

CITY OF MONTGOMERY, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

Prepared by: Department of Finance
Barry O. Crabb, Director of Finance

CITY OF MONTGOMERY, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2017

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INTRODUCTORY SECTION

- LETTER OF TRANSMITTAL
- CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
- ORGANIZATIONAL CHART
- ELECTED AND APPOINTED OFFICIALS



City of Montgomery, Alabama

Barry O. Crabb
Finance Director

Todd Strange
Mayor

Montgomery City Council Members

Charles W. Jinright - President	Richard Bollinger	Arch Lee
Tracy Larkin - Pro Tem	David Burkette	Brantley Lyons
Fred F. Bell	William Green, Jr.	Glen Pruitt, Jr.

February 28, 2018

To the Citizens of
The City of Montgomery
Montgomery, Alabama

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Montgomery, Alabama (the City) for the fiscal year ended September 30, 2017. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City.

Management assumes full responsibility for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that all financial information has been recorded accurately.

Governmental accounting and auditing principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

Local government is required by law to publish within six (6) months of the close of each fiscal year audited financial statements. State statutes require an annual audit by independent certified public accountants. This report is published to fulfill the requirement for the fiscal year ended September 30, 2017. The accounting firm of Warren Averett was selected to conduct the 2017 audit. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act of 1996 and related 2 CFR 200 (Uniform Guidance). The auditors' report on the basic financial statements is included in front of

the financial section of this report. The auditors' reports related specifically to the single audit are included in a separate report.

GOVERNMENT PROFILE

The City of Montgomery is the capital city and currently the second largest city in the State of Alabama. The City was founded on December 3, 1819 as a merger of two towns situated along the Alabama River. It is located in the south central section of the state. It serves a population of more than 205,000. The City's vision to sustain a safe, vibrant and growing Montgomery in its entirety that all citizens can be proud to call "home" has become a reality in the way services are provided to its citizens, construction of new public facilities, along with expansion and the addition of new businesses in the City. The City of Montgomery operates under a Mayor/Council form of government with a fiscal year from October 1st through September 30th. The Mayor and nine (9) Council members are each elected to four (4) year terms. The City provides police and fire protection; emergency 911 services; sanitation services; construction and maintenance of highways, streets, and infrastructure; public parking facilities; recreational activities and cultural events.

The City of Montgomery is empowered to levy a property tax on both real and personal property located within its boundaries. However, a referendum must be presented to the citizenry for a vote. The City is also empowered by state statute and voluntarily petition to extend its corporate limits by annexation, which has been done from time to time.

Formal budgetary integration is employed as a management control device. On a day to be set by the Council, but no later than August 20th of each year, the Mayor submits to the Council a balanced budget for the next fiscal year. The Council schedules public hearings for the purpose of discussing and adopting the budget and may add to or delete from the budget submitted by the Mayor as long as the budget remains in balance. The Council, by a majority vote, shall adopt the budget no later than September 20th. Activities of the General Fund and the State Gasoline Tax Fund are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Project Funds. The level of budgetary control (the level at which expenditures cannot legally exceed appropriated funding) is established by department within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations in the General Fund lapse at the end of the fiscal year unless expended or encumbered.

In order to prepare a financial report, it is necessary to identify all components of the reporting entity. Potential component units were evaluated to determine whether they should be reported in the City's financial report. A component unit was considered to be part of the City's reporting entity if it was concluded that the City was financially accountable for the entity or the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City's financial statements to be misleading or incomplete. The Montgomery City-County Public Library, the Solid Waste Disposal Authority of the City of Montgomery, the Alabama Capital Region Solid Waste Disposal Authority, and the Emergency Communications District of the City of Montgomery were determined to be reportable component units and have been included in this report.

ECONOMIC CONDITION

Government makes up more than one-fourth of the work force at the local, state, and federal levels which allows it to play a major role in the economy of Montgomery. The military presence of Maxwell Gunter Air Force Base makes a significant contribution to the local economy. Both the federal government and state government account for approximately 12,000 jobs each in the City. City government accounts for approximately 2,400 jobs in the region. Additionally, local colleges and universities have given rise to a growing economy in the City. Manufacturing growth continues to drive the local economy. In fiscal year 2017, the manufacturing sector represented over 11% of jobs in the region. The housing market also remained firm with home sales stable and average sales prices increasing by slightly over 5% in fiscal year 2017.

Montgomery's central location in the state has made it an important processing and shipping hub for products such as cotton, peanuts, dairy, and other farm products. The City's role as a regional trade center has been firmly established; consequently, allowing the City to serve as a wholesaling and distribution gateway for the entire southeast. In addition to the processing and shipping of farm products, the City has industries in metal fabrication, lumber processing, furniture production, food processing, textiles, printing and publication, and software engineering. The Alabama River flows around the City and is used to move sand, gravel, grain, and chemicals north and south of the region via barges.

The economic future for the City of Montgomery continues to show signs of growth which is primarily due to the creation of new and expanded industry in the region. The local economy is buffered by the presence of local, state, and federal governments, including two military bases. The unemployment rate for Montgomery decreased from 5.5% to 3.3% in 2017. The economy continues to rebound from the earlier recessionary times and in 2017, sales tax receipts and lodging taxes in the City increased over the previous year 1.2% and 2.1%, respectively. Real and personal property taxes were up from 2016 almost 9%, due in large part to expiring property tax abatements related to Hyundai projects.

The face of Downtown Montgomery continued to change in 2017. The occupancy rate for the central business district continues to increase due to the revitalization of buildings for residential housing and retail businesses. The Convention Center is still boosting revenue by bringing in major performances and events to the City. The Alleyway continues to be vibrant and more restaurants have begun operations in the downtown area of the City.

The City's Amphitheater and Baseball Stadium are located at the Riverfront. The City's Baseball Stadium is home to a minor league baseball team which has completed more than ten seasons in Montgomery. The minor league team has won two Southern League Championships and the Biscuits recently won an award for the best minor league team name (by the Sporting News). They also hosted the Southern League playoffs in 2017.

The City's economic development continued to expand in 2017 as outlined below:

- (1) New capital investments in excess of \$205,000,000 for the creation of new industry and expansion of existing industries that is expected to bring approximately 1,100 additional jobs to the region. The new and expanded industries include the following:

<u>Company</u>	<u>Capital Investments</u>	<u># Jobs</u>
Acclaim Industries	\$ 15,000	1
Gulf Coast Supply and Manufacturing	100,000	7
Guyoungtech	7,500,000	130
PSC Industries	2,500,000	60
Seoyon E Hwa	24,375,000	200
The Lilly Company	20,000	15
689th Network Operations Squadron	-	75
API Heat Transfer	-	5
ASK Telemarketing/Always Open	445,000	-
Coca Cola UNITED Production Facility	23,000,000	32
Coca Cola UNITED Sales and Distribution Facility	5,000,000	16
DAS North America, Inc.	17,400,000	100
Dyvis Inc.	700,000	150
Epic Midstream	7,500,000	-
Fleischmann's Vinegar Company, Inc.	534,000	-
Genpak, LLC- Hope Hull	-	40
Genpak, LLC- Montgomery	-	19
Hyundai Motor Manufacturing Alabama, LLC	61,000,000	-
JET Polymer Recycling	5,000,000	37
Kinpak, Inc.	6,600,000	15
KOAM Maintenance LLC	-	6
Lear Corporation-Montgomery	5,374,625	-
MOBIS Alabama, LLC	9,370,012	-
Paradise Printing	700,500	12
PHA Body Systems	7,011,000	21
Regitar U.S.A., Inc.	2,204,837	15
Rheem Water Heaters HQ	3,700,000	-
Ridley Block Operations	4,389,296	-
Sykes Enterprises, Inc.	-	100
TK, LLC	490,000	-

- (2) The City recently hosted the fourth annual Camellia Bowl with teams from Conference USA and the Sunbelt Conference. Of 40 bowl games overall, the Camellia Bowl was ranked as the 5th best by CBS Sports in 2017.
- (3) Continued acquisitions, renovations and demolitions of blighted properties that are being sold to private investors for new retail businesses, restaurants, and loft apartments.
- (4) Montgomery's 187th Fighter Wing was selected after being one of the five Air National Guard sites to be considered for the new F-35 Lightning II jet, the newest, technologically advanced fighter in the nation's military arsenal, to replace their retiring aircraft.
- (5) In 2016 the City established an Internet Exchange for the purposes of optimizing local internet traffic in the Area. In 2017, the Internet Exchange added ISP giant Hurricane Electric and increased traffic handling capabilities to a potential of 100 Gigabits per second. The new Internet Exchange in its first year grew from three participants to twelve, and increased to nineteen participants in the second year. The growth is attracting new Internet Service Providers and content providers who are offering better services at competitive prices.
- (6) The Montgomery Zoo finalized the Stingray Ray project and is expecting to open the exhibit in March of 2018. With this addition, the Zoo is expecting to attract new and repeat visitors. The Montgomery Zoo also began its next fundraising campaign where the funds will go towards the construction of a new Reptile facility. The Montgomery Zoo continues to be a prominent family venue for citizens of Montgomery and the River Region.
- (7) The City's location along the Alabama River and extensive rail connections makes Montgomery a regional distribution hub for a wide range of industries.
- (8) The City of Montgomery launched Open Data Montgomery, a platform to foster greater accountability, accessibility and transparency within local government. Information accessible on the site includes: interactive maps and charts, construction permits, demolitions, paving projects, 311 calls, and crime reports.

Montgomery continues to attract new businesses by emphasizing its strategic location and attractive facilities. The high technology growth associated with the United States Air Force Computer Complex remains stable in the federal employment sector.

The joint effort between the City, Montgomery County and Montgomery Waterworks for primary healthcare clinics continues to be successful in providing City employees and their dependents with those services that would be rendered by a family practice physician. CareHere, LLC is managing all aspects of operations for the clinics.

The City will continue its fiscally sound management policies while providing its citizens excellent services, enhancing the quality of life in Montgomery, and maximizing the use of taxpayer dollars. Major industries located within the City's boundaries or in close proximity include Tier I and II suppliers for the automotive industry, office and medical suppliers, as well as financial institutions, educational institutions, and insurance companies. Continuing economic growth led by the automotive industry and its suppliers, Maxwell-Gunter, and Riverfront/Downtown Redevelopment is a top priority to ensure the fiscal health of the City. The City will continue to strive to make Montgomery and the region one of the best communities in the nation by working with its partners, whether they are public, private, or governmental.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Montgomery for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2016. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe the City's 2017 CAFR continues to meet the Certificate of Achievement Program's requirements, and it is being submitted to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the professional dedication and knowledge of our independent auditors, Warren Averett. The independent auditors have issued an unqualified or "clean" opinion on the City of Montgomery's financial statements for the year ended September 30, 2017.

The preparation of this report would not have been possible without the efficient and dedicated service of the staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to members of the City Council for their interest and unfailing support in planning, conducting, and maintaining the highest standards of professionalism in the management of the City of Montgomery's finances.

Respectfully submitted,



Todd Strange
Mayor



Barry O. Crabb
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Montgomery
Alabama**

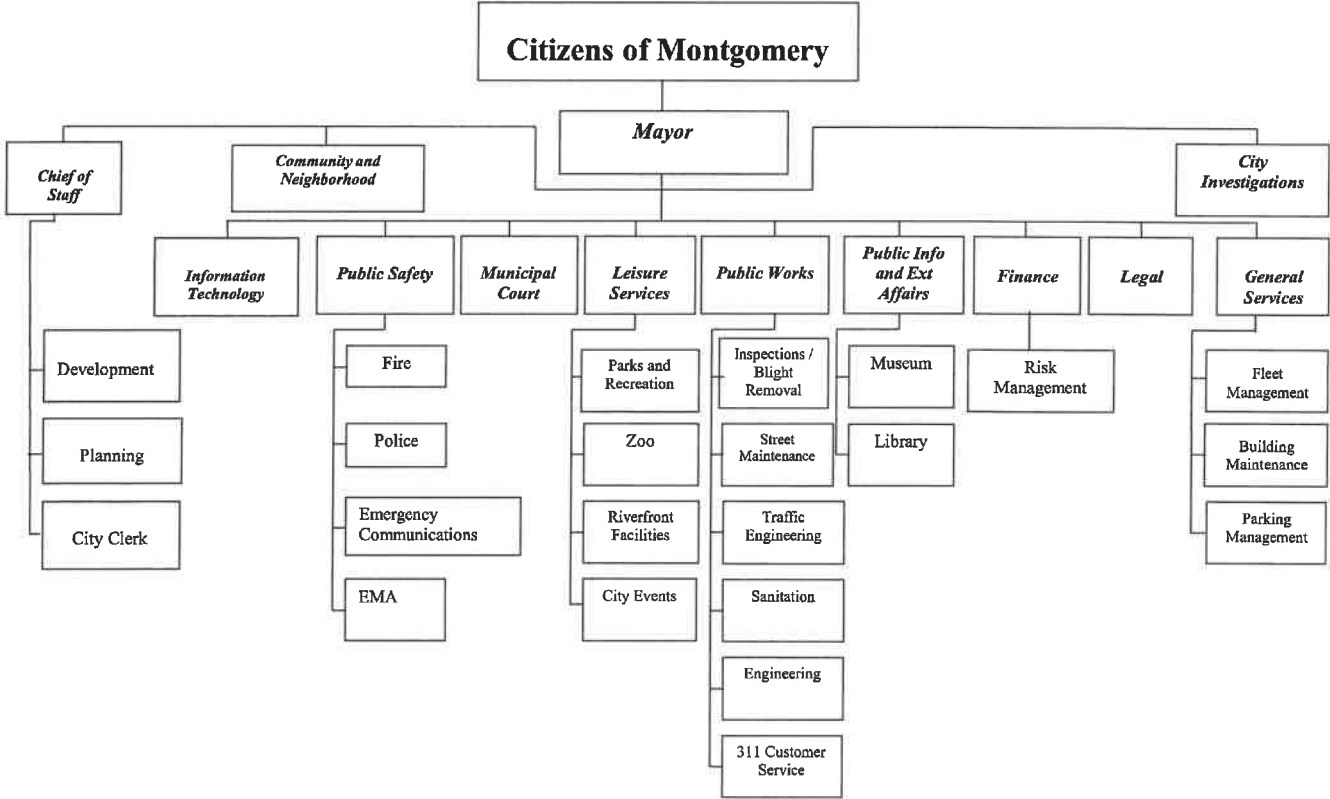
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

CITY OF MONTGOMERY, ALABAMA ORGANIZATIONAL CHART



CITY OF MONTGOMERY, ALABAMA
ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2017

Elected Officials

Mayor	Todd Strange
Council Members	
District 9	Charles W. Jinright, President
District 3	Tracy Larkin, President Pro Tem
District 1	Richard Bollinger
District 2	Brantley W. Lyons
District 4	David Burkette
District 5	William A. Green, Jr.
District 6	Fred F. Bell
District 7	Arch M. Lee
District 8	Glen O. Pruitt, Jr.

Appointed Officials

Building Maintenance	Doug Jones
Chief of Staff	Anita Archie
City Attorney	Kim Fehl
City Clerk	Brenda Gale Blalock
City Investigations	Ronald Sams, Director
311 Customer Service Center	Deliesha Ramos
Development	Mac McLeod, Director
Emergency Communications	Larry Fisher
Emergency Management Agency	Christina Thornton
Engineering	Patrick Dunson
Finance	Barry O. Crabb, Director
Fire	Betty P. Beville, Deputy Director
Fleet Management	Chief Miford Jordan
General Services	Walter G. Lilley Jr.
Information Technology	Thomas Pierce, Interim Director
Inspections	Lou Ialacci
Landfill	Jerry C. Russell, Jr.
Leisure Services	Noah Johnson
Library	Scott Miller, Director
Maintenance	Jaunita M. Owes
Montgomery Zoo	Diane Burke
Municipal Court	Doug Goode
Museum	Honorable Milton J. Westry, Interim Presiding Judge
Parking Management	Kenneth Nixon, Court Administrator
Parks and Recreation	Edwin Bridges, Interim Director
Planning	Bryan Dunn
Police	Robert Spivery
Public Information and External Affairs	Robert Smith
Public Safety	Chief Ernest Finley, Jr.
Public Works	Michael Briddell, Director
Risk Manager	Christopher Murphy, Director
Riverfront Facilities	Christopher W. Conway, Director
Sanitation	Scott Kramer
Traffic Engineering	Thomas Pierce
	Daniel R. Dickey
	Locke D. Bowden

The elected and appointed officials were those in office at September 30, 2017.

FINANCIAL SECTION

- INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- REQUIRED SUPPLEMENTARY INFORMATION
- COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Independent Auditors' Report

Honorable Mayor and Members of
The City Council
City of Montgomery, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Montgomery, Alabama (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Montgomery Employees' Retirement System (Pension Trust Fund), the fiduciary fund of the City, or the Montgomery City-County Public Library, the discretely presented component unit of the City. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Fund and Montgomery City-County Public Library, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Pension Trust Fund and the Montgomery City-County Public Library were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the City's proportionate share of the collective net pension liability, the schedule of the City's contributions to the pension plan, and the schedule of funding progress for the Employees' Health Insurance Plan on pages 13 through 25 and pages 88 through 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedule, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and nonmajor fund budgetary comparison schedule 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 combining and individual nonmajor fund financial statements, and budgetary comparison schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Warren Averett, LLC

Montgomery, Alabama
February 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Montgomery, Alabama (the City), we present this narrative overview and analysis designed to assist readers of the City's financial statements for the fiscal year ended September 30, 2017. The intent of the Management's Discussion and Analysis (MD&A) is to provide a brief, objective, and easily readable analysis of the City's financial performance for the year and its financial position at fiscal year ended September 30, 2017.

Readers are encouraged to read the MD&A in conjunction with additional information furnished in the letter of transmittal and the City's financial statements included in this report.

Financial Highlights

The City's assets and deferred outflows of resources were less than its liabilities at September 30, 2017, by \$245,471,897 (net position). However, \$227,990,723 was either restricted or invested in capital assets leaving a deficit unrestricted balance of \$473,462,620.

The City's total net position decreased \$25,545,777. This decrease was primarily due to the depreciation expense incurred for the year, the net increase in other postemployment benefits obligation (OPEB), and an increase in the net pension liability. The City participates in a shared pension plan with the City of Montgomery's Airport Authority. As of September 30, 2017, the City reported its proportionate share of the net pension liability as being \$234,514,836. Details in reference to the City's pension plan are in Note 13, beginning on page 73, of the notes to financial statements.

The net pension liability is the variance between the Total Pension Liability and Plan Fiduciary Net Position. Basically, the net pension liability is the plan's unfunded pension obligation which the Governmental Accounting Standards Board (GASB) has determined meets the definition of a liability and should, therefore, be recognized in the basic financial statements. The City continues to use an actuarially determined contribution (ARC) to calculate appropriate funding of the pension plan.

At September 30, 2017, the City's governmental funds reported combined ending fund balances of \$45,690,650, an increase of \$5,066,901 over the previous fiscal year. Of the ending governmental fund balance, \$2,870,275 is non-spendable (i.e., inventories, long-term receivables, and prepaid items). A significant portion, or 43.2% of the governmental fund balance is in the amount of \$19,732,823 which is restricted for capital projects, debt service, intergovernmental activities, the City's landfill, Municipal Court, the Riverfront Stadium, and an Emergency Communications District. The combined totals for non-spendable and restricted, plus the unassigned amount of \$23,087,552 yields a total combined ending fund balance of \$45,690,650 for fiscal year 2017.

The General Fund reported an unassigned fund balance of \$23,109,126 or 12.4% of the total general fund expenditures. Governmental Activities revenue decreased \$1,312,859 or 0.5% over the previous year. The decrease in revenues was primarily attributable to a 31.7% decrease in other general revenues, an 11.7% decrease in capital grants and contributions, a 3.2% decrease in operating grants and contributions, and a 3% decrease in charges for services. Expenses in Governmental Activities increased \$4,825,855 or 1.7% from the previous year. Although the expenses increased in the Governmental Activities in the government-wide financial statements, the City's departments continued to operate efficiently. The increase in expenses was mainly due to the increase in pension expense and other postemployment benefit (OPEB) expense. The pension expense was \$17,564,369 or 14.6% greater than the previous year's pension expense. The other postemployment benefit (OPEB) expense was \$15,935,503, or 40.6% greater than the previous year's other postemployment benefit (OPEB) expense.

Due to the efficiency in departmental operations, Governmental Activities expenses net of pension and OPEB expenses decreased by \$2,014,171 or 0.8% over the previous year.

Long-term debt, consisting of general obligation bonds, capital leases, and notes payable decreased \$12,479,580 or 4% from the previous year. The decrease was due to early payoffs on capital leases.

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the City's financial statements which include: government-wide financial statements, fund financial statements, and notes to the financial statements. In addition to the basic financial statements, this report contains supplementary information which may be of interest to the reader.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the financial position of the City and are similar to private-sector financial statements. The statements include a statement of net position and a statement of activities.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. This statement combines and consolidates governmental funds' current financial resources (short-term expendable resources) with capital assets and long-term debt. Over time, increases or decreases may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities follows the statement of net position and presents information on how the City's net position changed during the fiscal year. The statement presents all underlying events, which give rise to the change in net position, regardless of the timing of the related cash flows. Items such as accounts payable or vacation leave (earned, but unused) will produce changes in cash in a future fiscal period.

Both of the government-wide financial statements distinguish functions that are 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 user fees and charges (business-type activities).

Governmental activities reported in the statements include general government, public works, public safety, cultural and recreational, and debt service. The business-type activities include the Montgomery Area Transit System, the Montgomery Zoo, Municipal Golf, and the Montgomery River Boat.

The government-wide financial statements not only include the City (the primary government), but also a legally separate component, the Montgomery City-County Public Library, for which the City is financially accountable. Financial information for this component unit is reported separately from the information presented for the primary government. The Solid Waste Disposal Authority (SWDA), the Emergency Communications District (ECD), and the Capital Region Solid Waste Authority (CRSWA) are blended component units and function for all practical purposes as departments of the City and have therefore been included as an integral part of the primary government. All entities are legally separate from the City.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like most state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal matters. All funds of the City can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for the same functions as those reported under the government-wide statement of net position and statement of activities. However, unlike the government-wide financial statements, governmental fund financial statements focus on events that produce near-term inflows and outflows of expendable resources as well as the balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is more narrow than that of government-wide financial statements, it is useful to compare information presented in the governmental funds with similar information presented in the governmental activities in the government-wide financial statements. Comparing functions between the statements for governmental funds and statement of activities, the reader may better understand the long-term impact of the City'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 eighteen (18) 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 of the major funds. Data from fifteen (15) 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 supplementary information section of this report.

The City of Montgomery adopts an annual appropriated budget for its General Fund and Gasoline Tax Fund. Budgetary comparison statements have been provided for the General Fund and the Gasoline Tax Fund to demonstrate compliance with the budgets.

Proprietary Funds

The City maintains two (2) types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the Montgomery Area Transit System, the Montgomery Zoo, Municipal Golf, and the Montgomery River Boat. The internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its employees' medical insurance, workers' compensation, and liability insurance. The internal service fund is presented in the fund financial statements.

Fiduciary Funds

The City uses fiduciary funds to account for resources held for the benefit of parties outside of City government. These funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support City programs. Accounting for these funds is similar to accounting for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found beginning on page 88 of this report.

Combining and individual statements and schedules referred to earlier, which present more detailed views of nonmajor funds used in governmental and enterprise activities, can be found beginning on page 91 of this report.

Government-Wide Financial Analysis

As noted earlier, changes in net position over time can be one of the best and most useful indicators of the City's financial position. The City's total assets and deferred outflows of resources were less than its total liabilities by \$245,471,897, as reflected in the following table:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets (net of internal balances)	\$ 62,789,947	\$ 56,732,431	\$ 1,641,472	\$ 1,447,507	\$ 64,431,419	\$ 58,179,938
Internal balances	2,540,299	2,509,130	(2,540,299)	(2,509,130)	-	-
Capital assets	347,446,644	356,245,365	25,070,324	25,956,239	372,516,968	382,201,604
Total Assets	412,776,890	415,486,926	24,171,497	24,894,616	436,948,387	440,381,542
Deferred charge on refunding	6,199,848	7,804,994	-	-	6,199,848	7,804,994
Pension related items	52,962,234	62,574,267	635,097	753,518	53,597,331	63,327,785
Total Deferred Outflows of Resources	59,162,082	70,379,261	635,097	753,518	59,797,179	71,132,779
Long-term liabilities	719,929,814	709,880,125	3,106,928	2,987,940	723,036,742	712,868,065
Other liabilities	18,584,690	17,938,717	596,031	633,659	19,180,721	18,572,376
Total Liabilities	738,514,504	727,818,842	3,702,959	3,621,599	742,217,463	731,440,441
Net position						
Net investment in						
Capital assets	188,338,796	197,752,975	25,070,324	25,956,239	213,409,120	223,709,214
Restricted	14,581,603	13,288,544	-	-	14,581,603	13,288,544
Unrestricted	(469,495,931)	(452,994,174)	(3,966,689)	(3,929,704)	(473,462,620)	(456,923,878)
Total Net Position	\$ (266,575,532)	\$ (241,952,655)	\$ 21,103,635	\$ 22,026,535	\$ (245,471,897)	\$ (219,926,120)

Total assets declined \$3,433,155 or 0.8% from the previous fiscal year and liabilities increased \$10,777,022 or 1.5%. The decline in assets was primarily due to an increase in cash of \$5,171,923 and a decrease in capital assets of \$8,798,721. The increase in liabilities was primarily due to increases in pension liability and postemployment benefits and the issuance of a \$5,000,000 promissory note that was used to build a new Municipal Justice Center. The largest portion of net position is reflected in the City's investment in capital assets (e.g., land, construction in progress, buildings, infrastructure, improvements other than buildings, and machinery and equipment) less any related outstanding debt used to acquire those assets. Because City capital assets are used to provide services to citizens, the assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, the capital assets are not used to liquidate the liability. Consequently, other resources are used to repay any associated debt.

