

CITY OF MONTGOMERY, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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

CITY OF MONTGOMERY, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
SEPTEMBER 30, 2023

TABLE OF CONTENTS

PAGE

I. INTRODUCTORY SECTION

Letter of Transmittal 1

Certificate of Achievement for Excellence in Financial Reporting..... 8

Organizational Chart..... 9

Elected and Appointed Officials..... 10

II. FINANCIAL SECTION

Independent Auditors' Report 11

Management's Discussion and Analysis 14

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position 28

Statement of Activities 29

Fund Financial Statements

Balance Sheet - Governmental Funds..... 30

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position..... 31

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 32

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities 33

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -
General Fund 35

CITY OF MONTGOMERY, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
SEPTEMBER 30, 2023

TABLE OF CONTENTS (Continued)

	<u>PAGE</u>
II. FINANCIAL SECTION (Continued)	
Fund Financial Statements (Continued)	
Statement of Net Position - Proprietary Funds	38
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	39
Statement of Cash Flows - Proprietary Funds	40
Notes to Financial Statements	42
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Employer Contributions	84
Schedule of Changes in the Net Pension Liability	85
Schedule of Changes in Total OPEB Liability and Related Ratios.....	86
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Combining Balance Sheet - Nonmajor Governmental Funds	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	89
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - State Gasoline Tax Fund.....	91
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - State Gasoline Tax Fund.....	92
Combining Statement of Net Position - Nonmajor Enterprise Funds	93
Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds.....	94

CITY OF MONTGOMERY, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
SEPTEMBER 30, 2023

TABLE OF CONTENTS (Continued)

	<u>PAGE</u>
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	95
III. STATISTICAL SECTION	
Financial Trends	
Schedule 1 Net Position by Component	97
Schedule 2 Changes in Net Position	98
Schedule 3 Fund Balances of Governmental Funds	100
Schedule 4 Changes in Fund Balances of Governmental Funds	102
Revenue Capacity	
Schedule 5 Tax Revenues by Source, Governmental Funds	103
Schedule 6 Net Taxable Sales by Category	104
Schedule 7 Sales Tax Revenue Payers by Category	105
Schedule 8 Direct and Overlapping Sales Tax Rates	106
Schedule 9 Principal Sales Tax Remitters	107
Debt Capacity	
Schedule 10 Ratios of Outstanding Debt by Type.....	108
Schedule 11 Ratios of Net General Bonded Debt Outstanding.....	109
Schedule 12 Direct and Overlapping Governmental Activities Debt	110
Schedule 13 Legal Debt Margin Information.....	113
Schedule 14 Pledged-Revenue Coverage	114

CITY OF MONTGOMERY, ALABAMA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
SEPTEMBER 30, 2023

TABLE OF CONTENTS (Continued)

	<u>PAGE</u>
III. STATISTICAL SECTION (Continued)	
Demographic and Economic Information	
Schedule 15 Demographic and Economic Statistics	115
Schedule 16 Principal Employers	116
Operating Information	
Schedule 17 Full-Time Equivalent City Government Employees by Function	117
Schedule 18 Operating Indicators by Function/Program.....	118
Schedule 19 Capital Asset Statistics by Function/Program.....	119

INTRODUCTORY SECTION

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



Betty P. Beville
Finance Director

Steven L. Reed
Mayor

City Council Members

C.C. Calhoun, President
Glen O. Pruitt, Jr., Pro Tem
Franetta Delayne Riley

Andrew Szymanski
Charles W. Jinright
Marche Johnson

Julie Turner-Beard
Oronde K. Mitchell
Ed Grimes

City of Montgomery, Alabama
March 26, 2024

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, 2023. 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, 2023. The accounting firm of Jackson Thornton Certified Public Accountants & Consultants was selected to conduct the 2023 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 of the State of Alabama and currently the third largest city in the State. 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 enhance economic development by recruiting 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.

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 federal and state government account for more than 22,500 jobs in the City. An additional 2,005 jobs are accounted for by City government. Local colleges and universities have given rise to a growing economy in the City. The City also draws in workers from the surrounding area which increases the daytime population significantly.

Manufacturing growth continues to drive the local economy. In fiscal year 2023, the manufacturing sector grew marginally and represented more than 11.14% of jobs in the region. The real estate market in the City continued to be very competitive in 2023 with an average sales price of homes being \$256,850 during the third quarter. The housing market remained firm with home sales stable and average sales prices increasing nearly 3% during the third quarter of 2023.

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.

Although the corona virus was not totally eradicated, citizens' patronization of local businesses continued to improve significantly. Tourism definitely increased in the City which was evident by the growth of lodging and sales tax revenue. Downtown Montgomery saw more vibrant changes in the business district. The City of Montgomery economic outlook as it pertains to tourism continues to be favorable. The occupancy rate of hotels continues to increase in the district. The central business district continues to grow due to revitalization of buildings for residential housing and retail businesses.

The FY 2023 General Fund budget exceeded the FY 2022 General Fund budget by more than 7%. The increase in the budget was due to salary adjustments and merit increases that were implemented to bring employees' salaries in line with various governmental entities in the Southeast, to retain current employees, and be competitive in the job market when filling vacancies.

Due to the second tranche of funding the City received through the American Rescue Plan Act (ARPA), funds continue to be allocated to various programs that provided support for tourism, broadband, water and sewer infrastructure which will have a profound impact on the City's continued economic growth.

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 to 2.5% from 3.0% in 2022. The unemployment rate for 2023 is now equivalent to pre-virus levels. Sales tax and lodging tax revenue increased over the previous year by 4.9% and 10.1%, respectively. Personal and Real Property tax revenue increased 11.4% over the previous fiscal year. Although certain revenue sectors in the City were not as robust as the aforementioned sources of revenue, the overall economy in Montgomery continues to grow. Actual total revenue exceeded budgeted revenue nearly 7%.

The City’s economic development continued to expand in 2023 as outlined below:

1. New capital investments total \$6.3 million dollars for the creation of new industry and expansion of existing industries that is expected to create and retain more than 4,000 jobs in the region.

The new and expanded industries include the following:

<u>Company</u>	<u>Capital Investment</u>	<u>Jobs</u>
Hyundai Motor Manufacturing Alabama, LLC	\$290,000,000	3815
MOBIS Alabama, LLC	\$98,349,628	28
Hecate Energy	\$92,414,098	3
Amazon	\$73,040,000	0
HD Hyundai Power Transformers USA, Inc.	\$19,366,000	30
Coca-Cola Bottling Company United, Inc. Production Facility	\$16,275,000	0
DAS North America, Inc.	\$13,900,000	70
Kinpak, Inc.	\$7,588,805	160
Precision Metal Works, Inc.	\$6,000,000	175
DAS North America, Inc.	\$5,500,000	40
Fleischmann's Vinegar Company, Inc.	\$5,038,439	14
The Andersons, Inc.	\$528,879	0
FedEx Ground	\$504,520	0
Samwon America	\$250,000	40

2. The annual Camellia Bowl aired on ESPN on December 23, 2023 and hosted by the City for the tenth time. The game featured Northern Illinois and Arkansas State and achieved an impressive viewership of 2.4 million, and attendance of 35,000.
3. Acquisitions, renovations and demolitions of blighted properties continue to be sold to private investors to enhance revitalization and economic development throughout the City. Private companies continue to adapt old warehouses and office buildings into apartments, restaurants, hotels, and retail businesses. The demand for downtown living space is consistently increasing due to citizens wanting more walkable and vibrant neighborhoods.

4. 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. The Montgomery Inland Container Transfer Facility is scheduled to be fully operational by 2025. The 272-acre site has been purchased by the Alabama Port Authority and the project is in the design phase. The facility will extend intermodal rail service from the Port Authority's container terminal at the Port of Mobile to the City. This will support the City's regional growth in manufacturing, retail distribution and agricultural business sectors.
5. 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 information), interactive maps and charts, construction permits, demolitions, paving projects, 311 calls, information, fire reports, and crime reports.
6. The Montgomery Zoo improved animal exhibits and buildings by installing new roofs on several buildings and renovating five animal viewing stations. The W.A. Gayle Planetarium was put under the leadership of the Montgomery Zoo and will re-open to school groups and the public.

The City 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 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 remaining proceeds from the 2021A General Obligation Warrants allowed the City to purchase capital assets for the Sanitation and Fire Departments. Additionally, a state of the art fire station began the construction phase along with revitalization and/or razing and rebuilding of three (3) of the City's community centers.

Due to revenue growth and attrition, the City increased fund balance nearly \$21 million at September 30, 2023. The increase in fund balance allowed the City to realize its goal of getting fund balance to a minimum of 20% of the General Fund Operating and Debt Service Budget. Fund balance was 22% of the General Fund budget at September 30, 2023.

MAJOR INITIATIVES

The City, along with the Industrial Development Board (IDB) of the City of Montgomery and the City of Montgomery Downtown Redevelopment Authority, entered into an agreement with entities that propose to locate businesses within the City, or expand businesses within the City. The justification for entering into such economic development agreements is the expectation of more job creation and stimulation of growth to the City's economy. These agreements provide for full or partial abatement of sales, use and/or property taxes. Property taxes are abated through reductions of assessed values whereas sales and use taxes are abated through exemptions granted on purchases for specified construction or equipment-purchase purposes.

Some agreements ensure repayment to the City of abated amounts if the entity ceases operations for a specific period of time or if it fails to produce a stated level of employment within a given time period. All such agreements have limited terms. Property taxes abated in Fiscal Year 2023 was \$2,741,885.

The City received several competitive and non-competitive grants in 2023 and will continue to search for and apply for all grants that will bring economic growth to enhance the lives of all citizens who call the City of Montgomery their “home.”

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, 2023. 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 2023 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, Jackson Thornton Company PC, Inc. The independent auditors have issued an unmodified or “clean” opinion on the City of Montgomery's financial statements for the year ended September 30, 2023.

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**

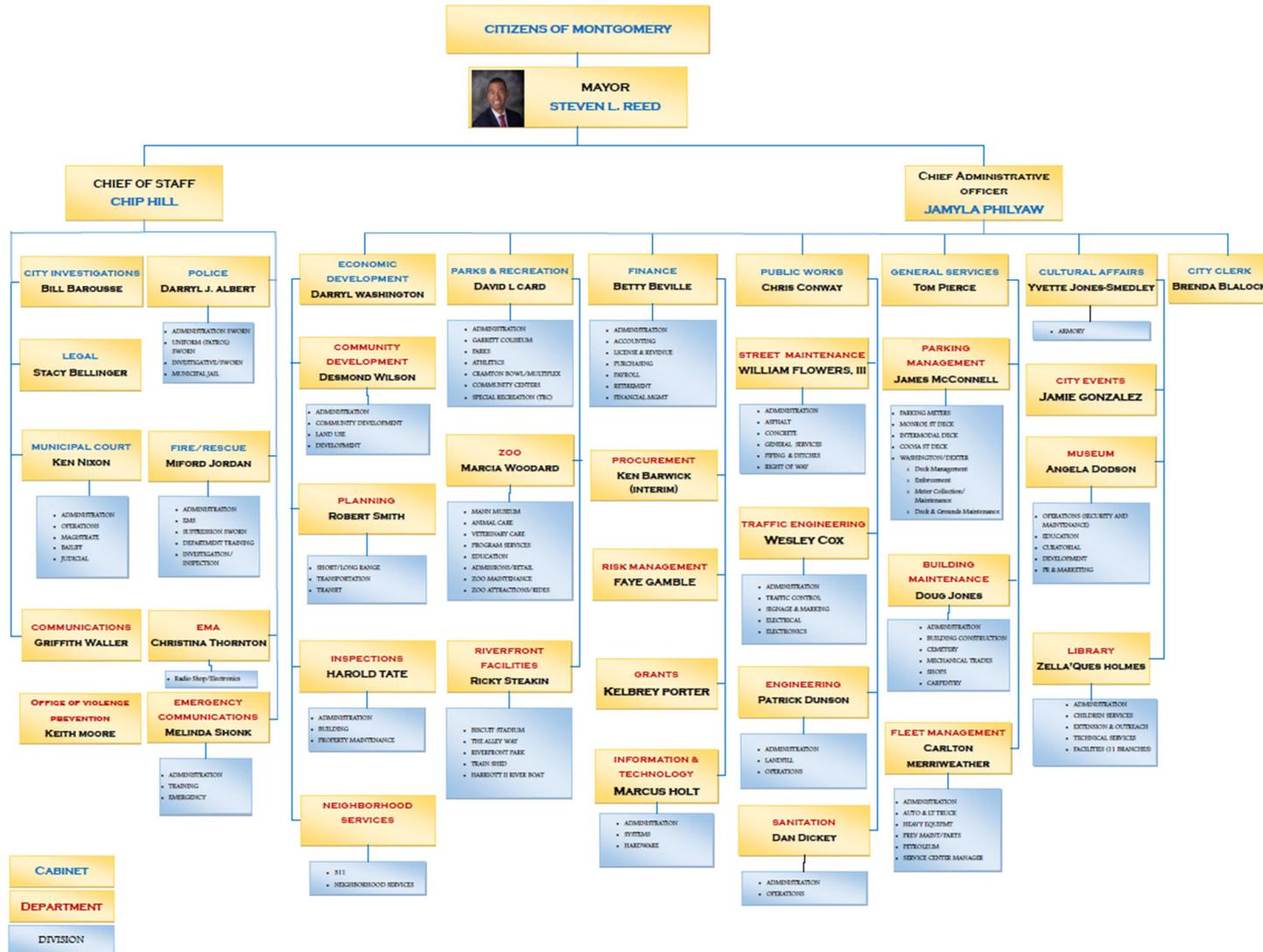
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF MONTGOMERY, ALABAMA ORGANIZATIONAL CHART



CITY OF MONTGOMERY, ALABAMA
ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2023

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 Administrative Officer	Jamyla Philyaw, Cabinet Member
Chief of Staff	Chip Hill, Cabinet Member
City Attorney	Stacy Bellinger, Cabinet Member
City Clerk	Brenda Gale Blalock, Cabinet Member
City Events	Jamie Gonzalez
City Investigations	Bill Barousse, Cabinet Member
Communications	Griffith Waller, Cabinet Member
Community Development	Desmond Wilson
Cultural Affairs	Yvette Jones-Smedley, Cabinet Member
Economic Development	Darryl Washington, Cabinet Member
Emergency Communications	Melinda Shonk
Emergency Management	Christina Thornton
Engineering	Patrick Dunson
Finance	Betty P. Beville, Cabinet Member
Fire	Pamela Barner-McCorvey, Deputy Director
Fleet Management	Chief Miford Jordan, Cabinet Member
General Services	Carlton Merriweather
Grants	Tom Pierce, Cabinet Member
Information Technology	Kelbrey Porter
Inspections	Marcus Holt
Landfill	Harold Tate
Library	Radonda May
Montgomery Zoo	Zella'Ques Holmes
Municipal Court	Marcia Woodard
Museum	Honorable Milton J. Westry Sr., Presiding Judge
Neighborhood Services	Kenneth Nixon, Cabinet Member
Parking Management	Angela Dodson
Parks and Recreation	Jonathan Ross
Planning	James McConnell, III
Police	David Card, Cabinet Member
Procurement	Robert Smith
Public Works	Chief Darryl Albert, Cabinet Member
Risk Management	Joy Smith
Riverfront Facilities	Christopher W. Conway, Cabinet Member
Sanitation	Faye Gamble
Senior Policy Advisor	Richard Steakin
Street Maintenance	Daniel R. Dickey
Traffic Engineering	Eddie Compton, III, Cabinet Member
Violence Prevention	William Flowers
	Wesley Cox
	Keith Moore

The elected and appointed officials were those in office at September 30, 2023.

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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, 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, 2023, 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.

We did not audit the financial statements of the Montgomery City-County Public Library, the discretely presented component unit of the City, which represents 2.14 percent, 0.01 percent, and 1.44 percent, respectively, of the assets, net position, and revenues of the governmental activities, business-type activities, and component unit as of September 30, 2023. 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.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 the City adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Required 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 14 through 27 and pages 84 through 86 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.

Supplementary 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 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.

Other Information

Management is responsible for the other information. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024, 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 City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Jackson Thornton & Co. PC".

Montgomery, Alabama
March 26, 2024

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, 2023 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, 2023.

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, 2023, by \$424,512,496 (net position). Of this amount, \$382,564,641 was either restricted or invested in capital assets leaving a deficit unrestricted balance of \$807,077,137.

The City's total net position increased \$37,217,113 or 8.1% during this year's operations. Net position of governmental activities increased \$39,046,301 and net position of business-type activities decreased \$1,829,188.

At September 30, 2023, the City's governmental funds reported combined ending fund balances of \$166,109,043, an increase of \$12,014,374 over the previous fiscal year. Of the ending governmental fund balance, \$2,985,065 is non-spendable (i.e., inventories and prepaid items). A significant portion, or 61.6%, of the governmental fund balance in the amount of \$102,381,436 is restricted for capital projects, debt service, intergovernmental activities, road construction and maintenance, the Riverfront Stadium, Municipal Court, Opioid Abatement, and an Emergency Communications District. The combined totals for non-spendable and restricted, plus the unassigned amount of \$60,742,542 or 36.6% yields a total combined ending fund balance of \$166,109,043 for fiscal year 2023.

The General Fund reported an unassigned fund balance of \$61,425,044 or 28.3%, of the total general fund expenditures. Governmental Activities revenue increased \$35,559,510 or 10.8% over the previous year. The increase in revenues was primarily attributable to a 4.9% increase in sales tax, an 11.4% increase in property taxes, a 0.5% increase in business license taxes, a 3.7% increase in other taxes, an 178.8% increase in other revenues, a 6.2% increase in charges for services, a 25.7% increase in operating grants and contributions, and a 55.9% increase in capital grants and contributions. The increase in revenue can be attributed the continued prosperity of the local economy after coming out of the COVID-19 pandemic, along with inflationary pressures, which has resulted in increased sales and other tax collections. Additionally, the increase in revenue can also be tied to the increase in grant and American Rescue Plan Act (ARPA) funding that has allowed for increases in spending.

Expenses in Governmental Activities increased \$26,117,826 or 9% from the previous year. The increase is related to the higher costs associated with inflation and the increase in grant and ARPA activity that is tied to the aforementioned grant funding. Expenses increased \$10,546,544 or 13.4% for general government, \$6,414,951 or 9.5% for public works, \$3,511,668 or 3.3% for public safety, and \$6,243,538 or 19.3% for culture and recreation. The City refunded debt in fiscal year 2021 that led to interest savings in the prior and current fiscal year. Interest on long-term debt decreased by \$598,875 or 9.4% from the previous year.

Long-term debt, consisting of general obligation bonds and direct borrowings and direct placements decreased \$22,828,996 or 8.7% from the previous year, due to scheduled repayments.

