

CITY OF MONTGOMERY, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Prepared by: Department of Finance
Betty P. Beville, Director of Finance

CITY OF MONTGOMERY, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
SEPTEMBER 30, 2021

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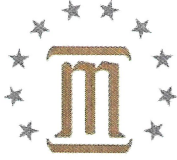
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INTRODUCTORY SECTION

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



Betty P. Beville
Director of Finance

Steven L. Reed
Mayor

Montgomery City Council Members

Charles W. Jinright - President	Brantley W. Lyons	Glen O. Pruitt, Jr
C. C. Calhoun - President Pro Tem	Audrey Graham	Oronde K. Mitchell
Clay McInnis	Marche Johnson	Ed Grimes

City of **Montgomery**, Alabama

March 23, 2022

To the Citizens of
The City of Montgomery
Montgomery, Alabama

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Montgomery, Alabama (the City) for the fiscal year ended September 30, 2021. 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, 2021. The accounting firm of Warren Averett, LLC was selected to conduct the 2021 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 third 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 and it serves a population of more than 200,000 citizens. The City's goal is to continue to provide outstanding public services to its citizens; construct new public facilities where needed; and recruit new businesses as well as encourage the expansion of existing businesses. 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 can 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 if not 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 22,000 jobs in the City. City government accounts for 2,500 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 2021, the manufacturing sector represented more than 10% of jobs in the region. The housing market also remained firm with home sales stable and average sales prices increasing nearly 9% in fiscal year 2021.

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.

After having lived with variants of the coronavirus since its arrival in March 2020 in the City, many businesses re-opened their doors to the public and operated almost as they did in the pre-pandemic era due to the decline of the virus. Citizens of Montgomery were able to dine in restaurants, shop locally, and schools were opened to their students for in-person learning. Tourism is back in the City with visitors coming from all over the world to see historical sites and new venues that have opened in the City during 2021. Although the General Fund budget was reduced nearly 6% from the previous year due to the uncertainty of how the pandemic would affect revenue, the City's actual revenue exceeded budget by almost 10%.

Due to the passing of federal legislation, citizens received stimulus funds that were put back into the local economy which enhanced economic growth. Additionally, funding through the American Rescue Plan Act (ARPA) for governmental entities provided support for tourism, broadband, water and sewer infrastructure which also had a profound impact on the City's continued economic growth.

The City had significant savings due to the refunding of municipal bonds during the second quarter of FY 2021. The savings were used to pay off short-term debt and to purchase much needed rolling stock (trucks, mowing equipment, etc.).

The economic future for the City of Montgomery continues to show moderate signs of growth. This 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 City's unemployment rate decreased nearly 5% from 8.4% to 3.7% in 2021. Although the economic growth continued to be impacted by the pandemic in certain sectors, the overall economy in Montgomery still grew in 2021. Sales tax receipts and lodging tax revenue increased over the previous year by 14.2% and 10.2%, respectively. Lodging tax revenue was hardest hit by the impact of the virus on tourism in 2020; however, tourism has increased and the lodging tax revenue is showing significant growth. The lodging tax revenue stream was less than 3% of the total General Fund budget in FY 2021. Motor fuel increased year-over-year slightly above 5.0%.

The face of Downtown Montgomery began to see more vibrant changes during the last two quarters of FY 2021 in the business district. The occupancy rate of hotels increased significantly in the district compared to the previous year. As expected, tourism started coming back and the occupancy rate of downtown and surrounding hotels has improved significantly. The central business district continues to grow due to

revitalization of buildings for residential housing and retail businesses. Performances started coming back to the Convention Center as the virus began to decline. Restaurants are once again open in The Alleyway for full service, which allows citizens to eat in the venues. In order for businesses to continue their operations many changes were implemented to provide their products and/or services in a safe environment.

The City’s economic development continued to expand in 2021 as outlined below:

- (1) New capital investments of almost \$226 million for the creation of new industry and expansion of existing industries that is expected to bring approximately 980 additional jobs to the region. The dollar amount for new capital investments has increased significantly during the year and the City is still moving forward with anticipation of more growth as it moves away from two years of a pandemic. The new and expanded industries include the following:

<u>Company</u>	<u>Capital Investments</u>	<u># Jobs</u>
Amazon	\$ 100,000,000	500
FedEx Ground	52,403,145	41
Lear Corporation	14,399,991	-
MOBIS Alabama, LLC	9,517,612	-
SSA Packaging	9,000,000	100
DAS North America, Inc.	6,700,000	20
Coca-Cola Bottling Company	5,000,000	-
Kinpak, Inc.	5,800,000	15
Visconfan USA, Inc.	3,400,000	12
CIRG Industries	3,000,000	30
Seoyon E Hwa	3,000,000	-
Bastcore	2,800,000	-
Four Star Freightliner	2,000,000	10
Capitol Container, Inc.	1,975,000	-

- (2) The City hosted its eighth annual Camellia Bowl with teams from the Sun Belt Conference and the Mid-American Conference. The game between Georgia State and Ball State was the only bowl game played on Christmas Day that drew a viewership of 1.7 million.
- (3) The City continued acquisitions, renovations and demolitions of blighted properties that are being sold to private investors for new retail businesses, restaurants, and loft apartments.
- (4) Although hampered by the pandemic, the Montgomery Zoo continued with its fundraising campaign for funds that will be used to construct new housing for animal exhibits. The Montgomery Zoo continues to be a prominent family venue for citizens of Montgomery and the River Region. The Zoo was adversely affected by the pandemic which caused a decline in the visitor attendance at the Zoo; however, clientele is improving as the coronavirus appears to be lessening its impact on citizens.

- (5) The City's location along the Alabama River and extensive rail connections continues to make Montgomery a regional distribution hub for a wide range of industries. It is anticipated that a new inland port facility will be coming to the City because of plans for a new large distribution center locating in the City.
- (6) The City of Montgomery continues to expand its Open Data Montgomery platform by increasing public accountability and trust through equal access within the local government. Information accessible on the platform includes: financial reporting (accounts payable, budgeting, payroll, and business license renewal), interactive maps and charts, construction permits, demolitions, paving projects, 311 calls, COVID-19 information, fire reports, 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. Premise Health, (formerly CareHere, LLC) manages 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 River Region one of the best communities in the nation by working with its partners, whether they are public, private, or governmental entities.

LONG-TERM FINANCIAL PLANNING

The City of Montgomery continues to look for every opportunity to refund general obligation 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 did refund its Series 2010B, 2011, 2012A, 2013A and a portion of one of its 2015 General Obligation Warrants that were used for advance refunding and/or to finance the costs of constructing and equipping capital improvements to public facilities. Fifty (\$50) million in new debt was also issued to purchase new capital assets and/or improvements to existing capital assets. A state of the art fire station along with equipment for the station and purchase of twenty-one (21) new sanitation trucks are in process. The City will also use the bond proceeds to build a multi-purpose facility to house various sporting and other events as well as make significant capital improvements on community centers.

Additionally, the City is increasing fund balance more than \$13 million. The City intends to increase fund balance, at minimum, \$1 million over the next several years. Fund balance is currently at 15% of the General Fund budget. The City's goal is to increase fund balance until the cash reserves are at least 20% of the General Fund budget.

MAJOR INITIATIVES

The City planned and included a citywide pay adjustment in the FY 2022 General Fund budget for its employees in order to ensure that salaries are competitive with cities of similar size in the Southeast. The pay adjustment was passed by the City Council to be effective on October 1, 2021.

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2020. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized ACFR. 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 2021 ACFR continues to meet the Certificate of Achievement Program's requirements, and it is being submitted to the GFOA to determine its eligibility for another certificate.

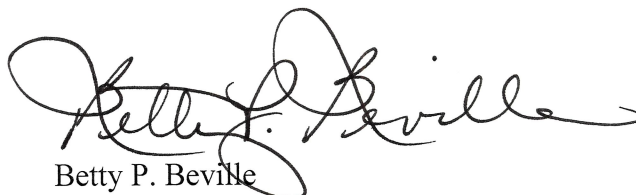
The preparation of this report could not have been accomplished without the professional dedication and knowledge of our independent auditors, Warren Averett, LLC. The independent auditors have issued an unmodified or "clean" opinion on the City of Montgomery's financial statements for the year ended September 30, 2021.

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
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Montgomery
Alabama**

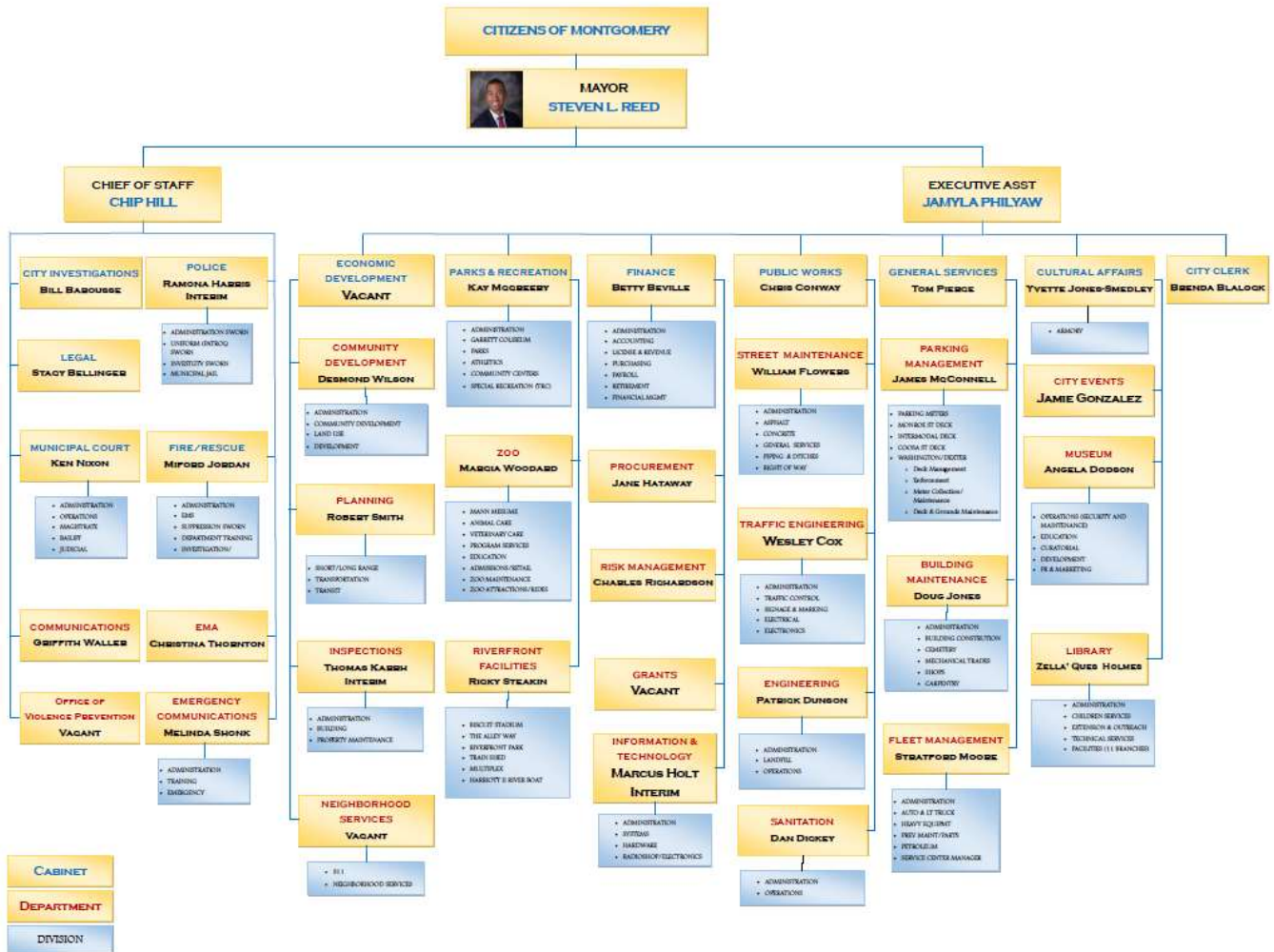
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

CITY OF MONTGOMERY, ALABAMA ORGANIZATIONAL CHART



CITY OF MONTGOMERY, ALABAMA
ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2021

Elected Officials

Mayor	Steven L. Reed
Council Members	
District 9	Charles W. Jinright, President
District 5	Cornelius Calhoun, President Pro Tem
District 1	Ed Grimes
District 2	Brantley W. Lyons
District 3	Marche Johnson
District 4	Audrey Graham
District 6	Oronde K. Mitchell
District 7	Clay A. McInnis
District 8	Glen O. Pruitt, Jr.

Appointed Officials

Building Maintenance	Doug Jones
Chief of Staff	Chip Hill
City Attorney	Stacy Bellinger
City Clerk	Brenda Gale Blalock
City Events	Jamie Gonzalez
City Investigations	Bill Barousse
Communications	Griffith Waller
Community Development	Desmond Wilson
Cultural Affairs	Yvette Jones-Smedley, Director
Emergency Communications	Melinda Shonk
Emergency Management	Christina Thornton
Engineering	Patrick Dunson
Executive Assistant to the Mayor	Jamyla Philyaw
Finance	Betty P. Beville, Director
	Pamela Barner-McCorvey, Deputy Director
Fire	Chief Miford Jordan
Fleet Management	Stratford Moore
General Services	Thomas Pierce, Director
Information Technology	Marcus Holt, Interim
Inspections	Thomas Karrh, Interim
Landfill	Radonda May
Library	Zella'Ques Holmes, Interim
Montgomery Zoo	Marcia Woodard
Municipal Court	Honorable Milton J. Westry Sr., Presiding Judge
	Kenneth Nixon, Court Administrator
Museum	Angela Dodson
Neighborhood Services	Vacant
Parking Management	James McConnell, III
Parks and Recreation	Kay McCreery, Director
Planning	Robert Smith
Police	Chief Ramona Harris, Interim
Procurement	Jane Hataway
Public Works	Christopher W. Conway, Director
Risk Management	Charles D. Richardson
Riverfront Facilities	Richard Steakin
Sanitation	Daniel R. Dickey
Street Maintenance	William Flowers
Traffic Engineering	Wesley Cox

The elected and appointed officials were those in office at September 30, 2021.

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, 2021, 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 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 presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, 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 employer contributions, schedule of changes in net pension liability, and the schedule of changes in total OPEB liability and related ratios on pages 13 through 26 and pages 83 through 85 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 March 23, 2022 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.

Warren Averett, LLC

Montgomery, Alabama

March 23, 2022

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, 2021 and a comparison to the prior year. 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, 2021.

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, 2021, by \$492,385,412 (net position). Of this amount, \$342,887,353 was either restricted or invested in capital assets leaving a deficit unrestricted balance of \$835,272,765.

The City's total net position increased \$12,754,479, or 2.5% during this year's operations. Net position of governmental activities increased \$17,662,986 and net position of business-type activities decreased \$4,908,507.

At September 30, 2021, the City's governmental funds reported combined ending fund balances of \$129,533,600, an increase of \$77,863,511 over the previous fiscal year. Of the ending governmental fund balance, \$1,608,853 is non-spendable (i.e., inventories and prepaid items). A significant portion, or 71%, of the governmental fund balance in the amount of \$91,949,531 is restricted for capital projects, debt service, intergovernmental activities, road construction and maintenance, the Riverfront Stadium, Municipal Court, and an Emergency Communications District. The combined totals for non-spendable and restricted, plus the unassigned amount of \$35,975,216 yields a total combined ending fund balance of \$129,533,600 for fiscal year 2021.

The General Fund reported an unassigned fund balance of \$38,401,940 or 20.1% of the total general fund expenditures. Governmental Activities revenue increased \$19,426,925 or 6.6% over the previous year. The increase in revenues was primarily attributable to a 14.2% increase in sales tax, an 8.2% increase in other taxes, a 6.1% increase in operating grants and contributions, a 3.6% increase in charges for services, and a 2.9% increase in property taxes, but was tapered by a decrease of 17.8% in capital grants and contributions, a 15.5% decrease in other revenues, and a 2.6% decrease in business license taxes. Expenses in Governmental Activities increased \$17,850,946 or 6.5% from the previous year. The increase in both revenue and expenses are the direct result of reopening the economy following the COVID-19 mitigation measures of the previous year. As a result, the City was able to retire capital leases and other debt earlier than scheduled. The City also took advantage of record low interest rates to refund existing debt and obtain new capital financing. This financing combined with American Rescue Plan Act (ARPA) funding has allowed for capital and operating spending that had been postponed at the beginning of the pandemic.

Long-term debt, consisting of general obligation bonds and direct borrowings and direct placements increased \$30,010,412 or 12% from the previous year. The City took advantage of record low interest rates to refund existing debt and obtain new capital financing.

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, Garrett Coliseum, 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 unit, 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 two categories: governmental and proprietary 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. By doing so, 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 twenty (20) 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, Garrett Coliseum, 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.

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 83 of this report.

Combining and individual statements and schedules referred to earlier, which present more detailed views of nonmajor funds used in governmental and enterprise activities, can be found beginning on page 87 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 \$492,385,412, as reflected in the following table:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets (net of internal balances)	\$ 162,708,088	\$ 78,518,059	\$ 1,129,243	\$ 992,581	\$ 163,837,331	\$ 79,510,640
Internal balances	7,393,220	3,076,947	(7,393,220)	(3,076,947)	-	-
Capital assets	331,599,288	336,793,104	31,310,623	32,456,939	362,909,911	369,250,043
Total Assets	<u>501,700,596</u>	<u>418,388,110</u>	<u>25,046,646</u>	<u>30,372,573</u>	<u>526,747,242</u>	<u>448,760,683</u>
Deferred charge on refunding	2,373,283	533,853	-	-	2,373,283	533,853
OPEB related items	105,084,225	92,718,109	-	-	105,084,225	92,718,109
Pension related items	37,357,001	43,641,424	659,083	730,358	38,016,084	44,371,782
Total Deferred Outflows of Resources	<u>144,814,509</u>	<u>136,893,386</u>	<u>659,083</u>	<u>730,358</u>	<u>145,473,592</u>	<u>137,623,744</u>
Long-term liabilities	1,034,024,085	929,852,081	2,705,759	2,505,208	1,036,729,844	932,357,289
Other liabilities	56,047,689	52,622,533	743,625	1,194,906	56,791,314	53,817,439
Total Liabilities	<u>1,090,071,774</u>	<u>982,474,614</u>	<u>3,449,384</u>	<u>3,700,114</u>	<u>1,093,521,158</u>	<u>986,174,728</u>
OPEB related items	33,877,957	51,702,875	-	-	33,877,957	51,702,875
Pension related items	36,562,071	52,763,690	645,060	883,025	37,207,131	53,646,715
Total Deferred Inflows of Resources	<u>70,440,028</u>	<u>104,466,565</u>	<u>645,060</u>	<u>883,025</u>	<u>71,085,088</u>	<u>105,349,590</u>
Net position						
Net Investment in Capital						
Assets	219,621,958	206,919,366	31,310,623	32,456,939	250,932,581	239,376,305
Restricted	91,954,772	29,939,363	-	-	91,954,772	29,939,363
Unrestricted	(825,573,427)	(768,518,412)	(9,699,338)	(5,937,147)	(835,272,765)	(774,455,559)
Total Net Position	<u>\$ (513,996,697)</u>	<u>\$ (531,659,683)</u>	<u>\$ 21,611,285</u>	<u>\$ 26,519,792</u>	<u>\$ (492,385,412)</u>	<u>\$ (505,139,891)</u>

Total assets increased \$77,986,559 or 17.4% from the previous fiscal year and liabilities increased \$107,346,430 or 10.9%. The increase in assets was primarily due to an increase in current assets of \$84,326,691 and a decrease in capital assets of \$6,340,132. In particular, the increase of current assets was primarily attributed to increases in investments of \$48,263,683 or 100% and cash and cash equivalents of \$33,586,002 or 112.3% over the prior year. The primary drivers for these increases were due to reopening the economy following the COVID-19 mitigation measures of the previous year, refunding debt obligations and obtaining new capital financing via a bond issue, and receiving American Rescue Plan Act (ARPA) funding. The decrease of capital assets was primarily due to depreciation.