An additional portion of the City's resources is restricted, or has restrictions on how they may be used. Governmental activities restricted net position totaled \$14,581,603 and is restricted for use in public works, public safety, cultural and recreational, capital projects, and Municipal Court.

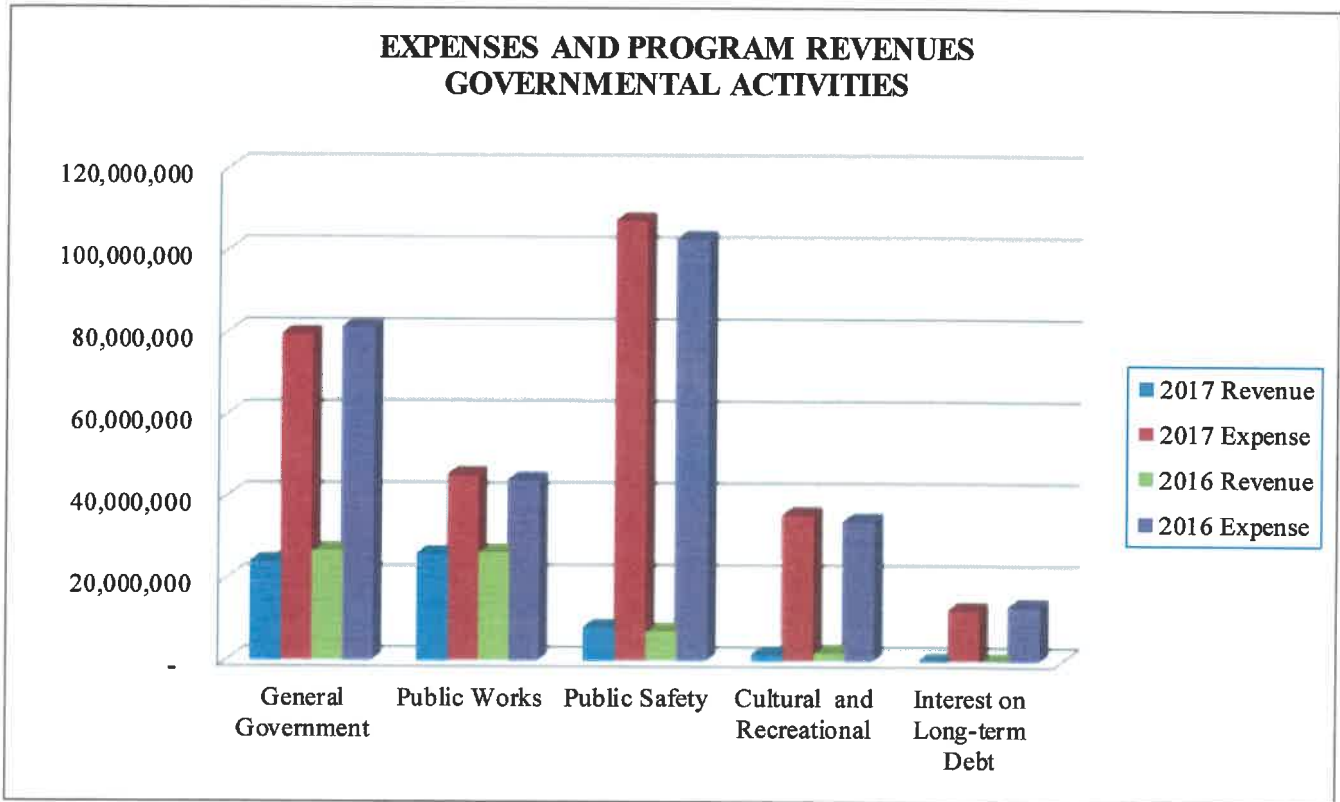
As reflected in the following table, the City's net position decreased by \$25,545,777 or 11.6% during the fiscal year. This decrease was primarily attributed to pension expense of \$17,778,155 and other postemployment benefits (OPEB) of \$15,935,503 for the year ended September 30, 2017.

City of Montgomery's Changes in Net Position

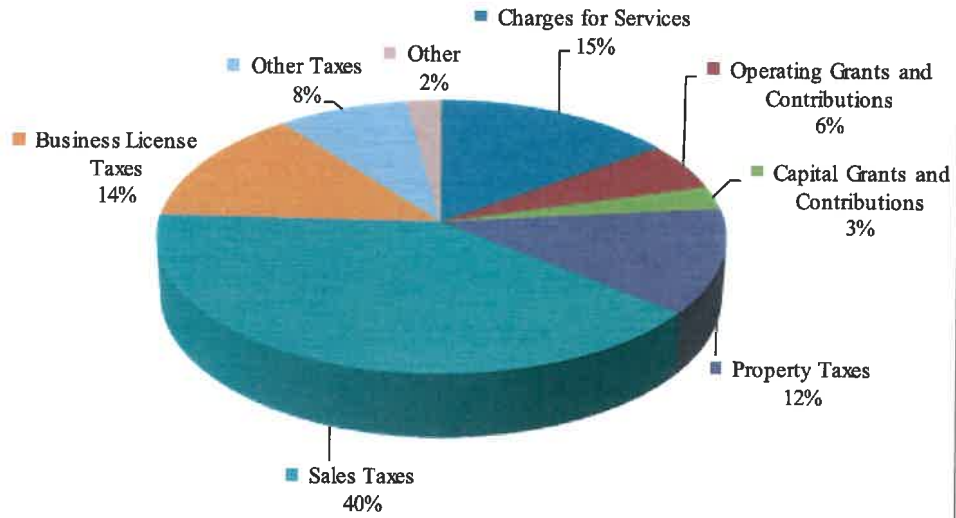
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	\$ 38,854,001	\$ 40,057,727	\$ 6,138,580	\$ 6,127,472	\$ 44,992,581	\$ 46,185,199
Operating grants and contributions	14,467,164	14,942,746	-	-	14,467,164	14,942,746
Capital grants and contributions	7,122,157	8,061,992	-	-	7,122,157	8,061,992
General revenues						
Sales taxes	103,720,833	102,478,204	-	-	103,720,833	102,478,204
Property taxes	32,194,491	29,621,888	-	-	32,194,491	29,621,888
Business license taxes	35,417,566	35,321,276	-	-	35,417,566	35,321,276
Other taxes	21,645,131	21,613,986	-	-	21,645,131	21,613,986
Other	5,680,341	8,316,722	736	809,118	5,681,077	9,125,840
Total revenues	259,101,684	260,414,541	6,139,316	6,936,590	265,241,000	267,351,131
Expenses						
General government	79,602,195	81,389,604	-	-	79,602,195	81,389,604
Public works	45,492,230	44,122,265	-	-	45,492,230	44,122,265
Public safety	107,487,117	102,967,635	-	-	107,487,117	102,967,635
Cultural and recreational	35,755,774	34,217,643	-	-	35,755,774	34,217,643
Interest on long-term debt	12,638,139	13,452,451	-	-	12,638,139	13,452,451
Montgomery Area Transit System	-	-	2,171,855	4,219,191	2,171,855	4,219,191
Montgomery Zoo	-	-	4,744,773	4,514,803	4,744,773	4,514,803
Municipal Golf	-	-	1,793,047	1,735,682	1,793,047	1,735,682
Montgomery River Boat	-	-	1,101,647	1,172,106	1,101,647	1,172,106
Total expenses	280,975,455	276,149,598	9,811,322	11,641,782	290,786,777	287,791,380
Decrease in net position before special item and transfers	(21,873,771)	(15,735,057)	(3,672,006)	(4,705,192)	(25,545,777)	(20,440,249)
Special item - Recycling facility debt assumption	-	(31,636,655)	-	-	-	(31,636,655)
Transfers in (out)	(2,749,106)	(4,212,460)	2,749,106	4,212,460	-	-
Decrease in net position	(24,622,877)	(51,584,172)	(922,900)	(492,732)	(25,545,777)	(52,076,904)
Net position - beginning	(241,952,655)	(190,368,483)	22,026,535	22,519,267	(219,926,120)	(167,849,216)
Net position - ending	\$ (266,575,532)	\$ (241,952,655)	\$ 21,103,635	\$ 22,026,535	\$ (245,471,897)	\$ (219,926,120)

Governmental Activities

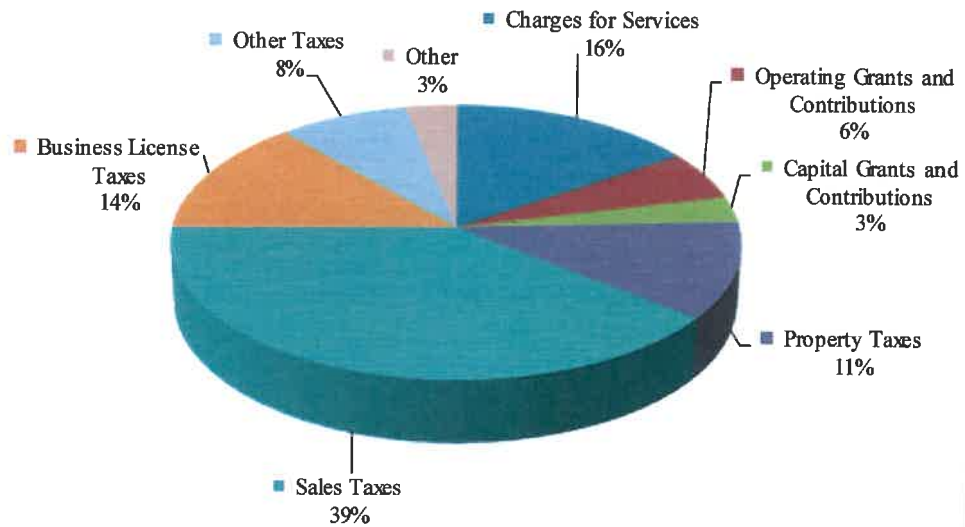
Governmental activities decreased the City's net position by \$24,622,877, thereby accounting for 96.4% of the total decline in net position of the City. Key elements of the decrease in net position were due to depreciation expense, increase in pension expense, increase in other postemployment benefits, and transfers to business-type activities. The decrease was offset by increases in sales tax collections, property tax collections, business license receipts, and other miscellaneous tax revenues in 2017.



**REVENUE BY SOURCE - GOVERNMENTAL
ACTIVITIES FISCAL YEAR 2017**

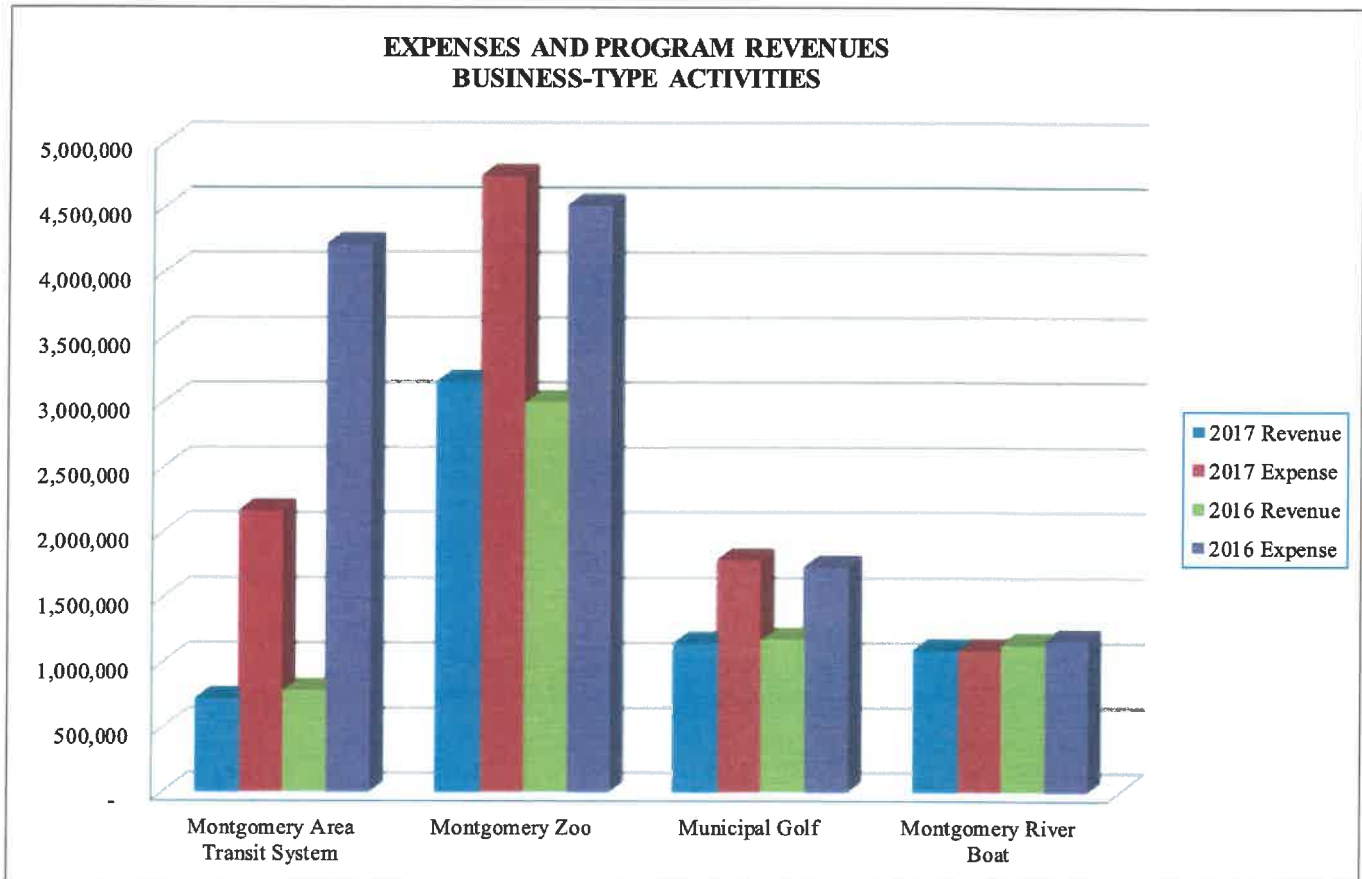


**REVENUE BY SOURCE - GOVERNMENTAL
ACTIVITIES FISCAL YEAR 2016**



Business-type Activities

Business-type activities decreased the City's net position by \$922,900, which contributed 3.6% to the total decline in the net position of the City. The primary factor for the decrease in net position was due to the depreciation of capital assets.



Fund Level Information

As noted earlier, the City employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds provide information on near-term inflows, outflows, and balances of expendable resources. Governmental fund types include General, Capital Projects, Debt Service, Special Revenue Funds, and Federal Funds.

In assessing the City's financing requirements, unassigned fund balance is a particularly useful measure of net resources available for spending at the end of the fiscal year. As of September 30, 2017, the City's Governmental Funds had an unassigned fund balance for governmental activities in the amount of \$23,087,552.

At September 30, 2017, total fund balance in the General Fund was \$25,045,221. The fund balance in the General Fund increased \$2,344,978 or 10.3% from the previous year. The increase in the fund balance was primarily due to increases in taxes collected, interest, and miscellaneous revenues.

Total revenue of the General Fund increased by \$3,787,749 or 1.7% in 2017 compared to the previous year. This was due to an increase in taxes collected, interest, and miscellaneous revenues. Expenditures of the General Fund increased by \$1,189,973 or 0.6% more than the previous fiscal year. The increase was primarily due to personnel costs related to a budgeted market adjustment that occurred half way through the fiscal year.

Capital Project Fund – The fund is used to account for the acquisition and construction of major capital facilities. The fund balance of the capital project fund increased \$2,211,156 or 95.7% from the previous year due to the issuance of a \$5,000,000 promissory note that was used to build, in part, a new Municipal Justice Center.

Debt Service Fund – The fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest, and other related costs. The fund balance of the Debt Service Fund increased \$469,036 or 26% at September 30, 2017. The increase in fund balance was primarily attributable to an increase in transfers to service debt payments that were paid in the current year.

Proprietary Funds

Proprietary fund statements provide the same information as in the business-type activities column of the government-wide statements, but in greater detail and on a fund basis for enterprise funds and the City's internal service fund.

Enterprise Funds – Net position of the Montgomery Area Transit System (MATS), the Montgomery Zoo, Municipal Golf, and Montgomery River Boat at the end of the year was \$21,103,635. Total net position decreased for enterprise funds by \$922,900 or 4.2% in 2017 from the previous year. Total operating revenue increased \$11,107 or 0.2% for enterprise funds.

Internal Service Fund – Internal service funds are designed to recover the internal costs of government services provided to other fund groups. At September 30, 2017, the internal service fund reported \$0 for its net position balance. Because of the City's aggressive policy to reduce the deficit in the internal service fund, the aforementioned deficit decreased \$1,388,570 or 100% from the previous year.

Capital Assets and Debt Administration

Capital assets – The City's investment in capital assets for governmental and business-type activities as of September 30, 2017, was \$372,516,968 (net of accumulated depreciation). Capital asset investments include land, buildings, construction in progress, infrastructure, improvements other than buildings, and machinery and equipment, net of depreciation.

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 54,832,711	\$ 54,323,344	\$ 1,047,942	\$ 1,047,942	\$ 55,880,653	\$ 55,371,286
Buildings	124,158,722	127,609,579	19,712,261	20,277,797	143,870,983	147,887,376
Improvements other than buildings	44,511,379	46,623,038	1,830,713	1,372,999	46,342,092	47,996,037
Machinery and equipment	37,625,648	36,817,001	2,479,408	3,257,501	40,105,056	40,074,502
Infrastructure	80,581,522	83,089,475	-	-	80,581,522	83,089,475
Construction in progress	5,736,662	7,782,928	-	-	5,736,662	7,782,928
Totals	\$ 347,446,644	\$ 356,245,365	\$ 25,070,324	\$ 25,956,239	\$ 372,516,968	\$ 382,201,604

Additional information on the City's capital assets can be found in Note 7 beginning on page 62 of this report.

Long-term debt – At the end of the fiscal year the City had secured and bonded debt outstanding of \$303,257,118. Of this amount \$285,354,165 comprises debt backed by the full faith and credit of the City, \$13,152,953 is comprised of long-term leases, and \$4,750,000 is comprised of a note payable. The City's long-term debt decreased \$12,479,580 or 4% from the previous year due to early payoffs on capital leases.

State statutes limit the amount of general obligation debt a governmental entity may issue. The City can issue up to twenty (20) percent of its total assessed property valuation. The City's total valuation for the current fiscal year is \$2,259,525,460 with a current debt limit for the City of \$451,905,092. Current debt applied to the debt limit total is \$251,539,250, leaving the City with a legal debt margin of \$200,365,842.

Long-term Debt

	2017	2016	Increase (Decrease)
General obligation bonds	\$ 285,354,165	\$ 302,212,673	\$ (16,858,508)
Note payable	4,750,000	-	4,750,000
Capital leases	13,152,953	13,524,025	(371,072)
Totals	\$ 303,257,118	\$ 315,736,698	\$ (12,479,580)

The City carries an A1 rating from Moody's and an AA rating from Standard and Poor's. These ratings reflect the strength of the City's economy and the efficiency of operations by management and staff. See Note 9, beginning on page 64, for a detailed description of the City's total outstanding obligations.

General Fund Budgetary Highlights

Budget to actual statements and schedules are provided in the financial statements for the General Fund and Gasoline Tax Fund, the only funds with legally adopted budgets. Columns are provided for both the original adopted budget as well as the final budget. These budgets are followed by columns for actual expenditures and for variances between the final budget and actual expenditures.

The operations of the City are a dynamic business that require strict budget control throughout the year. An adequate budget balance must be available for the particular line item for which a payment request has been submitted. If the budget balance is not adequate, the payment will be rejected. A payment will be approved after a budget adjustment for that cost center has been processed.

General Fund

For the year ended September 30, 2017, actual revenues were less than budgeted revenues by \$1,820,866 or 0.8%. The primary reasons for the variance are as follows:

- Actual taxes were less than budgeted by \$2,611,913 or 1.7%.
- Actual fines and forfeitures were less than budgeted by \$1,027,539 or 27.4%.

For the year ended September 30, 2017, actual total expenditures were less than budgeted expenditures by \$5,220,779 or 2.7% in the following functions:

- General Government actual expenditures were less than budgeted expenditures by \$1,570,273.
- Public Works actual expenditures were less than budgeted expenditures by \$1,873,696.
- Public Safety actual expenditures were less than budgeted expenditures by \$517,838.
- Cultural and Recreational actual expenditures were less than budgeted expenditures by \$1,030,455.

Listed below are the primary reasons for budget to actual variances in the General Fund:

- Efficient utilization of resources accounted for actual expenditures being less than budgeted expenditures.
- Personnel costs were less than budgeted amounts due to the inability to fill and maintain budgeted personnel positions and through attrition in 2017.

Economic Factors and Year 2017

The following factors were considered in preparing the City's Budget for Fiscal Year 2017:

- The City is currently the second largest city in the state due to continued population growth.
- The occupancy rate of the City's Downtown District continues to have steady growth.
- The City's Downtown Riverfront Development continues to create economic growth through tourism.
- Continued sales tax revenue growth in 2017 over the previous year. It is anticipated that sales tax revenue will continue to increase slowly as the economy improves.
- Continued increases in industrial and residential development.

At September 30, 2017, fund balance in the General Fund was \$25,045,221. The City did not appropriate any fund balance from the 2017 fund balance for spending in the 2018 fiscal year budget. The City will continue to provide services to its citizens, keep a level of essential staff to provide services to the community, and pay for one-time expenditures for capital needs from the funds appropriated in the 2018 budget.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for anyone with an interest in the economic well-being of the City. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Office of the Finance Director, 103 North Perry Street, Montgomery, Alabama 36104.

BASIC FINANCIAL STATEMENTS

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Library
ASSETS				
Cash and cash equivalents	\$ 35,539,927	\$ 856,100	\$ 36,396,027	\$ 503,110
Restricted cash held by fiscal agent	2,739,346	-	2,739,346	-
Internal balances	2,540,299	(2,540,299)	-	-
Receivables	19,662,587	240,698	19,903,285	1,068
Inventories	1,110,863	481,846	1,592,709	-
Prepaid items	1,020,412	62,828	1,083,240	-
Note receivable	700,000	-	700,000	-
Mortgage receivable	851,235	-	851,235	-
Lease receivable	768,785	-	768,785	-
Warrants receivable	396,792	-	396,792	-
Capital assets not being depreciated:				
Land	54,832,711	1,047,942	55,880,653	-
Construction in progress	5,736,662	-	5,736,662	-
Collections	-	-	-	10,418,925
Capital assets net of accumulated depreciation:				
Buildings and system	124,158,722	19,712,261	143,870,983	1,516,132
Improvements other than buildings	44,511,379	1,830,713	46,342,092	-
Machinery and equipment	37,625,648	2,479,408	40,105,056	87,971
Infrastructure	80,581,522	-	80,581,522	-
TOTAL ASSETS	412,776,890	24,171,497	436,948,387	12,527,206
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	6,199,848	-	6,199,848	-
Pension related items	52,962,234	635,097	53,597,331	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	59,162,082	635,097	59,797,179	-
LIABILITIES				
Accounts payable and accrued expenses	16,541,193	573,701	17,114,894	11,768
Retainage payable	97,344	-	97,344	-
Unearned revenue	485,688	22,330	508,018	-
Funds held in escrow	1,460,465	-	1,460,465	-
Noncurrent liabilities:				
Due within one year	27,430,761	33,291	27,464,052	-
Due in more than one year:				
Net pension liability	231,745,188	2,769,648	234,514,836	-
Postemployment benefits other than pensions	145,971,650	-	145,971,650	-
Other	314,782,215	303,989	315,086,204	-
TOTAL LIABILITIES	738,514,504	3,702,959	742,217,463	11,768
NET POSITION				
Net investment in capital assets	188,338,796	25,070,324	213,409,120	12,023,028
Restricted for:				
Public works	1,453,747	-	1,453,747	-
Public safety	3,999,212	-	3,999,212	-
Cultural and recreational	669,672	-	669,672	170,798
Capital projects	8,142,625	-	8,142,625	-
Municipal Court	316,347	-	316,347	-
Nonexpendable	-	-	-	103,661
Unrestricted	(469,495,931)	(3,966,689)	(473,462,620)	217,951
TOTAL NET POSITION	\$ (266,575,532)	\$ 21,103,635	\$ (245,471,897)	\$ 12,515,438

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 79,602,195	\$ 14,889,008	\$ 7,816,007	\$ 1,565,041
Public works	45,492,230	21,555,690	832,395	3,716,821
Public safety	107,487,117	1,077,214	5,398,795	1,783,106
Cultural and recreational	35,755,774	1,332,089	419,967	57,189
Interest on long-term debt	12,638,139	-	-	-
Total governmental activities	<u>280,975,455</u>	<u>38,854,001</u>	<u>14,467,164</u>	<u>7,122,157</u>
Business-type activities:				
Montgomery Area Transit System	2,171,855	727,226	-	-
Montgomery Zoo	4,744,773	3,160,812	-	-
Municipal Golf	1,793,047	1,152,652	-	-
Montgomery River Boat	1,101,647	1,097,890	-	-
Total business-type activities	<u>9,811,322</u>	<u>6,138,580</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 290,786,777</u>	<u>\$ 44,992,581</u>	<u>\$ 14,467,164</u>	<u>\$ 7,122,157</u>
Component Unit				
Public Library	<u>\$ 4,655,035</u>	<u>\$ 116,322</u>	<u>\$ 220,011</u>	<u>\$ 60,000</u>
General Revenues				
Sales taxes				
Property taxes				
Business license taxes				
Motor fuel taxes				
Lodging taxes				
Rental taxes				
Tobacco taxes				
Alcoholic beverage taxes				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous revenue				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

See accompanying notes to financial statements.