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 84 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 \$424,512,496, as reflected in the following table:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets (net of internal balances)	\$ 208,099,415	\$ 206,351,896	\$ 814,192	\$ 745,147	\$ 208,913,607	\$ 207,097,043
Internal balances	12,136,481	8,339,125	(12,136,481)	(8,339,125)	-	-
Capital assets	365,478,867	338,870,858	32,758,140	30,792,921	398,237,007	369,663,779
Total Assets	585,714,763	553,561,879	21,435,851	23,198,943	607,150,614	576,760,822
Deferred charge on refunding	1,796,272	2,091,471	-	-	1,796,272	2,091,471
OPEB related items	83,494,151	106,249,416	-	-	83,494,151	106,249,416
Pension related items	77,299,320	44,965,222	1,346,870	659,083	78,646,190	45,624,305
Total Deferred Outflows of Resources	162,589,743	153,306,109	1,346,870	659,083	163,936,613	153,965,192
Long-term liabilities	966,337,590	1,034,718,160	3,681,752	2,345,685	970,019,342	1,037,063,845
Other liabilities	49,473,174	56,149,688	1,082,508	912,244	50,555,682	57,061,932
Total Liabilities	1,015,810,764	1,090,867,848	4,764,260	3,257,929	1,020,575,024	1,094,125,777
OPEB related items	168,815,466	41,957,492	-	-	168,815,466	41,957,492
Pension related items	4,360,175	53,830,028	75,972	1,028,264	4,436,147	54,858,292
Leases	1,773,086	1,713,906	-	-	1,773,086	1,713,906
Total Deferred Inflows of Resources	174,948,727	97,501,426	75,972	1,028,264	175,024,699	98,529,690
Net position						
Net Investment in Capital						
Assets	283,136,260	275,659,012	32,751,270	30,711,532	315,887,530	306,370,544
Restricted	66,677,111	69,145,845	-	-	66,677,111	69,145,845
Unrestricted	(792,268,356)	(826,306,143)	(14,808,781)	(10,939,855)	(807,077,137)	(837,245,998)
Total Net Assets	\$ (442,454,985)	\$ (481,501,286)	\$ 17,942,489	\$ 19,771,677	\$ (424,512,496)	\$ (461,729,609)

Total assets increased \$30,389,792 or 5.3% from the previous fiscal year and liabilities decreased \$73,550,753 or 6.7%. The increase in assets was due to an increase in current assets of \$1,816,564 and an increase in capital assets of \$28,573,228. The primary driver for the increase to current assets was the purchase of a property to be held for resale in a future fiscal year. The increase of capital assets was primarily attributed to increases in infrastructure of \$9,209,838 or 11.1%, construction in progress of \$7,665,666 or 55.9%, and subscription-based information technology agreements (SBITAs) of \$13,135,534 or 100%, compared to the prior year. A SBITA is a contract between a government entity and another party that allows the government the right to use information technology software for a period of time in an exchange-like transaction. The Governmental Accounting Standards Board Statement No.96 establishes that a SBITA is a right to use subscription asset with a corresponding subscription liability, provides the capitalization criteria, and requires note disclosures regarding a SBITA. GASB Statement No. 96 was implemented in this fiscal year.

The decrease in liabilities was due to a decrease in other liabilities of \$6,506,250, which was primarily due to prior year unearned ARPA revenue being realized this year, and a decrease of long-term liabilities of \$67,044,503 due to the discount rate of other post-employment benefits (OPEB) changing from 2.15% to 4.40% and debt repayment. 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, machinery and equipment, and right of use assets) 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 \$84,216,146 and is restricted for use in general government, public works, public safety, cultural and recreational, capital projects, debt service, opioid abatement strategies, and Municipal Court.

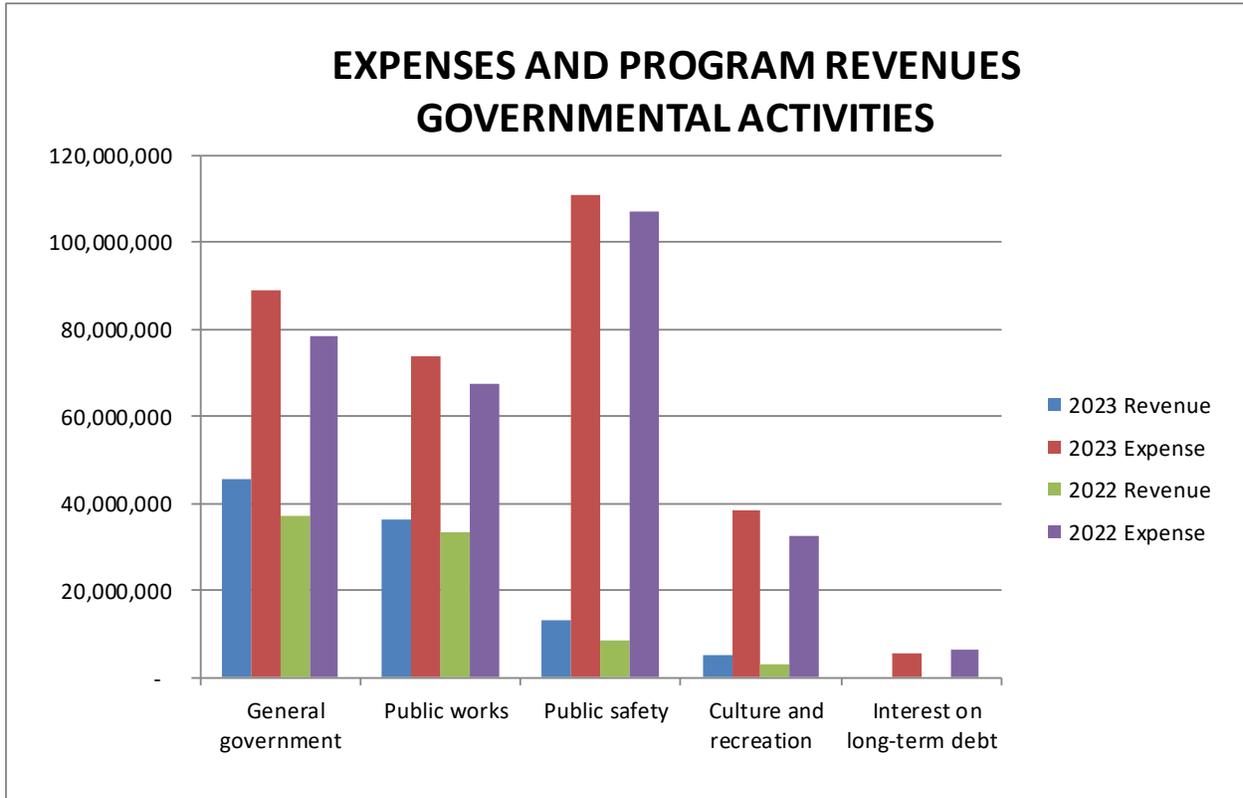
As reflected in the following table, the City's net position increased by \$37,217,113 or 8.1% during the fiscal year. This increase was primarily attributed to increased program revenues and general revenues, but were offset by increases in expenses among most functions and most business-type activities for the year ended September 30, 2023.

City of Montgomery's Changes in Net Position

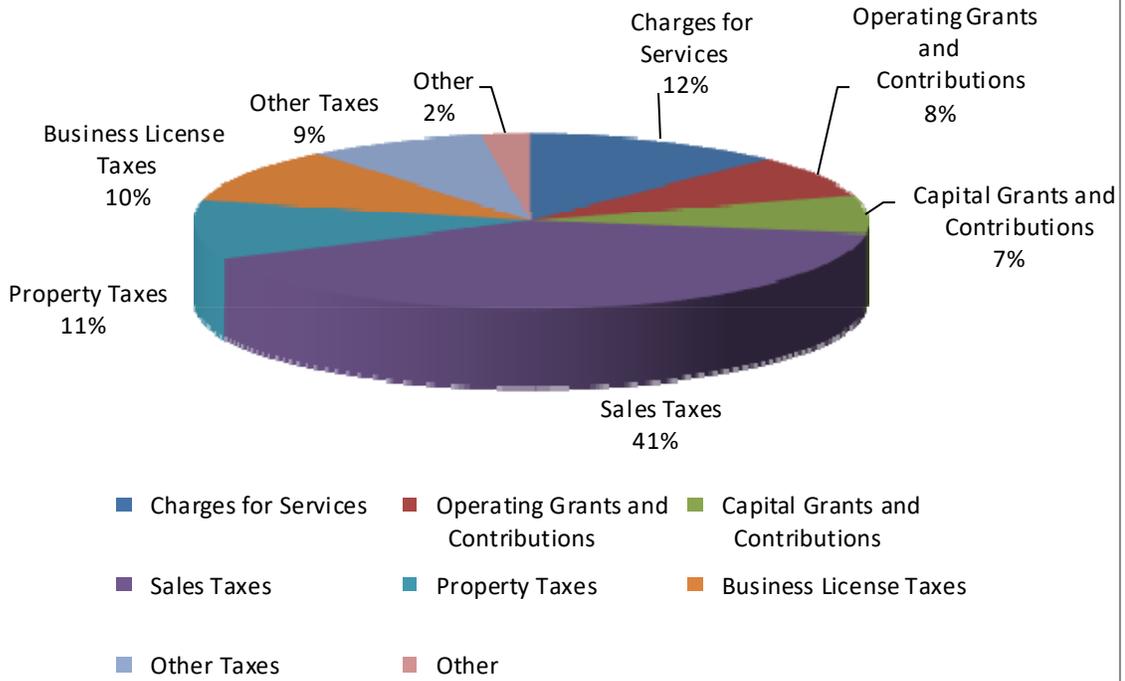
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 45,877,974	\$ 43,180,259	\$ 6,737,324	\$ 7,105,302	\$ 52,615,298	\$ 50,285,561
Operating Grants and contributions	28,587,956	22,740,140	-	-	28,587,956	22,740,140
Capital grants and contributions	25,759,963	16,524,312	-	-	25,759,963	16,524,312
General revenues						
Sales taxes	148,642,590	141,657,476	-	-	148,642,590	141,657,476
Property taxes	39,647,259	35,601,589	-	-	39,647,259	35,601,589
Business license taxes	37,725,099	37,554,782	-	-	37,725,099	37,554,782
Other taxes	31,599,173	30,469,788	-	-	31,599,173	30,469,788
Other	8,494,925	3,047,083	7,521	4,001	8,502,446	3,051,084
Total revenues	366,334,939	330,775,429	6,744,845	7,109,303	373,079,784	337,884,732
Expenses						
General government	89,046,715	78,500,171	-	-	89,046,715	78,500,171
Public works	73,664,948	67,249,997	-	-	73,664,948	67,249,997
Public safety	110,643,565	107,131,897	-	-	110,643,565	107,131,897
Culture and recreation	38,580,004	32,336,466	-	-	38,580,004	32,336,466
Interest on long-term debt	5,794,296	6,393,171	-	-	5,794,296	6,393,171
Montgomery Area Transit System	-	-	7,486,706	5,142,951	7,486,706	5,142,951
Montgomery Zoo	-	-	5,839,084	5,416,297	5,839,084	5,416,297
Garrett Coliseum	-	-	1,343,102	1,595,662	1,343,102	1,595,662
Municipal Golf	-	-	2,351,728	2,284,660	2,351,728	2,284,660
Montgomery River Boat	-	-	1,112,523	1,177,657	1,112,523	1,177,657
Total expenses	317,729,528	291,611,702	18,133,143	15,617,227	335,862,671	307,228,929
Increase (decrease) in net position before transfers	48,605,411	39,163,727	(11,388,298)	(8,507,924)	37,217,113	30,655,803
Transfers in (out)	(9,559,110)	(6,668,316)	9,559,110	6,668,316	-	-
Change in net position	39,046,301	32,495,411	(1,829,188)	(1,839,608)	37,217,113	30,655,803
Net position - beginning	(481,501,286)	(513,996,697)	19,771,677	21,611,285	(461,729,609)	(492,385,412)
Net position - ending	\$ (442,454,985)	\$ (481,501,286)	\$ 17,942,489	\$ 19,771,677	\$ (424,512,496)	\$ (461,729,609)

Governmental Activities

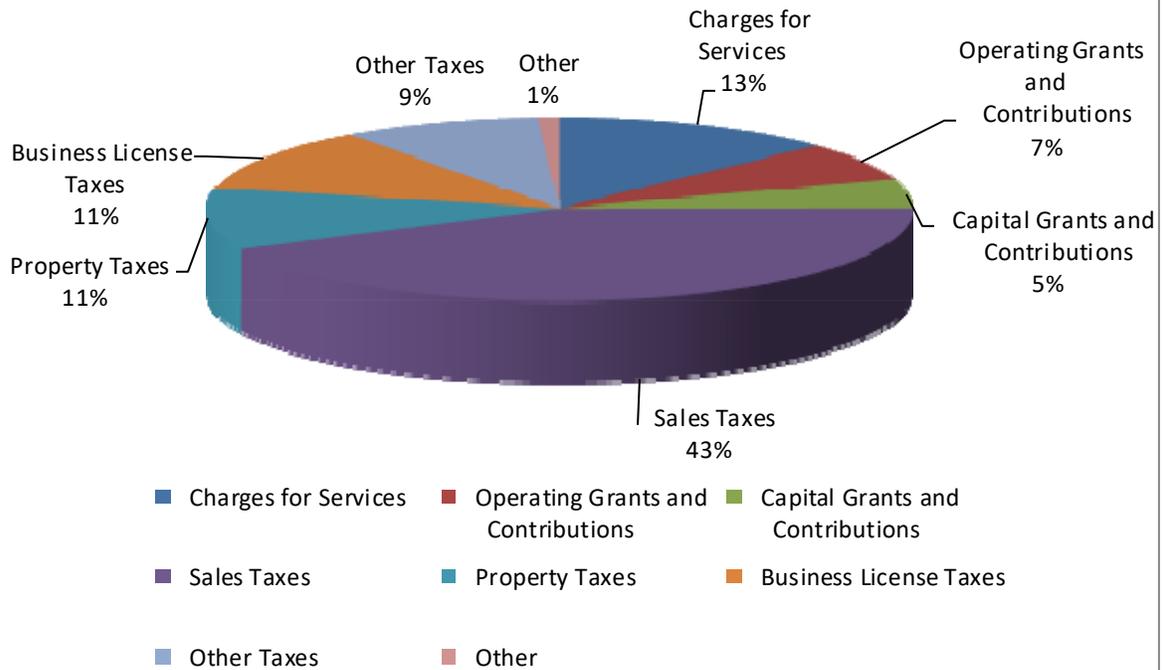
Governmental activities increased the City’s net position by \$39,046,301, thereby accounting for 104.9% of the total increase in net position of the City. Key elements of the increase in net position were due to an increase in sales taxes, property taxes, business license taxes, other taxes, other revenues, operating grants and contributions, capital grants and contributions, and charges for services. However, expenses increased due to higher activity in grants and generalized higher costs associated with inflation, but were eased by lower interest on long-term debt.



REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES FISCAL YEAR 2023

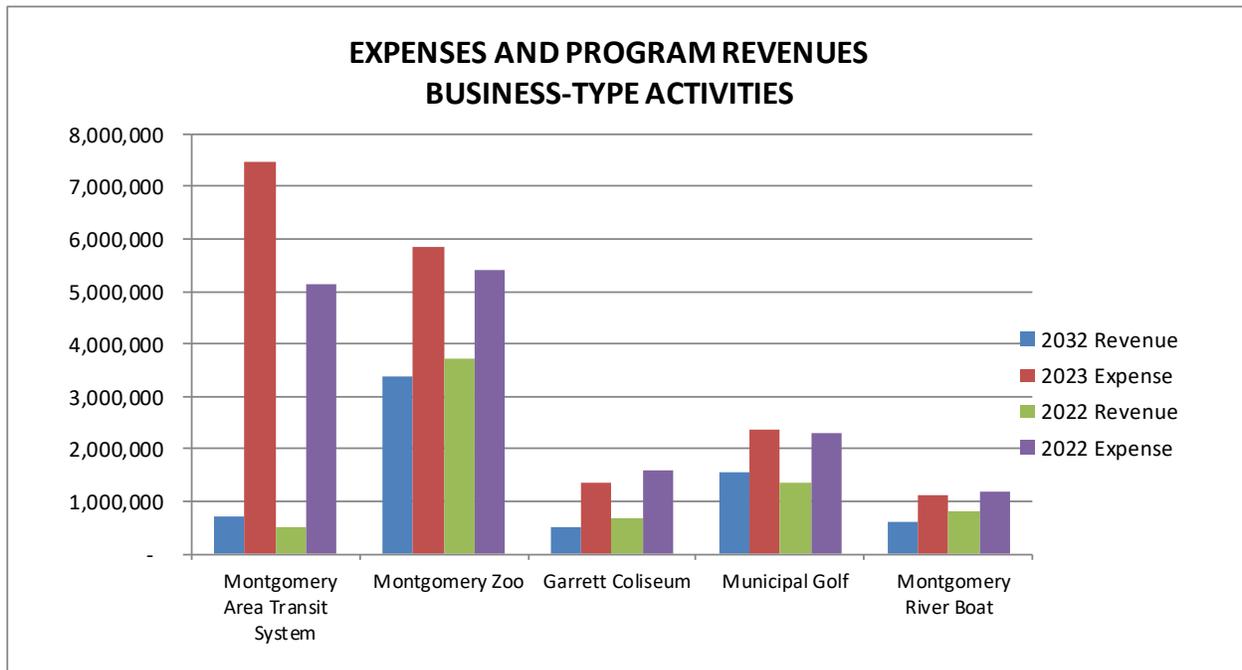


REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES FISCAL YEAR 2022



Business-type Activities

Business-type activities decreased the City’s net position by \$1,829,188, which contributed -4.9% to the total increase in the net position of the City. The primary factors for the decrease in net position were the decrease in charges for services of \$367,978 or 5.2% and the increase in expenses in Montgomery Area Transit of \$2,343,755 or 45.6%, Montgomery Zoo of \$422,787 or 7.8%, and Municipal Golf of \$67,068 or 2.9% compared to the prior year.



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, 2023, the City’s Governmental Funds had an unassigned fund balance for governmental activities in the amount of \$60,742,542.

At September 30, 2023, total fund balance in the General Fund was \$63,395,785. The fund balance in the General Fund increased \$21,801,032 or 52.4% from the previous year. The increase in the fund balance was primarily due to increases in revenues, transfers in, and SBITA financing.

Total revenue of the General Fund increased by \$16,345,865 or 5.7% in 2023 compared to the previous year. This was due to an increase in taxes collected, licenses and permits, intergovernmental revenues, charges for services, interest, and miscellaneous revenues. Expenditures of the General Fund increased by \$6,941,971 or 3.3% over the previous fiscal year. The increase was primarily due to increased personnel costs and capital outlay associated with SBITAs.

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 decreased \$2,360,148 or 2.7% from the previous year. The decrease is primarily due to projects involving the use of prior years' bond proceeds beginning in the current year.

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 decreased \$5,876,480 or 98.2% from the previous year. The decrease 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 balance of the American Rescue Plan Fund increased \$423,903 or 116.7% from the previous year. The increase was due to an unrealized gain in investments.

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 decreased \$54,222 or 90.2% from the previous year. The decrease was due to increased expenditures.

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, 2023, the fund balance of the ECD Fund increased \$1,235,323 or 15.4%. This increase was due to the state funding exceeding operating and capital 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 \$17,942,488. Total net position decreased for enterprise funds by \$1,829,189 or 9.3% in 2023 from the previous year. Total operating revenue decreased \$367,978 or 5.2% and total operating expenses increased \$2,593,972 or 16.9% 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 \$826,371 or 8.1% from the previous year. The decrease is due to depreciation expense.

Montgomery Zoo Fund - The fund accounts for the operations of the Montgomery Zoo. The net position of the Montgomery Zoo fund decreased \$307,725 or 14% 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 \$297,154 or 3.1% 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 \$104,338 or 11.3% 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 \$64,842 or 18.5% 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, 2023, 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, 2023, was \$398,237,007 (net of accumulated depreciation). Capital asset investments include land, buildings, construction in progress, infrastructure, improvements other than buildings, machinery and equipment, and right to use assets, net of depreciation.

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 55,679,425	\$ 56,356,492	\$ 2,951,142	\$ 2,951,142	\$ 58,630,567	\$ 59,307,634
Buildings	100,059,128	103,668,383	23,972,533	24,693,430	\$ 124,031,661	\$ 128,361,813
Improvements other than buildings	30,113,820	32,038,146	937,305	1,028,094	\$ 31,051,125	\$ 33,066,240
Machinery and equipment	52,474,118	49,428,106	4,790,814	1,936,395	\$ 57,264,932	\$ 51,364,501
Infrastructure	92,262,502	83,052,664	98,605	102,471	\$ 92,361,107	\$ 83,155,135
Construction in progress	21,376,544	13,710,878	-	-	\$ 21,376,544	\$ 13,710,878
Right to use asset - leases	377,796	616,189	7,741	81,389	\$ 385,537	\$ 697,578
Right to use asset - SBITAs	13,135,534	-	-	-	\$ 13,135,534	\$ -
	<u>\$ 365,478,867</u>	<u>\$ 338,870,858</u>	<u>\$ 32,758,140</u>	<u>\$ 30,792,921</u>	<u>\$ 398,237,007</u>	<u>\$ 369,663,779</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 \$238,318,734. The full amount comprises debt backed by the full faith and credit of the City. The City’s long-term debt decreased \$22,828,996 or 8.7% from the previous year due to normal service of the debt with no debt additions.

