CITY OF HELENA, ALABAMA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

(With Independent Auditor's Report Thereon)

DoerenMayhew
ASSURANCE

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
The City of Helena, Alabama

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Helena, Alabama, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 of Helena, Alabama's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability, schedule of employer contributions, and budgetary comparison schedule – general fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Doeren Mayhew Assurance

Birmingham, Alabama
June 2, 2026

CITY OF HELENA, ALABAMA
STATEMENT OF NET POSITION
September 30, 2025

		Governmental Activities
Assets		
Cash and cash equivalents	$	3,115,009
Accounts receivable		2,655,150
Prepaid expenses		90,306
Restricted assets:		
Cash and cash equivalents		13,607,068
Accounts receivable		23,089
Investments		20,417,696
Nondepreciable capital assets		25,800,191
Depreciable capital assets, net		25,381,190
Right of use asset - SBITA		33,235
Total assets		91,122,934
Deferred outflows of resources		
Deferred charges on refunding		165,976
Pension		3,579,645
Total deferred outflows of resources		3,745,621
Liabilities		
Accounts payable		359,906
Accrued liabilities		253,378
Payable from restricted assets:		
Accounts payable		2,729,611
Accrued interest payable		579,218
Long-term liabilities:		
Due within one year		281,869
Due within one year - payable from restricted assets		445,038
Due in more than one year		63,636,854
Total liabilities		68,285,874
Deferred inflows of resources		
Deferred property taxes		1,868,421
Pension		1,210,468
Total deferred inflows of resources		3,078,889
Net position		
Net investment in capital assets		2,768,700
Restricted for:		
Education		1,564,657
Library		2,257
Municipal court		51,749
Parks and recreation		350,461
Public safety		353,540
Street improvements		1,462,633
Unrestricted		16,949,795
Total net position	$	23,503,792

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

CITY OF HELENA, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED September 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Program activities:	Expenses	Fees, Fines, & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	$ 5,085,244	$ 2,927,270	$ 382,820	$ 2,600	$ (1,772,554)
Public safety	9,858,085	434,712	8,068	-	(9,415,305)
Public works	1,726,140	16,351	30,907	356,187	(1,322,695)
Parks and recreation	1,806,942	581,453	25,000	-	(1,200,489)
Interest and fiscal charges	2,111,862	-	-	-	(2,111,862)
Total primary government	$ 20,588,273	$ 3,959,786	$ 446,795	$ 358,787	$ (15,822,905)

General revenues:	
Taxes:	
Sales	$ 9,302,506
Property	1,903,567
Motor vehicle / gas	593,810
Other	356,970
Interest earnings	874,244
Other income	243,352
Indian Ford Fire District transfer of operations	379,117
Gain on disposal of capital assets	87,618
Gain on investments	479,173
Total general revenues and transfers	14,220,357
Change in net position	(1,602,548)
Net position - beginning	24,893,083
Prior period adjustment, see Note 13	213,257
Net position - ending	$ 23,503,792

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

CITY OF HELENA, ALABAMA
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	Education Fund	Other Governmental Funds	Total
Assets						
Cash and cash equivalents	$ 3,115,009	$ -	$ -	$ -	$ -	$ 3,115,009
Accounts receivable	2,655,150	-	-	-	-	2,655,150
Prepaid expenses	90,306	-	-	-	-	90,306
Restricted assets:						
Cash	1,224,218	9,833,891	3,906	1,571,000	974,053	13,607,068
Accounts receivable	-	-	-	-	23,089	23,089
Due from other funds	-	-	-	135,777	-	135,777
Investments	-	20,417,696	-	-	-	20,417,696
Total assets	$ 7,084,683	$ 30,251,587	$ 3,906	$ 1,706,777	$ 997,142	$ 40,044,095
Liabilities, deferred inflows of resources, and fund balances						
Liabilities:						
Accounts payable	$ 359,906	$ -	$ -	$ -	$ -	$ 359,906
Accrued liabilities	253,378	-	-	-	-	253,378
Due to other funds	135,777	-	-	-	-	135,777
Payable from restricted assets:						
Accounts payable	-	2,722,548	-	6,343	720	2,729,611
Total liabilities	749,061	2,722,548	-	6,343	720	3,478,672
Deferred inflows of resources:						
Deferred property taxes	1,868,421	-	-	-	-	1,868,421
Total deferred inflows of resources	1,868,421	-	-	-	-	1,868,421
Fund balances:						
Restricted for:						
Capital projects	-	7,111,343	-	-	-	7,111,343
Debt service	-	-	3,906	-	-	3,906
Education	-	-	-	1,700,434	-	1,700,434
Library	2,257	-	-	-	-	2,257
Municipal court	51,749	-	-	-	-	51,749
Parks and recreation	350,461	-	-	-	-	350,461
Public safety	353,540	-	-	-	-	353,540
Street improvements	466,211	-	-	-	996,422	1,462,633
Unassigned	3,242,983	20,417,696	-	-	-	23,660,679
Total fund balances	4,467,201	27,529,039	3,906	1,700,434	996,422	34,697,002
Total liabilities, deferred inflows of resources, and fund balances	$ 7,084,683	$ 30,251,587	$ 3,906	$ 1,706,777	$ 997,142	$ 40,044,095