The increase in liabilities was primarily due to an increase in long-term liabilities of \$104,372,555 for pension liability, OPEB liability, and the issuance of new general obligation debt. Additionally, other liabilities increased by \$2,973,875, which was due to unearned ARPA revenue, countered by a decrease in noncurrent liabilities due within one year. 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 it may be used. Governmental activities restricted net position totaled \$91,954,772 and is restricted for use in general government, public works, public safety, cultural and recreational, capital projects, debt service, and Municipal Court.

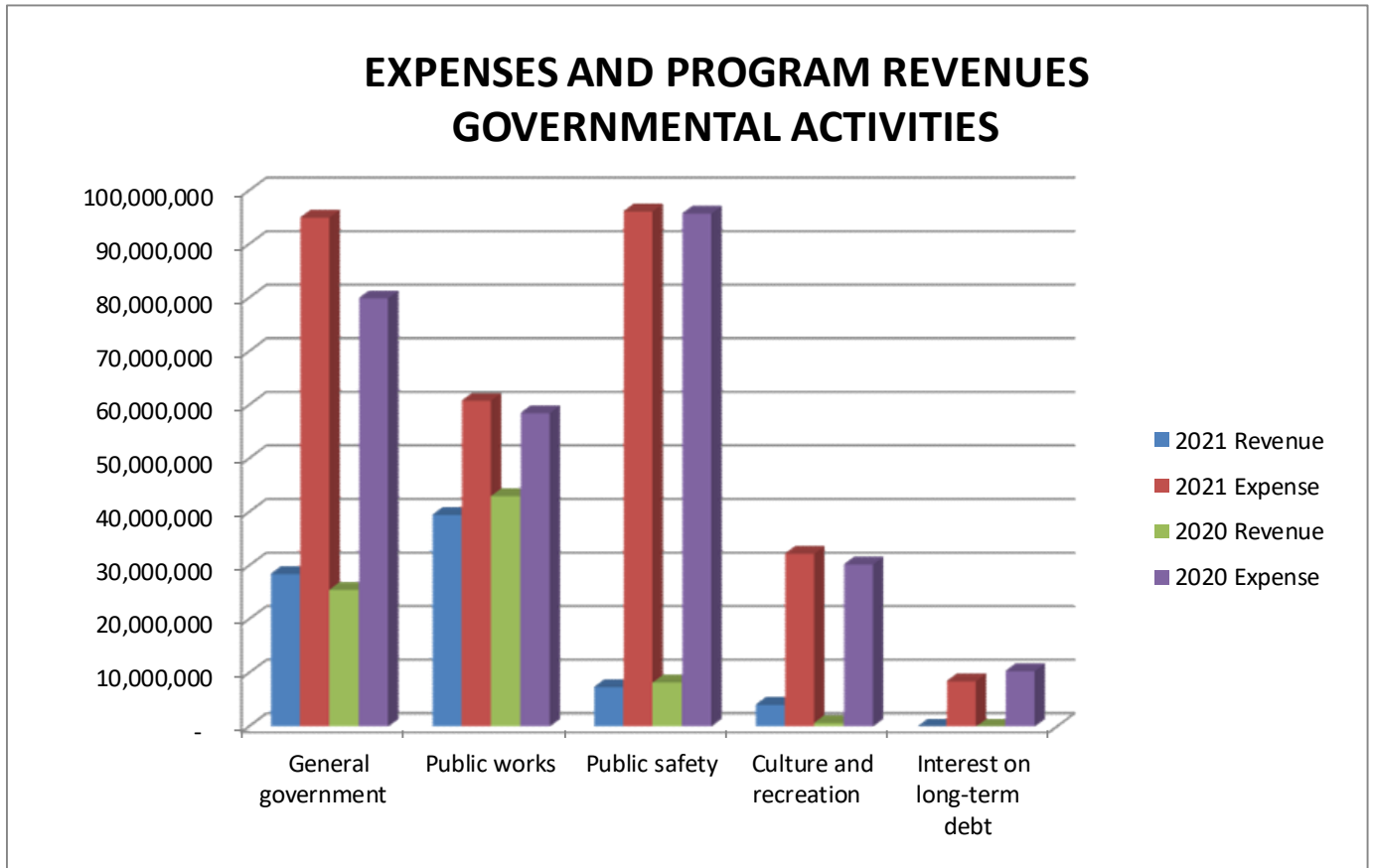
As reflected in the following table, the City’s net position increased by \$12,754,479 or 2.5% during the fiscal year. This increase was primarily attributed to increased sales taxes, other taxes, operating grants and contributions, and charges for services, but were offset by increases in expenses among most functions for the year ended September 30, 2021.

City of Montgomery’s Changes in Net Position

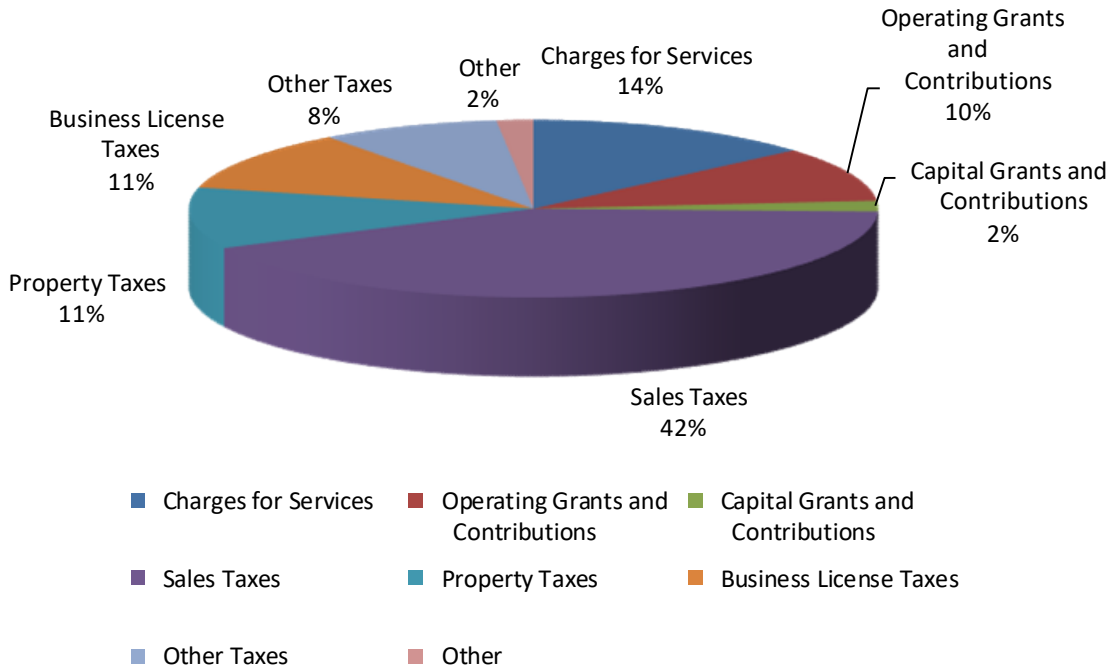
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 42,382,042	\$ 40,895,069	\$ 5,661,560	\$ 3,480,075	\$ 48,043,602	\$ 44,375,144
Operating Grants and contributions	31,117,679	29,317,060	-	-	31,117,679	29,317,060
Capital grants and contributions	6,106,953	7,431,724	-	-	6,106,953	7,431,724
General revenues						
Sales taxes	131,604,436	115,207,966	-	-	131,604,436	115,207,966
Property taxes	34,893,470	33,900,481	-	-	34,893,470	33,900,481
Business license taxes	34,457,814	35,386,621	-	-	34,457,814	35,386,621
Other taxes	26,139,754	24,150,051	-	-	26,139,754	24,150,051
Other	5,373,870	6,360,121	10,233	10,283,727	5,384,103	16,643,848
Total revenues	<u>312,076,018</u>	<u>292,649,093</u>	<u>5,671,793</u>	<u>13,763,802</u>	<u>317,747,811</u>	<u>306,412,895</u>
Expenses						
General government	95,029,900	79,982,551	-	-	95,029,900	79,982,551
Public works	60,863,412	58,540,087	-	-	60,863,412	58,540,087
Public safety	96,176,446	95,792,853	-	-	96,176,446	95,792,853
Culture and recreation	32,302,334	30,302,148	-	-	32,302,334	30,302,148
Interest on long-term debt	8,483,354	10,386,861	-	-	8,483,354	10,386,861
Montgomery Area Transit System	-	-	4,660,147	1,842,139	4,660,147	1,842,139
Montgomery Zoo	-	-	3,989,236	4,549,475	3,989,236	4,549,475
Garrett Coliseum	-	-	681,682	156,684	681,682	156,684
Municipal Golf	-	-	2,188,481	2,152,251	2,188,481	2,152,251
Montgomery River Boat	-	-	618,340	711,770	618,340	711,770
Total expenses	<u>292,855,446</u>	<u>275,004,500</u>	<u>12,137,886</u>	<u>9,412,319</u>	<u>304,993,332</u>	<u>284,416,819</u>
Increase (decrease) in net position before transfers	19,220,572	17,644,593	(6,466,093)	4,351,483	12,754,479	21,996,076
Transfers in (out)	(1,557,586)	(4,055,001)	1,557,586	4,055,001	-	-
Change in net position	17,662,986	13,589,592	(4,908,507)	8,406,484	12,754,479	21,996,076
Net position - beginning	(531,659,683)	(545,249,275)	26,519,792	18,113,308	(505,139,891)	(527,135,967)
Net position - ending	<u>\$ (513,996,697)</u>	<u>\$ (531,659,683)</u>	<u>\$ 21,611,285</u>	<u>\$ 26,519,792</u>	<u>\$ (492,385,412)</u>	<u>\$ (505,139,891)</u>

Governmental Activities

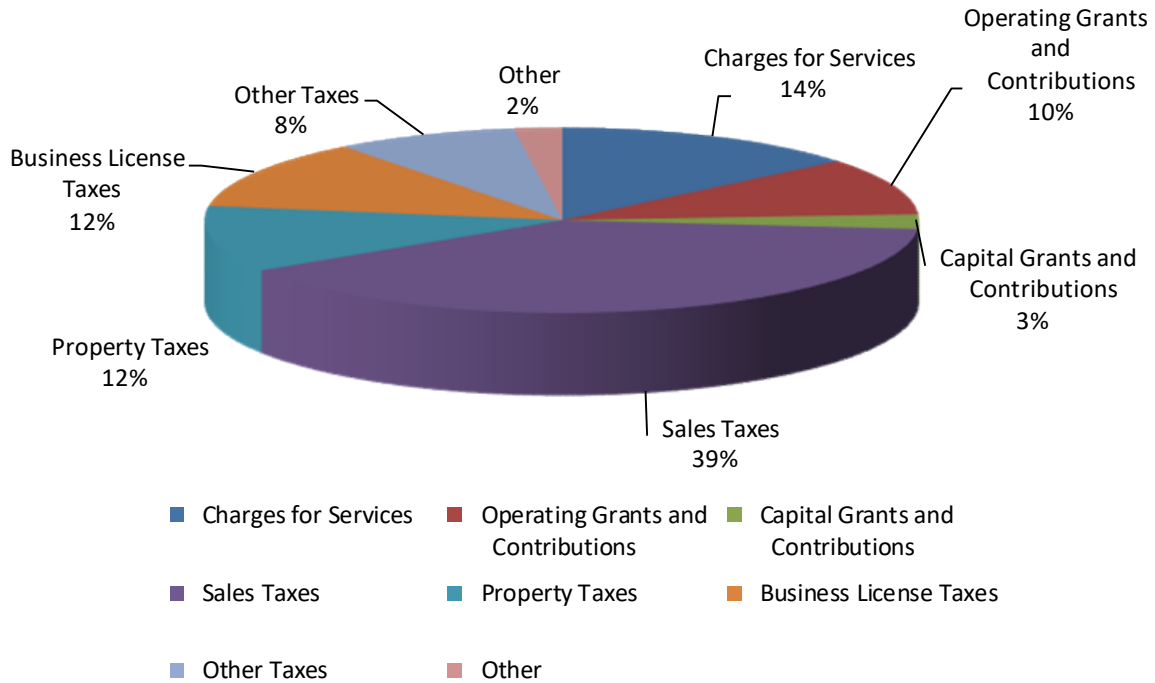
Governmental activities increased the City’s net position by \$17,662,986, thereby accounting for 138.5% of the total increase in net position of the City. Key elements of the increase in net position were due to an increase in sales taxes, other taxes, operating grants and contributions, and charges for services. The increase was primarily offset by increases in all government functions due to the reopening of the economy following the COVID-19 pandemic.



**REVENUE BY SOURCE - GOVERNMENTAL
ACTIVITIES FISCAL YEAR 2021**

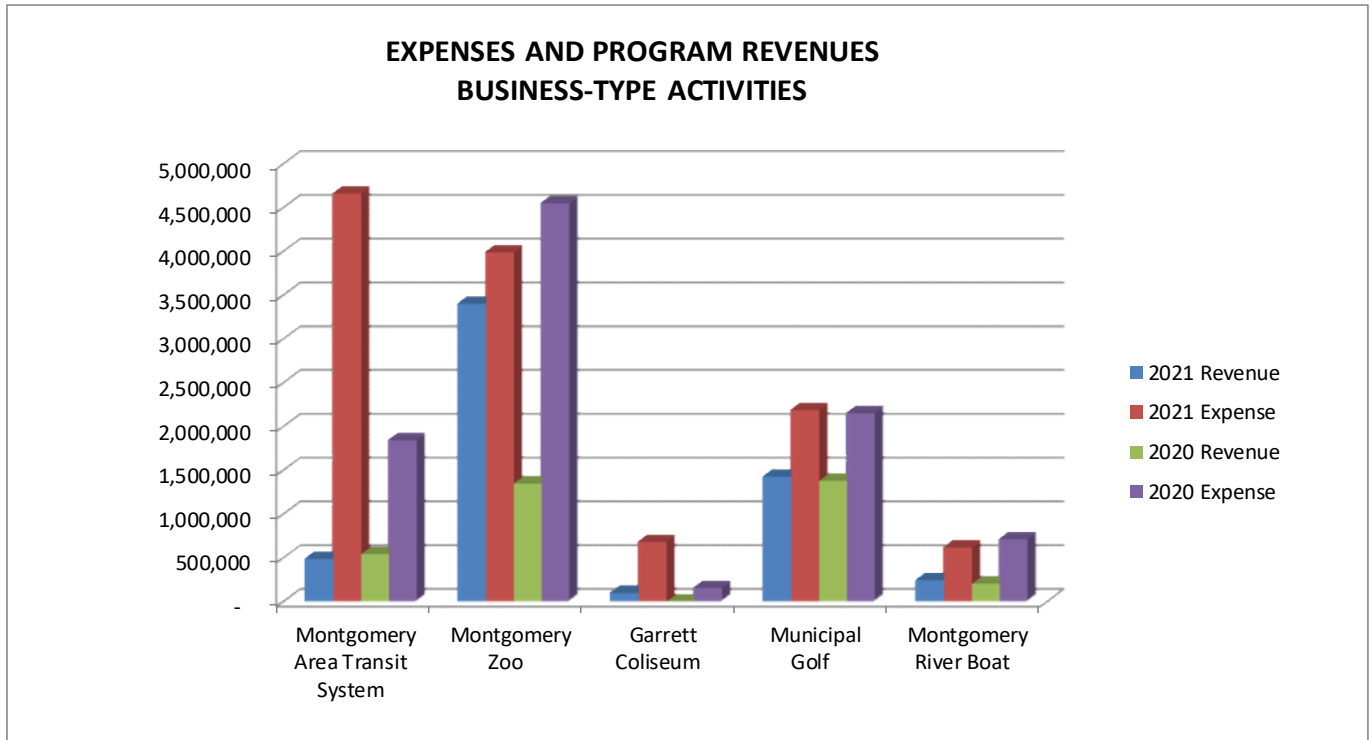


**REVENUE BY SOURCE - GOVERNMENTAL
ACTIVITIES FISCAL YEAR 2020**



Business-type Activities

Business-type activities decreased the City’s net position by \$4,908,507, which contributed -38.5% to the total increase in the net position of the City. The primary factor for the decrease in net position was due to the increase in MATS expenses.



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, 2021, the City’s Governmental Funds had an unassigned fund balance for governmental activities in the amount of \$35,975,216.

At September 30, 2021, total fund balance in the General Fund was \$40,005,553. The fund balance in the General Fund increased \$13,456,655 or 50.7% 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 \$19,707,005 or 8% in 2021 compared to the previous year. This was due to an increase in taxes collected, intergovernmental revenues, charges for services, fines and forfeitures, and miscellaneous revenues. Expenditures of the General Fund decreased by \$5,721,648 or 2.9% less than the previous fiscal year. The decrease was primarily due to decreased personnel.

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 \$57,252,813 or 335.1% from the previous year. The increase is primarily due to the City obtaining new capital financing via general obligation bonds during the year. Additionally, the City has implemented 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 \$4,880,604 or 4,973.3% from the previous year. The increase was primarily due to scheduled debt service payments.

American Rescue Plan Fund – The fund accounts for the allocation the City was appropriated from the American Rescue Plan Act (ARPA). The fund reported a \$0 fund balance.

Federal Transit Administration Grant Fund – The fund accounts for grant funding received primarily from the Federal Transit Administration to be used for the Montgomery Area Transit System. The fund balance of the Federal Transit Administration Fund increased \$2,489,585 or 50.6% from the previous year. The increase is caused by the previously unavailable federal revenue at fiscal year-end 2020 becoming available revenue in fiscal year 2021.

Emergency Communications District (ECD) Fund – 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. During the year ended September 30, 2021, the fund balance of the ECD Fund increased \$1,767,096 or 37.6%. This increase was due to the decreased capital outlay costs.

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, Garrett Coliseum, Municipal Golf, and Montgomery River Boat at the end of the year was \$21,611,285. Total net position decreased for enterprise funds by \$4,908,507 or 18.5% in 2021 from the previous year. Total operating revenue increased \$2,181,485 or 62.7% and total operating expenses increased \$2,680,931 or 29.3% for enterprise funds.

Montgomery Area Transit System (MATS) Fund - The fund accounts for the operations of the Montgomery Area Transit System. The net position of the MATS fund decreased \$3,999,355 or 27.1% from the previous year. The decrease is caused by decreased operating revenues of \$55,353 or 10.2% and increased operating expenses of \$2,839,796 or 156% over the previous year.

Montgomery Zoo Fund - The fund accounts for the operations of the Montgomery Zoo. The net position of the Montgomery Zoo fund decreased \$250,029 or 9% from the previous year. The decrease is due to depreciation expense.

Garrett Coliseum Fund - The fund accounts for the operations of the Garrett Coliseum. The net position of the Garrett Coliseum fund decreased \$279,263 or 2.8% from the previous year. The decrease is due to depreciation expense.

Municipal Golf Fund - The fund accounts for the operations of the City's golf operations. The net position of the Municipal Golf fund decreased \$41,463 or 3.4% from the previous year. The decrease is due to depreciation expense.

Montgomery Riverboat Fund - The fund accounts for the operations of the Harriott II riverboat. The net position of the Montgomery Riverboat fund decreased \$51,485 or 11.3% from the previous year. The decrease is due to depreciation expense.

Internal Service Fund – Internal service funds are designed to recover the internal costs of government services provided to other fund groups. At September 30, 2021, the internal service fund reported \$0 for its net position balance.

Capital Assets and Debt Administration

Capital assets – The City’s investment in capital assets for governmental and business-type activities as of September 30, 2021, was \$362,909,911 (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	
	2021	2020	2021	2020	2021	2020
Land	\$ 55,240,731	\$ 55,076,882	\$ 2,951,142	\$ 2,951,142	\$ 58,191,873	\$ 58,028,024
Buildings	107,771,682	110,316,357	25,540,413	26,328,676	133,312,095	136,645,033
Improvements other than buildings	35,124,080	38,391,708	1,177,350	1,364,607	36,301,430	39,756,315
Machinery and equipment	37,909,874	38,463,890	1,535,380	1,702,309	39,445,254	40,166,199
Infrastructure	84,470,609	84,938,603	106,338	110,205	84,576,947	85,048,808
Construction in progress	11,082,312	9,605,664	-	-	11,082,312	9,605,664
	<u>\$ 331,599,288</u>	<u>\$ 336,793,104</u>	<u>\$ 31,310,623</u>	<u>\$ 32,456,939</u>	<u>\$ 362,909,911</u>	<u>\$ 369,250,043</u>

Additional information on the City’s capital assets can be found in Note 7 beginning on page 56 of this report.

