

CITY OF MONTGOMERY, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Prepared by: Department of Finance
Betty Beville, Interim Director of Finance

CITY OF MONTGOMERY, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2019

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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

February 4, 2020

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, 2019. 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, 2019. The accounting firm of Jackson Thornton was selected to conduct the 2019 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 incorporated 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 function 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 and the Emergency Communications District of the City of Montgomery were determined to be reportable component units and have been included in this report.

LOCAL ECONOMY

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 2019, the manufacturing sector represented over 10% of jobs in the region. The housing market also remained firm with home sales stable and average sales prices increasing slightly in fiscal year 2019.

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 is lower than the national rate. The City's Unemployment rate decreased more than 1% from 3.7% to 2.5% in 2019. The economy continued to grow in 2019. Sales tax receipts in the City increased over the previous year by 5.5%. Lodging tax revenue increased by 8.9% over 2018 collections. Additionally, motor fuel taxes increased significantly due to a tax increase from 4 cents to 7 cents that was effective on January 1, 2019. Overall, motor fuel tax revenue was up 71.2% over the previous fiscal year.

The face of Downtown Montgomery continued to change in 2019. 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 fifteen 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 2019.

The City's economic development continued to expand in 2019 as outlined below:

- (1) New capital investments of almost \$1 billion for the creation of new industry and expansion of existing industries that is expected to bring approximately 1,200 additional jobs to the region. The new and expanded industries include the following:

<u>Company</u>	<u>Capital Investments</u>	<u># Jobs</u>
Convergent Outsourcing	\$ 1,000,000	150
DAS North America, Inc.	15,000,000	20
Dow Chemical	35,000,000	-
Gerhardi, Inc.	3,735,000	-
GLOVIS Alabama LLC	-	162
Hager Companies	18,261,000	50
Hyundai Motor Manufacturing, LLC	705,500,000	200
MOBUS Alabama, LLC	23,200,000	-
RePower South Montgomery	4,200,000	-
Flowers Bakery of Montgomery	4,000,000	-
Seoyon E, Hwa	3,150,000	200
TK, LLC	1,250,000	-
Conner Industries	851,000	120
Lightsource BP	124,100,000	2
Shoreline, Inc.	10,200,000	70

- (2) The City recently hosted the sixth annual Camellia Bowl with teams from the Sun Belt Conference and Conference USA. The Camellia Bowl has consistently ranked in the top ten (10) of all bowl games by CBS Sports in 2019.
- (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) Construction continues for Montgomery's 187th Fighter Wing which was selected as one of the Air National Guard sites for the new F-35 Lightning II jet, the newest, technologically advanced fighter in the nation's military arsenal.
- (5) In 2016 the City established an Internet Exchange for purposes of optimizing local internet traffic in the area. The Montgomery Internet Exchange (MGMix) has grown quickly in acquiring members and in the amount of services provided. MGMix was formally approved by the Internal Revenue Service (IRS) as a 501(c)(6) nonprofit entity in May 2019. Growth in optimizing internet traffic in Montgomery and surrounding communities remains a priority.
- (6) The Montgomery Zoo continues to improve existing exhibits and is currently in the process of purchasing a new train that will attract new and repeat visitors. The Montgomery Zoo continues with its next fundraising campaign for funds that will be used to construct 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 continues to expand its [Open Data Montgomery](#), a platform to foster greater accountability, accessibility and transparency within local government. Information accessible on the site includes: financial reporting (accounts payable, budgeting and payroll), 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 provide 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.

LONG-TERM FINANCIAL PLANNING

During recent years the City of Montgomery has taken every opportunity to refund general obligations warrants and any direct borrowing as interest rates have declined to a rate that would allow for significant savings on debt being held at higher interest rates.

The City is currently in the process of refunding its Series 2010A General Obligation Warrants that were used to finance the costs of constructing and equipping capital improvements to public facilities. The refunding of Series 2010A General Obligations Warrants will not increase the City's debt nor increased the time to repay the debt.

Additionally, the City is increasing fund balance as much as revenue collections and efficient management of departmental operating budgets will allow. The City intends to increase fund balance by a minimum of \$1 million over the next several years. Fund balance is currently at 10% of the General Fund budget. The goal is to increase fund balance until the cash reserves are at a minimum of 20% of the General Fund budget.

MAJOR INITIATIVES

The City of Montgomery's Retirement Board elected to discontinue its retirement plan. The City Council, Retirement System Board and an overwhelming majority of employees voted for the transfer to the Retirement Systems of Alabama (RSA). The transfer was effective on October 1, 2019. The move to the \$30+ billion RSA system ensures a better retirement plan for City employees with no additional costs to the City.

The City has had a long history of not being able to retain police officers after significant funds were expended for training. In order to provide a safer environment and better protect the citizens of Montgomery, the City implemented a pay plan that upgraded the salaries of police officers to assist in retaining trained officers.

AWARDS AND ACKNOWLEDGEMENTS

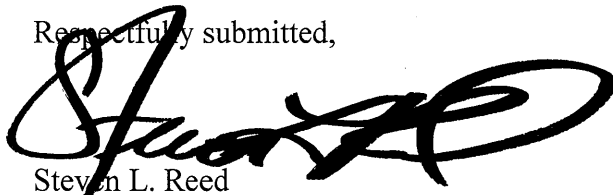
The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Montgomery for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018. In order to be awarded 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 2019 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, Jackson Thornton. The independent auditors have issued an unmodified or "clean" opinion on the City of Montgomery's financial statements for the year ended September 30, 2019.

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. Acknowledgment 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,



Steven L. Reed
Mayor



Betty P. Beville
Interim Director of Finance



Government Finance Officers Association

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

Presented to

**City of Montgomery
Alabama**

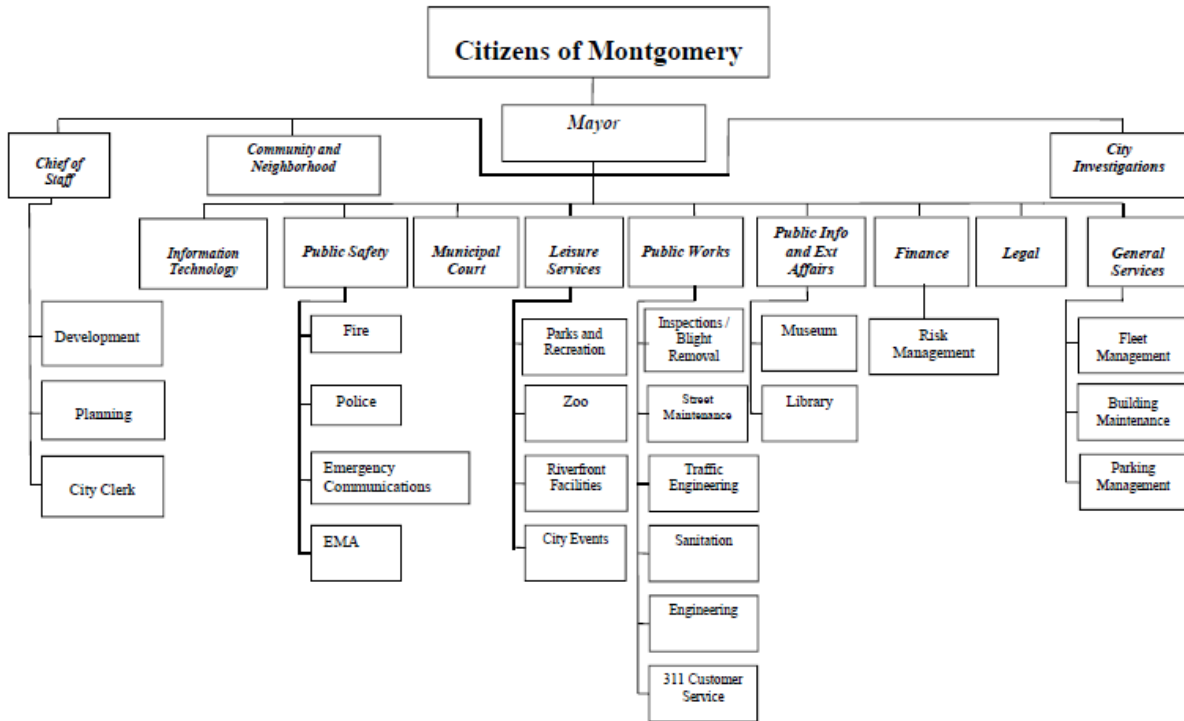
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF MONTGOMERY, ALABAMA ORGANIZATIONAL CHART



CITY OF MONTGOMERY, ALABAMA
ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2019

Elected Officials

Mayor

Todd Strange

Council Members

- District 9
- District 3
- District 1
- District 2
- District 4
- District 5
- District 6
- District 7
- District 8

- Charles W. Jinright, President
- Tracy Larkin, President Pro Tem
- Richard Bollinger
- Brantley W. Lyons
- Audrey Graham
- William A. Green, Jr.
- Fred F. Bell
- Arch M. Lee
- Glen O. Pruitt, Jr.

Appointed Officials

- Building Maintenance
- Chief of Staff
- City Attorney
- City Clerk
- City Investigations
- 311 Customer Service Center
- Development
- Emergency Communications
- Emergency Management Agency
- Engineering
- Finance

- Fire
- Fleet Management
- General Services
- Information Technology
- Inspections
- Landfill
- Leisure Services
- Library
- Maintenance
- Montgomery Zoo
- Municipal Court

- Museum
- Parking Management
- Parks and Recreation
- Planning
- Police
- Public Information and External Affairs
- Public Safety
- Public Works
- Risk Management
- Riverfront Facilities
- Sanitation
- Traffic Engineering

- Doug Jones
- Mac McLeod
- Kim Fehl
- Brenda Gale Blalock
- Bill Barousse
- Deliesha Ramos
- Mac McLeod, Director
- Larry Fisher
- Christina Thornton
- Patrick Dunson
- Barry O. Crabb, Director
- Betty P. Beville, Deputy Director
- Chief Miford Jordan
- Walter G. Lilley, Jr.
- Thomas Pierce, Director
- Lou Ialacci
- Jerry C. Russell, Jr.
- Radonda May
- Scott Miller, Director
- Jaunita M. Owes
- Diane Burke
- Doug Goode
- Honorable Milton J. Westry, Sr., Presiding Judge
- Kenneth Nixon, Court Administrator
- Angie Dodson
- Vacant
- Kay McCreery
- Robert Smith
- Chief Ernest Finley, Jr.
- Michael Briddell, Director
- Ronald Sams, Director
- Christopher W. Conway, Director
- Chuck Richardson
- Richard Steakin
- Daniel R. Dickey
- Wesley Cox

The elected and appointed officials were those in office at September 30, 2019.

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, 2019, 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 Montgomery City-County Public Library, the discretely presented component unit of the City. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Montgomery City-County Public Library, is based solely on the report of the other auditor. 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 City of Montgomery Employees' Retirement System 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, 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 accordance 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 changes in total OPEB liability and related ratios on pages 13 through 25 and pages 89 through 91 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 4, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Jackson Thornton & Co. PC

Montgomery, Alabama
February 4, 2020

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, 2019. 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, 2019.

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 and deferred inflows of resources at September 30, 2019, by \$527,135,967 (net position). However, \$240,599,923 was either restricted or invested in capital assets leaving a deficit unrestricted balance of \$767,735,890.

The City's total net position decreased \$10,233,272. This decrease was primarily due to 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, 2019, the City reported its proportionate share of the net pension liability as being \$293,719,579. Details in reference to the City's pension plan are in Note 13, beginning on page 75, 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.

The City adopted GASB Statement No. 88, *Certain Disclosure Related to Debt, Including Direct Borrowings and Direct Placements*, which requires governments to include more extensive note disclosures regarding debt, including unused lines of credit, assets pledged as collateral for debt; and terms specified in debt agreements related to significant events of default or significant termination events with finance-related consequences, and significant subjective acceleration clauses. The statement also requires governments to include more extensive note disclosures for direct borrowings and direct placements of debt separately from other debt. The result of this adoption are in Note 9, beginning on page 64, of the notes to financial statements.

At September 30, 2019, the City's governmental funds reported combined ending fund balances of \$40,890,731, an increase of \$1,786,554 over the previous fiscal year. Of the ending governmental fund balance, \$2,027,142 is non-spendable (i.e., inventories, long-term receivables, and prepaid items). A significant portion, or 40.1% of the governmental fund balance is in the amount of \$16,404,802 which is restricted for capital projects, debt service, intergovernmental activities, the City's landfill, the Riverfront Stadium, and an Emergency Communications District. The combined totals for non-spendable and restricted, plus the unassigned amount of \$22,458,787 yields a total combined ending fund balance of \$40,890,731 for fiscal year 2019.

The General Fund reported an unassigned fund balance of \$22,950,364 or 11.4% of the total general fund expenditures. Governmental Activities revenue increased \$13,341,927 or 5% over the previous year. The increase in revenues was primarily attributable to a 26.6% increase in other revenues, a 20.2% increase in operating grants and contributions and a 22.0% increase in other taxes. Expenses in Governmental Activities increased \$10,248,557 or 3.7% from the previous year. The increase in expenses was primarily attributable to increased salary and pension costs.

Long-term debt, consisting of general obligation bonds, capital leases, and direct borrowings and direct placements decreased \$19,959,883 or 7.1% from the previous year. The decrease was primarily due to scheduled debt service payments.

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 Emergency Communications District (ECD) is a blended component unit and functions for all practical purposes as a department of the City and has, therefore, been included as an integral part of the primary government. The ECD is 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 narrower 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 balance of the major funds. Data from fourteen (14) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 statements 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 89 of this report.

Combining and individual statements and schedules referred to earlier, which present more detailed views of non-major funds used in governmental and enterprise activities, can be found beginning on page 92 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 and deferred inflows by \$527,135,967, as reflected in the following table:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets (net of internal balances)	\$ 57,544,616	\$ 55,309,738	\$ 1,409,107	\$ 1,524,262	\$ 58,953,723	\$ 56,834,000
Internal balances	2,905,913	2,705,642	(2,905,913)	(2,705,642)	-	-
Capital assets	341,468,952	343,266,471	23,160,243	24,063,789	364,629,195	367,330,260
Total Assets	<u>401,919,481</u>	<u>401,281,851</u>	<u>21,663,437</u>	<u>22,882,409</u>	<u>423,582,918</u>	<u>424,164,260</u>
Deferred charge on refunding	3,006,266	4,708,328	-	-	3,006,266	4,708,328
OPEB related items	11,019,441	11,838,335	-	-	11,019,441	11,838,335
Pension related items	68,741,016	31,444,625	875,609	369,840	69,616,625	31,814,465
Total Deferred Outflows of Resources	<u>82,766,723</u>	<u>47,991,288</u>	<u>875,609</u>	<u>369,840</u>	<u>83,642,332</u>	<u>48,361,128</u>
Long-term liabilities	934,231,640	912,309,550	3,823,999	3,044,351	938,055,639	915,353,901
Other liabilities	48,337,113	43,623,508	601,739	679,867	48,938,852	44,303,375
Total Liabilities	<u>982,568,753</u>	<u>955,933,058</u>	<u>4,425,738</u>	<u>3,724,218</u>	<u>986,994,491</u>	<u>959,657,276</u>
OPEB related items	47,366,726	29,770,807	-	-	47,366,726	29,770,807
Total Deferred Inflows of Resources	<u>47,366,726</u>	<u>29,770,807</u>	<u>-</u>	<u>-</u>	<u>47,366,726</u>	<u>29,770,807</u>
Net position						
Net Investment in Capital Assets	201,134,289	192,550,472	23,160,243	24,063,789	224,294,532	216,614,261
Restricted	16,305,391	15,494,134	-	-	16,305,391	15,494,134
Unrestricted	(762,688,955)	(744,475,332)	(5,046,935)	(4,535,758)	(767,735,890)	(749,011,090)
Total Net Assets	<u>\$ (545,249,275)</u>	<u>\$ (536,430,726)</u>	<u>\$ 18,113,308</u>	<u>\$ 19,528,031</u>	<u>\$ (527,135,967)</u>	<u>\$ (516,902,695)</u>

Total assets declined \$581,342 or .1% from the previous fiscal year and liabilities increased \$27,337,215 or 2.8%. The decline in assets was primarily due to an increase in current assets of \$2,119,723 and a decrease in capital assets of \$2,701,065. The increase in liabilities was primarily due to an increase in long-term liabilities of \$64,677,890 for pension liability which was offset by a decrease of \$18,062,268 for OPEB liability and a decrease in other long-term liabilities of \$23,913,884. Additionally, other liabilities increased by \$4,635,477. 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 \$16,305,391 and is restricted for use in general government, public works, public safety, cultural and recreational, capital projects, and Municipal Court.

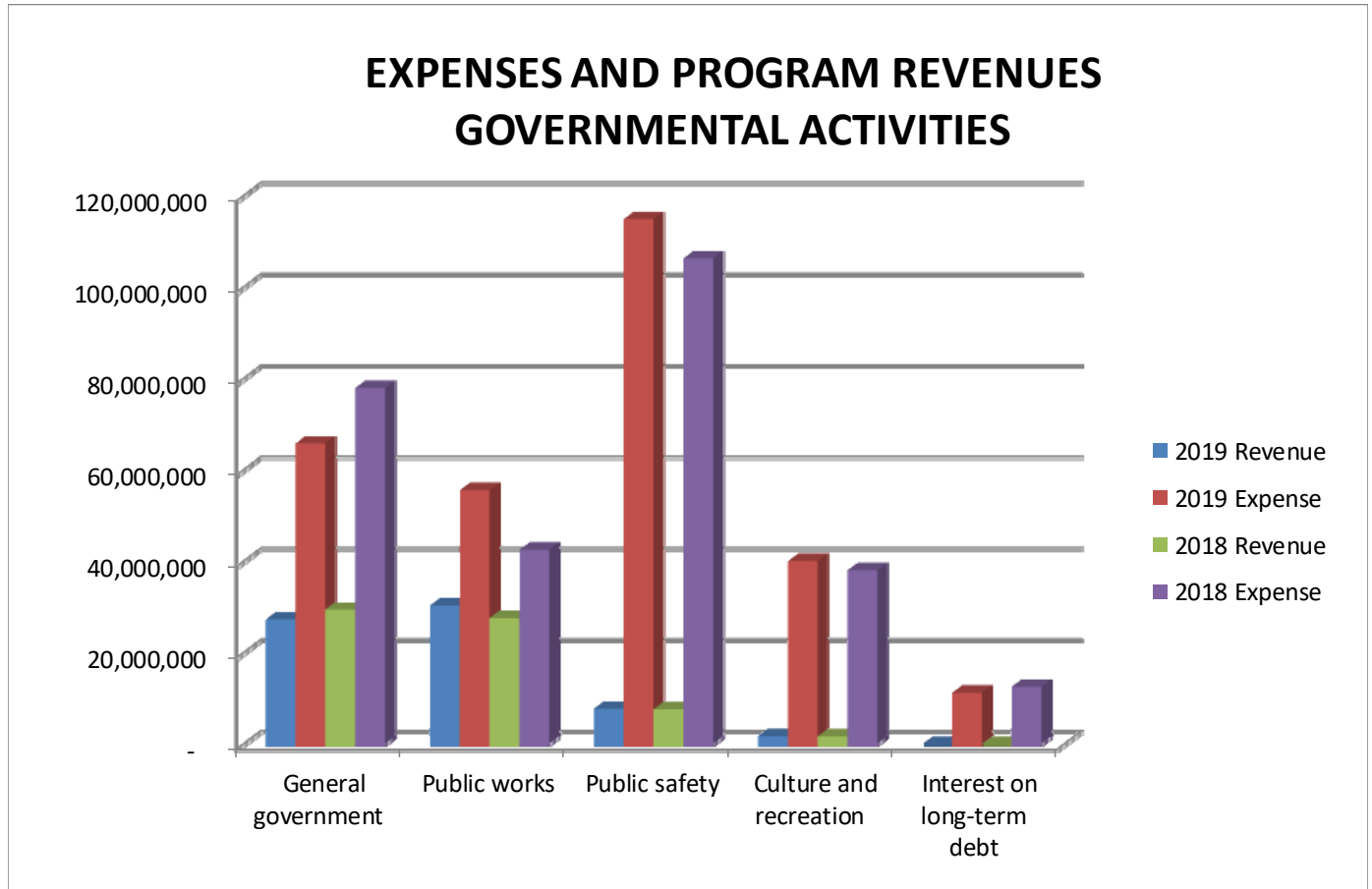
As reflected in the following table, the City's net position decreased by \$10,233,272 or 2% during the fiscal year. This decrease was primarily attributed to pension expense of \$44,602,933 for the year ended September 30, 2019.