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

CITY OF HELENA, ALABAMA
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2025

Fund Balances - Total Governmental Funds			$	34,697,002
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:				
Governmental capital assets	$	76,570,296		
Less: accumulated depreciation		(25,388,915)		51,181,381
Interest payable reported in the governmental activities is not payable from current resources and, therefore, is not reported in the governmental funds				(579,218)
Employer pension contributions subsequent to the measurement date				847,568
Net difference between projected and actual earnings on pension plan investments				(1,152,963)
Net pension liability is not due and payable in the current period and therefore, not reported in the governmental funds balance sheet				(7,212,152)
Differences between expected and actual experience related to net pension liability				2,273,104
Changes of assumptions related to net pension liability				401,468
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds, but are reported in the Statement of Net Position:				
General Obligation Warrants	$	(52,805,000)		
Discounts (Premiums)		(1,999,365)		
Deferred Charges on Refunding		165,976		
Notes Payable		(539,154)		
Financed Purchase Agreements		(317,152)		
Compensated Absences		(1,457,703)		(56,952,398)
Net Position of Governmental Activities			$	23,503,792

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

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

	General Fund	Capital Projects Fund	Debt Service Fund	Education Fund	Other Governmental Funds	Total Governmental Funds
Operating revenues:						
Taxes:						
Sales	$ 7,816,385	$ -	$ -	$ 1,486,121	$ -	$ 9,302,506
Property	1,903,567	-	-	-	-	1,903,567
Motor vehicle / gas	296,364	-	-	-	297,446	593,810
Other	342,886	-	-	-	14,084	356,970
Licenses and permits	2,805,031	-	-	-	-	2,805,031
Fines and forfeitures	252,462	-	-	-	-	252,462
Charges for services	791,277	-	-	-	-	791,277
Grant revenue	805,582	-	-	-	-	805,582
Interest	42,171	815,791	1,751	13,775	756	874,244
Other	465,384	-	-	-	-	465,384
Total revenues	15,521,109	815,791	1,751	1,499,896	312,286	18,150,833
Expenditures:						
Current:						
General government	3,592,927	-	-	444,763	-	4,037,690
Public safety	8,691,166	-	-	-	-	8,691,166
Public works	1,489,553	-	-	-	36,734	1,526,287
Parks and recreation	1,429,866	-	-	-	-	1,429,866
Debt Service:						
Principal	695,159	-	550,000	-	-	1,245,159
Interest	16,952	-	1,709,362	-	-	1,726,314
Capital outlay	1,476,808	14,189,222	-	-	-	15,666,030
Total expenditures	17,392,431	14,189,222	2,259,362	444,763	36,734	34,322,512
Excess (deficiency) of revenues over expenditures	(1,871,322)	(13,373,431)	(2,257,611)	1,055,133	275,552	(16,171,679)
Other financing sources (uses):						
Proceeds from long- term debt	328,664	-	-	-	-	328,664
Proceeds from investments	-	479,173	-	-	-	479,173
Proceeds from sale of capital assets	347,783	-	-	-	-	347,783
Operating transfers in (out)	(368,920)	(494,371)	2,254,324	(1,276,556)	(114,477)	-
Total other financing sources (uses)	307,527	(15,198)	2,254,324	(1,276,556)	(114,477)	1,155,620
Net change in fund balances	(1,563,795)	(13,388,629)	(3,287)	(221,423)	161,075	(15,016,059)
Fund balances, beginning	5,665,687	555,008	40,521,905	1,921,857	835,347	49,499,804
Prior period adjustment, see Note 13	365,309	40,362,660	(40,514,712)	-	-	213,257
Fund balances, ending	$ 4,467,201	$ 27,529,039	$ 3,906	$ 1,700,434	$ 996,422	$ 34,697,002

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

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

Net Change in Fund Balances - Total Governmental Funds		$ (15,016,059)
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 depreciated over their estimated useful lives:		
Expenditures for capital assets	$ 15,666,030	
Less current year depreciation	(2,429,816)	13,236,214
Net book value of assets disposed during the year.		(260,165)
Transfer of operations (capital assets and debt) do not provide current financial resources and are not recorded in governmental funds. However, transfer of capital assets and debt increase net position.		268,101
The effect of the net increase (decrease) in deferred outflows/inflows of resources:		
Differences between expected and actual experience	$ 386,752	
Changes of assumptions	(155,833)	
Net difference between projected and actual earnings on plan investments	(1,701,660)	
Employer contributions subsequent to the measurement date	127,374	(1,343,367)
Debt proceeds are reported as financing sources in governmental funds. However, the debt proceeds increase liabilities in the Statement of Net Position and do not affect the Statement of Activities.		(328,664)
Repayment of debt principal is reported as an expenditure in governmental funds. However, the principal payments reduce liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.		1,245,159
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Amortization of costs		97,706
The following expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Compensated absences		4,541
Decrease in net pension liability		977,238
Change in accrued interest		(483,252)
Change in Net Position of Governmental Funds		$ (1,602,548)

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

CITY OF HELENA, ALABAMA
STATEMENT OF FIDUCIARY ASSETS & LIABILITIES –
FIDUCIARY FUNDS
September 30, 2025

		Agency Fund
Assets		
Cash and cash equivalents	$	62,540
Total assets	$	62,540
Liabilities		
Due to others	$	62,540
Total liabilities	$	62,540

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

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

General Statement

The City of Helena (the "City"), an Alabama Municipal Corporation, was incorporated in 1917. The City operates under a mayor-council form of government. The governing body is an elected mayor and a five-member elected city council. The City's major activities are listed in the Statement of Activities.