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Public Library
\$ (55,332,139)	\$ -	\$ (55,332,139)	\$ -
(19,387,324)	-	(19,387,324)	-
(99,228,002)	-	(99,228,002)	-
(33,946,529)	-	(33,946,529)	-
(12,638,139)	-	(12,638,139)	-
<u>(220,532,133)</u>	<u>-</u>	<u>(220,532,133)</u>	<u>-</u>
-	(1,444,629)	(1,444,629)	-
-	(1,583,961)	(1,583,961)	-
-	(640,395)	(640,395)	-
-	(3,757)	(3,757)	-
-	(3,672,742)	(3,672,742)	-
<u>(220,532,133)</u>	<u>(3,672,742)</u>	<u>(224,204,875)</u>	<u>-</u>
			<u>(4,258,702)</u>
103,720,833	-	103,720,833	-
32,194,491	-	32,194,491	-
35,417,566	-	35,417,566	-
5,743,942	-	5,743,942	-
9,582,950	-	9,582,950	-
4,485,646	-	4,485,646	-
1,502,207	-	1,502,207	-
330,386	-	330,386	-
171,104	-	171,104	4,333,150
197,192	736	197,928	87
5,312,045	-	5,312,045	99,477
<u>(2,749,106)</u>	<u>2,749,106</u>	<u>-</u>	<u>-</u>
<u>195,909,256</u>	<u>2,749,842</u>	<u>198,659,098</u>	<u>4,432,714</u>
<u>(24,622,877)</u>	<u>(922,900)</u>	<u>(25,545,777)</u>	<u>174,012</u>
<u>(241,952,655)</u>	<u>22,026,535</u>	<u>(219,926,120)</u>	<u>12,341,426</u>
<u>\$ (266,575,532)</u>	<u>\$ 21,103,635</u>	<u>\$ (245,471,897)</u>	<u>\$ 12,515,438</u>

CITY OF MONTGOMERY, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 13,750,246	\$ 4,215,798	\$ -	\$ 13,598,875	\$ 31,564,919
Restricted cash held by fiscal agent	-	-	2,739,347	-	2,739,347
Receivables	14,705,049	493,799	-	3,355,070	18,553,918
Inventories	1,110,863	-	-	-	1,110,863
Prepaid items	86,232	930,340	-	3,840	1,020,412
Notes receivable	700,000	-	-	-	700,000
Due from other funds	2,538,441	-	-	-	2,538,441
Mortgage receivable	-	662,946	-	188,289	851,235
Lease receivable	-	-	768,785	-	768,785
Warrants receivable	-	-	396,792	-	396,792
Advances to other funds	39,000	-	-	-	39,000
TOTAL ASSETS	<u>\$ 32,929,831</u>	<u>\$ 6,302,883</u>	<u>\$ 3,904,924</u>	<u>\$ 17,146,074</u>	<u>\$ 60,283,712</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 6,730,578	\$ 762,488	\$ -	\$ 1,015,786	\$ 8,508,852
Retainage payable	-	91,052	-	6,292	97,344
Due to other funds	-	-	467,208	1,744,982	2,212,190
Funds held in escrow	1,154,032	11,392	-	295,041	1,460,465
Unearned revenue	-	253,704	-	231,984	485,688
TOTAL LIABILITIES	<u>7,884,610</u>	<u>1,118,636</u>	<u>467,208</u>	<u>3,294,085</u>	<u>12,764,539</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - long-term receivables	-	662,946	1,165,577	-	1,828,523
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>662,946</u>	<u>1,165,577</u>	<u>-</u>	<u>1,828,523</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Inventories	1,110,863	-	-	-	1,110,863
Long-term receivables	739,000	-	-	-	739,000
Prepaid items	86,232	930,340	-	3,840	1,020,412
Restricted:					
Capital projects	-	3,590,961	-	1,448,797	5,039,758
Debt service	-	-	2,272,139	-	2,272,139
Emergency Communications District	-	-	-	4,374,661	4,374,661
Intergovernmental	-	-	-	5,493,827	5,493,827
Landfill	-	-	-	125,827	125,827
Municipal Court	-	-	-	297,683	297,683
Other	-	-	-	559,512	559,512
Riverfront Stadium	-	-	-	1,569,416	1,569,416
Unassigned	23,109,126	-	-	(21,574)	23,087,552
TOTAL FUND BALANCES	<u>25,045,221</u>	<u>4,521,301</u>	<u>2,272,139</u>	<u>13,851,989</u>	<u>45,690,650</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 32,929,831</u>	<u>\$ 6,302,883</u>	<u>\$ 3,904,924</u>	<u>\$ 17,146,074</u>	<u>\$ 60,283,712</u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Differences in amounts reported for governmental activities in the statement of net position.

Total fund balances - governmental funds	\$ 45,690,650
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	347,446,644
Long-term receivables are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	1,828,523
Deferred outflows of resources are applicable to future periods, and, therefore, are not reported in the governmental funds:	
Deferred charge on refunding	\$ 6,199,848
Pension related items	<u>52,962,234</u>
	59,162,082
The Internal Service Fund is used by management to charge the costs of employee medical insurance, workers compensation insurance, and general liability insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.	2,214,048
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Balances at September 30, 2017 were:	
Bonds, warrants, leases, and notes payable	303,257,118
Unamortized net premiums	4,243,842
Unamortized net discounts	(10,363)
Accrued interest	2,987,665
Compensated absences	20,003,493
Retirement and disability benefits	7,089,937
Net pension liability	231,745,188
Postemployment benefits other than pensions	145,971,650
Pollution remediation obligation	187,200
Landfill closure and postclosure costs	<u>7,441,749</u>
Total long-term liabilities	<u>(722,917,479)</u>
Net position of governmental activities	<u>\$ (266,575,532)</u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 153,596,523	\$ -	\$ -	\$ 3,963,932	\$ 157,560,455
Licenses and permits	43,412,148	-	-	103,866	43,516,014
Intergovernmental revenues	6,013,746	1,030,131	1,952,202	19,725,175	28,721,254
Charges for services	20,334,393	73,980	-	323,722	20,732,095
Fines and forfeitures	2,722,461	-	-	1,458,354	4,180,815
Interest	155,185	14,089	2,146	25,772	197,192
Miscellaneous revenues	2,057,021	1,704,084	-	706,151	4,467,256
Total revenues	<u>228,291,477</u>	<u>2,822,284</u>	<u>1,954,348</u>	<u>26,306,972</u>	<u>259,375,081</u>
EXPENDITURES					
Current:					
General government	43,116,589	3,515,025	-	10,683,436	57,315,050
Public works	29,290,007	3,010,594	-	6,161,150	38,461,751
Public safety	80,243,458	156,491	-	4,388,165	84,788,114
Cultural and recreational	28,982,410	688,595	-	359,860	30,030,865
Intergovernmental	-	2,394,912	-	-	2,394,912
Capital outlay	-	4,340,013	-	2,375,088	6,715,101
Debt service:					
Principal	4,863,894	187,200	17,932,133	-	22,983,227
Interest	131,395	3,778	11,812,687	-	11,947,860
Debt issuance cost	-	-	15,720	-	15,720
Total expenditures	<u>186,627,753</u>	<u>14,296,608</u>	<u>29,760,540</u>	<u>23,967,699</u>	<u>254,652,600</u>
Excess of revenues over (under) expenditures	<u>41,663,724</u>	<u>(11,474,324)</u>	<u>(27,806,192)</u>	<u>2,339,273</u>	<u>4,722,481</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	190,417	452,539	-	5,863	648,819
Transfers in	5,500,000	8,381,707	28,275,228	6,378,660	48,535,595
Transfers out	(50,325,610)	(148,766)	-	(8,682,065)	(59,156,441)
Capital leases	5,316,447	-	-	-	5,316,447
Issuance of notes payable	-	5,000,000	-	-	5,000,000
Total other financing sources (uses)	<u>(39,318,746)</u>	<u>13,685,480</u>	<u>28,275,228</u>	<u>(2,297,542)</u>	<u>344,420</u>
Net change in fund balances	2,344,978	2,211,156	469,036	41,731	5,066,901
FUND BALANCES - BEGINNING	<u>22,700,243</u>	<u>2,310,145</u>	<u>1,803,103</u>	<u>13,810,258</u>	<u>40,623,749</u>
FUND BALANCES - ENDING	<u>\$ 25,045,221</u>	<u>\$ 4,521,301</u>	<u>\$ 2,272,139</u>	<u>\$ 13,851,989</u>	<u>\$ 45,690,650</u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, 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, 2017

Differences in amounts reported for governmental activities in the statement of activities.

Net change in fund balances - total governmental funds		\$ 5,066,901
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position.		12,796,674
Donations of capital assets increase net position in the statement of net position but do not appear in the governmental funds because they are not financial resources.		834,015
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(21,329,110)
The net effect of transactions involving the sale, disposal and transfer of capital assets is to decrease net position in the statement of net position.		(1,100,300)
Revenues are reported in the funds when there is an established claim to the resources and the resources are available to finance current expenditures. Revenues are reported in the statement of activities when there is an established claim with no availability criterion. The funds report revenue unavailable in prior periods as current year revenue.		(1,370,012)
Loan proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position.		
Notes payable proceeds	\$ 5,000,000	
Capital lease financing	5,316,447	
Total proceeds	<u>10,316,447</u>	(10,316,447)

(Continued)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONTINUED) FOR THE YEAR ENDED SEPTEMBER 30, 2017

Repayment of long-term liabilities is reported as an expenditure in governmental funds, but a reduction of long-term liabilities in the statement of net position.

General obligation bonds	\$ 16,858,508	
Notes payable	250,000	
Capital leases	5,687,519	
Pollution remediation obligation	187,200	
Total repayments		\$ 22,983,227

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

Compensated absences	110,452	
Retirement and disability benefits	(690,813)	
Pension	17,564,369	
Accrued interest	(161,564)	
Postemployment benefit plans other than pensions	15,935,503	
Landfill closure and postclosure costs	178,011	
Additional expenses		(32,935,958)

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		(836,126)
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The Internal Service Fund is used by management to charge the costs of employee medical insurance and general liability insurance to individual funds. The net income (expense) of certain activities of the internal service fund is reported with governmental activities.

1,584,259

Change in net position of governmental activities

\$ (24,622,877)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 156,208,436	\$ 156,208,436	\$ 153,596,523	\$ (2,611,913)
Licenses and permits	43,102,710	43,102,710	43,412,148	309,438
Intergovernmental revenues	5,158,362	5,158,362	6,013,746	855,384
Charges for services	20,343,785	20,343,785	20,334,393	(9,392)
Fines and forfeitures	3,750,000	3,750,000	2,722,461	(1,027,539)
Interest	46,000	46,000	155,185	109,185
Miscellaneous revenues	1,503,050	1,503,050	2,057,021	553,971
Total revenues	<u>230,112,343</u>	<u>230,112,343</u>	<u>228,291,477</u>	<u>(1,820,866)</u>
EXPENDITURES				
Current:				
General government:				
Council	337,997	325,214	312,090	13,124
Mayor and cabinet	836,398	836,398	810,094	26,304
City Clerk	411,939	371,939	366,414	5,525
Customer Service	235,676	225,676	219,388	6,288
Development	487,089	457,989	444,526	13,463
Finance department	3,732,500	3,582,500	3,339,800	242,700
Fleet management	3,471,542	3,471,542	3,387,308	84,234
Information technology	3,115,349	2,958,549	2,809,559	148,990
Insurance	2,500,000	418,860	418,860	-
Investigations	284,830	284,830	245,209	39,621
Legal department	832,076	832,076	802,980	29,096
Miscellaneous activities	13,659,931	13,221,831	13,039,613	182,218
Municipal Court	2,844,992	2,844,992	2,638,211	206,781
Parking Management	854,160	854,160	726,994	127,166
Payments to government agencies	3,923,690	3,923,690	3,706,982	216,708
Planning	1,775,713	1,781,202	1,635,209	145,993
Retirement	8,234,825	7,884,825	7,885,097	(272)
Risk Management	410,589	410,589	328,255	82,334
Total general government	<u>47,949,296</u>	<u>44,686,862</u>	<u>43,116,589</u>	<u>1,570,273</u>

(Continued)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (CONTINUED)

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Works:				
Engineering Department	\$ 2,002,370	\$ 1,751,704	\$ 1,617,146	\$ 134,558
Inspections Division	2,317,689	2,317,689	2,230,040	87,649
Landfill Division	1,705,583	1,705,583	1,297,196	408,387
Maintenance	7,507,356	7,507,356	7,182,057	325,299
Sanitation Department	15,062,938	15,062,938	14,236,531	826,407
Traffic Engineering Department	2,818,433	2,818,433	2,727,037	91,396
Total public works	31,414,369	31,163,703	29,290,007	1,873,696
Public Safety:				
Emergency Management	370,386	370,386	269,660	100,726
Fire Department	33,657,141	34,006,871	34,249,840	(242,969)
Police Department	46,503,101	46,384,039	45,723,958	660,081
Total public safety	80,530,628	80,761,296	80,243,458	517,838
Cultural and Recreational:				
Building maintenance	5,303,415	5,303,415	5,182,662	120,753
City events	1,107,919	1,106,702	1,077,242	29,460
Library	3,291,985	3,291,985	3,061,964	230,021
Museum	3,066,323	3,066,323	3,062,154	4,169
Parks and recreation	16,710,484	16,627,887	16,145,207	482,680
Public information and external affairs	772,983	616,553	453,181	163,372
Total cultural and recreational	30,253,109	30,012,865	28,982,410	1,030,455
Debt Service:				
Principal	4,992,047	4,992,047	4,863,894	128,153
Interest	231,759	231,759	131,395	100,364
Total debt service	5,223,806	5,223,806	4,995,289	228,517
Total expenditures	195,371,208	191,848,532	186,627,753	5,220,779
Excess of revenues over expenditures	34,741,135	38,263,811	41,663,724	3,399,913

(Continued)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (CONTINUED)****GENERAL FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	\$ 210,800	\$ 210,800	\$ 190,417	\$ (20,383)
Transfers in	5,500,000	5,500,000	5,500,000	-
Transfers out	(44,451,935)	(47,974,611)	(50,325,610)	(2,350,999)
Capital leases	6,000,000	6,000,000	5,316,447	(683,553)
	<u>(32,741,135)</u>	<u>(36,263,811)</u>	<u>(39,318,746)</u>	<u>(3,054,935)</u>
Total other financing sources (uses)				
Net changes in fund balance	2,000,000	2,000,000	2,344,978	344,978
FUND BALANCES - BEGINNING	<u>22,700,243</u>	<u>22,700,243</u>	<u>22,700,243</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 24,700,243</u>	<u>\$ 24,700,243</u>	<u>\$ 25,045,221</u>	<u>\$ 344,978</u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Fund
	Montgomery Area Transit System	Montgomery Zoo	Other Enterprise Funds		
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ -	\$ 578,313	\$ 277,787	\$ 856,100	\$ 3,975,007
Receivables	5,171	223,007	12,520	240,698	1,108,669
Inventories	322,269	94,386	65,191	481,846	-
Prepaid items	62,828	-	-	62,828	-
Total current assets	390,268	895,706	355,498	1,641,472	5,083,676
NONCURRENT ASSETS					
Capital assets:					
Land	344,436	38,165	665,341	1,047,942	-
Buildings and system	20,198,149	5,932,642	213,831	26,344,622	-
Improvements other than buildings	48,341	5,903,302	1,565,024	7,516,667	-
Machinery and equipment	8,642,688	1,631,456	1,156,056	11,430,200	-
Less accumulated depreciation	(11,608,504)	(7,782,871)	(1,877,732)	(21,269,107)	-
Total capital assets, net of accumulated depreciation	17,625,110	5,722,694	1,722,520	25,070,324	-
TOTAL ASSETS	18,015,378	6,618,400	2,078,018	26,711,796	5,083,676
DEFERRED OUTFLOWS					
Pension related items	-	602,203	32,894	635,097	-
TOTAL DEFERRED OUTFLOWS	-	602,203	32,894	635,097	-
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	214,004	188,541	171,156	573,701	1,556,776
Claims payable	-	-	-	-	3,486,000
Unearned revenue	-	-	22,330	22,330	-
Funds in escrow	-	-	-	-	1,900
Due to other funds	326,251	-	-	326,251	-
Compensated absences	-	32,631	660	33,291	-
Total current liabilities	540,255	221,172	194,146	955,573	5,044,676
NONCURRENT LIABILITIES					
Advances from other funds	-	-	-	-	39,000
Compensated absences	-	297,882	6,107	303,989	-
Net pension liability	-	2,741,188	28,460	2,769,648	-
Total noncurrent liabilities	-	3,039,070	34,567	3,073,637	39,000
TOTAL LIABILITIES	540,255	3,260,242	228,713	4,029,210	5,083,676
NET POSITION					
Investment in capital assets	17,625,110	5,722,694	1,722,520	25,070,324	-
Unrestricted	(149,987)	(1,762,333)	159,679	(1,752,641)	-
TOTAL NET POSITION	\$ 17,475,123	\$ 3,960,361	\$ 1,882,199	23,317,683	\$ -
Adjustment to reflect the consolidation of internal service fund activities related to Enterprise Funds				(2,214,048)	
Net position of business-type activities				<u>\$ 21,103,635</u>	

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Fund
	Montgomery Area Transit System	Montgomery Zoo	Other Enterprise Funds		
OPERATING REVENUES					
Charges for goods and services	\$ 727,226	\$ 3,160,812	\$ 2,250,542	\$ 6,138,580	\$ 30,777,630
Total operating revenues	727,226	3,160,812	2,250,542	6,138,580	30,777,630
OPERATING EXPENSES					
Cost of sales and services	-	186,371	421,559	607,930	-
Administration	1,082,490	4,078,413	2,326,294	7,487,197	37,886,699
Depreciation	1,089,365	325,833	100,658	1,515,856	-
Total operating expenses	2,171,855	4,590,617	2,848,511	9,610,983	37,886,699
OPERATING LOSS	(1,444,629)	(1,429,805)	(597,969)	(3,472,403)	(7,109,069)
NONOPERATING REVENUES (EXPENSES)					
Loss on sale of capital assets	-	-	(4,650)	(4,650)	-
Interest income	-	287	449	736	-
Loss before contributions and transfers	(1,444,629)	(1,429,518)	(602,170)	(3,476,317)	(7,109,069)
Capital contributions	-	625,899	-	625,899	-
Transfers in	504,709	1,008,457	722,326	2,235,492	8,497,639
Transfers out	-	(112,285)	-	(112,285)	-
Change in net position	(939,920)	92,553	120,156	(727,211)	1,388,570
NET POSITION - BEGINNING	18,415,043	3,867,808	1,762,043	24,044,894	(1,388,570)
NET POSITION - ENDING	\$ 17,475,123	\$ 3,960,361	\$ 1,882,199		\$ -
Adjustment to reflect the consolidation of internal service fund activities related to Enterprise Funds				(195,689)	
Change in net position of business-type activities				\$ (922,900)	

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Fund
	Montgomery Area Transit System	Montgomery Zoo	Other Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 728,700	\$ 3,151,112	\$ 2,260,125	\$ 6,139,937	\$ -
Receipts from interfund services provided	-	-	-	-	30,777,063
Payments to suppliers	(1,272,985)	(1,807,445)	(1,842,202)	(4,922,632)	(37,868,175)
Payments to employees	-	(2,002,853)	(825,316)	(2,828,169)	-
Payments for interfund services used	-	(227,370)	(52,749)	(280,119)	-
Net cash used in operating activities	(544,285)	(886,556)	(460,142)	(1,890,983)	(7,091,112)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	-	(112,285)	-	(112,285)	-
Transfers from other funds	504,709	1,008,457	722,326	2,235,492	8,497,639
Net cash payments to other funds	48,268	-	(212,787)	(164,519)	-
Net cash provided by noncapital financing activities	552,977	896,172	509,539	1,958,688	8,497,639
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(8,692)	-	-	(8,692)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	-	287	449	736	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	9,903	49,846	59,749	1,406,527
CASH AND CASH EQUIVALENTS - BEGINNING	-	568,410	227,941	796,351	2,568,480
CASH AND CASH EQUIVALENTS - ENDING	\$ -	\$ 578,313	\$ 277,787	\$ 856,100	\$ 3,975,007
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Transfer of capital assets from governmental activities	\$ -	\$ 625,899	\$ -	\$ 625,899	\$ -

(Continued)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Fund
	Montgomery Area Transit System	Montgomery Zoo	Other Enterprise Funds		
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:					
Operating loss	\$ (1,444,629)	\$ (1,429,805)	\$ (597,969)	\$ (3,472,403)	\$ (7,109,069)
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation expense	1,089,365	325,833	100,658	1,515,856	-
(Increase) decrease in assets and deferred outflows:					
Receivables	1,474	(9,700)	266	(7,960)	(494,620)
Inventories	(57,684)	13,039	(18,783)	(63,428)	-
Prepaid items	(62,828)	-	-	(62,828)	120
Deferred outflows	-	117,057	1,364	118,421	-
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable and accrued expenses	(69,983)	13,012	40,241	(16,730)	63,624
Deferred revenue	-	-	9,317	9,317	-
Funds in escrow	-	-	-	-	(567)
Claims payable	-	-	-	-	449,400
Compensated absences	-	(6,448)	(145)	(6,593)	-
Net pension liability	-	90,456	4,909	95,365	-
Total adjustments	900,344	543,249	137,827	1,581,420	17,957
Net cash used in operating activities	\$ (544,285)	\$ (886,556)	\$ (460,142)	\$ (1,890,983)	\$ (7,091,112)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2016

	Employees' Retirement System
ASSETS	
Cash	\$ 211,223
Receivables:	
Accrued interest and dividends	1,044,415
Contributions receivable	942,087
Other receivables	3,675
Total receivables	<u>1,990,177</u>
Investments, at fair value:	
Fixed income	70,902,001
Domestic and international equities	21,759,813
Mutual funds	219,282,122
Partnerships	13,269,379
Cash equivalents	2,055,676
Total investments	<u>327,268,991</u>
Total assets	<u>329,470,391</u>
LIABILITIES	
Accounts payable	51,493
Refunds payable	1,760,680
Total liabilities	<u>1,812,173</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 327,658,218</u></u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Employees' Retirement System
ADDITIONS	
Contributions:	
Employers	\$ 14,880,126
Members	6,736,153
Total contributions	<u>21,616,279</u>
Investment income:	
Interest	2,665,721
Dividends	6,924,153
Net depreciation in fair value of investments	10,601,505
	<u>20,191,379</u>
Less: Investment expense	476,156
Net investment income	<u>19,715,223</u>
Other additions:	
Interest on reinstatement contributions	51,953
Total other additions	<u>51,953</u>
Total additions	<u>41,383,455</u>
DEDUCTIONS	
Benefit payments	34,080,151
Withdrawals and refunds	1,074,687
Administration expenses	159,801
Total deductions	<u>35,314,639</u>
Change in net position	6,068,816
Net position - restricted for pension benefits beginning of year	<u>321,589,402</u>
Net position - restricted for pension benefits end of year	<u>\$ 327,658,218</u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Montgomery (the City) was incorporated under the laws of the State of Alabama in 1837 and operates under an elected Mayor-Council form of government as required by State of Alabama Legislative Act No. 73-618 approved August 28, 1973. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. It is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Units. The Solid Waste Disposal Authority of the City of Montgomery is governed by a board comprised of the City's mayor and two council members. The Authority was created to facilitate a municipal solid waste feedstock supply agreement and a support agreement between the City and a third party. The Authority is included in the General Fund and does not issue separate financial statements.