Long-term debt – At the end of the fiscal year the City had secured and bonded debt outstanding of \$279,855,976. The full amount comprises debt backed by the full faith and credit of the City. The City’s long-term debt increased \$30,010,412 or 12% from the previous year due to refunding and a new issuance for capital financing.

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 \$2,424,983,740 with a current debt limit for the City of \$484,996,748. Current debt applied to the debt limit total is \$240,892,501, leaving the City with a legal debt margin of \$244,104,247.

Long-Term Debt

	2021	2020	Increase (Decrease)
General Obligation Bonds	\$ 209,225,047	\$ 189,588,622	\$ 19,636,425
Direct Borrowings and Direct Placements	70,630,929	48,318,536	22,312,393
Capital Leases	-	11,938,406	(11,938,406)
	<u>\$ 279,855,976</u>	<u>\$ 249,845,564</u>	<u>\$ 30,010,412</u>

The City carries an A1 rating from Moody’s, an AA rating from Standard and Poor’s, and an AA rating from Fitch. These ratings reflect the strength of the City’s economy and the efficiency of operations by management and staff. See Note 10, beginning on page 59, 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, 2021, actual revenues were more than budgeted revenues by \$25,012,146 or 10.4%. The primary reason for the variance was the reopening of the economy after the economic impact of the COVID-19 pandemic. Detailed variances are as follows:

- Actual taxes were more than budgeted by \$21,696,839 or 13%
- Actual licenses and permits were more than budgeted by \$2,379,056 or 5.9%
- Actual intergovernmental revenues were more than budgeted by \$1,966,170 or 32.5%
- Actual fines and forfeitures were more than budgeted by \$39,311 or 2.5%
- Actual miscellaneous revenues were more than budgeted by \$14,382 or 1%

For the year ended September 30, 2021, actual total expenditures were less than budgeted expenditures by \$13,196,312 or 6.5%. The primary reason for the variance was the City's restriction on spending and lower personnel costs. Detailed variances are in the following functions:

- General Government actual expenditures were less than budgeted expenditures by \$13,050,502 or 24%.
- Public Works actual expenditures were less than budgeted expenditures by \$1,084,484 or 2.8%.
- Public Safety actual expenditures were less than budgeted expenditures by \$1,949,151 or 2.5%.
- Cultural and Recreational actual expenditures were less than budgeted expenditures by \$1,880,983 or 7.4%.

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

- Due to the economy reopening in 2021 and continued economic growth in the region, all tax revenue, with the exception of tobacco tax, increased significantly.
- 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 2021.

Economic Factors and Year 2021

The following factors were considered in preparing the City's Budget for Fiscal Year 2021:

- The City is currently the third 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 2021 over the previous year due to steady economic growth.
- Continued increases in industrial and residential development.

At September 30, 2021, fund balance in the General Fund was \$40,005,553. The City did not appropriate any fund balance from the 2021 fund balance for spending in the 2022 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 2022 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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Public Library
ASSETS				
Cash and cash equivalents	\$ 62,931,479	\$ 556,789	\$ 63,488,268	\$ 634,550
Restricted cash held by fiscal agent	10,695,109	-	10,695,109	-
Certificates of deposit	12,121,031	-	12,121,031	-
Investments	48,263,683	-	48,263,683	-
Internal balances	7,393,220	(7,393,220)	-	-
Receivables	26,129,643	143,799	26,273,442	2,187
Inventories	1,262,958	428,639	1,691,597	-
Prepaid items	345,895	16	345,911	-
Mortgage receivable	958,290	-	958,290	-
Capital assets not being depreciated:				
Land	55,240,731	2,951,142	58,191,873	-
Construction in progress	11,082,312	-	11,082,312	-
Collections	-	-	-	10,418,925
Capital assets net of accumulated depreciation:				
Buildings and system	107,771,682	25,540,413	133,312,095	2,279,662
Improvements other than buildings	35,124,080	1,177,350	36,301,430	-
Machinery and equipment	37,909,874	1,535,380	39,445,254	109,295
Infrastructure	84,470,609	106,338	84,576,947	-
TOTAL ASSETS	501,700,596	25,046,646	526,747,242	13,444,619
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	2,373,283	-	2,373,283	-
OPEB related items	105,084,225	-	105,084,225	-
Pension related items	37,357,001	659,083	38,016,084	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	144,814,509	659,083	145,473,592	-
LIABILITIES				
Accounts payable and accrued expenses	22,721,689	718,197	23,439,886	24,702
Retainage payable	141,455	-	141,455	-
Unearned revenue	12,467,987	10,701	12,478,688	-
Funds held in escrow	1,278,180	-	1,278,180	-
Noncurrent liabilities:				
Due within one year	19,438,378	14,727	19,453,105	-
Due in more than one year:				
Net pension liability	219,179,115	2,339,451	221,518,566	-
Total OPEB liability	525,585,285	-	525,585,285	-
Other	289,259,685	366,308	289,625,993	-
TOTAL LIABILITIES	1,090,071,774	3,449,384	1,093,521,158	24,702
DEFERRED INFLOWS OF RESOURCES				
OPEB related items	33,877,957	-	33,877,957	-
Pension related items	36,562,071	645,060	37,207,131	-
TOTAL DEFERRED INFLOWS OF RESOURCES	70,440,028	645,060	71,085,088	-
NET POSITION				
Net investment in capital assets	219,621,958	31,310,623	250,932,581	12,807,882
Restricted for:				
General government	3,426,587	-	3,426,587	-
Public works	1,370,457	-	1,370,457	-
Public safety	6,313,878	-	6,313,878	-
Cultural and recreational	104,797	-	104,797	30,521
Capital projects	74,862,573	-	74,862,573	-
Debt service	4,978,741	-	4,978,741	-
Municipal Court	897,739	-	897,739	-
Nonexpendable	-	-	-	100,000
Unrestricted	(825,573,427)	(9,699,338)	(835,272,765)	481,514
TOTAL NET POSITION	\$ (513,996,697)	\$ 21,611,285	\$ (492,385,412)	\$ 13,419,917

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 95,029,900	\$ 15,028,559	\$ 8,705,402	\$ 4,785,663	\$ (66,510,276)	\$ -	\$ (66,510,276)	\$ -
Public works	60,863,412	25,613,481	13,328,531	622,245	(21,299,155)	-	(21,299,155)	-
Public safety	96,176,446	684,052	6,531,413	204,789	(88,756,192)	-	(88,756,192)	-
Cultural and recreational	32,302,334	1,055,950	2,552,333	494,256	(28,199,795)	-	(28,199,795)	-
Interest on long-term debt	8,483,354	-	-	-	(8,483,354)	-	(8,483,354)	-
Total governmental activities	292,855,446	42,382,042	31,117,679	6,106,953	(213,248,772)	-	(213,248,772)	-
Business-type activities:								
Montgomery Area Transit System	4,660,147	488,374	-	-	-	(4,171,773)	(4,171,773)	-
Montgomery Zoo	3,989,236	3,401,266	-	-	-	(587,970)	(587,970)	-
Garrett Colesium	681,682	100,801	-	-	-	(580,881)	(580,881)	-
Municipal Golf	2,188,481	1,426,545	-	-	-	(761,936)	(761,936)	-
Montgomery River Boat	618,340	244,574	-	-	-	(373,766)	(373,766)	-
Total business-type activities	12,137,886	5,661,560	-	-	-	(6,476,326)	(6,476,326)	-
Total primary government	\$ 304,993,332	\$ 48,043,602	\$ 31,117,679	\$ 6,106,953	(213,248,772)	(6,476,326)	(219,725,098)	-
Component Unit								
Public Library	\$ 5,001,910	\$ 16,172	\$ 286,108	\$ 100,589				(4,599,041)
General Revenues								
Sales taxes					131,604,436	-	131,604,436	-
Property taxes					34,893,470	-	34,893,470	-
Business license taxes					34,457,814	-	34,457,814	-
Motor fuel taxes					9,108,395	-	9,108,395	-
Lodging taxes					10,030,692	-	10,030,692	-
Rental taxes					5,112,309	-	5,112,309	-
Tobacco taxes					1,496,692	-	1,496,692	-
Alcoholic beverage taxes					391,666	-	391,666	-
Grants and contributions not restricted to specific programs					125,796	-	125,796	4,420,535
Investment earnings					174,503	74	174,577	2,795
Miscellaneous revenue					5,073,571	10,159	5,083,730	154,859
Transfers					(1,557,586)	1,557,586	-	-
Total general revenues and transfers					230,911,758	1,567,819	232,479,577	4,578,189
Change in net position					17,662,986	(4,908,507)	12,754,479	(20,852)
Net position - beginning					(531,659,683)	26,519,792	(505,139,891)	13,440,769
Net position - ending					\$ (513,996,697)	\$ 21,611,285	\$ (492,385,412)	\$ 13,419,917

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>American Rescue Plan Fund</u>	<u>Federal Transit Administration Grant Fund</u>	<u>Emergency Communication District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS								
Cash and cash equivalents	\$ 797,440	\$ 25,833,109	\$ 4,644,247	\$ 12,461,265	\$ -	\$ 6,087,722	\$ 6,255,518	\$ 56,079,301
Restricted cash held by fiscal agent	-	10,360,615	334,494	-	-	-	-	10,695,109
Certificates of deposit	12,121,031	-	-	-	-	-	-	12,121,031
Investments	8,684,242	39,579,441	-	-	-	-	-	48,263,683
Receivables	19,064,869	176,513	-	-	2,750,848	511,522	2,334,804	24,838,556
Inventories	1,262,958	-	-	-	-	-	-	1,262,958
Prepaid items	340,655	3,362	-	-	-	150	1,728	345,895
Due from other funds	7,455,204	-	-	-	-	-	-	7,455,204
Mortgage receivable	-	362,219	-	-	-	-	596,071	958,290
TOTAL ASSETS	<u>\$ 49,726,399</u>	<u>\$ 76,315,259</u>	<u>\$ 4,978,741</u>	<u>\$ 12,461,265</u>	<u>\$ 2,750,848</u>	<u>\$ 6,599,394</u>	<u>\$ 9,188,121</u>	<u>\$ 162,020,027</u>
LIABILITIES								
Accounts payable and accrued expenses	\$ 8,874,860	\$ 1,471,334	\$ -	\$ 68,564	\$ 5,487	\$ 137,823	\$ 1,385,946	\$ 11,944,014
Retainage payable	-	141,455	-	-	-	-	-	141,455
Due to other funds	-	-	-	-	2,678,785	-	524,416	3,203,201
Funds held in escrow	845,986	1,200	-	-	-	-	430,994	1,278,180
Unearned revenue	-	2,400	-	12,392,701	-	-	72,886	12,467,987
TOTAL LIABILITIES	<u>9,720,846</u>	<u>1,616,389</u>	<u>-</u>	<u>12,461,265</u>	<u>2,684,272</u>	<u>137,823</u>	<u>2,414,242</u>	<u>29,034,837</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - long-term receivables	-	362,219	-	-	2,493,300	-	596,071	3,451,590
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>362,219</u>	<u>-</u>	<u>-</u>	<u>2,493,300</u>	<u>-</u>	<u>596,071</u>	<u>3,451,590</u>
FUND BALANCES (DEFICITS)								
Nonspendable:								
Inventories	1,262,958	-	-	-	-	-	-	1,262,958
Prepaid items	340,655	3,362	-	-	-	150	1,728	345,895
Restricted:								
Capital projects	-	74,333,289	-	-	-	-	-	74,333,289
Debt service	-	-	4,978,741	-	-	-	-	4,978,741
Emergency Communications District	-	-	-	-	-	6,461,421	-	6,461,421
Intergovernmental	-	-	-	-	-	-	2,354,313	2,354,313
Municipal Court	-	-	-	-	-	-	897,739	897,739
Riverfront Stadium	-	-	-	-	-	-	2,371,490	2,371,490
Road construction and maintenance	-	-	-	-	-	-	552,538	552,538
Unassigned	38,401,940	-	-	-	(2,426,724)	-	-	35,975,216
TOTAL FUND BALANCES	<u>40,005,553</u>	<u>74,336,651</u>	<u>4,978,741</u>	<u>-</u>	<u>(2,426,724)</u>	<u>6,461,571</u>	<u>6,177,808</u>	<u>129,533,600</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 49,726,399</u>	<u>\$ 76,315,259</u>	<u>\$ 4,978,741</u>	<u>\$ 12,461,265</u>	<u>\$ 2,750,848</u>	<u>\$ 6,599,394</u>	<u>\$ 9,188,121</u>	<u>\$ 162,020,027</u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

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

Total fund balances - governmental funds		\$ 129,533,600
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		331,599,288
Long-term receivables are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		3,451,590
Deferred outflows and inflows of resources are applicable to future periods, and, therefore, are not reported in the governmental funds:		
Deferred charge on refunding	\$ 2,373,283	
Pension related deferred outflows	37,357,001	
Pension related deferred inflows	(36,562,071)	
OPEB related deferred outflows	105,084,225	
OPEB related deferred inflows	<u>(33,877,957)</u>	
		74,374,481
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.		3,141,217
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, 2021 were:		
General obligation bonds and capital leases	188,150,000	
Warrants and notes from direct borrowings and direct placements	70,630,929	
Unamortized net premiums	21,075,047	
Accrued interest	2,634,410	
Compensated absences	19,228,473	
Retirement and disability benefits	6,002,048	
Net pension liability	219,179,115	
Total OPEB liability	525,585,285	
Landfill closure and postclosure costs	<u>3,611,566</u>	
Total long-term liabilities		<u>(1,056,096,873)</u>
Net position of governmental activities		<u>\$ (513,996,697)</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, 2021

	General Fund	Capital Project Fund	Debt Service Fund	American Rescue Plan Fund	Federal Transit Administration Grant Fund	Emergency Communication District	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	\$ 188,820,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,817,640	\$ 192,637,660
Licenses and permits	42,839,187	-	-	-	-	-	104,996	42,944,183
Intergovernmental revenues	8,023,286	655,026	934,888	8,427,020	5,282,388	6,192,237	16,250,699	45,765,544
Charges for services	23,374,421	163,722	-	-	-	-	290,813	23,828,956
Fines and forfeitures	1,632,607	-	-	-	-	-	536,620	2,169,227
Interest	87,255	82,248	469	-	-	4,531	-	174,503
Miscellaneous revenues	1,490,682	2,138,757	-	-	93,568	-	415,680	4,138,687
Total revenues	266,267,458	3,039,753	935,357	8,427,020	5,375,956	6,196,768	21,416,448	311,658,760
EXPENDITURES								
Current:								
General government	41,335,189	11,139,040	-	7,634,376	4,742,924	-	9,876,816	74,728,345
Public works	38,141,582	2,652,736	-	-	-	-	7,511,241	48,305,559
Public safety	76,652,654	814,250	-	-	-	4,129,533	635,306	82,231,743
Cultural and recreational	23,625,044	2,092,663	-	178,333	-	-	1,856,097	27,752,137
Intergovernmental	-	279,052	-	-	-	-	-	279,052
Capital outlay	-	8,880,018	-	-	-	288,139	1,074,603	10,242,760
Debt service:								
Principal	11,030,068	-	11,409,731	-	-	-	-	22,439,799
Interest	194,480	131,484	7,339,469	-	-	-	-	7,665,433
Debt issuance cost	-	1,412,609	-	-	-	-	-	1,412,609
Total expenditures	190,979,017	27,401,852	18,749,200	7,812,709	4,742,924	4,417,672	20,954,063	275,057,437
Excess of revenues over (under) expenditures	75,288,441	(24,362,099)	(17,813,843)	614,311	633,032	1,779,096	462,385	36,601,323
OTHER FINANCING SOURCES (USES)								
Proceeds from sale of capital assets	105,006	10,191	-	-	-	-	-	115,197
Transfers in	-	30,192,112	22,694,447	-	2,028,971	-	1,919,582	56,835,112
Transfers out	(61,936,792)	(45,015)	-	(614,311)	(172,418)	(12,000)	(4,365,209)	(67,145,745)
Issuance of refunding bonds	-	123,185,000	-	-	-	-	-	123,185,000
Issuance of bonds	-	40,735,000	-	-	-	-	-	40,735,000
Bond premium	-	17,122,166	-	-	-	-	-	17,122,166
Payments to refunded bond escrow agent	-	(129,584,542)	-	-	-	-	-	(129,584,542)
Total other financing sources (uses)	(61,831,786)	81,614,912	22,694,447	(614,311)	1,856,553	(12,000)	(2,445,627)	41,262,188
Net change in fund balances	13,456,655	57,252,813	4,880,604	-	2,489,585	1,767,096	(1,983,242)	77,863,511
FUND BALANCES - BEGINNING	26,548,898	17,083,838	98,137	-	(4,916,309)	4,694,475	8,161,050	51,670,089
FUND BALANCES - ENDING	\$ 40,005,553	\$ 74,336,651	\$ 4,978,741	\$ -	\$ (2,426,724)	\$ 6,461,571	\$ 6,177,808	\$ 129,533,600

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, 2021

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

Net change in fund balances - total governmental funds		\$ 77,863,511
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position.		12,164,927
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.		2,941,627
Depreciation expense on governmental capital assets is included in the governmental activities in the statement of activities.		(19,737,473)
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.		(562,898)
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.		(2,531,755)
Loan proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position.		
Proceeds from refunding bonds	\$ 123,185,000	
Proceeds from bonds	40,735,000	
Bond premium	17,122,166	
Total proceeds		(181,042,166)

(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, 2021

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	\$ 4,350,000	
Payments to refunded bond escrow agent	129,584,542	
Warrants and notes from direct borrowings and direct placements	6,151,393	
Capital leases	<u>11,938,406</u>	
Total repayments		\$ 152,024,341

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	(1,211,962)	
Retirement and disability benefits	(257,429)	
Pension	(1,701,530)	
Accrued interest	252,151	
OPEB	27,923,992	
Landfill closure and postclosure costs	<u>(414,343)</u>	
Additional expenses		(24,590,879)

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		846,839
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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.