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The more significant of the City's accounting policies are described below.

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards,* include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Helena has no component units.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. The effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and fiduciary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Governmental Fund Types:

Governmental funds are those through which general governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities are accounted for through governmental funds.

The City reports the following major governmental funds:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities financed from general obligation bond proceeds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Education Fund

The Education Fund is used to account for the acquisition and construction of athletic and educational facilities for the Helena High School, as well as additional financial support provided to the Shelby County School System. Expenditures of this fund are financed with bond proceeds from the 2019 General Obligation School Warrants and the Special Education Sales Tax.

Additionally, the City reports the following other governmental fund:

Special Revenue Fund

The Gas Tax Fund is used to account for the proceeds of specific revenue resources that are legally restricted or designated to expenditures for specified purposes.

Fiduciary Fund Types:

Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities are included on the Statement of Net Position. Data from the fiduciary fund is not incorporated in the government-wide financial statements.

The City reports the following fiduciary fund:

Agency Fund

The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. This fund is used to account for assets that the government holds for others in an agency capacity.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide and fiduciary fund (with the exception of the agency fund, which has no measurement focus) financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all transactions and events that affect the total economic resources during the period are reported. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes and sales taxes as available if they are collected within 60 days after year end. The revenues susceptible to accrual are property taxes, sales taxes, and charges for services. All other Governmental Fund type revenues are recognized when received. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term liabilities, which are recorded as fund liabilities when due, and compensated absences, which are recorded when payable from current available financial resources.

Restricted Assets

The use of restricted assets is limited by legal requirements or restrictions imposed externally by creditors or contributors. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted, as they are needed.

Investments

Investments are stated at fair market value.

Prepaid Items

Payments made to vendors for goods or services that will extend beyond September 30, 2025 are reported as prepaid items. These prepayments are recognized as expenses ratably over the related underlying period.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, which consist of the City’s streets and roads, are reported in the government-wide financial statements. All capital assets, including infrastructure, are valued at historical costs or estimated historical costs, if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses.

Assets capitalized have an original cost of $5,000 or more and three years or more of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land improvements	15	Years
Buildings	10 - 40	Years
Equipment	3 - 20	Years
Vehicles	5	Years
Infrastructure	15 - 50	Years

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently reports deferred outflows of resources related to deferred charges on refunding and deferred charges related to the pension liability. Deferred charges on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt in the statement of activities. Deferred outflows related to the pension liability result from differences between expected and actual experience, changes of assumptions, net difference between projected and actual earnings on plan investments, and employee contributions subsequent to the measurement date.

Interfund Operating Transfers, Receivables, and Payables

During the normal course of operations, the City has numerous transactions between funds to provide services, construct assets, and service debt. These receivables and payables are classified as “Due to/from other funds,” as they are all short-term in nature. These amounts have been eliminated on the government-wide financial statements.

Routine transfers of resources between City funds that are not intended to be repaid are classified separately from revenues and expenditures. Such interfund operating transfers are identified as “Interfund operating transfers in/(out)” in the accompanying financial statements.

Compensated Absences

The City’s vacation policy states that eligible employees can earn vacation leave which, if unused, is paid upon termination of employment. Vacation leave is earned at graduated rates based on the employee’s length of service. An employee may carry forward a limited amount of vacation leave from one fiscal year to the next. Any amount of vacation leave earned by an employee in excess of the limit but not used by the end of the fiscal year is forfeited.

The City’s holiday leave policy permits certain City employees to accrue holiday leave for hours worked on holidays observed by the City. An employee who resigns or retires in good standing shall be paid for all holiday leave accrued.

The City accrues liabilities for vacation leave and holiday leave in the amount that will be owed to employees upon termination of service.

The accrued amounts of vacation leave and holiday leave earned by employees are recorded as long-term liabilities in the government-wide financial statements. Because no significant amounts are expected to be liquidated with current financial resources, the entire liability is reported as noncurrent and is reflected as a reconciling item between the governmental funds and the government-wide statements.

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 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.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Long-Term Liabilities

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Warrant premiums and discounts are deferred and amortized over the life of the warrants using the warrants outstanding method. Warrants payable are recorded net of the applicable warrant premiums and discounts.

Deferred Inflow of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City currently reports deferred inflows of resources related to property taxes reported as receivables before the period for which they are levied and deferred inflows of resources related to the pension liability resulting from the net difference between projected and actual earnings on plan investments, changes of assumptions, and net difference between projected and actual earnings on plan investments. The difference between projected and actual earnings on plan investments is amortized over five years beginning with the year in which the difference occurred.