City of Montgomery's Changes in Net Position

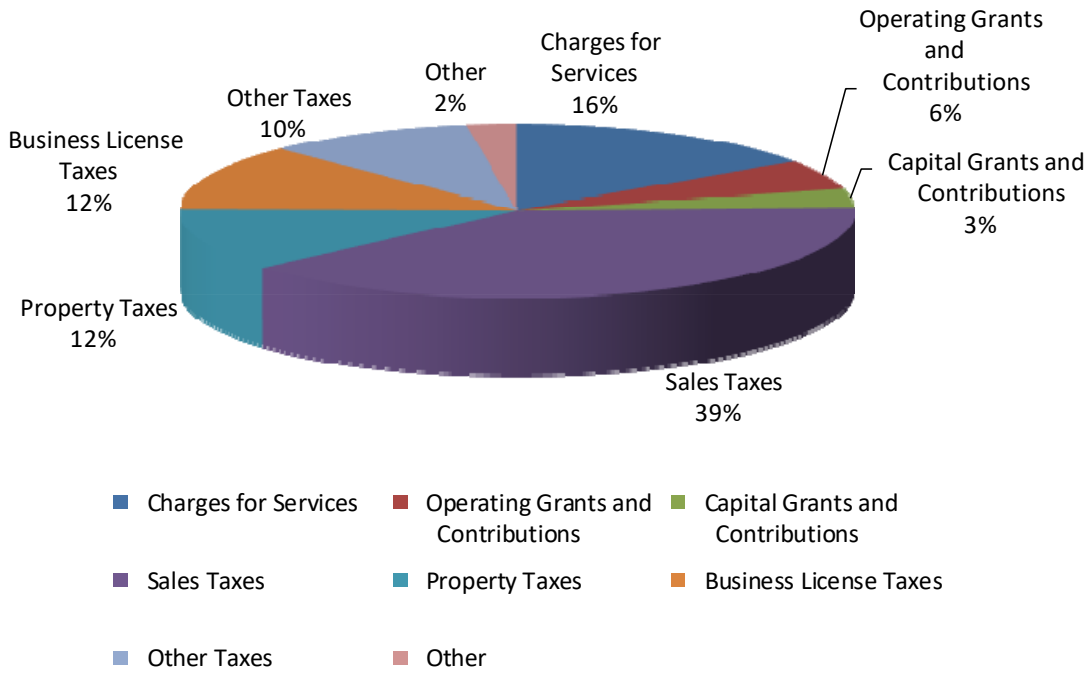
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 41,197,207	\$ 38,373,103	\$ 5,576,622	\$ 5,746,380	\$ 46,773,829	\$ 44,119,483
Operating Grants and contributions	16,033,991	13,335,455	-	-	16,033,991	13,335,455
Capital grants and contributions	9,820,626	14,510,851	-	-	9,820,626	14,510,851
General revenues						
Sales taxes	111,274,907	105,450,512	-	-	111,274,907	105,450,512
Property taxes	33,164,715	33,019,250	-	-	33,164,715	33,019,250
Business license taxes	35,128,859	35,185,047			35,128,859	35,185,047
Other taxes	28,600,881	23,445,943	-	-	28,600,881	23,445,943
Other	6,848,165	5,407,263	4,848	3,701	6,853,013	5,410,964
Total revenues	<u>282,069,351</u>	<u>268,727,424</u>	<u>5,581,470</u>	<u>5,750,081</u>	<u>287,650,821</u>	<u>274,477,505</u>
Expenses						
General government	65,785,550	77,895,106	-	-	65,785,550	77,895,106
Public works	55,561,728	42,502,979	-	-	55,561,728	42,502,979
Public safety	114,890,108	106,294,149	-	-	114,890,108	106,294,149
Culture and recreation	40,054,054	38,026,857	-	-	40,054,054	38,026,857
Interest on long-term debt	11,215,627	12,539,419	-	-	11,215,627	12,539,419
Montgomery Area Transit System	-	-	1,974,200	2,482,941	1,974,200	2,482,941
Montgomery Zoo	-	-	5,148,471	4,821,620	5,148,471	4,821,620
Municipal Golf	-	-	2,018,606	1,849,579	2,018,606	1,849,579
Montgomery River Boat	-	-	1,235,749	1,200,675	1,235,749	1,200,675
Total expenses	<u>287,507,067</u>	<u>277,258,510</u>	<u>10,377,026</u>	<u>10,354,815</u>	<u>297,884,093</u>	<u>287,613,325</u>
Decrease in net position before transfers	(5,437,716)	(8,531,086)	(4,795,556)	(4,604,734)	(10,233,272)	(13,135,820)
Transfers in (out)	(3,380,833)	(3,029,130)	3,380,833	3,029,130	-	-
Decrease in net assets	<u>(8,818,549)</u>	<u>(11,560,216)</u>	<u>(1,414,723)</u>	<u>(1,575,604)</u>	<u>(10,233,272)</u>	<u>(13,135,820)</u>
Net position - beginning	(536,430,726)	(266,575,532)	19,528,031	21,103,635	(516,902,695)	(245,471,897)
Cumulative effect of change in accounting principle	-	(258,294,978)	-	-	-	(258,294,978)
Net position - beginning, as restated	<u>(536,430,726)</u>	<u>(524,870,510)</u>	<u>19,528,031</u>	<u>21,103,635</u>	<u>(516,902,695)</u>	<u>(503,766,875)</u>
Net position - ending	<u>\$ (545,249,275)</u>	<u>\$ (536,430,726)</u>	<u>\$ 18,113,308</u>	<u>\$ 19,528,031</u>	<u>\$ (527,135,967)</u>	<u>\$ (516,902,695)</u>

Governmental Activities

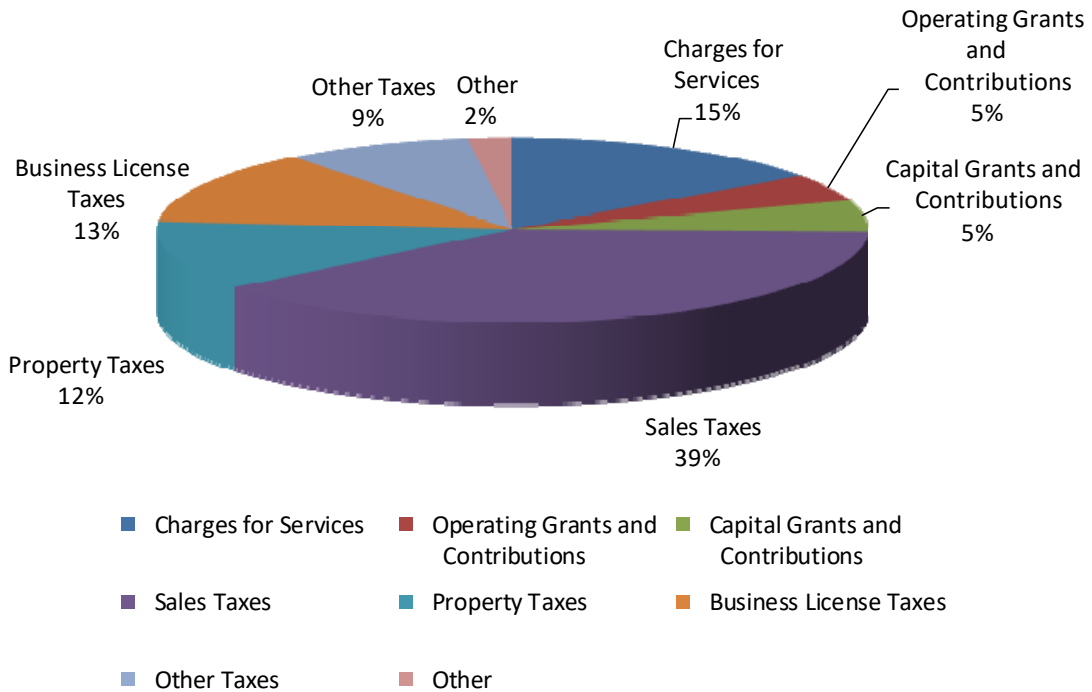
Governmental activities decreased the City's net position by \$8,818,549, thereby accounting for 86.2% of the total decline in net position of the City. Key elements of the decrease in net position were due to an increase in pension expense and transfers to business-type activities. The decrease was offset by increases in capital grants and contributions, sales taxes, property taxes, other taxes, and other miscellaneous tax revenues in 2019.



**REVENUE BY SOURCE - GOVERNMENTAL
ACTIVITIES FISCAL YEAR 2019**

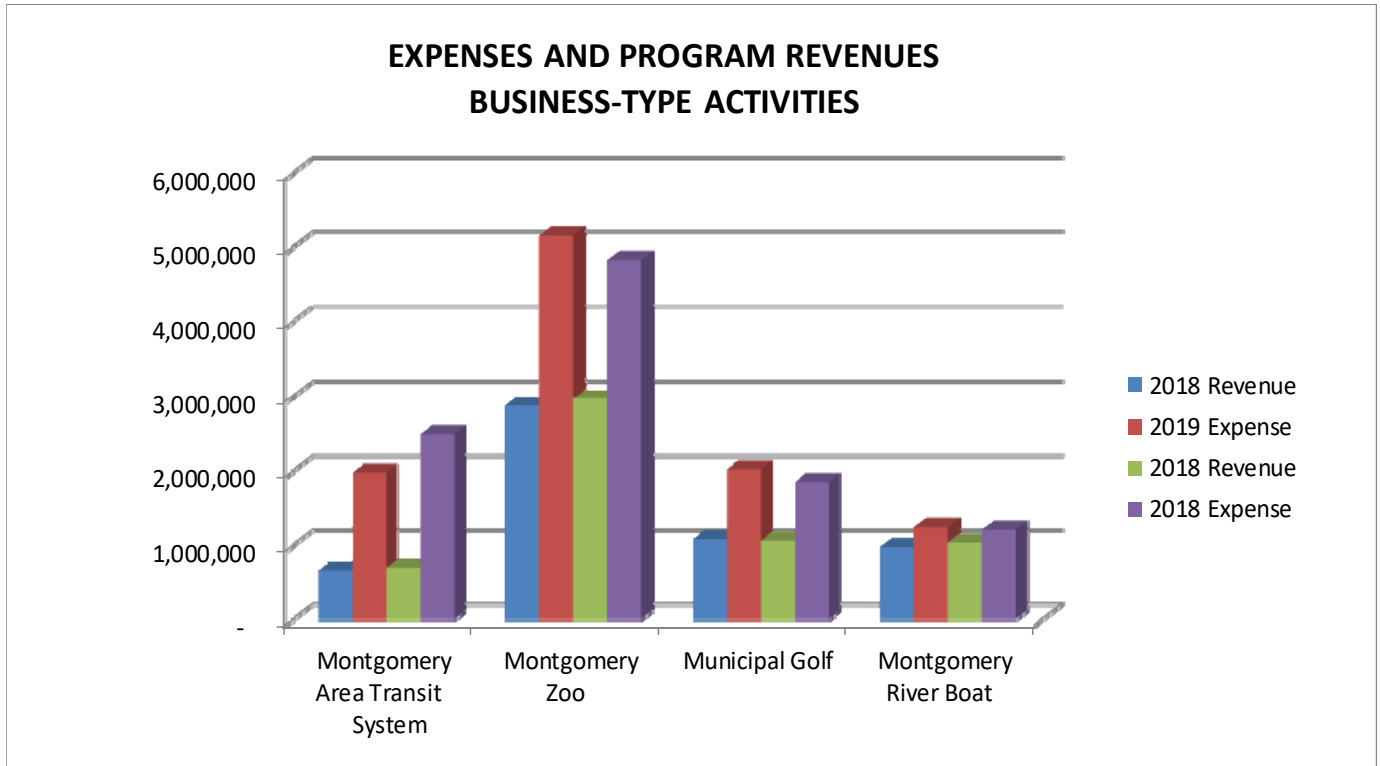


**REVENUE BY SOURCE - GOVERNMENTAL
ACTIVITIES FISCAL YEAR 2018**



Business-Type Activities

Business-type activities decreased the City’s net position by \$1,414,723, which contributed 13.8% to the total decline in the net position of the City. The primary factor for the decrease in net position was due to the decreased operating revenues.



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, and Special Revenue 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, 2019, the City’s Governmental Funds had an unassigned fund balance for governmental activities in the amount of \$22,458,787.

At September 30, 2019, total fund balance in the General Fund was \$24,976,305. The fund balance in the General Fund increased \$1,331,924 or 5.6% from the previous year. The increase in the fund balance was primarily due to increases in revenues.

Total revenue of the General Fund increased by \$13,762,539 or 5.9% in 2019 compared to the previous year. This was due to an increase in taxes collected, intergovernmental revenues, charges for services, and interest. Expenditures of the General Fund increased by \$8,657,454 or 4.5% more than the previous fiscal year. The increase was primarily due to increased personnel costs and debt service costs.

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 \$2,332,624 or 46.7% from the previous year. The increase is due to the City implementing a new process to monitor available funds for projects. Projects are authorized to begin when sufficient funding has been allotted.

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 \$100,612 or 100% at September 30, 2019. The increase was primarily due to scheduled debt service payments.

Emergency Communications District Fund (ECD) – The fund 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 received substantially all the benefit of all of the District’s public safety activities. At September 30, 2019, the fund balance of the ECD Fund decreased \$767,522 or 13.7% under the previous year. This decrease was due to the increased capital outlay costs for a communications system expansion.

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 \$18,113,308. Total net position decreased for enterprise funds by \$1,414,723 or 7.2% in 2019 from the previous year. Total operating revenue decreased \$169,758 or 3% and total operating expenses increased \$78,048 or 0.8% 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, 2019, the internal service fund reported \$0 for its net position balance. The City eliminated a previous year deficit of \$1,500,000 in fiscal year 2019.

Capital Assets and Debt Administration

Capital assets - The City’s investment in capital assets for governmental and business-type activities as of September 30, 2019, was \$364,629,195 (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	
	2019	2018	2019	2018	2019	2017
Land	\$ 53,815,079	\$ 55,339,992	\$ 1,047,942	\$ 1,047,942	\$ 54,863,021	\$ 56,387,934
Buildings	114,038,899	117,768,851	18,655,948	19,148,950	132,694,847	136,917,801
Improvements other than buildings	40,432,279	43,015,082	1,553,318	1,742,030	41,985,597	44,757,112
Machinery and equipment	39,219,657	39,151,972	1,788,963	2,124,867	41,008,620	41,276,839
Infrastructure	86,428,003	83,824,341	114,072	-	86,542,075	83,824,341
Construction in progress	7,535,035	4,166,233	-	-	7,535,035	4,166,233
	<u>\$ 341,468,952</u>	<u>\$ 343,266,471</u>	<u>\$ 23,160,243</u>	<u>\$ 24,063,789</u>	<u>\$ 364,629,195</u>	<u>\$ 367,330,260</u>

Additional information on the City's capital assets can be found in Note 7 beginning on page 64 of this report.

Long-term debt - At the end of the fiscal year the City had secured and bonded debt outstanding of \$268,014,206. Of this amount \$250,665,885 comprises debt backed by the full faith and credit of the City, \$13,098,321 is comprised of long-term leases, and \$4,250,000 is comprised of a note payable. The City's long-term debt decreased \$19,959,883 or 7.1% from the previous year due to scheduled debt service repayments.

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 \$2,389,833,840 with a current debt limit for the City of \$477,966,768. Current debt applied to the debt limit total is \$224,807,294, leaving the City with a legal debt margin of \$253,159,474.

Long-Term Debt

	2019	2018	Increase (Decrease)
General Obligation Bonds	\$ 202,690,670	\$ 217,477,355	\$ (14,786,685)
Direct Borrowings and Direct Placements	52,225,215	56,049,083	(3,823,868)
Capital Leases	13,098,321	14,447,651	(1,349,330)
	<u>\$ 268,014,206</u>	<u>\$ 287,974,089</u>	<u>\$ (19,959,883)</u>

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 66, 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, 2019, actual revenues were less than budgeted revenues by \$1,955,767 or 0.8%. The primary reasons for the variance are as follows:

- Actual taxes were less than budgeted by \$405,666 or 0.8%.
- Actual licenses and permits were less than budgeted by \$781,667 or 1.8%
- Actual charges for services were less than budgeted by \$440,856 or 1.9%
- Actual fines and forfeitures were less than budgeted by \$751,879 or 24.4%
- Actual miscellaneous revenues were less than budgeted by \$329,317 or 17.3%

For the year ended September 30, 2019, actual total expenditures were less than budgeted expenditures by \$4,265,123 or 2% in the following functions:

- General Government actual expenditures were less than budgeted expenditures by \$1,688,395.
- Public Works actual expenditures were less than budgeted expenditures by \$984,084.
- Public Safety actual expenditures were less than budgeted expenditures by \$929,357.
- Cultural and Recreational actual expenditures were less than budgeted expenditures by \$633,503.

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

- Sales, lodging, and motor fuel tax revenues increased significantly in 2019.
- 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 2019.

Economic Factors and Year 2019

The following factors were considered in preparing the City's Budget for Fiscal Year 2019:

- The City is currently the second largest city in the state due to continued population growth.
- New construction of hotels in the City due to growth in occupancy rate.
- Continued increase in lodging tax receipts due to a lodging tax rate increase mandated by City Council in fiscal year 2018.
- The City's Downtown Riverfront Development continues to create economic growth through tourism.
- Continued sales tax revenue growth in 2019 over the previous year due to steady economic growth.
- Continued increases in industrial and residential development.