The Emergency Communications District of the City of Montgomery was formed by the City for the purpose of acquiring, developing, maintaining, and operating the emergency communications system within the City. The City receives substantially all the benefit of all of the District's public safety activities. The District is included as a Special Revenue Fund within the nonmajor governmental funds and does not issue separate financial statements.

The Alabama Capital Region Solid Waste Disposal Authority is a separate legal entity that is governed by a board nominated by the Mayor and appointed by the City Council. The Authority was established to provide financing for the construction of a recycling facility. The City is obligated to provide funding to cover the debt service of the Authority. The Authority is included in the Debt Service Fund and does not issue separate financial statements.

Discretely Presented Component Unit. The Montgomery City-County Public Library (the Library) operates for the benefit of the residents of the City and Montgomery County. The Library's operational and capital budgets are approved by the City Council and the City provides annual appropriations to fund the Library's operating costs. The Library is prohibited from issuing bonded debt without the approval of the City Council. The members of the governing board of the Library are jointly appointed by the City Council and Montgomery County. The Library is presented as a governmental fund type. The complete financial statements of the individual component unit can be obtained directly from its administrative office.

The City Council is also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City Council appoints the board members of the Water Works and Sanitary Sewer Board, the Housing Authority, the Airport Authority, and the Industrial Development Board. Financial information for these entities is not reflected in the City's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between governmental and business-type activities. Government-wide financial statements are comprised of the statement of net position and the statement of activities and reports information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. The exception to this is interfund services provided and used which are eliminated in the consolidation process.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate discretely presented component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that help support all functions of government and contribute to the change in the net position for the fiscal year.

The fund financial statements follow and report additional and detailed information about operations for major funds individually and nonmajor funds in the aggregate for governmental and fiduciary funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year received or when an enforceable legal claim exists, whichever comes first. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, considered to be sixty days for property taxes and ninety days for all other revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The following are reported as major governmental funds:

General Fund – This is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Project Fund – Accounts for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Debt Service Fund – Accounts for the reserves allocated and payments made for principal and interest on general obligation debt of the City.

The City reports the following major proprietary funds:

Montgomery Area Transit System Fund – Accounts for the operations of the public transportation system within the City.

Montgomery Zoo Fund – Accounts for the operations of the City-owned and operated zoo.

Additionally, the City reports the following fund types:

Internal Service Fund – Accounts for the operations of the self-insured medical insurance plan, workers’ compensation plan, and the self-insured liability insurance plan provided to other departments of the City on a cost reimbursement basis. The liability insurance plan includes general liability, public officials’ liability, and law enforcement officers’ liability.

Pension Trust Fund – Accounts for the activities of the Employees’ Retirement System of the City of Montgomery, Alabama, which accumulates resources for pension benefit payments to qualified City employees.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service fund are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the noncurrent portion of inter-fund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are reported as nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not available expendable financial resources.

All trade and property tax receivables are shown net of any applicable allowance for uncollectibles.

City property taxes are levied by the County Commission at its first regular meeting in February of each year based on the property on record as of the preceding October 1. The taxes are due the following October 1 and delinquent after December 31. In accordance with the non-exchange transactions provision of GASB Statement No. 33, a receivable for taxes is recorded when an enforceable legal claim has arisen or when resources are received, whichever is first. That date for the City is October 1, 2016.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and Prepaid Items

Inventories are stated at cost using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Inventories are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Automotive parts	\$ 321,830	\$ 322,269	\$ 644,099
Fuels and lubricants	167,765	-	167,765
Materials and supplies	423,624	-	423,624
Tobacco tax stamps	35,945	-	35,945
Merchandise and concessions	12,498	159,577	172,075
Other	149,201	-	149,201
	<u>\$ 1,110,863</u>	<u>\$ 481,846</u>	<u>\$ 1,592,709</u>
Totals			

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Portfolio Valuation Method

Investments are reported at fair value. For fixed income securities, fair value is based on quoted market prices provided by independent pricing services. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgage related securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 for equipment and \$25,000 for land, buildings, and other capital assets with an estimated useful life in excess of two years. The amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City was able to estimate the historical cost for the initial reporting of all infrastructure assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year) if the actual cost was not available. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at estimated acquisition value at the date of the donation.

Property, plant, and equipment of the City, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 - 99 years
Improvements	5 - 25 years
Equipment	3 - 25 years
Infrastructure	20 - 50 years

Intangible assets with a finite life are amortized using the straight-line method over the predetermined life. The City has no intangible assets with a finite life.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 has several items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge 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 shorter of the life of the refunded or refunding debt. In addition, the City also reports deferred outflow items related to the City's pension plan which are described further in Note 13.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from long-term receivables issued in exchange for the sale of assets. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

The City allows employees to accumulate vacation and sick leave up to certain limits for use in subsequent periods. Also, employees may elect to receive vacation days up to a certain limit in lieu of overtime pay. Upon termination of employment, an employee receives payment of accumulated vacation hours and one-half of accumulated sick leave hours up to certain limits at current wage rates. All leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Postemployment Benefits

The City records a liability in the government-wide financial statements for future benefits due employees who were covered by the City's previous pension plan and the Trinity Act. These benefits are determined based on an employee's years of service and the current laborers' hourly rate of pay. The liability is recorded at the present value of the retirement payments. The retirement and disability benefits liability at September 30, 2017 totaled \$7,089,937.

The City also records a liability in the government-wide financial statements for future healthcare benefits for eligible retirees and their spouses. The postemployment benefits other than pension liability at September 30, 2017 totaled \$145,971,650.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Employee's Retirement System of the City of Montgomery (the System), and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease Obligations

Capital lease obligations are stated at the original fair value of leased assets capitalized, less payments since the inception of the lease discounted at the implicit rate of interest in the lease. Also, in the year an asset is acquired by capital lease, the expenditure for the asset and the offsetting amount of the financing source are reflected in the fund financial statements. Capital lease obligations of proprietary funds and governmental activities in the government-wide financial statements and the cost of assets so acquired are reflected in the accounts of those funds and statements.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies government fund balances as follows:

Nonspendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form, or for legal or contractual requirements.

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Committed – Includes fund balance amounts that can be used only for the specific purposes that are internally imposed by formal action of the government’s highest level of decision making authority. The City Council is the highest level of decision making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund. The City Council has, by resolution, authorized the Mayor to assign fund balance.

Unassigned – Includes residual positive fund balance within the General Fund which has not been classified within the above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City considers committed, then assigned amounts to have been spent when an expenditure is incurred for purposes for which the amount of unrestricted fund balance is available.

Management Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from estimates used.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Each year formal budgets are legally adopted and amended as required by the City Council for the General Fund and State Gasoline Tax Fund. Management can approve transfers within government function categories only. Transfers of appropriations or revisions between government function categories require the approval of the City Council. The level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department.

In addition to the legally adopted budgets, formal budgetary integration is employed as a management control device during the year for the Grant Funds and Capital Projects Fund.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

Budgets for the governmental funds are adopted on a modified accrual basis which differs from generally accepted accounting principles (GAAP) insofar as encumbrances are included with expenditures. Reconciliation of expenditures reported in accordance with GAAP and those presented in accordance with the non-GAAP budgetary basis are noted below.

Appropriations lapse at the end of the year unless expended or encumbered. Encumbered appropriations are carried forward.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year-end are reported as restricted fund balance and do not constitute expenditures or liabilities of the fund. The only exception to this rule is in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund. Encumbrances are included in the actual expenditure figures on this statement so that a meaningful comparison can be made with the adopted budget. As of September 30, 2017 and 2016 there were no outstanding encumbrances included in the actual expenditures in this statement and the net change in fund balances (GAAP) agrees to the net change in fund balances – actual (budget).

As of September 30, 2017, the City included the encumbrances as part of governmental fund balances as follows:

Capital Project Fund	\$ 1,790,018
Nonmajor governmental funds	<u>2,007,972</u>
Encumbrances as part of governmental fund balances	<u>\$ 3,797,990</u>

Deficit Fund Equity

Funds with deficit fund balance or net position are as follows:

	<u>Deficit Amount</u>
Nonmajor Governmental Fund:	
ADECA Grant Fund	\$ 19,237
Department of Justice Grant Fund	2

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Deficit Fund Equity (Continued)

The State Gasoline Tax Fund accounts for proceeds from state gasoline taxes. This deficit is a result of the City exceeding budgeted costs. The ADECA Grant Fund accounts for funds received from the Alabama Department of Economic and Community Affairs to be used solely for community development. The Department of Justice Grant Fund accounts for funds received from the U.S. Department of Justice to be used solely for public safety. The Department of Homeland Security Grant Fund accounts for funds received from the U.S. Department of Homeland Security to be used solely for homeland security and emergency management.

The Internal Service Fund accounts for the operations of the self-insured medical plan, the workers compensation plan, and the self-insured liability insurance plan provided to other departments of the City on a cost reimbursement basis. The deficit is a result of actual costs exceeding the amounts charged to other departments in previous years.

The City's intent is to appropriate funds from the General Fund in order to reduce the deficits.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

Custodial Credit Risk – The City's investment policy requires that bank deposits be fully insured by the Federal Deposit Insurance Corporation or be covered under the Security for Alabama Funds Enhancement (SAFE) Program. The SAFE program is a multiple financial collateral pool administered by the State Treasurer according to State of Alabama statute.

Investments

The Employees' Retirement System of the City of Montgomery, Alabama (the System) engages money managers to invest plan assets. The System also has an investment consultant who assists the Board of Directors in monitoring compliance with the System's investment policy and monitoring performance of the money managers. The investment policy is established and may be amended by the Board of Trustees. System assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

Fair Value of Investments - The System measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1:* Quoted prices for identical assets in active markets;
- Level 2:* Observable inputs other than quoted market prices and;
- Level 3:* Unobservable inputs

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investments (Continued)

Fair Value of Investments (Continued)

At December 31, 2016, the System had the following recurring fair value measurements:

Investments by fair value level	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity:				
CMO's and asset backed securities	\$ 2,063,826	\$ -	\$ 2,063,826	\$ -
Corporate securities	57,532,890	57,532,890	-	-
Foreign bonds	11,305,285	11,305,285	-	-
Mutual bond fund	21,025,711	21,025,711	-	-
Total fixed maturity	91,927,712	89,863,886	2,063,826	-
Equities:				
Domestic	19,959,842	19,959,842	-	-
International	1,799,971	1,799,971	-	-
Total equities	21,759,813	21,759,813	-	-
Mutual funds:				
Equity	69,149,218	69,149,218	-	-
Balanced	57,805,404	57,805,404	-	-
Global tactical allocation	17,880,673	17,880,673	-	-
International equities	53,421,116	53,421,116	-	-
Total mutual funds	198,256,411	198,256,411	-	-
Cash equivalents	2,055,676	2,055,676	-	-
Total investments measured at fair value level	313,999,612	\$ 311,935,786	\$ 2,063,826	\$ -
Investments measured at the net asset value (NAV)				
Private equity partnerships *	13,269,379			
Total investments measured at the NAV	13,269,379			
Total investments measured at fair value	\$ 327,268,991			

* Partnerships consist of investments in limited liability companies which invest primarily in common stocks of domestic and international companies.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investments (Continued)

Fair Value of Investments (Continued)

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy consist of asset-backed securities and are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments.

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The System values these investments based on the partnerships’ audited financial statements as of December 31, 2016. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the System’s alternative investments measured at NAV at December 31, 2016:

Investments Measured at NAV	Fair Value at 12/31/2016	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity partnerships	\$ 13,269,379	\$ 9,300,000	Illiquid (see comments below)	Illiquid (see comments below)
Total investments measured at NAV	\$ 13,269,379	\$ 9,300,000		

Private equity partnerships consist of investments in two limited liability companies which invest primarily in common stocks of domestic and international companies. The fund manager has until April 1, 2019 to call the remaining unfunded commitments. During the first and second quarter of 2017, the fund manager called \$2,325,000 of the commitments leaving \$6,975,000 in unfunded commitments. These investments are illiquid for the life of the fund. Each fund has a 10-year term from its initial closing which was January 31, 2011 for one fund and April 1, 2015 for the second fund. Additionally, the fund manager may extend the term of each fund up to two additional two year periods. Should any of the underlying investments within each fund have liquidity events, the manager would distribute those proceeds to investors reducing the investors’ investment basis; however, the timing of such events and related distributions is unknown.

The System invests in various investment securities. Investments are subject to certain types of risks including market risk, interest rate risk, credit risk (including custodial credit risk and credit quality), foreign currency risk, and concentration risk. The following describes those risks.

Market Risk – The fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises interest rate risk, currency risk, and other price risk.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investments (Continued)

Interest Rate Risk – The fair value of fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those instruments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments have call provisions that could result in shorter maturity periods. The adopted investment policy of the System does not address interest rate risk.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails. The System’s custodian holds all investments of the System in the System’s name. The adopted investment policy of the System does not address custodial credit risk.

Credit Quality – Nationally recognized statistical rating organizations provide ratings of debt securities’ quality based on a variety of factors, such as the financial condition of the issuers, which provide investors with some idea of the issuer’s ability to meet its obligations. The adopted investment policy of the System does not address credit quality.

Foreign Currency Risk – For an investment, foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

Concentration of Credit Risk – The investment policies limit the aggregate amount that can be invested in each class of investments and any one issuer. The investment policy limits equity investments to 70% of the portfolio value, plus or minus 5% and limits fixed income investments to 30% of the portfolio value, plus or minus 5%. Equity investments are further limited as follows:

<u>Asset Class of Sub Class</u>	<u>Target Allocation</u>
Direct Large/Mid Cap Equity	10% - 20%
Direct Small Cap Equity	5% - 12%
Direct International Equity	5% - 12%
Global Multi-Strategy	19% - 29%
Satellite Strategies	4% - 8%
Private Equity	0% - 9%

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk (Continued)

Equity investments shall be diversified such that no single issue exceeds 5% of the portfolio value of the System. Also, the aggregate investment of the System in the equity of any one issuing corporation shall not exceed 4% of the outstanding shares of such corporation.

Fixed income securities are to be diversified so that no one issue shall exceed 5% of the total portfolio of the System, except for U.S. Government and Agency securities.

The following table provides information as of December 31, 2016, concerning the fair value of investments, interest rate risk, and foreign currency risk:

Type of Investment	Investment Maturities at Fair Value (in Years)				Total Fair Value
	Less Than 1	1 - 5	6 - 10	More Than 10	
<i>Fixed Maturity</i>					
CMO's and Asset-backed Securities	\$ -	\$ 2,058,012	\$ -	\$ 5,814	\$ 2,063,826
Corporate Securities	10,818,087	46,714,803	-	-	57,532,890
Foreign Bonds	3,099,710	8,205,575	-	-	11,305,285
Mutual Bond Fund	7,758,487	11,900,553	1,303,594	63,077	21,025,711
Total Fixed Maturity	\$ 21,676,284	\$ 68,878,943	\$ 1,303,594	\$ 68,891	91,927,712
<i>Equities</i>					
Domestic					19,959,842
International					1,799,971
Total Equities					21,759,813
<i>Mutual Equity Funds</i>					198,256,411
<i>Partnerships*</i>					13,269,379
<i>Cash Equivalents</i>					2,055,676
Total Investments					\$ 327,268,991

* Partnerships consist of investments in limited liability companies which invest primarily in common stocks of domestic and international companies.

Cash Equivalents – Cash equivalents consist of money market funds backed by securities of the U.S. Government.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investments (Continued)

Mortgage-Backed Securities – As of December 31, 2016, the System had investments in mortgage-backed securities. Embedded prepayment options cause these investments to be highly sensitive to changes in interest rates. Prepayments by the obligees of the underlying assets reduce the total interest payments to be received. Generally, when interest rates fall, obligees tend to prepay the mortgages thus eliminating the stream of interest payments that would have been received under the original amortization schedule. The resulting reduction in cash flow diminishes the fair value of mortgage-backed securities.

Maturities may differ from contractual maturities (as shown in the table of investments) in mortgage-backed securities due to prepayment characteristics of these securities. Average life is an acceptable expected maturity.

Credit Risk – The following table provides information as of December 31, 2016, concerning credit risk:

RATING OF FIXED MATURITY INVESTMENTS

<u>Moody's Ratings § (Unless Noted)</u>	<u>Fair Value</u>	<u>Fair Value as a Percent of Total Fixed Maturity Fair Value</u>
Aaa	\$ 2,591,463	2.82%
AAA(SP)	11,353,884	12.35%
Aa1	566,208	0.62%
Aa2	2,730,381	2.97%
AA(SP)	1,051,286	1.14%
Aa3	3,254,952	3.54%
A1	12,092,893	13.15%
A+(SP)	5,814	0.01%
A2	6,819,785	7.42%
A(SP)	3,784,628	4.12%
A3	11,639,505	12.66%
Baa1	18,153,627	19.75%
Baa2	8,545,220	9.30%
Baa3	6,682,816	7.27%
Ba1	762,937	0.83%
BB(SP)	1,261,543	1.37%
B(SP)	315,385	0.34%
CCC(SP)	315,385	0.34%
Totals	<u>\$ 91,927,712</u>	<u>100.00%</u>

§ The Moody's ratings are used when available. The Standard & Poor's rating is used when it is available and a Moody rating is not available. Standard & Poor's ratings are denoted by (SP).

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

4. RECEIVABLES

Receivables as of year-end for the government’s individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are considered fully collectible and are recorded at net realizable value as follows:

	<u>General</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Montgomery Area Transit System</u>	<u>Montgomery Zoo</u>
Interest and dividends	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions receivable	-	-	-	-	-
Taxes	10,722,373	-	515,752	-	-
Accounts	1,420,426	183,001	129,730	5,171	223,007
Intergovernmental	2,562,250	310,798	2,709,588	-	-
Total receivables	\$ 14,705,049	\$ 493,799	\$ 3,355,070	\$ 5,171	\$ 223,007

	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Employee Retirement System</u>	<u>Total</u>
Interest and dividends	\$ -	\$ -	\$ 1,044,415	\$ 1,044,415
Contributions receivable	-	-	942,087	942,087
Taxes	-	-	-	11,238,125
Accounts	12,520	1,108,669	3,675	3,086,199
Intergovernmental	-	-	-	5,582,636
Total receivables	\$ 12,520	\$ 1,108,669	\$ 1,990,177	\$ 21,893,462

5. INTERFUND BALANCES

Interfund balances are generally used to meet cash demands necessary to pay operating expenditures. The amounts reported as due to/from other funds should be repaid during the next fiscal year. The amounts reported as advances to/from other funds will be repaid over multiple years. The composition of interfund balances as of September 30, 2017 is shown below.

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt Service	\$ 467,208
	Nonmajor Governmental	1,744,982
	Nonmajor Enterprise	326,251
Total		\$ 2,538,441

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

5. INTERFUND BALANCES (Continued)

Advance to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Internal Service	<u>\$ 39,000</u>

Interfund Transfers

<u>Transfer Out</u>	<u>Transfer In</u>					
	General	Capital Project Fund	Debt Service Fund	Nonmajor Governmental	Montgomery Area Transit	Montgomery Zoo
General	\$ -	\$ 5,581,214	\$ 27,788,355	\$ 6,331,602	\$ 496,017	\$ 1,008,457
Capital Project Fund	-	-	1,708	47,058	-	-
Nonmajor Governmental	5,500,000	2,688,208	485,165	-	8,692	-
Montgomery Zoo	-	112,285	-	-	-	-
Totals	<u>\$ 5,500,000</u>	<u>\$ 8,381,707</u>	<u>\$ 28,275,228</u>	<u>\$ 6,378,660</u>	<u>\$ 504,709</u>	<u>\$ 1,008,457</u>

<u>Transfer Out</u>	<u>Transfer In</u>		
	Nonmajor Enterprise	Internal Service	Total
General	\$ 622,326	\$ 8,497,639	\$ 50,325,610
Capital Project Fund	100,000	-	148,766
Nonmajor Governmental	-	-	8,682,065
Montgomery Zoo	-	-	112,285
Totals	<u>\$ 722,326</u>	<u>\$ 8,497,639</u>	<u>\$ 59,268,726</u>

Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, and to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

6. NOTES, WARRANTS, AND LEASE RECEIVABLE

During 2001, Montgomery Development Corporation, an Alabama non-profit corporation, and Montgomery Housing Partners, Ltd., an Alabama limited partnership, issued a note payable to the City through 2021. Annual interest payments are due on the note at a rate of .5% per year. Principal of \$700,000 is due at maturity.

During 2005, the Montgomery County Commission issued a limited obligation warrant payable to the City of Montgomery through 2018. The limited obligation warrant of \$396,792 is recorded as a receivable and unavailable revenue in the Debt Service Fund.

Annual debt service receivables to maturity for limited obligation warrants are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending September 30: 2018	<u>\$ 396,792</u>	<u>\$ 9,424</u>

In 2005, the Montgomery County Board of Education entered into a lease agreement with the City for the construction of public schools. This lease with the Montgomery County Board of Education is classified as a direct financing lease expiring in the year 2018. The lease receivable of \$768,785 is recorded as a receivable and unavailable revenue in the Debt Service Fund.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, are as follows:

	<u>Amount</u>
Year ending September 30: 2018	\$ 787,043
Less amounts representing interest	<u>18,258</u>
Present value of minimum lease payments	<u>\$ 768,785</u>

During 2014, the City sold various assets held for resale and capital assets in exchange for mortgages receivable with scheduled principal repayments through 2024. Mortgages receivable and unavailable revenue of \$662,946 have been reported in the Capital Project Fund as of September 30, 2017. Certain mortgages receivable included in the Capital Project Fund totaling \$200,000 have terms of repayment dependent upon the completion of a rehabilitation agreement and other terms related to the occurrence of future events.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

7. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 54,323,344	\$ 660,563	\$ (151,196)	\$ -	\$ 54,832,711
Construction in progress	7,782,928	5,184,659	-	(7,230,925)	5,736,662
Total capital assets, not being depreciated	<u>62,106,272</u>	<u>5,845,222</u>	<u>(151,196)</u>	<u>(7,230,925)</u>	<u>60,569,373</u>
Capital assets, being depreciated:					
Buildings and system	198,616,742	18,968	(786,600)	1,131,563	198,980,673
Improvements other than buildings	79,777,506	-	(287,201)	1,001,816	80,492,121
Machinery and equipment	118,525,531	7,115,574	(3,388,892)	769,126	123,021,339
Infrastructure	553,021,566	650,925	-	3,702,521	557,375,012
Total capital assets, being depreciated	<u>949,941,345</u>	<u>7,785,467</u>	<u>(4,462,693)</u>	<u>6,605,026</u>	<u>959,869,145</u>
Less accumulated depreciation for:					
Buildings and system	71,007,163	4,413,034	(598,246)	-	74,821,951
Improvements other than buildings	33,154,468	3,113,474	(287,200)	-	35,980,742
Machinery and equipment	81,708,530	6,941,203	(3,254,042)	-	85,395,691
Infrastructure	469,932,091	6,861,399	-	-	476,793,490
Total accumulated depreciation	<u>655,802,252</u>	<u>21,329,110</u>	<u>(4,139,488)</u>	<u>-</u>	<u>672,991,874</u>
Total capital assets, being depreciated, net	<u>294,139,093</u>	<u>(13,543,643)</u>	<u>(323,205)</u>	<u>6,605,026</u>	<u>286,877,271</u>
Governmental activities capital assets, net	<u>\$ 356,245,365</u>	<u>\$ (7,698,421)</u>	<u>\$ (474,401)</u>	<u>\$ (625,899)</u>	<u>\$ 347,446,644</u>

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

7. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,047,942	\$ -	\$ -	\$ -	\$ 1,047,942
Capital assets, being depreciated:					
Buildings and system	26,344,622	-	-	-	26,344,622
Improvements other than buildings	6,890,768	-	-	625,899	7,516,667
Machinery and equipment	11,455,923	8,692	(34,415)	-	11,430,200
Total capital assets, being depreciated	44,691,313	8,692	(34,415)	625,899	45,291,489
Less accumulated depreciation for:					
Buildings and system	6,066,825	565,536	-	-	6,632,361
Improvements other than buildings	5,517,769	168,185	-	-	5,685,954
Machinery and equipment	8,198,422	782,135	(29,765)	-	8,950,792
Total accumulated depreciation	19,783,016	1,515,856	(29,765)	-	21,269,107
Total capital assets, being depreciated, net	24,908,297	(1,507,164)	(4,650)	625,899	24,022,382
Business-type activities capital assets, net	<u>\$ 25,956,239</u>	<u>\$ (1,507,164)</u>	<u>\$ (4,650)</u>	<u>\$ 625,899</u>	<u>\$ 25,070,324</u>

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

Governmental Activities:

General Government	\$ 14,228,413
Public Works	1,857,702
Public Safety	3,776,678
Cultural and Recreational	1,466,317
Total depreciation expense - governmental activities	<u>\$ 21,329,110</u>

Business-type Activities:

Montgomery Area Transit System	\$ 1,089,365
Montgomery Zoo	325,833
Montgomery River Boat	52,827
Municipal Golf	47,831
Total depreciation expense - business-type activities	<u>\$ 1,515,856</u>

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

8. SHORT-TERM DEBT

In October 2016, the City obtained a \$10,000,000 line of credit to support operations pending collection and receipt of outstanding City revenue. The line of credit bears interest on the outstanding balances at the 30-day LIBOR rate plus 2.05%. Interest was due quarterly beginning January 2018. The line of credit matured September 30, 2017. As of September 30, 2017, there were no draws on the line of credit.