286,912

Change in net position of governmental activities

\$ 17,662,986

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 167,123,181	\$ 167,123,181	\$ 188,820,020	\$ 21,696,839
Licenses and permits	40,460,131	40,460,131	42,839,187	2,379,056
Intergovernmental revenues	6,057,116	6,057,116	8,023,286	1,966,170
Charges for services	24,414,788	24,414,788	23,374,421	(1,040,367)
Fines and forfeitures	1,593,296	1,593,296	1,632,607	39,311
Interest	130,500	130,500	87,255	(43,245)
Miscellaneous revenues	1,476,300	1,476,300	1,490,682	14,382
Total revenues	<u>241,255,312</u>	<u>241,255,312</u>	<u>266,267,458</u>	<u>25,012,146</u>
EXPENDITURES				
Current:				
General government:				
Council	382,672	382,672	338,030	44,642
Mayor and Cabinet	770,872	770,872	737,852	33,020
City Clerk	413,681	413,681	403,188	10,493
Development	1,580,997	1,580,997	1,511,198	69,799
Finance Department	3,911,905	3,911,905	3,178,993	732,912
Fleet Management	3,826,213	3,826,213	3,455,982	370,231
Information Technology	3,898,298	3,887,108	3,189,750	697,358
Insurance	2,800,000	2,800,000	-	2,800,000
Investigations	360,932	360,932	359,822	1,110
Legal Department	943,974	924,924	853,171	71,753
Miscellaneous activities	14,994,559	14,561,629	7,364,431	7,197,198
Municipal Court	3,133,101	3,133,101	2,754,028	379,073
Neighborhood Services	474,503	473,503	460,734	12,769
Parking Management	951,477	951,477	800,889	150,588
Payments to government agencies	3,464,800	3,464,800	2,906,683	558,117
Planning	590,413	659,874	484,183	175,691
Public Information and External Affairs	618,733	618,733	482,165	136,568
Retirement	11,125,120	11,125,120	11,522,457	(397,337)
Risk Management	538,150	538,150	531,633	6,517
Total general government	<u>54,780,400</u>	<u>54,385,691</u>	<u>41,335,189</u>	<u>13,050,502</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Works:				
Building Maintenance	\$ 5,872,430	\$ 5,872,430	\$ 5,415,747	\$ 456,683
Engineering Department	1,964,046	1,767,546	1,714,142	53,404
Inspections Division	2,622,202	2,622,202	2,547,347	74,855
Landfill Division	1,887,065	1,564,065	1,440,518	123,547
Maintenance	7,901,158	7,901,158	7,705,423	195,735
Sanitation Department	16,565,506	16,565,506	16,515,302	50,204
Traffic Engineering Department	3,021,119	2,933,159	2,803,103	130,056
Total public works	39,833,526	39,226,066	38,141,582	1,084,484
Public Safety:				
Emergency Management	388,348	388,348	244,093	144,255
Fire Department	33,330,703	33,046,403	32,772,686	273,717
Police Department	45,590,330	45,167,054	43,635,875	1,531,179
Total public safety	79,309,381	78,601,805	76,652,654	1,949,151
Cultural and Recreational:				
City Events	1,237,852	1,237,852	979,076	258,776
Library	3,531,029	3,531,029	3,278,767	252,262
Museum	3,318,897	3,318,897	3,137,673	181,224
Parks and Recreation	16,917,388	16,917,388	15,814,794	1,102,594
Cultural Affairs	500,861	500,861	414,734	86,127
Total cultural and recreational	25,506,027	25,506,027	23,625,044	1,880,983
Debt Service:				
Principal	6,069,672	6,069,672	11,030,068	(4,960,396)
Interest	386,068	386,068	194,480	191,588
Total debt service	6,455,740	6,455,740	11,224,548	(4,768,808)
Total expenditures	205,885,074	204,175,329	190,979,017	13,196,312
Excess of revenues over expenditures	35,370,238	37,079,983	75,288,441	38,208,458

(Continued)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMASTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (CONTINUED)

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	\$ 10,000	\$ 10,000	\$ 105,006	\$ 95,006
Transfers in	3,170,000	3,170,000	-	(3,170,000)
Transfers out	(46,050,238)	(47,759,983)	(61,936,792)	(14,176,809)
Capital leases	7,500,000	7,500,000	-	(7,500,000)
Total other financing sources (uses)	<u>(35,370,238)</u>	<u>(37,079,983)</u>	<u>(61,831,786)</u>	<u>(24,751,803)</u>
Net changes in fund balance	-	-	13,456,655	13,456,655
FUND BALANCES - BEGINNING	<u>26,548,898</u>	<u>26,548,898</u>	<u>26,548,898</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 26,548,898</u>	<u>\$ 26,548,898</u>	<u>\$ 40,005,553</u>	<u>\$ 13,456,655</u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Montgomery Area Transit System	Montgomery Zoo	Garrett Coliseum	Other Enterprise Funds	Total Enterprise Funds	
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ -	\$ 412,352	\$ 12,843	\$ 131,594	\$ 556,789	\$ 6,852,179
Receivables	6,566	130,696	-	6,537	143,799	1,291,087
Inventories	212,894	76,279	-	139,466	428,639	-
Prepaid items	-	-	16	-	16	-
Total current assets	<u>219,460</u>	<u>619,327</u>	<u>12,859</u>	<u>277,597</u>	<u>1,129,243</u>	<u>8,143,266</u>
NONCURRENT ASSETS						
Capital assets:						
Land	344,436	38,165	1,903,200	665,341	2,951,142	-
Buildings and system	20,198,149	5,965,904	8,377,900	285,331	34,827,284	-
Improvements other than buildings	48,341	6,000,890	-	1,565,024	7,614,255	-
Machinery and equipment	8,017,706	1,760,102	-	1,098,433	10,876,241	-
Infrastructure	-	-	-	116,005	116,005	-
Less accumulated depreciation	<u>(13,518,136)</u>	<u>(8,949,529)</u>	<u>(418,895)</u>	<u>(2,187,744)</u>	<u>(25,074,304)</u>	<u>-</u>
Total capital assets, net of accumulated depreciation	15,090,496	4,815,532	9,862,205	1,542,390	31,310,623	-
Net pension asset	-	-	-	10,911	10,911	-
Total noncurrent assets	<u>15,090,496</u>	<u>4,815,532</u>	<u>9,862,205</u>	<u>1,553,301</u>	<u>31,321,534</u>	<u>-</u>
TOTAL ASSETS	<u>15,309,956</u>	<u>5,434,859</u>	<u>9,875,064</u>	<u>1,830,898</u>	<u>32,450,777</u>	<u>8,143,266</u>
DEFERRED OUTFLOWS						
Pension related items	-	595,521	-	63,562	659,083	-
TOTAL DEFERRED OUTFLOWS	<u>-</u>	<u>595,521</u>	<u>-</u>	<u>63,562</u>	<u>659,083</u>	<u>-</u>
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable and accrued expenses	376,691	216,613	29,911	94,982	718,197	1,914,243
Claims payable	-	-	-	-	-	6,227,300
Unearned revenue	-	-	-	10,701	10,701	-
Funds in escrow	-	-	-	-	-	1,723
Due to other funds	4,156,262	-	-	95,741	4,252,003	-
Compensated absences	-	14,727	-	-	14,727	-
Total current liabilities	<u>4,532,953</u>	<u>231,340</u>	<u>29,911</u>	<u>201,424</u>	<u>4,995,628</u>	<u>8,143,266</u>
NONCURRENT LIABILITIES						
Compensated absences	-	325,924	-	40,384	366,308	-
Net pension liability	-	2,350,362	-	-	2,350,362	-
Total noncurrent liabilities	<u>-</u>	<u>2,676,286</u>	<u>-</u>	<u>40,384</u>	<u>2,716,670</u>	<u>-</u>
TOTAL LIABILITIES	<u>4,532,953</u>	<u>2,907,626</u>	<u>29,911</u>	<u>241,808</u>	<u>7,712,298</u>	<u>8,143,266</u>
DEFERRED INFLOWS						
Pension related items	-	582,850	-	62,210	645,060	-
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>582,850</u>	<u>-</u>	<u>62,210</u>	<u>645,060</u>	<u>-</u>
NET POSITION						
Investment in capital assets	15,090,496	4,815,532	9,862,205	1,542,390	31,310,623	-
Unrestricted	<u>(4,313,493)</u>	<u>(2,275,628)</u>	<u>(17,052)</u>	<u>48,052</u>	<u>(6,558,121)</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 10,777,003</u>	<u>\$ 2,539,904</u>	<u>\$ 9,845,153</u>	<u>\$ 1,590,442</u>	<u>24,752,502</u>	<u>\$ -</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					(3,141,217)	
Net position of business-type activities					<u>\$ 21,611,285</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, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Montgomery Area Transit System	Montgomery Zoo	Garrett Colesium	Other Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES						
Charges for goods and services	\$ 488,374	\$ 3,401,266	\$ 100,801	\$ 1,671,119	\$ 5,661,560	\$ 37,621,648
Total operating revenues	488,374	3,401,266	100,801	1,671,119	5,661,560	37,621,648
OPERATING EXPENSES						
Cost of sales and services	-	314,816	72,399	253,369	640,584	-
Administration	4,041,584	3,020,085	330,020	2,409,492	9,801,181	46,444,788
Depreciation	618,563	382,979	279,263	94,290	1,375,095	-
Total operating expenses	4,660,147	3,717,880	681,682	2,757,151	11,816,860	46,444,788
OPERATING LOSS	(4,171,773)	(316,614)	(580,881)	(1,086,032)	(6,155,300)	(8,823,140)
NONOPERATING REVENUES (EXPENSES)						
Loss on sale of capital assets	-	(34,114)	-	-	(34,114)	-
Donations	-	10,159	-	-	10,159	-
Interest income	-	66	-	8	74	-
Loss before contributions and transfers	(4,171,773)	(340,503)	(580,881)	(1,086,024)	(6,179,181)	(8,823,140)
Capital contributions	-	70,093	-	-	70,093	-
Transfers in	172,418	20,381	301,618	993,076	1,487,493	8,823,140
Change in net position	(3,999,355)	(250,029)	(279,263)	(92,948)	(4,621,595)	-
NET POSITION - BEGINNING	14,776,358	2,789,933	10,124,416	1,683,390	29,374,097	-
NET POSITION - ENDING	<u>\$ 10,777,003</u>	<u>\$ 2,539,904</u>	<u>\$ 9,845,153</u>	<u>\$ 1,590,442</u>		<u>\$ -</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					(286,912)	
Change in net position of business-type activities					<u>\$ (4,908,507)</u>	

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities -					Governmental Activities - Internal Service Fund
	Enterprise Funds				Total Enterprise Funds	
	Montgomery Area Transit System	Montgomery Zoo	Garrett Coliseum	Other Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 482,189	\$ 3,412,420	\$ 100,801	\$ 1,659,211	\$ 5,654,621	\$ -
Receipts from interfund services provided	-	-	-	-	-	37,621,648
Payments to suppliers	(4,490,041)	(2,265,227)	(389,576)	(1,510,458)	(8,655,302)	(43,001,093)
Payments to employees	-	(779,406)	-	(1,149,115)	(1,928,521)	-
Payments for interfund services used	-	(287,109)	-	(26,280)	(313,389)	-
Net cash provided by (used in) operating activities	<u>(4,007,852)</u>	<u>80,678</u>	<u>(288,775)</u>	<u>(1,026,642)</u>	<u>(5,242,591)</u>	<u>(5,379,445)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	172,418	20,381	301,618	993,076	1,487,493	8,823,140
Net cash payments (to) from other funds	<u>4,007,852</u>	<u>-</u>	<u>-</u>	<u>21,509</u>	<u>4,029,361</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>4,180,270</u>	<u>20,381</u>	<u>301,618</u>	<u>1,014,585</u>	<u>5,516,854</u>	<u>8,823,140</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	<u>(172,418)</u>	<u>(20,382)</u>	<u>-</u>	<u>-</u>	<u>(192,800)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	<u>-</u>	<u>66</u>	<u>-</u>	<u>8</u>	<u>74</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>-</u>	<u>80,743</u>	<u>12,843</u>	<u>(12,049)</u>	<u>81,537</u>	<u>3,443,695</u>
CASH AND CASH EQUIVALENTS - BEGINNING	<u>-</u>	<u>331,609</u>	<u>-</u>	<u>143,643</u>	<u>475,252</u>	<u>3,408,484</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ -</u>	<u>\$ 412,352</u>	<u>\$ 12,843</u>	<u>\$ 131,594</u>	<u>\$ 556,789</u>	<u>\$ 6,852,179</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Transfer of capital assets from governmental activities	\$ -	\$ 70,093	\$ -	\$ -	\$ 70,093	\$ -

(Continued)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities -				Governmental Activities - Internal Service Fund	
	Enterprise Funds	Enterprise Funds				
	Montgomery Area Transit System	Montgomery Zoo	Garrett Coliseum	Other Enterprise Funds	Total Enterprise Funds	
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Operating loss	\$ (4,171,773)	\$ (316,614)	\$ (580,881)	\$ (1,086,032)	\$ (6,155,300)	\$ (8,823,140)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:						
Depreciation expense	618,563	382,979	279,263	94,290	1,375,095	-
Donations	-	10,159	-	-	10,159	-
(Increase) decrease in assets and deferred outflows:						
Receivables	(6,185)	995	-	491	(4,699)	370,163
Inventories	(48,150)	21,251	-	(23,512)	(50,411)	-
Prepaid items	-	-	(16)	-	(16)	-
Net pension asset	-	-	-	13,979	13,979	-
Deferred outflows	-	68,014	-	3,261	71,275	-
Increase (decrease) in liabilities and deferred inflows:						
Accounts payable and accrued expenses	(400,307)	(22,253)	12,859	(10,556)	(420,257)	373,832
Deferred revenue	-	-	-	(12,399)	(12,399)	-
Claims payable	-	-	-	-	-	2,699,700
Compensated absences	-	24,561	-	12,418	36,979	-
Net pension liability	-	130,969	-	-	130,969	-
Deferred inflows	-	(219,383)	-	(18,582)	(237,965)	-
Total adjustments	163,921	397,292	292,106	59,390	912,709	3,443,695
Net cash provided by (used in) operating activities	\$ (4,007,852)	\$ 80,678	\$ (288,775)	\$ (1,026,642)	\$ (5,242,591)	\$ (5,379,445)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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, located at 245 High Street, Montgomery, AL 36104.

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 report 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, 2021

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 revenues 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 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 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, 2021

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.

American Rescue Plan Fund – Accounts for the Coronavirus State Local and Fiscal Recovery Funds received from the U.S. Department of the Treasury to be used to address the economic impact of the pandemic, support the public health response to the pandemic, support recovery to affected communities, and to invest in water, sewer, and broadband infrastructure.

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.

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.

Garrett Coliseum – Accounts for the operations of the City-owned and operated public assembly venue.

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.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and of the Internal Service 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.

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.

Investments

Investments are stated at fair value. For fixed income securities, fair value is based on quoted market prices provided by independent pricing services.

State statutes authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; U.S. dollar denominated deposit accounts and certificates of deposit; pre-funded public obligations as defined by state law; and interests in any common trust fund or other collective investment bank, trust company or savings and loan association. The City has invested in obligations issued by the U.S. Government, or an agency or instrumentality of the U.S. Government, including mortgage-related securities.

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."

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Payables (Continued)

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, 2020.

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	\$ 398,473	\$ 212,894	\$ 611,367
Fuels and lubricants	235,026	-	235,026
Materials and supplies	464,637	-	464,637
Tobacco tax stamps	11,786	-	11,786
Merchandise and concessions	20,556	215,745	236,301
Other	132,480	-	132,480
Totals	<u>\$ 1,262,958</u>	<u>\$ 428,639</u>	<u>\$ 1,691,597</u>

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.

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.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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.

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 assets 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 14 and the City's OPEB plan which are described in Note 15.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in this category. First is unavailable revenue, which 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. In addition, the City also reports deferred inflow items related to the City's pension plan which are described further in Note 14 and the City's OPEB plan which are described in Note 15.

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 and proprietary 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 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, 2021 totaled \$6,002,048.

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, 2021 totaled \$525,585,285. The proprietary fund's portion of postretirement benefits other than pension is not material and therefore the City has allocated the entire amount to the governmental activities. The postemployment benefits other than pension liability is typically liquidated by the General Fund.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

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 governmental fund balances as follows:

Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form, or because of legal or contractual requirements.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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.

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 restricted nor 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 first 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 first 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.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 Project Fund.

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 Balances – 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, 2021 and 2020 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, 2021, the City included the encumbrances as part of governmental fund balances (budgetary basis) as follows:

Capital Project Fund	\$ 10,797,617
Emergency Communications District	501,733
Nonmajor governmental funds	<u>494,803</u>
Total	<u>\$ 11,794,153</u>

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Deficit Fund Equity

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

	Deficit Amount
Federal Transit Administration Grant Fund	<u>\$ 2,426,724</u>

The Federal Transit Administration Grant Fund accounts for grant funding received primarily from the Federal Transit Administration (FTA) to be used for the Montgomery Area Transit System. The City expects reimbursements of funds from the FTA in the subsequent year for expenditures incurred as of September 30, 2021.

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. Cash balances of \$6,814,838 were not covered under the SAFE Program and were uninsured as of September 30, 2021.

Investments

Investments of the City consist of certificates of deposit and obligations issued by the U.S. Government, or an agency or instrumentality of the U.S. Government, including mortgage-related securities.

Interest Rate Risk – The City's investment policy encourages matching investment maturities with known cash needs and anticipated cash flow requirements in order to manage interest rate risk.

As of September 30, 2021, the City had the following investments and maturities:

Type of Investment	Fair Value	Investment Maturities at Fair Value (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Investments subject to interest rate risk:					
U.S. Government obligations	\$ 44,455,379	\$ 24,371,754	\$ 20,083,625	\$ -	\$ -
Mortgage-backed securities	3,808,304	690,557	3,117,747	-	-
Total	<u>\$ 48,263,683</u>	<u>\$ 25,062,311</u>	<u>\$ 23,201,372</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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

Investments (Continued)

Credit Rate Risk – The City’s investment policy does not specifically address credit rate risk. All investments at September 30, 2021 have a Moody's rating of Aaa.

Concentration Credit Risk – The City’s investment policy does not specifically address concentration credit risk. At September 30, 2021, other than U.S. Government obligations, no issuer included holdings of greater than three percent of the City's total fixed income portfolio.

Custodial Credit Risk – Investments of the City consist of obligations issued by the U.S. Government, or an agency or instrumentality of the U.S. Government, including mortgage-related securities. They are held in the name of the City and therefore are not subject to custodial credit risk.

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

- Level 1 - Quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly.
- Level 3 - Unobservable inputs for an asset.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government obligations	\$ 44,455,379	\$ -	\$ 44,455,379	\$ -
Mortgage-backed securities	3,808,304	-	3,808,304	-
Total	<u>\$ 48,263,683</u>	<u>\$ -</u>	<u>\$ 48,263,683</u>	<u>\$ -</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

4. RECEIVABLES

Receivables as of September 30, 2021, for the government’s individual major funds and aggregate nonmajor and internal service funds, including the applicable allowance for uncollectable accounts, are as follows:

	General	Capital Project Fund	Federal Transit Administration Grant Fund	Emergency Communications District	Nonmajor Governmental Funds
Taxes	\$ 13,607,000	\$ -	\$ -	\$ -	\$ 500,720
Accounts	2,027,038	119,158	-	-	222,179
Intergovernmental	3,430,831	57,355	2,750,848	511,522	3,591,155
	19,064,869	176,513	2,750,848	511,522	4,314,054
Less allowance for uncollectable accounts	-	-	-	-	(1,979,250)
Total receivables	<u>\$ 19,064,869</u>	<u>\$ 176,513</u>	<u>\$ 2,750,848</u>	<u>\$ 511,522</u>	<u>\$ 2,334,804</u>

	Montgomery Area Transit System	Montgomery Zoo	Nonmajor Enterprise Funds	Internal Service Fund	Total
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 14,107,720
Accounts	6,566	130,696	6,537	1,291,087	3,803,261
Intergovernmental	-	-	-	-	10,341,711
	6,566	130,696	6,537	1,291,087	28,252,692
Less allowance for uncollectable accounts	-	-	-	-	(1,979,250)
Total receivables	<u>\$ 6,566</u>	<u>\$ 130,696</u>	<u>\$ 6,537</u>	<u>\$ 1,291,087</u>	<u>\$ 26,273,442</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

5. INTERFUND BALANCES

Interfund balances represent interfund borrowings needed to pay operating expenditures. The amounts reported as due to/from other funds will be repaid during the next fiscal year. The composition of interfund balances as of September 30, 2021 is shown below.

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Federal Transit Administration Grant Fund	\$ 2,678,785
	Nonmajor Governmental	524,416
	Montgomery Area Transit System	4,156,262
	Nonmajor Enterprise	<u>95,741</u>
Total		<u>\$ 7,455,204</u>

Interfund Transfers

<u>Transfer Out</u>	<u>Transfer In</u>				<u>Montgomery Area Transit System</u>
	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Federal Transit Administration Grant Fund</u>	<u>Nonmajor Governmental</u>	
General	\$ 26,572,040	\$ 21,277,984	\$ 2,028,971	\$ 1,919,582	\$ -
Capital Project Fund	-	45,015	-	-	-
American Rescue Plan Fund	614,311	-	-	-	-
Federal Transit Administration Grant Fund	-	-	-	-	172,418
Emergency Communications District	12,000	-	-	-	-
Nonmajor Governmental	<u>2,993,761</u>	<u>1,371,448</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 30,192,112</u>	<u>\$ 22,694,447</u>	<u>\$ 2,028,971</u>	<u>\$ 1,919,582</u>	<u>\$ 172,418</u>

<u>Transfer Out</u>	<u>Transfer In</u>				<u>Total</u>
	<u>Montgomery Zoo</u>	<u>Garrett Coliseum</u>	<u>Nonmajor Enterprise Fund</u>	<u>Internal Service Fund</u>	
General	\$ 20,381	\$ 301,618	\$ 993,076	\$ 8,823,140	\$ 61,936,792
Capital Project Fund	-	-	-	-	45,015
American Rescue Plan Fund	-	-	-	-	614,311
Federal Transit Administration Grant Fund	-	-	-	-	172,418
Emergency Communications District	-	-	-	-	12,000
Nonmajor Governmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,365,209</u>
Totals	<u>\$ 20,381</u>	<u>\$ 301,618</u>	<u>\$ 993,076</u>	<u>\$ 8,823,140</u>	<u>\$ 67,145,745</u>

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

5. INTERFUND BALANCES (Continued)

Interfund Transfers (Continued)

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.