At September 30, 2019, fund balance in the General Fund was \$24,976,305. The City did not appropriate any fund balance from the 2019 fund balance for spending in the 2020 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 2020 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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Public Library
ASSETS				
Cash and cash equivalents	\$ 32,178,892	\$ 849,445	\$ 33,028,337	\$ 485,245
Restricted cash held by fiscal agent	889,565	-	889,565	-
Internal balances	2,905,913	(2,905,913)	-	-
Receivables	20,177,566	176,108	20,353,674	16,139
Certificates of deposit	2,056,813	-	2,056,813	-
Inventories	1,225,414	382,859	1,608,273	-
Prepaid items	62,728	695	63,423	-
Note receivable	700,000	-	700,000	-
Mortgage receivable	253,638	-	253,638	-
Capital assets not being depreciated:				
Land	53,815,079	1,047,942	54,863,021	-
Construction in progress	7,535,035	-	7,535,035	-
Collections	-	-	-	10,418,925
Capital assets net of accumulated depreciation:				
Buildings and system	114,038,899	18,655,948	132,694,847	2,454,740
Improvements other than buildings	40,432,279	1,553,318	41,985,597	-
Machinery and equipment	39,219,657	1,788,963	41,008,620	220,262
Infrastructure	86,428,003	114,072	86,542,075	-
TOTAL ASSETS	401,919,481	21,663,437	423,582,918	13,595,311
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	3,006,266	-	3,006,266	-
OPEB related items	11,019,441	-	11,019,441	-
Pension related items	68,741,016	875,609	69,616,625	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	82,766,723	875,609	83,642,332	-
LIABILITIES				
Accounts payable and accrued expenses	17,212,684	526,404	17,739,088	32,120
Unearned revenue	543,703	23,574	567,277	-
Funds held in escrow	1,626,061	-	1,626,061	-
Noncurrent liabilities:				
Due within one year	28,954,665	51,761	29,006,426	-
Due in more than one year:				
Net pension liability	290,199,031	3,520,548	293,719,579	-
Total OPEB liability	373,802,701	-	373,802,701	-
Other	270,229,908	303,451	270,533,359	-
TOTAL LIABILITIES	982,568,753	4,425,738	986,994,491	32,120
DEFERRED INFLOWS OF RESOURCES				
OPEB related items	47,366,726	-	47,366,726	-
TOTAL DEFERRED INFLOWS OF RESOURCES	47,366,726	-	47,366,726	-
NET POSITION				
Net investment in capital assets	201,134,289	23,160,243	224,294,532	13,093,927
Restricted for:				
General government	2,174,146	-	2,174,146	-
Public works	726,718	-	726,718	-
Public safety	3,672,832	-	3,672,832	-
Cultural and recreational	744,885	-	744,885	33,358
Capital projects	8,986,808	-	8,986,808	-
Municipal Court	2	-	2	-
Nonexpendable	-	-	-	100,000
Unrestricted	(762,688,955)	(5,046,935)	(767,735,890)	335,906
TOTAL NET POSITION	\$ (545,249,275)	\$ 18,113,308	\$ (527,135,967)	\$ 13,563,191

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Public Library
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government								
Governmental activities:								
General government	\$ 65,785,550	\$ 14,648,808	\$ 4,571,487	\$ 8,062,974	\$ (38,502,281)	\$ -	\$ (38,502,281)	\$ -
Public works	55,561,728	23,971,870	4,952,600	1,378,165	(25,259,093)	-	(25,259,093)	-
Public safety	114,890,108	1,132,097	6,339,058	271,032	(107,147,921)	-	(107,147,921)	-
Cultural and recreational	40,054,054	1,444,432	170,846	108,455	(38,330,321)	-	(38,330,321)	-
Interest on long-term debt	11,215,627	-	-	-	(11,215,627)	-	(11,215,627)	-
Total governmental activities	<u>287,507,067</u>	<u>41,197,207</u>	<u>16,033,991</u>	<u>9,820,626</u>	<u>(220,455,243)</u>	<u>-</u>	<u>(220,455,243)</u>	<u>-</u>
Business-type activities:								
Montgomery Area Transit System	1,974,200	661,436	-	-	-	(1,312,764)	(1,312,764)	-
Montgomery Zoo	5,148,471	2,867,545	-	-	-	(2,280,926)	(2,280,926)	-
Municipal Golf	2,018,606	1,076,674	-	-	-	(941,932)	(941,932)	-
Montgomery River Boat	1,235,749	970,967	-	-	-	(264,782)	(264,782)	-
Total business-type activities	<u>10,377,026</u>	<u>5,576,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,800,404)</u>	<u>(4,800,404)</u>	<u>-</u>
Total primary government	<u>\$ 297,884,093</u>	<u>\$ 46,773,829</u>	<u>\$ 16,033,991</u>	<u>\$ 9,820,626</u>	<u>(220,455,243)</u>	<u>(4,800,404)</u>	<u>(225,255,647)</u>	<u>-</u>
Component Unit								
Public Library	\$ 5,433,877	\$ 113,194	\$ 297,633	\$ 75,000				(4,948,050)
General Revenues								
Sales taxes					111,274,907	-	111,274,907	-
Property taxes					33,164,715	-	33,164,715	-
Business license taxes					35,128,859	-	35,128,859	-
Motor fuel taxes					9,758,770	-	9,758,770	-
Lodging taxes					12,225,214	-	12,225,214	-
Rental taxes					4,883,229	-	4,883,229	-
Tobacco taxes					1,430,287	-	1,430,287	-
Alcoholic beverage taxes					303,381	-	303,381	-
Grants and contributions not restricted to specific programs					130,547	-	130,547	4,679,125
Investment earnings					574,292	4,848	579,140	190
Miscellaneous revenue					6,143,326	-	6,143,326	73,410
Transfers					(3,380,833)	3,380,833	-	-
Total general revenues and transfers					<u>211,636,694</u>	<u>3,385,681</u>	<u>215,022,375</u>	<u>4,752,725</u>
Change in net position					<u>(8,818,549)</u>	<u>(1,414,723)</u>	<u>(10,233,272)</u>	<u>(195,325)</u>
Net position - beginning					(536,430,726)	19,528,031	(516,902,695)	13,758,516
Net position - ending					<u>\$ (545,249,275)</u>	<u>\$ 18,113,308</u>	<u>\$ (527,135,967)</u>	<u>\$ 13,563,191</u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Capital Project Fund	Debt Service Fund	Emergency Communication District	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 9,096,924	\$ 8,851,117	\$ 1,500,000	\$ 4,474,662	\$ 4,356,864	\$ 28,279,567
Restricted cash held by fiscal agent	-	-	889,565	-	-	889,565
Receivables	16,203,871	192,482	-	482,506	2,314,874	19,193,733
Certificates of Deposit	2,056,813	-	-	-	-	2,056,813
Inventories	1,225,414	-	-	-	-	1,225,414
Prepaid items	61,527	1,000	-	201	-	62,728
Notes receivable	700,000	-	-	-	-	700,000
Due from other funds	3,873,412	-	-	-	-	3,873,412
Mortgage receivable	-	253,638	-	-	-	253,638
Advances to other funds	39,000	-	-	-	-	39,000
TOTAL ASSETS	\$ 33,256,961	\$ 9,298,237	\$ 2,389,565	\$ 4,957,369	\$ 6,671,738	\$ 56,573,870
LIABILITIES						
Accounts payable and accrued expenses	\$ 7,438,088	\$ 1,215,886	\$ -	\$ 134,465	\$ 904,096	\$ 9,692,535
Due to other funds	-	-	2,288,953	-	1,278,249	3,567,202
Funds held in escrow	816,588	501,200	-	-	308,273	1,626,061
Unearned revenue	25,980	2,400	-	-	515,323	543,703
TOTAL LIABILITIES	8,280,656	1,719,486	2,288,953	134,465	3,005,941	15,429,501
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - long-term receivables	-	253,638	-	-	-	253,638
TOTAL DEFERRED INFLOWS OF RESOURCES	-	253,638	-	-	-	253,638
FUND BALANCES (DEFICITS)						
Nonspendable:						
Inventories	1,225,414	-	-	-	-	1,225,414
Long-term receivables	739,000	-	-	-	-	739,000
Prepaid items	61,527	1,000	-	201	-	62,728
Restricted:						
Capital projects	-	7,324,113	-	-	-	7,324,113
Debt service	-	-	100,612	-	-	100,612
Emergency Communications District	-	-	-	4,822,703	-	4,822,703
Intergovernmental	-	-	-	-	4,004,392	4,004,392
Landfill	-	-	-	-	31,703	31,703
Other	-	-	-	-	65,121	65,121
Riverfront Stadium	-	-	-	-	56,158	56,158
Unassigned	22,950,364	-	-	-	(491,577)	22,458,787
TOTAL FUND BALANCES	24,976,305	7,325,113	100,612	4,822,904	3,665,797	40,890,731
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 33,256,961	\$ 9,298,237	\$ 2,389,565	\$ 4,957,369	\$ 6,671,738	\$ 56,573,870

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, 2019

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

Total fund balances - governmental funds		\$ 40,890,731
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		341,468,952
Long-term receivables are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		253,638
Deferred outflows and inflows of resources are applicable to future periods, and, therefore, are not reported in the governmental funds:		
Deferred charge on refunding	\$ 3,006,266	
Pension related deferred outflows	68,741,016	
OPEB related deferred outflows	11,019,441	
OPEB related deferred inflows	<u>(47,366,726)</u>	
		35,399,997
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.		2,599,703
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, 2019 were:		
General obligation bonds and capital leases	210,913,321	
Warrants and notes from direct borrowings and direct placements	52,225,215	
Unamortized net premiums	4,885,105	
Unamortized net discounts	(9,435)	
Accrued interest	2,675,991	
Compensated absences	20,279,612	
Retirement and disability benefits	6,566,249	
Net pension liability	290,199,031	
Total OPEB liability	373,802,701	
IREP Settlement Payable	750,000	
Landfill closure and postclosure costs	<u>3,574,506</u>	
Total long-term liabilities		<u>(965,862,296)</u>
Net position of governmental activities		<u>\$ (545,249,275)</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, 2019

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Emergency Communication District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 168,772,367	\$ -	\$ -	\$ -	\$ 4,268,136	\$ 173,040,503
Licenses and permits	43,094,949	-	-	-	105,511	43,200,460
Intergovernmental revenues	6,859,101	954,624	1,417,142	5,878,172	14,660,084	29,769,123
Charges for services	22,567,399	166,144	-	-	296,451	23,029,994
Fines and forfeitures	2,328,416	-	-	-	1,038,641	3,367,057
Interest	455,947	2,246	13,314	102,785	-	574,292
Miscellaneous revenues	1,568,983	2,463,793	-	-	693,410	4,726,186
Total revenues	<u>245,647,162</u>	<u>3,586,807</u>	<u>1,430,456</u>	<u>5,980,957</u>	<u>21,062,233</u>	<u>277,707,615</u>
EXPENDITURES						
Current:						
General government	45,609,573	3,825,499	-	-	9,529,234	58,964,306
Public works	32,747,328	4,387,398	-	-	8,852,320	45,987,046
Public safety	85,367,824	3,167	-	4,477,217	1,223,325	91,071,533
Cultural and recreational	31,615,470	2,220,456	-	-	396,251	34,232,177
Intergovernmental	-	231,943	-	-	-	231,943
Capital outlay	-	1,900,161	-	2,259,262	646,620	4,806,043
Debt service:						
Principal	5,562,824	-	19,060,388	-	-	24,623,212
Interest	297,269	-	10,570,039	-	-	10,867,308
Total expenditures	<u>201,200,288</u>	<u>12,568,624</u>	<u>29,630,427</u>	<u>6,736,479</u>	<u>20,647,750</u>	<u>270,783,568</u>
Excess of revenues over (under) expenditures	<u>44,446,874</u>	<u>(8,981,817)</u>	<u>(28,199,971)</u>	<u>(755,522)</u>	<u>414,483</u>	<u>6,924,047</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	158,961	1,954,441	-	-	-	2,113,402
Transfers in	6,200,000	11,866,435	28,300,583	-	6,746,654	53,113,672
Transfers out	(54,476,785)	(2,582,000)	-	(12,000)	(8,372,221)	(65,443,006)
Capital leases	5,002,874	75,565	-	-	-	5,078,439
Total other financing sources (uses)	<u>(43,114,950)</u>	<u>11,314,441</u>	<u>28,300,583</u>	<u>(12,000)</u>	<u>(1,625,567)</u>	<u>(5,137,493)</u>
Net change in fund balances	<u>1,331,924</u>	<u>2,332,624</u>	<u>100,612</u>	<u>(767,522)</u>	<u>(1,211,084)</u>	<u>1,786,554</u>
FUND BALANCES - BEGINNING	<u>23,644,381</u>	<u>4,992,489</u>	<u>-</u>	<u>5,590,426</u>	<u>4,876,881</u>	<u>39,104,177</u>
FUND BALANCES - ENDING	<u>\$ 24,976,305</u>	<u>\$ 7,325,113</u>	<u>\$ 100,612</u>	<u>\$ 4,822,904</u>	<u>\$ 3,665,797</u>	<u>\$ 40,890,731</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, 2019

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

Net change in fund balances - total governmental funds	\$	1,786,554
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position.		14,593,685
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.		6,746,868
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(19,882,689)
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.		(3,255,382)
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.		(2,461,795)
Loan proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position.		
Capital lease financing	5,078,439	
Total proceeds		(5,078,439)

(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, 2019

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	\$ 13,621,575	
Warrants and notes from direct borrowings and direct placements	3,823,868	
Capital leases	6,427,769	
IREP settlement payable	750,000	
Total repayments	<u>24,623,212</u>	\$ 24,623,212

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	221,659	
Retirement and disability benefits	(144,926)	
Pension	26,566,948	
Accrued interest	(188,633)	
OPEB	352,545	
Landfill closure and postclosure costs	209,082	
Additional expenses	<u>(27,016,675)</u>	(27,016,675)

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		(536,953)
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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.

	<u>1,663,065</u>	
Change in net position of governmental activities		<u>\$ (8,818,549)</u>

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 169,178,033	\$ 169,178,033	\$ 168,772,367	\$ (405,666)
Licenses and permits	43,876,616	43,876,616	43,094,949	(781,667)
Intergovernmental revenues	6,264,430	6,264,430	6,859,101	594,671
Charges for services	23,008,255	23,008,255	22,567,399	(440,856)
Fines and forfeitures	3,080,295	3,080,295	2,328,416	(751,879)
Interest	297,000	297,000	455,947	158,947
Miscellaneous revenues	1,898,300	1,898,300	1,568,983	(329,317)
Total revenues	247,602,929	247,602,929	245,647,162	(1,955,767)
EXPENDITURES				
Current:				
General government:				
Council	366,881	366,881	330,141	36,740
Mayor and cabinet	898,581	893,831	830,677	63,154
City Clerk	403,071	403,071	376,322	26,749
Customer Service	460,273	410,273	332,789	77,484
Development	1,457,431	1,410,149	1,336,219	73,930
Finance department	4,024,982	3,742,982	3,624,299	118,683
Fleet management	3,761,142	3,736,378	3,625,427	110,951
Information technology	3,962,226	3,960,726	3,594,053	366,673
Insurance	2,800,000	423,187	423,187	-
Investigations	283,879	283,879	246,031	37,848
Legal department	973,522	973,522	911,740	61,782
Miscellaneous activities	13,439,019	11,717,018	11,948,617	(231,599)
Municipal Court	3,296,782	3,296,782	3,041,078	255,704
Parking Management	940,716	940,716	813,868	126,848
Payments to government agencies	4,137,000	4,137,000	3,733,408	403,592
Planning	556,850	618,525	540,026	78,499
Retirement	9,488,238	9,488,238	9,434,169	54,069
Risk Management	403,731	494,810	467,522	27,288
Total general government	51,654,324	47,297,968	45,609,573	1,688,395

(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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Works:				
Engineering Department	\$ 2,082,689	\$ 1,770,489	\$ 1,697,168	\$ 73,321
Inspections Division	2,690,630	2,688,630	2,650,215	38,415
Landfill Division	1,784,767	1,784,767	1,479,485	305,282
Maintenance	10,343,193	8,393,193	8,267,992	125,201
Sanitation Department	16,766,638	16,116,638	15,752,742	363,896
Traffic Engineering Department	3,294,781	2,977,695	2,899,726	77,969
Total public works	<u>36,962,698</u>	<u>33,731,412</u>	<u>32,747,328</u>	<u>984,084</u>
Public Safety:				
Emergency Management	410,286	410,286	320,979	89,307
Fire Department	35,949,941	36,524,491	36,506,364	18,127
Police Department	49,412,404	49,362,404	48,540,481	821,923
Total public safety	<u>85,772,631</u>	<u>86,297,181</u>	<u>85,367,824</u>	<u>929,357</u>
Cultural and Recreational:				
Building maintenance	5,735,190	5,729,078	5,614,258	114,820
City events	1,342,026	1,342,026	1,247,255	94,771
Library	3,448,406	3,448,406	3,226,708	221,698
Museum	3,341,423	3,341,423	3,338,751	2,672
Parks and recreation	17,809,947	17,701,634	17,649,307	52,327
Public information and external affairs	686,406	686,406	539,191	147,215
Total cultural and recreational	<u>32,363,398</u>	<u>32,248,973</u>	<u>31,615,470</u>	<u>633,503</u>
Debt Service:				
Principal	5,635,528	5,562,824	5,562,824	-
Interest	233,993	327,053	297,269	29,784
Total debt service	<u>5,869,521</u>	<u>5,889,877</u>	<u>5,860,093</u>	<u>29,784</u>
Total expenditures	<u>212,622,572</u>	<u>205,465,411</u>	<u>201,200,288</u>	<u>4,265,123</u>
Excess of revenues over expenditures	<u>34,980,357</u>	<u>42,137,518</u>	<u>44,446,874</u>	<u>2,309,356</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	\$ 113,400	\$ 113,400	\$ 158,961	\$ 45,561
Transfers in	6,200,000	6,200,000	6,200,000	-
Transfers out	(45,193,757)	(52,350,918)	(54,476,785)	(2,125,867)
Capital leases	4,900,000	4,900,000	5,002,874	102,874
Total other financing sources (uses)	<u>(33,980,357)</u>	<u>(41,137,518)</u>	<u>(43,114,950)</u>	<u>(1,977,432)</u>
Net changes in fund balance	1,000,000	1,000,000	1,331,924	331,924
FUND BALANCES - BEGINNING	<u>23,644,381</u>	<u>23,644,381</u>	<u>23,644,381</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>\$ 24,644,381</u></u>	<u><u>\$ 24,644,381</u></u>	<u><u>\$ 24,976,305</u></u>	<u><u>\$ 331,924</u></u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	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	\$ -	\$ 611,820	\$ 237,625	\$ 849,445	\$ 3,899,325
Receivables	7,527	153,363	15,218	176,108	983,833
Inventories	189,307	91,800	101,752	382,859	-
Prepaid items	-	695	-	695	-
Total current assets	<u>196,834</u>	<u>857,678</u>	<u>354,595</u>	<u>1,409,107</u>	<u>4,883,158</u>
NONCURRENT ASSETS					
Capital assets:					
Land	344,436	38,165	665,341	1,047,942	-
Buildings and system	20,198,149	5,932,642	285,331	26,416,122	-
Improvements other than buildings	48,341	6,000,890	1,565,024	7,614,255	-
Machinery and equipment	7,910,651	1,594,730	1,098,433	10,603,814	-
Infrastructure	-	-	116,005	116,005	-
Less accumulated depreciation	(12,275,687)	(8,367,495)	(1,994,713)	(22,637,895)	-
Total capital assets, net of accumulated depreciation	<u>16,225,890</u>	<u>5,198,932</u>	<u>1,735,421</u>	<u>23,160,243</u>	<u>-</u>
TOTAL ASSETS	<u>16,422,724</u>	<u>6,056,610</u>	<u>2,090,016</u>	<u>24,569,350</u>	<u>4,883,158</u>
DEFERRED OUTFLOWS					
Pension related items	-	798,904	76,705	875,609	-
TOTAL DEFERRED OUTFLOWS	<u>-</u>	<u>798,904</u>	<u>76,705</u>	<u>875,609</u>	<u>-</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	81,328	221,106	223,970	526,404	1,413,274
Claims payable	-	-	-	-	3,429,161
Unearned revenue	-	-	23,574	23,574	-
Funds in escrow	-	-	-	-	1,723
Due to other funds	266,626	-	39,584	306,210	-
Compensated absences	-	51,761	-	51,761	-
Total current liabilities	<u>347,954</u>	<u>272,867</u>	<u>287,128</u>	<u>907,949</u>	<u>4,844,158</u>
NONCURRENT LIABILITIES					
Advances from other funds	-	-	-	-	39,000
Compensated absences	-	271,772	31,679	303,451	-
Net pension liability	-	3,424,112	96,436	3,520,548	-
Total noncurrent liabilities	<u>-</u>	<u>3,695,884</u>	<u>128,115</u>	<u>3,823,999</u>	<u>39,000</u>
TOTAL LIABILITIES	<u>347,954</u>	<u>3,968,751</u>	<u>415,243</u>	<u>4,731,948</u>	<u>4,883,158</u>
NET POSITION					
Investment in capital assets	16,225,890	5,198,932	1,735,421	23,160,243	-
Unrestricted	(151,120)	(2,312,169)	16,057	(2,447,232)	-
TOTAL NET POSITION	<u>\$ 16,074,770</u>	<u>\$ 2,886,763</u>	<u>\$ 1,751,478</u>	<u>20,713,011</u>	<u>\$ -</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				(2,599,703)	
Net position of business-type activities				<u>\$ 18,113,308</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, 2019