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 \$2,912,798,580 with a current debt limit for the City of \$582,559,716. Current debt applied to the debt limit total is \$203,993,695, leaving the City with a legal debt margin of \$378,566,021.

Long-Term Debt

	2023	2022	Increase (Decrease)
General Obligation Bonds	\$ 175,815,305	\$ 190,811,801	\$ (14,996,496)
Direct Borrowings and Direct Placements	\$ 62,503,429	\$ 70,335,929	\$ (7,832,500)
	<u>\$ 238,318,734</u>	<u>\$ 261,147,730</u>	<u>\$ (22,828,996)</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 9, beginning on page 58, 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, 2023, actual revenues were more than budgeted revenues by \$16,735,879 or 5.9%. The primary reason for the variance was continued prosperity of the local economy after coming out of the COVID-19 pandemic, along with inflationary pressures, which has resulted in increased sales and other tax collections. Detailed variances are as follows:

- Actual taxes were more than budgeted by \$8,375,722 or 18.7% due to an increase in consumer spending, an increase in assessed property values, and a return to tourism.
- Actual licenses and permits were more than budgeted by \$4,354,552 or 9.7% due to an overall increase in business license application and stricter enforcement on existing business license ordinances.
- Actual intergovernmental revenues were more than budgeted by \$2,401,896 or 39.6% due to Financial Institution fees received from the State of Alabama.
- Actual interest was more than budgeted by \$753,847 or 816.7% due to interest rate increases nationwide.
- Actual miscellaneous revenues was more than budgeted by \$912,646 or 74.7% due to various settlements received during the year.

For the year ended September 30, 2023, actual total expenditures were less than budgeted expenditures by \$26,415,712 or 10.8%. The primary reason for the variance was the City's restriction on spending and having departmental vacancies remain unfilled. Detailed variances are in the following functions:

- General Government actual expenditures were less than budgeted expenditures by \$7,264,524 or 12.4% due to departmental vacancies remaining unfilled.
- Public Works actual expenditures were less than budgeted expenditures by \$2,961,754 or 6% due to departmental vacancies remaining unfilled and to updating fleet vehicles, which lowered repair costs.
- Public Safety actual expenditures were less than budgeted expenditures by \$8,044,796 or 8% due to departmental vacancies remaining unfilled and to updating fleet vehicles, which lowered repair costs.

- Cultural and Recreational actual expenditures were less than budgeted expenditures by \$8,905,486 or 25% due to departmental vacancies remaining unfilled and to updating fleet vehicles, which lowered repair costs.
- Debt Service actual expenditures were more than budgeted expenditures by \$760,847 or 2,536.2% due to the implementation of the new accounting standard for SBITAs.

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

- Due to the 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.
- A considerable amount of rolling stock was purchased in the Capital Projects Fund, allowing old fleet vehicles to be retired and lowering maintenance costs on the old vehicles.
- Personnel costs were less than budgeted amounts due to the inability to fill and maintain budgeted personnel positions and through attrition in 2023.

Economic Factors and Year 2024

The following factors were considered in preparing the City's Budget for Fiscal Year 2024:

- 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.
- The City's Downtown Riverfront Development continues to create economic growth through tourism.
- Continued sales tax revenue growth in 2023 over the previous year due to steady economic growth.
- Continued increases in industrial and residential development.

At September 30, 2023, fund balance in the General Fund was \$63,395,785. The City did not appropriate any fund balance from the 2023 fund balance for spending in the 2024 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 2024 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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Public Library
ASSETS				
Cash and cash equivalents	\$ 69,833,316	\$ 184,682	\$ 70,017,998	\$ 569,260
Restricted cash held by fiscal agent	52,302,036	-	52,302,036	-
Certificates of deposit	27,326,556	-	27,326,556	-
Investments	9,594,494	-	9,594,494	-
Internal balances	12,136,481	(12,136,481)	-	-
Receivables	43,417,111	129,863	43,546,974	41,139
Inventories	1,393,000	478,265	1,871,265	-
Prepaid items	1,635,302	21,382	1,656,684	-
Mortgage receivable	1,508,177	-	1,508,177	-
Property held for resale	1,089,423	-	1,089,423	-
Capital assets not being depreciated:				
Land	55,679,425	2,951,142	58,630,567	-
Construction in progress	21,376,544	-	21,376,544	-
Collections	-	-	-	12,694,514
Capital assets net of accumulated depreciation:				
Buildings and system	100,059,128	23,972,533	124,031,661	-
Improvements other than buildings	30,113,820	937,305	31,051,125	-
Machinery and equipment	52,474,118	4,790,814	57,264,932	-
Infrastructure	92,262,502	98,605	92,361,107	-
Right of use asset - leases	377,796	7,741	385,537	-
Right of use asset - SBITAs	13,135,534	-	13,135,534	-
TOTAL ASSETS	585,714,763	21,435,851	607,150,614	13,304,913
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	1,796,272	-	1,796,272	-
OPEB related items	83,494,151	-	83,494,151	-
Pension related items	77,299,320	1,346,870	78,646,190	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	162,589,743	1,346,870	163,936,613	-
LIABILITIES				
Accounts payable and accrued expenses	30,849,575	1,067,270	31,916,845	59,932
Retainage payable	181,828	-	181,828	-
Unearned revenue	16,858,156	15,238	16,873,394	-
Funds held in escrow	1,583,615	-	1,583,615	-
Noncurrent liabilities:				
Due within one year	32,220,989	66,855	32,287,844	-
Due in more than one year:				
Net pension liability	277,566,512	3,316,750	280,883,262	-
Total OPEB liability	391,788,863	-	391,788,863	-
Other	264,761,226	298,147	265,059,373	-
TOTAL LIABILITIES	1,015,810,764	4,764,260	1,020,575,024	59,932
DEFERRED INFLOWS OF RESOURCES				
OPEB related items	168,815,466	-	168,815,466	-
Pension related items	4,360,175	75,972	4,436,147	-
Leases	1,773,086	-	1,773,086	-
TOTAL DEFERRED INFLOWS OF RESOURCES	174,948,727	75,972	175,024,699	-
NET POSITION				
Net investment in capital assets	283,136,260	32,751,270	315,887,530	12,694,514
Restricted for:				
General government	5,243,594	-	5,243,594	-
Public works	1,133,404	-	1,133,404	-
Public safety	8,125,518	-	8,125,518	-
Cultural and recreational	163,182	-	163,182	29,485
Capital projects	49,919,071	-	49,919,071	-
Debt service	110,835	-	110,835	-
Municipal Court	751,959	-	751,959	-
Opioid abatement strategies	1,229,548	-	1,229,548	-
Nonspendable	-	-	-	100,000
Unrestricted	(792,268,356)	(14,808,781)	(807,077,137)	420,982
TOTAL NET POSITION	\$ (442,454,985)	\$ 17,942,489	\$ (424,512,496)	\$ 13,244,981

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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	Governmental Activities	Primary Government		
						Business-Type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 89,046,716	\$ 17,995,711	\$ 12,835,000	\$ 14,590,597	\$ (43,625,408)	\$ -	\$ (43,625,408)	
Public works	73,664,948	26,240,167	4,989,893	5,200,179	(37,234,709)	-	(37,234,709)	-
Public safety	110,643,564	186,783	10,088,706	2,933,367	(97,434,708)	-	(97,434,708)	-
Cultural and recreational	38,580,004	1,455,313	674,357	3,035,820	(33,414,514)	-	(33,414,514)	-
Interest on long-term debt	5,794,296	-	-	-	(5,794,296)	-	(5,794,296)	-
Total governmental activities	<u>317,729,528</u>	<u>45,877,974</u>	<u>28,587,956</u>	<u>25,759,963</u>	<u>(217,503,635)</u>	<u>-</u>	<u>(217,503,635)</u>	<u>-</u>
Business-type activities:								
Montgomery Area Transit System	7,486,706	695,261	-	-	-	(6,791,445)	(6,791,445)	-
Montgomery Zoo	5,839,083	3,386,619	-	-	-	(2,452,464)	(2,452,464)	-
Garrett Coliseum	1,343,102	499,645	-	-	-	(843,457)	(843,457)	-
Municipal Golf	2,351,729	1,539,340	-	-	-	(812,389)	(812,389)	-
Montgomery River Boat	1,112,523	616,459	-	-	-	(496,064)	(496,064)	-
Total business-type activities	<u>18,133,143</u>	<u>6,737,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,395,819)</u>	<u>(11,395,819)</u>	<u>-</u>
Total primary government	<u>\$ 335,862,671</u>	<u>\$ 52,615,298</u>	<u>\$ 28,587,956</u>	<u>\$ 25,759,963</u>	<u>(217,503,635)</u>	<u>(11,395,819)</u>	<u>(228,899,454)</u>	<u>-</u>
Component Unit								
Public Library	\$ 5,364,908	\$ 77,695	\$ 290,137	\$ 45,000				\$ (4,952,076)
General Revenues								
Sales taxes					148,642,590	-	148,642,590	-
Property taxes					39,647,259	-	39,647,259	-
Business license taxes					37,725,099	-	37,725,099	-
Motor fuel taxes					9,413,903	-	9,413,903	-
Lodging taxes					14,947,316	-	14,947,316	-
Rental taxes					5,470,775	-	5,470,775	-
Tobacco taxes					1,407,525	-	1,407,525	-
Alcoholic beverage taxes					359,654	-	359,654	-
Grants and contributions not restricted to specific programs					192,129	-	192,129	5,010,166
Investment earnings					3,271,726	6,543	3,278,269	107
Miscellaneous revenue					5,031,070	978	5,032,048	12,105
Transfers					<u>(9,559,110)</u>	<u>9,559,110</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>256,549,936</u>	<u>9,566,631</u>	<u>266,116,567</u>	<u>5,022,378</u>
Change in net position					<u>39,046,301</u>	<u>(1,829,188)</u>	<u>37,217,113</u>	<u>70,302</u>
Net position - beginning					<u>(481,501,286)</u>	<u>19,771,677</u>	<u>(461,729,609)</u>	<u>13,174,679</u>
Net position - ending					<u>\$ (442,454,985)</u>	<u>\$ 17,942,489</u>	<u>\$ (424,512,496)</u>	<u>\$ 13,244,981</u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	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
ASSETS								
Cash and cash equivalents	\$ 584,304	\$ 31,861,680	\$ -	\$ 6,482,031	\$ -	\$ 8,683,082	\$ 11,569,552	\$ 59,180,649
Restricted cash held by fiscal agent	-	51,879,108	422,928	-	-	-	-	52,302,036
Certificates of deposit	27,326,556	-	-	-	-	-	-	27,326,556
Investments	-	-	-	9,594,494	-	-	-	9,594,494
Receivables	28,138,570	688,223	-	-	7,972,318	718,931	4,759,862	42,277,904
Inventories	1,393,000	-	-	-	-	-	-	1,393,000
Prepaid items	577,741	267,858	-	670,442	-	-	76,024	1,592,065
Due from other funds	18,035,625	-	-	-	-	-	-	18,035,625
Mortgage receivable	-	12,106	-	-	-	-	1,496,071	1,508,177
Property held for resale	-	1,089,423	-	-	-	-	-	1,089,423
TOTAL ASSETS	\$ 76,055,796	\$ 85,798,398	\$ 422,928	\$ 16,746,967	\$ 7,972,318	\$ 9,402,013	\$ 17,901,509	\$ 214,299,929
LIABILITIES								
Accounts payable and accrued expenses	\$ 10,216,629	\$ 2,113,665	\$ -	\$ 189,731	\$ 182,443	\$ 152,720	\$ 3,855,239	\$ 16,710,427
Retainage payable	-	88,413	-	3,625	-	-	89,790	181,828
Due to other funds	-	-	313,550	-	7,714,139	-	1,547,908	9,575,597
Funds held in escrow	862,588	1,200	-	-	-	-	719,827	1,583,615
Unearned revenue	-	-	-	16,492,819	69,829	-	295,508	16,858,156
TOTAL LIABILITIES	11,079,217	2,203,278	313,550	16,686,175	7,966,411	152,720	6,508,272	44,909,623
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - long-term receivables	-	12,106	-	-	-	-	1,496,071	1,508,177
Leases	1,580,794	50,353	-	-	-	575	141,364	1,773,086
TOTAL DEFERRED INFLOWS OF RESOURCES	1,580,794	62,459	-	-	-	575	1,637,435	3,281,263
FUND BALANCES (DEFICITS)								
Nonspendable:								
Inventories	1,393,000	-	-	-	-	-	-	1,393,000
Prepaid items	577,741	267,858	-	670,442	-	-	76,024	1,592,065
Restricted:								
Capital projects	-	83,264,803	-	-	-	-	-	83,264,803
Debt service	-	-	109,378	-	-	-	-	109,378
Emergency Communications District	-	-	-	-	-	9,248,718	-	9,248,718
Intergovernmental	-	-	-	-	-	-	3,210,233	3,210,233
Municipal Court Corrections	-	-	-	-	-	-	751,960	751,960
Opioid abatement strategies	-	-	-	-	-	-	1,229,548	1,229,548
Other	-	-	-	-	5,907	-	-	5,907
Riverfront Stadium	-	-	-	-	-	-	4,560,889	4,560,889
Unassigned	61,425,044	-	-	(609,650)	-	-	(72,852)	60,742,542
TOTAL FUND BALANCES	63,395,785	83,532,661	109,378	60,792	5,907	9,248,718	9,755,802	166,109,043
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 76,055,796	\$ 85,798,398	\$ 422,928	\$ 16,746,967	\$ 7,972,318	\$ 9,402,013	\$ 17,901,509	\$ 214,299,929

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, 2023

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

Total fund balances - governmental funds	\$	166,109,043	
Capital and right of use assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			365,478,867
Long-term receivables are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.			1,508,177
Deferred outflows and inflows of resources are applicable to future periods, and, therefore, are not reported in the governmental funds:			
Deferred charge on refunding	\$	1,796,272	
Pension related deferred outflows		77,299,320	
Pension related deferred inflows		(4,360,175)	
OPEB related deferred outflows		83,494,151	
OPEB related deferred inflows		<u>(168,815,466)</u>	
			(10,585,898)
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.			3,676,453
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, 2023 were:			
General obligation bonds and leases		158,740,000	
Warrants and notes from direct borrowings and direct placements		62,503,429	
Unamortized net premiums		17,075,304	
Accrued interest		2,304,037	
Lease liability		379,810	
SBITA liability		13,227,233	
Compensated absences		20,701,553	
Retirement and disability benefits		5,143,871	
Net pension liability		277,566,512	
Total OPEB liability		405,914,871	
Landfill closure and postclosure costs		<u>5,085,007</u>	
Total long-term liabilities			<u>(968,641,627)</u>
Net position of governmental activities	\$		<u><u>(442,454,985)</u></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, 2023

	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	\$ 214,991,056	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,897,966	\$ 219,889,022
Licenses and permits	49,109,947	-	-	-	-	-	115,219	49,225,166
Intergovernmental revenues	8,471,896	1,443,179	-	12,341,168	5,533,976	6,599,208	19,515,059	53,904,486
Charges for services	24,015,203	62,091	-	-	-	-	354,303	24,431,597
Fines and forfeitures	1,315,688	-	-	-	-	-	350,864	1,666,552
Investment earnings	846,147	1,924,888	11,170	423,902	-	63,996	1,623	3,271,726
Miscellaneous revenues	2,135,146	831,814	-	-	149,956	-	1,947,263	5,064,179
Total revenues	300,885,083	4,261,972	11,170	12,765,070	5,683,932	6,663,204	27,182,297	357,452,728
EXPENDITURES								
Current:								
General government	51,379,696	12,463,515	-	6,896,147	4,519,880	-	4,446,809	79,706,047
Public works	46,385,349	4,365,262	-	77,935	-	-	11,229,970	62,058,516
Public safety	92,019,796	821,841	-	1,514,717	-	4,180,962	2,588,242	101,125,558
Cultural and recreational	26,750,935	11,853,964	-	136,926	-	-	3,182,653	41,924,478
Intergovernmental	-	134,028	-	-	-	-	-	134,028
Capital outlay	-	12,925,585	-	14,009,658	33,771	705,144	4,332,434	32,006,592
Debt service:								
Principal	754,205	-	20,787,500	503,459	-	-	234,989	22,280,153
Interest	36,642	-	7,659,889	48	-	-	1,061	7,697,640
Total expenditures	217,326,623	42,564,195	28,447,389	23,138,890	4,553,651	4,886,106	26,016,158	346,933,012
Excess of revenues over (under) expenditures	83,558,460	(38,302,223)	(28,436,219)	(10,373,820)	1,130,281	1,777,098	1,166,139	10,519,716
OTHER FINANCING SOURCES (USES)								
Proceeds from sale of capital assets	60,462	242,919	-	-	-	-	-	303,381
SBITAs	3,456,439	-	-	10,939,102	-	-	324,345	14,719,886
Transfers in	5,524,289	36,261,612	22,559,739	-	1,746,175	-	4,485,839	70,577,654
Transfers out	(70,798,618)	(562,456)	-	(141,379)	(2,930,678)	(541,775)	(9,131,357)	(84,106,263)
Total other financing sources (uses)	(61,757,428)	35,942,075	22,559,739	10,797,723	(1,184,503)	(541,775)	(4,321,173)	1,494,658
Net change in fund balances	21,801,032	(2,360,148)	(5,876,480)	423,903	(54,222)	1,235,323	(3,155,034)	12,014,374
FUND BALANCES - BEGINNING	41,594,753	85,892,809	5,985,858	(363,111)	60,129	8,013,395	12,910,836	154,094,669
FUND BALANCES - ENDING	\$ 63,395,785	\$ 83,532,661	\$ 109,378	\$ 60,792	\$ 5,907	\$ 9,248,718	\$ 9,755,802	\$ 166,109,043

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, 2023

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

Net change in fund balances - total governmental funds		\$	12,014,374
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position.			27,728,751
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.			8,915,322
Depreciation expense on governmental capital assets is included in the governmental activities in the statement of activities.			(21,997,487)
The net effect of transactions involving the sale, disposal and transfer of capital assets is to decrease net position in the statement of net position.			(1,178,637)
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	\$	12,955,000	
Warrants and notes from direct borrowings and direct placements		<u>7,832,500</u>	
Total repayments			20,787,500

(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, 2023

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	\$	(560,993)	
Retirement and disability benefits		(161,081)	
Pension		451,346	
Accrued interest		(157,050)	
OPEB		9,387,797	
Landfill closure and postclosure costs		154,209	
Leases		(7,348)	
SBITAs		91,699	
Additional expenses		<u>91,699</u>	\$ (9,198,579)

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			1,746,298
--------------	--	--	-----------

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.