Subsequent to year end, the City obtained a \$10,000,000 line of credit to support operations pending collection and receipt of outstanding City revenue. The line of credit bears interest on the outstanding balances at the 30-day LIBOR rate plus 2.05%. Interest is due quarterly beginning January 2018. The line of credit matures September 30, 2018.

9. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 302,212,673	\$ -	\$ (16,858,508)	\$ 285,354,165	\$ 19,213,508
Less issuance discounts	(14,681)	-	4,318	(10,363)	-
Add issuance premiums	5,017,180	-	(773,338)	4,243,842	-
Total general obligation bonds payable	307,215,172	-	(17,627,528)	289,587,644	19,213,508
Capital leases	13,524,025	5,316,447	(5,687,519)	13,152,953	5,234,255
Notes payable	-	5,000,000	(250,000)	4,750,000	250,000
Compensated absences	19,893,041	2,133,551	(2,023,099)	20,003,493	2,023,099
Retirement and disability benefits	7,780,750	336,192	(1,027,005)	7,089,937	522,699
Net pension liability	223,792,852	7,952,336	-	231,745,188	-
Postemployment benefits other than pensions	130,036,147	27,123,033	(11,187,530)	145,971,650	-
Pollution remediation obligation	374,400	-	(187,200)	187,200	187,200
Landfill closure and postclosure	7,263,738	178,011	-	7,441,749	-
Governmental activities long-term liabilities	<u>709,880,125</u>	<u>48,039,570</u>	<u>(37,989,881)</u>	<u>719,929,814</u>	<u>27,430,761</u>
Business-type activities:					
Compensated absences	343,873	26,700	(33,293)	337,280	33,291
Net pension liability	2,674,283	95,365	-	2,769,648	-
Business-type activities long-term liabilities	<u>3,018,156</u>	<u>122,065</u>	<u>(33,293)</u>	<u>3,106,928</u>	<u>33,291</u>
Total long-term debt	<u>\$ 712,898,281</u>	<u>\$ 48,161,635</u>	<u>\$ (38,023,174)</u>	<u>\$ 723,036,742</u>	<u>\$ 27,464,052</u>

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

9. LONG-TERM DEBT (Continued)

Long-term debt payable at September 30, 2017 is comprised of the following:

General Obligation Bonds

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. Included in the City's outstanding indebtedness are amounts incurred for facilities owned by the Montgomery County Board of Education. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The original amount of general obligation bonds issued was \$327,185,718 with current outstanding balances as follows:

<p>\$42,090,000 Series 2010A General Obligation Warrants due in annual installments of \$715,000 to \$3,980,000 on 2/1/12 to 2/1/27, with a maximum principal of \$3,980,000 in fiscal year 2027, interest at 2.00% to 5.00%.</p>	<p>\$ 33,940,000</p>
<p>\$60,065,000 Series 2010B Taxable General Obligation Recovery Zone Economic Development Term Warrants with principal of \$10,920,000 due 2/1/30, \$22,665,000 due 2/1/35, and \$26,480,000 due 2/1/40, with a maximum principal of \$26,480,000 in fiscal year 2040, interest at 5.30% to 5.70%.</p>	<p>60,065,000</p>
<p>\$38,760,000 Series 2011 General Obligation Warrants due in annual installments of \$1,450,000 to \$6,150,000 on 5/1/16 to 5/1/23, with a maximum principal of \$6,150,000 in fiscal year 2023, interest at 3.00% to 5.00%.</p>	<p>31,730,000</p>
<p>\$9,835,000 Series 2012A General Obligation Warrants due in annual installments of \$300,000 to \$1,400,000 on 4/1/13 to 4/1/26, with a maximum principal of \$1,400,000 in fiscal year 2026, interest at 2.00% to 2.50%.</p>	<p>8,815,000</p>
<p>\$65,150,000 Series 2012B Taxable General Obligation Warrants due in annual installments of \$1,090,000 to \$10,000,000 on 4/1/13 to 4/1/34, with a maximum principal of \$10,000,000 in fiscal year 2034, interest at 0.48% to 3.88%.</p>	<p>47,695,000</p>
<p>\$1,935,000 Series 2012-CWSRF-DL General Obligation Warrants \$815,000 in principal forgiven in fiscal year 2013, due in annual installments of \$40,000 to \$75,000 on 8/15/14 to 8/15/33, with a maximum principal of \$75,000 in fiscal year 2033, interest at 2.90%.</p>	<p>945,000</p>
<p>\$9,610,000 Series 2013-A General Obligation Warrants due in annual installments of \$155,000 to \$690,000 on 4/1/13 to 4/1/26, with a maximum principal of \$690,000 in fiscal year 2026, interest at 1.60% to 2.00%.</p>	<p>8,715,000</p>

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

9. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

\$3,684,724 Series 2014-A General Obligation Warrants due in annual installments of \$333,333 to \$351,394 on 4/23/14 to 4/23/24, with a maximum principal of \$351,394 in fiscal year 2024, interest at 3.36%.	\$ 2,351,392
\$2,357,875 Series 2014-B General Obligation Warrants due in annual installments of \$471,575 on 2/19/15 to 2/19/19, interest at 2.88%.	943,150
\$9,190,000 Series 2015 Education Cooperative District Limited Obligation Revenue Warrants due in annual installments of \$200,000 to \$475,000 on 4/1/16 to 4/1/40, with a maximum principal of \$475,000 in fiscal year 2035, interest at 2.00% to 5.00%.	8,710,000
\$53,898,119 Series 2015 General Obligation Warrants due in annual installments of \$984,896 to \$4,125,605 on 2/1/16 to 2/1/29 and two final installments of \$4,233,301 and \$4,343,498 on 2/1/30 and 8/1/30, respectively, with a maximum principal of \$8,576,799 in fiscal year 2030, interest at 2.820%.	51,744,623
\$30,610,000 Series 2013-A Tax Exempt Solid Waste Disposal Revenue Bonds due in annual installments of \$160,000 to \$3,105,000 on 6/15/16 to 6/15/39, with a maximum principal of \$3,105,000 in fiscal year 2039, interest at 4.0% to 5.0%.	<u>29,700,000</u>
Total general obligation bonds	<u>\$ 285,354,165</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

9. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

The following schedule illustrates debt service to maturity for General Obligation Bonds at September 30, 2017.

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2018	\$ 19,213,508	\$ 11,124,453	\$ 30,337,961
2019	18,010,443	10,563,486	28,573,929
2020	18,651,679	9,998,948	28,650,627
2021	19,301,089	9,338,253	28,639,342
2022	19,961,791	8,656,121	28,617,912
2023-2027	77,287,695	34,142,381	111,430,076
2028-2032	52,237,960	21,895,149	74,133,109
2033-2037	37,600,000	11,527,998	49,127,998
2038-2041	23,090,000	1,978,333	25,068,333
Totals	<u>\$ 285,354,165</u>	<u>\$ 119,225,122</u>	<u>\$ 404,579,287</u>

Covenants – There are a number of limitations and restrictions contained in various bond indentures. The amount of long-term debt the City can incur is limited by State statute. The amount of debt applicable to this limit during a year can be no greater than 20% of the assessed value of taxable property as of the beginning of the fiscal year. As of September 30, 2017, the amount of outstanding debt applicable to this limit was equal to 10.07% of property assessments as of October 1, 2016.

Arbitrage Compliance – As an issuer of tax-exempt obligations, the City must comply with Section 148 of the Internal Revenue Code whereby arbitrage on tax-exempt warrants, if any, is rebated to the IRS. The City is in compliance with Section 148 requirements.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

9. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

Prior Years' Debt Defeasance – In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the City's government-wide financial statements.

Note Payable

In August 2015, the City entered into a \$5,000,000 note payable for construction of a new municipal court complex. Interest accrues on the unpaid principal balance at the rate of 3.3% for the first four years of the agreement and will thereafter be adjusted at a per annum rate equal to the five-year LIBOR swap rate plus 175 basis points. The first interest payment was due March 1, 2017 and each six-month period thereafter. A principal payment of \$125,000 is due on the first day of each six-month period beginning March 1, 2017 until maturity on September 1, 2036. On February 10, 2017, the City drew down the entire \$5,000,000. The following schedule indicates debt service to maturity for the note payable at September 30, 2017:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2018	\$ 250,000	\$ 156,819	\$ 406,819
2019	250,000	148,454	398,454
2020	250,000	140,479	390,479
2021	250,000	131,725	381,725
2022	250,000	123,360	373,360
2023-2027	1,250,000	491,631	1,741,631
2028-2032	1,250,000	282,540	1,532,540
2033-2036	1,000,000	75,235	1,075,235
Totals	<u>\$ 4,750,000</u>	<u>\$ 1,550,243</u>	<u>\$ 6,300,243</u>

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of property and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

9. LONG-TERM DEBT (Continued)

Capital Leases (Continued)

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 20,492,182
Less accumulated depreciation	(3,611,021)
Total	<u>\$ 16,881,161</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, were as follows:

	<u>Governmental Activities</u>
Year ending September 30:	
2018	\$ 5,468,628
2019	4,465,470
2020	2,765,018
2021	930,843
Total minimum lease payments	13,629,959
Less amount representing interest	477,006
Present value of minimum lease payments	<u>\$ 13,152,953</u>

Pollution Remediation Obligation

On September 30, 2015, the City entered into a past costs funding agreement for the Capitol City Plume Proposed Superfund Site in Montgomery, Alabama (the Site), with other interested parties, in order to resolve the United States Environmental Protection Agency's (EPA) proceedings and claims related to the Site. The City's obligation is limited to \$561,600, payable in three annual installments of \$187,200 beginning October 30, 2015, and bearing interest at 0.67%. Under the agreement, the City is protected by the EPA from any and all past costs contribution actions or claims in connection with the Site, including without limitation, claims brought under Section 113 and 107 of the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) and Alabama statutory or common law claims.

Other Long-Term Debt

Compensated absences, benefits, landfill closure costs, pollution remediation, and other governmental activity obligations are generally liquidated by the General Fund.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

10. CLOSURE AND POSTCLOSURE COSTS

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenditures related to current activities of the landfill, a liability is recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used to date.

In October 1995, the City suspended use of its landfill for solid waste disposal, and began operation of a new landfill in compliance with Subtitle D at the same site area of the existing landfill. The City can continue to dispose inert waste in the old landfill and, as such, closure costs are not current.

The estimated liability of landfill closure and postclosure costs is approximately \$7,441,749 as of September 30, 2017, which is based on 70% usage. It is estimated that an additional \$3,158,251 will be recognized as closure and postclosure care expenses between the balance sheet date and the date the landfill is expected to be filled to capacity (2043). There are no portions of the postclosure costs expected to be paid in the next fiscal year.

The estimated total current cost of the landfill closure and postclosure care of \$10,600,000 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2017. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City maintains an approved letter of credit for landfill closure and postclosure care in the amount of \$10,000,000.

11. OPERATING LEASES

The City is obligated under an operating ground lease for the municipal parking decks through June 30, 2021. The lease is for \$3,158 per month as adjusted for inflation and contains five five-year renewal options. The City exercised its second renewal option in 2016. The future minimum lease payments as of September 30, 2017, were as follows:

Year ending September 30:	
2018	\$ 37,896
2019	37,896
2020	37,896
2021	<u>28,422</u>
Total	<u>\$ 142,110</u>

Total rental expense for the above operating lease is \$37,896 for the year ended September 30, 2017.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

11. OPERATING LEASES (Continued)

The City is the lessor of real estate under operating leases expiring in various years through 2020. Following is a summary of property held for lease as of September 30, 2017:

Real estate - Union Station	\$ 2,410,365
Real estate - North Jackson Street	13,200
Less accumulated depreciation	<u>1,574,588</u>
Total	<u>\$ 848,977</u>

The minimum future rentals on noncancelable operating leases as of September 30, 2017 are:

Year ending September 30:	
2018	\$ 205,128
2019	100,395
2020	18,052
2021	13,825
2022	<u>13,800</u>
Total minimum future rentals	<u>\$ 351,200</u>

12. 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; natural disasters; and self-insured employee health. The City purchases commercial insurance for claims in excess of coverage provided by the Risk Management Fund (an internal service fund) and for all other risks of loss.

The City maintains the Risk Management Fund, an internal service fund, to account for and finance its uninsured risks of loss related to employees' medical insurance and workers' compensation liability and to account for and finance its general liability, law enforcement liability, automobile liability, and public official liability uninsured risk of loss.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

12. RISK MANAGEMENT (Continued)

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$400,000 for employees' medical insurance and \$250,000 for the liabilities financed in the Internal Service Fund. An excess coverage insurance policy covers individual claims in excess of \$750,000 for workers' compensation. Settlements have not exceeded coverage for each of the past three fiscal years. It is anticipated that all claims outstanding as of September 30, 2017 will be paid during the next fiscal year.

Changes in the balances of claims liabilities during the past two years are as follows:

Employees' Medical Insurance	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning of fiscal year	\$ 1,909,700	\$ 1,492,000
Incurred claims (including IBNRs)	35,810,067	35,689,842
Claim payments	<u>(36,050,667)</u>	<u>(35,272,142)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,669,100</u>	<u>\$ 1,909,700</u>
 Liability Insurance	 <u>2017</u>	 <u>2016</u>
Unpaid claims, beginning of fiscal year	\$ 1,126,900	\$ 804,742
Incurred claims (including IBNRs)	2,076,631	1,641,478
Claim payments	<u>(1,386,631)</u>	<u>(1,319,320)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,816,900</u>	<u>\$ 1,126,900</u>

All funds of the City participate in the employees' medical insurance program and make payments to the Risk Management Internal Service Fund based on actuarial estimates of the amounts needed to pay prior and current year claims.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

13. PENSION PLAN

Plan Administration

The Employees' Retirement System of the City of Montgomery, Alabama (the System) is the administrator of a cost-sharing, multiple-employer retirement system (PERS). The System was established by the City of Montgomery, Alabama to provide retirement allowances to City employees and employees of one other participating governmental unit, the Airport Authority (the participating governments). Responsibility for the administration and operation of the System is vested in a nine member Board of Trustees. The Board of Trustees are appointed to a four-year term by the City Council and consist of one member employee in the City Police Department, one member employee in the City Fire Department, one member employee classified as a general municipal employee, three members that may be either active or retired members, one retired member, and two individuals that may or may not be members of the System.

The System is a pension trust fund included in the financial statements of the City of Montgomery, Alabama. The City is obligated for the payment of all retirement allowances of the System. Additionally, the System is fiscally dependent on the City by virtue of the legislative and executive controls exercised with respect to its operations and policies.

Benefit provisions and contribution requirements of the System may be established or amended through legislative action of the State of Alabama.

Plan Membership

The System's members consist of substantially all permanent employees of the City and the Montgomery Airport Authority. The following table presents a summary of membership in the System as of December 31, 2016:

Inactive plan members or beneficiaries currently receiving benefits:	
General (Group I)	1,075
Police and fire (Group II)	845
Total	<u>1,920</u>
Inactive plan members entitled to but not yet receiving benefits:	
General (Group I)	3
Police and fire (Group II)	8
Total	<u>11</u>
Active plan members:	
General (Group I)	1,470
Police and fire (Group II)	914
Total	<u>2,384</u>
Total plan members	<u><u>4,315</u></u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

13. PENSION PLAN (Continued)

Service Retirement Allowances – 20-Year Plan

Members hired prior to October 1, 2005 were eligible to participate in the 20-Year Plan. Members who have completed 20 years of service or have reached the age of 65 years (the age of 62 years for police and fire) are entitled to a retirement benefit payable monthly for life based on final average compensation and years of service. Final average compensation with respect to a member is the compensation paid over the highest paid 12-month period accruing over the last five years of credited service. Benefits under the “20-year retirement plan” are computed as follows:

	PERCENTAGE OF AVERAGE COMPENSATION		MAXIMUM PERCENTAGE
	FOR EACH YEAR OF SERVICE		
	FIRST 20 YEARS	YEARS EXCEEDING 20	
General	2.00%	1.00%	60.00%
Police and fire	2.50%	1.00%	60.00%

Service Retirement Allowances – 25-Year Plan

Effective October 1, 2005, the “25-year retirement plan” was implemented for anyone hired after October 1, 2005 and before October 1, 2013. Participants prior to October 1, 2005, were given a one-time election to remain in the “20-year retirement plan” or to opt into the “25-year retirement plan.”

Group I are general municipal and airport employees. For a member of Group I, the “25-year retirement plan” provides for an immediate benefit at the earlier of 25 years of creditable service or age 55, equal to 2.00% of his average final compensation multiplied by his years of creditable service with a 100% of average final compensation maximum benefit. Creditable service earned prior to October 1, 2005, will be applied to the “20-year retirement plan” formula and future service earned will apply to the “25-year retirement plan” formula.

Group II are police and fire department employees. For a member of Group II, the “25-year retirement plan” provides for an immediate benefit at the earlier of 25 years of creditable service or age 55, equal to 2.50% of his average final compensation multiplied by his years of creditable service with a 100% of average final compensation maximum benefit. Creditable service earned prior to October 1, 2005, will be applied to the “20-year retirement plan” formula and future service earned will apply to the “25-year retirement plan” formula.

13. PENSION PLAN (Continued)

Service Retirement Allowances - Cash Balance Plan

Effective October 1, 2013, a new cash balance plan was implemented for Group I (general municipal and airport) employees hired on or after this date. Participants prior to October 1, 2013 were given a one-time election to remain in their current plan or opt into the new cash balance plan.

For a member of Group 1, the “Group 1 Cash Balance Plan” provides for an immediate benefit at the earlier of 25 years of creditable service or age 62, equal to (A) the service retirement allowance that is equivalent to the actuarial value of the member’s cash balance account and (B) with respect to an elective cash balance plan member, an additional service retirement allowance or vesting retirement allowance, as applicable, equal to the member’s pre-election frozen benefit. For each year, a member in the “Group 1 Cash Balance Plan” shall have the member’s cash balance account credited for that year with a pay credit equal to the following amounts, which are inclusive of the member’s contribution:

<u>Years of Service</u>	<u>Pay Credit</u>
Less than 10 years:	11% of member's salary
>10 years, but < 15 years:	12% of member's salary
>15 years, but < 20 years:	13% of member's salary
>20 years, but < 25 years:	14% of member's salary
Greater than 25 years:	15% of member's salary

For each calendar year continuing until the last day of the calendar year before the payment of benefits commence, each person’s cash balance account shall be credited, whether or not the person remains an employee or member, with an interest credit determined by multiplying the dollar amount representing the balance of the person’s cash balance account as of the first day of the calendar year and all previous pay credits and interest credits, by the yield on 30-year Treasury constant maturities for the November immediately preceding such calendar year.

Service Retirement Allowances - Group II Age 62 Plan

Effective October 1, 2013, the “Group II Age 62 Plan” was implemented for Group II (police and fire department) employees hired on or after this date.

The “Group II Age 62 Plan” provides for an immediate benefit at the earlier of 25 years of creditable service, or age 55 with at least ten years of creditable service. The member’s benefit is equal to 2.50% of their average final compensation multiplied by the number of years of creditable service, with a 100% of average final compensation maximum benefit. If benefits begin prior to age 62, the monthly benefit is reduced by an early retirement factor of 5/9% for each full month the annuity starting date precedes the member’s 62nd birthday.

Adjusted Retirement Allowances

Retirement allowances may be increased to provide for changes in the cost of living.

13. PENSION PLAN (Continued)

Disability Benefits

Any member in the “20-year retirement plan”, “25-year retirement plan”, or “Group II Age 62 Plan” in service who has completed ten years of creditable service and who is permanently incapacitated, mentally or physically, and who is not receiving any payments for such disability from the City under Worker’s Compensation or any other type of employer-provided payment for disability may retire on a disability retirement benefit. The disability retirement benefit is computed as a normal retirement benefit based on the member’s average final compensation and creditable service at disability retirement.

Vested Allowances

A member, who terminates employment before attaining retirement age, but after completing ten years of service, is eligible for a vested retirement allowance. A member who terminates employment prior to attaining retirement age and before completing ten years of service receives a refund of all accumulated member contributions without interest.

Employee Retention Incentive Program

The Employee Retention Incentive Program (ERIP) was implemented effective January 1, 2005, enabling an employee retiring with years in excess of the minimum service time to elect, at the time of retirement, to predate their retirement and collect a lump sum payment as severance in addition to a monthly lifetime benefit. The monthly pension benefit will be the amount of monthly pension the participant would have received if his or her retirement had occurred at the ERIP calculation date, based on the service and compensation as of such date. The one-time lump sum equals the monthly pension benefit so computed and multiplied by the number of months in the ERIP election period plus annual compounded interest of 5%. ERIP benefits are not available to members of the “Group I Cash Balance Plan” or the “Group II Age 62 Plan”.

Funding Policy

Active members of the “20-year retirement plan”, “25-year retirement plan”, and the “Group II Age 62 Plan” are required to contribute 7% of their annual covered salary. Active members of the “Group I Cash Balance Plan” are required to contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate. Contribution requirements of the System members and the City are established by, and may be amended by, the State legislature.

Employer contributions are made and the actuarial present value of accumulated plan benefits reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements. The City’s actuarially determined employer contribution rates in effect for the year ended September 30, 2017 were 10.71% of the employee’s annual covered salary for Group I employees and 22.30% of the employee’s annual covered salary for Group II employees. The City’s contribution to the System for the year ended September 30, 2017 was \$15,161,503. For the System’s calendar year ended December 31, 2016, contributions by the City totaled \$14,695,743.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

13. PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

At September 30, 2017, the City reported a liability of \$234,514,836 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The City's proportion of the net pension liability was based on actual employer contributions during the measurement period. At December 31, 2016, the City's proportion was 98.761%.

For the year ended September 30, 2017, the City recognized pension expense of \$32,936,382. At September 30, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Governmental activities:	
Differences between expected and actual results	\$ 12,908,085
Changes of assumptions	4,676,268
Transfer between employers	(47,093)
Net difference between projected and actual earnings on Plan investments	24,192,220
City contributions subsequent to measurement date	<u>11,232,754</u>
Governmental activities deferred outflows related to pensions	<u>52,962,234</u>
Business-type activities:	
Differences between expected and actual results	154,795
Changes of assumptions	56,079
Transfer between employers	(565)
Net difference between projected and actual earnings on Plan investments	290,115
City contributions subsequent to measurement date	<u>134,673</u>
Business-type activities deferred outflows related to pensions	<u>635,097</u>
Total deferred outflows related to pensions	<u><u>\$ 53,597,331</u></u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

13. PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions (Continued)

The \$11,232,754 and \$134,673 of deferred outflows of resources resulting from the City’s contributions subsequent to the measurement date for governmental activities and business-type activities, respectively, will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

<u>Year ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2017	\$ 10,544,788	\$ 126,454
2018	10,544,788	126,454
2019	10,544,788	126,454
2020	10,095,116	121,062
	<u>\$ 41,729,480</u>	<u>\$ 500,424</u>

Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%		
Assumed payroll increase	2.25%		
Salary increases	Annual increases by age as follows:		
	<u>Age</u>	<u>Group 1</u>	<u>Group 2</u>
	<20	4.50%	5.00%
	20-24	4.00%	4.50%
	25-29	4.00%	4.50%
	30-34	3.50%	4.00%
	35-39	3.50%	4.00%
	40-44	3.00%	3.50%
	45-49	3.00%	3.50%
	50-54	3.00%	3.50%
	55-59	2.50%	3.00%
	60-64	2.50%	3.00%
	65+	2.50%	3.00%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation.		
Benefit elections	70% are assumed to elect a Life Annuity; 15% are assumed to elect a 50% Joint and Survivor Annuity; and 15% are assumed to elect a 100% Joint and Survivor Annuity. Once eligible, 50% of active employees are assumed to elect ERIP for three years.		

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

13. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2023 using Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building block method 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income:	
Domestic (short-term)	3.40%
Domestic (long-term)	4.50%
International	5.10%
Equities:	
Domestic (large cap)	6.50%
Domestic (small cap)	7.00%
International	7.30%
Hedge fund	7.10%
Private equities	8.60%
Alternative investments	5.5% - 6.5%

Discount rate - The discount rate used to measure the total pension liability was 7.00%. 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 City contributions will be made at the actuarially determined contribution rate per year for all future years. Based on those assumptions, the pension plan's fiduciary net position was 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.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

13. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Sensitivity of the net pension liability to changes in the discount rate - The following table presents the net pension liability of the participating governments calculated using the discount rate of 7.00%, as well as what the participating governments' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>Discount Rate</u>	<u>City's Proportionate Share of Net Pension Liability</u>
1% decrease	6.00%	\$ 300,729,266
Current discount rate	7.00%	234,514,836
1% increase	8.00%	179,485,090

Changes in the actuarial assumptions used in the December 31, 2016 calculation consisted of an update of the retirement rates and withdrawal rates to better reflect anticipated future experience as the result of an assumption study, and a change in the cash balance interest crediting rate from 3.04% to 3.03%.