Net Position

Net position is classified as follows:

- Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted net position - consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
- Unrestricted net position - consists of all other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance

Fund balances are classified as follows:

- Nonspendable – amounts that are not in spendable form or are required to be maintained intact.
- Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.
- Assigned – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned – amounts that are available for any purpose.

It is the City’s policy to use restricted balances first, followed by committed resources, assigned resources, and finally unassigned resources, as needed.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Leases

The City determines if an arrangement is a lease at inception. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Effective with the implementation of GASB Statement No. 87 and subsequent amendments, operating leases (with the exception of leases with a term of twelve months or less) are recorded in operating lease right of use assets and obligations under operating lease liabilities in the statement of net position. Leases with a term of twelve months or less are considered short term leases and are accounted for as expenses in the statement of activities as lease payments are incurred.

Operating and finance lease assets represent the City's right to use an underlying asset for the lease term, and lease liabilities represent its obligation to make lease payments arising from the lease. Lease assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. When the lease does not provide an implicit rate, the City uses a risk-free rate using a period comparable with that of the lease term in determining the present value of the lease payments. The City uses the implicit rate when readily determinable. The City's lease terms may include options to extend. Operating lease expense for lease payments are recognized on a straight-line basis over the lease term. Finance lease expense includes two components: straight-line amortization expense over the life of the underlying asset and interest expense on the outstanding liability.

Subscription-Based Information Technology Arrangements

The City determines if an arrangement is a subscription-based information technology arrangement (SBITA) at inception. A contract is (or contains) a SBITA if it conveys the right to control the use of another party's IT software.

Effective with the implementation of GASB Statement No. 96 and subsequent amendments, SBITAs are recorded in right of use asset – SBITA and obligations under subscription liabilities in the statement of net position. SBITAs with a term of twelve months or less are considered short term and are accounted for as expenses in the statement of activities as payments are incurred.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of the payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The right of use asset is initially measured as the initial amount of the subscription liability adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. The right of use asset – SBITA's useful life is based off of the length of the subscription period and is amortized using the straight-line method. When the subscription does not provide an implicit rate, the City uses a risk-free rate using a period comparable with that of the subscription term in determining the present value of the lease payments. The City uses the implicit rate when readily determinable. The City's subscription terms may include options to extend.

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.

Property Tax Calendar

The City of Helena's ad valorem property taxes are collected and remitted to the City by Shelby and Jefferson County. Taxes are levied annually on October 1, based on a lien date of the prior October 1. The taxes are due on December 31, following the levy. The City believes all property taxes are collectible; therefore, no provision for uncollectible accounts is made.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

The City's demand deposits, time deposits, and certificates of deposit are covered by Federal Depository Insurance Corporation insurance or insured and collateralized in accordance with the Security for Alabama Funds Enhancement, or SAFE Program, which is encompassed in *Title 41, Chapter 14A, Code of Alabama 1975*, as amended, which is a multiple financial institutions collateral pool. The statute provides for assessments against the members of the pool on a pro rata basis in the event that the collateral pool is insufficient to cover the losses of a member financial institution that fails. As such, all deposits are adequately secured and collateralized by the FDIC or this collateral pool.

Debt service funds and bond proceeds held in escrow totaling approximately $30,255,500 are invested by banks' trust departments in U.S. Government Securities and are not subject to collateralization requirements.

The City has not adopted a formal written investment policy. State statutes authorize the City to invest in obligations of the U.S. Treasury, certain U.S. corporate equities, State of Alabama obligations, county obligations, and other municipal obligations, as well as bank certificates of deposit and bank public funds investment accounts. As of September 30, 2025, all of the City's investments were in U.S. Treasury obligations with maturities of less than five years. The City's U.S. Treasury obligations are valued using quoted prices for identical securities in active markets and are classified as Level 1 within the fair value hierarchy.

Interest Rate Risk – The City does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The City does not have a formal investment policy that limits its investment choices other than those imposed by state statutes discussed above.

Concentration of Credit Risk – The City places no limit on the amount it may invest in any other issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment. The City does not have a formal investment policy that limits its investment choices other than those imposed by state statutes discussed below.

NOTE 3 – RECEIVABLES AND PAYABLES

Receivables at September 30, 2025 consist of the following:

	Governmental Activities
Taxes:	
Sales	$ 817,920
Property	1,726,341
Motor vehicle / gas	59,278
Other	74,700
Gross Receivables	$ 2,678,239

Payables at September 30, 2025 consist of the following:

	Governmental Activities
Trade payables	$ 3,089,517

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2025, is as follows:

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,668,481	$ 109,900	$ -	$ 1,778,381
Land improvements	735,186	-	-	735,186
Construction in progress	8,761,019	14,525,605	-	23,286,624
Total capital assets not being depreciated	11,164,686	14,635,505	-	25,800,191
Capital assets being depreciated				
Land improvements	3,173,838	54,400	-	3,228,238
Buildings	4,198,311	88,487	-	4,286,798
Equipment	3,028,104	691,092	(267,176)	3,452,020
Vehicles	4,651,156	871,946	(268,736)	5,254,366
Infrastructure	34,548,683	-	-	34,548,683
Total capital assets being depreciated	49,600,092	1,705,925	(535,912)	50,770,105
Less accumulated depreciation for:				
Land improvements	1,427,602	149,970	-	1,577,572
Buildings	1,652,579	134,352	-	1,786,931
Equipment	1,864,051	474,621	(232,913)	2,105,759
Vehicles	2,991,271	753,147	(42,834)	3,701,584
Infrastructure	15,299,343	917,726	-	16,217,069
Total accumulated depreciation	23,234,846	2,429,816	(275,747)	25,388,915
Total capital assets, being depreciated, net	26,365,246	(723,891)	(260,165)	25,381,190
Governmental activities capital assets, net	$ 37,529,932	$ 13,911,614	$ (260,165)	$ 51,181,381

NOTE 4 – CAPITAL ASSETS - CONTINUED

Depreciation expense was charged as a direct expense to governmental activities as follows:

General government	$	1,050,865
Public safety		885,936
Public works		144,698
Parks and recreation		348,317
Total Depreciation Expense	$	2,429,816

NOTE 5 – LONG-TERM LIABILITIES

Warrants payable at September 30, 2025, are comprised of the following issuances:

		Governmental Activities
Series 2019 General Obligation Warrants, dated August 1, 2019, due in semiannual installments through November 1, 2041, bearing interest rates of 2.0% to 3.0% (plus: unamortized premiums of $19,808).	$	7,169,808
Series 2020 General Obligation Warrants, dated December 29, 2020, due in semiannual installments through December 1, 2031, bearing interest rate of 2.0% (plus: unamortized		2,091,103
Series 2024-A General Obligation Warrants, dated September 17, 2024, due in semiannual installments through July 1, 2054, bearing interest rate of 5.0% (plus: unamortized premiums of $770,749).		18,215,749
Series 2024-B General Obligation Warrants, dated September 17, 2024, due in semiannual installments through July 1, 2054, bearing interest rate of 5.0% (plus: unamortized premiums of $1,147,705).		27,327,705
Total Warrants Payable	$	54,804,365

Notes payable at September 30, 2025, are comprised of the following issuances:

		Governmental Activities
Note payable to Trustmark Bank for 2015 Fire Truck, dated August 7, 2015. Monthly payments of $3,590, including interest at 2.92%, maturing September 7, 2030.	$	200,161
Note payable to Central State Bank for HWY 261 Turn Lane Project, dated July 14, 2020. Monthly payments of $12,800 including interest at 1.85%, maturing January 13, 2028.		338,993
Total Notes Payable	$	539,154

NOTE 5 – LONG-TERM LIABILITIES – CONTINUED

Financed purchase obligations at September 30, 2025 are comprised of the following issuances:

		Governmental Activities
Finance purchase payable to Zoll Medical Corp for financing the acquisition of monitors for the fire department, dated February 13, 2025. Annual payments of $65,733, bearing no interest, maturing June 15, 2029.	$	262,931
Finance purchase payable to Trustmark Bank for financing the acquisition of a fire truck for the fire department, dated May 6, 2016. Monthly payments of $855, including interest of 2.92%, maturing June 5, 2031.		54,221
Total Financed Purchase Agreements	$	317,152

A summary of long-term liability activity for the year ended September 30, 2025, is as follows:

	Balance October 1, 2024	Issuances, Transfers, or Additions	Payments or Expenditures	Balance September 30, 2025	Due within one year
Governmental activities:					
General obligation warrants	$ 53,355,000	$ -	$ 550,000	$ 52,805,000	$ 565,000
Less deferred amounts:					
Issuance premium (discount)	2,120,750	-	121,385	1,999,365	(119,962)
Total general obligation warrants	55,475,750	-	671,385	54,804,365	445,038
Notes payable	734,000	407,299	602,145	539,154	174,112
Net pension liability	8,189,390	3,163,963	4,141,201	7,212,152	-
Financed purchase agreements	81,502	328,664	93,014	317,152	74,522
Subscription liability	65,134	-	31,899	33,235	33,235
Compensated absences*	1,462,244	-	4,541	1,457,703	-
Total governmental activities	$ 66,008,020	$ 3,899,926	$ 5,544,185	$ 64,363,761	$ 726,907

* The change in the compensated absences liability is presented as a net change.

For governmental activities, general obligation warrants are liquidated by the Debt Service Fund, while limited obligation warrants and notes payable are liquidated by the General Fund.