228,759

Change in net position of governmental activities

\$ 39,046,301

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 206,615,334	\$ 206,615,334	\$ 214,991,056	\$ 8,375,722
Licenses and permits	44,755,395	44,755,395	49,109,947	4,354,552
Intergovernmental revenues	6,070,000	6,070,000	8,471,896	2,401,896
Charges for services	23,843,675	23,843,675	24,015,203	171,528
Fines and forfeitures	1,550,000	1,550,000	1,315,688	(234,312)
Interest	92,300	92,300	846,147	753,847
Miscellaneous revenues	1,222,500	1,222,500	2,135,146	912,646
Total revenues	<u>284,149,204</u>	<u>284,149,204</u>	<u>300,885,083</u>	<u>16,735,879</u>
EXPENDITURES				
Current:				
General government:				
City Clerk	461,982	461,982	386,218	75,764
Community development	1,955,252	1,952,332	1,502,877	449,455
Council	539,542	539,542	434,825	104,717
Economic Development	373,329	373,329	315,548	57,781
Finance Department	4,193,378	4,193,378	3,318,345	875,033
Fleet Management	5,084,072	5,084,072	4,062,203	1,021,869
Grants	259,650	259,650	88,018	171,632
Information Technology	3,750,261	3,750,261	3,750,261	-
Insurance	2,800,000	2,800,000	1,325,354	1,474,646
Investigations	503,156	503,156	413,353	89,803
Legal Department	1,217,717	1,217,717	982,196	235,521
Mayor and Cabinet	1,715,077	1,715,077	1,413,369	301,708
Miscellaneous activities	9,835,972	9,056,571	9,090,075	(33,504)
Municipal Court	3,566,053	3,566,053	3,219,662	346,391
Neighborhood Services	588,756	588,756	319,753	269,003
Parking Management	1,043,546	1,043,546	827,112	216,434
Payments to government agencies	4,301,548	4,301,548	4,145,748	155,800
Planning	1,356,935	953,339	669,094	284,245
Procurement	289,661	289,661	201,358	88,303
Public Information and External Affairs	728,063	728,063	654,572	73,491
Retirement	14,624,934	14,624,934	13,747,004	877,930
Risk Management	641,253	641,253	512,751	128,502
Total general government	<u>59,830,137</u>	<u>58,644,220</u>	<u>51,379,696</u>	<u>7,264,524</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Works:				
Building Maintenance	\$ 6,995,853	\$ 6,995,853	\$ 6,287,218	\$ 708,635
Engineering Department	2,583,430	2,165,730	1,761,694	404,036
Inspections Division	3,191,473	3,191,473	3,144,848	46,625
Landfill Division	2,132,120	2,132,120	2,082,169	49,951
Maintenance	10,031,566	10,031,566	9,394,093	637,473
Sanitation Department	20,890,832	20,890,832	20,093,821	797,011
Traffic Engineering Department	3,939,529	3,939,529	3,621,506	318,023
Total public works	<u>49,764,803</u>	<u>49,347,103</u>	<u>46,385,349</u>	<u>2,961,754</u>
Public Safety:				
Emergency Management	1,358,338	1,358,338	1,134,034	224,304
Fire Department	45,147,151	45,147,151	42,949,032	2,198,119
Office of Violence Prevention	89,353	89,353	89,103	250
Police Department	53,469,749	53,469,749	47,847,627	5,622,122
Total public safety	<u>100,064,591</u>	<u>100,064,591</u>	<u>92,019,796</u>	<u>8,044,795</u>
Cultural and Recreational:				
City Events	2,285,224	2,285,224	1,652,101	633,123
Cultural Affairs	640,407	632,407	364,103	268,304
Library	4,091,942	4,091,942	3,365,648	726,294
Museum	4,338,967	4,338,967	3,685,587	653,380
Parks and Recreation	24,807,881	24,307,881	17,683,496	6,624,385
Total cultural and recreational	<u>36,164,421</u>	<u>35,656,421</u>	<u>26,750,935</u>	<u>8,905,486</u>
Debt Service:				
Principal	-	-	754,205	(754,205)
Interest	30,000	30,000	36,642	(6,642)
Total debt service	<u>30,000</u>	<u>30,000</u>	<u>790,847</u>	<u>(760,847)</u>
Total expenditures	<u>245,853,952</u>	<u>243,742,335</u>	<u>217,326,623</u>	<u>26,415,712</u>
Excess of revenues over expenditures	<u>38,295,252</u>	<u>40,406,869</u>	<u>83,558,460</u>	<u>(9,679,833)</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	\$ 30,000	\$ 30,000	\$ 60,462	\$ 30,462
SBITAs	-	-	3,456,439	3,456,439
Transfers in	5,524,289	5,524,289	5,524,289	-
Transfers out	(43,849,541)	(45,961,158)	(70,798,618)	(24,837,460)
Total other financing sources (uses)	<u>(38,295,252)</u>	<u>(40,406,869)</u>	<u>(61,757,428)</u>	<u>(21,350,559)</u>
Net changes in fund balance	-	-	21,801,032	21,801,032
FUND BALANCES - BEGINNING	<u>41,594,753</u>	<u>41,594,753</u>	<u>41,594,753</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 41,594,753</u>	<u>\$ 41,594,753</u>	<u>\$ 63,395,785</u>	<u>\$ 21,801,032</u>

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Montgomery Area	Montgomery	Other	Total	
	Transit System	Zoo	Enterprise Funds	Enterprise Funds	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ -	\$ 10,642	\$ 174,040	\$ 184,682	\$ 10,652,667
Receivables	181	123,143	6,539	129,863	1,139,207
Inventories	245,942	95,522	136,801	478,265	-
Prepaid items	9,100	-	12,282	21,382	43,236
Total current assets	<u>255,223</u>	<u>229,307</u>	<u>329,662</u>	<u>814,192</u>	<u>11,835,110</u>
NONCURRENT ASSETS					
Capital assets:					
Land	344,436	38,165	2,568,541	2,951,142	-
Buildings and system	20,198,149	6,094,005	8,663,231	34,955,385	-
Improvements other than buildings	48,341	6,020,640	1,565,024	7,634,005	-
Machinery and equipment	11,530,421	1,901,551	1,703,351	15,135,323	-
Infrastructure	-	-	116,005	116,005	-
Right of use asset	-	12,210	142,828	155,038	-
Less accumulated depreciation	(14,916,188)	(9,601,875)	(3,670,695)	(28,188,758)	-
Total capital assets, net of accumulated depreciation	<u>17,205,159</u>	<u>4,464,696</u>	<u>11,088,285</u>	<u>32,758,140</u>	<u>-</u>
TOTAL ASSETS	<u>17,460,382</u>	<u>4,694,003</u>	<u>11,417,947</u>	<u>33,572,332</u>	<u>11,835,110</u>
DEFERRED OUTFLOWS					
Pension related items	-	1,227,061	119,809	1,346,870	-
TOTAL DEFERRED OUTFLOWS	<u>-</u>	<u>1,227,061</u>	<u>119,809</u>	<u>1,346,870</u>	<u>-</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	308,102	290,285	468,883	1,067,270	1,058,625
Claims payable	-	-	-	-	10,774,762
Unearned revenue	-	-	15,238	15,238	-
Funds in escrow	-	-	-	-	1,723
Due to other funds	7,780,998	112,842	566,188	8,460,028	-
Compensated absences	-	66,855	-	66,855	-
Total current liabilities	<u>8,089,100</u>	<u>469,982</u>	<u>1,050,309</u>	<u>9,609,391</u>	<u>11,835,110</u>
NONCURRENT LIABILITIES					
Compensated absences	-	250,725	40,552	291,277	-
Net pension liability	-	3,242,639	74,111	3,316,750	-
Lease liability	-	944	5,926	6,870	-
Total noncurrent liabilities	<u>-</u>	<u>3,494,308</u>	<u>120,589</u>	<u>3,614,897</u>	<u>-</u>
TOTAL LIABILITIES	<u>8,089,100</u>	<u>3,964,290</u>	<u>1,170,898</u>	<u>13,224,288</u>	<u>11,835,110</u>
DEFERRED INFLOWS					
Pension related items	-	69,214	6,758	75,972	-
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>69,214</u>	<u>6,758</u>	<u>75,972</u>	<u>-</u>
NET POSITION					
Investment in capital assets	17,205,159	4,463,752	11,082,359	32,751,270	-
Unrestricted	(7,833,877)	(2,576,192)	(722,259)	(11,132,328)	-
TOTAL NET POSITION	<u>\$ 9,371,282</u>	<u>\$ 1,887,560</u>	<u>\$ 10,360,100</u>	<u>21,618,942</u>	<u>\$ -</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				<u>(3,676,453)</u>	
Net position of business-type activities				<u>\$ 17,942,489</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, 2023

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Fund
	Montgomery Area Transit System	Montgomery Zoo	Other Enterprise Funds		
OPERATING REVENUES					
Charges for goods and services	\$ 695,261	\$ 3,386,619	\$ 2,655,444	\$ 6,737,324	\$ 42,664,236
Total operating revenues	<u>695,261</u>	<u>3,386,619</u>	<u>2,655,444</u>	<u>6,737,324</u>	<u>42,664,236</u>
OPERATING EXPENSES					
Cost of sales and services	-	399,211	319,940	719,151	-
Administration	6,660,334	4,950,632	3,973,583	15,584,549	46,633,735
Depreciation	826,372	307,726	466,337	1,600,435	-
Total operating expenses	<u>7,486,706</u>	<u>5,657,569</u>	<u>4,759,860</u>	<u>17,904,135</u>	<u>46,633,735</u>
OPERATING LOSS	(6,791,445)	(2,270,950)	(2,104,416)	(11,166,811)	(3,969,499)
NONOPERATING REVENUES (EXPENSES)					
Miscellaneous revenues	-	978	-	978	-
Interest income	-	1,748	4,795	6,543	-
Interest expense	-	(21)	(228)	(249)	-
Loss before contributions and transfers	<u>(6,791,445)</u>	<u>(2,268,245)</u>	<u>(2,099,849)</u>	<u>(11,159,539)</u>	<u>(3,969,499)</u>
Capital contributions	-	-	-	-	-
Transfers in	5,965,074	1,960,521	1,633,515	9,559,110	3,969,499
Transfers out	-	-	-	-	-
Change in net position	<u>(826,371)</u>	<u>(307,724)</u>	<u>(466,334)</u>	<u>(1,600,429)</u>	<u>-</u>
NET POSITION - BEGINNING	<u>10,197,653</u>	<u>2,195,284</u>	<u>10,826,434</u>	<u>23,219,371</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 9,371,282</u>	<u>\$ 1,887,560</u>	<u>\$ 10,360,100</u>		<u>\$ -</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				(228,759)	
Change in net position of business-type activities				<u>\$ (1,829,188)</u>	

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Fund
	Montgomery Area Transit System	Montgomery Zoo	Other Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 695,261	\$ 3,386,453	\$ 2,662,150	\$ 6,743,864	\$ -
Receipts from interfund services provided	-	-	-	-	43,321,260
Payments to suppliers	(6,614,765)	(2,658,798)	(2,752,333)	(12,025,896)	(45,319,407)
Payments to employees	-	(2,285,434)	(1,503,088)	(3,788,522)	-
Payments for interfund services used	-	(385,730)	(30,600)	(416,330)	-
Net cash provided by (used in) operating activities	<u>(5,919,504)</u>	<u>(1,943,509)</u>	<u>(1,623,871)</u>	<u>(9,486,884)</u>	<u>(1,998,147)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	5,965,074	1,960,521	1,633,515	9,559,110	3,969,499
Net cash payments (to) from other funds	<u>2,938,537</u>	<u>112,842</u>	<u>517,217</u>	<u>3,568,596</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>8,903,611</u>	<u>2,073,363</u>	<u>2,150,732</u>	<u>13,127,706</u>	<u>3,969,499</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(2,984,107)	(221,030)	(360,515)	(3,565,652)	-
Principal payments on lease	-	(5,648)	(68,605)	(74,253)	-
Interest payments on lease	-	(21)	(228)	(249)	-
Net cash used in capital and related financing activities	<u>(2,984,107)</u>	<u>(226,699)</u>	<u>(429,348)</u>	<u>(3,640,154)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	-	1,748	4,795	6,543	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(95,097)	102,308	7,211	1,971,352
CASH AND CASH EQUIVALENTS - BEGINNING	<u>-</u>	<u>105,740</u>	<u>71,732</u>	<u>177,472</u>	<u>8,681,315</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ -</u>	<u>\$ 10,643</u>	<u>\$ 174,040</u>	<u>\$ 184,683</u>	<u>\$ 10,652,667</u>

(Continued)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Fund
	Montgomery Area Transit System	Montgomery Zoo	Other Enterprise Funds		
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating loss	\$ (6,791,445)	\$ (2,270,950)	\$ (2,104,416)	\$ (11,166,811)	\$ (3,969,499)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation expense	826,372	307,726	466,337	1,600,435	-
Donations	-	977	-	977	-
(Increase) decrease in assets and deferred outflows:					
Receivables	-	(1,143)	3,597	2,454	657,024
Inventories	(3,471)	(18,415)	(41,014)	(62,900)	-
Prepaid items	(1,317)	-	(72)	(1,389)	56,694
Deferred outflows	-	(448,143)	(39,800)	(487,943)	-
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable and accrued expenses	50,357	68,427	48,372	167,156	(252,587)
Deferred revenue	-	-	3,109	3,109	-
Claims payable	-	-	-	-	1,510,221
Compensated absences	-	(24,454)	1,550	(22,904)	-
Net pension liability	-	1,305,733	127,491	1,433,224	-
Deferred inflows	-	(863,267)	(89,025)	(952,292)	-
Total adjustments	<u>871,941</u>	<u>327,441</u>	<u>480,545</u>	<u>1,679,927</u>	<u>1,971,352</u>
Net cash provided by (used in) operating activities	<u>\$ (5,919,504)</u>	<u>\$ (1,943,509)</u>	<u>\$ (1,623,871)</u>	<u>\$ (9,486,884)</u>	<u>\$ (1,998,147)</u>

See accompanying notes to financial statements.

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.

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 leases and SBITAs 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.

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.

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.

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, 2023

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, 2022.

The City’s leases receivable is measured at the present value of lease payments expected to be received during the lease terms. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis of the term of the lease.

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	\$ 597,659	\$ 245,942	\$ 843,601
Fuels and lubricants	312,267	-	312,267
Materials and supplies	302,241	-	302,241
Tobacco tax stamps	24,990	-	24,990
Merchandise and concessions	32,535	232,323	264,858
Other	123,308	-	123,308
Totals	<u>\$ 1,393,000</u>	<u>\$ 478,265</u>	<u>\$ 1,871,265</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.

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

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. Also, the City reports deferred inflows of resources related to lessor leases based on the payment provisions of the lease contracts. In addition, the City reports deferred inflow items related to the City's pension plan which are described further in Note 13 and the City's OPEB plan which are described in Note 14.

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, 2023 totaled \$5,143,871.

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, 2023 totaled \$405,914,871. 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.

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 Annual Comprehensive 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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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.

Effect of New Pronouncements

During the year, the City implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Under this statement, a government generally should recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. The subscription liability should be initially measured at the present value of the subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources in subsequent financial reporting periods. The implementation of this standard had no impact on beginning net position as the transition adjustments for the SBITAs in existence as of October 1, 2022 resulted in a right of use asset and SBITA liability of \$14,719,886.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 2023 and 2022, 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, 2023, the City included the encumbrances as part of governmental fund balances (budgetary basis) as follows:

Capital Project Fund	\$ 19,963,969
American Rescue Plan Fund	4,527,062
Federal Transit Administration Grant Fund	1,944,976
Emergency Communication District	70,774
Nonmajor governmental funds	4,128,695
Total	<u>\$ 30,635,476</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Deficit Fund Equity

There were no funds with deficit fund balance or net position for the year ended September 30, 2023.

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. All cash balances were covered under the SAFE Program as of September 30, 2023.

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, 2023, 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	\$ 7,881,999	\$ 1,853,280	\$ 6,028,719	\$ -	\$ -
Mortgage-backed securities	1,712,495	651,706	1,060,789	-	-
Total	<u>\$ 9,594,494</u>	<u>\$ 2,504,986</u>	<u>\$ 7,089,508</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023 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, 2023, 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 - Directly or indirectly observable inputs, other than those in Level 1, are Level 2 inputs. These include quoted prices for similar - but not identical - items in active markets and quoted prices for similar or identical items from markets that are not considered active. It would also include observable inputs other than quoted prices, such as credit spreads, interest rates and yield curves, and volatilities, as well as inputs that are derived from or supported by correlated, observable market data known as market-corroborated inputs.
- 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	\$ 7,881,999	\$ -	\$ 7,881,999	\$ -
Mortgage-backed securities	1,712,495	-	1,712,495	-
Total	<u>\$ 9,594,494</u>	<u>\$ -</u>	<u>\$ 9,594,494</u>	<u>\$ -</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

4. RECEIVABLES

Receivables as of September 30, 2023, 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 Fund	Capital Project Fund	Federal Transit Administration Grant Fund	Emergency Communications District	Nonmajor Governmental Funds
Taxes	\$ 16,384,412	\$ -	\$ -	\$ -	\$ 516,232
Accounts	2,320,216	406,336	-	-	450,948
Intergovernmental	7,768,977	231,182	7,972,318	718,361	3,650,737
Leases	1,664,965	50,705	-	570	141,945
Total receivables	\$ 28,138,570	\$ 688,223	\$ 7,972,318	\$ 718,931	\$ 4,759,862

	Montgomery Area Transit System	Montgomery Zoo	Nonmajor Enterprise Funds	Internal Service Fund	Total
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 16,900,644
Accounts	181	123,143	6,539	1,139,207	4,446,570
Intergovernmental	-	-	-	-	20,341,575
Leases	-	-	-	-	1,858,185
Total receivables	\$ 181	\$ 123,143	\$ 6,539	\$ 1,139,207	\$ 43,546,974

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, 2023 is shown below.

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General	Debt Service Fund	\$ 313,550
	Federal Transit Administration Grant Fund	7,714,139
	Nonmajor Governmental	1,547,908
	Montgomery Area Transit System	7,780,998
	Montgomery Zoo	112,842
	Nonmajor Enterprise	566,188
Total		\$ 18,035,625

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

5. INTERFUND BALANCES (Continued)

Interfund Transfers

Transfer Out	Transfer In				
	General Fund	Capital Project Fund	Debt Service Fund	Federal Transit Administration Grant Fund	Nonmajor Governmental
General	\$ -	\$ 32,112,769	\$ 22,559,739	\$ 1,746,175	\$ 4,347,999
Capital Project Fund	-	-	-	-	137,840
American Rescue Plan Fund	-	-	-	-	-
Federal Transit Administration Grant Fund	-	-	-	-	-
Emergency Communications District	-	541,775	-	-	-
Nonmajor Governmental	5,524,289	3,607,068	-	-	-
Totals	\$ 5,524,289	\$ 36,261,612	\$ 22,559,739	\$ 1,746,175	\$ 4,485,839

Transfer Out	Transfer In				Total
	Montgomery Area Transit System	Montgomery Zoo	Nonmajor Enterprise Fund	Internal Service Fund	
General	\$ 3,034,396	\$ 1,748,141	\$ 1,279,900	\$ 3,969,499	\$ 70,798,618
Capital Project Fund	-	71,001	353,615	-	562,456
American Rescue Plan Fund	-	141,379	-	-	141,379
Federal Transit Administration Grant Fund	2,930,678	-	-	-	2,930,678
Emergency Communications District	-	-	-	-	541,775
Nonmajor Governmental	-	-	-	-	9,131,357
Totals	\$ 5,965,074	\$ 1,960,521	\$ 1,633,515	\$ 3,969,499	\$ 84,106,263

Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, and to move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. Transfers are made to the Capital Projects Fund to subsidize ongoing projects. Transfers are made to the Internal Service Fund to balance the deficit.