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City administers a single-employer postemployment defined benefit healthcare plan (the Employees' Medical Insurance Plan) for employees of the City. The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. The City has not elected to advance fund the plan, but rather maintains the plan on a "pay as you go" basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. The Employees' Medical Insurance Plan does not issue a publicly available financial report. Benefit provisions and contribution requirements of the Employees' Medical Insurance Plan may be established or amended by the Mayor. At September 30, 2017, the plan had approximately 2,069 active participants and 2,165 retired members and beneficiaries.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funding Policy

The employer requires biweekly contributions of \$83 to \$244 from active participants in the PPO plan, and \$43 to \$164 from active participants in the HMP plan. In addition, a biweekly contribution of \$12.50 to \$16.67 is required from participants that use tobacco and from participants with increased health risks.

Retirees or their beneficiaries are required to contribute certain amounts based on level of coverage and date of retirement as follows:

	<u>Monthly Contribution</u>
Retired before January 1, 1988:	
Retiree and spouse over 65	\$ 117
Retiree and spouse (one over 65 and one under 65)	141
Retired after January 1, 1988:	
Retiree and spouse over 65	186
Retiree and spouse (one over 65 and one under 65)	192
Retiree over 65	46
Retiree over 65 and family	246
Beneficiary over 65	228
Beneficiary under 65	464
Beneficiary and family	1,010
Blue Cross Blue Shield W/C beneficiary and family	231
Retiree under 65 (PPO Plan)	185
Retiree under 65 and family (PPO Plan)	375
Retiree under 65 (HMP Plan)	105
Retiree under 65 and family (HMP Plan)	255

Total member contributions were \$6,056,010 for active participants and \$3,608,333 for retirees and beneficiaries.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the projected unit credit actuarial cost method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Employees' Medical Insurance Plan:

Annual required contribution	\$ 28,309,221
Interest on net OPEB obligation	6,333,815
Adjustment to ARC	<u>(7,520,003)</u>
Annual OPEB cost	27,123,033
Contributions made	<u>(11,187,530)</u>
Increase in net OPEB obligation	15,935,503
Net OPEB obligation - beginning of year	<u>130,036,147</u>
Net OPEB obligation - end of year	<u><u>\$ 145,971,650</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the previous two years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2015	\$ 22,229,796	48.7%	\$ 118,699,137
9/30/2016	22,829,085	50.3%	130,036,147
9/30/2017	27,123,033	41.3%	145,971,650

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress

As of September 30, 2017, the actuarial accrued liability for benefits was \$321,162,477 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$105,410,607, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 305%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2016 actuarial valuation, the Projected Unit Credit Actuarial Cost Method was utilized in computing actuarial liabilities and costs. The amortization for October 1, 2014 is calculated as a level dollar amount. The unfunded actuarial accrued liability is being amortized on an open basis over the maximum permissible period under GASB 45 of 30 years. The remaining amortization period at October 1, 2014, was 30 years.

The following significant assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire as follows:

Fire and Police – earlier of age 62 or 20 years of service. Participants hired on or after October 1, 2005 are eligible for unreduced retirement at the earlier of age 55 or 25 years of service.

Non-Fire and Police – earlier of age 65 or 20 years of service. Participants hired on or after October 1, 2005 are eligible for unreduced retirement at the earlier of age 62 or 25 years of service.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Participation assumption – 100% of eligible participants retiring in the future prior to age 65 are assumed to elect medical coverage. 80% of retirees electing coverage at retirement are assumed to continue coverage after Medicare eligibility.

Marital status – At the calculation date, it is assumed that husbands are two years older than their wives and 80% of active employees who retire with medical coverage will elect to cover their spouse.

Mortality – Life expectancies were based on the RP-2000 system tables with floating Scale AA projections for Males and Females.

Turnover – Group-specific age-based turnover data was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate – Claim costs in future years are estimated by adjusting the starting claim costs by an assumed ongoing cost trend. An annual healthcare cost trend rate of 8.5% was used initially, reduced by decrements to 5.81% after 11 years, with an ultimate rate of 4.3% reached for the first time in the year 2075.

Discount rate – 4.0% per annum, compounded annually, if unfunded.

Inflation rate – 2.5% per annum, compounded annually.

15. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits whose outcome is not presently determinable. In the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City. The City has established reserves for future settlements in the Liability Insurance Fund.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

16. CONSTRUCTION COMMITMENT

As of September 30, 2017, the City had commitments on construction of capital projects as follows:

Gross commitments	\$ 8,798,417
Spent-to-date	<u>5,516,012</u>
Net commitments	<u>\$ 3,282,405</u>

As of February 28, 2018, the City's total net construction commitments were approximately \$3,320,000.

17. RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the year ended September 30, 2017:

The City appropriated approximately \$3,061,964 to the Montgomery City-County Public Library, a component unit, for salaries, operating costs, and miscellaneous capital projects. The City's appropriation is net of Montgomery County's reimbursements to the City for its share.

The Montgomery Water Works and Sanitary Sewer Board (the Board) paid the City \$3,292,307 in lieu of taxes and \$13,200 in franchise fees. The Board, as an agent for the City, collects the City's garbage collection fees from City residents. The City paid the Board \$510,000 for the Board's collection services. Also, during the year, the City paid the Board \$847,073 in charges for the use of fire hydrants.

18. ECONOMIC DEVELOPMENT INCENTIVE OBLIGATIONS - TAX ABATEMENTS

The City, in conjunction with the Industrial Development Board of the City of Montgomery and the City of Montgomery Downtown Redevelopment Authority, enters into economic development incentive agreements with entities that propose to locate businesses within the City, or expand businesses within the City, which are expected to provide stimulus to the City's economy. These agreements provide for full or partial abatement of sales, use and/or property taxes. Property taxes are abated through reductions of assessed values. Sales and use taxes are abated through exemptions granted on purchases for specified construction or equipment-purchase purposes. The agreements have limited terms, typically ad-valorem taxes are abated for ten years.

The City expects to receive increased revenue as a result of the agreements. These incentive agreements require approval by the Mayor and City Council and are pursuant to Chapter 54A of Title 11 of the Code of Alabama 1975, as amended and Chapter 9B of Title 40 of the Code of Alabama 1975, as amended. Some agreements provide for the repayment to the City of abated amounts if the entity ceases to operate its business for a certain length of time or fails to produce a certain level of employment.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

18. ECONOMIC DEVELOPMENT INCENTIVE OBLIGATIONS - TAX ABATEMENTS (Continued)

The City does not collect property taxes. The Revenue Commissioner of Montgomery County is responsible for such collection.

Property Tax Abated - Fiscal Year 2017	<u>\$ 2,073,076</u>
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Total sales taxes abatement commitments by the Industrial Development Board of the City of Montgomery in fiscal year 2017 was approximately \$3,300,000 on approximately \$240,000,000 of additional development. These developments will be completed during the next three to five years and the sales tax abatement will be realized as funds are spent. In the case of sales and use tax abatements on construction materials, the taxes abated are not received by the City, nor is there currently a reporting mechanism for the City to receive such information. The State Department of Revenue provides a Purchasing Agent appointment letter to subject entities so that they can purchase materials tax-exempt. The City will take action to require this reporting in all future abatement agreements.

19. EFFECT OF NEW PRONOUNCEMENTS

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the current GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* This statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Requirements for this Statement are effective for financial statements whose fiscal year begins after June 15, 2017.

GASB 81, Irrevocable Split-Interest Agreements. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. Requirements for this Statement are effective for financial statements whose fiscal year begins after December 15, 2016.

GASB 83, Certain Asset Retirement Obligations. This Statement establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. Requirements for this Statement are effective for financial statements whose fiscal year begins after June 15, 2018.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

19. EFFECT OF NEW PRONOUNCEMENTS (Continued)

GASB 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Requirements for this Statement are effective for financial statements whose fiscal year begins after December 15, 2018.

GASB 85, *Omnibus 2017*. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). Requirements for this Statement are effective for financial statements whose fiscal year begins after June 15, 2017.

GASB 86, *Certain Debt Extinguishments*. This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Requirements for this Statement are effective for financial statements whose fiscal year begins after June 15, 2017.

GASB 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Requirements for this Statement are effective for financial statements whose fiscal year begins after December 15, 2019.

20. SUBSEQUENT EVENTS

On December 29, 2017, the Solid Waste Disposal Authority of the City of Montgomery acquired from IREP-Montgomery, MRF, LLC (IREP) the material recovery facility located on Louisville Street together with related equipment and an adjacent compost parcel for a net amount of \$625,000 plus an additional \$125,000 for IREP's related legal/administrative fees.

At the same time, the Authority and the City of Montgomery completed a settlement with the Yife Tien Irrevocable Dynasty Trust (TRUST) which is the holder of a substantial portion of the 2014 bonds IREP issued in order to obtain working capital during the early stage of the facility's operation. The settlement requires the City to pay the TRUST a minimum of \$1,500,000 by December 29, 2019. Should the City sell the facility and/or equipment within five years, the TRUST may earn up to an additional \$1,000,000 depending on the amount of the sales price.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTGOMERY, ALABAMA

SCHEDULE OF THE CITY OF MONTGOMERY'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY

Year Ended December 31	City's Proportion of the Collective Net Pension Liability	City's Proportionate Share of the Collective Net Pension Liability	City's Covered- Employee Payroll	City's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	98.761%	\$ 234,514,836	\$ 105,410,607	222.48%	57.98%
2015	98.788%	226,467,135	105,313,705	215.04%	58.38%
2014	98.788%	182,853,723	103,239,483	177.12%	64.87%

Notes to the Schedule:

1. This schedule is to be built prospectively until it contains ten years of data.
2. The actuarial assumptions used for the schedule are detailed in Note 13 to the financial statements.

CITY OF MONTGOMERY, ALABAMA

SCHEDULE OF THE CITY OF MONTGOMERY’S CONTRIBUTIONS TO THE PENSION PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended September 30	Actuarially Determined Employer Contributions	Actual Employer Contributions	Annual Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Employee Payroll
2017	\$ 15,161,503	\$ 15,161,503	\$ -	\$ 105,410,607	14.38%
2016	14,650,781	14,650,781	-	105,313,705	13.91%
2015	13,220,721	13,220,721	-	103,908,226	12.72%
2014	14,588,276	14,588,276	-	103,845,353	14.05%
2013	13,200,059	13,200,059	-	104,402,423	12.64%

Notes to the Schedule:

1. This schedule is to be built prospectively until it contains ten years of data.
2. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	23 years
Asset valuation method	5 year smoothing
General inflation	2.50%
Salary increases	Varies by age, ranging from 2.50% to 5.00%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

The retirement age varies by age and service.

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2023 using Scale AA.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE OF FUNDING PROGRESS
EMPLOYEES' HEALTH INSURANCE PLAN OF THE CITY OF MONTGOMERY, ALABAMA

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/1/2014	\$ -	\$ 295,682,763	\$ 295,682,763	0.00%	\$ 102,847,022	287%
10/1/2015	-	304,687,687	304,687,687	0.00%	103,908,226	293%
10/1/2016	-	321,162,477	321,162,477	0.00%	105,410,607	305%

Note to the Schedule:

1. The actuarial assumptions used for the schedule are detailed in Note 14 to the financial statements.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds include operating funds that are restricted as to use by the Federal or State governments and special purpose funds established by authority of the City Council.

State Gasoline Tax Fund accounts for proceeds from a state gasoline tax. The use of this funding is restricted to expenditures related to construction, improvement, and maintenance of highways, bridges, and streets.

Alabama Department of Transportation Fund accounts for funds received from the Alabama Department of Transportation to be used solely for the improvement of roads.

ADECA Grant Fund accounts for funds received from the Alabama Department of Economic and Community Affairs to be used solely for community development.

Department of Justice Grant Fund accounts for funds received from the U.S. Department of Justice to be used solely for public safety.

Department of Agriculture Grant Fund accounts for funds received from the U.S. Department of Agriculture to be used solely for the Summer Food Service program for children.

Homeland Security Grant Fund accounts for funds received from the U.S. Department of Homeland Security to be used solely for homeland security and emergency management.

Federal Transit Administration Grant Fund accounts for grant funding received primarily from the Federal Transit Administration to be used for the Montgomery Area Transit System.

Miscellaneous Grant Fund accounts for miscellaneous funding arising from federal and state government sources.

Housing and Urban Development Grant Fund accounts for grant funding used for Community Development Block Grant programs and Housing Development Action Grant programs.

Miscellaneous Special Revenue Fund accounts for various intergovernmental revenue and special revenues to be used solely for City improvements, such as tobacco taxes, Alabama Heritage Trust Fund revenue, rents from property purchased with federal funds, and donations and bequests.

Municipal Court Corrections Fund accounts for funds restricted for the municipal court and jail. The funds may be used for capital acquisition or operations.

Riverfront Stadium Fund accounts for proceeds received from lodging tax receipts. Two and one-half (2½) percent of total lodging tax collections are earmarked for the fund. Collections from the Montgomery Pro Baseball Club for leasing and concessions sales are also accounted for in this fund. All proceeds are used for capital improvements, repairs, and maintenance on the stadium and debt service payments.

Seizures and Forfeitures Fund accounts for funding received from the U.S. Marshals Service to be used solely for public safety.

Municipal Court Judicial Administration Fund accounts for funds restricted by statute for the operations of the municipal court.

Emergency Communications District is a blended component unit of the City and was formed by the City for the purpose of acquiring, developing, maintaining, and operating the emergency communications system within the City. The City receives substantially all the benefit of all of the District's public safety activities.

CITY OF MONTGOMERY, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Special Revenue Funds						
	State Gasoline Tax Fund	Alabama Department of Transportation Fund	ADECA Grant Fund	Department of Justice Grant Fund	Department of Agriculture Grant Fund	Homeland Security Grant Fund	Federal Transit Administration Grant Fund
ASSETS							
Cash and cash equivalents	\$ 99,900	\$ 2,151,735	\$ -	\$ 4,135	\$ 122,145	\$ -	\$ -
Receivables	287,435	349,139	50,788	23,471	-	132,640	1,429,129
Prepaid items	-	-	-	-	-	-	-
Mortgage receivable	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 387,335	\$ 2,500,874	\$ 50,788	\$ 27,606	\$ 122,145	\$ 132,640	\$ 1,429,129
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	\$ 387,335	\$ 92,021	\$ -	\$ 15,001	\$ 122,120	\$ 1,368	\$ -
Retainage payable	-	-	-	-	-	-	6,292
Due to other funds	-	-	70,025	-	-	61,460	1,351,285
Unearned revenue	-	-	-	12,607	-	28,588	-
Funds held in escrow	-	-	-	-	-	-	-
TOTAL LIABILITIES	387,335	92,021	70,025	27,608	122,120	91,416	1,357,577
FUND BALANCES (DEFICITS)							
Nonspendable:							
Prepaid items	-	-	-	-	-	-	-
Restricted for:							
Capital projects	-	1,358,558	-	-	-	-	1,717
Emergency communications center	-	-	-	-	-	-	-
Intergovernmental	-	1,050,295	-	-	25	41,224	69,835
Landfill	-	-	-	-	-	-	-
Municipal Court Corrections	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Riverfront Stadium	-	-	-	-	-	-	-
Unassigned	-	-	(19,237)	(2)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	2,408,853	(19,237)	(2)	25	41,224	71,552
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 387,335	\$ 2,500,874	\$ 50,788	\$ 27,606	\$ 122,145	\$ 132,640	\$ 1,429,129

(Continued)

CITY OF MONTGOMERY, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2017

Special Revenue Funds								
Miscellaneous Grant Fund	Housing and Urban Development Grant Fund	Miscellaneous Special Revenue Fund	Municipal Court Corrections Fund	Riverfront Stadium Fund	Seizures and Forfeitures Fund	Municipal Court Judicial Administration Fund	Emergency Communications District	Total
\$ 79,602	\$ -	\$ 4,548,758	\$ 298,187	\$ 1,229,337	\$ 368,949	\$ 27,509	\$ 4,668,618	\$ 13,598,875
3,390	281,159	8,357	-	340,079	-	-	449,483	3,355,070
-	2,335	1,005	-	-	-	-	500	3,840
-	188,289	-	-	-	-	-	-	188,289
<u>\$ 82,992</u>	<u>\$ 471,783</u>	<u>\$ 4,558,120</u>	<u>\$ 298,187</u>	<u>\$ 1,569,416</u>	<u>\$ 368,949</u>	<u>\$ 27,509</u>	<u>\$ 5,118,601</u>	<u>\$ 17,146,074</u>
\$ 912	\$ 21,282	\$ 113,125	\$ 9,350	\$ -	\$ -	\$ -	\$ 253,272	\$ 1,015,786
-	-	-	-	-	-	-	-	6,292
-	262,212	-	-	-	-	-	-	1,744,982
-	188,289	2,500	-	-	-	-	-	231,984
-	-	288,718	-	-	6,323	-	-	295,041
<u>912</u>	<u>471,783</u>	<u>404,343</u>	<u>9,350</u>	<u>-</u>	<u>6,323</u>	<u>-</u>	<u>253,272</u>	<u>3,294,085</u>
-	2,335	1,005	-	-	-	-	500	3,840
54,309	-	34,213	-	-	-	-	-	1,448,797
-	-	-	-	-	-	-	4,374,661	4,374,661
27,771	-	3,992,395	-	-	312,282	-	-	5,493,827
-	-	125,827	-	-	-	-	-	125,827
-	-	-	270,174	-	-	27,509	-	297,683
-	-	337	18,663	-	50,344	-	490,168	559,512
-	-	-	-	1,569,416	-	-	-	1,569,416
-	(2,335)	-	-	-	-	-	-	(21,574)
<u>82,080</u>	<u>-</u>	<u>4,153,777</u>	<u>288,837</u>	<u>1,569,416</u>	<u>362,626</u>	<u>27,509</u>	<u>4,865,329</u>	<u>13,851,989</u>
<u>\$ 82,992</u>	<u>\$ 471,783</u>	<u>\$ 4,558,120</u>	<u>\$ 298,187</u>	<u>\$ 1,569,416</u>	<u>\$ 368,949</u>	<u>\$ 27,509</u>	<u>\$ 5,118,601</u>	<u>\$ 17,146,074</u>

CITY OF MONTGOMERY, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds						Federal Transit Administration Grant Fund
	State Gasoline Tax Fund	Alabama Department of Transportation Fund	ADECA Grant Fund	Department of Justice Grant Fund	Department of Agriculture Grant Fund	Homeland Security Grant Fund	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	103,866	-	-	-	-	-	-
Intergovernmental revenues	3,053,823	1,582,399	158,829	109,024	175,991	493,666	2,777,931
Charges for goods and services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-	50,201
Total revenues	3,157,689	1,582,399	158,829	109,024	175,991	493,666	2,828,132
EXPENDITURES							
Current:							
General government	-	555,982	-	15,000	-	-	6,071,886
Public works	5,270,049	710,777	-	-	-	-	-
Public safety	-	-	52,377	67,563	-	168,097	-
Cultural and recreational	-	-	-	-	175,991	-	-
Capital outlay	-	509,291	114,638	26,461	-	348,235	-
Total expenditures	5,270,049	1,776,050	167,015	109,024	175,991	516,332	6,071,886
Excess of revenues over (under) expenditures	(2,112,360)	(193,651)	(8,186)	-	-	(22,666)	(3,243,754)
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of assets	-	-	-	-	-	-	-
Transfers in	2,722,491	251,022	33,612	-	-	74,477	3,250,000
Transfers out	(200,000)	-	-	-	-	-	(8,692)
Total other financing sources (uses)	2,522,491	251,022	33,612	-	-	74,477	3,241,308
Net change in fund balances	410,131	57,371	25,426	-	-	51,811	(2,446)
FUND BALANCES - BEGINNING	(410,131)	2,351,482	(44,663)	(2)	25	(10,587)	73,998
FUND BALANCES - ENDING	\$ -	\$ 2,408,853	\$ (19,237)	\$ (2)	\$ 25	\$ 41,224	\$ 71,552

(Continued)

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Special Revenue Funds								
Miscellaneous Grant Fund	Housing and Urban Development Grant Fund	Miscellaneous Special Revenue Fund	Municipal Court Corrections Fund	Riverfront Stadium Fund	Seizures and Forfeitures Fund	Municipal Court Judicial Administration Fund	Emergency Communications District	Total
\$ -	\$ -	\$ 1,502,207	\$ -	\$ 2,461,725	\$ -	\$ -	\$ -	\$ 3,963,932
-	-	-	-	-	-	-	-	103,866
130,912	3,103,534	1,756,819	-	-	-	-	6,382,247	19,725,175
-	-	323,722	-	-	-	-	-	323,722
-	-	-	1,135,736	-	-	322,618	-	1,458,354
-	-	-	-	-	-	-	25,772	25,772
31,865	-	248,523	-	227,568	147,994	-	-	706,151
162,777	3,103,534	3,831,271	1,135,736	2,689,293	147,994	322,618	6,408,019	26,306,972
87,825	2,942,867	890,955	118,921	-	-	-	-	10,683,436
-	31,016	149,308	-	-	-	-	-	6,161,150
-	-	26,405	-	-	9,681	-	4,064,042	4,388,165
26,578	-	151,551	-	5,740	-	-	-	359,860
-	129,651	48,197	-	46,462	105,050	-	1,047,103	2,375,088
114,403	3,103,534	1,266,416	118,921	52,202	114,731	-	5,111,145	23,967,699
48,374	-	2,564,855	1,016,815	2,637,091	33,263	322,618	1,296,874	2,339,273
-	-	-	-	-	5,863	-	-	5,863
-	-	47,058	-	-	-	-	-	6,378,660
-	-	(3,540,321)	(1,391,901)	(2,867,656)	-	(375,000)	(298,495)	(8,682,065)
-	-	(3,493,263)	(1,391,901)	(2,867,656)	5,863	(375,000)	(298,495)	(2,297,542)
48,374	-	(928,408)	(375,086)	(230,565)	39,126	(52,382)	998,379	41,731
33,706	-	5,082,185	663,923	1,799,981	323,500	79,891	3,866,950	13,810,258
\$ 82,080	\$ -	\$ 4,153,777	\$ 288,837	\$ 1,569,416	\$ 362,626	\$ 27,509	\$ 4,865,329	\$ 13,851,989

CITY OF MONTGOMERY, ALABAMA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
STATE GASOLINE TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses	\$ 98,300	\$ 98,300	\$ 103,866	\$ 5,566
Intergovernmental revenues	2,784,492	2,784,492	3,053,823	269,331
Total revenues	2,882,792	2,882,792	3,157,689	274,897
EXPENDITURES				
Public works:				
Maintenance	1,745,320	1,545,320	1,369,910	175,410
Traffic engineering	3,834,038	3,834,038	3,900,139	(66,101)
Total expenditures	5,579,358	5,379,358	5,270,049	109,309
Excess of expenditures over revenues	(2,696,566)	(2,496,566)	(2,112,360)	384,206
OTHER FINANCING USES				
Operating transfers in	2,696,566	2,696,566	2,722,491	25,925
Operating transfers out	-	(200,000)	(200,000)	-
Total other financing uses	2,696,566	2,496,566	2,522,491	25,925
Net change in fund balance	-	-	410,131	410,131
FUND BALANCES - BEGINNING	(410,131)	(410,131)	(410,131)	-
FUND BALANCES - ENDING	\$ (410,131)	\$ (410,131)	\$ -	\$ 410,131

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are employed to account for the operations of a commercial nature, which private organizations do not provide. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, financing, and related debt services. It is the intent of the governing body that the costs of providing these services to the general public be financed primarily through user charges.

Municipal Golf Fund accounts for the operations of the City's recreational complexes.

Montgomery River Boat Fund accounts for the operations of the City's River Boat.