NOTE 5 – LONG-TERM LIABILITIES – CONTINUED

Annual Requirements to Retire Debt Obligations:

The annual aggregate maturities for the years subsequent to September 30, 2025 are as follows:

	Governmental Activities					
Year Ending	General Obligation Warrants		Notes Payable		Financed Purchase	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 565,000	$ 2,178,343	$ 174,112	$ 10,112	$ 74,522	$ 1,466
2027	580,000	2,163,393	190,332	6,725	74,782	1,206
2028	1,335,000	2,130,318	91,126	3,275	75,049	938
2029	1,385,000	2,078,218	41,182	1,892	75,325	663
2030	1,445,000	2,023,553	42,402	674	9,876	379
2031-2035	8,110,000	9,181,553	-	-	7,598	93
2036-2040	9,150,000	7,362,979	-	-	-	-
2041-2045	9,555,000	5,191,025	-	-	-	-
2046-2050	10,565,000	3,113,300	-	-	-	-
2051-2054	10,115,000	829,300	-	-	-	-
	$ 52,805,000	$ 36,251,982	$ 539,154	$ 22,678	$ 317,152	$ 4,745

As of September 30, 2025, limited obligation warrants issued by the City totaling approximately $12,986,000 remained outstanding. These warrants were issued for the purpose of funding a Corridor Study for a possible new bypass roadway as well as the development of Hillsboro Parkway. The City is not obligated in any manner for repayment of these warrants and as such, the warrants are not reported as a liability in the City's financial statements. However, the City acts as an agent by collecting special assessments levied for the purpose of funding these warrants and remitting them to the bondholders. The collection and remittance of these special assessment transactions are recorded in the Agency Fund.

NOTE 6 – PENSION PLAN

Plan Description

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 ERS Board of Control consists of 15 trustees as follows:

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

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

NOTE 6 – PENSION PLAN – CONTINUED

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

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

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

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

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

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

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

Contributions

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

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

NOTE 6 – PENSION PLAN – CONTINUED

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2025, the City's active employee contribution rate was 7.00% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 12.44% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2025 was 12.93% of pensionable pay for Tier 1 employees, and 11.28% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2022, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were $847,568 for the year ended September 30, 2025.

Net Pension Liability

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

Total Pension Liability as of September 30, 2023 (a)	$	22,927,043
Discount rate (b)		7.45%
Entry Age Normal Cost for October 1, 2022 - September 30, 2023(c)		647,003
Transfers Amount Employers (d)		446,608
Actual Benefit Payments and Refunds for October 1, 2022- September 30, 2023 (e)		(939,464)
Total Pension Liability as of September 30, 2024 (f) [(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + .5*(b))])]	$	24,754,260

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 2.5%
Salary increases 3.25%-6.00%
Investment rate of return* 7.45%; including inflation

NOTE 6 – 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:

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

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

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

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

*Includes assumed rate of inflation at 2.00%.

NOTE 6 – 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 (a)-(b)
Balances at September 30, 2023	$ 22,083,153	$ 13,893,763	$ 8,189,390
Changes for the year:			
Service cost	647,003	-	647,003
Interest	1,610,200	-	1,610,200
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	906,760	-	906,760
Contributions - employer	-	697,010	(697,010)
Contributions - employee	-	441,929	(441,929)
Net investment income	-	3,002,262	(3,002,262)
Benefit payments, including refunds of employee contributions	(939,464)	(939,464)	-
Administrative expenses	-	-	-
Transfers among employers	446,608	446,608	-
Net changes	2,671,107	3,648,345	(977,238)
Balances at September 30, 2024	$ 24,754,260	$ 17,542,108	$ 7,212,152

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

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

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
City's Net Pension Liability	$ 10,526,978	$ 7,212,152	$ 4,456,831

Pension Plan Fiduciary Net Position

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

NOTE 6 – 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 $366,129. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,330,609	$ 57,505
Changes of assumptions	401,468	-
Net difference between projected and actual earnings on pension plan investments	-	1,152,963
Employer contributions subsequent to the measurement date	847,568	-
Total	$ 3,579,645	$ 1,210,468

$847,568 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2026	$ 307,879
2027	595,085
2028	9,809
2029	120,926
2030	293,523
Thereafter	194,387
Total	$ 1,521,609

NOTE 7 – INTERFUND ACTIVITY

Interfund payables and receivables at September 30, 2025, were as follows:

	Interfund Receivables	Interfund Payables
General Fund	$ -	$ 135,777
Education Fund	135,777	-
	$ 135,777	$ 135,777

Interfund payables and receivables resulted from special education sales tax revenues deposited into the general fund's cash accounts.

NOTE 7 – INTERFUND ACTIVITY - CONTINUED

Interfund transfers during the year ended September 30, 2025, were as follows:

	Transfers In		
Transfers out	General Fund	Debt Service Fund	Total
General Fund	$ -	$ 1,731,158	$ 1,731,158
Capital Projects Fund	494,371	-	494,371
Education Fund	753,390	523,166	1,276,556
Other Governmental Funds	114,477	-	114,477
Total	$ 1,362,238	$ 2,254,324	$ 3,616,562

Transfers from the education fund to the general fund are for expenses deemed necessary for the support of the public schools located within the City of Helena such as capital outlay and police and fire protection. Transfers from the capital projects fund to the general fund resulted from the use of resources to pay for construction projects. Transfers from the general fund and the education fund to the debt service fund resulted from the accumulation of resources for future principal and interest payments on general long-term debt.

NOTE 8 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City has entered into a subscription-based information technology arrangement (SBITA) involving information technology software related to body worn cameras. The body worn camera agreement has a remaining term of 1 year and may be renewed on terms agreed to at that time.