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 \$12,106 have been reported in the Capital Project Fund and \$1,496,071 have been reported in the Housing and Urban Development Grant Fund as of September 30, 2023.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

7. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 56,356,492	\$ -	\$ (677,067)	\$ -	\$ 55,679,425
Construction in progress	13,710,878	16,925,506	-	(9,259,840)	21,376,544
Total capital assets, not being depreciated	<u>70,067,370</u>	<u>16,925,506</u>	<u>(677,067)</u>	<u>(9,259,840)</u>	<u>77,055,969</u>
Capital assets, being depreciated:					
Buildings and system	196,707,017	-	-	761,388	197,468,405
Improvements other than buildings	84,160,593	-	(24,930)	1,381,931	85,517,594
Machinery and equipment	157,158,758	11,021,139	(2,061,351)	1,465,853	167,584,399
Infrastructure	585,311,267	8,915,322	-	5,176,222	599,402,811
Total capital assets, being depreciated	<u>1,023,337,635</u>	<u>19,936,461</u>	<u>(2,086,281)</u>	<u>8,785,394</u>	<u>1,049,973,209</u>
Less accumulated depreciation for:					
Buildings and system	93,038,634	4,370,643	-	-	97,409,277
Improvements other than buildings	52,122,447	3,305,085	(23,758)	-	55,403,774
Machinery and equipment	107,730,652	9,440,053	(2,060,424)	-	115,110,281
Infrastructure	502,258,603	4,881,706	-	-	507,140,309
Total accumulated depreciation	<u>755,150,336</u>	<u>21,997,487</u>	<u>(2,084,182)</u>	<u>-</u>	<u>775,063,641</u>
Total capital assets, being depreciated, net	<u>268,187,299</u>	<u>(2,061,026)</u>	<u>(2,099)</u>	<u>8,785,394</u>	<u>274,909,568</u>
Right of use lease assets					
Leased vehicles	12,129	-	-	-	12,129
Leased land improvements	50,635	-	-	-	50,635
Leased buildings	809,044	-	-	-	809,044
Leased equipment	14,148	-	-	-	14,148
Total right of use lease assets	<u>885,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>885,956</u>
Less accumulated amortization for:					
Leased vehicles	6,022	6,022	-	-	12,044
Leased land improvements	37,977	12,659	-	-	50,636
Leased buildings	215,666	215,666	-	-	431,332
Leased equipment	10,102	4,046	-	-	14,148
Total accumulated amortization	<u>269,767</u>	<u>238,393</u>	<u>-</u>	<u>-</u>	<u>508,160</u>
Total right of use lease assets, net	<u>616,189</u>	<u>(238,393)</u>	<u>-</u>	<u>-</u>	<u>377,796</u>
Right of use assets - SBITAs					
Software and subscriptions	-	14,719,886	-	-	14,719,886
Less accumulated amortization for:					
Software and subscriptions	-	1,584,352	-	-	1,584,352
Total right of use lease assets, net	<u>-</u>	<u>13,135,534</u>	<u>-</u>	<u>-</u>	<u>13,135,534</u>
Governmental activities capital assets and right of use assets, net	<u>\$ 338,870,858</u>	<u>\$ 27,761,621</u>	<u>\$ (679,166)</u>	<u>\$ (474,446)</u>	<u>\$ 365,478,867</u>

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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	34,827,283	-	-	128,100	34,955,383
Improvements other than buildings	7,614,255	-	-	19,750	7,634,005
Machinery and equipment	11,725,192	3,364,375	(7,669)	53,429	15,135,327
Infrastructure	116,005	-	-	-	116,005
Total capital assets, being depreciated	<u>54,282,735</u>	<u>3,364,375</u>	<u>(7,669)</u>	<u>201,279</u>	<u>57,840,720</u>
Less accumulated depreciation for:					
Buildings and system	10,133,853	848,997	-	-	10,982,850
Improvements other than buildings	6,586,161	110,539	-	-	6,696,700
Machinery and equipment	9,788,797	563,385	(7,669)	-	10,344,513
Infrastructure	13,534	3,866	-	-	17,400
Total accumulated depreciation	<u>26,522,345</u>	<u>1,526,787</u>	<u>(7,669)</u>	<u>-</u>	<u>28,041,463</u>
Total capital assets, being depreciated, net	<u>27,760,390</u>	<u>1,837,588</u>	<u>-</u>	<u>201,279</u>	<u>29,799,257</u>
Right of use lease assets					
Leased vehicles	155,038	-	-	-	155,038
Less accumulated amortization for:					
Leased vehicles	73,649	73,648	-	-	147,297
Total right of use lease assets, net	<u>81,389</u>	<u>(73,648)</u>	<u>-</u>	<u>-</u>	<u>7,741</u>
Business-type activities capital assets and right of use lease assets, net	<u>\$ 30,792,921</u>	<u>\$ 1,763,940</u>	<u>\$ -</u>	<u>\$ 201,279</u>	<u>\$ 32,758,140</u>

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

Governmental Activities:	
General Government	\$ 5,760,201
Public Works	8,971,970
Public Safety	4,779,163
Cultural and Recreational	2,486,153
Total depreciation expense - governmental activities	<u>\$ 21,997,487</u>
Business-Type Activities:	
Montgomery Area Transit System	\$ 826,372
Montgomery Zoo	307,726
Garrett Coliseum	297,155
Municipal Golf	104,338
Montgomery River Boat	64,844
Total depreciation expense - business-type activities	<u>\$ 1,600,435</u>

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of September 30, 2023, for the governmental activities and business-type activities are as follows:

	Governmental Activities	Business-Type Activities	Total
Vendors	\$ 13,409,931	\$ 739,047	\$ 14,148,978
Salaries and benefits	6,664,882	328,223	6,993,105
Claims payable	10,774,762	-	10,774,762
Total	<u>\$ 30,849,575</u>	<u>\$ 1,067,270</u>	<u>\$ 31,916,845</u>

9. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 171,695,000	\$ -	\$ (12,955,000)	\$ 158,740,000	\$ 6,915,000
Add issuance premiums	19,116,801	-	(2,041,497)	17,075,304	-
Total general obligation bonds payable	190,811,801	-	(14,996,497)	175,815,304	6,915,000
Direct placements	70,335,929	-	(7,832,500)	62,503,429	7,977,133
Compensated absences	21,262,547	2,228,541	(2,789,535)	20,701,553	2,789,535
Retirement and disability benefits	5,304,952	-	(161,081)	5,143,871	413,313
Net pension liability	195,311,215	82,255,297	-	277,566,512	-
Total OPEB liability	546,140,313	44,465,128	(184,690,570)	405,914,871	14,126,008
Landfill closure and postclosure	4,930,799	154,208	-	5,085,007	-
Lease liability	620,604	-	(240,794)	379,810	-
SBITA liability	-	14,719,886	(1,492,653)	13,227,233	-
Governmental activities long-term liabilities	<u>1,034,718,160</u>	<u>143,823,060</u>	<u>(212,203,630)</u>	<u>966,337,590</u>	<u>32,220,989</u>
Business-Type Activities:					
Compensated absences	381,036	43,951	(66,855)	358,132	66,855
Net pension liability	1,883,526	1,433,224	-	3,316,750	-
Lease liability	81,123	-	(74,253)	6,870	-
Business-type activities long-term liabilities	<u>2,345,685</u>	<u>1,477,175</u>	<u>(141,108)</u>	<u>3,681,752</u>	<u>66,855</u>
Total long-term debt	<u>\$ 1,037,063,845</u>	<u>\$ 145,300,235</u>	<u>\$ (212,344,738)</u>	<u>\$ 970,019,342</u>	<u>\$ 32,287,844</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

9. LONG-TERM DEBT (Continued)

Long-term debt payable at September 30, 2023 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 \$190,600,000 with current outstanding balances as follows:

\$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.	\$ 7,200,000
\$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.	22,345,000
\$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.	16,895,000
\$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.	67,985,000
\$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.	<u>3,580,000</u>
Total general obligation bonds	<u><u>\$ 158,740,000</u></u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

9. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

The following schedule illustrates debt service to maturity for General Obligation Bonds at September 30, 2023.

Year ending September 30:	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
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	8,805,000	4,938,476	13,743,476
2028	8,235,000	4,585,951	12,820,951
2029 - 2033	43,235,000	18,077,791	61,312,791
2034 - 2038	50,460,000	9,599,313	60,059,313
2039 - 2041	26,470,000	1,230,158	27,700,158
Totals	<u>\$ 158,740,000</u>	<u>\$ 55,071,442</u>	<u>\$ 213,811,442</u>

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.	\$ 31,818,429
\$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.	7,095,000
\$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>23,590,000</u>
Total direct placements	<u>\$ 62,503,429</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

9. LONG-TERM DEBT (Continued)

The following schedule illustrates debt service to maturity for warrants from direct placements at September 30, 2023.

Year ending	Governmental Activities		
	Direct Placements		
	Principal	Interest	Total
September 30:			
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	5,020,355	877,583	5,897,938
2028	5,135,557	747,698	5,883,255
2029 - 2033	21,997,404	1,693,570	23,690,974
2034 - 2035	5,990,000	241,330	6,231,330
Totals	<u>\$ 62,503,429</u>	<u>\$ 7,217,474</u>	<u>\$ 69,720,903</u>

Covenants - There are a number of limitations and restrictions contained in various bond indentures. The amount of long-term debt the City can incur is limited by State statute. The amount of debt applicable to this limit during a year can be no greater than 20% of the assessed value of taxable property as of the beginning of the fiscal year. As of September 30, 2023, the amount of outstanding debt applicable to this limit was equal to 7.00 % of property assessments as of October 1, 2022.

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

Prior Years' Debt Defeasance - In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the City's government-wide financial statements. As of September 30, 2023, the balance of defeased debt outstanding was \$22,420,000.

Other Long-Term Debt

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

CITY OF MONTGOMERY, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

10. CLOSURE AND POSTCLOSURE COSTS

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 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 \$5,085,007 as of September 30, 2023, which is based on 32% usage. It is estimated that an additional approximately \$10,600,000 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.

The estimated total current cost of the landfill closure and postclosure care of approximately \$15,700,000 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, 2023. 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 \$15,700,000 of the estimated landfill closure and postclosure care cost is covered by an approved letter of credit in the amount of \$20,000,000.

11. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

City as Lessee

The City, as a lessee, has entered into lease agreements involving vehicles, land improvements, buildings, and equipment. The total of the City's lease assets are recorded at a cost of \$1,040,994, less accumulated amortization of \$655,457.

The future lease payments under lease agreements are as follows:

<u>Year Ending September 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
<i>Governmental Activities</i>			
2024	\$ 176,814	\$ 3,167	\$ 179,981
2025	143,642	1,709	145,351
2026	59,354	647	60,001
Total governmental activities	<u>379,810</u>	<u>5,523</u>	<u>385,333</u>
<i>Business-Type Activities</i>			
2024	6,870	3	6,873
Total business-type activities	<u>6,870</u>	<u>3</u>	<u>6,873</u>
Total	<u>\$ 386,680</u>	<u>\$ 5,526</u>	<u>\$ 392,206</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

11. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (Continued)

City as Lessor

The City, as lessor, has entered into lease agreements involving buildings, land improvements, and land. The lease receivable which totaled \$1,858,185 as of September 30, 2023 is measured as the present value of the future minimum rent payments expected to be received during the lease terms. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$(59,480), resulting in a balance of deferred inflows at September 30, 2023 of \$1,773,086.

The total expected payments to maturity are presented below:

<u>September 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
<i>Governmental Activities</i>			
2024	\$ 67,970	\$ 1,858,185	\$ 1,926,155
2025	45,923	1,790,215	1,836,138
2026	3,307	1,744,291	1,747,598
2027	(26,466)	1,740,985	1,714,519
2028	(26,466)	1,767,450	1,740,984
2029 - 2033	(131,638)	9,359,102	9,227,464
2034 - 2036	(132,811)	10,021,186	9,888,375
2037 - 2041	(131,498)	10,681,634	10,550,136
2042 - 2046	(127,090)	11,326,432	11,199,342
2047 - 2051	(118,730)	11,937,582	11,818,852
2052 - 2056	(105,375)	12,492,254	12,386,879
2057 - 2061	(85,765)	12,961,768	12,876,003
2062 - 2066	(58,383)	13,310,382	13,251,999
2067 - 2071	(21,403)	13,493,861	13,472,458
2072 - 2076	27,364	13,457,776	13,485,140
2077 - 2081	90,536	13,135,483	13,226,019
2082 - 2086	171,242	12,445,746	12,616,988
2087 - 2091	273,211	11,289,916	11,563,127
2092 - 2096	400,883	9,548,607	9,949,490
2097 - 2101	559,533	7,077,775	7,637,308
2102 - 2106	754,875	3,705,688	4,460,563
2107 - 2111	428,966	290,249	719,215
Total	<u>\$ 1,858,185</u>	<u>\$ 185,436,567</u>	<u>\$ 187,294,752</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

11. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (Continued)

SBITAs

The City is committed under various service-based IT arrangements (SBITAs). At September 30, 2023, the City had nine qualifying SBITAs under GASB 96 in which it is acting as Lessee. Under GASB 96, an incremental borrowing rate (IBR) is calculated for each individual SBITA using a combination of an applicable market rate and a credit spread based on market data points as of the most recent quarter end as compared to each agreement commencement date. The market rates are based on the City’s most recent credit rating of AA. The present value of the SBITAs are aggregated on a fund basis. Governmental funds report lessee SBITAs as capital outlay expenditures in the fund level Statement of Revenue, Expenses and Changes in Fund Balances, while total economic resources are reported in the government-wide statements. There are no business-type activity SBITAs at this time.

GASB 96 was implemented on October 1, 2022.

The right-to-use (RTU) intangible capital assets associated with the lessee SBITAs:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Right of use assets - SBITAs					
Software and subscriptions	\$ -	\$ 14,719,886	\$ -	\$ -	\$ 14,719,886
Less accumulated amortization for:					
Software and subscriptions	-	1,584,352	-	-	1,584,352
Total right of use lease assets, net	<u>\$ -</u>	<u>\$ 13,135,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,135,534</u>

The City’s schedule of future minimum payments for these SBITA liabilities is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30:			
2024	\$ 1,842,793	\$ 369,425	\$ 2,212,218
2025	1,846,997	320,221	2,167,218
2026	1,514,401	269,354	1,783,755
2027	1,520,237	226,575	1,746,812
2028	1,601,376	183,789	1,785,165
2029 - 2032	4,901,429	351,616	5,253,045
Totals	<u>\$ 13,227,233</u>	<u>\$ 1,720,980</u>	<u>\$ 14,948,213</u>

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and self-insured employee health. The City purchases commercial insurance for claims in excess of coverage provided by the Risk Management Fund (an internal service fund) and for all other risks of loss.

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

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 per claim for workers' compensation through 2021. During 2022, the City jointed a group self-insured pool. The City pays premiums to participate in the plan. The City's plan has a per claim deductible of \$750,000. The City's risk is only transferred to the pool if the claim is over \$750,000. It is anticipated that all claims outstanding as of September 30, 2023 will be paid during the next fiscal year.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

12. RISK MANAGEMENT (Continued)

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

Employees' Medical Insurance	2023	2022
Unpaid claims, beginning of fiscal year	\$ 1,733,000	\$ 2,107,800
Incurred claims (including IBNRs)	37,036,477	41,559,010
Claim payments	<u>(37,454,677)</u>	<u>(41,933,810)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,314,800</u>	<u>\$ 1,733,000</u>
 Liability Insurance	 2023	 2022
Unpaid claims, beginning of fiscal year	\$ 5,863,217	\$ 4,119,500
Incurred claims (including IBNRs)	4,726,600	5,142,015
Claim payments	<u>(3,332,021)</u>	<u>(3,398,298)</u>
Unpaid claims, end of fiscal year	<u>\$ 7,257,796</u>	<u>\$ 5,863,217</u>
 Workers Compensation	 2023	 2022
Unpaid claims, beginning of fiscal year	\$ 1,668,324	\$ -
Incurred claims (including IBNRs)	4,871,257	3,432,166
Claim payments	<u>(4,337,415)</u>	<u>(1,763,842)</u>
Unpaid claims, end of fiscal year	<u>\$ 2,202,166</u>	<u>\$ 1,668,324</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.

13. 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) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. One full time employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - d. One full time employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - e. One full time employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - f. One full time employee of a participating employer other than a municipality, city, or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

13. PENSION PLAN (Continued)

Benefits Provided

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

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a 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 608 employers adopted Act 2019-132 as of September 30, 2022.

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

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

13. PENSION PLAN (Continued)

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 30, 2022, membership consisted of:

	<u>ERS</u>	<u>City</u>
Retirements and beneficiaries currently receiving benefits	30,598	2,153
Terminated employees entitled to but not yet receiving benefits	2,286	98
Terminated employees not entitled to a benefit	18,689	1,400
Active members	57,278	2,120
Post-DROP participants who are still in active service	39	-
Totals	<u>108,890</u>	<u>5,771</u>

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, 2023, the City’s active employee contribution rate was 8.02% of covered employee payroll, and the City’s average contribution rate to fund the normal and accrued liability costs was 21.31% of pensionable payroll.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

13. PENSION PLAN (Continued)

The City’s contractually required contribution rate for the year ended September 30, 2023, 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, 2020, 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 \$21,544,055 for the year ended September 30, 2023.

Net Pension Liability

The City’s net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2021, rolled forward to September 30, 2022, using standard roll-forward techniques as shown in the following table:

Total pension liability (TPL) as of September 30, 2021	\$ 603,384,018
Discount rate	7.45%
Entry age normal cost for the period	
October 1, 2021 to September 30, 2022	10,637,524
Interest	42,197,028
Actual benefit payments and refunds for period	
October 1, 2021 to September 30, 2022	<u>(42,052,751)</u>
Expected TPL as of September 30, 2022	<u>\$ 614,165,819</u>
Less liability transferred for immediate recognition	\$ (1,002,211)
Difference between expected and actual experience	10,168,417
Difference between Actual TPL before and after plan changes - benefit change (gain)/loss	<u>128,987</u>
Actual TPL as of September 30, 2022 after assumption changes	<u><u>\$ 623,461,012</u></u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

13. PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability as of September 30, 2022 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2021. The key actuarial assumptions are summarized below:

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

* Net of pension plan investment expense

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

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

The actuarial assumptions used in the September 30, 2021 were based on the results of an actuarial experience study for the period October 1, 2015 - September 30, 2020.

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

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

13. 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	15.0%	2.8%
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%	9.0%
Real Estate	10.0%	6.5%
Cash Equivalents	5.0%	1.5%
	<u>100.0%</u>	

*Includes assumed rate of inflation of 2.00%

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

13. 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, 2021	\$ 603,384,018	\$ 406,189,277	\$ 197,194,741
Changes for the year:			
Service cost	10,637,524	-	10,637,524
Interest	42,197,028	-	42,197,028
Changes of benefit terms	128,987	-	128,987
Differences between expected and actual experience	10,168,417	-	10,168,417
Contributions – employer	-	22,809,161	(22,809,161)
Contributions – employee	-	8,516,141	(8,516,141)
Net investment income	-	(51,881,867)	51,881,867
Benefit payments, including refunds of employee contributions	(42,052,751)	(42,052,751)	-
Transfers among employees	(1,002,211)	(1,002,211)	-
Administrative expense	-	-	-
Net Changes	<u>20,076,994</u>	<u>(63,611,527)</u>	<u>83,688,521</u>
Balances at September 30, 2022	<u>\$ 623,461,012</u>	<u>\$ 342,577,750</u>	<u>\$ 280,883,262</u>

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

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

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
Net pension liability	\$ 350,989,063	\$ 280,883,262	\$ 222,035,416

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

13. 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 Annual Comprehensive Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2022. The auditor’s report on the schedule of changes in fiduciary net position by employer and accompanying notes is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

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

For the year ended September 30, 2023, the City recognized pension expense of \$23,207,268. At September 30, 2023, 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
	<u> </u>	<u> </u>
Governmental Activities:		
Differences between expected and actual experience	\$ 9,735,624	\$ 1,518,938
Changes of assumptions	11,345,606	2,506,402
Net difference between projected and actual earnings on Plan investments	34,983,999	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	58,993	334,835
City contributions subsequent to measurement date	<u>21,175,098</u>	<u>-</u>
Governmental activities deferred outflows related to pensions	<u>77,299,320</u>	<u>4,360,175</u>
Business-Type Activities:		
Differences between expected and actual experience	169,635	26,466
Changes of assumptions	197,687	43,672
Net difference between projected and actual earnings on Plan investments	609,564	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,027	5,834
City contributions subsequent to measurement date	<u>368,957</u>	<u>-</u>
Business-type activities deferred outflows related to pensions	<u>1,346,870</u>	<u>75,972</u>
Total	<u>\$ 78,646,190</u>	<u>\$ 4,436,147</u>

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

13. PENSION PLAN (Continued)

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>
2024	\$ 10,834,862	\$ 188,786
2025	15,502,024	270,109
2026	9,528,109	166,019
2027	15,899,052	277,027
Thereafter	-	-
	<u>\$ 51,764,047</u>	<u>\$ 901,941</u>

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City’s defined benefit OPEB plan, the Employees’ Medical Insurance Plan (EMIP), provides OPEB for eligible retirees of the City and their spouses. The City’s OPEB plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City’s group health insurance plan, which covers both active and retired members. EMIP is a single-employer defined benefit OPEB plan administered by the City. The City has not elected to advance fund the plan, but rather maintains the plan on a “pay as you go” basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. Therefore, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of 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.