6. NOTES, WARRANTS, AND LEASE RECEIVABLE

The City has 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 \$362,219 have been reported in the Capital Project Fund and \$596,071 have been reported in the Housing and Urban Development Grant Fund as of September 30, 2021. 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, 2021

7. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 55,076,882	\$ 163,849	\$ -	\$ -	\$ 55,240,731
Construction in progress	9,605,664	6,384,467	(205,492)	(4,702,327)	11,082,312
Total capital assets, not being depreciated	<u>64,682,546</u>	<u>6,548,316</u>	<u>(205,492)</u>	<u>(4,702,327)</u>	<u>66,323,043</u>
Capital assets, being depreciated:					
Buildings and system	194,624,423	-	-	1,812,721	196,437,144
Improvements other than buildings	83,982,010	-	-	799	83,982,809
Machinery and equipment	136,878,231	5,745,337	(2,603,805)	1,406,296	141,426,059
Infrastructure	577,868,413	2,812,901	-	1,412,418	582,093,732
Total capital assets, being depreciated	<u>993,353,077</u>	<u>8,558,238</u>	<u>(2,603,805)</u>	<u>4,632,234</u>	<u>1,003,939,744</u>
Less accumulated depreciation for:					
Buildings and system	84,308,066	4,357,396	-	-	88,665,462
Improvements other than buildings	45,590,302	3,268,427	-	-	48,858,729
Machinery and equipment	98,414,341	7,418,337	(2,316,493)	-	103,516,185
Infrastructure	492,929,810	4,693,313	-	-	497,623,123
Total accumulated depreciation	<u>721,242,519</u>	<u>19,737,473</u>	<u>(2,316,493)</u>	<u>-</u>	<u>738,663,499</u>
Total capital assets, being depreciated, net	<u>272,110,558</u>	<u>(11,179,235)</u>	<u>(287,312)</u>	<u>4,632,234</u>	<u>265,276,245</u>
Governmental activities capital assets, net	<u>\$ 336,793,104</u>	<u>\$ (4,630,919)</u>	<u>\$ (492,804)</u>	<u>\$ (70,093)</u>	<u>\$ 331,599,288</u>

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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	\$ 2,951,142	\$ -	\$ -	\$ -	\$ 2,951,142
Capital assets, being depreciated:					
Buildings and system	34,794,021	-	(36,831)	70,093	34,827,283
Improvements other than buildings	7,614,255	-	-	-	7,614,255
Machinery and equipment	10,744,542	192,800	(61,100)	-	10,876,242
Infrastructure	116,005	-	-	-	116,005
Total capital assets, being depreciated	<u>53,268,823</u>	<u>192,800</u>	<u>(97,931)</u>	<u>70,093</u>	<u>53,433,785</u>
Less accumulated depreciation for:					
Buildings and system	8,465,345	845,816	(24,291)	-	9,286,870
Improvements other than buildings	6,249,648	187,257	-	-	6,436,905
Machinery and equipment	9,042,233	338,155	(39,526)	-	9,340,862
Infrastructure	5,800	3,867	-	-	9,667
Total accumulated depreciation	<u>23,763,026</u>	<u>1,375,095</u>	<u>(63,817)</u>	<u>-</u>	<u>25,074,304</u>
Total capital assets, being depreciated, net	<u>29,505,797</u>	<u>(1,182,295)</u>	<u>(34,114)</u>	<u>70,093</u>	<u>28,359,481</u>
Business-type activities capital assets, net	<u>\$ 32,456,939</u>	<u>\$ (1,182,295)</u>	<u>\$ (34,114)</u>	<u>\$ 70,093</u>	<u>\$ 31,310,623</u>

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

Governmental Activities:	
General Government	\$ 5,683,083
Public Works	7,253,283
Public Safety	4,314,539
Cultural and Recreational	2,486,568
Total depreciation expense - governmental activities	<u>\$ 19,737,473</u>
Business-Type Activities:	
Montgomery Area Transit System	\$ 618,563
Montgomery Zoo	382,979
Garrett Colesium	279,263
Municipal Golf	41,463
Montgomery River Boat	52,827
Total depreciation expense - business-type activities	<u>\$ 1,375,095</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of September 30, 2021, for the governmental activities and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Vendors	\$ 11,198,705	\$ 420,003	\$ 11,618,708
Salaries and benefits	5,295,684	298,194	5,593,878
Claims payable	6,227,300	-	6,227,300
Total	<u>\$ 22,721,689</u>	<u>\$ 718,197</u>	<u>\$ 23,439,886</u>

9. SHORT-TERM DEBT

In July 2021, the City obtained a \$20,000,000 line of credit to fund working capital expenditures. The line of credit bears interest on the outstanding balances at the 30-day LIBOR rate plus 1.00%. Interest is due quarterly beginning August 2021. The line of credit is scheduled to mature on July 6, 2022. As of September 30, 2021, there were no draws on the line of credit.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

10. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 184,045,000	\$ 128,645,000	\$ (124,540,000)	\$ 188,150,000	\$ 16,455,000
Less issuance discounts	(8,971)	-	8,971	-	-
Add issuance premiums	5,552,593	17,122,166	(1,599,712)	21,075,047	-
Total general obligation bonds payable	189,588,622	145,767,166	(126,130,741)	209,225,047	16,455,000
Capital leases	11,938,406	-	(11,938,406)	-	-
Direct placements	48,318,536	35,275,000	(12,962,607)	70,630,929	295,000
Compensated absences	20,440,435	1,005,304	(2,217,266)	19,228,473	2,217,266
Retirement and disability benefits	6,259,477	213,683	(471,112)	6,002,048	471,112
Net pension liability	210,963,447	8,215,668	-	219,179,115	-
Total OPEB liability	467,470,259	100,539,604	(42,424,578)	525,585,285	-
Landfill closure and postclosure	4,025,909	-	(414,343)	3,611,566	-
Governmental activities long-term liabilities	959,005,091	291,016,425	(196,559,053)	1,053,462,463	19,438,378
Business-Type Activities:					
Compensated absences	344,056	70,330	(33,351)	381,035	14,727
Net pension liability	2,194,503	144,948	-	2,339,451	-
Business-type activities long-term liabilities	2,538,559	215,278	(33,351)	2,720,486	14,727
Total long-term debt	<u>\$ 961,543,650</u>	<u>\$ 291,231,703</u>	<u>\$ (196,592,404)</u>	<u>\$ 1,056,182,949</u>	<u>\$ 19,453,105</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

10. LONG-TERM DEBT (Continued)

Long-term debt payable at September 30, 2021 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 \$255,750,000 with current outstanding balances as follows:

\$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%. The proceeds were used to refund the Series 2003A General Obligation Bonds, the Series 2005A General Obligation Bonds, the Series 2005B General Obligation Refunding Bonds, the Series 2006A Taxable General Obligation Tax Increment Warrants, and the Series 2006C General Obligation Warrants.	\$ 3,905,000
\$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%. The proceeds were used for public school building improvements.	7,745,000
\$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%. The proceeds were used to refund the Series 2013A Tax Exempt Solid Waste Disposal Revenue Bonds.	24,115,000
\$27,000,000 Series 2020 General Obligation Warrants due in annual installments of \$600,000 to \$4,015,000 on 8/1/20 to 2/1/30, with a maximum principal of \$4,015,000 in fiscal year 2027, interest at 3.00% to 4.00%. The proceeds were used to refund the Series 2010A General Obligation Warrants, as well as to make various building improvements.	23,740,000
\$40,735,000 Series 2021A General Obligation Warrants with principal of \$2,585,000 due 12/1/26, \$2,720,000 due 12/1/27, \$2,860,000 due 12/1/28, \$3,005,000 due 12/1/30, \$3,160,000 due 12/1/31, \$3,320,000 due 12/1/33, \$3,475,000 due 12/1/35, \$3,615,000 due 12/1/36, \$3,765,000 due 12/1/37, \$3,915,000 due 12/1/38, \$4,075,000 due 12/1/39, and \$4,240,000 due 12/1/40, with a maximum principal of \$4,240,000 due in fiscal year 2041, interest at 4.00% to 5.00%. The proceeds will be used for the construction of a fire station, various building improvements, and the purchase of various equipment.	40,735,000
\$84,330,000 Series 2021B General Obligation Refunding Warrants due in annual installments of \$765,000 to \$8,295,000 from 12/1/21 to 12/1/39, with a maximum principal of \$8,295,000 in fiscal year 2023, interest at 3.00%. The proceeds were used to refund the Series 2010B Taxable General Obligation Recovery Zone Economic Development Term Warrants, the Series 2011 General Obligation Warrants, the Series 2012A General Obligation Warrants, and the Series 2013A General Obligation Warrants.	84,330,000
\$3,580,000 Series 2021C Taxable General Obligation Refunding Warrants with principal of \$3,580,000 due 12/1/32, with a maximum principal of \$3,580,000 in fiscal year 2033, interest at 2.20%. The proceeds were used to refund the Series 2015 General Obligation Warrants.	3,580,000
Total general obligation bonds	<u>\$ 188,150,000</u>

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

10. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

The following schedule illustrates debt service to maturity for General Obligation Bonds at September 30, 2021.

Year ending	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
September 30:			
2022	\$ 16,455,000	\$ 6,632,651	\$ 23,087,651
2023	12,955,000	6,130,676	19,085,676
2024	6,915,000	5,809,751	12,724,751
2025	7,170,000	5,556,126	12,726,126
2026	7,450,000	5,273,876	12,723,876
2027-2031	40,645,000	21,421,480	62,066,480
2032-2036	47,495,000	13,010,163	60,505,163
2037-2041	49,065,000	4,000,045	53,065,045
Totals	<u>\$ 188,150,000</u>	<u>\$ 67,834,768</u>	<u>\$ 255,984,768</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

10. LONG-TERM DEBT (Continued)

Warrants from Direct Placements

The City issues warrants from direct placements to provide for the acquisition and construction of major capital facilities. Warrants from direct placements are direct obligations and pledge the full faith and credit of the City. The original amount of warrants from direct placements issued was \$89,173,119 with current outstanding balances as follows:

\$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%. The proceeds were used to refund the Series 2007 General Obligation Warrants and the Series 2013 General Obligation Warrants.	\$ 35,355,929
\$7,725,000 Series 2020B General Obligation Refunding Warrants due in annual installments of \$45,000 to \$3,590,000 on 4/1/22 to 4/1/35, with a maximum principal of \$3,590,000 in fiscal year 2031, interest at 0.83% to 1.87%. The proceeds were used to refund the Series 2012B Taxable General Obligation Warrants and the Series 2015 General Obligation Warrants.	7,725,000
\$27,550,000 Series 2020C Taxable General Obligation Refunding Warrants due in annual installments of \$250,000 to \$4,115,000 on 4/1/22 to 4/1/35, with a maximum principal of \$4,115,000 in fiscal year 2035, interest at 1.00% to 2.31%. The proceeds were used to refund the Series 2012B General Obligation Warrants.	<u>27,550,000</u>
Total direct placements	<u>\$ 70,630,929</u>

The following schedule illustrates debt service to maturity for warrants from direct placements at September 30, 2021.

Year ending	Governmental Activities		
	Direct Placements		
	Principal	Interest	Total
September 30:			
2022	\$ 295,000	\$ 1,582,242	\$ 1,877,242
2023	7,832,500	1,529,213	9,361,713
2024	7,977,133	1,382,548	9,359,681
2025	8,114,622	1,221,027	9,335,649
2026	8,268,358	1,053,718	9,322,076
2027-2031	29,743,316	2,973,546	32,716,862
2032-2036	8,400,000	586,636	8,986,636
Totals	<u>\$ 70,630,929</u>	<u>\$ 10,328,930</u>	<u>\$ 80,959,859</u>

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

10. LONG-TERM DEBT (Continued)

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, 2021, the amount of outstanding debt applicable to this limit was equal to 9.93% of property assessments as of October 1, 2020.

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.

Advance Refunding – The City issued \$163,920,000 in general obligation bonds in 2021. Of this amount, \$123,185,000 was used to advance refund \$127,001,213 of outstanding general obligation bonds. The net proceeds of \$129,584,542 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. As of September 30, 2021, the outstanding principal of the defeased debt totaled \$29,868,458.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,716,932. This amount is being netted against the new debt and amortized over the remaining life of the old debt. Over the life of the bonds, the City decreased its total debt services requirements by \$6,402,506. The result of this refunding was an economic gain of \$8,406,707.

Other Long-Term Debt

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

11. 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 \$3,611,566 as of September 30, 2021, which is based on 29% usage. It is estimated that an additional \$8,677,445 will be recognized as closure and postclosure care expenses between the statement of net position 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.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

11. CLOSURE AND POSTCLOSURE COSTS (Continued)

The estimated total current cost of the landfill closure and postclosure care of approximately \$12,300,000 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, 2021. 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 entire \$12,300,000 of the estimated landfill closure and postclosure care cost is covered by an approved letter of credit in the amount of \$20,000,000.

12. OPERATING LEASES

The City is the lessor of real estate under operating leases expiring in various years through 2026. Following is a summary of property held for lease as of September 30, 2021:

Real estate - Union Station	\$ 2,410,365
Real estate - North Jackson Street	13,200
Less accumulated depreciation	<u>1,700,355</u>
Total	<u><u>\$ 723,210</u></u>

The minimum future rentals on noncancelable operating leases as of September 30, 2021 are:

Year ending September 30:	
2022	\$ 147,499
2023	146,599
2024	110,419
2025	34,000
2026	<u>34,000</u>
Total minimum future rentals	<u><u>\$ 472,517</u></u>

13. 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.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

13. RISK MANAGEMENT (Continued)

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.

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, 2021 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	2021	2020
Unpaid claims, beginning of fiscal year	\$ 1,999,100	\$ 1,543,461
Incurred claims (including IBNRs)	41,477,752	37,321,565
Claim payments	<u>(41,369,052)</u>	<u>(36,865,926)</u>
Unpaid claims, end of fiscal year	<u>\$ 2,107,800</u>	<u>\$ 1,999,100</u>
Liability Insurance	2021	2020
Unpaid claims, beginning of fiscal year	\$ 1,528,500	\$ 1,885,700
Incurred claims (including IBNRs)	4,967,036	2,735,803
Claim payments	<u>(2,376,036)</u>	<u>(3,093,003)</u>
Unpaid claims, end of fiscal year	<u>\$ 4,119,500</u>	<u>\$ 1,528,500</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.

14. PENSION PLAN

Plan Description

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

The ERS Board of Control consists of 13 trustees as follows:

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

Benefits Provided

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

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

14. PENSION PLAN (Continued)

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

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

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132.

The ERS serves approximately 853 local participating employers. The ERS membership includes approximately 101,245 participants. As of September 30, 2020, membership consisted of:

	<u>ERS</u>	<u>City</u>
Retirements and beneficiaries currently receiving benefits	28,672	2,113
Terminated employees entitled to but not yet receiving benefits	1,974	72
Terminated employees not entitled to a benefit	14,133	1,196
Active members	56,369	2,206
Post-DROP participants who are still in active service	<u>97</u>	<u>-</u>
Totals	<u><u>101,245</u></u>	<u><u>5,587</u></u>

14. PENSION PLAN (Continued)

Contributions

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

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2021, the City's active employee contribution rate was 3.25% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 20.32% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2021, was 20.66% of pensionable pay for Tier 1 employees, and 19.88% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2017, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$19,198,563 for the year ended September 30, 2021.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

14. PENSION PLAN (Continued)

Net Pension Liability

The City's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2019, rolled forward to September 30, 2020, using standard roll-forward techniques as shown in the following table:

	Expected
(a) Total pension liability (TPL) as of September 30, 2019	\$ 552,749,211
(b) Discount rate	7.70%
(c) Entry age normal cost for the period October 1, 2019 to September 30, 2020	7,759,749
(d) Actual benefit payments and refunds for period October 1, 2019 to September 30, 2020	<u>(38,283,174)</u>
(e) TPL as of September 30, 2020 = [(a) x (1+(12/12) x (b))] + (c) + [(d) x (1+(12/12) x 0.5 x (b))]	<u>\$ 617,450,076</u>
(f) Actual TPL as of September 30, 2020 before assumption changes	<u>\$ 565,149,498</u>
(g) Difference between expected and actual experience (Gain)/Loss = (f) - (e)	\$ (52,300,578)
(h) Actual TPL as of September 30, 2020 after assumption changes	<u>\$ 568,393,189</u>
(i) Actual change (Gain)/Loss = (h) - (f)	<u>\$ 3,243,691</u>

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

14. PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability as of September 30, 2020 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2019. The key actuarial assumptions are summarized below:

Inflation	2.75%
Salary increases	3.25% – 5.00
Investment rate of return *	7.70%

* Net of pension plan investment expense

Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the actuarial valuation as of September 30, 2018, were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

14. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-term Expected Rate of Return *
Fixed Income	17.0%	4.4%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stocks	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.5%
Cash Equivalents	3.0%	1.5%
	<u>100.0%</u>	

*Includes assumed rate of inflation of 2.50%

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

14. PENSION PLAN (Continued)

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2019	\$ 552,749,211	\$ 339,591,261	\$ 213,157,950
Changes for the year:			
Service cost	7,759,749	-	7,759,749
Interest	41,067,758	-	41,067,758
Changes of benefit terms	2,983,583	-	2,983,583
Terminated participants' accounts			
Contributions – employer	-	18,866,102	(18,866,102)
Contributions – employee	-	5,427,229	(5,427,229)
Net investment income	-	19,157,143	(19,157,143)
Benefit payments, including refunds of employee contributions	(38,283,174)	(38,283,174)	-
Transfers among employees	2,116,062	2,116,062	-
Administrative expense	-	-	-
Net Changes	<u>15,643,978</u>	<u>7,283,362</u>	<u>8,360,616</u>
Balances at September 30, 2020	<u>\$ 568,393,189</u>	<u>\$ 346,874,623</u>	<u>\$ 221,518,566</u>

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

The following table presents the City’s net pension liability calculated using the discount rate of 7.70%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.70%) or 1-percentage-point higher (8.70%) than the current rate (dollar amounts in thousands):

	1% Decrease (6.70%)	Current Rate (7.70%)	1% Increase (8.70%)
Net pension liability	\$ 282,657,071	\$ 221,518,566	\$ 169,872,851

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

14. PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor's report dated April 30, 2021 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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

For the year ended September 30, 2021, the City recognized pension expense of \$18,080,698. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities:		
Differences between expected and actual experience	\$ 2,273,487	\$ 13,684,432
Changes of assumptions	8,527,870	22,580,681
Net difference between projected and actual earnings on Plan investments	7,095,018	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	296,958
City contributions subsequent to measurement date	19,460,626	-
	<u>37,357,001</u>	<u>36,562,071</u>
Governmental activities deferred outflows related to pensions		
	<u>37,357,001</u>	<u>36,562,071</u>
Business-Type Activities:		
Differences between expected and actual experience	40,110	241,433
Changes of assumptions	150,456	398,388
Net difference between projected and actual earnings on Plan investments	125,176	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	5,239
City contributions subsequent to measurement date	343,341	-
	<u>659,083</u>	<u>645,060</u>
Business-type activities deferred outflows related to pensions		
	<u>659,083</u>	<u>645,060</u>
Total	<u>\$ 38,016,084</u>	<u>\$ 37,207,131</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

14. PENSION PLAN (Continued)

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

Other than contributions subsequent to the measurement date, amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2022	\$ 6,603,125	\$ 116,499
2023	8,308,975	146,595
2024	4,212,735	74,325
2025	<u>(459,139)</u>	<u>(8,101)</u>
	<u>\$ 18,665,696</u>	<u>\$ 329,318</u>

15. 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 GASB 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.

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

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.