The total cost of the City's subscription asset is recorded as $130,377, less accumulated amortization of $97,142.

The future subscription payments under the SBITA agreement are as follows:

Year Ending September 30	Principal	Interest
2026	$ 33,235	$ 1,392

NOTE 9 – CONTINGENCIES

The City is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcomes cannot be predicted with certainty. In the opinion of the City's General Counsel, these actions when finally adjudicated will not have a material adverse effect on the financial position of the City.

NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; and natural disaster for which the City carries commercial insurance.

NOTE 11 – RELATED ORGANIZATIONS

The City of Helena's officials are responsible for appointing the members of the Utilities Board of the City of Helena, but the City's accountability for the Board does not extend beyond the appointments.

NOTE 12 – TRANSFER OF OPERATIONS

The City and Indian Ford Fire District (Fire District) entered into a settlement agreement in which the City accepted the Fire District's assets and liabilities following the annexation of the Fire District's territory. In November 2024, the Fire District transferred the assets and liabilities comprising its fire service operations to the City. As a result of the transfer, the City recognized the following assets, liabilities, and net position.

	Carrying Values
Transferred Assets	
Cash	$ 111,016
Real property	109,900
Vehicles	507,000
Equipment	58,500
Total transferred assets	786,416
Transferred Liabilities	
Long-term debt	407,299
Net Position of Transferred Fire District Operation	
Total net position	$ 379,117

NOTE 13 – PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that certain prior year amounts related to construction projects should have been recorded in the Capital Projects Fund. The correction of this error resulted in an increase in the Capital Projects Fund's fund balance by $40,362,660, a decrease in the Debt Service Fund's fund balance by $40,514,712, and an increase in the General Fund's fund balance by $152,052 at October 1, 2024.

During the current year, it was determined that certain prior year amounts related to a grant receivable were not recorded. The correction of this error resulted in an increase of $213,257 to beginning Net Position and General Fund's fund balance and accounts receivable by $213,257 at October 1, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HELENA, ALABAMA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FOR THE YEAR ENDED September 30, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 647,003	$ 584,467	$ 509,694	$ 396,093	$ 364,366	$ 363,992	$ 365,802	$ 336,089	$ 305,491	$ 299,326
Interest	1,610,200	1,485,241	1,317,753	1,198,906	1,101,553	1,051,403	974,365	884,815	793,162	757,333
Changes of benefit terms	-	-	11,471	-	197,857	-	-	-	-	-
Differences between expected and actual experience	906,760	822,027	1,051,175	364,728	246,087	-	326,465	458,566	(79,259)	(224,729)
Changes of assumptions	-	-	-	783,304	-	(214,327)	88,643	-	573,336	-
Benefit payments, including refunds of employee contributions	(939,464)	(883,640)	(757,182)	(664,616)	(632,201)	(490,982)	(491,513)	(436,092)	(424,655)	(343,473)
Transfers among employers	446,608	(302,888)	178,486	85,612	2,870	11,830	(181,896)	(60,190)	340,089	-
Net Change in total pension liability	$ 2,671,107	$ 1,705,207	$ 2,311,397	$ 2,164,027	$ 1,280,532	$ 721,916	$ 1,081,866	$ 1,183,188	$ 1,508,164	$ 488,457
Total pension liability - beginning	22,083,153	20,377,946	18,066,549	15,902,522	14,621,990	13,900,074	12,818,208	11,635,020	10,126,856	9,638,399
Total pension liability - ending (a)	$ 24,754,260	$ 22,083,153	$ 20,377,946	$ 18,066,549	$ 15,902,522	$ 14,621,990	$ 13,900,074	$ 12,818,208	$ 11,635,020	$ 10,126,856
Plan Fiduciary Net Position										
Contributions - employer	$ 697,010	$ 632,742	$ 545,677	$ 459,616	$ 406,375	$ 380,448	$ 334,038	$ 311,432	$ 323,349	$ 295,952
Contributions - member	441,929	400,766	353,878	327,603	257,346	241,294	233,867	286,913	208,635	195,580
Net investment income	3,002,262	1,605,277	(1,800,939)	2,510,820	604,613	262,676	864,953	1,061,043	740,538	82,823
Benefit payments, including refunds of employee contributions	(939,464)	(883,640)	(757,182)	(664,616)	(632,201)	(490,982)	(491,513)	(436,092)	(424,655)	(343,473)
Transfers among employers	446,608	(302,888)	178,486	85,612	2,870	11,830	(181,896)	(60,190)	340,089	(180,570)
Net change in plan fiduciary net position	$ 3,648,345	$ 1,452,257	$ (1,480,080)	$ 2,719,035	$ 639,003	$ 405,266	$ 759,449	$ 1,163,106	$ 1,187,956	$ 50,312
Plan net position - beginning	13,893,763	12,441,506	13,921,586	11,202,551	10,563,548	10,158,282	9,398,833	8,235,727	7,047,771	6,997,459
Plan net position - ending (b)	$ 17,542,108	$ 13,893,763	$ 12,441,506	$ 13,921,586	$ 11,202,551	$ 10,563,548	$ 10,158,282	$ 9,398,833	$ 8,235,727	$ 7,047,771
Net pension liability (asset) - ending (a) - (b)	$ 7,212,152	$ 8,189,390	$ 7,936,440	$ 4,144,963	$ 4,699,971	$ 4,058,442	$ 3,741,792	$ 3,419,375	$ 3,399,293	$ 3,079,085
Plan fiduciary net position as a percentage of the total pension liability	70.87%	62.92%	61.05%	77.06%	70.45%	72.24%	73.08%	73.32%	70.78%	69.59%
Covered payroll*	$ 6,265,675	$ 5,893,971	$ 5,241,622	$ 5,094,630	$ 4,307,263	$ 4,065,926	$ 3,984,642	$ 3,794,173	$ 3,915,715	$ 3,420,976
Net pension liability (asset) as a percentage of covered payroll	115.11%	138.95%	151.41%	81.36%	109.12%	99.82%	93.91%	90.12%	86.81%	90.01%