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:

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

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.

Employees Covered by Benefit Terms

At September 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or spouses currently receiving benefit payments	1,968
Active employees	1,935
Total	<u><u>3,903</u></u>

Total OPEB Liability

The City’s total OPEB liability of \$405,914,871 was measured as of September 30, 2022 and was determined by a roll forward of the October 1, 2021 actuarial valuation. The benefit liabilities have been rolled forward to September 30, 2023 using standard roll-forward techniques.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

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

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary increases, including inflation	2.75%
Healthcare cost trend rates	
Pre 65 (Non- Medicare)	6.00%
Post 65 (Medicare)	5.50%
Dental	3.50%

The discount rate was based on the average of the Fidelity GO AA 20 Years Municipal Index as of the measurement date. The discount rate used to compute the OPEB liability for the September 30, 2022 reporting date was 2.15%. The discount rate used to compute the total OPEB liability for the reporting date of September 30, 2023 was 4.40%.

Mortality rates were based on the Pub-2010 General Headcount-Weighted Mortality tables projected generationally with mortality improvement scale MP-2020.

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 60% of male and 25% of female active employees who retire with medical coverage will elect to cover their spouse.

Retirees are expected to contribute the following monthly amounts during 2023 towards the cost of their premiums:

Effective on October 1, 2021 Coverage Levels	DOR < 1/1/1988		DOR ≥ 1/1/1988	
	PPO		PPO	HMP
Single, not Medicare eligible	N/A		\$ 214	\$ 121
Retiree and Spouse, neither Medicare eligible	N/A		\$ 431	\$ 293
Single, Medicare eligible	\$	53	\$ 53	N/A
Retiree and Spouse, one Medicare eligible	\$	141	\$ 221	N/A
Retiree and Spouse, both Medicare eligible	\$	117	\$ 214	N/A
Beneficiary Single, not Medicare eligible	\$	535	\$ 535	\$ 535
Beneficiary Single, Medicare eligible	\$	262	\$ 262	\$ 262

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

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

Effective on January 1, 2022 Coverage Levels	DOR < 1/1/1988		DOR ≥ 1/1/1988	
		PPO	PPO	HMP
Single, not Medicare eligible		N/A	\$ 225	\$ 150
Retiree and Spouse, neither Medicare eligible		N/A	\$ 490	\$ 325
Single, Medicare eligible	\$	75	\$ 75	N/A
Retiree and Spouse, one Medicare eligible	\$	141	\$ 235	N/A
Retiree and Spouse, both Medicare eligible	\$	125	\$ 225	N/A
Beneficiary Single, not Medicare eligible	\$	600	\$ 600	\$ 600
Beneficiary Single, Medicare eligible	\$	280	\$ 280	\$ 280

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at September 30, 2022	\$ 546,140,313
Changes for the year:	
Service cost	16,350,845
Interest	11,972,299
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	(173,350,196)
Difference between expected and actual experience	16,141,984
Benefit payments	(11,340,374)
Net changes	(140,225,442)
Balance as of September 30, 2023	\$ 405,914,871

Changes in assumptions and other inputs reflect a change in the following:

1. Discount rate increased from 2.15% as of September 30, 2021 to 4.40% of as September 30, 2022.
2. Second year retiree contribution trend rates have been updated to reflect retiree contribution increases from 2022 to 2023, which caused an increase in the liability.

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

14. 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 (3.40%) or 1-percentage-point higher (5.40%) than the current discount rate:

	1% Decrease (3.40%)	Discount Rate (4.40%)	1% Increase (5.40%)
Total OPEB liability	\$ 472,107,951	\$ 405,914,871	\$ 352,661,371

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:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 346,944,391	\$ 405,914,871	\$ 481,052,503

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$5,723,807. The \$10,837,541 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, 2024. At September 30, 2023, the City also reported deferred inflows of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 36,807,888	\$ 164,383,251
Difference between expected and actual experience	35,848,722	4,432,215
Contributions made subsequent to measurement date	10,837,541	-
	<u>\$ 83,494,151</u>	<u>\$ 168,815,466</u>

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

14. 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>
2023	\$ (1,902,024)
2024	(17,202,923)
2025	(24,651,169)
2026	(26,201,368)
2027	(26,201,372)
Thereafter	-

15. CONTINGENT LIABILITIES

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

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

CITY OF MONTGOMERY, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

16. CONSTRUCTION COMMITMENT

As of September 30, 2023, the City had commitments on construction of capital projects as follows:

Gross commitments	\$ 23,787,720
Spent-to-date	<u>(23,507,527)</u>
Net commitments	<u>\$ 280,193</u>

17. RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the year ended September 30, 2023:

The City appropriated \$3,365,648 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 \$4,507,625 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 \$552,000 for the Board’s collection services. Also, during the year, the City paid the Board \$946,300 in charges for the use of fire hydrants.

18. ECONOMIC DEVELOPMENT INCENTIVE OBLIGATIONS - TAX ABATEMENTS

The City, in conjunction with the Industrial Development Board of the City of Montgomery and the City of Montgomery Downtown Redevelopment Authority, enters into economic development incentive agreements with entities that propose to locate businesses within the City, or expand businesses within the City, which are expected to provide jobs and stimulus to the City's economy. Eligibility for these agreements is in accordance with the Tax Reform Act of 1992 (*Chapter 9B, Title 40, Code of Alabama 1975*) and The Alabama Reinvestment & Abatements Act (*Chapter 9G, Title 40, Code of Alabama 1975*). These agreements provide for full or partial abatement of sales, use and/or property taxes. Property taxes are abated through reductions of assessed values. Sales and use taxes are abated through exemptions granted on purchases for specified construction or equipment purchase purposes.

These incentive agreements require approval by the Mayor and City Council and are authorized by *Chapters 9B and 9G of Title 40 of the Code of Alabama 1975*, as amended. Some agreements provide for the repayment to the City of abated amounts if the entity ceases to operate its business for a certain length of time or fails to produce a certain level of employment. The agreements have limited terms, typically property taxes are abated for ten years.

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 2023	<u>\$2,741,885</u>
--	--------------------

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

Total sales taxes abatement commitments by the Industrial Development Board of the City of Montgomery in fiscal year 2023 was approximately \$3,966,400 on approximately \$298,669,800 of additional development. These developments will be completed during the next three to five years and the sales tax abatement will be realized as funds are spent. In the case of sales and use tax abatements on construction materials, the taxes abated are not received by the City, nor is there currently a reporting mechanism for the City to receive such information. The State Department of Revenue provides a Purchasing Agent appointment letter to subject entities so that they can purchase materials tax-exempt. The City will take action to require this reporting in all future abatement agreements.

19. EFFECT OF NEW PRONOUNCEMENTS

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

GASB 101, Compensated Absences. This Statement aligns recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. For example, a liability for leave that has not been used would be recognized if the leave is attributable to services already rendered; accumulates; and is more likely than not to be used for time off or otherwise paid or settled. Some exceptions to this general rule include parental leave, military leave and jury duty leave for which a liability would not be recognized until the leave commences. Additionally, the Statement (1) provides an alternative to the existing requirement to disclose the gross annual increases and decreases in long-term liability for compensated absences, allowing governments to disclose only the net annual change in the liability as long as it is identified as such; and (2) removes the disclosure of the government funds used to liquidate the liability for compensated absences. Requirements for this Statement will take effect for financial statements whose fiscal year begins after December 15, 2023.

GASB 102, Certain Risk Disclosures. This Statement requires governments to disclose information about certain risks. Governments are required to disclose information about their exposure to some risks, such as interest and credit risk associated with investments. However, essential information about certain other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The Statement will provide financial statement users with information about certain risks when circumstances make a government vulnerable to a heightened possibility of loss or harm. The Statement requires governments to disclose essential information about risks related to a government's current vulnerabilities due to certain concentrations and constraints common in the governmental environment. Requirements for this Statement will take effect for financial statements whose fiscal year begins after June 15, 2024.

CITY OF MONTGOMERY, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

20. SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 26, 2024, the date which the financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of September 30, 2023 has been incorporated into these financial statements.

On February 23, 2024, the City issued its General Obligation Warrant, Series 2024A in an the amount not to exceed \$12,000,000. Payments are due each quarter beginning April 1, 2024 until February 1, 2027, with the remaining outstanding principal balance being due on February 22, 2027. The interest rate shall be determined on each Interest Rate Determination Date and the applicable rate will remain in effect until the next succeeding Interest Rate Adjustment Date. The proceeds will be used for various capital purchases.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 21,544,055	\$ 22,016,670	\$ 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	21,544,055	22,016,670	19,198,563	20,045,338	17,727,198	16,228,188	15,161,503	14,650,781	13,220,721	14,588,276
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 101,086,504	\$ 103,023,614	\$ 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	21.31%	21.37%	20.32%	20.60%	18.26%	16.95%	15.94%	14.83%	13.87%	14.05%

Notes to the Schedule:

- 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, 2021 to September 30, 2022:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	15.2 years
Asset valuation method	5 year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 10,637,524	\$ 9,250,711	\$ 7,759,749	\$ 5,061,603	\$ 6,281,273	\$ 7,071,420	\$ 7,105,278	\$ 8,738,186	\$ 8,907,344
Interest	42,197,028	42,162,490	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	128,987	-	2,983,583	-	-	-	-	-	-
Terminated participants' accounts in suspense	-	-	-	1,922,355	-	-	-	-	-
Differences between expected and actual experience	10,168,417	4,614,044	-	(25,799,137)	2,709,393	11,102,910	4,299,651	5,634,702	17,079,752
Changes in assumptions	-	22,086,758	-	(40,870,909)	24,004,879	1,244,062	(7,239)	8,672,190	-
Benefit payments, including refunds of employee contributions	(42,052,751)	(41,678,582)	(38,283,174)	(31,774,880)	(38,639,745)	(37,052,866)	(34,719,270)	(35,145,093)	(33,457,340)
Transfers among employees	(1,002,211)	(1,444,592)	2,116,062	-	-	-	-	-	-
Net change in total pension liability	20,076,994	34,990,829	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	603,384,018	568,393,189	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)	\$ 623,461,012	\$ 603,384,018	\$ 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	\$ 22,809,161	\$ 19,446,909	\$ 18,866,102	\$ 12,794,256	\$ 17,064,194	\$ 15,433,667	\$ 14,695,761	\$ 13,665,703	\$ 14,309,940
Contributions – member	8,516,141	7,835,808	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	(51,881,867)	75,155,111	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	(42,052,751)	(41,678,582)	(38,283,174)	(31,774,880)	(38,639,745)	(37,052,866)	(34,719,270)	(35,145,093)	(33,457,340)
Transfers among employers	(1,002,211)	(1,444,592)	2,116,062	-	-	-	-	-	-
Administrative expenses	-	-	-	(307,558)	(172,622)	(148,505)	(157,821)	(135,949)	(82,962)
Net change in plan fiduciary net position	(63,611,527)	59,314,654	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	406,189,277	346,874,623	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)	\$ 342,577,750	\$ 406,189,277	\$ 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)	\$ 280,883,262	\$ 197,194,741	\$ 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	54.95%	67.32%	61.03%	61.44%	52.07%	60.43%	57.99%	58.38%	64.87%
Covered payroll*	\$ 103,023,614	\$ 94,495,773	\$ 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	272.64%	208.68%	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 2023, the measurement period is October 1, 2021 – September 30, 2022
For fiscal year 2022, the measurement period is October 1, 2020 – September 30, 2021
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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 16,350,845	\$ 15,576,685	\$ 13,379,013	\$ 9,691,225	\$ 10,338,034	\$ 11,803,335
Interest	11,972,299	11,830,007	12,677,667	15,806,295	14,426,657	12,860,076
Changes of assumptions	(173,350,196)	(32,380,566)	40,604,967	101,147,636	(30,988,624)	(37,065,070)
Effect of liability gains or losses	16,141,984	37,328,447	-	(22,161,067)	-	-
Benefit payments	(11,340,374)	(11,799,545)	(8,546,621)	(10,816,531)	(11,838,335)	(8,870,849)
Net change in total OPEB liability	(140,225,442)	20,555,028	58,115,026	93,667,558	(18,062,268)	(21,272,508)
Total OPEB liability - beginning	546,140,313	525,585,285	467,470,259	373,802,701	391,864,969	413,137,477
Total OPEB liability - ending	<u>\$ 405,914,871</u>	<u>\$ 546,140,313</u>	<u>\$ 525,585,285</u>	<u>\$ 467,470,259</u>	<u>\$ 373,802,701</u>	<u>\$ 391,864,969</u>
Covered employee payroll	\$ 103,083,723	\$ 97,979,962	\$ 97,308,775	\$ 95,555,583	\$ 95,743,293	\$ 96,452,349
Total OPEB liability as a percentage of covered payroll	393.77%	557.40%	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, 2022, with the total OPEB liability rolled forward to September 30, 2023 using standard roll-forward techniques.
4. The actuarial assumptions used for the schedule are detailed in Note 14 to the financial statements.
5. There were no benefit changes for the year ended September 30, 2023.
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, 2022 was 2.15%. The discount rate used as of September 30, 2023 was 4.40%.

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.

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, 2023

	Special Revenue Funds					
	State Gasoline Tax Fund	Rebuild Alabama Fund	Miscellaneous Special Revenue Fund	Alabama Department of Transportation Fund	Department of Justice Grant Fund	Department of Agriculture Grant Fund
ASSETS						
Cash and cash equivalents	\$ 461,894	\$ 226,662	\$ 4,122,874	\$ 1,745,178	\$ -	\$ -
Receivables	263,333	130,358	183,555	1,333,534	191,874	51,601
Prepaid items	-	-	-	-	-	-
Mortgage receivable	-	-	-	-	-	-
TOTAL ASSETS	\$ 725,227	\$ 357,020	\$ 4,306,429	\$ 3,078,712	\$ 191,874	\$ 51,601
LIABILITIES						
Accounts payable and accrued expenses	\$ 725,227	357,020	28,613	\$ 2,238,787	\$ 48,127	\$ 3,281
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	143,747	48,310
Funds held in escrow	-	-	719,827	-	-	-
Unearned revenue	-	-	-	16,996	-	-
TOTAL LIABILITIES	725,227	357,020	748,440	2,255,783	191,874	51,591
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - long-term receivables	-	-	-	-	-	-
Leases	-	-	141,364	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	141,364	-	-	-
FUND BALANCES						
Nonspendable:						
Prepaid items	-	-	-	-	-	-
Restricted for:						
Intergovernmental	-	-	2,187,077	822,929	-	10
Municipal Court Corrections	-	-	-	-	-	-
Opioid abatement strategies	-	-	1,229,548	-	-	-
Riverfront Stadium	-	-	-	-	-	-
Road construction and maintenance	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	3,416,625	822,929	-	10
TOTAL LIABILITIES AND FUND BALANCES	\$ 725,227	\$ 357,020	\$ 4,306,429	\$ 3,078,712	\$ 191,874	\$ 51,601

(Continued)

CITY OF MONTGOMERY, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
SEPTEMBER 30, 2023

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
\$ -	\$ -	\$ -	\$ 512,766	\$ 4,057,990	\$ 200,217	\$ 241,971	\$ 11,569,552
38,422	1,775,586	288,700	-	502,899	-	-	4,759,862
-	76,024	-	-	-	-	-	76,024
-	-	1,496,071	-	-	-	-	1,496,071
<u>\$ 38,422</u>	<u>\$ 1,851,610</u>	<u>\$ 1,784,771</u>	<u>\$ 512,766</u>	<u>\$ 4,560,889</u>	<u>\$ 200,217</u>	<u>\$ 241,971</u>	<u>\$ 17,901,509</u>
\$ 77	\$ 325,890	\$ 125,440	\$ 2,777	\$ -	\$ -	\$ -	\$ 3,855,239
-	89,790	-	-	-	-	-	89,790
38,345	1,193,471	124,035	-	-	-	-	1,547,908
-	-	-	-	-	-	-	719,827
-	239,287	39,225	-	-	-	-	295,508
<u>38,422</u>	<u>1,848,438</u>	<u>288,700</u>	<u>2,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,508,272</u>
-	-	1,496,071	-	-	-	-	1,496,071
-	-	-	-	-	-	-	141,364
-	-	1,496,071	-	-	-	-	1,637,435
-	76,024	-	-	-	-	-	76,024
-	-	-	-	-	200,217	-	3,210,233
-	-	-	509,989	-	-	241,971	751,960
-	-	-	-	-	-	-	1,229,548
-	-	-	-	4,560,889	-	-	4,560,889
-	-	-	-	-	-	-	-
-	(72,852)	-	-	-	-	-	(72,852)
-	3,172	-	509,989	4,560,889	200,217	241,971	9,755,802
<u>\$ 38,422</u>	<u>\$ 1,851,610</u>	<u>\$ 1,784,771</u>	<u>\$ 512,766</u>	<u>\$ 4,560,889</u>	<u>\$ 200,217</u>	<u>\$ 241,971</u>	<u>\$ 17,901,509</u>

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds					
	State Gasoline Tax Fund	Rebuild Alabama Fund	Miscellaneous Special Revenue Fund	Alabama Department of Transportation Fund	Department of Justice Grant Fund	Department of Agriculture Grant Fund
REVENUES						
Taxes	\$ -	\$ -	\$ 1,407,525	\$ -	\$ -	\$ -
Licenses and permits	115,219	-	-	-	-	-
Intergovernmental revenues	2,797,983	1,462,864	2,408,769	3,537,931	403,518	107,139
Charges for goods and services	-	-	354,303	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings	-	-	1,623	-	-	-
Miscellaneous revenues	-	-	1,368,441	194,573	-	-
Total revenues	<u>2,913,202</u>	<u>1,462,864</u>	<u>5,540,661</u>	<u>3,732,504</u>	<u>403,518</u>	<u>107,139</u>
EXPENDITURES						
Current:						
General government	-	-	324,715	559,061	-	-
Public works	5,764,406	2,500,554	431,498	2,531,780	-	-
Public safety	-	-	52,880	-	290,566	-
Cultural and recreational	-	-	90,753	-	-	107,139
Intergovernmental	-	-	-	-	-	-
Capital outlay	-	-	1,024,189	2,586,791	112,952	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>5,764,406</u>	<u>2,500,554</u>	<u>1,924,035</u>	<u>5,677,632</u>	<u>403,518</u>	<u>107,139</u>
Excess of revenues over (under) expenditures	<u>(2,851,204)</u>	<u>(1,037,690)</u>	<u>3,616,626</u>	<u>(1,945,128)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
SBITAs	-	-	-	-	-	-
Transfers in	2,851,204	-	-	1,631,715	-	-
Transfers out	-	-	(3,607,068)	-	-	-
Total other financing sources (uses)	<u>2,851,204</u>	<u>-</u>	<u>(3,607,068)</u>	<u>1,631,715</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(1,037,690)	9,558	(313,413)	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>1,037,690</u>	<u>3,407,067</u>	<u>1,136,342</u>	<u>-</u>	<u>10</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,416,625</u>	<u>\$ 822,929</u>	<u>\$ -</u>	<u>\$ 10</u>