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.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

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

Employees Covered by Benefit Terms

At September 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or spouses currently receiving benefit payments	2,192
Active employees	2,194
Total	<u>4,386</u>

Total OPEB Liability

The City’s total OPEB liability of \$525,585,285 was measured as of September 30, 2020 and was determined by actuarial valuation as of September 30, 2020. The benefit liabilities have been rolled forward to September 30, 2021 using standard roll-forward techniques.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary increases, including inflation	2.25%
Healthcare cost trend rates	
Pre 65	5.90%
Post 65	6.10%
Dental	4.00%

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, 2020 reporting date was 2.66%. The discount rate used to compute the total OPEB liability for the reporting date of September 30, 2021 was 2.21%.

Mortality rates were based on the Pub-2010 General Headcount-Weighted Mortality tables projected generationally with mortality improvement scale MP2020.

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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

Actuarial Assumptions and Other Inputs (Continued)

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 2021 towards the cost of their premiums:

	Monthly Premium Contribution	
	Prior to 65	65 and older
Retiree	\$ 187.37	\$ 49.05
Spouse	206.61	149.01

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at September 30, 2020	\$ 467,470,259
Changes for the year:	
Service cost	13,379,013
Interest	12,677,667
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	40,604,967
Benefit payments	(8,546,621)
Net changes	58,115,026
Balance as of September 30, 2021	<u>\$ 525,585,285</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.66% used in the September 30, 2020 valuation to 2.21% used in the September 30, 2021 valuation.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

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

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using the discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	<u>1% Decrease</u> <u>(1.21%)</u>	<u>Discount Rate</u> <u>(2.21%)</u>	<u>1% Increase</u> <u>(3.21%)</u>
Total OPEB liability	\$ 636,759,933	\$ 525,585,285	\$ 440,541,789

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 or 1-percentage-point higher than the current healthcare trend rates:

	<u>1% Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 436,210,286	\$ 525,585,285	\$ 643,079,721

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$27,923,992. The \$11,799,545 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, 2022. At September 30, 2021, the City also reported deferred inflows of resources related to the OPEB from the following sources:

	<u>Deferred Inflows</u> <u>of Resources</u>	<u>Deferred Outflows</u> <u>of Resources</u>
Changes of assumptions	\$ (20,581,316)	\$ 93,284,680
Difference between expected and actual experience	(13,296,641)	-
Contributions made subsequent to measurement date	-	11,799,545
	<u>\$ (33,877,957)</u>	<u>\$ 105,084,225</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

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

Other than contributions subsequent to the measurement date, 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>
2022	\$ 10,413,478
2023	17,113,986
2024	23,309,768
2025	8,008,869
2026	<u>560,622</u>
	<u>\$ 59,406,723</u>

16. 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.

17. CONSTRUCTION COMMITMENT

As of September 30, 2021, the City had commitments on construction of capital projects as follows:

Gross commitments	\$ 12,490,192
Spent-to-date	<u>(9,005,361)</u>
Net commitments	<u>\$ 3,484,831</u>

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

18. RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the year ended September 30, 2021:

The City appropriated approximately \$3,278,767 to the Montgomery City-County Public Library, a component unit, for salaries, operating costs, and miscellaneous capital projects. The City's appropriation is net of Montgomery County's reimbursements to the City for its share.

The Montgomery Water Works and Sanitary Sewer Board (the Board) paid the City \$3,838,384 in lieu of taxes and \$13,200 in franchise fees. The Board, as an agent for the City, collects the City's garbage collection fees from City residents. The City paid the Board \$516,333 for the Board's collection services. Also, during the year, the City paid the Board \$867,442 in charges for the use of fire hydrants.

19. 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.

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 2021	<u>\$ 1,680,105</u>
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Total sales taxes abatement commitments by the Industrial Development Board of the City of Montgomery in fiscal year 2021 was approximately \$2,955,900 on approximately \$170,956,000 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.

20. 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 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Requirements for this Statement are effective for financial statements whose fiscal year begins after June 15, 2021.

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 whose fiscal year begins after December 15, 2020.

GASB 91, *Conduit Debt Obligations*. This Statement provides a single method for government issuers to report conduit debt obligations and related commitments. The enhanced guidance is designed to eliminate diversity in practice associated with these issues. The Statement clarifies how government issuers should account for and report 1) commitments they extend or voluntarily provide, 2) arrangements associated with conduit debt obligations, which often are characterized in practice as leases, but are not leases for financial reporting purposes; and 3) enhances note disclosures. Requirements for this Statement will take effect for financial statements whose fiscal year begins after December 15, 2021.

GASB 93, *Replacement of Interbank Offered Rate*. This Statement establishes accounting and financial reporting requirements related to the replacement of interbank offered rates (IBORs) in hedging derivatives and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. Requirements for this Statement will take effect for financial statements whose fiscal year begins after December 31, 2021.

GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 or later.

20. EFFECT OF NEW PRONOUNCEMENTS (Continued)

GASB 96, *Subscription-Based Information Technology Arrangements*. This Statement provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). This Statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB 87, *Leases*, as amended. Requirements for this Statement will take effect for financial statements whose fiscal year begins after June 15, 2022.

GASB 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This Statement requires that, for purposes of determining whether a primary government is financially accountable for a potential component unit (except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or other employee benefit plan), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically performs. Appointment of a voting majority is a criterion in existing standards used to determine whether a legally separate entity should be incorporated into the government's financial statements. Requirements for this Statement will take effect for financial statements whose fiscal year begins after June 15, 2021.

21. SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 23, 2022, the date which the financial statements were available to be issued. There were no material subsequent events which require disclosure at September 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTGOMERY, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST 10 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 19,198,563	\$ 20,045,338	\$ 17,727,198	\$ 16,228,188	\$ 15,161,503	\$ 14,650,781	\$ 13,220,721	\$ 14,588,276
Contributions in relation to the actuarially determined contribution	<u>19,198,563</u>	<u>20,045,338</u>	<u>17,727,198</u>	<u>16,228,188</u>	<u>15,161,503</u>	<u>14,650,781</u>	<u>13,220,721</u>	<u>14,588,276</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 94,495,773	\$ 97,309,254	\$ 97,099,597	\$ 95,754,653	\$ 95,107,507	\$ 98,800,023	\$ 95,301,742	\$ 103,845,353
Contributions as a percentage of covered payroll	20.32%	20.60%	18.26%	16.95%	15.94%	14.83%	13.87%	14.05%

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. Contributions for fiscal year 2020 and 2021 were based on a preliminary actuarial valuation prepared by Cavanaugh Macdonald Consulting, LLC as of January 1, 2018 and subsequently adjusted due to the results of the January 1, 2019 valuation prepared by the prior actuary. The adjustments were due primarily to data corrections and retroactive payroll increases.

The following actuarial methods and assumptions were used to determine contribution rates for the period October 1, 2020 to September 30, 2021:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	18 years
Asset valuation method	5 year smoothed market
Inflation	2.75%
Salary increases	3.25% - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expenses, including inflation

CITY OF MONTGOMERY, ALABAMA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability							
Service cost	\$ 7,759,749	\$ 5,061,603	\$ 6,281,273	\$ 7,071,420	\$ 7,105,278	\$ 8,738,186	\$ 8,907,344
Interest	41,067,758	31,386,005	39,624,699	38,277,952	37,362,904	35,812,818	34,024,906
Changes of benefit terms	2,983,583	-	-	-	-	-	-
Terminated participants' accounts in suspense	-	1,922,355	-	-	-	-	-
Differences between expected and actual experience	-	(25,799,137)	2,709,393	11,102,910	4,299,651	5,634,702	17,079,752
Changes in assumptions	-	(40,870,909)	24,004,879	1,244,062	(7,239)	8,672,190	-
Benefit payments, including refunds of employee contributions	(38,283,174)	(31,774,880)	(38,639,745)	(37,052,866)	(34,719,270)	(35,145,093)	(33,457,340)
Transfers among employees	2,116,062	-	-	-	-	-	-
Net change in total pension liability	15,643,978	(60,074,963)	33,980,499	20,643,478	14,041,324	23,712,803	26,554,662
Total pension liability – beginning	552,749,211	612,824,174	578,843,675	558,200,197	544,158,873	520,446,070	493,891,408
Total pension liability – ending (a)	\$ 568,393,189	\$ 552,749,211	\$ 612,824,174	\$ 578,843,675	\$ 558,200,197	\$ 544,158,873	\$ 520,446,070
Plan fiduciary net position							
Contributions – employer	\$ 18,866,102	\$ 12,794,256	\$ 17,064,194	\$ 15,433,667	\$ 14,695,761	\$ 13,665,703	\$ 14,309,940
Contributions – member	5,427,229	4,808,522	6,579,422	6,597,992	6,652,692	6,684,722	6,599,101
Terminated participants' accounts in suspense	-	1,922,355	-	-	-	-	-
Net investment income	19,157,143	33,043,971	(15,528,640)	41,286,337	19,522,261	(4,969,992)	8,825,887
Benefit payments, including refunds of employee contributions	(38,283,174)	(31,774,880)	(38,639,745)	(37,052,866)	(34,719,270)	(35,145,093)	(33,457,340)
Transfers among employers	2,116,062	-	-	-	-	-	-
Administrative expenses	-	(307,558)	(172,622)	(148,505)	(157,821)	(135,949)	(82,962)
Net change in plan fiduciary net position	7,283,362	20,486,666	(30,697,391)	26,116,625	5,993,623	(19,900,609)	(3,805,374)
Plan net position – beginning	339,591,261	319,104,595	349,801,986	323,685,361	317,691,738	337,592,347	341,397,721
Plan net position – ending (b)	\$ 346,874,623	\$ 339,591,261	\$ 319,104,595	\$ 349,801,986	\$ 323,685,361	\$ 317,691,738	\$ 337,592,347
Net pension liability (asset) – ending (a)-(b)	\$ 221,518,566	\$ 213,157,950	\$ 293,719,579	\$ 229,041,689	\$ 234,514,836	\$ 226,467,135	\$ 182,853,723
Plan fiduciary net position as a percentage of the total pension liability	61.03%	61.44%	52.07%	60.43%	57.99%	58.38%	64.87%
Covered payroll*	\$ 97,309,254	\$ 97,099,597	\$ 95,754,653	\$ 95,107,507	\$ 98,800,023	\$ 95,301,742	\$ 103,845,353
Net pension liability (asset) as a percentage of covered payroll	227.64%	219.53%	306.74%	240.82%	237.36%	237.63%	176.08%

* Employer's covered payroll during the measurement period is the total covered payroll.

Measurement period:

For fiscal year 2021, the measurement period is October 1, 2019 – September 30, 2020
For fiscal year 2020, the measurement period is January 1, 2019 – September 30, 2019
For fiscal year 2019, the measurement period is January 1, 2018 – December 31, 2018
For fiscal year 2018, the measurement period is January 1, 2017 – December 31, 2017
For fiscal year 2017, the measurement period is January 1, 2016 – December 31, 2016
For fiscal year 2016, the measurement period is January 1, 2015 – December 31, 2015
For fiscal year 2015, the measurement period is January 1, 2014 – December 31, 2014
For fiscal year 2014, the measurement period is January 1, 2013 – December 31, 2013

Note to the Schedule:

1. This schedule is to be built prospectively until it contains ten years of data.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 13,379,013	\$ 9,691,225	\$ 10,338,034	\$ 11,803,335
Interest	12,677,667	15,806,295	14,426,657	12,860,076
Changes of assumptions	40,604,967	101,147,636	(30,988,624)	(37,065,070)
Effect of liability gains or losses	-	(22,161,067)	-	-
Benefit payments	(8,546,621)	(10,816,531)	(11,838,335)	(8,870,849)
Net change in total OPEB liability	58,115,026	93,667,558	(18,062,268)	(21,272,508)
Total OPEB liability - beginning	467,470,259	373,802,701	391,864,969	413,137,477
Total OPEB liability - ending	<u>\$ 525,585,285</u>	<u>\$ 467,470,259</u>	<u>\$ 373,802,701</u>	<u>\$ 391,864,969</u>
Covered employee payroll	\$ 97,308,775	\$ 95,555,583	\$ 95,743,293	\$ 96,452,349
Total OPEB liability as a percentage of covered employee payroll	540.12%	489.21%	390.42%	406.28%

Notes 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 GASB's No. 75, paragraph 4.
3. The City's measurement date is September 30, 2020, with the total OPEB liability rolled forward to September 30, 2021 using standard roll-forward techniques.
4. The actuarial assumptions used for the schedule are detailed in Note 15 to the financial statements.
5. There were no benefit changes for the year ended September 30, 2021.
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, 2020 was 2.66%. The discount rate used as of September 30, 2021 was 2.21%.

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.

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

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.

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.

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.

CITY OF MONTGOMERY, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue Funds						
	State Gasoline Tax Fund	Rebuild Alabama Fund	Miscellaneous Special Revenue Fund	Alabama Department of Transportation Fund	ADECA Grant Fund	Department of Justice Grant Fund	Department of Agriculture Grant Fund
ASSETS							
Cash and cash equivalents	\$ 163,391	\$ 531,800	\$ 1,300,423	\$ 1,011,251	\$ -	\$ -	\$ 8,866
Receivables	278,192	103,669	83,279	343,015	31,816	137,902	-
Prepaid items	-	-	1,728	-	-	-	-
Mortgage receivable	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 441,583	\$ 635,469	\$ 1,385,430	\$ 1,354,266	\$ 31,816	\$ 137,902	\$ 8,866
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	\$ 441,583	\$ 82,931	\$ 60,897	\$ 256,287	\$ -	\$ 105	\$ 8,856
Due to other funds	-	-	-	-	31,816	137,797	-
Unearned revenue	-	-	-	-	-	-	-
Funds held in escrow	-	-	430,994	-	-	-	-
TOTAL LIABILITIES	441,583	82,931	491,891	256,287	31,816	137,902	8,856
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - long-term receivables	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable:							
Prepaid items	-	-	1,728	-	-	-	-
Restricted for:							
Intergovernmental	-	-	891,811	1,097,979	-	-	10
Municipal Court Corrections	-	-	-	-	-	-	-
Riverfront Stadium	-	-	-	-	-	-	-
Road construction and maintenance	-	552,538	-	-	-	-	-
TOTAL FUND BALANCES	-	552,538	893,539	1,097,979	-	-	10
TOTAL LIABILITIES AND FUND BALANCES	\$ 441,583	\$ 635,469	\$ 1,385,430	\$ 1,354,266	\$ 31,816	\$ 137,902	\$ 8,866

(Continued)

CITY OF MONTGOMERY, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2021

Special Revenue Funds								
Homeland Security Grant Fund	Miscellaneous Grant Fund	Housing and Urban Development Grant Fund	Municipal Court Corrections Fund	Riverfront Stadium Fund	Seizures and Forfeitures Fund	Municipal Court Judicial Administration Fund	Total	
\$ 28,185	\$ -	\$ -	\$ 594,535	\$ 2,041,462	\$ 267,625	\$ 307,980	\$ 6,255,518	
63,495	549,079	414,329	-	330,028	-	-	2,334,804	
-	-	-	-	-	-	-	1,728	
-	-	596,071	-	-	-	-	596,071	
<u>\$ 91,680</u>	<u>\$ 549,079</u>	<u>\$ 1,010,400</u>	<u>\$ 594,535</u>	<u>\$ 2,371,490</u>	<u>\$ 267,625</u>	<u>\$ 307,980</u>	<u>\$ 9,188,121</u>	
\$ 31,671	\$ 121,097	\$ 377,743	\$ 4,776	\$ -	\$ -	\$ -	\$ 1,385,946	
-	331,094	23,709	-	-	-	-	524,416	
60,009	-	12,877	-	-	-	-	72,886	
-	-	-	-	-	-	-	430,994	
<u>91,680</u>	<u>452,191</u>	<u>414,329</u>	<u>4,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,414,242</u>	
-	-	596,071	-	-	-	-	596,071	
-	-	596,071	-	-	-	-	596,071	
-	-	-	-	-	-	-	1,728	
-	96,888	-	-	-	267,625	-	2,354,313	
-	-	-	589,759	-	-	307,980	897,739	
-	-	-	-	2,371,490	-	-	2,371,490	
-	-	-	-	-	-	-	552,538	
<u>-</u>	<u>96,888</u>	<u>-</u>	<u>589,759</u>	<u>2,371,490</u>	<u>267,625</u>	<u>307,980</u>	<u>6,177,808</u>	
<u>\$ 91,680</u>	<u>\$ 549,079</u>	<u>\$ 1,010,400</u>	<u>\$ 594,535</u>	<u>\$ 2,371,490</u>	<u>\$ 267,625</u>	<u>\$ 307,980</u>	<u>\$ 9,188,121</u>	

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds						
	State	Rebuild	Miscellaneous	Alabama	ADECA	Department	Department
	Gasoline	Alabama	Special	Department of			
Tax Fund	Fund	Fund	Transportation	Fund	Grant Fund	Grant Fund	Grant Fund
REVENUES							
Taxes	\$ -	\$ -	\$ 1,496,692	\$ -	\$ -	\$ -	\$ -
Licenses and permits	104,996	-	-	-	-	-	-
Intergovernmental revenues	2,993,782	1,122,040	5,140,497	1,028,815	61,514	199,555	52,662
Charges for goods and services	-	-	290,813	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	91,390	139,272	-	-	-
Total revenues	3,098,778	1,122,040	7,019,392	1,168,087	61,514	199,555	52,662
EXPENDITURES							
Current:							
General government	-	-	5,865,759	465,669	-	-	-
Public works	4,921,991	1,152,717	68,163	1,368,370	-	-	-
Public safety	-	-	27,513	-	61,514	199,555	-
Cultural and recreational	-	-	102,539	-	-	-	52,662
Capital outlay	-	-	684,717	23,366	-	-	-
Total expenditures	4,921,991	1,152,717	6,748,691	1,857,405	61,514	199,555	52,662
Excess of revenues over (under) expenditures	(1,823,213)	(30,677)	270,701	(689,318)	-	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	1,823,213	-	31,975	64,394	-	-	-
Transfers out	-	-	(2,993,746)	-	-	-	(15)
Total other financing sources (uses)	1,823,213	-	(2,961,771)	64,394	-	-	(15)
Net change in fund balances	-	(30,677)	(2,691,070)	(624,924)	-	-	(15)
FUND BALANCES - BEGINNING	-	583,215	3,584,609	1,722,903	-	-	25
FUND BALANCES - ENDING	\$ -	\$ 552,538	\$ 893,539	\$ 1,097,979	\$ -	\$ -	\$ 10

(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, 2021

Special Revenue Funds							
Homeland Security Grant Fund	Miscellaneous Grant Fund	Housing and Urban Development Grant Fund	Municipal Court Corrections Fund	Riverfront Stadium Fund	Seizures and Forfeitures Fund	Municipal Court Judicial Administration Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,320,948	\$ -	\$ -	\$ 3,817,640
-	-	-	-	-	-	-	104,996
185,679	1,749,855	3,716,300	-	-	-	-	16,250,699
-	-	-	-	-	-	-	290,813
-	-	-	396,951	-	-	139,669	536,620
-	71,544	-	-	107,500	5,974	-	415,680
185,679	1,821,399	3,716,300	396,951	2,428,448	5,974	139,669	21,416,448
-	59,434	3,360,480	125,474	-	-	-	9,876,816
-	-	-	-	-	-	-	7,511,241
174,979	46,428	-	-	-	125,317	-	635,306
-	1,700,896	-	-	-	-	-	1,856,097
10,700	-	355,820	-	-	-	-	1,074,603
185,679	1,806,758	3,716,300	125,474	-	125,317	-	20,954,063
-	14,641	-	271,477	2,428,448	(119,343)	139,669	462,385
-	-	-	-	-	-	-	1,919,582
-	-	-	-	(1,371,448)	-	-	(4,365,209)
-	-	-	-	(1,371,448)	-	-	(2,445,627)
-	14,641	-	271,477	1,057,000	(119,343)	139,669	(1,983,242)
-	82,247	-	318,282	1,314,490	386,968	168,311	8,161,050
\$ -	\$ 96,888	\$ -	\$ 589,759	\$ 2,371,490	\$ 267,625	\$ 307,980	\$ 6,177,808