	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	\$ 661,436	\$ 2,867,545	\$ 2,047,641	\$ 5,576,622	\$ 34,589,034
Total operating revenues	661,436	2,867,545	2,047,641	5,576,622	34,589,034
OPERATING EXPENSES					
Cost of sales and services	-	169,404	469,698	639,102	-
Administration	1,283,082	4,493,553	2,657,135	8,433,770	42,225,040
Depreciation	691,118	344,125	100,562	1,135,805	-
Total operating expenses	1,974,200	5,007,082	3,227,395	10,208,677	42,225,040
OPERATING LOSS	(1,312,764)	(2,139,537)	(1,179,754)	(4,632,055)	(7,636,006)
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on sale of capital assets	-	-	(5,284)	(5,284)	-
Interest income	-	256	4,592	4,848	-
Loss before contributions and transfers	(1,312,764)	(2,139,281)	(1,180,446)	(4,632,491)	(7,636,006)
Capital contributions	-	-	187,505	187,505	-
Transfers in	621,644	1,497,082	1,074,602	3,193,328	9,136,006
Change in net position	(691,120)	(642,199)	81,661	(1,251,658)	1,500,000
NET POSITION - BEGINNING	16,765,890	3,528,962	1,669,817	21,964,669	(1,500,000)
NET POSITION - ENDING	<u>\$ 16,074,770</u>	<u>\$ 2,886,763</u>	<u>\$ 1,751,478</u>		<u>\$ -</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				(163,065)	
Change in net position of business-type activities				<u>\$ (1,414,723)</u>	

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Montgomery Area Transit System	Montgomery Zoo	Other Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 654,098	\$ 2,940,581	\$ 2,070,831	\$ 5,665,510	\$ -
Receipts from interfund services provided	-	-	-	-	34,588,937
Payments to suppliers	(1,372,156)	(2,154,742)	(2,048,646)	(5,575,544)	(42,974,328)
Payments to employees	-	(1,932,282)	(929,049)	(2,861,331)	-
Payments for interfund services used	-	(268,670)	(31,490)	(300,160)	-
Net cash used in operating activities	<u>(718,058)</u>	<u>(1,415,113)</u>	<u>(938,354)</u>	<u>(3,071,525)</u>	<u>(8,385,391)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	621,644	1,497,082	1,074,602	3,193,328	9,136,006
Net cash payments (to) from other funds	<u>96,414</u>	<u>-</u>	<u>(59,210)</u>	<u>37,204</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>718,058</u>	<u>1,497,082</u>	<u>1,015,392</u>	<u>3,230,532</u>	<u>9,136,006</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	<u>-</u>	<u>(20,000)</u>	<u>(30,038)</u>	<u>(50,038)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>-</u>	<u>(20,000)</u>	<u>(30,038)</u>	<u>(50,038)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	<u>-</u>	<u>256</u>	<u>4,592</u>	<u>4,848</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>-</u>	<u>62,225</u>	<u>51,592</u>	<u>113,817</u>	<u>750,615</u>
CASH AND CASH EQUIVALENTS - BEGINNING	<u>-</u>	<u>549,595</u>	<u>186,033</u>	<u>735,628</u>	<u>3,148,710</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ -</u>	<u>\$ 611,820</u>	<u>\$ 237,625</u>	<u>\$ 849,445</u>	<u>\$ 3,899,325</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Transfer of capital assets from governmental activities	\$ -	\$ -	\$ 187,505	\$ 187,505	\$ -

(Continued)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	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	\$ (1,312,764)	\$ (2,139,537)	\$ (1,179,754)	\$ (4,632,055)	\$ (7,636,006)
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation expense	691,118	344,125	100,562	1,135,805	-
(Increase) decrease in assets and deferred outflows:					
Receivables	(7,338)	73,036	7,776	73,474	101,992
Inventories	144,686	6,551	4,143	155,380	-
Prepaid items	-	120	-	120	-
Deferred outflows	-	(445,656)	(60,113)	(505,769)	-
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable and accrued expenses	(233,760)	24,246	79,369	(130,145)	(193,741)
Deferred revenue	-	-	15,414	15,414	-
Funds in escrow	-	-	-	-	(97)
Claims payable	-	-	-	-	(657,539)
Compensated absences	-	(21,729)	23,427	1,698	-
Net pension liability	-	743,731	70,822	814,553	-
Total adjustments	594,706	724,424	241,400	1,560,530	(749,385)
Net cash used in operating activities	<u>\$ (718,058)</u>	<u>\$ (1,415,113)</u>	<u>\$ (938,354)</u>	<u>\$ (3,071,525)</u>	<u>\$ (8,385,391)</u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 DECEMBER 31, 2018

	Employees' Retirement System
ASSETS	
Cash	\$ 194,249
Receivables:	
Accrued interest and dividends	2,390,120
Contributions receivable	1,149,010
Other receivables	11,749
Total receivables	<u>3,550,879</u>
Investments, at fair value:	
Fixed income	73,008,509
Domestic and international equities	25,369,801
Mutual funds	198,969,483
Partnerships	21,876,502
Cash equivalents	2,121,288
Total investments	<u>321,345,583</u>
Total assets	<u>325,090,711</u>
LIABILITIES	
Accounts payable	124,103
Refunds payable	1,949,305
Total liabilities	<u>2,073,408</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 323,017,303</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, 2018

	Employees' Retirement System
ADDITIONS	
Contributions:	
Employers	\$ 17,275,298
Members	6,660,817
Total contributions	<u>23,936,115</u>
Investment income:	
Interest	2,365,521
Dividends	15,434,309
Net depreciation in fair value of investments	(33,160,357)
	<u>(15,360,527)</u>
Less: Investment expense	454,480
Net investment income	<u>(15,815,007)</u>
Other additions:	
Interest on reinstatement contributions	94,259
Total other additions	<u>94,259</u>
Total additions	<u>8,215,367</u>
DEDUCTIONS	
Benefit payments	37,122,859
Withdrawals and refunds	1,994,905
Administration expenses	174,758
Total deductions	<u>39,292,522</u>
Change in net position	(31,077,155)
Net position - restricted for pension benefits beginning of year	<u>354,094,458</u>
Net position - restricted for pension benefits end of year	<u><u>\$ 323,017,303</u></u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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 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 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.

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.

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 nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. The exception to this is interfund services provided and used which are eliminated in the consolidation process.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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.

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.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Emergency Communications District – 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 the District’s public safety activities.

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.

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 Funds 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Certificates of Deposit

Certificates of deposit consist of nonnegotiable instruments with an original maturity greater than three months.

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 interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund 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 uncollectables.

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 nonexchange 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, 2018.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

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:

	Governmental Activities	Business-Type Activities	Total
Automotive parts	\$ 298,249	\$ 189,307	\$ 487,556
Fuels and lubricants	206,229	-	206,229
Materials and supplies	524,131	-	524,131
Tobacco tax stamps	29,339	-	29,339
Merchandise and concessions	27,392	193,552	220,944
Other	140,074	-	140,074
Totals	\$ 1,225,414	\$ 382,859	\$ 1,608,273

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 using the consumption method.

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, 2019

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 back trending (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.

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 and the City's OPEB plan which is described in Note 14.

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 two types of items that qualify for reporting in this category. The first item results from deferred inflows related to the City's OPEB, which are described further in Note 14. The second 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, 2019 totaled \$6,566,249.

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, 2019 totaled \$373,802,701.

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.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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, 2019

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, 2019 and 2018 there were no outstanding encumbrances in the General Fund. Therefore, 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, 2019, the City included the encumbrances as part of governmental fund balances (budgetary basis) as follows:

Capital Project Fund	\$ 2,324,993
Emergency Communications District	233,670
Nonmajor governmental funds	<u>1,810,083</u>
 Total	 <u><u>\$ 4,368,746</u></u>

Deficit Fund Equity

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

	<u>Deficit Amount</u>
Nonmajor Governmental Funds:	
ADECA Grant Fund	\$ 18,708
Department of Justice Grant Fund	1
Homeland Security Grant Fund	466,411
Municipal Court Corrections Fund	6,457

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Deficit Fund Equity (Continued)

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

The City's intent for the above funds is to appropriate funds from the General Fund in order to reduce these 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. The City's cash and cash equivalents and certificates of deposit are covered by the SAFE program.

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, 2019

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

Investments (Continued)

Fair Value of Investments (Continued)

At December 31, 2018, the System had the following recurring fair value measurements:

Investments by Fair Value Level	December 31, 2018	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	\$ 976,633	\$ -	\$ 976,633	\$ -
Corporate securities	61,119,706	61,119,706	-	-
Foreign bonds	10,912,170	10,912,170	-	-
Mutual bond fund	16,731,790	16,731,790	-	-
Total fixed maturity	89,740,299	88,763,666	976,633	-
Equities:				
Domestic	23,235,667	23,235,667	-	-
International	2,134,134	2,134,134	-	-
Total equities	25,369,801	25,369,801	-	-
Mutual funds:				
Equity	70,286,047	70,286,047	-	-
Balanced	55,199,614	55,199,614	-	-
Global tactical allocation	14,252,899	14,252,899	-	-
International equities	42,499,133	42,499,133	-	-
Total mutual funds	182,237,693	182,237,693	-	-
Cash equivalents	2,121,288	2,121,288	-	-
Total investments measured at fair value level	299,469,081	\$ 298,492,448	\$ 976,633	\$ -
Investments measured at the Net Asset Value (NAV)				
Private equity partnerships	18,662,689			
Private debt partnerships	3,213,813			
Total investments measured at the NAV	21,876,502			
Total investments measured at fair value	\$ 321,345,583			

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

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, 2018. 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, 2018:

<u>Investments Measured at NAV</u>	<u>Fair Value at 12/31/2018</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private equity partnerships	\$ 18,662,689	\$ 5,175,000	Illiquid (see comments below)	Illiquid (see comments below)
Private debt partnerships	<u>3,213,813</u>	<u>6,700,000</u>	Illiquid (see comments below)	Illiquid (see comments below)
Total investments measured at NAV	<u>\$ 21,876,502</u>	<u>\$ 11,875,000</u>		

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 2018, the fund manager called \$1,200,000 of the commitments leaving \$5,175,000 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.

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

Investments (Continued)

Fair Value of Investments (Continued)

Private debt partnerships consist of an investment in a limited partnership which invests primarily in performing real estate related debt that are not anticipated to result in real estate ownership, with an emphasis on investments in the United States. As of December 31, 2018, the limited partners have invested 33% of their committed total capital. Remaining capital contribution will be made as drawdowns occur for the limited partners. During 2018, the System's capital contributions totaled \$2,040,000 leaving \$6,700,000 in unfunded commitments. These investments are illiquid for the life of the fund. The fund has a 7 year term from its initial closing which was March 13, 2017. Additionally, the fund manager may extend the term for up to three additional years. Any further extensions would require a vote of the investors. 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 event and the 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.

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.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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

Investments (Continued)

Fair Value of Investments (Continued)

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 investments with a capital appreciation focus to 70% of the portfolio value, limits fixed income investments to 30% of the portfolio value. The composite target allocations are shown below:

<u>Asset Class of Sub Class</u>	<u>Target Allocation</u>
<u>Liquid Composite Targets</u>	
Capital appreciation:	
Dedicated traditional equity	33%
Risk-managed growth	25%
Satellite strategies	7%
Low volatility:	
Dedicated fixed income	27%
<u>Illiquid Composite Targets</u>	
Capital appreciation:	
Private equity	5%
Low volatility:	
Private debt	3%

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.

Alternative investments, including private equity and private debt investments, must be made through fund structures with managers that have verifiable track records. The Board may allocate up to 10% of the System's assets in investment strategies that could expose the plan to unrelated business taxable income (UBTI). There was no UBTI for 2018 or 2017.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Investments (Continued)

Concentration of Credit Risk (Continued)

The following table provides information as of December 31, 2018, 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	\$ 976,633	\$ -	\$ -	\$ -	\$ 976,633
Corporate Securities	10,350,331	50,769,375	-	-	61,119,706
Foreign Bonds	1,353,810	9,558,360	-	-	10,912,170
Mutual Bond Fund	1,003,907	15,727,883	-	-	16,731,790
<i>Total Fixed Maturity</i>	<u>\$ 13,684,681</u>	<u>\$ 76,055,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>89,740,299</u>
<i>Equities</i>					
Domestic					23,235,667
International					2,134,134
<i>Total Equities</i>					<u>25,369,801</u>
<i>Mutual Equity Funds</i>					182,237,693
<i>Partnerships</i>					21,876,502
<i>Cash Equivalents</i>					<u>2,121,288</u>
Total Investments					<u>\$ 321,345,583</u>

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

Mortgage-Backed Securities - As of December 31, 2018, 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.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

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

Investments (Continued)

Credit Risk – The following table provides information as of December 31, 2018, 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	\$ 717,100	0.80%
AAA(SP)	11,244,517	12.53%
Aa1	1,300,833	1.45%
Aa2	1,081,489	1.21%
AA(SP)	1,075,854	1.20%
Aa3	1,248,264	1.39%
AA-(SP)	561,187	0.63%
A1	6,595,587	7.35%
A2	7,064,560	7.87%
A(SP)	3,621,731	4.04%
A3	13,219,828	14.73%
A-(SP)	1,533,925	1.71%
Baa1	17,394,065	19.38%
Baa2	10,657,365	11.88%
Baa3	11,729,625	13.06%
BB(SP)	376,465	0.42%
B(SP)	245,957	0.27%
CCC(SP)	71,947	0.08%
Totals	<u>\$ 89,740,299</u>	<u>100.00%</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

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>Emergency Communication District</u>	<u>Nonmajor Governmental Funds</u>	<u>Montgomery Area Transit System</u>
Interest and dividends	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions receivable	-	-	-	-	-
Taxes	12,500,283	-	-	530,345	-
Accounts	1,611,692	116,371	-	42,934	7,527
Intergovernmental	2,091,896	76,111	482,506	1,741,595	-
Total receivables	\$ 16,203,871	\$ 192,482	\$ 482,506	\$ 2,314,874	\$ 7,527

	<u>Montgomery Zoo</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Employee Retirement System</u>	<u>Total</u>
Interest and dividends	\$ -	\$ -	\$ -	\$ 2,390,120	\$ 2,390,120
Contributions receivable	-	-	-	1,149,010	1,149,010
Taxes	-	-	-	-	13,030,628
Accounts	153,363	15,218	983,833	11,749	2,942,687
Intergovernmental	-	-	-	-	4,392,108
Total receivables	\$ 153,363	\$ 15,218	\$ 983,833	\$ 3,550,879	\$ 23,904,553

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, 2019 is shown below.