(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, 2023

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
\$ -	\$ -	\$ -	\$ -	\$ 3,490,441	\$ -	\$ -	\$ 4,897,966
-	-	-	-	-	-	-	115,219
2,105,362	5,031,344	1,660,149	-	-	-	-	19,515,059
-	-	-	-	-	-	-	354,303
-	-	-	244,857	-	-	106,007	350,864
-	-	-	-	-	-	-	1,623
-	-	-	-	250,000	134,249	-	1,947,263
<u>2,105,362</u>	<u>5,031,344</u>	<u>1,660,149</u>	<u>244,857</u>	<u>3,740,441</u>	<u>134,249</u>	<u>106,007</u>	<u>27,182,297</u>
-	1,888,620	1,603,367	71,046	-	-	-	4,446,809
-	-	1,732	-	-	-	-	11,229,970
2,082,412	73,992	-	-	-	88,392	-	2,588,242
-	2,907,720	-	-	77,041	-	-	3,182,653
-	-	-	-	-	-	-	-
22,950	463,126	55,050	-	-	67,376	-	4,332,434
-	234,989	-	-	-	-	-	234,989
-	1,061	-	-	-	-	-	1,061
<u>2,105,362</u>	<u>5,569,508</u>	<u>1,660,149</u>	<u>71,046</u>	<u>77,041</u>	<u>155,768</u>	<u>-</u>	<u>26,016,158</u>
-	(538,164)	-	173,811	3,663,400	(21,519)	106,007	1,166,139
-	324,345	-	-	-	-	-	324,345
-	2,920	-	-	-	-	-	4,485,839
-	-	-	(400,000)	(4,824,289)	-	(300,000)	(9,131,357)
-	327,265	-	(400,000)	(4,824,289)	-	(300,000)	(4,321,173)
-	(210,899)	-	(226,189)	(1,160,889)	(21,519)	(193,993)	(3,155,034)
-	214,071	-	736,178	5,721,778	221,736	435,964	12,910,836
<u>\$ -</u>	<u>\$ 3,172</u>	<u>\$ -</u>	<u>\$ 509,989</u>	<u>\$ 4,560,889</u>	<u>\$ 200,217</u>	<u>\$ 241,971</u>	<u>\$ 9,755,802</u>

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses	\$ 83,054	\$ 83,054	\$ 115,219	\$ 32,165
Intergovernmental revenues	3,118,809	3,118,809	2,797,983	(320,826)
Total revenues	3,201,863	3,201,863	2,913,202	(288,661)
EXPENDITURES				
Public works:				
Maintenance	963,931	963,931	844,318	119,613
Traffic engineering	4,324,360	4,324,360	4,920,088	(595,728)
Total expenditures	5,288,291	5,288,291	5,764,406	(476,115)
Excess of expenditures over revenues	(2,086,428)	(2,086,428)	(2,851,204)	(764,776)
OTHER FINANCING SOURCES				
Operating transfers in	2,086,428	2,086,428	2,851,204	764,776
Operating transfers out	-	-	-	-
Total other financing sources	2,086,428	2,086,428	2,851,204	764,776
Net change in fund balances	-	-	-	-
FUND BALANCES - BEGINNING	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -

CITY OF MONTGOMERY, ALABAMA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STATE GASOLINE TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Budgetary information - Each year a formal budget is legally adopted and amended as required by the City Council for the 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.

Excess of expenditures over appropriations - For the year ended September 30, 2023, one State Gasoline Tax functional expenditure category (the legal level of budgetary control) exceeded appropriations. Traffic engineering was underbudgeted by \$595,728 (13.78%) due to higher than expected utility costs.

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.

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

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, 2023

	Garrett Coliseum	Municipal Golf	Montgomery River Boat	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 59,395	\$ 112,055	\$ 2,590	\$ 174,040
Receivables	-	-	6,539	6,539
Inventories	-	125,389	11,412	136,801
Prepaid items	-	9,810	2,472	12,282
Total current assets	<u>59,395</u>	<u>247,254</u>	<u>23,013</u>	<u>329,662</u>
NONCURRENT ASSETS				
Capital assets:				
Land	1,903,200	665,341	-	2,568,541
Buildings and system	8,377,900	285,331	-	8,663,231
Improvements other than buildings	-	1,565,024	-	1,565,024
Machinery and equipment	244,403	311,833	1,147,115	1,703,351
Infrastructure	-	116,005	-	116,005
Right of use asset	-	142,828	-	142,828
Less accumulated depreciation	(1,154,361)	(2,108,117)	(408,217)	(3,670,695)
Total capital assets, net of accumulated depreciation	<u>9,371,142</u>	<u>978,245</u>	<u>738,898</u>	<u>11,088,285</u>
TOTAL ASSETS	<u>9,430,537</u>	<u>1,225,499</u>	<u>761,911</u>	<u>11,417,947</u>
DEFERRED OUTFLOWS				
Pension related items	-	-	119,809	119,809
TOTAL DEFERRED OUTFLOWS	<u>-</u>	<u>-</u>	<u>119,809</u>	<u>119,809</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	140,980	267,537	60,366	468,883
Unearned revenue	7,000	5,892	2,346	15,238
Due to other funds	31,279	123,112	411,797	566,188
Compensated absences	-	-	-	-
Total current liabilities	<u>179,259</u>	<u>396,541</u>	<u>474,509</u>	<u>1,050,309</u>
NONCURRENT LIABILITIES				
Compensated absences	-	-	40,552	40,552
Net pension liability	-	-	74,111	74,111
Lease liability	-	5,926	-	5,926
Total noncurrent liabilities	<u>-</u>	<u>5,926</u>	<u>114,663</u>	<u>120,589</u>
TOTAL LIABILITIES	<u>179,259</u>	<u>402,467</u>	<u>589,172</u>	<u>1,170,898</u>
DEFERRED INFLOWS				
Pension related items	-	-	6,758	6,758
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>6,758</u>	<u>6,758</u>
NET POSITION				
Investment in capital assets	9,371,142	972,319	738,898	11,082,359
Unrestricted	(119,864)	(149,287)	(453,108)	(722,259)
TOTAL NET POSITION	<u>\$ 9,251,278</u>	<u>\$ 823,032</u>	<u>\$ 285,790</u>	<u>\$ 10,360,100</u>

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Garrett Coliseum</u>	<u>Municipal Golf</u>	<u>Montgomery River Boat</u>	<u>Total</u>
OPERATING REVENUES				
Charges for goods and services	\$ 499,645	\$ 1,539,340	\$ 616,459	\$ 2,655,444
Total operating revenues	<u>499,645</u>	<u>1,539,340</u>	<u>616,459</u>	<u>2,655,444</u>
OPERATING EXPENSES				
Cost of sales and services	70,763	125,504	123,673	319,940
Administration	975,184	2,074,393	924,006	3,973,583
Depreciation	297,155	104,338	64,844	466,337
Total operating expenses	<u>1,343,102</u>	<u>2,304,235</u>	<u>1,112,523</u>	<u>4,759,860</u>
OPERATING LOSS	(843,457)	(764,895)	(496,064)	(2,104,416)
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	-	4,795	4,795
Interest expense	-	(228)	-	(228)
Loss before contributions and transfers	(843,457)	(765,123)	(491,269)	(2,099,849)
Transfers in	<u>546,303</u>	<u>660,785</u>	<u>426,427</u>	<u>1,633,515</u>
Change in net position	<u>(297,154)</u>	<u>(104,338)</u>	<u>(64,842)</u>	<u>(466,334)</u>
TOTAL NET POSITION - BEGINNING	<u>9,548,432</u>	<u>927,370</u>	<u>350,632</u>	<u>10,826,434</u>
TOTAL NET POSITION - ENDING	<u>\$ 9,251,278</u>	<u>\$ 823,032</u>	<u>\$ 285,790</u>	<u>\$ 10,360,100</u>

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Garrett Coliseum	Municipal Golf	Montgomery River Boat	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 504,645	\$ 1,542,541	\$ 614,964	\$ 2,662,150
Payments to suppliers	(863,578)	(1,068,189)	(820,566)	(2,752,333)
Payments to employees	(209,610)	(1,079,273)	(214,205)	(1,503,088)
Payments for interfund services used	-	-	(30,600)	(30,600)
Net cash used in operating activities	<u>(568,543)</u>	<u>(604,921)</u>	<u>(450,407)</u>	<u>(1,623,871)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	546,303	660,785	426,427	1,633,515
Net cash payments (to) from other funds	<u>14,405</u>	<u>123,112</u>	<u>379,700</u>	<u>517,217</u>
Net cash provided by noncapital financing activities	<u>560,708</u>	<u>783,897</u>	<u>806,127</u>	<u>2,150,732</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	(360,515)	(360,515)
Principal payments on lease	-	(68,605)	-	(68,605)
Interest payments on lease	-	(228)	-	(228)
Net cash used by capital and related financing activities	<u>-</u>	<u>(68,833)</u>	<u>(360,515)</u>	<u>(429,348)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>-</u>	<u>-</u>	<u>4,795</u>	<u>4,795</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(7,835)</u>	<u>110,143</u>	<u>-</u>	<u>102,308</u>
CASH AND CASH EQUIVALENTS - BEGINNING	<u>67,230</u>	<u>1,912</u>	<u>2,590</u>	<u>71,732</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 59,395</u>	<u>\$ 112,055</u>	<u>\$ 2,590</u>	<u>\$ 174,040</u>

(Continued)

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Garrett Coliseum</u>	<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	\$ (843,457)	\$ (764,895)	\$ (496,064)	\$ (2,104,416)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation expense	297,155	104,338	64,844	466,337
(Increase) decrease in assets and deferred outflows:				
Receivables	-	5,314	(1,555)	3,759
Inventories	-	(41,882)	868	(41,014)
Prepaid items	-	-	(72)	(72)
Deferred outflows	-	-	(39,800)	(39,800)
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable and accrued expenses	(27,241)	94,155	(18,704)	48,210
Unearned revenue	5,000	(1,951)	60	3,109
Compensated absences	-	-	1,550	1,550
Net pension liability	-	-	127,491	127,491
Deferred inflows	-	-	(89,025)	(89,025)
Total adjustments	<u>274,914</u>	<u>159,974</u>	<u>45,657</u>	<u>480,545</u>
Net cash used in operating activities	<u>\$ (568,543)</u>	<u>\$ (604,921)</u>	<u>\$ (450,407)</u>	<u>\$ (1,623,871)</u>

STATISTICAL SECTION

This part of the City of Montgomery's annual comprehensive 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.	97
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales taxes.	103
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.	108
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.	115
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.	118

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Activities										
Net investment in capital assets	\$ 201,285,470	\$ 193,379,215	\$ 197,752,975	\$ 188,338,796	\$ 192,550,472	\$ 201,134,289	\$ 206,919,366	\$ 219,621,958	\$ 275,659,012	\$ 283,136,260
Restricted:										
General government	-	-	-	-	-	2,174,146	3,710,194	3,426,587	8,012,494	5,243,594
Public works	4,672,714	4,892,875	2,557,209	1,453,747	1,837,869	726,718	1,145,087	1,370,457	1,832,103	1,133,404
Public safety	2,392,966	3,227,187	3,520,102	3,999,212	5,084,619	3,672,832	3,702,826	6,313,878	8,064,336	8,125,518
Cultural and recreational	1,590,318	1,029,012	1,994,217	669,672	706,818	744,885	58,723	104,797	747,892	163,182
Capital projects	3,049,561	15,014,719	4,205,006	8,142,625	7,555,966	8,986,808	20,835,940	74,862,573	43,331,020	49,919,071
Debt service	-	-	-	-	-	-	-	4,978,741	5,985,858	110,835
Municipal Court	-	751,405	743,815	316,347	308,862	2	486,593	897,739	1,172,142	751,959
Opioid abatement strategies	-	-	-	-	-	-	-	-	-	1,229,548
Unrestricted	(253,195,405)	(408,662,806)	(452,725,979)	(469,495,931)	(744,475,332)	(762,688,955)	(768,518,412)	(825,573,427)	(826,306,143)	(792,268,356)
Total governmental activities net position	<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>	<u>\$ (481,501,286)</u>	<u>\$ (442,454,985)</u>
Business-Type Activities										
Net investment in capital assets	\$ 27,223,447	\$ 26,471,886	\$ 25,956,239	\$ 25,070,324	\$ 24,063,789	\$ 23,160,243	\$ 32,456,939	\$ 31,310,623	\$ 30,711,532	\$ 32,751,270
Unrestricted	(2,532,885)	(3,952,620)	(3,929,704)	(3,966,689)	(4,535,758)	(5,046,935)	(5,937,147)	(9,699,338)	(10,939,855)	(14,808,781)
Total business-type activities net position	<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>	<u>\$ 19,771,677</u>	<u>\$ 17,942,489</u>
Primary Government										
Net investment in capital assets	\$ 228,508,917	\$ 219,851,101	\$ 223,709,214	\$ 213,409,120	\$ 216,614,261	\$ 224,294,532	\$ 239,376,305	\$ 250,932,581	\$ 306,370,544	\$ 315,887,530
Restricted	11,705,559	24,915,198	13,020,349	14,581,603	15,494,134	16,305,391	29,939,363	91,954,772	69,145,845	66,677,111
Unrestricted	(255,728,290)	(412,615,426)	(456,655,683)	(473,462,620)	(749,011,090)	(767,735,890)	(774,455,559)	(835,272,765)	(837,245,998)	(807,077,137)
Total primary government net position	<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>	<u>\$ (461,729,609)</u>	<u>\$ (424,512,496)</u>

Note: 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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Expenses										
Governmental activities:										
General government	\$ 81,766,281	\$ 72,981,992	\$ 81,389,604	\$ 79,602,193	\$ 77,895,106	\$ 65,785,550	\$ 79,982,551	\$ 95,029,900	\$ 78,500,171	\$ 89,046,716
Public works	44,674,284	47,251,656	44,122,265	45,492,230	42,502,979	55,561,728	58,540,087	60,863,412	67,249,997	73,664,948
Public safety	94,292,962	94,705,501	102,967,635	107,487,117	106,294,149	114,890,108	95,792,853	96,176,446	107,131,897	110,643,564
Cultural and recreational	33,624,299	32,690,968	34,217,643	35,755,774	38,026,857	40,054,054	30,302,148	32,302,334	32,336,466	38,580,004
Interest on long-term debt	13,216,304	12,394,618	13,452,451	12,638,139	12,539,419	11,215,627	10,386,861	8,483,354	6,393,171	5,794,296
Total governmental activities expenses	<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>	<u>291,611,702</u>	<u>317,729,528</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	17,946,132	15,864,486	15,685,140	14,889,008	14,225,034	14,648,808	14,889,145	15,028,559	15,824,387	17,995,711
Public works	18,332,989	21,326,889	21,854,726	21,555,690	21,720,375	23,971,870	24,480,475	25,613,481	26,044,804	26,240,167
Public safety	822,692	868,299	1,016,039	1,077,214	1,168,305	1,132,097	857,699	684,052	195,465	186,783
Cultural and recreational	1,482,858	1,285,299	1,501,822	1,332,089	1,259,389	1,444,432	667,750	1,055,950	1,115,603	1,455,313
Operating grants and contributions	15,112,143	15,578,353	14,942,746	14,467,164	13,335,455	16,033,991	29,317,060	31,117,679	22,740,140	28,587,956
Capital grants and contributions	12,311,447	5,634,815	8,061,992	7,122,157	14,510,851	9,820,626	7,431,724	6,106,953	16,524,312	25,759,963
Total governmental activities program revenues	<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>	<u>82,444,711</u>	<u>100,225,893</u>
Total primary government net expenses	<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>	<u>(209,166,991)</u>	<u>(217,503,635)</u>
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Sales taxes	95,775,104	100,641,722	102,478,204	103,720,833	105,450,512	111,274,907	115,207,966	131,604,436	141,657,476	148,642,590
Property taxes	28,963,542	28,922,582	29,621,888	32,194,491	33,019,250	33,164,715	33,900,481	34,893,470	35,601,589	39,647,259
Business license taxes	33,899,942	34,838,755	35,321,276	35,417,566	35,185,047	35,128,859	35,386,621	34,457,814	37,554,782	37,725,099
Motor fuel taxes	5,154,871	5,289,781	5,632,958	5,743,942	5,699,072	9,758,770	8,664,750	9,108,395	9,468,794	9,413,903
Lodging taxes	8,119,756	8,984,951	9,389,538	9,582,951	11,229,327	12,225,214	8,880,323	10,030,691	13,574,355	14,947,316
Rental taxes	3,558,689	4,311,055	4,687,049	4,485,646	4,677,620	4,883,229	4,621,450	5,112,309	5,550,589	5,470,775
Tobacco taxes	1,494,478	1,779,831	1,588,275	1,502,207	1,533,377	1,430,287	1,623,903	1,496,692	1,477,067	1,407,525
Alcoholic beverage taxes	296,786	350,653	316,166	330,386	306,547	303,381	359,625	391,666	398,983	359,654
Grants and contributions not restricted										
to specific programs	187,221	181,857	233,702	171,104	193,646	130,547	199,821	125,796	168,299	192,129
Investment earnings	10,179	43,169	117,610	197,190	343,288	574,292	292,231	174,503	(174,559)	3,271,726
Miscellaneous revenue	7,250,519	5,968,139	7,965,410	5,312,045	4,870,329	6,143,326	5,868,069	5,073,571	3,053,343	5,031,070
Gain on sale of assets	-	976,092	-	-	-	-	-	-	-	-
Extraordinary item	-	-	(31,636,655)	-	-	-	-	-	-	-
Transfers	(2,786,351)	(3,176,087)	(4,212,460)	(2,749,106)	(3,029,130)	(3,380,833)	(4,055,001)	(1,557,586)	(668,316)	(9,559,110)
Total governmental activities general revenues and other changes in net position	<u>181,924,736</u>	<u>189,112,500</u>	<u>161,502,961</u>	<u>195,909,255</u>	<u>199,478,885</u>	<u>211,636,694</u>	<u>210,950,239</u>	<u>230,911,757</u>	<u>247,662,402</u>	<u>256,549,936</u>
Total governmental activities changes in net position	<u>\$ (19,641,133)</u>	<u>\$ (10,354,094)</u>	<u>\$ (51,584,172)</u>	<u>\$ (24,622,876)</u>	<u>\$ (11,560,216)</u>	<u>\$ (8,818,549)</u>	<u>\$ 13,589,592</u>	<u>\$ 17,662,985</u>	<u>\$ 38,495,411</u>	<u>\$ 39,046,301</u>