*Employer's covered payroll during the measurement period is the total covered payroll. For FY2025 the measurement period is October 1, 2023 – September 30, 2024. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with FY2017.

CITY OF HELENA, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED September 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution*	$ 847,568	$ 720,194	$ 654,548	$ 551,946	$ 465,058	$ 422,313	$ 395,494	$ 341,179	$ 325,470	$ 334,278
Contributions in relation to the actuarially determined contribution*	847,568	720,194	654,548	551,946	465,058	422,313	395,494	341,179	325,470	334,278
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll**	$ 6,812,670	$ 6,265,675	$ 5,893,971	$ 5,241,622	$ 5,094,630	$ 4,307,263	$ 4,065,926	$ 3,984,642	$ 3,794,173	$ 3,915,715
Contributions as a percentage of covered payroll	12.44%	11.49%	11.11%	10.53%	9.13%	9.80%	9.73%	8.56%	8.58%	8.54%

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

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

Notes to Schedule

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

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

Actuarial Cost Method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	20.7 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

CITY OF HELENA, ALABAMA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED September 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Operating revenues:				
Taxes:				
Sales	$ 6,500,000	$ 6,500,000	$ 7,816,385	$ 1,316,385
Property	1,850,000	1,850,000	1,903,567	53,567
Motor vehicle / gas	216,500	216,500	296,364	79,864
Other	291,000	291,000	342,886	51,886
Licenses and permits	2,576,200	2,576,200	2,805,031	228,831
Fines and forfeitures	376,000	376,000	252,462	(123,538)
Charges for services	92,000	92,000	791,277	699,277
Grant revenue	400,000	400,000	805,582	405,582
Interest	45,000	45,000	42,171	(2,829)
Other	176,000	176,000	465,384	289,384
Total revenues	12,522,700	12,522,700	15,521,109	2,998,409
Expenditures:				
Current:				
General government	2,196,185	2,196,185	3,592,927	1,396,742
Public safety	7,171,578	7,533,488	8,691,166	1,157,678
Public works	1,348,156	1,348,156	1,489,553	141,397
Parks and recreation	1,105,595	1,105,595	1,429,866	324,271
Debt Service:				
Principal	362,330	362,330	695,159	332,829
Interest	-	-	16,952	16,952
Capital outlay	953,001	967,301	1,476,808	509,507
Total expenditures	13,136,845	13,513,055	17,392,431	3,879,376
Excess (deficiency) of revenues over expenditures	(614,145)	(990,355)	(1,871,322)	(880,967)
Other financing sources (uses):				
Proceeds from long-term debt	-	-	328,664	328,664
Proceeds from sale of capital assets	-	-	347,783	347,783
Operating transfers in (out)	-	-	(368,920)	(368,920)
Total other financing sources (uses)	-	-	307,527	307,527
Net change in fund balance	$ (614,145)	$ (990,355)	$ (1,563,795)	$ (573,440)

See accompanying independent auditor's report and notes to required supplementary information – budgetary comparisons.

NOTE 1 – SUMMARY OF SIGNIFICANT BUDGETARY PRACTICES

The City of Helena is not legally required to adopt budgets for the Debt Service, Capital Projects, or Educational Funds.

Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

a. The Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

b. The budget is enacted through passage of a resolution.

c. Formal budgetary integration is employed as a management control during the year for the General Fund.

d. Budgets are adopted on the modified accrual basis of accounting.

e. Excess appropriations at the end of the fiscal year lapse.

Budgeted amounts reported in the financial statements are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations that are amended.

NOTE 2 – ACTUAL EXPENDITURES IN EXCESS OF BUDGETED EXPENDITURES

For the year ended September 30, 2025, the actual expenditures in the General Fund exceeded budgeted expenditures by $3,879,376. Actual capital outlay expenditures exceed budgeted expenditures by $509,507 as a result of the timing of projects the City had not budgeted to occur in the current year. Actual expenditures for public safety exceeded budgeted expenditures by $1,157,678 mainly due to needed staff augmentation. In addition, actual expenditures for general government exceeded budgeted expenditures by $1,396,742 mainly due to legal expenditures, Helena Old Town events and utilities accounts.