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt Service	\$ 2,288,953
	Nonmajor Governmental	1,278,249
	Montgomery Area Transit System	266,626
	Nonmajor Enterprise	39,584
Total		\$ 3,873,412

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

5. INTERFUND BALANCES (Continued)

Advance to/from Other Funds

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

Interfund Transfers

<u>Transfer Out</u>	<u>Transfer In</u>				
	<u>General</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental</u>	<u>Montgomery Area Transit</u>
General	\$ -	\$ 10,055,264	\$ 27,177,533	\$ 6,414,654	\$ 621,644
Capital Project Fund	-	-	750,000	332,000	-
Emergency Communications District		12,000	-	-	-
Nonmajor Governmental	<u>6,200,000</u>	<u>1,799,171</u>	<u>373,050</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 6,200,000</u>	<u>\$ 11,866,435</u>	<u>\$ 28,300,583</u>	<u>\$ 6,746,654</u>	<u>\$ 621,644</u>

<u>Transfer Out</u>	<u>Transfer In</u>			
	<u>Montgomery Zoo</u>	<u>Nonmajor Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
General	\$ 1,497,082	\$ 1,074,602	\$ 7,636,006	\$ 54,476,785
Capital Project Fund	-	-	1,500,000	2,582,000
Emergency Communications District	-	-	-	12,000
Nonmajor Governmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,372,221</u>
Totals	<u>\$ 1,497,082</u>	<u>\$ 1,074,602</u>	<u>\$ 9,136,006</u>	<u>\$ 65,443,006</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. Transfers into the General Fund from the special revenue funds are used to move special revenue items into the General Fund, where the activity takes place.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

6. NOTES, WARRANTS, AND LEASE RECEIVABLE

During 2001, Montgomery Development Corporation, an Alabama nonprofit 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 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 \$253,638 have been reported in the Capital Project Fund as of September 30, 2019. 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, 2019

7. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 55,339,992	\$ 1,140,606	\$ (2,665,519)	\$ -	\$ 53,815,079
Construction in progress	4,166,233	6,993,995	-	(3,625,193)	7,535,035
Total capital assets, not being depreciated	<u>59,506,225</u>	<u>8,134,601</u>	<u>(2,665,519)</u>	<u>(3,625,193)</u>	<u>61,350,114</u>
Capital assets, being depreciated:					
Buildings and system	193,757,187	101,915	-	500,051	194,359,153
Improvements other than buildings	82,159,695	-	-	620,869	82,780,564
Machinery and equipment	128,696,318	7,206,130	(3,739,203)	138,888	132,302,133
Infrastructure	566,541,380	5,897,907	-	2,012,202	574,451,489
Total capital assets, being depreciated	<u>971,154,580</u>	<u>13,205,952</u>	<u>(3,739,203)</u>	<u>3,272,010</u>	<u>983,893,339</u>
Less accumulated depreciation for:					
Buildings and system	75,988,336	4,331,918	-	-	80,320,254
Improvements other than buildings	39,144,613	3,203,672	-	-	42,348,285
Machinery and equipment	89,544,346	7,040,652	(3,502,522)	-	93,082,476
Infrastructure	482,717,039	5,306,447	-	-	488,023,486
Total accumulated depreciation	<u>687,394,334</u>	<u>19,882,689</u>	<u>(3,502,522)</u>	<u>-</u>	<u>703,774,501</u>
Total capital assets, being depreciated, net	<u>283,760,246</u>	<u>(6,676,737)</u>	<u>(236,681)</u>	<u>3,272,010</u>	<u>280,118,838</u>
Governmental activities capital assets, net	<u>\$ 343,266,471</u>	<u>\$ 1,457,864</u>	<u>\$ (2,902,200)</u>	<u>\$ (353,183)</u>	<u>\$ 341,468,952</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

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	-	-	71,500	26,416,122
Improvements other than buildings	7,614,255	-	-	-	7,614,255
Machinery and equipment	10,650,237	50,038	(96,461)	-	10,603,814
Infrastructure	-	-	-	116,005	116,005
Total capital assets, being depreciated	<u>44,609,114</u>	<u>50,038</u>	<u>(96,461)</u>	<u>187,505</u>	<u>44,750,196</u>
Less accumulated depreciation for:					
Buildings and system	7,195,672	564,502	-	-	7,760,174
Improvements other than buildings	5,872,225	188,712	-	-	6,060,937
Machinery and equipment	8,525,370	380,658	(91,177)	-	8,814,851
Infrastructure	-	1,933	-	-	1,933
Total accumulated depreciation	<u>21,593,267</u>	<u>1,135,805</u>	<u>(91,177)</u>	<u>-</u>	<u>22,637,895</u>
Total capital assets, being depreciated, net	<u>23,015,847</u>	<u>(1,085,767)</u>	<u>(5,284)</u>	<u>187,505</u>	<u>22,112,301</u>
Business-type activities capital assets, net	<u>\$ 24,063,789</u>	<u>\$ (1,085,767)</u>	<u>\$ (5,284)</u>	<u>\$ 187,505</u>	<u>\$ 23,160,243</u>

Transfers from construction in progress above include \$469 of capital assets contributed to the Montgomery City-County Public Library.

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

Governmental Activities:	
General Government	\$ 12,576,575
Public Works	1,889,584
Public Safety	3,930,993
Cultural and Recreational	1,485,537
Total depreciation expense - governmental activities	<u>\$ 19,882,689</u>
Business-Type Activities:	
Montgomery Area Transit System	\$ 691,118
Montgomery Zoo	344,125
Montgomery River Boat	52,827
Municipal Golf	47,735
Total depreciation expense - business-type activities	<u>\$ 1,135,805</u>

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

8. SHORT-TERM DEBT

In November 2018, 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 December 2018. The line of credit matured September 28, 2019. The line of credit was renewed on September 28, 2019 and scheduled to mature on September 28, 2020. As of September 30, 2019, there were no draws on the line of credit.

9. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 211,436,575	\$ -	\$ (13,621,575)	\$ 197,815,000	\$ 14,965,000
Less issuance discounts	(9,899)	-	464	(9,435)	-
Add issuance premiums	6,050,679	-	(1,165,574)	4,885,105	-
Total general obligation bonds payable	217,477,355	-	(14,786,685)	202,690,670	14,965,000
Capital leases	14,447,651	5,078,439	(6,427,769)	13,098,321	6,536,390
Direct borrowings and direct placements	56,049,083	-	(3,823,868)	52,225,215	3,906,679
Compensated absences	20,057,953	2,516,635	(2,294,976)	20,279,612	2,294,976
Retirement and disability benefits	6,711,175	356,693	(501,619)	6,566,249	501,620
Net pension liability	226,335,694	63,863,337	-	290,199,031	-
Total OPEB liability	391,864,969	11,371,986	(29,434,254)	373,802,701	-
IREP settlement payable	1,500,000	-	(750,000)	750,000	750,000
Landfill closure and postclosure	3,365,424	209,082	-	3,574,506	-
Governmental activities long-term liabilities	937,809,304	83,396,172	(58,019,171)	963,186,305	28,954,665
Business-Type Activities:					
Compensated absences	353,514	53,459	(51,761)	355,212	51,761
Net pension liability	2,705,995	814,553	-	3,520,548	-
Business-type activities long-term liabilities	3,059,509	868,012	(51,761)	3,875,760	51,761
Total long-term debt	\$ 940,868,813	\$ 84,264,184	\$ (58,070,932)	\$ 967,062,065	\$ 29,006,426

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

9. LONG-TERM DEBT (Continued)

Long-term debt payable at September 30, 2019 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 \$260,465,000 with current outstanding balances as follows:

\$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%.	\$ 28,630,000
\$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%.	60,065,000
\$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%.	23,335,000
\$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%.	8,425,000
\$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%.	37,880,000
\$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%.	5,470,000
\$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%.	8,245,000
\$25,765,000 Series 2018 General Obligation Warrants due in annual installments of \$815,000 to \$1,895,000 on 6/15/20 to 6/15/39, with a maximum principal of \$1,895,000 in fiscal year 2039, interest at 3.00% to 5.00%.	25,765,000
	\$ 197,815,000
Total general obligation bonds	

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

9. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

The following schedule illustrates debt service to maturity for General Obligation Bonds at September 30, 2019.

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2020	\$ 14,965,000	\$ 8,490,096	\$ 23,455,096
2021	15,500,000	7,958,013	23,458,013
2022	16,060,000	7,405,343	23,465,343
2023	16,585,000	6,874,048	23,459,048
2024	10,795,000	6,304,973	17,099,973
2025-2029	43,115,000	25,536,867	68,651,867
2030-2034	37,515,000	16,546,586	54,061,586
2035-2040	43,280,000	7,006,656	50,286,656
Totals	<u>\$ 197,815,000</u>	<u>\$ 86,122,582</u>	<u>\$ 283,937,582</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

9. LONG-TERM DEBT (Continued)

Warrants from direct borrowings and direct placements

The City issues warrants from direct borrowings and direct placements to provide for the acquisition and construction of major capital facilities. Warrants from direct borrowings and direct placements are direct obligations and pledge the full faith and credit of the City. The original amount of warrants from direct borrowings and direct placements issued was \$64,517,843 with current outstanding balances as follows:

\$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%.	\$ 850,000
\$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%.	1,684,726
\$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 2.82%.	45,440,489
Total direct placements	<u>47,975,215</u>
\$5,000,000 General Obligation Promissory Note with ServisFirst Bank due in semi-annual installments of \$125,000 plus interest beginning March 1, 2017; final payment due September 1, 2036; interest at 3.3% until 2020, thereafter interest adjusted per annum at five-year LIBOR swap rate plus 175 basis points. Proceeds used to finance the construction of new municipal court complex.	4,250,000
Total direct borrowings	<u>4,250,000</u>
Total direct borrowings and direct placements	<u>\$ 52,225,215</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

9. LONG-TERM DEBT (Continued)

Warrants from direct borrowings and direct placements (continued)

The following schedule illustrates debt service to maturity for warrants from direct borrowings and direct placements at September 30, 2019.

Year ending	Governmental Activities		
	Direct Borrowings and Direct Placements		
September 30:	Principal	Interest	Total
2020	\$ 3,906,679	\$ 1,474,031	\$ 5,380,710
2021	3,996,089	1,354,153	5,350,242
2022	4,086,791	1,235,621	5,322,412
2023	4,175,833	1,114,446	5,290,279
2024	4,288,527	992,927	5,281,454
2025-2029	21,164,497	3,135,559	24,300,056
2030-2034	10,106,799	404,626	10,511,425
2035-2036	500,000	20,900	520,900
Totals	<u>\$ 52,225,215</u>	<u>\$ 9,732,263</u>	<u>\$ 61,957,478</u>

The City’s outstanding warrants from direct borrowings and direct placements related to governmental activities of \$5,100,000 contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

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, 2019, the amount of outstanding debt applicable to this limit was equal to 9.41% of property assessments as of October 1, 2018.

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.

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. As of September 30, 2019, there was no defeased debt outstanding.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

9. LONG-TERM DEBT (Continued)

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of property and equipment. The related property and equipment is pledged as collateral. 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.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 23,692,636
Less accumulated depreciation	<u>(5,328,435)</u>
Total	<u><u>\$ 18,364,201</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019, were as follows:

	<u>Governmental Activities</u>
Year ending September 30:	
2020	\$ 6,812,542
2021	4,978,367
2022	1,730,513
Total minimum lease payments	<u>13,521,422</u>
Less amount representing interest	<u>423,101</u>
Present value of minimum lease payments	<u><u>\$ 13,098,321</u></u>

The City's outstanding capital leases related to governmental activities of contain provisions that in an event of default, outstanding amounts become immediately due if the City is unable to make payments.

Other Long-Term Debt

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

Subsequent Event

The City approved the refunding of its General Obligation Warrant Series 2010A which was used to finance or refinance the costs of constructing and equipping capital improvements to public facilities and uses. The City intends to issue its General Obligation Refunding Warrants, Series 2020 and to secure repayment of the Series 2020 Warrants by pledging its full faith and credit. The principal amount of the Series 2020 Warrants will be approximately \$25 million and the final maturity will not extend beyond 2030.

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.

The estimated liability of landfill closure and postclosure costs is approximately \$3,574,506 as of September 30, 2019, which is based on 32% usage. It is estimated that an additional \$7,614,066 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 (2116). 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 \$11,200,000 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, 2019. 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. The remaining \$1,200,000 of the estimated current cost of the landfill closure and postclosure care cost will be covered by General Fund reserves.

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 \$3,394 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, 2019, were as follows:

Year ending September 30:	
2020	\$ 40,726
2021	<u>30,545</u>
Total	<u>\$ 71,271</u>

Total rental expense for the above operating lease is \$40,726 for the year ended September 30, 2019.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

11. OPERATING LEASES (Continued)

The City is the lessor of real estate under operating leases expiring in various years through 2024. Following is a summary of property held for lease as of September 30, 2019:

Real estate - Union Station	\$ 2,410,365
Real estate - North Jackson Street	13,200
Less accumulated depreciation	<u>1,658,433</u>
Total	<u><u>\$ 765,132</u></u>

The minimum future rentals on noncancelable operating leases as of September 30, 2019 are:

Year ending September 30:	
2020	\$ 158,670
2021	118,666
2022	65,880
2023	64,980
2024	<u>34,000</u>
Total minimum future rentals	<u><u>\$ 442,196</u></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 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, 2019

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. It is anticipated that all claims outstanding as of September 30, 2019 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	2019	2018
Unpaid claims, beginning of fiscal year	\$ 2,394,500	\$ 1,669,100
Incurred claims (including IBNRs)	40,057,402	40,959,401
Claim payments	<u>(40,908,441)</u>	<u>(40,234,001)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,543,461</u>	<u>\$ 2,394,500</u>
Liability Insurance	2019	2018
Unpaid claims, beginning of fiscal year	\$ 1,692,200	\$ 1,816,900
Incurred claims (including IBNRs)	2,167,637	2,263,515
Claim payments	<u>(1,974,137)</u>	<u>(2,388,215)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,885,700</u>	<u>\$ 1,692,200</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, 2019

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. The System issues a publicly available financial report that includes financial statements and required supplementary information for calendar years ending December 31. That report may be obtained by writing to the Employees’ Retirement System, 103 North Perry Street, Montgomery, Alabama 36104.

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, 2018:

Inactive plan members or beneficiaries currently receiving benefits:	
General (Group I)	1,144
Police and fire (Group II)	880
Total	<u>2,024</u>
Inactive plan members entitled to but not yet receiving benefits:	
General (Group I)	6
Police and fire (Group II)	13
Total	<u>19</u>
Active plan members:	
General (Group I)	1,444
Police and fire (Group II)	864
Total	<u>2,308</u>
Total plan members	<u><u>4,351</u></u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

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 FOR EACH YEAR OF SERVICE		MAXIMUM PERCENTAGE
	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 62, 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, 2019 were 13.96% of the employee’s annual covered salary for Group I employees and 24.02% of the employee’s annual covered salary for Group II employees. The City’s contribution to the System for the year ended September 30, 2019 was \$17,727,198. For the System’s calendar year ended December 31, 2018, contributions by the City totaled \$16,564,424.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

13. PENSION PLAN (Continued)

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

At September 30, 2019, the City reported a liability of \$293,719,579 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The City’s proportion of the net pension liability was based on actual employer contributions during the measurement period. At December 31, 2018, the City’s proportion was 98.778%.

For the year ended September 30, 2019, the City recognized pension expense of \$44,602,933. At September 30, 2019, 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	\$ 9,729,105
Changes of assumptions	19,598,341
Transfer between employers	(16,558)
Net difference between projected and actual earnings on Plan investments	26,273,645
City contributions subsequent to measurement date	<u>13,156,483</u>
Governmental activities deferred outflows related to pensions	<u>68,741,016</u>
Business-Type Activities:	
Differences between expected and actual results	124,091
Changes of assumptions	249,970
Transfer between employers	(211)
Net difference between projected and actual earnings on Plan investments	335,111
City contributions subsequent to measurement date	<u>166,648</u>
Business-type activities deferred outflows related to pensions	<u>875,609</u>
Total deferred outflows related to pensions	<u><u>\$ 69,616,625</u></u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

13. PENSION PLAN (Continued)

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

The \$13,156,483 and \$166,648 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, 2020. 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>
2019	\$ 15,531,985	\$ 198,105
2020	15,531,985	198,105
2021	15,531,985	198,105
2022	8,988,578	114,646
	<u>\$ 55,584,533</u>	<u>\$ 708,961</u>

Actuarial Assumptions

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality Pub-2010 General/Safety, Projected with scale MP2018-amounts weighted

Assumed payroll increase 2.25%

Salary scale 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%

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

13. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Retirement rates Employees are assumed to retire according to the following, if eligible:

Age	Group 1	Group 2
40 - 44	20.00%	30.00%
45 - 49	13.50%	30.00%
50 - 57	15.00%	25.00%
57 - 59	15.00%	30.00%
60	10.00%	30.00%
61 - 62	30.00%	30.00%
63 - 69	18.00%	100.00%
70 - 74	30.00%	100.00%
75	100.00%	100.00%

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 & Survivor Annuity; and 15% are assumed to elect a 100% Joint & Survivor Annuity. Once eligible, 50% of active employees are assumed to elect ERIP for three years.

Percent married 75% of eligible active participants are assumed to be married with husbands assumed to be two years older than wives.

Cost method Entry age normal.

Asset valuation method Five year smoothing of asset gains and losses.

Turnover The percentage of employees expected to terminate within one year. Rates for sample ages are below:

Age	Group 1	Group 2
20	18.60%	10.00%
25	19.70%	8.00%
30	13.00%	8.00%
35	9.30%	5.00%
40	7.40%	5.00%
45	6.60%	5.00%
50	6.00%	5.00%
55	11.00%	5.00%
60	10.00%	5.00%

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

13. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

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. The method assumes general inflation of 2.3%. 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, 2018 (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:	
Core US	3.60%
Non-US (50% hedged)	3.00%
Private - direct lending	7.90%
Equities:	
Domestic (large cap)	7.00%
International	8.00%
Hedge fund	5.60%
Cash	2.70%

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, 2019

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%	\$ 368,932,690
Current discount rate	7.00%	293,719,579
1% increase	8.00%	231,572,263

Changes in the actuarial assumptions used in the December 31, 2018 calculation consisted of a change in the cash balance interest crediting rate from 2.80% to 3.36% and a change in the mortality from RP-2000 Combined Healthy mortality table with mortality projected to 2025 using Scale AA to Pub-2010 General/Safety, Projected with Scale MP2018-amounts weighted.

Subsequent Event

During 2019, The City of Montgomery selected the Retirement Systems of Alabama (RSA), an agent multiple-employer plan, to provide retirement allowances for City employees. On October 1, 2019, substantially all assets were transferred from the Employees' Retirement System of the City of Montgomery to RSA for management and investment. All subsequent employee and employer contributions, as well as benefit payments, will be managed by RSA.

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City’s defined benefit OPEB plan, the Employees’ Medical Insurance Plan (EMIP), provides OPEB for eligible retirees of the City and their spouses. The City’s OPEB 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. EMIP is a single-employer defined benefit OPEB plan administered by the City. 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. Therefore, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASBS Statement 75. The Employees’ Medical Insurance Plan does not issue a publicly available financial report. Benefit provisions and contribution requirements of the EMIP may be established or amended by the Mayor.

Benefits Provided and Eligibility

Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. To be eligible for retiree benefits, the participant must be covered under City benefits as an active employee immediately prior to retirement. Participants not eligible for retirement at the time of their termination are not eligible for immediate or future benefits from the retiree medical plan. Retirees are required to pay a portion of the full premium to continue benefits coverage in the City sponsored plan. Coverage is provided to spouses of retirees who are currently receiving benefits. If the retiree predeceases the spouse, coverage for the surviving spouse continues; however, the spouse must pay the full premium. The earliest retirement eligibility provisions are as follows:

Fire and Police Department Employees

Members hired prior to October 1, 2005 - Retirement at the earlier of age 62 with 10 years of service, or 20 years of service.

Members hired after September 30, 2005, but prior to October 1, 2013 - Retirement at the earlier of age 55 with 10 years of service, or 25 years of service.

Members hired after September 30, 2013 - Retirement at the earlier of 25 years of service, or age 62 with 10 years of service. These members are not eligible for the Employee Retention Incentive Program.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Benefits Provided and Eligibility (Continued)

All Other Employees

Members hired prior to October 1, 2005 - Retirement at the earlier of age 65 with 10 years of service, or 20 years of service.

Members hired after September 30, 2005, but prior to October 1, 2013 - Retirement at the earlier of age 62 with 10 years of service, or 25 years of service.

Members hired after September 30, 2013 - Retirement at the earlier of 25 years of service, or age 62 with 10 years of service. These members are not eligible for the Employee Retention Incentive Program.

