		
Taxes	\$ 50,078,194	\$ 51,464,942
Educational support	-	-
Licenses and permits	5,821,114	6,047,348
Intergovernmental	24,296	25,920
Charges for services	4,887,203	5,408,807
Fines and forfeitures	629,342	676,874
Financial income	354,937	33,054
Other revenues and receipts	579,193	5,963,589
Total revenues	<u>62,374,279</u>	<u>69,620,534</u>
Expenditures:		
Current operations:		
General government	5,502,841	5,467,219
Public safety:		
Fire and rescue	9,113,531	9,964,286
Police and court	14,387,158	14,348,632
Streets and sanitation	4,598,519	5,041,254
Parks and recreation	8,009,032	8,184,818
Library	1,897,497	2,231,446
Inspections	792,860	776,420
Educational support	7,339,770	7,565,538
Redevelopment expenses	163,448	462,897
Total current operations	<u>51,804,656</u>	<u>54,042,510</u>
Capital outlays	5,047,695	1,829,233
Debt service:		
Principal	5,890,112	1,938,445
Interest and fiscal charges	579,684	588,361
Total expenditures	<u>63,322,147</u>	<u>58,398,549</u>
Revenues over / (under) expenditures	(947,868)	11,221,985
Other financing sources / (uses):		
Interfund transfers in	6,676,842	2,396,507
Interfund transfers out	(14,022,680)	(16,956,036)
Trust find transferred to Board of Education	(1,989,830)	-
Proceeds of debt	4,246,407	5,000,000
Total other financing sources / (uses)	<u>(5,089,261)</u>	<u>(9,559,529)</u>
Net change in fund balance	(6,037,129)	1,662,456
Fund balances, beginning	<u>13,395,772</u>	<u>7,358,643</u>
Fund balances, ending	<u>\$ 7,358,643</u>	<u>\$ 9,021,099</u>