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses	\$ 93,007	\$ 93,007	\$ 104,996	\$ 11,989
Intergovernmental revenues	2,634,687	2,634,687	2,993,782	359,095
Total revenues	<u>2,727,694</u>	<u>2,727,694</u>	<u>3,098,778</u>	<u>371,084</u>
EXPENDITURES				
Public works:				
Maintenance	835,935	835,935	701,398	134,537
Traffic engineering	4,109,844	4,109,844	4,220,593	(110,749)
Total expenditures	<u>4,945,779</u>	<u>4,945,779</u>	<u>4,921,991</u>	<u>23,788</u>
Excess of expenditures over revenues	<u>(2,218,085)</u>	<u>(2,218,085)</u>	<u>(1,823,213)</u>	<u>394,872</u>
OTHER FINANCING SOURCES				
Operating transfers in	<u>2,218,085</u>	<u>2,218,085</u>	<u>1,823,213</u>	<u>(394,872)</u>
Total other financing sources	<u>2,218,085</u>	<u>2,218,085</u>	<u>1,823,213</u>	<u>(394,872)</u>
Net change in fund balances	-	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2021

	Municipal Golf	Montgomery River Boat	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 129,004	\$ 2,590	\$ 131,594
Receivables	3,462	3,075	6,537
Inventories	122,144	17,322	139,466
Total current assets	<u>254,610</u>	<u>22,987</u>	<u>277,597</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	(1,897,198)	(290,546)	(2,187,744)
Total capital assets, net of accumulated depreciation	1,046,336	496,054	1,542,390
Net pension asset	-	10,911	10,911
Total noncurrent assets	<u>1,046,336</u>	<u>506,965</u>	<u>1,553,301</u>
TOTAL ASSETS	<u>1,300,946</u>	<u>529,952</u>	<u>1,830,898</u>
DEFERRED OUTFLOWS			
Pension related items	-	63,562	63,562
TOTAL DEFERRED OUTFLOWS	<u>-</u>	<u>63,562</u>	<u>63,562</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	54,030	40,952	94,982
Unearned revenue	8,415	2,286	10,701
Due to other funds	51,519	44,222	95,741
Total current liabilities	<u>113,964</u>	<u>87,460</u>	<u>201,424</u>
NONCURRENT LIABILITIES			
Compensated absences	-	40,384	40,384
Total noncurrent liabilities	<u>-</u>	<u>40,384</u>	<u>40,384</u>
TOTAL LIABILITIES	<u>113,964</u>	<u>127,844</u>	<u>241,808</u>
DEFERRED INFLOWS			
Pension related items	-	62,210	62,210
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>62,210</u>	<u>62,210</u>
NET POSITION			
Investment in capital assets	1,046,336	496,054	1,542,390
Unrestricted	140,646	(92,594)	48,052
TOTAL NET POSITION	<u>\$ 1,186,982</u>	<u>\$ 403,460</u>	<u>\$ 1,590,442</u>

CITY OF MONTGOMERY, ALABAMA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Municipal Golf	Montgomery River Boat	Total
OPERATING REVENUES			
Charges for goods and services	\$ 1,426,545	\$ 244,574	\$ 1,671,119
Total operating revenues	1,426,545	244,574	1,671,119
OPERATING EXPENSES			
Cost of sales and services	193,451	59,918	253,369
Administration	1,903,897	505,595	2,409,492
Depreciation	41,463	52,827	94,290
Total operating expenses	2,138,811	618,340	2,757,151
OPERATING LOSS	(712,266)	(373,766)	(1,086,032)
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	8	8
Loss before contributions and transfers	(712,266)	(373,758)	(1,086,024)
Transfers in	670,803	322,273	993,076
Change in net position	(41,463)	(51,485)	(92,948)
TOTAL NET POSITION - BEGINNING	1,228,445	454,945	1,683,390
TOTAL NET POSITION - ENDING	\$ 1,186,982	\$ 403,460	\$ 1,590,442

CITY OF MONTGOMERY, ALABAMA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Municipal Golf</u>	<u>Montgomery River Boat</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,413,287	\$ 245,924	\$ 1,659,211
Payments to suppliers	(1,205,962)	(304,496)	(1,510,458)
Payments to employees	(941,696)	(207,419)	(1,149,115)
Payments for interfund services used	-	(26,280)	(26,280)
Net cash used in operating activities	<u>(734,371)</u>	<u>(292,271)</u>	<u>(1,026,642)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	670,803	322,273	993,076
Net cash payments (to) from other funds	<u>51,519</u>	<u>(30,010)</u>	<u>21,509</u>
Net cash provided by noncapital financing activities	<u>722,322</u>	<u>292,263</u>	<u>1,014,585</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	<u>-</u>	<u>8</u>	<u>8</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,049)	-	(12,049)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>141,053</u>	<u>2,590</u>	<u>143,643</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 129,004</u>	<u>\$ 2,590</u>	<u>\$ 131,594</u>

(Continued)

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Municipal Golf</u>	<u>Montgomery River Boat</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating loss	\$ (712,266)	\$ (373,766)	\$ (1,086,032)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	41,463	52,827	94,290
(Increase) decrease in assets and deferred outflows:			
Receivables	491	-	491
Inventories	(14,060)	(9,452)	(23,512)
Net pension asset	-	13,979	13,979
Deferred outflows	-	3,261	3,261
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable and accrued expenses	(36,250)	25,694	(10,556)
Unearned revenue	(13,749)	1,350	(12,399)
Compensated absences	-	12,418	12,418
Deferred inflows	-	(18,582)	(18,582)
Total adjustments	<u>(22,105)</u>	<u>81,495</u>	<u>59,390</u>
Net cash used in operating activities	<u>\$ (734,371)</u>	<u>\$ (292,271)</u>	<u>\$ (1,026,642)</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.	95
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales taxes.	101
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.	106
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.	113
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.	115

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net investment in capital assets	\$ 217,212,528	\$ 202,191,726	\$ 201,285,470	\$ 193,379,215	\$ 197,752,975	\$ 188,338,796	\$ 192,550,472	\$ 201,134,289	\$ 206,919,366	\$ 219,621,958
Restricted:										
General government	-	-	-	-	-	-	-	2,174,146	3,710,194	3,426,587
Public works	4,199,221	4,648,168	4,672,714	4,892,875	2,557,209	1,453,747	1,837,869	726,718	1,145,087	1,370,457
Public safety	875,641	758,012	2,392,966	3,227,187	3,520,102	3,999,212	5,084,619	3,672,832	3,702,826	6,313,878
Cultural and recreational	3,366,997	3,126,119	1,590,318	1,029,012	1,994,217	669,672	706,818	744,885	58,723	104,797
Capital projects	9,383,106	8,404,945	3,049,561	15,014,719	4,205,006	8,142,625	7,555,966	8,986,808	20,835,940	74,862,573
Debt service	-	-	-	-	-	-	-	-	-	4,978,741
Municipal Court Corrections	672,821	430,225	-	751,405	743,815	316,347	308,862	2	486,593	897,739
Unrestricted	(224,173,096)	(240,122,438)	(253,195,405)	(408,662,806)	(452,725,979)	(469,495,931)	(744,475,332)	(762,688,955)	(768,518,412)	(825,573,427)
Total governmental activities net position	<u>\$ 11,537,218</u>	<u>\$ (20,563,243)</u>	<u>\$ (40,204,376)</u>	<u>\$ (190,368,393)</u>	<u>\$ (241,952,655)</u>	<u>\$ (266,575,532)</u>	<u>\$ (536,430,726)</u>	<u>\$ (545,249,275)</u>	<u>\$ (531,659,683)</u>	<u>\$ (513,996,697)</u>
Business-Type Activities										
Net investment in capital assets	\$ 32,791,667	\$ 28,790,949	\$ 27,223,447	\$ 26,471,886	\$ 25,956,239	\$ 25,070,324	\$ 24,063,789	\$ 23,160,243	\$ 32,456,939	\$ 31,310,623
Unrestricted	(2,301,948)	(3,234,555)	(2,532,885)	(3,952,620)	(3,929,704)	(3,966,689)	(4,535,758)	(5,046,935)	(5,937,147)	(9,699,338)
Total business-type activities net position	<u>\$ 30,489,719</u>	<u>\$ 25,556,394</u>	<u>\$ 24,690,562</u>	<u>\$ 22,519,266</u>	<u>\$ 22,026,535</u>	<u>\$ 21,103,635</u>	<u>\$ 19,528,031</u>	<u>\$ 18,113,308</u>	<u>\$ 26,519,792</u>	<u>\$ 21,611,285</u>
Primary Government										
Net investment in capital assets	\$ 250,004,195	\$ 230,982,675	\$ 228,508,917	\$ 219,851,101	\$ 223,709,214	\$ 213,409,120	\$ 216,614,261	\$ 224,294,532	\$ 239,376,305	\$ 250,932,581
Restricted	18,497,786	17,367,469	11,705,559	24,915,198	13,020,349	14,581,603	15,494,134	16,305,391	29,939,363	91,954,772
Unrestricted	(226,475,044)	(243,356,993)	(255,728,290)	(412,615,426)	(456,655,683)	(473,462,620)	(749,011,090)	(767,735,890)	(774,455,559)	(835,272,765)
Total primary government net position	<u>\$ 42,026,937</u>	<u>\$ 4,993,151</u>	<u>\$ (15,513,814)</u>	<u>\$ (167,849,127)</u>	<u>\$ (219,926,120)</u>	<u>\$ (245,471,897)</u>	<u>\$ (516,902,695)</u>	<u>\$ (527,135,967)</u>	<u>\$ (505,139,891)</u>	<u>\$ (492,385,412)</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*.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Expenses										
Governmental activities:										
General government	\$ 76,833,428	\$ 90,962,630	\$ 81,766,281	\$ 72,981,992	\$ 81,389,604	\$ 79,602,193	\$ 77,895,106	\$ 65,785,550	\$ 79,982,551	\$ 95,029,900
Public works	44,582,467	44,184,691	44,674,284	47,251,656	44,122,265	45,492,230	42,502,979	55,561,728	58,540,087	60,863,412
Public safety	95,841,814	91,141,018	94,292,962	94,705,501	102,967,635	107,487,117	106,294,149	114,890,108	95,792,853	96,176,446
Cultural and recreational	34,317,494	32,880,877	33,624,299	32,690,968	34,217,643	35,755,774	38,026,857	40,054,054	30,302,148	32,302,334
Interest on long-term debt	12,795,380	11,571,588	13,216,304	12,394,618	13,452,451	12,638,139	12,539,419	11,215,627	10,386,861	8,483,354
Total governmental activities expenses	<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>	<u>275,004,500</u>	<u>292,855,446</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	18,189,668	18,211,157	17,946,132	15,864,486	15,685,140	14,889,008	14,225,034	14,648,808	14,889,145	15,028,559
Public works	16,907,133	18,955,519	18,332,989	21,326,889	21,854,726	21,555,690	21,720,375	23,971,870	24,480,475	25,613,481
Public safety	1,750	1,250	822,692	868,299	1,016,039	1,077,214	1,168,305	1,132,097	857,699	684,052
Cultural and recreational	1,325,399	1,178,046	1,482,858	1,285,299	1,501,822	1,332,089	1,259,389	1,444,432	667,750	1,055,950
Operating grants and contributions	9,473,816	11,055,114	15,112,143	15,578,353	14,942,746	14,467,164	13,335,455	16,033,991	29,317,060	31,117,679
Capital grants and contributions	9,390,530	6,179,104	12,311,447	5,634,815	8,061,992	7,122,157	14,510,851	9,820,626	7,431,724	6,106,953
Total governmental activities program revenues	<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>	<u>77,643,853</u>	<u>79,606,674</u>
Total primary government net expenses	<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>	<u>(197,360,647)</u>	<u>(213,248,772)</u>
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Sales taxes	91,159,140	93,635,244	95,775,104	100,641,722	102,478,204	103,720,833	105,450,512	111,274,907	115,207,966	131,604,436
Property taxes	29,892,243	29,394,346	28,963,542	28,922,582	29,621,888	32,194,491	33,019,250	33,164,715	33,900,481	34,893,470
Business license taxes	32,630,148	32,949,782	33,899,942	34,838,755	35,321,276	35,417,566	35,185,047	35,128,859	35,386,621	34,457,814
Motor fuel taxes	7,633,517	7,770,057	5,154,871	5,289,781	5,632,958	5,743,942	5,699,072	9,758,770	8,664,750	9,108,395
Lodging taxes	6,061,073	6,217,583	8,119,756	8,984,951	9,389,538	9,582,950	11,229,327	12,225,214	8,880,323	10,030,692
Rental taxes	3,298,583	3,395,139	3,558,689	4,311,055	4,687,049	4,485,646	4,677,620	4,883,229	4,621,450	5,112,309
Tobacco taxes	1,426,532	1,495,410	1,494,478	1,779,831	1,588,275	1,502,207	1,533,377	1,430,287	1,623,903	1,496,692
Alcoholic beverage taxes	291,270	391,566	296,786	350,653	316,166	330,386	306,547	303,381	359,625	391,666
Grants and contributions not restricted										
to specific programs	374,097	114,298	187,221	181,857	233,702	171,104	193,646	130,547	199,821	125,796
Investment earnings	64,461	24,626	10,179	43,169	117,610	197,190	343,288	574,292	292,231	174,503
Miscellaneous revenue	12,465,707	10,027,818	7,250,519	5,968,139	7,965,410	5,312,045	4,870,329	6,143,326	5,868,069	5,073,571
Gain on sale of assets	301,805	-	-	976,092	-	-	-	-	-	-
Extraordinary item	-	-	-	-	(31,636,655)	-	-	-	-	-
Transfers	(2,703,014)	251,687	(2,786,351)	(3,176,087)	(4,212,460)	(2,749,106)	(3,029,130)	(3,380,833)	(4,055,001)	(1,557,586)
Total governmental activities general revenues and other changes in net position	<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>	<u>210,950,239</u>	<u>230,911,758</u>
Total governmental activities changes in net position	<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>	<u>\$ 13,589,592</u>	<u>\$ 17,662,986</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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-Type Activities										
Expenses										
Montgomery Area Transit System	\$ 2,893,071	\$ 2,968,117	\$ 2,508,276	\$ 2,604,476	\$ 4,219,191	\$ 2,171,855	\$ 2,482,941	\$ 1,974,200	\$ 1,842,139	\$ 4,660,147
Montgomery Zoo	4,157,248	4,314,540	4,236,650	4,417,798	4,514,802	4,744,773	4,821,620	5,148,471	4,549,475	3,989,236
Garrett Colesium	-	-	-	-	-	-	-	-	156,684	681,682
Municipal Golf	2,099,827	2,100,103	1,964,366	1,697,967	1,735,682	1,793,047	1,849,579	2,018,606	2,152,251	2,188,481
Montgomery River Boat	657,438	696,408	718,214	913,531	1,172,106	1,101,647	1,200,675	1,235,749	711,770	618,340
Municipal Parking Decks	383,818	-	-	-	-	-	-	-	-	-
Food Services	1,730,374	1,086,281	-	-	-	-	-	-	-	-
Total business-type activities expenses	11,921,776	11,165,449	9,427,506	9,633,772	11,641,781	9,811,322	10,354,815	10,377,026	9,412,319	12,137,886
Revenues										
Charges for services:										
Montgomery Area Transit System	892,983	1,043,162	1,169,748	899,258	792,009	727,226	698,155	661,436	543,727	488,374
Montgomery Zoo	2,157,345	2,647,074	2,552,954	2,814,323	3,000,320	3,160,812	2,961,883	2,867,545	1,350,709	3,401,266
Garrett Colesium	-	-	-	-	-	-	-	-	-	100,801
Municipal Golf	1,247,380	1,237,161	1,209,769	1,239,048	1,186,204	1,152,652	1,054,526	1,076,674	1,380,027	1,426,545
Montgomery River Boat	804,468	723,314	842,319	989,788	1,143,939	1,097,890	1,031,816	970,967	205,612	244,574
Municipal Parking Decks	280,769	-	-	-	-	-	-	-	-	-
Food Services	1,311,857	832,747	-	-	-	-	-	-	-	-
Total business-type activities revenues	6,694,802	6,483,458	5,774,790	5,942,417	6,122,472	6,138,580	5,746,380	5,576,622	3,480,075	5,661,560
Total business-type activities net program expenses	(5,226,974)	(4,681,991)	(3,652,716)	(3,691,355)	(5,519,309)	(3,672,742)	(4,608,435)	(4,800,404)	(5,932,244)	(6,476,326)
Other Changes in Net Position										
Investment earnings	411	-	533	521	652	736	2,806	4,848	1,847	74
Miscellaneous revenue	-	-	-	-	780,000	-	-	-	10,281,880	10,159
Gain on sale of assets	36,441	-	-	-	33,466	-	895	-	-	-
Transfers	2,703,014	(251,334)	2,786,351	3,176,087	4,212,460	2,749,106	3,029,130	3,380,833	4,055,001	1,557,586
	2,739,866	(251,334)	2,786,884	3,176,608	5,026,578	2,749,842	3,032,831	3,385,681	14,338,728	1,567,819
Total business-type activities change in net position	\$ (2,487,108)	\$ (4,933,325)	\$ (865,832)	\$ (514,747)	\$ (492,731)	\$ (922,900)	\$ (1,575,604)	\$ (1,414,723)	\$ 8,406,484	\$ (4,908,507)
Total primary government change in net position	\$ (28,673,833)	\$ (34,426,383)	\$ (20,506,965)	\$ (10,868,841)	\$ (52,076,903)	\$ (25,545,777)	\$ (13,135,820)	\$ (10,233,272)	\$ 21,996,076	\$ 12,754,479

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund										
Nonspendable:										
Inventories	\$ 1,282,344	\$ 1,172,223	\$ 1,186,772	\$ 1,028,876	\$ 1,085,069	\$ 1,110,863	\$ 1,262,412	\$ 1,225,414	\$ 1,170,755	\$ 1,262,958
Long-term receivables	9,048,715	8,171,171	4,697,483	2,342,258	1,639,902	739,000	739,000	739,000	700,000	-
Prepaid items	107,386	36,048	10,731	29,968	48,392	86,232	125,350	61,527	122,509	340,655
Unassigned	<u>(4,685,090)</u>	<u>5,750,888</u>	<u>11,778,557</u>	<u>17,066,461</u>	<u>19,926,880</u>	<u>23,109,126</u>	<u>21,517,619</u>	<u>22,950,364</u>	<u>24,555,634</u>	<u>38,401,940</u>
Total general fund	<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>	<u>\$ 26,548,898</u>	<u>\$ 40,005,553</u>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
All Other Governmental Funds										
Nonspendable:										
Assets held for resale	\$ 664,500	\$ 533,600	\$ 21,931	\$ 32,817	\$ 32,817	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term receivables	1,126	201,126	404,020	-	-	-	-	-	-	-
Prepaid items	50,278	16,048	2,316	9,882	4,494	934,180	2,092	1,201	127,150	5,240
Restricted for:										
Capital projects	9,806,574	9,384,544	2,446,650	15,339,315	4,615,427	5,039,758	6,141,669	7,324,113	16,956,838	74,333,289
Debt service	2,139,717	1,212,885	2,109,921	369,032	1,803,103	2,272,139	-	100,612	98,137	4,978,741
Emergency communications center	-	-	1,578,649	3,212,736	3,866,305	4,374,661	5,450,517	4,822,703	4,694,325	6,461,421
Intergovernmental	6,802,355	4,192,108	5,715,597	5,694,904	5,202,496	5,493,827	5,326,944	4,004,392	5,764,168	2,354,313
Landfill	865,984	4,364,550	1,642,477	548,499	322,750	125,827	86,843	31,703	12,584	-
Municipal Court Corrections	672,821	469,090	44,299	751,405	743,814	297,683	304,683	-	486,593	897,739
Other	11,744	8,155	70,320	42,690	-	559,512	142,694	65,121	-	-
Riverfront Stadium	3,047,947	2,842,834	1,210,093	1,418,442	1,799,981	1,569,416	469,784	56,158	1,314,490	2,371,490
Roads	-	-	-	-	-	-	-	-	583,215	552,538
Assigned to:										
Capital projects	-	108,715	-	-	-	-	-	-	-	-
Other	253,295	-	-	-	-	-	-	-	-	-
Unassigned	(1,657,915)	(1,668,547)	(1,325,010)	(835,214)	(467,681)	(21,574)	(2,465,430)	(491,577)	(4,916,309)	(2,426,724)
Total all other governmental funds	\$ 22,658,426	\$ 21,665,108	\$ 13,921,263	\$ 26,584,508	\$ 17,923,506	\$ 20,645,429	\$ 15,459,796	\$ 15,914,426	\$ 25,121,191	\$ 89,528,047