Employee Retention Incentive Program (ERIP)

Employees of the City who reach retirement service requirements are eligible to enter the ERIP for a period of up to 3 years. During the period in the ERIP, these participants will remain employed, but accrue a lump sum pension benefit. For the purposes of retiree medical eligibility, participants in the ERIP are considered active employees.

Employees Covered by Benefit Terms

At September 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or spouses currently receiving benefit payments	2,165
Active employees	2,069
Total	<u>4,234</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Total OPEB Liability

The City’s total OPEB liability of \$373,802,701 was measured as of September 30, 2018 and was determined by actuarial valuation as of September 30, 2017. The benefit liabilities have been rolled forward to September 30, 2019 using standard roll-forward techniques.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary increases, including inflation	2.25%
Healthcare cost trend rates	7.37%

The discount rate was based on the average of the 20 Year Bond Government Obligation Index as of the measurement date. The discount rate used to compute the OPEB expense for the September 30, 2018 reporting date was 3.64%. The discount rate used to compute the total OPEB liability for the reporting date of September 30, 2019 was 4.18%.

Mortality rates were based on the RP-2000 Table, with mortality improvement projected to 7 and 15 years past the valuation date for annuitants and non-annuitants, respectively, based on Projection Scale AA.

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.

It is assumed that husbands are two years older than wives for future retirees. It is assumed that 80% of active employees who retire with medical coverage will elect to cover their spouse.

Retirees are expected to contribute the following monthly amounts during 2019 towards the cost of their premiums:

	Monthly Premium Contribution	
	Prior to 65	65 and older
Retiree	\$ 176.86	\$ 46.00
Spouse	193.59	152.45

The plan has not had a formal actuarial experience study performed.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at September 30, 2018	\$ 391,864,969
Changes for the year:	
Service Cost	10,338,034
Interest	14,426,657
Effect of assumptions changes or inputs	(30,988,624)
Benefit payments	(11,838,335)
Net changes	(18,062,268)
Balance as of September 30, 2019	<u>\$ 373,802,701</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.64% used in the September 30, 2018 valuation to 4.18% in the roll forward for September 30, 2019 to reflect the current economic development.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using the discount rate that is 1-percentage-point lower (3.18%) or 1-percentage-point higher (5.18%) than the current discount rate:

	1% Decrease (3.18%)	Discount Rate (4.18%)	1% Increase (5.18%)
Total OPEB liability	\$ 434,235,743	\$ 373,802,701	\$ 324,977,822

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1-percentage-point lower (6.37%) or 1-percentage-point higher (8.37%) than the current healthcare trend rates:

	1% Decrease (6.37%)	Current Trend Rate (7.37%)	1% Increase (8.37%)
Total OPEB liability	\$ 320,175,505	\$ 373,802,701	\$ 440,694,610

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$352,545. The \$11,019,441 of deferred outflows of resources resulting from the City’s contributions subsequent to the measurement date for governmental activities as the benefits came due will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2020. At September 30, 2019, the City also reported deferred inflows of resources related to the OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Changes of assumptions	\$ (47,366,726)	
Contributions made subsequent to measurement date		\$ 11,019,441
	<u>\$ (47,366,726)</u>	<u>\$ 11,019,441</u>

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

<u>Year Ending September 30:</u>	<u>Amount</u>
2020	\$ (13,392,705)
2021	(13,392,705)
2022	(13,392,705)
2023	(6,692,197)
2024	(496,414)

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, 2019

16. CONSTRUCTION COMMITMENT

As of September 30, 2019, the City had commitments on construction of capital projects as follows:

Gross commitments	\$ 9,987,106
Spent-to-date	<u>6,414,714</u>
Net commitments	<u>\$ 3,572,392</u>

17. RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the year ended September 30, 2019:

The City appropriated approximately \$3,226,708 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. In addition, the City contributed capital assets of \$469 to the Montgomery City-County Public Library.

The Montgomery Water Works and Sanitary Sewer Board (the Board) paid the City \$3,577,134 in lieu of taxes and \$12,100 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 \$944,758 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 jobs and stimulus to the City's economy. Eligibility for these agreements is in accordance with the Tax Reform Act of 1992 (Chapter 9B, Title 40, Code of Alabama 1975) and The Alabama Reinvestment & Abatements Act (Chapter 9G, Title 40, Code of Alabama 1975). 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.

These incentive agreements require approval by the Mayor and City Council and are authorized by Chapters 9B and 9G 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. The agreements have limited terms, typically property taxes are abated for ten years.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

The City does not collect property taxes directly. The Revenue Commissioner of Montgomery County is responsible for billing and collection of property taxes which are then disbursed to the city.

Property Tax Abated - Fiscal Year 2019	<u>\$ 1,550,053</u>
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Total sales taxes abatement commitments by the Industrial Development Board of the City of Montgomery in fiscal year 2019 was approximately \$6,000,000 on approximately \$480,000,000 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 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 will take effect for financial statements starting with the fiscal year that ends December 31, 2019.

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 will take effect for financial statements starting with the fiscal year that ends December 31, 2020.

GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. Requirements for this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTGOMERY, ALABAMA

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

Calendar 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 Payroll	City's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	98.778%	\$ 293,719,579	\$ 96,304,030	304.99%	52.07%
2017	98.791%	229,041,689	95,077,140	240.90%	60.43%
2016	98.761%	234,514,836	94,503,344	248.16%	57.98%
2015	98.788%	226,467,135	95,568,436	236.97%	58.38%
2014	98.788%	182,853,723	96,747,398	189.00%	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

Fiscal Year Ended September 30	Actuarially Determined Employer Contributions	Actual Employer Contributions	Annual Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2019	\$ 17,727,198	\$ 17,727,198	\$ -	\$ 97,099,597	18.26%
2018	16,228,188	16,228,188	-	95,754,653	16.95%
2017	15,161,503	15,161,503	-	95,107,507	15.94%
2016	14,650,781	14,650,781	-	98,800,023	14.83%
2015	13,220,721	13,220,721	-	95,301,742	13.87%
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	18 years
Asset valuation method	5 year smoothing
General inflation	2.25%
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 for fiscal year 2019 were based on the Pub-2010 General/Safety, Projected with Scale MP2018-amounts weighted. Mortality rates for fiscal years prior to 2019 were based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2025 using Scale AA.

3. Covered payroll for the fiscal year ended September 30, 2015 and subsequent reflects the adoption of GASBS No. 82.

CITY OF MONTGOMERY, ALABAMA

SCHEDULE OF CHANGES IN THE CITY OF MONTGOMERY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS ENDING SEPTEMBER 30

	<u>2018</u>	<u>2019</u>
Total OPEB Liability		
Service cost	\$ 11,803,335	\$ 10,338,034
Interest	12,860,076	14,426,657
Changes of assumptions	(37,065,070)	(30,988,624)
Benefit payments	<u>(8,870,849)</u>	<u>(11,838,335)</u>
Net change in total OPEB liability	(21,272,508)	(18,062,268)
Total OPEB liability - beginning	<u>413,137,477</u>	<u>391,864,969</u>
Total OPEB liability - ending (a)	<u>\$ 391,864,969</u>	<u>\$ 373,802,701</u>
Covered employee payroll	\$ 95,743,293	\$ 95,555,583
Total OPEB liability as a percentage of covered employee payroll	409.29%	391.19%

Note to the Schedule:

1. This schedule is to be built prospectively until it contains ten years of data.
2. No assets related to OPEB benefits are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4.
3. The City's measurement date is September 30, 2018, with the total OPEB liability rolled forward to September 30, 2019 using standard roll-forward techniques.
4. The actuarial assumptions used for the schedule are detailed in Note 14 to the financial statements.
5. There were no benefit changes for the year ended September 30, 2019.
6. Contributions are not based on a measure of pay; therefore, covered employee payroll above represents the payroll of employees that are eligible to receive future OPEB benefits.
7. The discount rate used as of September 30, 2018 was 3.64%. The discount rate was adjusted to 4.18% for the September 30, 2019 roll-forward.

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.

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.

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.

CITY OF MONTGOMERY, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	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	Miscellaneous Grant Fund
ASSETS							
Cash and cash equivalents	\$ 120,927	\$ 126,367	\$ -	\$ -	\$ 113,170	\$ -	\$ -
Receivables	291,897	343,649	15,000	93,252	-	632,819	102,250
TOTAL ASSETS	\$ 412,824	\$ 470,016	\$ 15,000	\$ 93,252	\$ 113,170	\$ 632,819	\$ 102,250
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	\$ 412,824	\$ 113,823	\$ -	\$ -	\$ 113,145	\$ 45,534	\$ -
Due to other funds	-	-	33,708	60,859	-	597,872	11,987
Unearned revenue	-	-	-	32,394	-	455,824	-
Funds held in escrow	-	-	-	-	-	-	-
TOTAL LIABILITIES	412,824	113,823	33,708	93,253	113,145	1,099,230	11,987
FUND BALANCES (DEFICITS)							
Restricted for:							
Intergovernmental	-	356,193	-	-	25	-	90,263
Landfill	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Riverfront Stadium	-	-	-	-	-	-	-
Unassigned	-	-	(18,708)	(1)	-	(466,411)	-
TOTAL FUND BALANCES (DEFICITS)	-	356,193	(18,708)	(1)	25	(466,411)	90,263
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 412,824	\$ 470,016	\$ 15,000	\$ 93,252	\$ 113,170	\$ 632,819	\$ 102,250

(Continued)

CITY OF MONTGOMERY, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2019

Special Revenue Funds							
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	Federal Transit Administration Grant Fund	Total
\$ -	\$ 3,534,799	\$ -	\$ -	\$ 435,152	\$ 1	\$ 26,448	\$ 4,356,864
401,714	5,934	-	238,448	-	-	189,911	2,314,874
<u>\$ 401,714</u>	<u>\$ 3,540,733</u>	<u>\$ -</u>	<u>\$ 238,448</u>	<u>\$ 435,152</u>	<u>\$ 1</u>	<u>\$ 216,359</u>	<u>\$ 6,671,738</u>
\$ 12,045	\$ 61,998	\$ 4,450	\$ -	\$ -	\$ -	\$ 140,277	\$ 904,096
389,526	-	2,007	182,290	-	-	-	1,278,249
143	16,000	-	-	-	-	10,962	515,323
-	308,273	-	-	-	-	-	308,273
<u>401,714</u>	<u>386,271</u>	<u>6,457</u>	<u>182,290</u>	<u>-</u>	<u>-</u>	<u>151,239</u>	<u>3,005,941</u>
-	-	-	-	-	-	-	-
-	3,122,759	-	-	435,152	-	-	4,004,392
-	31,703	-	-	-	-	-	31,703
-	-	-	-	-	1	65,120	65,121
-	-	-	56,158	-	-	-	56,158
-	-	(6,457)	-	-	-	-	(491,577)
<u>-</u>	<u>3,154,462</u>	<u>(6,457)</u>	<u>56,158</u>	<u>435,152</u>	<u>1</u>	<u>65,120</u>	<u>3,665,797</u>
<u>\$ 401,714</u>	<u>\$ 3,540,733</u>	<u>\$ -</u>	<u>\$ 238,448</u>	<u>\$ 435,152</u>	<u>\$ 1</u>	<u>\$ 216,359</u>	<u>\$ 6,671,738</u>

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds						Miscellaneous 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	105,511	-	-	-	-	-	-
Intergovernmental revenues	3,108,206	1,172,706	171,681	115,085	149,126	544,437	102,250
Charges for goods and services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-	14,531
Total revenues	3,213,717	1,172,706	171,681	115,085	149,126	544,437	116,781
EXPENDITURES							
Current:							
General government	-	339,570	120,000	-	-	-	110,792
Public works	5,386,270	2,832,157	-	-	-	-	-
Public safety	-	-	36,681	55,842	-	1,083,867	1,500
Cultural and recreational	-	-	15,000	-	149,126	-	-
Capital outlay	-	449,364	-	50,000	-	131,232	-
Total expenditures	5,386,270	3,621,091	171,681	105,842	149,126	1,215,099	112,292
Excess of revenues over (under) expenditures	(2,172,553)	(2,448,385)	-	9,243	-	(670,662)	4,489
OTHER FINANCING SOURCES (USES)							
Transfers in	2,270,553	441,450	-	-	-	214,838	-
Transfers out	(98,000)	-	-	-	-	-	-
Total other financing sources (uses)	2,172,553	441,450	-	-	-	214,838	-
Net change in fund balances	-	(2,006,935)	-	9,243	-	(455,824)	4,489
FUND BALANCES - BEGINNING	-	2,363,128	(18,708)	(9,244)	25	(10,587)	85,774
FUND BALANCES - ENDING	\$ -	\$ 356,193	\$ (18,708)	\$ (1)	\$ 25	\$ (466,411)	\$ 90,263

(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, 2019

Special Revenue Funds							
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	Federal Transit Administration Grant Fund	Total
\$ -	\$ 1,430,287	\$ -	\$ 2,837,849	\$ -	\$ -	\$ -	\$ 4,268,136
-	-	-	-	-	-	-	105,511
1,992,006	1,880,110	-	-	-	-	5,424,477	14,660,084
-	296,451	-	-	-	-	-	296,451
-	-	791,303	-	-	247,338	-	1,038,641
-	223,251	-	199,762	45,646	-	210,220	693,410
1,992,006	3,830,099	791,303	3,037,611	45,646	247,338	5,634,697	21,062,233
1,487,881	601,585	163,406	-	-	-	6,706,000	9,529,234
494,240	139,653	-	-	-	-	-	8,852,320
-	9,680	-	-	35,755	-	-	1,223,325
-	232,125	-	-	-	-	-	396,251
9,885	-	6,139	-	-	-	-	646,620
1,992,006	983,043	169,545	-	35,755	-	6,706,000	20,647,750
-	2,847,056	621,758	3,037,611	9,891	247,338	(1,071,303)	414,483
-	333,000	-	36,813	-	-	3,450,000	6,746,654
-	(3,601,757)	(903,000)	(3,488,050)	-	(281,414)	-	(8,372,221)
-	(3,268,757)	(903,000)	(3,451,237)	-	(281,414)	3,450,000	(1,625,567)
-	(421,701)	(281,242)	(413,626)	9,891	(34,076)	2,378,697	(1,211,084)
-	3,576,163	274,785	469,784	425,261	34,077	(2,313,577)	4,876,881
\$ -	\$ 3,154,462	\$ (6,457)	\$ 56,158	\$ 435,152	\$ 1	\$ 65,120	\$ 3,665,797

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses	\$ 103,865	\$ 103,865	\$ 105,511	\$ 1,646
Intergovernmental revenues	3,250,600	3,250,600	3,108,206	(142,394)
Total revenues	3,354,465	3,354,465	3,213,717	(140,748)
EXPENDITURES				
Public works:				
Maintenance	1,857,643	1,759,643	1,276,417	483,226
Traffic engineering	3,949,059	3,949,059	4,109,853	(160,794)
Total expenditures	5,806,702	5,708,702	5,386,270	322,432
Excess of expenditures over revenues	(2,452,237)	(2,354,237)	(2,172,553)	181,684
OTHER FINANCING USES				
Operating transfers in	2,452,237	2,452,237	2,270,553	(181,684)
Operating transfers out	-	(98,000)	(98,000)	-
Total other financing uses	2,452,237	2,354,237	2,172,553	(181,684)
Net change in fund balance	-	-	-	-
FUND BALANCES - BEGINNING	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -

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, 2019

	Municipal Golf	Montgomery River Boat	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 235,035	\$ 2,590	\$ 237,625
Receivables	7,983	7,235	15,218
Inventories	89,937	11,815	101,752
Total current assets	<u>332,955</u>	<u>21,640</u>	<u>354,595</u>
NONCURRENT ASSETS			
Capital assets:			
Land	665,341	-	665,341
Buildings and system	285,331	-	285,331
Improvements other than buildings	1,565,024	-	1,565,024
Machinery and equipment	311,833	786,600	1,098,433
Infrastructure	116,005	-	116,005
Less accumulated depreciation	<u>(1,809,820)</u>	<u>(184,893)</u>	<u>(1,994,713)</u>
Total capital assets, net of accumulated depreciation	<u>1,133,714</u>	<u>601,707</u>	<u>1,735,421</u>
TOTAL ASSETS	<u>1,466,669</u>	<u>623,347</u>	<u>2,090,016</u>
DEFERRED OUTFLOWS			
Pension related items	-	76,705	76,705
TOTAL DEFERRED OUTFLOWS	<u>-</u>	<u>76,705</u>	<u>76,705</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	182,251	41,719	223,970
Unearned revenue	10,059	13,515	23,574
Due to other funds	-	39,584	39,584
Total current liabilities	<u>192,310</u>	<u>94,818</u>	<u>287,128</u>
NONCURRENT LIABILITIES			
Compensated absences	-	31,679	31,679
Net pension liability	-	96,436	96,436
Total noncurrent liabilities	<u>-</u>	<u>128,115</u>	<u>128,115</u>
TOTAL LIABILITIES	<u>192,310</u>	<u>222,933</u>	<u>415,243</u>
NET POSITION			
Investment in capital assets	1,133,714	601,707	1,735,421
Unrestricted	140,645	(124,588)	16,057
TOTAL NET POSITION	<u>\$ 1,274,359</u>	<u>\$ 477,119</u>	<u>\$ 1,751,478</u>

CITY OF MONTGOMERY, ALABAMA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Municipal Golf</u>	<u>Montgomery River Boat</u>	<u>Total</u>
OPERATING REVENUES			
Charges for goods and services	\$ 1,076,674	\$ 970,967	\$ 2,047,641
Total operating revenues	<u>1,076,674</u>	<u>970,967</u>	<u>2,047,641</u>
OPERATING EXPENSES			
Cost of sales and services	170,401	299,297	469,698
Administration	1,773,510	883,625	2,657,135
Depreciation	<u>47,735</u>	<u>52,827</u>	<u>100,562</u>
Total operating expenses	<u>1,991,646</u>	<u>1,235,749</u>	<u>3,227,395</u>
OPERATING LOSS	(914,972)	(264,782)	(1,179,754)
NONOPERATING REVENUES (EXPENSES)			
Loss on sale of capital assets	(5,284)	-	(5,284)
Interest income	<u>-</u>	<u>4,592</u>	<u>4,592</u>
Loss before contributions and transfers	(920,256)	(260,190)	(1,180,446)
Donated capital assets	187,505	-	187,505
Transfers in	<u>867,238</u>	<u>207,364</u>	<u>1,074,602</u>
Change in net position	<u>134,487</u>	<u>(52,826)</u>	<u>81,661</u>
TOTAL NET POSITION - BEGINNING	<u>1,139,872</u>	<u>529,945</u>	<u>1,669,817</u>
TOTAL NET POSITION - ENDING	<u><u>\$ 1,274,359</u></u>	<u><u>\$ 477,119</u></u>	<u><u>\$ 1,751,478</u></u>