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2017

	Municipal Golf	Montgomery River Boat	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 222,974	\$ 54,813	\$ 277,787
Receivables	2,963	9,557	12,520
Inventories	57,466	7,725	65,191
Total current assets	<u>283,403</u>	<u>72,095</u>	<u>355,498</u>
NONCURRENT ASSETS			
Capital assets:			
Land	665,341	-	665,341
Buildings and system	213,831	-	213,831
Improvements other than buildings	1,565,024	-	1,565,024
Machinery and equipment	369,456	786,600	1,156,056
Less accumulated depreciation	(1,798,492)	(79,240)	(1,877,732)
Total capital assets, net of accumulated depreciation	<u>1,015,160</u>	<u>707,360</u>	<u>1,722,520</u>
TOTAL ASSETS	<u>1,298,563</u>	<u>779,455</u>	<u>2,078,018</u>
DEFERRED OUTFLOWS			
Pension related items	-	32,894	32,894
TOTAL DEFERRED OUTFLOWS	<u>-</u>	<u>32,894</u>	<u>32,894</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	105,315	65,841	171,156
Deferred revenue	7,406	14,924	22,330
Compensated absences	-	660	660
Total current liabilities	<u>112,721</u>	<u>81,425</u>	<u>194,146</u>
NONCURRENT LIABILITIES			
Compensated absences	-	6,107	6,107
Net pension liability	-	28,460	28,460
Total noncurrent liabilities	<u>-</u>	<u>34,567</u>	<u>34,567</u>
TOTAL LIABILITIES	<u>112,721</u>	<u>115,992</u>	<u>228,713</u>
NET POSITION			
Investment in capital assets	1,015,160	707,360	1,722,520
Unrestricted	170,682	(11,003)	159,679
TOTAL NET POSITION	<u>\$ 1,185,842</u>	<u>\$ 696,357</u>	<u>\$ 1,882,199</u>

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Municipal Golf	Montgomery River Boat	Total
OPERATING REVENUES			
Charges for goods and services	\$ 1,152,652	\$ 1,097,890	\$ 2,250,542
Total operating revenues	<u>1,152,652</u>	<u>1,097,890</u>	<u>2,250,542</u>
OPERATING EXPENSES			
Cost of sales and services	122,472	299,087	421,559
Administration	1,576,561	749,733	2,326,294
Depreciation	47,831	52,827	100,658
Total operating expenses	<u>1,746,864</u>	<u>1,101,647</u>	<u>2,848,511</u>
OPERATING LOSS	(594,212)	(3,757)	(597,969)
NONOPERATING REVENUES (EXPENSES)			
Loss on sale of capital assets	(4,650)	-	(4,650)
Interest income	-	449	449
Loss before contributions and transfers	(598,862)	(3,308)	(602,170)
Transfers in	546,381	175,945	722,326
Change in net position	<u>(52,481)</u>	<u>172,637</u>	<u>120,156</u>
TOTAL NET POSITION - BEGINNING	<u>1,238,323</u>	<u>523,720</u>	<u>1,762,043</u>
TOTAL NET POSITION - ENDING	<u>\$ 1,185,842</u>	<u>\$ 696,357</u>	<u>\$ 1,882,199</u>

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Municipal Golf</u>	<u>Montgomery River Boat</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,154,987	\$ 1,105,138	\$ 2,260,125
Payments to suppliers	(955,386)	(886,816)	(1,842,202)
Payments to employees	(714,690)	(110,626)	(825,316)
Payments for interfund services used	(33,669)	(19,080)	(52,749)
Net cash provided by (used in) operating activities	<u>(548,758)</u>	<u>88,616</u>	<u>(460,142)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	546,381	175,945	722,326
Net cash payments to other funds	-	(212,787)	(212,787)
Net cash provided by (used in) noncapital financing activities	<u>546,381</u>	<u>(36,842)</u>	<u>509,539</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	-	449	449
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(2,377)</u>	<u>52,223</u>	<u>49,846</u>
CASH AND CASH EQUIVALENTS - BEGINNING	<u>225,351</u>	<u>2,590</u>	<u>227,941</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 222,974</u>	<u>\$ 54,813</u>	<u>\$ 277,787</u>

(Continued)

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Municipal Golf</u>	<u>Montgomery River Boat</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating loss	\$ (594,212)	\$ (3,757)	\$ (597,969)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation expense	47,831	52,827	100,658
(Increase) decrease in assets and deferred outflows:			
Receivables	2,506	(2,240)	266
Inventories	(19,272)	489	(18,783)
Deferred outflows	-	1,364	1,364
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable and accrued expenses	14,560	25,681	40,241
Deferred revenue	(171)	9,488	9,317
Compensated absences	-	(145)	(145)
Net pension liability	-	4,909	4,909
Total adjustments	<u>45,454</u>	<u>92,373</u>	<u>137,827</u>
Net cash provided by (used in) operating activities	<u>\$ (548,758)</u>	<u>\$ 88,616</u>	<u>\$ (460,142)</u>

STATISTICAL SECTION

This part of the City of Montgomery's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	100
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales taxes.	106
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	111
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	118
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	120

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the current year.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 1
NET POSITION BY COMPONENT
(accrual basis of accounting)

	Fiscal Year										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Governmental activities											
Net investment in capital assets	\$ 214,327,085	\$ 220,950,653	\$ 253,437,449	\$ 203,973,790	\$ 217,212,528	\$ 202,191,726	\$ 201,283,470	\$ 193,379,215	\$ 197,752,975	\$ 188,338,796	
Restricted:											
Public works	4,084,839	3,510,905	1,487,038	1,304,163	4,199,221	4,648,168	4,672,714	4,892,875	2,557,209	1,453,747	
Public safety	1,821,728	1,144,993	769,875	991,204	875,641	758,012	2,392,966	3,227,187	3,520,102	3,999,212	
Cultural and recreational	7,314,372	4,280,263	4,260,063	4,622,557	3,366,997	3,126,119	1,590,318	1,029,012	1,994,217	669,672	
Capital projects	89,389,536	30,017,486	72,261,635	34,609,691	9,383,106	8,404,945	3,049,561	15,014,719	4,205,006	8,142,625	
Municipal Court Corrections	-	-	-	484,534	672,821	430,225	-	751,405	743,815	316,347	
Unrestricted	(138,059,890)	(130,543,360)	(236,206,455)	(208,261,996)	(224,173,096)	(240,122,438)	(253,195,405)	(408,662,806)	(452,725,979)	(469,495,931)	
Total governmental activities net position	\$ 178,877,670	\$ 129,360,940	\$ 96,009,605	\$ 37,723,943	\$ 11,537,218	\$ (20,563,243)	\$ (40,204,376)	\$ (190,368,393)	\$ (241,952,655)	\$ (266,575,532)	
Business-type activities											
Net investment in capital assets	\$ 15,775,925	\$ 14,675,876	\$ 14,351,455	\$ 34,407,586	\$ 32,791,667	\$ 28,790,949	\$ 27,223,447	\$ 26,471,886	\$ 25,956,239	\$ 25,070,324	
Unrestricted	(5,178,277)	(7,181,180)	790,709	(1,430,759)	(2,301,948)	(3,234,555)	(2,532,885)	(3,952,620)	(3,929,704)	(3,966,689)	
Total business-type activities net position	\$ 10,597,648	\$ 7,494,696	\$ 15,142,164	\$ 32,976,827	\$ 30,489,719	\$ 25,556,394	\$ 24,690,562	\$ 22,519,266	\$ 22,026,535	\$ 21,103,635	
Primary government											
Net investment in capital assets	\$ 230,103,010	\$ 235,626,529	\$ 267,788,904	\$ 238,381,376	\$ 250,004,195	\$ 230,982,675	\$ 228,508,917	\$ 219,851,101	\$ 223,709,214	\$ 213,409,120	
Restricted	102,610,475	38,953,647	78,778,611	42,012,149	18,497,786	17,367,469	11,705,559	24,915,198	13,020,549	14,581,603	
Unrestricted	(143,238,167)	(137,724,540)	(235,415,746)	(209,692,755)	(226,475,044)	(243,356,993)	(255,728,290)	(412,615,426)	(456,655,683)	(473,462,620)	
Total primary government net position	\$ 189,475,318	\$ 136,855,636	\$ 111,151,769	\$ 70,700,770	\$ 42,026,937	\$ 4,993,151	\$ (15,313,814)	\$ (167,849,127)	\$ (219,926,120)	\$ (245,471,897)	

Note: Periods prior to 2013 have not been retroactively restated to reflect the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Periods prior to 2015 have not been retroactively restated to reflect the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, or GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to Measurement Date*.

CITY OF MONTGOMERY, ALABAMA

SCHEDULE 2

CHANGES IN NET POSITION

(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Expenses										
Governmental activities:										
General government	\$ 72,773,403	\$ 92,913,247	\$ 86,120,124	\$ 75,547,042	\$ 76,833,428	\$ 90,962,630	\$ 81,766,281	\$ 72,981,992	\$ 81,389,604	\$ 79,602,193
Public works	60,747,459	57,744,148	47,781,026	51,232,910	44,582,467	44,184,691	44,674,284	47,251,656	44,122,265	45,492,230
Public safety	90,376,182	83,265,102	89,288,506	95,703,083	95,841,814	91,141,018	94,292,962	94,705,501	102,967,653	107,487,117
Cultural and recreational	30,131,588	27,939,722	33,837,933	33,826,263	34,317,494	32,880,877	33,624,299	32,690,968	34,217,643	35,755,774
Interest on long-term debt	11,822,764	11,452,425	10,561,682	14,459,954	12,795,380	11,571,588	13,216,304	12,394,618	13,452,451	12,638,139
Total governmental activities expenses	265,851,396	273,314,644	267,589,273	270,769,254	264,370,583	270,740,804	267,574,130	260,024,735	276,149,598	280,975,433
Program revenues										
Governmental activities:										
Charges for services:										
General government	47,421,394	51,000,292	20,029,894	16,597,743	18,189,668	18,211,157	17,946,132	15,864,486	15,685,140	14,889,008
Public works	12,795,231	14,943,331	15,849,768	16,482,254	16,907,133	18,955,519	18,332,989	21,326,889	21,854,726	21,555,690
Public safety	-	-	-	-	1,750	1,250	822,692	868,299	1,016,039	1,077,214
Cultural and recreational	988,058	916,564	1,237,731	1,518,289	1,325,399	1,178,046	1,482,858	1,285,299	1,501,822	1,332,089
Operating grants and contributions	9,307,772	9,522,821	14,727,336	13,082,354	9,473,816	11,055,114	15,112,143	15,578,353	14,942,746	14,467,164
Capital grants and contributions	5,839,738	10,074,229	21,969,518	11,386,411	9,390,530	6,179,104	12,311,447	5,634,815	8,061,992	7,122,157
Total governmental activities program revenues	76,372,193	86,457,237	73,814,247	59,067,051	55,288,296	55,580,190	66,008,261	60,558,141	63,062,465	60,443,322
Total primary government net expenses	(189,479,203)	(186,857,407)	(193,775,026)	(211,702,203)	(209,082,287)	(215,160,614)	(201,565,869)	(199,466,594)	(213,087,133)	(220,532,131)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Sales taxes	93,799,356	83,980,254	86,150,767	88,699,968	91,159,140	93,635,244	95,775,104	100,641,722	102,478,204	103,720,833
Property taxes	30,241,233	31,099,699	31,378,176	30,885,675	29,892,243	29,394,346	28,963,542	28,922,582	29,621,888	32,194,491
Business license taxes	-	-	30,482,588	31,366,586	32,630,148	32,949,782	33,809,942	34,838,755	35,321,276	35,417,566
Motor fuel taxes	8,363,071	8,202,877	8,335,705	8,052,601	7,633,517	7,770,057	5,154,871	5,289,781	5,632,958	5,743,942
Lodging taxes	5,530,268	5,269,547	5,378,274	5,712,415	6,061,073	6,217,583	8,119,756	8,984,951	9,389,538	9,582,950
Rental taxes	-	1,764,595	3,285,663	3,337,930	3,298,583	3,395,139	3,558,689	4,311,055	4,687,049	4,485,646
Tobacco taxes	1,619,508	1,411,990	1,438,763	1,451,072	1,426,532	1,495,410	1,494,478	1,779,831	1,588,275	1,502,207
Alcoholic beverage taxes	227,511	254,164	234,501	276,837	291,270	391,566	296,786	350,653	316,166	330,386
Grants and contributions not restricted to specific programs	141,631	186,693	199,092	206,561	374,097	114,298	187,221	181,857	233,702	171,104
Investment earnings	3,862,641	425,825	50,449	124,557	64,461	24,626	10,179	43,169	117,610	197,190
Miscellaneous revenue	6,531,834	5,794,279	6,905,175	7,734,015	12,465,707	10,027,818	7,250,519	5,968,139	7,965,410	5,312,045
Gain on sale of assets	323,158	-	146,640	159,766	301,805	-	-	976,092	-	-
Extraordinary item	-	3,900,000	-	-	-	-	-	-	-	-
Transfers	(4,753,802)	(4,249,246)	(13,762,102)	(24,591,442)	(2,703,014)	251,687	(2,786,351)	(3,176,087)	(4,212,460)	(2,749,106)
Total governmental activities general revenues and other changes in net position	145,906,409	138,040,677	160,423,691	153,416,541	182,895,562	185,667,536	181,924,736	189,112,500	161,502,961	195,909,254
Total governmental activities changes in net position	\$ (43,572,794)	\$ (48,816,730)	\$ (33,351,335)	\$ (58,285,662)	\$ (26,186,725)	\$ (29,493,038)	\$ (19,641,133)	\$ (10,354,094)	\$ (51,584,172)	\$ (24,622,877)

Note: Periods prior to 2013 have not been retroactively restated to reflect the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Periods prior to 2015 have not been retroactively restated to reflect the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, or GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to Measurement Date*.

(Continued)

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 2
CHANGES IN NET POSITION (CONTINUED)
(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities										
Expenses										
Montgomery Area Transit System	\$ 2,194,586	\$ 3,205,634	\$ 2,291,121	\$ 3,516,281	\$ 2,893,071	\$ 2,968,117	\$ 2,508,276	\$ 2,604,476	\$ 4,219,191	\$ 2,171,855
Montgomery Zoo	6,223,595	5,709,728	5,889,762	5,960,749	4,157,248	4,314,540	4,236,650	4,417,798	4,514,802	4,744,773
Municipal Golf	3,290,143	2,932,109	2,014,501	2,343,402	2,099,827	2,100,103	1,964,366	1,697,967	1,735,682	1,793,047
Montgomery River Boat	-	553,658	858,102	764,208	657,438	696,408	718,214	913,531	1,172,106	1,101,647
Municipal Parking Decks	266,244	318,963	348,955	330,042	383,818	-	-	-	-	-
Food Services	-	-	-	-	1,730,374	1,086,281	-	-	-	-
Total business-type activities expenses	11,974,568	12,720,092	11,402,441	12,914,682	11,921,776	11,165,449	9,427,506	9,633,772	11,641,781	9,811,322
Revenues										
Charges for services:										
Montgomery Area Transit System	750,752	800,896	761,053	746,779	892,983	1,043,162	1,169,748	899,258	792,009	707,226
Montgomery Zoo	3,284,339	2,553,288	2,719,497	3,144,888	2,157,345	2,647,074	2,552,954	2,814,323	3,000,320	3,160,812
Municipal Golf	1,528,342	1,372,814	883,908	1,167,130	1,247,380	1,237,161	1,209,769	1,239,048	1,186,204	1,152,652
Montgomery River Boat	-	564,180	691,978	739,255	804,468	723,314	842,319	989,788	1,143,939	1,097,890
Municipal Parking Decks	56,369	62,302	230,980	322,179	280,769	-	-	-	-	-
Food Services	-	-	-	-	1,311,857	832,747	-	-	-	-
Total business-type activities revenues	5,619,802	5,353,480	5,287,416	6,120,231	6,694,802	6,483,458	5,774,790	5,942,417	6,122,472	6,138,580
Total business-type activities net program expenses	(6,354,766)	(7,366,612)	(6,115,025)	(6,794,451)	(5,226,974)	(4,681,991)	(3,652,716)	(3,691,355)	(5,519,309)	(3,672,742)
Other changes in net position										
Investment earnings	15,679	3,329	391	372	411	-	533	521	652	736
Miscellaneous revenue	-	-	-	37,300	-	-	-	-	780,000	-
Capital contributions	-	11,085	-	-	-	-	-	-	-	-
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-
Transfers	4,753,802	4,249,246	13,762,102	24,591,442	2,703,014	(251,334)	2,786,351	3,176,087	4,212,460	2,749,106
Total business-type activities change in net position	4,769,481	4,268,660	13,762,493	24,629,114	2,739,866	(251,334)	2,786,884	3,176,608	5,026,578	2,749,842
Total business-type activities change in net position	\$ (1,585,285)	\$ (3,102,952)	\$ 7,647,468	\$ 17,834,663	\$ (2,487,108)	\$ (4,933,325)	\$ (865,832)	\$ (514,747)	\$ (492,731)	\$ (922,900)
Total primary government change in net position	\$ (45,158,079)	\$ (51,919,682)	\$ (25,703,867)	\$ (40,450,999)	\$ (28,673,833)	\$ (34,426,383)	\$ (20,506,965)	\$ (10,868,841)	\$ (52,076,903)	\$ (25,545,777)

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 3
FUND BALANCES OF GOVERNMENTAL FUNDS
(modified accrual basis of accounting)

	Fiscal Year										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
General fund											
Reserved	\$ 2,538,295	\$ 3,006,134	\$ 4,180,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	4,852,300	12,480,127	5,580,127	-	-	-	-	-	-	-	-
Unreserved	36,114,095	18,322,084	(370,572)	-	-	-	-	-	-	-	-
Nonspendable:											
Inventories	-	-	-	1,216,275	1,282,344	1,172,223	1,186,772	1,028,876	1,085,069	1,110,863	
Long-term receivables	-	-	-	6,016,006	9,048,715	8,171,171	4,697,483	2,342,258	1,639,902	739,000	
Prepaid items	-	-	-	156,915	107,386	36,048	10,731	29,968	48,392	86,232	
Assigned to other	-	-	-	3,110	-	-	-	-	-	-	
Unassigned	-	-	-	(2,147,624)	(4,685,090)	5,750,888	11,778,557	17,066,461	19,926,880	23,109,126	
Total general fund	\$ 43,504,690	\$ 33,808,345	\$ 9,389,957	\$ 5,244,682	\$ 5,753,355	\$ 15,130,330	\$ 17,673,543	\$ 20,467,563	\$ 22,700,243	\$ 25,045,221	

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 3
FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
(modified accrual basis of accounting)

	Fiscal Year										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
All other governmental funds											
Reserved	\$ 12,773,443	\$ 5,912,466	\$ 13,248,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated, reported in:											
Debt service funds	2,351,976	2,501,349	2,000,065	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated, reported in:											
Capital projects funds	56,863,500	27,053,980	64,274,507	-	-	-	-	-	-	-	-
Special revenue funds	9,332,375	5,987,202	2,376,183	-	-	-	-	-	-	-	-
Nonspendable:											
Assets held for resale	-	856,500	-	856,500	664,500	533,600	21,931	32,817	32,817	-	-
Long-term receivables	-	1,126	-	1,126	1,126	201,126	404,020	-	-	-	-
Prepaid items	-	87,132	-	87,132	50,278	16,048	2,316	9,882	4,494	934,180	-
Restricted for:											
Capital projects	-	34,834,191	-	34,834,191	9,806,574	9,384,544	2,446,650	15,339,315	4,615,427	5,039,758	-
Debt service	-	2,506,239	-	2,506,239	2,139,717	1,212,885	2,109,921	369,032	1,803,103	2,272,139	-
Emergency communications center	-	-	-	-	-	-	1,578,649	3,212,736	3,866,305	4,374,661	-
Intergovernmental	-	2,600,889	-	2,600,889	6,802,355	4,192,108	5,715,597	5,694,904	5,202,496	5,493,827	-
Landfill	-	2,015,410	-	2,015,410	865,984	4,364,550	1,642,477	548,499	322,750	125,827	-
Municipal Court Corrections	-	484,534	-	484,534	672,821	469,090	44,299	751,405	743,814	297,683	-
Other	-	13,083	-	13,083	11,744	8,155	70,320	42,690	1,799,981	559,512	-
Riverfront Stadium	-	4,506,503	-	4,506,503	3,047,947	2,842,834	1,210,093	1,418,442	-	1,569,416	-
Roads	-	448,962	-	448,962	-	-	-	-	-	-	-
Assigned to:											
Capital projects	-	678,527	-	678,527	-	108,715	-	-	-	-	-
Other	-	99,205	-	99,205	253,295	-	-	-	-	-	-
Unassigned	-	(4,140,529)	-	(4,140,529)	(1,657,915)	(1,668,547)	(1,325,010)	(835,214)	(467,681)	(21,574)	-
Total all other governmental funds	\$ 81,321,294	\$ 41,454,997	\$ 81,899,159	\$ 44,991,772	\$ 22,658,426	\$ 21,665,108	\$ 13,921,263	\$ 26,584,508	\$ 17,923,506	\$ 20,645,429	\$ -

Note: Periods prior to 2011 have not been retroactively restated for the impact of GASB Statement No. 54, *Fund Balance Reporting and the Governmental Fund Type Definitions*.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 4
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
(modified accrual basis of accounting)

	Fiscal Year										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Revenues											
Taxes	\$ 139,800,947	\$ 131,983,126	\$ 136,401,849	\$ 138,416,498	\$ 139,762,358	\$ 142,299,345	\$ 143,363,226	\$ 150,280,575	\$ 153,714,078	\$ 157,560,455	
Licenses and permits	37,956,968	37,874,584	38,269,290	38,943,003	40,233,482	40,745,775	41,974,540	43,199,450	43,590,108	43,516,014	
Intergovernmental revenues	17,582,785	23,849,518	31,409,043	25,003,498	21,364,126	22,877,080	31,816,898	27,602,041	27,884,939	28,721,254	
Charges and fees for services	11,360,885	13,457,972	14,592,111	15,311,202	15,585,598	18,120,872	18,284,417	20,630,699	21,178,385	20,732,095	
Fines and forfeitures	6,817,336	8,648,985	9,834,116	7,853,059	8,929,730	8,071,750	7,407,973	5,349,328	4,832,941	4,180,815	
Interest	3,862,641	425,830	50,446	124,557	64,461	24,626	10,179	43,169	109,063	191,190	
Miscellaneous	7,336,803	6,624,840	8,270,334	6,756,166	12,050,790	7,918,093	6,944,784	5,559,181	7,065,423	4,467,256	
Total revenues	224,518,365	221,864,655	238,827,189	232,407,983	237,990,505	240,057,541	249,802,017	252,664,443	258,374,937	259,375,079	
Expenditures											
Current:											
General government	40,290,264	41,762,638	47,973,762	44,341,654	53,663,426	55,517,932	54,133,890	52,399,400	55,366,370	57,315,050	
Public works	54,863,215	55,801,973	42,571,546	43,843,513	40,306,505	40,563,256	39,338,940	42,125,024	38,291,278	38,461,751	
Public safety	81,551,085	80,660,653	80,282,388	83,563,849	92,011,982	82,176,920	83,226,748	82,520,109	83,706,010	84,788,114	
Cultural and recreational	26,859,709	20,439,052	28,014,356	20,047,378	29,642,735	30,381,600	29,816,021	28,776,655	29,641,124	30,030,865	
Intergovernmental	3,870,401	25,666,518	14,594,405	4,214,102	2,649,743	13,176,451	5,731,528	2,045,603	6,648,198	2,394,912	
Capital outlay	22,574,761	19,903,596	22,953,351	35,497,808	23,519,971	8,267,765	9,356,571	5,864,652	10,865,899	6,715,101	
Debt service:											
Principal payments	11,429,727	18,364,694	18,927,115	11,031,381	11,274,995	14,285,642	21,657,205	37,145,515	22,573,320	22,983,227	
Interest	11,794,593	11,324,313	10,936,652	13,660,258	13,279,429	12,020,002	11,784,215	11,466,389	12,332,267	11,947,860	
Debt issuance costs	-	-	1,011,871	409,212	5,000	888,563	21,037	197,221	35,287	15,720	
Total expenditures	253,233,755	273,923,437	267,065,446	265,609,155	266,333,786	257,278,131	255,246,155	262,340,368	259,459,753	254,652,600	
Excess of revenue over (under) expenditures	(28,715,390)	(52,058,782)	(28,238,257)	(33,201,172)	(28,363,281)	(17,220,590)	(5,444,138)	(9,876,125)	(1,084,816)	4,722,479	
Other financing sources (uses)											
Proceeds from sale of assets	461,044	209,170	177,871	413,709	462,131	554,770	1,663,452	1,544,459	961,979	648,819	
Transfers in	36,134,376	53,853,006	46,527,332	39,962,038	29,721,790	41,971,370	41,383,047	50,158,502	46,135,425	48,535,595	
Transfers out	(43,990,008)	(61,568,260)	(81,233,589)	(52,984,538)	(38,224,333)	(51,828,388)	(54,267,557)	(56,802,146)	(57,440,625)	(59,156,441)	
Capital leases	4,923,829	5,010,974	5,966,304	4,332,320	14,067,540	4,003,234	4,643,947	2,930,657	4,964,715	5,316,447	
Issuance of bonds	-	5,000,000	64,905,000	-	511,480	29,583,757	-	9,190,000	-	-	
Issuance of refunding bonds	-	-	42,090,000	38,760,000	-	76,946,243	6,042,599	53,898,119	-	-	
Issuance of notes payable	-	-	-	-	-	952,351	778,019	-	-	-	
Payment to refunded bonds escrow agent	-	-	(39,108,572)	(40,886,025)	-	(76,946,243)	-	(36,382,129)	-	-	
Bond premium and discount, net	-	-	4,939,685	2,551,006	-	367,153	-	795,928	-	-	
Total other financing sources (uses)	(2,470,759)	2,504,890	44,264,031	(7,851,490)	6,538,608	25,604,247	243,507	25,333,390	(5,343,506)	344,420	
Net change in fund balance	\$ (31,186,149)	\$ (49,553,892)	\$ 16,023,774	\$ (41,052,662)	\$ (21,824,673)	\$ 8,383,657	\$ (5,200,631)	\$ 15,457,265	\$ (6,428,322)	\$ 5,066,899	
Debt service as a percentage of noncapital expenditures	10.45%	11.98%	12.28%	10.89%	10.91%	11.04%	14.02%	19.26%	13.45%	14.44%	