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 139,762,358	\$ 142,299,345	\$ 143,363,226	\$ 150,280,575	\$ 153,714,078	\$ 157,560,455	\$ 161,915,705	\$ 173,040,503	\$ 173,258,497	\$ 192,637,660
Licenses and permits	40,233,482	40,745,775	41,974,540	43,199,450	43,590,108	43,516,014	43,224,724	43,200,460	44,128,260	42,944,183
Intergovernmental revenues	21,364,126	22,877,080	31,816,898	27,602,041	27,884,939	28,721,254	24,109,361	29,769,123	38,471,416	45,765,544
Charges and fees for services	15,585,598	18,120,872	18,284,417	20,630,699	21,178,385	20,732,095	20,785,608	23,029,994	22,228,575	23,828,956
Fines and forfeitures	8,929,730	8,071,750	7,407,973	5,349,328	4,832,941	4,180,815	3,947,194	3,367,057	2,171,783	2,169,227
Interest	64,461	24,626	10,179	43,169	109,063	197,190	343,288	574,292	292,231	174,503
Miscellaneous	12,050,750	7,918,093	6,944,784	5,559,181	7,065,423	4,467,256	3,990,883	4,726,186	3,700,325	4,138,687
Total revenues	237,990,505	240,057,541	249,802,017	252,664,443	258,374,937	259,375,079	258,316,763	277,707,615	284,251,087	311,658,760
Expenditures										
Current:										
General government	53,663,426	55,517,932	54,133,890	52,399,400	55,366,370	57,315,050	59,006,707	58,964,306	71,167,718	74,728,345
Public works	40,306,505	40,563,256	39,338,940	42,125,024	38,291,278	38,461,751	40,003,785	45,987,046	48,225,792	48,305,559
Public safety	92,011,982	82,176,920	83,226,748	82,520,109	83,706,010	84,788,114	86,181,766	91,071,533	88,668,670	82,231,743
Cultural and recreational	29,642,735	30,381,600	29,816,021	28,776,655	29,641,124	30,030,865	31,898,485	34,232,177	26,593,748	27,752,137
Intergovernmental	2,649,743	13,176,451	5,731,528	2,045,603	6,648,198	2,394,912	289,964	231,943	235,490	279,052
Capital outlay	23,519,971	8,267,765	9,536,571	5,864,652	10,865,899	6,715,101	6,018,987	4,806,043	6,765,790	10,242,760
Debt service:										
Principal payments	11,274,995	14,285,642	21,657,205	37,145,515	22,573,320	22,983,227	24,884,962	24,623,212	51,963,069	22,439,799
Interest	13,279,429	12,020,002	11,784,215	11,466,389	12,332,267	11,947,860	11,618,507	10,867,308	10,210,079	7,665,433
Debt issuance costs	5,000	888,563	21,037	197,221	35,287	15,720	281,302	-	212,000	1,412,609
Total expenditures	266,353,786	257,278,131	255,246,155	262,540,568	259,459,753	254,652,600	260,184,465	270,783,568	304,042,356	275,057,437
Excess of revenue over (under) expenditures	(28,363,281)	(17,220,590)	(5,444,138)	(9,876,125)	(1,084,816)	4,722,479	(1,867,702)	6,924,047	(19,791,269)	36,601,323
Other Financing Sources (Uses)										
Proceeds from sale of assets	462,131	554,770	1,663,452	1,544,459	961,979	648,819	1,744,024	2,113,402	131,527	115,197
Transfers in	29,721,790	41,971,370	41,383,047	50,158,502	46,135,425	48,535,595	52,625,011	53,113,672	55,405,970	56,835,112
Transfers out	(38,224,333)	(51,828,388)	(54,267,557)	(56,802,146)	(57,405,625)	(59,156,441)	(64,997,930)	(65,443,006)	(60,225,192)	(67,145,745)
Capital leases	14,067,540	4,003,234	4,643,947	2,930,657	4,964,715	5,316,447	6,528,954	5,078,439	5,376,475	-
Issuance of refunding bonds	-	76,946,243	6,042,599	53,898,119	-	-	25,765,000	-	23,673,600	123,185,000
Issuance of bonds	511,480	29,583,757	-	9,190,000	-	-	-	-	3,326,400	40,735,000
Issuance of notes payable	-	952,351	778,019	-	-	5,000,000	-	-	-	-
Debt service - principal (current refunding)	-	-	-	-	-	-	(28,920,000)	-	-	-
Bond premium and discount, net	-	367,153	-	795,928	-	-	2,536,170	-	2,881,847	17,122,166
Payment to refunded bonds escrow agent	-	(76,946,243)	-	(36,382,129)	-	-	-	-	-	(129,584,542)
Total other financing sources (uses)	6,538,608	25,604,247	243,507	25,333,390	(5,343,506)	344,420	(4,718,771)	(5,137,493)	30,570,627	41,262,188
Net change in fund balance	\$ (21,824,673)	\$ 8,383,657	\$ (5,200,631)	\$ 15,457,265	\$ (6,428,322)	\$ 5,066,899	\$ (6,586,473)	\$ 1,786,554	\$ 10,779,358	\$ 77,863,511
Debt service as a percentage of noncapital expenditures	10.89%	10.91%	11.04%	14.02%	19.26%	13.45%	14.44%	13.85%	21.36%	11.45%

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
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
2020	115,207,966	33,900,481	8,664,750	8,880,323	359,625	1,623,903	4,621,450	173,258,498
2021	131,604,436	34,893,470	9,108,395	10,030,692	391,666	1,496,692	5,112,309	192,637,660

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General merchandise	\$ 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	\$ 2,573,705,593	\$ 2,857,861,459
Auto and agriculture	451,123,914	497,452,400	517,108,866	556,428,894	209,319,797	585,447,368	568,742,620	612,567,439	633,934,999	793,015,544
Manufacturing machine	116,039,303	124,393,644	120,237,936	110,782,253	48,545,725	105,025,002	95,811,559	97,410,780	84,015,722	109,249,728
Totals	\$ 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	\$ 3,291,656,314	\$ 3,760,126,731
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

	2012			2013			2014		
	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	\$ 83,489,402	6,198	22.85%	\$ 85,240,200	6,183	22.72%	\$ 87,207,079	6,466	24.02%
Auto and agriculture	5,639,050	228	30.81%	6,218,155	228	56.91%	6,463,861	243	83.12%
Manufacturing machine	2,030,688	350	72.62%	2,176,889	376	81.00%	2,104,164	357	81.83%
Totals	\$ 91,159,140	6,776		\$ 93,635,244	6,787		\$ 95,775,104	7,066	
	2015			2016			2017		
	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	\$ 91,747,671	6,376	23.66%	\$ 93,452,910	6,227	23.67%	\$ 94,654,853	5,197	22.15%
Auto and agriculture	6,955,361	237	65.32%	7,326,194	255	75.34%	7,240,503	186	73.78%
Manufacturing machine	1,938,690	327	75.69%	1,699,100	370	65.53%	1,825,477	287	72.75%
Totals	\$ 100,641,722	6,940		\$ 102,478,204	6,852		\$ 103,720,833	5,670	
	2018			2019			2020		
	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	\$ 96,766,762	6,585	23.42%	\$ 102,016,091	7,562	25.63%	\$ 105,926,609	8,397	26.18%
Auto and agriculture	7,022,291	266	75.20%	7,568,581	535	89.07%	7,823,332	495	78.11%
Manufacturing machine	1,661,459	375	66.63%	1,690,235	475	73.30%	1,458,025	563	64.86%
Totals	\$ 105,450,512	7,226		\$ 111,274,907	8,572		\$ 115,207,966	9,455	
	2021								
	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers						
General merchandise	\$ 120,447,447	8,435	25.89%						
Auto and agriculture	9,260,433	392	74.33%						
Manufacturing machine	1,896,556	539	86.84%						
Totals	\$ 131,604,436	9,366							

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
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%
2020	3.50%	2.50%	4.00%	10.00%
2021	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>2012</u>		<u>2021</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	6.28%	1	7.12%
Publix Alabama, LLC	2	3.14%	2	2.80%
Costco Wholesale	8	1.82%	3	2.60%
Capital Chevrolet/IMF, Inc.	-	-	4	2.50%
Target Store	10	1.19%	5	2.34%
Home Depot USA, Inc.	-	-	6	2.07%
Sams	4	2.52%	7	2.04%
Classic Cadillac GMC Buick	-	-	8	1.28%
Lowe's of Montgomery	7	1.99%	9	1.21%
Dollar General	-	-	10	0.89%
Parisian	6	2.05%	-	-
Dillard's	9	1.23%	-	-
Winn Dixie of Montgomery	5	2.33%	-	-
Hyundai Manufacturing	3	2.89%	-	-
Totals		<u>25.44%</u>		<u>24.85%</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				
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
2020	233,907,158	-	11,938,406	4,000,000	249,845,564	7.59%	4.31%	1,214.23
2021	279,855,976	-	-	-	279,855,976	7.44%	4.95%	1,395.07

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)
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
2020	233,907,158	820,877	233,086,281	7.08%	1,132.78
2021	279,855,976	334,494	279,521,482	7.43%	1,393.41

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>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>
<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>

(Continued)

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<u>2015</u>			
Direct			
City of Montgomery:			
General Obligation including			
Capital Leases	\$ 307,330,777	100.00%	\$ 307,330,777
Overlapping			
County of Montgomery:			
Montgomery County General and			
Limited Obligation Warrants	<u>132,842,065</u>	88.41%	<u>117,439,525</u>
Total direct and overlapping debt	<u>\$ 440,172,842</u>		<u>\$ 424,770,302</u>
<u>2016</u>			
Direct			
City of Montgomery:			
General Obligation including			
Capital Leases	\$ 320,739,197	100.00%	\$ 320,739,197
Overlapping			
County of Montgomery:			
Montgomery County General and			
Limited Obligation Warrants	<u>126,874,223</u>	87.82%	<u>111,422,953</u>
Total direct and overlapping debt	<u>\$ 447,613,420</u>		<u>\$ 432,162,150</u>
<u>2017</u>			
Direct			
City of Montgomery:			
General Obligation including			
Capital Leases	\$ 307,490,597	100.00%	\$ 307,490,597
Overlapping			
County of Montgomery:			
Montgomery County General and			
Limited Obligation Warrants	<u>120,639,320</u>	87.80%	<u>105,916,290</u>
Total direct and overlapping debt	<u>\$ 428,129,917</u>		<u>\$ 413,406,887</u>
<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>\$ 403,900,468</u>		<u>\$ 389,294,529</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>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	138,106,383	86.99%	120,143,076
Total direct and overlapping debt	<u>\$ 406,120,589</u>		<u>\$ 388,157,282</u>
<u>2020</u>			
Direct			
City of Montgomery:			
General Obligation including Capital Leases, Direct Borrowings, and Direct Placements	\$ 249,845,564	100.00%	\$ 249,845,564
Overlapping			
County of Montgomery:			
Montgomery County General and Limited Obligation Warrants	168,423,210	86.70%	146,020,604
Total direct and overlapping debt	<u>\$ 418,268,774</u>		<u>\$ 395,866,168</u>
<u>2021</u>			
Direct			
City of Montgomery:			
General Obligation including Capital Leases and Direct Placements	\$ 279,855,976	100.00%	\$ 279,855,976
Overlapping			
County of Montgomery:			
Montgomery County General and Limited Obligation Warrants	161,860,630	86.44%	139,904,857
Total direct and overlapping debt	<u>\$ 441,716,606</u>		<u>\$ 419,760,833</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 524,101,032	\$ 531,082,554	\$ 538,171,288	\$ 545,789,924	\$ 426,159,672	\$ 451,905,092	\$ 466,467,876	\$ 477,966,768	\$ 478,704,720	\$ 484,996,748
Total net debt applicable to limit	<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>	<u>208,712,388</u>	<u>240,892,501</u>
Legal debt margin	<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>	<u>\$ 269,992,332</u>	<u>\$ 244,104,247</u>
Total net debt applicable to the limit as a percentage of debt limit	45.29%	47.01%	46.18%	44.56%	61.16%	55.66%	50.67%	47.03%	43.60%	49.67%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed property value	<u>\$ 2,424,983,740</u>
Debt limit (20% of assessed property value)	<u>\$ 484,996,748</u>
Debt applicable to limit:	
General obligation debt including capital leases and notes payable	\$ 279,855,976
Less: Debt attributable to construction of school houses	<u>(38,963,475)</u>
Total net debt applicable to limit	<u>240,892,501</u>
Legal debt margin	<u>\$ 244,104,247</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>	
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
2020	N/A	N/A	N/A	N/A
2021	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
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%
2020	205,764	5,800,692,924	28,191	29,500	8.6%
2021	200,603	5,655,199,173	28,191	28,185	4.3%

Sources: Population information provided by the 2010 and 2020 Census. Personal income information provided by the U.S. Census Bureau. 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>2012</u>		<u>2021</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	6.48%	12,280	6.40%
State of Alabama	9,500	5.01%	10,460	5.45%
Montgomery Public Schools	4,524	2.39%	4,524	2.36%
Baptist Health Systems	4,300	2.27%	5,280	2.75%
Hyundai Motor Manufacturing AL	3,100	1.64%	3,530	1.84%
ALFA Insurance Companies	2,568	1.36%	2,568	1.34%
City of Montgomery	2,500	1.32%	2,500	1.30%
MOBIS Alabama, LLC	1,221	0.64%	1,400	0.73%
Business and Enterprise Systems	-	0.00%	1,350	0.70%
Jackson Hospital & Clinic, Inc.	1,300	0.69%	1,300	0.68%
Koch Foods	-	0.00%	1,250	0.65%
Rheem Water Heaters	1,173	0.62%	920	0.48%
Total	<u>42,466</u>	<u>22.42%</u>	<u>47,362</u>	<u>24.68%</u>

Source: Montgomery Chamber of Commerce.

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
Mayor	8	8	8	8	8	10	10	10	6	4
City Clerk	4	3	4	4	4	5	5	5	5	5
City Attorney	8	8	8	8	8	7	8	8	7	10
City Investigation	3	3	2	3	2	3	2	3	4	4
Development	2	2	2	5	5	4	4	17	20	24
Finance	54	51	50	50	49	52	50	53	44	43
Information Technology	19	29	31	28	28	28	28	31	27	27
Garage	61	64	56	54	54	57	56	54	52	50
Municipal Court	46	44	45	43	43	44	43	47	40	43
Municipal Parking Deck	6	13	13	15	15	13	14	13	11	10
Planning	31	32	31	29	27	28	26	8	8	7
Public Information and External Affairs	4	4	6	6	6	5	4	4	4	3
Risk Management	-	6	6	6	5	6	6	6	8	7
311 Call Center	-	5	7	6	4	4	7	6	10	8
Public safety:										
Police:										
Officers	523	523	506	491	492	493	478	478	475	434
Civilians	161	136	134	132	127	126	114	115	120	103
Fire:										
Officers	551	552	552	555	524	516	503	518	487	486
Civilians	9	8	8	7	7	7	6	7	7	7
City/County Emergency Mgt. Agency	11	5	4	4	5	5	5	5	4	4
Communications	72	48	56	66	58	59	65	64	59	51
Public works:										
Building Maintenance	61	60	63	62	65	64	66	68	66	64
Engineering	23	21	21	20	19	16	15	18	19	18
Inspections	35	35	31	31	32	31	36	36	33	32
Landfill	19	18	16	16	14	15	15	12	14	15
Maintenance	195	193	183	183	174	152	155	154	143	132
Sanitation	262	246	258	260	238	232	226	218	222	244
Traffic Engineering	42	38	36	33	34	32	33	33	32	33
Cultural and recreational:										
Parks and Recreation	260	253	294	221	206	211	224	207	195	186
City Events	-	-	-	9	9	9	10	9	8	8
Cultural Affairs	-	-	-	-	-	-	-	-	-	1
Food Services	16	5	-	-	-	-	-	-	-	-
Harriott II Riverboat	-	-	-	3	3	4	3	4	3	5
Lagoon and Gateway Parks	14	11	11	-	-	-	-	-	-	-
Library	61	62	60	61	62	63	64	63	60	59
Montgomery Zoo	51	45	46	45	45	43	42	41	38	40
Museum	37	37	35	34	32	39	36	37	36	34
Total	2,649	2,568	2,583	2,498	2,404	2,383	2,359	2,352	2,267	2,201

Source: City Finance Department.

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

<u>Function/Program</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>	<u>2020</u>	<u>2021</u>
General government:										
Business licenses issued	14,826	14,741	14,793	15,116	16,089	15,076	16,578	16,462	10,012	14,873
Building permits issued	6,834	7,554	8,303	8,459	9,064	8,724	9,561	8,829	8,825	8,312
Public safety:										
Police:										
Physical arrests	15,982	13,973	11,583	10,673	9,436	9,853	10,007	9,176	6,375	4,509
Parking violations	31,754	37,022	31,505	31,414	28,246	28,305	27,477	24,328	15,727	21,142
Traffic violations	108,143	87,425	78,070	61,630	62,846	55,814	77,309	54,573	26,848	27,677
Fire:										
Emergency responses	26,972	24,155	27,299	26,538	32,734	34,775	34,939	34,951	36,432	38,866
Fires extinguished	4,786	4,930	7,042	5,320	4,933	4,839	5,511	5,589	5,842	5,673
Inspections	18,787	18,425	15,898	16,542	15,690	11,746	11,015	14,539	8,816	9,006
Public works:										
Refuse collected (tons per year)	111,049	112,676	68,341	64,119	107,849	113,580	105,672	106,399	128,761	123,481
Recyclables collected (tons per year)	581	559	39,772	44,734	-	-	-	-	-	-
Streets resurfaced (tons of paving material)	25,739	42,109	33,750	52,183	32,031	35,180	29,650	45,003	28,758	25,416
Transit:										
Passengers	1,036,087	958,023	941,920	867,901	785,069	683,363	621,371	603,510	448,463	325,057
Cultural and recreational:										
Library:										
Total circulation	416,320	390,571	367,149	444,671	667,157	654,579	740,446	631,789	547,601	493,875
Parks and Recreation:										
Golf rounds played	24,740	37,017	33,340	34,530	33,400	28,330	28,424	28,455	32,708	33,165
Youth baseball/softball games played	6,415	6,435	6,503	6,551	6,601	6,704	6,748	6,774	1,450	6,802
League and tournament games played	2,840	2,865	2,888	2,995	3,262	3,312	3,360	3,391	74	3,427
Games played in athletic facilities:										
Basketball	1,028	292	443	470	480	510	525	572	150	590
Volleyball	215	167	185	195	220	235	250	264	140	270
Football	450	41	43	44	47	48	50	53	54	53
Soccer	1,460	1,620	1,680	1,750	1,763	1,807	1,868	1,879	765	1,912
Kickball	-	75	80	80	266	278	286	302	280	315
Baseball	-	-	-	-	255	263	275	281	140	290

Sources: Various City departments.

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety:										
Police:										
Stations	1	1	3	3	3	3	3	3	3	3
Patrol cars	235	240	252	257	256	268	262	253	258	174
Fire stations	15	15	16	16	16	16	16	16	16	16
Public works:										
Streets (miles)	1,115	1,118	1,107	1,068	1,070	1,093	1,095	1,097	1,098	1,099
Traffic signals	483	436	429	429	432	432	432	432	435	435
Street lights	29,000	29,012	29,032	29,033	29,033	29,033	29,033	29,053	29,095	29,133
Refuse collection trucks	127	129	120	122	118	117	124	109	103	108
Transit:										
Buses	48	48	45	49	44	48	33	29	28	27
Cultural and recreational:										
Acreage	1,836	1,857	1,857	1,857	1,857	1,873	1,873	1,873	1,876	1,876
Golf courses (acres)	610	610	610	610	610	610	610	610	610	610
Playgrounds	52	52	52	52	52	58	58	58	59	59
Baseball/softball fields	87	87	87	87	87	87	87	87	87	88
Tennis courts	46	46	46	46	46	46	46	46	46	46
Special facilities	7	7	7	7	7	7	7	7	7	7
Community centers	26	23	23	20	20	21	20	20	20	20

Sources: Various City departments.

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