CITY OF MONTGOMERY, ALABAMA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Municipal Golf</u>	<u>Montgomery River Boat</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,073,335	\$ 997,496	\$ 2,070,831
Payments to suppliers	(1,106,531)	(942,115)	(2,048,646)
Payments to employees	(752,412)	(176,637)	(929,049)
Payments for interfund services used	-	(31,490)	(31,490)
Net cash provided by (used in) operating activities	<u>(785,608)</u>	<u>(152,746)</u>	<u>(938,354)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	867,238	207,364	1,074,602
Net cash payments from other funds	-	(59,210)	(59,210)
Net cash provided by (used in) noncapital financing activities	<u>867,238</u>	<u>148,154</u>	<u>1,015,392</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	<u>(30,038)</u>	<u>-</u>	<u>(30,038)</u>
Net cash used by capital and related financing activities	<u>(30,038)</u>	<u>-</u>	<u>(30,038)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	<u>-</u>	<u>4,592</u>	<u>4,592</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	51,592	-	51,592
CASH AND CASH EQUIVALENTS - BEGINNING	<u>183,443</u>	<u>2,590</u>	<u>186,033</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 235,035</u>	<u>\$ 2,590</u>	<u>\$ 237,625</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Transfer of capital assets from governmental activities	\$ 187,505	\$ -	\$ 187,505

(Continued)

CITY OF MONTGOMERY, ALABAMA
 COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<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	\$ (914,972)	\$ (264,782)	\$ (1,179,754)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation expense	47,735	52,827	100,562
(Increase) decrease in assets and deferred outflows:			
Receivables	(6,469)	14,245	7,776
Inventories	2,734	1,409	4,143
Deferred outflows	-	(60,113)	(60,113)
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable and accrued expenses	82,234	(2,865)	79,369
Unearned revenue	3,130	12,284	15,414
Compensated absences	-	23,427	23,427
Net pension liability	-	70,822	70,822
Total adjustments	<u>129,364</u>	<u>112,036</u>	<u>241,400</u>
Net cash provided by (used in) operating activities	<u>\$ (785,608)</u>	<u>\$ (152,746)</u>	<u>\$ (938,354)</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.	101
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales taxes.	107
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.	112
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.	119
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.	121

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net investment in capital assets	\$ 253,437,449	\$ 203,973,790	\$ 217,212,528	\$ 202,191,726	\$ 201,285,470	\$ 193,379,215	\$ 197,752,975	\$ 188,338,796	\$ 192,550,472	\$ 201,134,289
Restricted:										
General government	-	-	-	-	-	-	-	-	-	2,174,146
Public works	1,487,038	1,304,163	4,199,221	4,648,168	4,672,714	4,892,875	2,557,209	1,453,747	1,837,869	726,718
Public safety	769,875	991,204	875,641	758,012	2,392,966	3,227,187	3,520,102	3,999,212	5,084,619	3,672,832
Cultural and recreational	4,260,063	4,622,557	3,366,997	3,126,119	1,590,318	1,029,012	1,994,217	669,672	706,818	744,885
Capital projects	72,261,635	34,609,691	9,383,106	8,404,945	3,049,561	15,014,719	4,205,006	8,142,625	7,555,966	8,986,808
Municipal Court Corrections	-	484,534	672,821	430,225	-	751,405	743,815	316,347	308,862	2
Unrestricted	(236,206,455)	(208,261,996)	(224,173,096)	(240,122,438)	(253,195,405)	(408,662,806)	(452,725,979)	(469,495,931)	(744,475,332)	(762,688,955)
Total governmental activities net position	\$ 96,009,605	\$ 37,723,943	\$ 11,537,218	\$ (20,563,243)	\$ (40,204,376)	\$ (190,368,393)	\$ (241,952,655)	\$ (266,575,532)	\$ (536,430,726)	\$ (545,249,275)
Business-Type Activities										
Net investment in capital assets	\$ 14,351,455	\$ 34,407,586	\$ 32,791,667	\$ 28,790,949	\$ 27,223,447	\$ 26,471,886	\$ 25,956,239	\$ 25,070,324	\$ 24,063,789	\$ 23,160,243
Unrestricted	790,709	(1,430,759)	(2,301,948)	(3,234,555)	(2,532,885)	(3,952,620)	(3,929,704)	(3,966,689)	(4,535,758)	(5,046,935)
Total business-type activities net position	\$ 15,142,164	\$ 32,976,827	\$ 30,489,719	\$ 25,556,394	\$ 24,690,562	\$ 22,519,266	\$ 22,026,535	\$ 21,103,635	\$ 19,528,031	\$ 18,113,308
Primary Government										
Net investment in capital assets	\$ 267,788,904	\$ 238,381,376	\$ 250,004,195	\$ 230,982,675	\$ 228,508,917	\$ 219,851,101	\$ 223,709,214	\$ 213,409,120	\$ 216,614,261	\$ 224,294,532
Restricted	78,778,611	42,012,149	18,497,786	17,367,469	11,705,559	24,915,198	13,020,349	14,581,603	15,494,134	16,305,391
Unrestricted	(235,415,746)	(209,692,755)	(226,475,044)	(243,356,993)	(255,728,290)	(412,615,426)	(456,655,683)	(473,462,620)	(749,011,090)	(767,735,890)
Total primary government net position	\$ 111,151,769	\$ 70,700,770	\$ 42,026,937	\$ 4,993,151	\$ (15,513,814)	\$ (167,849,127)	\$ (219,926,120)	\$ (245,471,897)	\$ (516,902,695)	\$ (527,135,967)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Expenses										
Governmental activities:										
General government	\$ 86,120,124	\$ 75,547,042	\$ 76,833,428	\$ 90,962,630	\$ 81,766,281	\$ 72,981,992	\$ 81,389,604	\$ 79,602,193	\$ 77,895,106	\$ 65,785,550
Public works	47,781,026	51,232,910	44,582,467	44,184,691	44,674,284	47,251,656	44,122,265	45,492,230	42,502,979	55,561,728
Public safety	89,288,506	95,703,085	95,841,814	91,141,018	94,292,962	94,705,501	102,967,635	107,487,117	106,294,149	114,890,108
Cultural and recreational	33,837,935	33,826,263	34,317,494	32,880,877	33,624,299	32,690,968	34,217,643	35,755,774	38,026,857	40,054,054
Interest on long-term debt	10,561,682	14,459,954	12,795,380	11,571,588	13,216,304	12,394,618	13,452,451	12,638,139	12,539,419	11,215,627
Total governmental activities expenses	<u>267,589,273</u>	<u>270,769,254</u>	<u>264,370,583</u>	<u>270,740,804</u>	<u>267,574,130</u>	<u>260,024,735</u>	<u>276,149,598</u>	<u>280,975,453</u>	<u>277,258,510</u>	<u>287,507,067</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	20,029,894	16,597,743	18,189,668	18,211,157	17,946,132	15,864,486	15,685,140	14,889,008	14,225,034	14,648,808
Public works	15,849,768	16,482,254	16,907,133	18,955,519	18,332,989	21,326,889	21,854,726	21,555,690	21,720,375	23,971,870
Public safety	-	-	1,750	1,250	822,692	868,299	1,016,039	1,077,214	1,168,305	1,132,097
Cultural and recreational	1,237,731	1,518,289	1,325,399	1,178,046	1,482,858	1,285,299	1,501,822	1,332,089	1,259,389	1,444,432
Operating grants and contributions	14,727,336	13,082,354	9,473,816	11,055,114	15,112,143	15,578,353	14,942,746	14,467,164	13,335,455	16,033,991
Capital grants and contributions	21,969,518	11,386,411	9,390,530	6,179,104	12,311,447	5,634,815	8,061,992	7,122,157	14,510,819	9,820,626
Total governmental activities program revenues	<u>73,814,247</u>	<u>59,067,051</u>	<u>55,288,296</u>	<u>55,580,190</u>	<u>66,008,261</u>	<u>60,558,141</u>	<u>63,062,465</u>	<u>60,443,322</u>	<u>66,219,409</u>	<u>67,051,824</u>
Total primary government net expenses	<u>(193,775,026)</u>	<u>(211,702,203)</u>	<u>(209,082,287)</u>	<u>(215,160,614)</u>	<u>(201,565,869)</u>	<u>(199,466,594)</u>	<u>(213,087,133)</u>	<u>(220,532,131)</u>	<u>(211,039,101)</u>	<u>(220,455,243)</u>
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Sales taxes	86,150,767	88,699,968	91,159,140	93,635,244	95,775,104	100,641,722	102,478,204	103,720,833	105,450,512	111,274,907
Property taxes	31,378,176	30,885,675	29,892,243	29,394,346	28,963,542	28,922,582	29,621,888	32,194,491	33,019,250	33,164,715
Business license taxes	30,482,588	31,366,586	32,630,148	32,949,782	33,899,942	34,838,755	35,321,276	35,417,566	35,185,047	35,128,859
Motor fuel taxes	8,335,705	8,052,601	7,633,517	7,770,057	5,154,871	5,289,781	5,632,958	5,743,942	5,699,072	9,758,770
Lodging taxes	5,578,274	5,712,415	6,061,073	6,217,583	8,119,756	8,984,951	9,389,538	9,582,950	11,229,327	12,225,214
Rental taxes	3,285,663	3,337,930	3,298,583	3,395,139	3,558,689	4,311,055	4,687,049	4,485,646	4,677,620	4,883,229
Tobacco taxes	1,438,763	1,451,072	1,426,532	1,495,410	1,494,478	1,779,831	1,588,275	1,502,207	1,533,377	1,430,287
Alcoholic beverage taxes	234,501	276,837	291,270	391,566	296,786	350,653	316,166	330,386	306,547	303,381
Grants and contributions not restricted										
to specific programs	199,092	206,561	374,097	114,298	187,221	181,857	233,702	171,104	193,646	130,547
Investment earnings	50,449	124,557	64,461	24,626	10,179	43,169	117,610	197,190	343,288	574,292
Miscellaneous revenue	6,905,175	7,734,015	12,465,707	10,027,818	7,250,519	5,968,139	7,965,410	5,312,045	4,870,329	6,143,326
Gain on sale of assets	146,640	159,766	301,805	-	-	976,092	-	-	-	-
Extraordinary item	-	-	-	-	-	-	(31,636,655)	-	-	-
Transfers	(13,762,102)	(24,591,442)	(2,703,014)	251,687	(2,786,351)	(3,176,087)	(4,212,460)	(2,749,106)	(3,029,130)	(3,380,833)
Total governmental activities general revenues and other changes in net position	<u>160,423,691</u>	<u>153,416,541</u>	<u>182,895,562</u>	<u>185,667,556</u>	<u>181,924,736</u>	<u>189,112,500</u>	<u>161,502,961</u>	<u>195,909,254</u>	<u>199,478,885</u>	<u>211,636,694</u>
Total governmental activities changes in net position	<u>\$ (33,351,335)</u>	<u>\$ (58,285,662)</u>	<u>\$ (26,186,725)</u>	<u>\$ (29,493,058)</u>	<u>\$ (19,641,133)</u>	<u>\$ (10,354,094)</u>	<u>\$ (51,584,172)</u>	<u>\$ (24,622,877)</u>	<u>\$ (11,560,216)</u>	<u>\$ (8,818,549)</u>

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*. Periods prior to 2018 have not been retroactively restated to reflect the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

(Continued)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-Type Activities										
Expenses										
Montgomery Area Transit System	\$ 2,291,121	\$ 3,516,281	\$ 2,893,071	\$ 2,968,117	\$ 2,508,276	\$ 2,604,476	\$ 4,219,191	\$ 2,171,855	\$ 2,482,941	\$ 1,974,200
Montgomery Zoo	5,889,762	5,960,749	4,157,248	4,314,540	4,236,650	4,417,798	4,514,802	4,744,773	4,821,620	5,148,471
Municipal Golf	2,014,501	2,343,402	2,099,827	2,100,103	1,964,366	1,697,967	1,735,682	1,793,047	1,849,579	2,018,606
Montgomery River Boat	858,102	764,208	657,438	696,408	718,214	913,531	1,172,106	1,101,647	1,200,675	1,235,749
Municipal Parking Decks	348,955	330,042	383,818	-	-	-	-	-	-	-
Food Services	-	-	1,730,374	1,086,281	-	-	-	-	-	-
Total business-type activities expenses	11,402,441	12,914,682	11,921,776	11,165,449	9,427,506	9,633,772	11,641,781	9,811,322	10,354,815	10,377,026
Revenues										
Charges for services:										
Montgomery Area Transit System	761,053	746,779	892,983	1,043,162	1,169,748	899,258	792,009	727,226	698,155	661,436
Montgomery Zoo	2,719,497	3,144,888	2,157,345	2,647,074	2,552,954	2,814,323	3,000,320	3,160,812	2,961,883	2,867,545
Municipal Golf	883,908	1,167,130	1,247,380	1,237,161	1,209,769	1,239,048	1,186,204	1,152,652	1,054,526	1,076,674
Montgomery River Boat	691,978	739,255	804,468	723,314	842,319	989,788	1,143,939	1,097,890	1,031,816	970,967
Municipal Parking Decks	230,980	322,179	280,769	-	-	-	-	-	-	-
Food Services	-	-	1,311,857	832,747	-	-	-	-	-	-
Total business-type activities revenues	5,287,416	6,120,231	6,694,802	6,483,458	5,774,790	5,942,417	6,122,472	6,138,580	5,746,380	5,576,622
Total business-type activities net program expenses	(6,115,025)	(6,794,451)	(5,226,974)	(4,681,991)	(3,652,716)	(3,691,355)	(5,519,309)	(3,672,742)	(4,608,435)	(4,800,404)
Other Changes in Net Position										
Investment earnings	391	372	411	-	533	521	652	736	2,806	4,848
Miscellaneous revenue	-	37,300	-	-	-	-	780,000	-	-	-
Capital contributions	-	-	-	-	-	-	-	-	-	-
Gain on sale of assets	-	-	36,441	-	-	-	33,466	-	895	-
Transfers	13,762,102	24,591,442	2,703,014	(251,334)	2,786,351	3,176,087	4,212,460	2,749,106	3,029,130	3,380,833
	13,762,493	24,629,114	2,739,866	(251,334)	2,786,884	3,176,608	5,026,578	2,749,842	3,032,831	3,385,681
Total business-type activities change in net position	\$ 7,647,468	\$ 17,834,663	\$ (2,487,108)	\$ (4,933,325)	\$ (865,832)	\$ (514,747)	\$ (492,731)	\$ (922,900)	\$ (1,575,604)	\$ (1,414,723)
Total primary government change in net position	\$ (25,703,867)	\$ (40,450,999)	\$ (28,673,833)	\$ (34,426,383)	\$ (20,506,965)	\$ (10,868,841)	\$ (52,076,903)	\$ (25,545,777)	\$ (13,135,820)	\$ (10,233,272)

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund										
Reserved	\$ 4,180,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	5,580,127	-	-	-	-	-	-	-	-	-
Unreserved	(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	1,262,412	1,225,414
Long-term receivables	-	6,016,006	9,048,715	8,171,171	4,697,483	2,342,258	1,639,902	739,000	739,000	739,000
Prepaid items	-	156,915	107,386	36,048	10,731	29,968	48,392	86,232	125,350	61,527
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	21,517,619	22,950,364
Total general fund	<u>\$ 9,389,957</u>	<u>\$ 5,244,682</u>	<u>\$ 5,753,355</u>	<u>\$ 15,130,330</u>	<u>\$ 17,673,543</u>	<u>\$ 20,467,563</u>	<u>\$ 22,700,243</u>	<u>\$ 25,045,221</u>	<u>\$ 23,644,381</u>	<u>\$ 24,976,305</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
All Other Governmental Funds										
Reserved	\$ 13,248,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated, reported in:										
Debt service funds	2,000,065	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated, reported in:										
Capital projects funds	64,274,507	-	-	-	-	-	-	-	-	-
Special revenue funds	2,376,183	-	-	-	-	-	-	-	-	-
Nonspendable:										
Assets held for resale	-	856,500	664,500	533,600	21,931	32,817	32,817	-	-	-
Long-term receivables	-	1,126	1,126	201,126	404,020	-	-	-	-	-
Prepaid items	-	87,132	50,278	16,048	2,316	9,882	4,494	934,180	2,092	1,201
Restricted for:										
Capital projects	-	34,834,191	9,806,574	9,384,544	2,446,650	15,339,315	4,615,427	5,039,758	6,141,669	7,324,113
Debt service	-	2,506,239	2,139,717	1,212,885	2,109,921	369,032	1,803,103	2,272,139	-	100,612
Emergency communications center	-	-	-	-	1,578,649	3,212,736	3,866,305	4,374,661	5,450,517	4,822,703
Intergovernmental	-	2,600,889	6,802,355	4,192,108	5,715,597	5,694,904	5,202,496	5,493,827	5,326,944	4,004,392
Landfill	-	2,015,410	865,984	4,364,550	1,642,477	548,499	322,750	125,827	86,843	31,703
Municipal Court Corrections	-	484,534	672,821	469,090	44,299	751,405	743,814	297,683	304,683	-
Other	-	13,083	11,744	8,155	70,320	42,690	-	559,512	142,694	65,121
Riverfront Stadium	-	4,506,503	3,047,947	2,842,834	1,210,093	1,418,442	1,799,981	1,569,416	469,784	56,158
Roads	-	448,962	-	-	-	-	-	-	-	-
Assigned to:										
Capital projects	-	678,527	-	108,715	-	-	-	-	-	-
Other	-	99,205	253,295	-	-	-	-	-	-	-
Unassigned	-	(4,140,529)	(1,657,915)	(1,668,547)	(1,325,010)	(835,214)	(467,681)	(21,574)	(2,465,430)	(491,577)
Total all other governmental funds	\$ 81,899,159	\$ 44,991,772	\$ 22,658,426	\$ 21,665,108	\$ 13,921,263	\$ 26,584,508	\$ 17,923,506	\$ 20,645,429	\$ 15,459,796	\$ 15,914,426