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 5
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Fiscal Year	City Sales Tax	Real and Personal Property Tax	Motor Fuel Tax	Lodging Tax	Alcoholic Beverage Tax	Tobacco Tax	Rental Tax	Total
2008	\$ 93,799,356	\$ 30,241,233	\$ 8,363,070	\$ 5,550,268	\$ 227,511	\$ 1,619,508	\$ -	\$ 139,800,946
2009	83,980,254	31,099,698	8,202,877	5,269,547	254,164	1,411,990	1,764,595	131,983,125
2010	86,150,767	31,378,176	8,335,705	5,578,274	234,501	1,438,763	3,285,663	136,401,849
2011	88,699,968	30,885,675	8,052,601	5,712,415	276,837	1,451,072	3,337,930	138,416,498
2012	91,159,140	29,892,243	7,633,517	6,061,073	291,270	1,426,532	3,298,583	139,762,358
2013	93,635,244	29,394,346	7,770,057	6,217,583	391,566	1,495,410	3,395,139	142,299,345
2014	95,775,104	28,963,542	5,154,871	8,119,756	296,786	1,494,478	3,558,689	143,363,226
2015	100,641,722	28,922,582	5,289,781	8,984,951	350,653	1,779,831	4,311,055	150,280,575
2016	102,478,204	29,621,888	5,632,958	9,389,538	316,166	1,588,275	4,687,049	153,714,078
2017	103,720,833	32,194,491	5,743,942	9,582,950	330,386	1,502,207	4,485,646	157,560,455

Note: The City of Montgomery instituted a rental tax in 2009 of four (4) percent for tangible personal property, linens, and garments and one and one-half (1.5) percent for vehicles, truck trailers, and house trailers.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 6
NET TAXABLE SALES BY CATEGORY

	Fiscal Year										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
General merchandise	\$ 2,485,139,504	\$ 2,259,586,708	\$ 2,262,566,175	\$ 2,339,761,197	\$ 2,385,494,258	\$ 2,435,808,044	\$ 2,491,187,011	\$ 2,621,362,041	\$ 2,670,083,155	\$ 2,272,979,997	
Auto and agriculture	420,546,870	323,164,949	358,467,479	415,092,080	451,123,914	497,452,400	517,108,866	556,428,894	209,319,797	585,447,368	
Manufacturing machine	69,707,851	52,592,609	141,720,419	90,271,143	116,039,303	124,393,644	120,237,936	110,782,253	48,545,725	105,025,002	
Totals	\$ 2,975,394,225	\$ 2,635,344,266	\$ 2,762,754,073	\$ 2,845,124,420	\$ 2,952,657,475	\$ 3,057,654,088	\$ 3,128,533,813	\$ 3,288,573,188	\$ 2,927,948,677	\$ 2,963,452,367	
City direct sales tax rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	

Source: City Revenue Division of the Department of Finance.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 7
SALES TAX REVENUE PAYERS BY CATEGORY

	2008			2009			2010		
	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers
General merchandise	\$ 87,322,631	6,327	21.87%	\$ 78,160,260	6,311	23.25%	\$ 79,189,817	6,082	24.33%
Auto and agriculture	5,256,837	251	67.53%	4,723,801	276	59.06%	4,480,843	216	62.29%
Manufacturing machine	1,219,888	360	51.55%	1,096,193	352	53.75%	2,480,107	348	54.80%
Totals	\$ 93,799,356	6,938		\$ 83,980,254	6,939		\$ 86,150,767	6,646	
	2011			2012			2013		
	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers
General merchandise	\$ 81,931,572	6,045	22.24%	\$ 83,489,402	6,198	22.85%	\$ 85,253,282	6,183	22.72%
Auto and agriculture	5,188,651	211	69.23%	5,639,050	228	30.81%	6,218,155	228	56.91%
Manufacturing machine	1,579,745	354	62.10%	2,030,688	350	72.62%	2,176,889	376	81.00%
Totals	\$ 88,699,968	6,610		\$ 91,159,140	6,776		\$ 93,648,326	6,787	
	2014			2015			2016		
	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers
General merchandise	\$ 87,191,545	6,466	24.02%	\$ 91,747,671	6,376	23.66%	\$ 93,452,910	6,227	23.67%
Auto and agriculture	6,463,861	243	83.12%	6,955,361	237	65.32%	7,326,194	255	75.34%
Manufacturing machine	2,104,164	357	81.83%	1,938,690	327	75.69%	1,699,100	370	65.53%
Totals	\$ 95,759,570	7,066		\$ 100,641,722	6,940		\$ 102,478,204	6,852	
	2017								
	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers						
General merchandise	\$ 94,654,853	5,197	22.15%						
Auto and agriculture	7,240,503	186	73.78%						
Manufacturing machine	1,825,477	287	72.75%						
Totals	\$ 103,720,833	5,670							

Note: Top ten taxpayers represents the percentage of total tax remitted by the largest ten sales tax remitters per sales category.

Source: City Revenue Division of the Department of Finance.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 8
DIRECT AND OVERLAPPING SALES TAX RATES

Fiscal Year	City Direct Rate	Montgomery County	State of Alabama	Total Sales Tax
2008	3.50%	2.50%	4.00%	10.00%
2009	3.50%	2.50%	4.00%	10.00%
2010	3.50%	2.50%	4.00%	10.00%
2011	3.50%	2.50%	4.00%	10.00%
2012	3.50%	2.50%	4.00%	10.00%
2013	3.50%	2.50%	4.00%	10.00%
2014	3.50%	2.50%	4.00%	10.00%
2015	3.50%	2.50%	4.00%	10.00%
2016	3.50%	2.50%	4.00%	10.00%
2017	3.50%	2.50%	4.00%	10.00%

Sources: City Revenue Division of the Department of Finance and Montgomery County Department of Finance.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 9
PRINCIPAL SALES TAX REMITTERS

<u>Tax Remitter</u>	<u>2008</u>		<u>2017</u>	
	<u>Rank</u>	<u>Percentage of Total Sales Tax Remitted</u>	<u>Rank</u>	<u>Percentage of Total Sales Tax Remitted</u>
Wal-Mart	1	6.06%	1	6.78%
Winn Dixie of Montgomery	2	2.71%	5	1.55%
Sams	3	2.59%	4	2.27%
Publix Alabama, LLC	4	2.43%	2	2.85%
Lowe's of Montgomery	6	1.20%	10	0.96%
Brunos Super Markets	5	1.20%	-	-
Target Store	7	1.19%	8	1.15%
Dillard's	8	1.09%	7	1.16%
Costco Wholesale	9	0.97%	3	2.51%
Best Buy Stores, LP	10	0.93%	-	-
Home Depot USA, Inc.	-	-	6	1.50%
Jack Ingram Motors, Co.	-	-	9	1.03%
Totals		<u>20.37%</u>		<u>21.76%</u>

Source: City Revenue Division of the Department of Finance.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 10
RATIOS OF OUTSTANDING DEBT BY TYPE

Fiscal Year	Governmental Activities				Total Outstanding Debt	Percentage of Taxable Sales (b)	Percentage of Personal Income (c)	Liability Per Capita Population (c)
	General Obligation Bonds (a)	Revenue Warrants	Capital Leases	Notes Payable				
2008	\$ 205,882,794	\$ 23,520,000	\$ 14,202,106	\$ -	\$ 243,604,900	8.19%	5.14%	\$ 1,208.55
2009	202,564,561	18,385,000	13,445,826	-	234,395,387	8.89%	5.02%	1,162.86
2010	265,981,223	18,205,000	11,003,130	-	295,189,353	10.68%	5.99%	1,434.60
2011	260,253,900	17,975,000	10,600,735	-	288,829,635	10.15%	6.01%	1,403.69
2012	254,266,917	17,690,000	19,991,063	-	291,947,980	9.78%	6.12%	1,418.85
2013	304,070,449	-	18,956,267	952,351	323,979,067	10.60%	6.64%	1,574.52
2014	293,365,985	-	17,895,621	1,730,370	312,991,976	10.00%	6.24%	1,521.12
2015	293,050,266	-	14,280,511	-	307,330,777	9.35%	6.09%	1,493.61
2016	307,215,172	-	13,524,025	-	320,739,197	10.95%	6.38%	1,558.77
2017	289,587,644	-	13,152,953	4,750,000	307,490,597	10.38%	5.86%	1,494.38

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

- (a) General Obligation Bonds presented net of original issuance discounts and premiums.
- (b) See Schedule 6 for net taxable sales.
- (c) See Schedule 15 for personal income and population data.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 11
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Fiscal Year	General Obligation Bonds (a)	Less: Amount Available in Debt Service Fund (b)	Total	Percentage of Net Taxable Sales (c)	Liability Per Capita Population (d)
2008	\$ 205,882,794	\$ 2,351,976	\$ 203,530,818	6.84%	\$ 1,009.74
2009	202,564,561	2,501,349	200,063,212	7.59%	992.53
2010	265,981,223	2,000,065	263,981,158	9.56%	1,282.93
2011	260,253,900	2,506,239	257,747,661	9.06%	1,252.64
2012	254,266,917	2,139,717	252,127,200	8.54%	1,225.32
2013	304,070,449	1,212,885	302,857,564	9.90%	1,471.87
2014	293,365,985	2,109,921	291,256,064	9.31%	1,415.49
2015	293,050,266	369,032	292,681,234	8.90%	1,422.41
2016	307,215,172	2,793,745	304,421,427	10.40%	1,479.47
2017	289,587,644	2,739,347	286,848,297	9.68%	1,394.06

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

- (a) General Obligation Bonds presented net of deferred amounts.
- (b) This is the amount externally restricted for debt service principal payments.
- (c) See Schedule 6 for net taxable sales.
- (d) See Schedule 15 for population data.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 12
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
2008			
Direct			
City of Montgomery:			
General Obligation including			
Capital Leases	\$ 243,604,900	100.00%	\$ 243,604,900
Overlapping			
County of Montgomery:			
Montgomery County General and			
Limited Obligation Warrants	<u>140,090,000</u>	79.48%	<u>111,336,779</u>
Total direct and overlapping debt	<u>\$ 383,694,900</u>		<u>\$ 354,941,679</u>
2009			
Direct			
City of Montgomery:			
General Obligation including			
Capital Leases	\$ 234,395,387	100.00%	\$ 234,395,387
Overlapping			
County of Montgomery:			
Montgomery County General and			
Limited Obligation Warrants	<u>136,055,000</u>	85.58%	<u>116,433,543</u>
Total direct and overlapping debt	<u>\$ 370,450,387</u>		<u>\$ 350,828,930</u>
2010			
Direct			
City of Montgomery:			
General Obligation including			
Capital Leases	\$ 295,189,353	100.00%	\$ 295,189,353
Overlapping			
County of Montgomery:			
Montgomery County General and			
Limited Obligation Warrants	<u>132,070,000</u>	86.81%	<u>114,648,161</u>
Total direct and overlapping debt	<u>\$ 427,259,353</u>		<u>\$ 409,837,514</u>

(Continued)

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 12
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (CONTINUED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<u>2011</u>			
Direct			
City of Montgomery:			
General Obligation including			
Capital Leases	\$ 288,829,635	100.00%	\$ 288,829,635
Overlapping			
County of Montgomery:			
Montgomery County General and			
Limited Obligation Warrants	128,015,000	87.46%	111,966,226
Total direct and overlapping debt	<u>\$ 416,844,635</u>		<u>\$ 400,795,861</u>
<u>2012</u>			
Direct			
City of Montgomery:			
General Obligation including			
Capital Leases	\$ 291,947,980	100.00%	\$ 291,947,980
Overlapping			
County of Montgomery:			
Montgomery County General and			
Limited Obligation Warrants	128,091,936	86.87%	111,269,059
Total direct and overlapping debt	<u>\$ 420,039,916</u>		<u>\$ 403,217,039</u>
<u>2013</u>			
Direct			
City of Montgomery:			
General Obligation including			
Capital Leases	\$ 323,979,067	100.00%	\$ 311,777,433
Overlapping			
County of Montgomery:			
Montgomery County General and			
Limited Obligation Warrants	121,235,000	86.75%	105,174,488
Total direct and overlapping debt	<u>\$ 445,214,067</u>		<u>\$ 416,951,921</u>
<u>2014</u>			
Direct			
City of Montgomery:			
General Obligation including			
Capital Leases	\$ 312,991,976	100.00%	\$ 312,991,976
Overlapping			
County of Montgomery:			
Montgomery County General and			
Limited Obligation Warrants	121,129,218	86.68%	104,999,970
Total direct and overlapping debt	<u>\$ 434,121,194</u>		<u>\$ 417,991,946</u>

(Continued)

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 12
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (CONTINUED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<u>2015</u>			
Direct			
City of Montgomery:			
General Obligation including Capital Leases	\$ 307,330,777	100.00%	\$ 307,330,777
Overlapping			
County of Montgomery:			
Montgomery County General and Limited Obligation Warrants	<u>132,842,065</u>	88.41%	<u>117,439,525</u>
Total direct and overlapping debt	<u>\$ 440,172,842</u>		<u>\$ 424,770,302</u>
<u>2016</u>			
Direct			
City of Montgomery:			
General Obligation including Capital Leases	\$ 320,739,197	100.00%	\$ 320,739,197
Overlapping			
County of Montgomery:			
Montgomery County General and Limited Obligation Warrants	<u>126,874,223</u>	87.82%	<u>111,422,953</u>
Total direct and overlapping debt	<u>\$ 447,613,420</u>		<u>\$ 432,162,150</u>
<u>2017</u>			
Direct			
City of Montgomery:			
General Obligation including Capital Leases	\$ 307,490,597	100.00%	\$ 307,490,597
Overlapping			
County of Montgomery:			
Montgomery County General and Limited Obligation Warrants	<u>120,639,320</u>	87.80%	<u>105,916,290</u>
Total direct and overlapping debt	<u>\$ 428,129,917</u>		<u>\$ 413,406,887</u>

(a) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the County's boundaries and dividing it by the County's total taxable assessed value.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Montgomery. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Sources: Assessed value data used to estimate applicable percentages provided by the Montgomery County Revenue Commissioner. Debt outstanding data provided by the Montgomery County Commission.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 13
LEGAL DEBT MARGIN INFORMATION

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 549,783,152	\$ 565,013,780	\$ 559,440,631	\$ 551,311,856	\$ 524,101,032	\$ 531,082,554	\$ 538,171,288	\$ 545,789,924	\$ 426,159,672	\$ 451,905,092
Total net debt applicable to limit	185,430,776	178,602,164	224,288,072	220,390,601	237,372,574	249,669,288	248,510,294	243,181,650	260,624,103	251,539,250
Legal debt margin	\$ 364,352,376	\$ 386,411,616	\$ 335,152,559	\$ 330,921,255	\$ 286,728,458	\$ 281,413,266	\$ 289,660,994	\$ 302,608,274	\$ 165,535,569	\$ 200,365,842
Total net debt applicable to the limit as a percentage of debt limit	33.73%	31.61%	40.09%	39.98%	45.29%	47.01%	46.18%	44.56%	61.16%	55.66%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed property value	\$ 2,259,525,460
Debt limit (20% of assessed property value)	\$ 451,905,092
Debt applicable to limit:	
General obligation debt including capital leases and notes payable	\$ 307,490,597
Less: Debt attributable to construction of school houses	(55,951,347)
Total net debt applicable to limit	251,539,250
Legal debt margin	\$ 200,365,842

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 14
PLEDGED-REVENUE COVERAGE

Fiscal Year	Revenue Warrants				Coverage
	Lodging Tax Revenue	Debt Service			
		Principal	Interest		
2008	\$ 1,622,584	\$ 595,000	\$ 1,288,115	0.86	
2009	1,578,726	5,135,000	1,105,969	0.25	
2010	1,618,591	180,000	1,077,463	1.29	
2011	1,823,172	230,000	1,067,213	1.41	
2012	1,782,052	285,000	1,054,338	1.33	
2013	1,805,041	340,000	523,606	2.09	
2014	N/A	N/A	N/A	N/A	
2015	N/A	N/A	N/A	N/A	
2016	N/A	N/A	N/A	N/A	
2017	N/A	N/A	N/A	N/A	

Notes: Details regarding the City's revenue warrants can be found in the notes to the financial statements. The revenue warrants issued in December 2003 are secured by 2.5% of the 8.5% lodging tax levied by the City. The warrants were defeased in November 2012 with the issuance of the General Obligation Warrants, Series 2012-A and 2012-B.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 15
DEMOGRAPHIC AND ECONOMIC STATISTICS

Calendar Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Montgomery County Unemployment Rate
2008	201,568	\$ 4,743,902,880	\$ 23,535	31,588	5.4%
2009	201,568	4,672,346,240	23,180	31,743	10.1%
2010	205,764	4,931,751,552	23,968	31,681	9.2%
2011	205,764	4,807,264,332	23,363	31,681	10.0%
2012	205,764	4,768,786,464	23,176	31,470	7.9%
2013	205,764	4,880,927,844	23,721	31,316	7.1%
2014	205,764	5,013,439,860	24,365	31,316	6.6%
2015	205,764	5,048,831,268	24,537	30,298	6.0%
2016	205,764	5,026,814,520	24,430	29,811	5.7%
2017	205,764	5,244,512,832	25,488	29,500	3.6%

Sources: Population information provided by the 2000 and 2010 Census. Personal income information provided by the Economic Development Partnership of Alabama. Unemployment data provided by the State Department of Labor. School enrollment data provided by Montgomery County Public School Board.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 16
PRINCIPAL EMPLOYERS

<u>Employer</u>	2008		2017	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Maxwell-Gunter Air Force Base	12,280	6.44%	12,280	6.19%
State of Alabama	9,500	4.98%	11,639	5.87%
Montgomery Public Schools	4,300	2.26%	4,524	2.28%
Baptist Health Systems	4,524	2.37%	4,300	2.17%
Hyundai Motor Manufacturing AL	3,171	1.66%	3,100	1.56%
ALFA Insurance Companies	2,568	1.35%	2,568	1.29%
City of Montgomery	2,500	1.31%	2,500	1.26%
MOBIS Alabama, LLC	-	0.00%	1,400	0.71%
Jackson Hospital & Clinic, Inc.	1,300	0.68%	1,300	0.66%
Koch Foods	-	0.00%	1,250	0.63%
Rheem Water Heaters	1,050	0.55%	-	0.00%
754th Electronic Systems Group	1,943	1.02%	-	0.00%
Total	43,136	22.62%	44,861	22.62%

Source: Montgomery Chamber of Commerce

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 17
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of September 30</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government:										
Mayor	6	5	6	8	8	8	8	8	8	10
City Clerk	4	4	4	4	4	3	4	4	4	5
City Attorney	13	7	11	11	8	8	8	8	8	7
City Investigation	-	-	-	-	3	3	2	3	2	3
Development	-	-	-	-	2	2	2	5	5	4
Finance	59	54	55	57	54	51	50	50	49	52
Information Technology	24	14	20	21	19	29	31	28	28	28
Garage	75	78	74	63	61	64	56	54	54	57
Municipal Court	48	52	49	48	46	44	45	43	43	44
Municipal Parking Deck	4	5	5	6	6	13	13	15	15	13
Planning and Development	36	36	34	35	31	32	31	29	27	28
Risk Management	-	-	-	-	-	6	6	6	5	6
311 Call Center	-	-	-	-	-	5	7	6	4	4
Public safety:										
Police:										
Officers	512	507	500	528	523	523	506	491	492	493
Civilians	147	173	168	207	161	136	134	132	127	126
Fire:										
Officers	542	539	496	550	551	552	552	555	524	516
Civilians	8	9	8	9	9	8	8	7	7	7
City/County Emergency Management Agency	3	5	11	11	11	5	4	4	5	5
Communications	88	86	81	77	72	48	56	66	58	59
Public works:										
Engineering	87	26	25	26	23	21	21	20	19	16
Inspections	-	38	36	37	35	35	31	31	32	31
Landfill	-	20	21	21	19	18	16	16	14	15
Maintenance	326	276	201	207	195	193	183	183	174	152
Sanitation	311	316	281	289	262	246	258	260	238	232
Traffic Engineering	44	41	42	41	42	38	36	33	34	32
Cultural and recreational:										
Parks and Recreation	294	286	267	251	260	253	294	221	206	211
Downtown Redevelopment	9	8	8	9	-	-	-	9	9	9
Food Services	-	-	-	-	16	5	-	-	-	-
Harriott II Riverboat	-	-	-	-	-	-	-	3	3	4
Lagoon and Gateway Parks	42	31	28	24	14	11	11	-	-	-
Leisure Department - Building Maintenance	-	103	67	68	61	60	63	62	65	64
Library	67	65	63	63	61	62	60	61	62	63
Montgomery Zoo	87	92	89	75	51	45	46	45	45	43
Museum	40	36	34	37	37	37	35	34	32	39
Old Alabama Town	4	4	-	-	-	-	-	-	-	-
Public Information and External Affairs	-	4	4	4	4	4	6	6	6	5
Total	2,880	2,920	2,688	2,787	2,649	2,568	2,583	2,498	2,404	2,383

Source: City Finance Department.

Notes: A full-time employee is scheduled to work 40 hours per week (including vacation and sick leave).

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 18
OPERATING INDICATORS BY FUNCTION/PROGRAM

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government:										
Business licenses issued	16,909	16,922	15,353	14,975	14,826	14,741	14,793	15,116	16,089	15,076
Building permits issued	7,813	5,919	6,578	6,705	6,834	7,554	8,303	8,459	9,064	8,724
Public safety:										
Police:										
Physical arrests	6,981	10,436	11,493	11,003	15,982	13,973	11,583	10,673	9,436	9,853
Parking violations	73,006	57,674	51,744	51,744	31,754	37,022	31,505	31,414	28,246	28,305
Traffic violations	119,416	117,158	104,462	104,462	108,143	87,425	78,070	61,630	62,846	55,814
Fire:										
Emergency responses	30,211	28,578	25,510	26,043	26,972	24,155	27,299	26,538	32,734	34,775
Fires extinguished	5,666	5,006	5,339	4,959	4,786	4,930	7,042	5,320	4,933	4,839
Inspections	18,140	18,966	15,661	17,940	18,787	18,425	15,898	16,542	15,690	11,746
Public works:										
Refuse collected (tons per year)	132,645	123,504	112,889	114,310	111,049	112,676	68,341	64,119	107,849	113,580
Recyclables collected (tons per year)	2,690	2,775	1,275	578	581	559	39,772	44,734	-	-
Streets resurfaced (tons of paving material)	44,228	44,247	28,023	30,055	25,739	42,109	33,750	52,183	32,031	35,180
Transit:										
Passengers	1,328,459	1,336,936	1,361,928	1,202,482	1,036,087	958,023	941,920	867,901	785,069	683,363
Cultural and recreational:										
Library:										
Total circulation	458,072	450,285	448,993	446,657	416,320	390,571	367,149	444,671	667,157	654,579
Parks and Recreation:										
Golf rounds played	39,926	40,053	40,108	38,922	24,740	37,017	33,340	34,530	33,400	28,330
Youth baseball/softball games played	6,295	6,361	6,291	6,351	6,415	6,435	6,503	6,551	6,601	6,704
League and tournament games played	2,935	2,568	3,018	2,782	2,840	2,865	2,888	2,995	3,262	3,312
Games played in athletic facilities:										
Basketball	810	825	832	912	1,028	292	443	470	480	510
Volleyball	84	75	82	86	215	167	185	195	220	235
Football	395	408	415	421	450	41	43	44	47	48
Soccer	1,290	1,305	1,320	1,358	1,460	1,620	1,680	1,750	1,763	1,807
Kickball	-	-	-	-	-	75	80	80	266	278
Baseball	-	-	-	-	-	-	-	-	255	263

Sources: Various City departments.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 19
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public safety:										
Police:										
Stations	1	1	1	1	1	1	3	3	3	3
Patrol cars	224	248	216	223	235	240	252	257	256	268
Fire stations	15	15	15	15	15	15	16	16	16	16
Public works:										
Streets (miles)	1,099	1,107	1,203	1,110	1,115	1,118	1,107	1,068	1,070	1,093
Traffic signals	438	470	474	478	483	436	429	429	432	432
Street lights	28,230	29,013	29,057	28,981	29,000	29,012	29,032	29,033	29,033	29,033
Refuse collection trucks	128	125	130	125	127	129	120	122	118	117
Transit:										
Busses	50	50	45	55	48	48	45	49	44	48
Cultural and recreational:										
Acreage	1,822	1,827	1,836	1,836	1,836	1,857	1,857	1,857	1,857	1,873
Golf courses (acres)	610	610	610	610	610	610	610	610	610	610
Playgrounds	58	55	54	52	52	52	52	52	52	58
Baseball/softball fields	90	87	87	87	87	87	87	87	87	87
Tennis courts	42	46	46	46	46	46	46	46	46	46
Special facilities	6	6	6	6	7	7	7	7	7	7
Community centers	28	28	26	26	26	23	23	20	20	21

Sources: Various City departments.

Notes: No capital asset indicators are available for the general government.