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 136,401,849	\$ 138,416,498	\$ 139,762,358	\$ 142,299,345	\$ 143,363,226	\$ 150,280,575	\$ 153,714,078	\$ 157,560,455	\$ 161,915,705	\$ 173,040,503
Licenses and permits	38,269,290	38,943,003	40,233,482	40,745,775	41,974,540	43,199,450	43,590,108	43,516,014	43,224,724	43,200,460
Intergovernmental revenues	31,409,043	25,003,498	21,364,126	22,877,080	31,816,898	27,602,041	27,884,939	28,721,254	24,109,361	29,769,123
Charges and fees for services	14,592,111	15,311,202	15,585,598	18,120,872	18,284,417	20,630,699	21,178,385	20,732,095	20,785,608	23,029,994
Fines and forfeitures	9,834,116	7,853,059	8,929,730	8,071,750	7,407,973	5,349,328	4,832,941	4,180,815	3,947,194	3,367,057
Interest	50,446	124,557	64,461	24,626	10,179	43,169	109,063	197,190	343,288	574,292
Miscellaneous	8,270,334	6,756,166	12,050,750	7,918,093	6,944,784	5,559,181	7,065,423	4,467,256	3,990,883	4,726,186
Total revenues	238,827,189	232,407,983	237,990,505	240,057,541	249,802,017	252,664,443	258,374,937	259,375,079	258,316,763	277,707,615
Expenditures										
Current:										
General government	47,973,762	44,341,654	53,663,426	55,517,932	54,133,890	52,399,400	55,366,370	57,315,050	59,006,707	58,964,306
Public works	42,371,546	43,843,513	40,306,505	40,563,256	39,338,940	42,125,024	38,291,278	38,461,751	40,003,785	45,987,046
Public safety	80,282,388	83,563,849	92,011,982	82,176,920	83,226,748	82,520,109	83,706,010	84,788,114	86,181,766	91,071,533
Cultural and recreational	28,014,356	29,047,378	29,642,735	30,381,600	29,816,021	28,776,655	29,641,124	30,030,865	31,898,485	34,232,177
Intergovernmental	14,594,405	4,214,102	2,649,743	13,176,451	5,731,528	2,045,603	6,648,198	2,394,912	289,964	231,943
Capital outlay	22,953,351	35,497,808	23,519,971	8,267,765	9,536,571	5,864,652	10,865,899	6,715,101	6,018,987	4,806,043
Debt service:										
Principal payments	18,927,115	11,031,381	11,274,995	14,285,642	21,657,205	37,145,515	22,573,320	22,983,227	24,884,962	24,623,212
Interest	10,936,652	13,660,258	13,279,429	12,020,002	11,784,215	11,466,389	12,332,267	11,947,860	11,618,507	10,867,308
Debt issuance costs	1,011,871	409,212	5,000	888,563	21,037	197,221	35,287	15,720	281,302	-
Total expenditures	267,065,446	265,609,155	266,353,786	257,278,131	255,246,155	262,540,568	259,459,753	254,652,600	260,184,465	270,783,568
Excess of revenue over (under) expenditures	(28,238,257)	(33,201,172)	(28,363,281)	(17,220,590)	(5,444,138)	(9,876,125)	(1,084,816)	4,722,479	(1,867,702)	6,924,047
Other Financing Sources (Uses)										
Proceeds from sale of assets	177,871	413,709	462,131	554,770	1,663,452	1,544,459	961,979	648,819	1,744,024	2,113,402
Transfers in	46,527,332	39,962,038	29,721,790	41,971,370	41,383,047	50,158,502	46,135,425	48,535,595	52,625,011	53,113,672
Transfers out	(81,233,589)	(52,984,538)	(38,224,333)	(51,828,388)	(54,267,557)	(56,802,146)	(57,405,625)	(59,156,441)	(64,997,930)	(65,443,006)
Capital leases	5,966,304	4,332,320	14,067,540	4,003,234	4,643,947	2,930,657	4,964,715	5,316,447	6,528,954	5,078,439
Issuance of bonds	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	-	-	25,765,000	-
Issuance of notes payable	-	-	-	952,351	778,019	-	-	5,000,000	-	-
Payment to refunded bonds escrow agent	(39,108,572)	(40,886,025)	-	(76,946,243)	-	(36,382,129)	-	-	-	-
Debt service - principal (current refunding)	-	-	-	-	-	-	-	-	(28,920,000)	-
Bond premium and discount, net	4,939,685	2,551,006	-	367,153	-	795,928	-	-	2,536,170	-
Total other financing sources (uses)	44,264,031	(7,851,490)	6,538,608	25,604,247	243,507	25,333,390	(5,343,506)	344,420	(4,718,771)	(5,137,493)
Net change in fund balance	\$ 16,025,774	\$ (41,052,662)	\$ (21,824,673)	\$ 8,383,657	\$ (5,200,631)	\$ 15,457,265	\$ (6,428,322)	\$ 5,066,899	\$ (6,586,473)	\$ 1,786,554
Debt service as a percentage of noncapital expenditures	11.98%	12.28%	10.89%	10.91%	11.04%	14.02%	19.26%	13.45%	14.44%	13.85%

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
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
2018	105,450,512	33,019,250	5,699,072	11,229,327	306,547	1,533,377	4,677,620	161,915,705
2019	111,274,907	33,164,715	9,758,770	12,225,214	303,381	1,430,287	4,883,229	173,040,503

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General merchandise	\$ 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	\$ 2,348,317,593	\$ 2,469,304,838
Auto and agriculture	358,467,479	415,092,080	451,123,914	497,452,400	517,108,866	556,428,894	209,319,797	585,447,368	568,742,620	612,567,439
Manufacturing machine	141,720,419	90,271,143	116,039,303	124,393,644	120,237,936	110,782,253	48,545,725	105,025,002	95,811,559	97,410,780
Totals	\$ 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	\$ 3,012,871,772	\$ 3,179,283,057
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

	2010			2011			2012		
	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	\$ 79,189,817	6,082	24.33%	\$ 81,931,572	6,045	22.24%	\$ 83,489,402	6,198	22.85%
Auto and agriculture	4,480,843	216	62.29%	5,188,651	211	69.23%	5,639,050	228	30.81%
Manufacturing machine	2,480,107	348	54.80%	1,579,745	354	62.10%	2,030,688	350	72.62%
Totals	<u>\$ 86,150,767</u>	<u>6,646</u>		<u>\$ 88,699,968</u>	<u>6,610</u>		<u>\$ 91,159,140</u>	<u>6,776</u>	
	2013			2014			2015		
	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	\$ 85,240,200	6,183	22.72%	\$ 87,207,079	6,466	24.02%	\$ 91,747,671	6,376	23.66%
Auto and agriculture	6,218,155	228	56.91%	6,463,861	243	83.12%	6,955,361	237	65.32%
Manufacturing machine	2,176,889	376	81.00%	2,104,164	357	81.83%	1,938,690	327	75.69%
Totals	<u>\$ 93,635,244</u>	<u>6,787</u>		<u>\$ 95,775,104</u>	<u>7,066</u>		<u>\$ 100,641,722</u>	<u>6,940</u>	
	2016			2017			2018		
	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	\$ 93,452,910	6,227	23.67%	\$ 94,654,853	5,197	22.15%	\$ 96,766,762	6,585	23.42%
Auto and agriculture	7,326,194	255	75.34%	7,240,503	186	73.78%	7,022,291	266	75.20%
Manufacturing machine	1,699,100	370	65.53%	1,825,477	287	72.75%	1,661,459	375	66.63%
Totals	<u>\$ 102,478,204</u>	<u>6,852</u>		<u>\$ 103,720,833</u>	<u>5,670</u>		<u>\$ 105,450,512</u>	<u>7,226</u>	
	2019								
	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers						
General merchandise	\$ 102,016,091	7,562	25.63%						
Auto and agriculture	7,568,581	535	89.07%						
Manufacturing machine	1,690,235	475	73.30%						
Totals	<u>\$ 111,274,907</u>	<u>8,572</u>							

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
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%
2018	3.50%	2.50%	4.00%	10.00%
2019	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>2010</u>		<u>2019</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	6.98%	1	7.45%
Hyundai Manufacturing	2	3.93%	-	-
Sams	3	3.32%	5	2.24%
Publix Alabama, LLC	4	3.14%	3	2.83%
Winn Dixie of Montgomery	5	2.77%	-	-
Lowe's of Montgomery	6	2.23%	7	1.25%
Capital Chevrolet/IMF, Inc	7	1.86%	-	-
Costco Wholesale	8	1.50%	4	2.38%
Best Buy Stores, LP	9	1.28%	-	-
Target Store	10	1.21%	2	3.30%
Dillard's	-	-	8	1.06%
Home Depot USA, Inc.	-	-	6	1.78%
Alabama State University	-	-	9	1.05%
Classic GMC Buick	-	-	10	0.83%
Totals		<u>28.22%</u>		<u>24.17%</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				
2010	\$ 265,981,223	\$ 18,205,000	\$ 11,003,130	\$ -	\$ 295,189,353	10.68%	5.99%	\$ 1,435.60
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	9.89%	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	289,587,645	-	13,152,952	4,750,000	307,490,597	10.38%	5.86%	1,494.38
2018	269,026,438	-	14,447,651	4,500,000	287,974,089	9.56%	5.41%	1,399.54
2019	250,665,885	-	13,098,321	4,250,000	268,014,206	8.43%	4.79%	1,302.53

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)
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	289,587,645	2,739,346	286,848,299	9.68%	1,394.06
2018	269,026,438	941,438	268,085,000	8.90%	1,302.88
2019	250,665,885	889,565	249,776,320	7.86%	1,213.90

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>
<u>2010</u>			
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>
<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	<u>128,015,000</u>	87.46%	<u>111,966,226</u>
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	<u>128,091,936</u>	86.87%	<u>111,269,059</u>
Total direct and overlapping debt	<u>\$ 420,039,916</u>		<u>\$ 403,217,039</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>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	<u>121,235,000</u>	86.75%	<u>105,174,488</u>
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	<u>121,129,218</u>	86.68%	<u>104,999,970</u>
Total direct and overlapping debt	<u>\$ 434,121,194</u>		<u>\$ 417,991,946</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>

(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>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><u>\$ 428,129,917</u></u>		<u><u>\$ 413,406,887</u></u>
<u>2018</u>			
Direct			
City of Montgomery:			
General Obligation including			
Capital Leases	\$ 287,974,088	100.00%	\$ 287,974,088
Overlapping			
County of Montgomery:			
Montgomery County General and			
Limited Obligation Warrants	<u>115,926,380</u>	87.40%	<u>101,320,441</u>
Total direct and overlapping debt	<u><u>\$ 403,900,468</u></u>		<u><u>\$ 389,294,529</u></u>
<u>2019</u>			
Direct			
City of Montgomery:			
General Obligation including			
Capital Leases, Direct Borrowings, and Direct Placements	\$ 268,014,206	100.00%	\$ 268,014,206
Overlapping			
County of Montgomery:			
Montgomery County General and			
Limited Obligation Warrants	<u>138,106,383</u>	86.99%	<u>120,143,076</u>
Total direct and overlapping debt	<u><u>\$ 406,120,589</u></u>		<u><u>\$ 388,157,282</u></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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt limit	\$ 559,440,631	\$ 551,311,856	\$ 524,101,032	\$ 531,082,554	\$ 538,171,288	\$ 545,789,924	\$ 426,159,672	\$ 451,905,092	\$ 466,467,876	\$ 477,966,768
Total net debt applicable to limit	<u>224,288,072</u>	<u>220,390,601</u>	<u>237,372,574</u>	<u>249,669,288</u>	<u>248,510,294</u>	<u>243,181,650</u>	<u>260,624,103</u>	<u>251,539,250</u>	<u>236,363,678</u>	<u>224,807,294</u>
Legal debt margin	<u>\$ 335,152,559</u>	<u>\$ 330,921,255</u>	<u>\$ 286,728,458</u>	<u>\$ 281,413,266</u>	<u>\$ 289,660,994</u>	<u>\$ 302,608,274</u>	<u>\$ 165,535,569</u>	<u>\$ 200,365,842</u>	<u>\$ 230,104,198</u>	<u>\$ 253,159,474</u>
Total net debt applicable to the limit as a percentage of debt limit	40.09%	39.98%	45.29%	47.01%	46.18%	44.56%	61.16%	55.66%	50.67%	47.03%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed property value	<u>\$ 2,389,833,840</u>
Debt limit (20% of assessed property value)	<u>\$ 477,966,768</u>
Debt applicable to limit:	
General obligation debt including capital leases and notes payable	\$ 268,014,206
Less: Debt attributable to construction of school houses	<u>(43,206,912)</u>
Total net debt applicable to limit	<u>224,807,294</u>
Legal debt margin	<u>\$ 253,159,474</u>

CITY OF MONTGOMERY, ALABAMA

SCHEDULE 14

PLEDGED-REVENUE COVERAGE

<u>Fiscal Year</u>	<u>Revenue Warrants</u>			
	<u>Lodging Tax Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
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
2018	N/A	N/A	N/A	N/A
2019	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 were 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
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%
2018	205,764	5,318,793,636	25,849	29,500	3.5%
2019	205,764	5,591,019,408	27,172	29,500	2.6%

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>	<u>2010</u>		<u>2019</u>	
	<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	6.63%	12,280	6.13%
State of Alabama	9,500	5.13%	11,639	5.81%
Montgomery Public Schools	4,524	2.44%	4,524	2.26%
Baptist Health Systems	4,300	2.32%	4,300	2.15%
Hyundai Motor Manufacturing AL	2,800	1.51%	3,100	1.55%
ALFA Insurance Companies	2,568	1.39%	2,568	1.28%
City of Montgomery	2,500	1.35%	2,500	1.25%
MOBIS Alabama, LLC	-	0.00%	1,400	0.70%
Jackson Hospital & Clinic, Inc.	1,300	0.70%	1,300	0.65%
Koch Foods	-	0.00%	1,250	0.64%
GKN Aerospace	945	0.51%	-	0.00%
Regions Bank	977	0.53%	-	0.00%
Total	<u>41,694</u>	<u>22.51%</u>	<u>44,861</u>	<u>22.40%</u>

Source: Montgomery Chamber of Commerce.

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government:										
Mayor	6	8	8	8	8	8	8	10	10	10
City Clerk	4	4	4	3	4	4	4	5	5	5
City Attorney	11	11	8	8	8	8	8	7	8	8
City Investigation	-	-	3	3	2	3	2	3	2	3
Development	-	-	2	2	2	5	5	4	4	17
Finance	55	57	54	51	50	50	49	52	50	53
Information Technology	20	21	19	29	31	28	28	28	28	31
Garage	74	63	61	64	56	54	54	57	56	54
Municipal Court	49	48	46	44	45	43	43	44	43	47
Municipal Parking Deck	5	6	6	13	13	15	15	13	14	13
Planning	34	35	31	32	31	29	27	28	26	8
Risk Management	-	-	-	6	6	6	5	6	6	6
311 Call Center	-	-	-	5	7	6	4	4	7	6
Public safety:										
Police:										
Officers	500	528	523	523	506	491	492	493	478	478
Civilians	168	207	161	136	134	132	127	126	114	115
Fire:										
Officers	496	550	551	552	552	555	524	516	503	518
Civilians	8	9	9	8	8	7	7	7	6	7
City/County Emergency Mgt. Agency	11	11	11	5	4	4	5	5	5	5
Communications	81	77	72	48	56	66	58	59	65	64
Public works:										
Engineering	25	26	23	21	21	20	19	16	15	18
Inspections	36	37	35	35	31	31	32	31	36	36
Landfill	21	21	19	18	16	16	14	15	15	12
Maintenance	201	207	195	193	183	183	174	152	155	154
Sanitation	281	289	262	246	258	260	238	232	226	218
Traffic Engineering	42	41	42	38	36	33	34	32	33	33
Cultural and recreational:										
Parks and Recreation	267	251	260	253	294	221	206	211	224	207
City Events	8	9	-	-	-	9	9	9	10	9
Food Services	-	-	16	5	-	-	-	-	-	-
Harriott II Riverboat	-	-	-	-	-	3	3	4	3	4
Lagoon and Gateway Parks	28	24	14	11	11	-	-	-	-	-
Leisure Department - Building Maintenance	67	68	61	60	63	62	65	64	66	68
Library	63	63	61	62	60	61	62	63	64	63
Montgomery Zoo	89	75	51	45	46	45	45	43	42	41
Museum	34	37	37	37	35	34	32	39	36	37
Old Alabama Town	-	-	-	-	-	-	-	-	-	-
Public Information and External Affairs	4	4	4	4	6	6	6	5	4	4
Total	2,688	2,787	2,649	2,568	2,583	2,498	2,404	2,383	2,359	2,352

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government:										
Business licenses issued	15,353	14,975	14,826	14,741	14,793	15,116	16,089	15,076	16,578	16,462
Building permits issued	6,578	6,705	6,834	7,554	8,303	8,459	9,064	8,724	9,561	8,829
Public safety:										
Police:										
Physical arrests	11,493	11,003	15,982	13,973	11,583	10,673	9,436	9,853	10,007	9,176
Parking violations	51,744	51,744	31,754	37,022	31,505	31,414	28,246	28,305	27,477	24,328
Traffic violations	104,462	104,462	108,143	87,425	78,070	61,630	62,846	55,814	77,309	54,573
Fire:										
Emergency responses	25,510	26,043	26,972	24,155	27,299	26,538	32,734	34,775	34,939	34,951
Fires extinguished	5,339	4,959	4,786	4,930	7,042	5,320	4,933	4,839	5,511	5,589
Inspections	15,661	17,940	18,787	18,425	15,898	16,542	15,690	11,746	11,015	14,539
Public works:										
Refuse collected (tons per year)	112,889	114,310	111,049	112,676	68,341	64,119	107,849	113,580	105,672	106,399
Recyclables collected (tons per year)	1,275	578	581	559	39,772	44,734	-	-	-	-
Streets resurfaced (tons of paving material)	28,023	30,055	25,739	42,109	33,750	52,183	32,031	35,180	29,650	45,003
Transit:										
Passengers	1,361,928	1,202,482	1,036,087	958,023	941,920	867,901	785,069	683,363	621,371	631,789
Cultural and recreational:										
Library:										
Total circulation	448,993	446,657	416,320	390,571	367,149	444,671	667,157	654,579	740,446	631,789
Parks and Recreation:										
Golf rounds played	40,108	38,922	24,740	37,017	33,340	34,530	33,400	28,330	28,424	28,455
Youth baseball/softball games played	6,291	6,351	6,415	6,435	6,503	6,551	6,601	6,704	6,748	6,774
League and tournament games played	3,018	2,782	2,840	2,865	2,888	2,995	3,262	3,312	3,360	3,391
Games played in athletic facilities:										
Basketball	832	912	1,028	292	443	470	480	510	525	572
Volleyball	82	86	215	167	185	195	220	235	250	264
Football	415	421	450	41	43	44	47	48	50	53
Soccer	1,320	1,358	1,460	1,620	1,680	1,750	1,763	1,807	1,868	1,879
Kickball	-	-	-	75	80	80	266	278	286	302
Baseball	-	-	-	-	-	-	255	263	275	281

Sources: Various City departments.

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety:										
Police:										
Stations	1	1	1	1	3	3	3	3	3	3
Patrol cars	216	223	235	240	252	257	256	268	262	253
Fire stations	15	15	15	15	16	16	16	16	16	16
Public works:										
Streets (miles)	1,203	1,110	1,115	1,118	1,107	1,068	1,070	1,093	1,095	1,097
Traffic signals	474	478	483	436	429	429	432	432	432	432
Street lights	29,057	28,981	29,000	29,012	29,032	29,033	29,033	29,033	29,033	29,053
Refuse collection trucks	130	125	127	129	120	122	118	117	124	109
Transit:										
Buses	45	55	48	48	45	49	44	48	33	29
Cultural and recreational:										
Acreage	1,836	1,836	1,836	1,857	1,857	1,857	1,857	1,873	1,873	1,873
Golf courses (acres)	610	610	610	610	610	610	610	610	610	610
Playgrounds	54	52	52	52	52	52	52	58	58	58
Baseball/softball fields	87	87	87	87	87	87	87	87	87	87
Tennis courts	46	46	46	46	46	46	46	46	46	46
Special facilities	6	6	7	7	7	7	7	7	7	7
Community centers	26	26	26	23	23	20	20	21	20	20

Sources: Various City departments.

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