Note: 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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-Type Activities										
Expenses										
Montgomery Area Transit System	\$ 2,508,276	\$ 2,604,476	\$ 4,219,191	\$ 2,171,855	\$ 2,482,941	\$ 1,974,200	\$ 1,842,139	\$ 4,660,147	\$ 5,142,951	\$ 7,486,706
Montgomery Zoo	4,236,650	4,417,798	4,514,802	4,744,773	4,821,620	5,148,471	4,549,475	3,989,236	5,416,297	5,839,083
Garrett Coliseum	-	-	-	-	-	-	156,684	681,682	1,595,662	1,343,102
Municipal Golf	1,964,366	1,697,967	1,735,682	1,793,047	1,849,579	2,018,606	2,152,251	2,188,481	2,284,660	2,351,729
Montgomery River Boat	718,214	913,531	1,172,106	1,101,647	1,200,675	1,235,749	711,770	618,340	1,177,657	1,112,523
Municipal Parking Decks	-	-	-	-	-	-	-	-	-	-
Food Services	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	9,427,506	9,633,772	11,641,781	9,811,322	10,354,815	10,377,026	9,412,319	12,137,886	15,617,227	18,133,143
Revenues										
Charges for services:										
Montgomery Area Transit System	1,169,748	899,258	792,009	727,226	698,155	661,436	543,727	488,374	503,943	695,261
Montgomery Zoo	2,552,954	2,814,323	3,000,320	3,160,812	2,961,883	2,867,545	1,350,709	3,401,266	3,725,508	3,386,619
Garrett Coliseum	-	-	-	-	-	-	-	100,801	687,154	499,645
Municipal Golf	1,209,769	1,239,048	1,186,204	1,152,652	1,054,526	1,076,674	1,380,027	1,426,545	1,367,723	1,539,340
Montgomery River Boat	842,319	989,788	1,143,939	1,097,890	1,031,816	970,967	205,612	244,574	820,974	616,459
Municipal Parking Decks	-	-	-	-	-	-	-	-	-	-
Food Services	-	-	-	-	-	-	-	-	-	-
Total business-type activities revenues	5,774,790	5,942,417	6,122,472	6,138,580	5,746,380	5,576,622	3,480,075	5,661,560	7,105,302	6,737,324
Total business-type activities net program expenses	(3,652,716)	(3,691,355)	(5,519,309)	(3,672,742)	(4,608,435)	(4,800,404)	(5,932,244)	(6,476,326)	(8,511,925)	(11,395,819)
Other Changes in Net Position										
Investment earnings	533	521	652	736	2,806	4,848	1,847	74	2,186	6,543
Miscellaneous revenue	-	-	780,000	-	-	-	10,281,880	10,159	1,815	978
Gain on sale of assets	-	-	33,466	-	895	-	-	-	-	-
Transfers	2,786,351	3,176,087	4,212,460	2,749,106	3,029,130	3,380,833	4,055,001	1,557,586	6,668,316	9,559,110
	2,786,884	3,176,608	5,026,578	2,749,842	3,032,831	3,385,681	14,338,728	1,567,819	6,672,317	9,566,631
Total business-type activities change in net position	\$ (865,832)	\$ (514,747)	\$ (492,731)	\$ (922,900)	\$ (1,575,604)	\$ (1,414,723)	\$ 8,406,484	\$ (4,908,507)	\$ (1,839,608)	\$ (1,829,188)
Total primary government change in net position	\$ (20,506,965)	\$ (10,868,841)	\$ (52,076,903)	\$ (25,545,776)	\$ (13,135,820)	\$ (10,233,272)	\$ 21,996,076	\$ 12,754,478	\$ 36,655,803	\$ 37,217,113

Note: 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 3
FUND BALANCES OF GOVERNMENTAL FUNDS
(modified accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Nonspendable:										
Inventories	\$ 1,186,772	\$ 1,028,876	\$ 1,085,069	\$ 1,110,863	\$ 1,262,412	\$ 1,225,414	\$ 1,170,755	\$ 1,262,958	\$ 1,380,094	\$ 1,393,000
Long-term receivables	4,697,483	2,342,258	1,639,902	739,000	739,000	739,000	700,000	-	-	-
Prepaid items	10,731	29,968	48,392	86,232	125,350	61,527	122,509	340,655	1,308,690	577,741
Unassigned	11,778,557	17,066,461	19,926,880	23,109,126	21,517,619	22,950,364	24,555,634	38,401,940	38,905,969	61,425,044
Total general fund	<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>	<u>\$ 41,594,753</u>	<u>\$ 63,395,785</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
All Other Governmental Funds										
Nonspendable:										
Assets held for resale	\$ 21,931	\$ 32,817	\$ 32,817	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term receivables	404,020	-	-	-	-	-	-	-	-	-
Prepaid items	2,316	9,882	4,494	934,180	2,092	1,201	127,150	5,240	567,062	1,014,324
Restricted for:										
Capital projects	2,446,650	15,339,315	4,615,427	5,039,758	6,141,669	7,324,113	16,956,838	74,333,289	85,840,846	83,264,803
Debt service	2,109,921	369,032	1,803,103	2,272,139	-	100,612	98,137	4,978,741	5,985,858	109,378
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	7,929,416	9,248,718
Intergovernmental	5,715,597	5,694,904	5,202,496	5,493,827	5,326,944	4,004,392	5,764,168	2,354,313	4,971,174	3,210,233
Landfill	1,642,477	548,499	322,750	125,827	86,843	31,703	12,584	-	-	-
Municipal Court Corrections	44,299	751,405	743,814	297,683	304,683	-	486,593	897,739	1,172,142	751,960
Opioid abatement strategies	-	-	-	-	-	-	-	-	-	1,229,548
Other	70,320	42,690	-	559,512	142,694	65,121	-	-	60,129	5,907
Riverfront Stadium	1,210,093	1,418,442	1,799,981	1,569,416	469,784	56,158	1,314,490	2,371,490	5,721,778	4,560,889
Road construction and maintenance	-	-	-	-	-	-	583,215	552,538	1,037,690	-
Assigned to:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Unassigned	(1,325,010)	(835,214)	(467,681)	(21,574)	(2,465,430)	(491,577)	(4,916,309)	(2,426,724)	(786,179)	(682,502)
Total all other governmental funds	\$ 13,921,263	\$ 26,584,508	\$ 17,923,506	\$ 20,645,429	\$ 15,459,796	\$ 15,914,426	\$ 25,121,191	\$ 89,528,047	\$ 112,499,916	\$ 102,713,258

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 143,363,226	\$ 150,280,575	\$ 153,714,078	\$ 157,560,455	\$ 161,915,705	\$ 173,040,503	\$ 173,258,497	\$ 192,637,660	\$ 207,728,852	\$ 219,889,022
Licenses and permits	41,974,540	43,199,450	43,590,108	43,516,014	43,224,724	43,200,460	44,128,260	42,944,183	46,588,274	49,225,166
Intergovernmental revenues	31,816,898	27,602,041	27,884,939	28,721,254	24,109,361	29,769,123	38,471,416	45,765,544	40,411,568	53,904,486
Charges and fees for services	18,284,417	20,630,699	21,178,385	20,732,095	20,785,608	23,029,994	22,228,575	23,828,956	24,236,653	24,431,597
Fines and forfeitures	7,407,973	5,349,328	4,832,941	4,180,815	3,947,194	3,367,057	2,171,783	2,169,227	1,840,512	1,666,552
Investment earnings	10,179	43,169	109,063	197,190	343,288	574,292	292,231	174,503	(174,559)	3,271,726
Miscellaneous	6,944,784	5,559,181	7,065,423	4,467,256	3,990,883	4,726,186	3,700,325	4,138,687	3,053,343	5,064,179
Total revenues	<u>249,802,017</u>	<u>252,664,443</u>	<u>258,374,937</u>	<u>259,375,079</u>	<u>258,316,763</u>	<u>277,707,615</u>	<u>284,251,087</u>	<u>311,658,760</u>	<u>323,684,643</u>	<u>357,452,728</u>
Expenditures										
Current:										
General government	54,133,890	52,399,400	55,366,370	57,315,050	59,006,707	58,964,306	71,167,718	74,728,345	61,802,419	79,706,047
Public works	39,338,940	42,125,024	38,291,278	38,461,751	40,003,785	45,987,046	48,225,792	48,305,559	55,060,012	62,058,516
Public safety	83,226,748	82,520,109	83,706,010	84,788,114	86,181,766	91,071,533	88,668,670	82,231,743	99,908,520	101,125,558
Cultural and recreational	29,816,021	28,776,655	29,641,124	30,030,865	31,898,485	34,232,177	26,593,748	27,752,137	30,074,425	41,924,478
Intergovernmental	5,731,528	2,045,603	6,648,198	2,394,912	289,964	231,943	235,490	279,052	266,538	134,028
Capital outlay	9,536,571	5,864,652	10,865,899	6,715,101	6,018,987	4,806,043	6,765,790	10,242,760	15,579,328	32,006,592
Debt service:										
Principal payments	21,657,205	37,145,515	22,573,320	22,983,227	24,884,962	24,623,212	51,963,069	22,439,799	16,750,000	22,280,153
Interest	11,784,215	11,466,389	12,332,267	11,947,860	11,618,507	10,867,308	10,210,079	7,665,433	8,233,716	7,697,640
Debt issuance costs	21,037	197,221	35,287	15,720	281,302	-	212,000	1,412,609	-	-
Total expenditures	<u>255,246,155</u>	<u>262,540,568</u>	<u>259,459,753</u>	<u>254,652,600</u>	<u>260,184,465</u>	<u>270,783,568</u>	<u>304,042,356</u>	<u>275,057,437</u>	<u>287,674,958</u>	<u>346,933,012</u>
Excess of revenue over (under) expenditures	<u>(5,444,138)</u>	<u>(9,876,125)</u>	<u>(1,084,816)</u>	<u>4,722,479</u>	<u>(1,867,702)</u>	<u>6,924,047</u>	<u>(19,791,269)</u>	<u>36,601,323</u>	<u>36,009,685</u>	<u>10,519,716</u>
Other Financing Sources (Uses)										
Proceeds from sale of assets	1,663,452	1,544,459	961,979	648,819	1,744,024	2,113,402	131,527	115,197	157,327	303,381
SBITAs	-	-	-	-	-	-	-	-	-	14,719,886
Transfers in	41,383,047	50,158,502	46,135,425	48,535,595	52,625,011	53,113,672	55,405,970	56,835,112	62,546,202	70,577,654
Transfers out	(54,267,557)	(56,802,146)	(57,405,625)	(59,156,441)	(64,997,930)	(65,443,006)	(60,225,192)	(67,145,745)	(74,152,145)	(84,106,263)
Leases	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	6,042,599	53,898,119	-	-	25,765,000	-	23,673,600	123,185,000	-	-
Issuance of bonds	-	9,190,000	-	-	-	-	3,326,400	40,735,000	-	-
Issuance of notes payable	778,019	-	-	5,000,000	-	-	-	-	-	-
Debt service - principal (current refunding)	-	-	-	-	(28,920,000)	-	-	-	-	-
Bond premium and discount, net	-	795,928	-	-	2,536,170	-	2,881,847	17,122,166	-	-
Payment to refunded bonds escrow agent	-	(36,382,129)	-	-	-	-	-	(129,584,542)	-	-
Total other financing sources (uses)	<u>243,507</u>	<u>25,333,390</u>	<u>(5,343,506)</u>	<u>344,420</u>	<u>(4,718,771)</u>	<u>(5,137,493)</u>	<u>30,570,627</u>	<u>41,262,188</u>	<u>(11,448,616)</u>	<u>1,494,658</u>
Net change in fund balance	<u>\$ (5,200,631)</u>	<u>\$ 15,457,265</u>	<u>\$ (6,428,322)</u>	<u>\$ 5,066,899</u>	<u>\$ (6,586,473)</u>	<u>\$ 1,786,554</u>	<u>\$ 10,779,358</u>	<u>\$ 77,863,511</u>	<u>\$ 24,561,069</u>	<u>\$ 12,014,374</u>
Debt service as a percentage of noncapital expenditures	11.04%	14.02%	19.26%	13.45%	14.44%	13.85%	21.36%	21.36%	9.30%	9.39%

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
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	9,582,951	330,386	1,502,207	4,485,646	157,560,456
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	10,030,691	391,666	1,496,692	5,112,309	192,637,659
2022	141,657,476	35,601,589	9,468,794	13,574,355	398,983	1,477,067	5,550,589	207,728,853
2023	148,642,590	39,647,259	9,413,903	14,947,316	359,654	1,407,525	5,470,775	219,889,022

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General merchandise	\$ 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	\$ 3,173,251,682	\$ 3,343,619,095
Auto and agriculture	517,108,866	556,428,894	209,319,797	585,447,368	568,742,620	612,567,439	633,934,999	793,015,544	75,040,494	779,472,155
Manufacturing machine	120,237,936	110,782,253	48,545,725	105,025,002	95,811,559	97,410,780	84,015,722	109,249,728	122,064,282	123,839,893
Totals	<u>\$ 3,128,533,813</u>	<u>\$ 3,288,573,188</u>	<u>\$ 2,927,948,677</u>	<u>\$ 2,963,452,367</u>	<u>\$ 3,012,871,772</u>	<u>\$ 3,179,283,057</u>	<u>\$ 3,291,656,314</u>	<u>\$ 3,760,126,731</u>	<u>\$ 3,370,356,458</u>	<u>\$ 4,246,931,143</u>
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

	2014			2015			2016		
	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers
General merchandise	\$ 87,207,079	6,466	24.02%	\$ 91,747,671	6,376	24.02%	\$ 93,452,910	6,227	23.67%
Auto and agriculture	6,463,861	243	83.12%	6,955,361	237	83.12%	7,326,194	255	75.34%
Manufacturing machine	2,104,164	357	81.83%	1,938,690	327	81.83%	1,699,100	370	65.53%
Totals	<u>\$ 95,775,104</u>	<u>7,066</u>		<u>\$ 100,641,722</u>	<u>6,940</u>		<u>\$ 102,478,204</u>	<u>6,852</u>	
	2017			2018			2019		
	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	\$ 94,654,853	5,197	23.67%	\$ 96,766,762	6,585	23.42%	\$ 102,016,091	7,562	25.63%
Auto and agriculture	7,240,503	186	75.34%	7,022,291	266	75.20%	7,568,581	535	89.07%
Manufacturing machine	1,825,477	287	65.53%	1,661,459	375	66.63%	1,690,235	475	73.30%
Totals	<u>\$ 103,720,833</u>	<u>5,670</u>		<u>\$ 105,450,512</u>	<u>7,226</u>		<u>\$ 111,274,907</u>	<u>8,572</u>	
	2020			2021			2022		
	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	\$ 105,926,609	8,397	26.18%	\$ 120,447,447	8,435	25.89%	\$ 130,261,792	7,904	24.76%
Auto and agriculture	7,823,332	495	78.11%	9,260,433	392	74.33%	9,278,658	319	73.88%
Manufacturing machine	1,458,025	563	64.86%	1,896,556	539	86.84%	2,117,026	481	78.90%
Totals	<u>\$ 115,207,966</u>	<u>9,455</u>		<u>\$ 131,604,436</u>	<u>9,366</u>		<u>\$ 141,657,476</u>	<u>8,704</u>	
	2023								
	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers						
General merchandise	\$ 136,925,414	9,070	23.55%						
Auto and agriculture	9,590,972	743	71.47%						
Manufacturing machine	2,126,204	711	78.56%						
Totals	<u>\$ 148,642,590</u>	<u>10,524</u>							

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

Source: City Revenue Division of the Department of Finance.

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

Fiscal Year	City Direct Rate	Montgomery County	State of Alabama	Total Sales Tax
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%
2022	3.50%	2.50%	4.00%	10.00%
2023	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

Tax Remitter	2014		2015		2016		2017		2018		2019		2020		2021		2022		2023	
	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted
Wal-Mart	1	5.52%	1	5.21%	1	8.00%	1	6.78%	1	6.97%	1	7.45%	1	7.49%	1	7.12%	1	6.53%	1	7.22%
Hyundai Manufacturing	6	1.76%	7	1.98%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Publix Alabama, LLC	2	3.35%	2	3.24%	2	2.94%	2	2.85%	2	2.84%	3	2.83%	2	2.74%	2	2.80%	2	3.06%	5	2.51%
Sams	3	2.70%	3	2.59%	4	2.32%	4	2.27%	4	2.26%	5	2.24%	4	1.96%	7	2.04%	6	2.02%	6	2.17%
Winn Dixie of Montgomery	4	2.65%	5	1.99%	5	1.76%	5	1.55%	7	1.17%	-	-	9	0.79%	-	-	-	-	-	-
Capital Chevrolet/IMF, Inc.	9	1.06%	6	2.03%	-	-	-	-	-	-	-	-	5	1.73%	4	2.50%	8	0.99%	0	-
Jack Ingram Motors, Co.	-	-	-	-	9	0.99%	9	1.03%	-	-	-	-	-	-	-	-	10	0.76%	10	0.74%
Costco Wholesale	5	2.31%	4	2.57%	3	2.39%	3	2.51%	3	2.43%	4	2.38%	3	2.29%	3	2.60%	4	2.57%	4	2.60%
Dillard's	7	1.26%	8	1.26%	7	1.24%	7	1.16%	8	0.98%	8	1.06%	-	-	-	-	9	0.85%	-	-
Target Store	8	1.14%	9	1.13%	8	1.02%	8	1.15%	6	1.24%	2	3.30%	7	1.55%	5	2.34%	3	2.95%	2	3.05%
Lowe's of Montgomery	10	1.03%	10	1.01%	10	0.97%	10	0.96%	10	0.85%	7	1.25%	10	0.76%	9	1.21%	5	2.36%	3	2.75%
Home Depot USA, Inc.	-	-	-	-	6	1.66%	6	1.50%	5	1.50%	6	1.78%	6	1.72%	6	2.07%	7	1.81%	7	1.75%
Dollar General	-	-	-	-	-	-	5	-	9	0.91%	-	-	8	0.89%	10	0.89%	-	-	8	0.83%
Alabama State University	-	-	-	-	-	-	-	-	-	-	9	1.06%	-	-	-	-	-	-	-	-
Classic Cadillac GMC Buick	-	-	-	-	-	-	-	-	-	-	10	0.83%	-	-	8	1.28%	-	-	-	-
Alabama Power	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9	0.78%
Totals		<u>22.78%</u>		<u>23.01%</u>		<u>23.29%</u>		<u>21.76%</u>		<u>21.14%</u>		<u>24.17%</u>		<u>21.92%</u>		<u>24.84%</u>		<u>23.89%</u>		<u>24.40%</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	Leases	Lease & SBITA Liability	Notes Payable				
2014	\$ 293,365,985	-	\$ 17,895,621	-	\$ 1,730,370	\$ 312,991,976	10.00%	6.24%	\$ 1,521
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	-	13,152,953	-	4,750,000	307,490,599	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
2022	261,147,731	-	-	\$ 701,727	-	261,849,458	7.77%	4.50%	1,305.31
2023	238,318,733	-	-	13,607,043	-	251,925,776	5.93%	3.98%	1,255.84

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)
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
2022	261,147,731	449,844	260,697,887	7.74%	1,299.57
2023	238,318,733	422,928	237,895,805	5.60%	1,185.90

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

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

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<u>2014</u>			
Direct			
City of Montgomery:			
General Obligation including			
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><u>\$ 434,121,194</u></u>		<u><u>\$ 417,991,946</u></u>
<u>2015</u>			
Direct			
City of Montgomery:			
General Obligation including			
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><u>\$ 440,172,842</u></u>		<u><u>\$ 424,770,302</u></u>
<u>2016</u>			
Direct			
City of Montgomery:			
General Obligation including			
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><u>\$ 447,613,420</u></u>		<u><u>\$ 432,162,150</u></u>

(Continued)

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

<u>2017</u>			
Direct			
City of Montgomery:			
General Obligation including 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 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>
<u>2019</u>			
Direct			
City of Montgomery:			
General Obligation including Leases, Direct Borrowings, and Direct Placements	\$ 268,014,206	100.00%	\$ 268,014,206
Overlapping			
County of Montgomery:			
Montgomery County General and Limited Obligation Warrants	<u>138,106,383</u>	86.99%	<u>120,138,743</u>
Total direct and overlapping debt	<u>\$ 406,120,589</u>		<u>\$ 388,152,949</u>
<u>2020</u>			
Direct			
City of Montgomery:			
General Obligation including 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	<u>168,423,210</u>	86.70%	<u>146,022,923</u>
Total direct and overlapping debt	<u>\$ 418,268,774</u>		<u>\$ 395,868,487</u>
Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt

(Continued)

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

2021

Direct

City of Montgomery:

General Obligation including

Direct Placements	\$ 279,855,976	100.00%	\$ 279,855,976
-------------------	----------------	---------	----------------

Overlapping

County of Montgomery:

Montgomery County General and

Limited Obligation Warrants	<u>161,860,630</u>	86.44%	<u>139,904,857</u>
-----------------------------	--------------------	--------	--------------------

Total direct and overlapping debt	<u><u>\$ 441,716,606</u></u>		<u><u>\$ 419,760,833</u></u>
-----------------------------------	------------------------------	--	------------------------------

2022

Direct

City of Montgomery:

General Obligation including

Direct Placements and Leases	\$ 261,849,458	100.00%	\$ 261,849,458
------------------------------	----------------	---------	----------------

Overlapping

County of Montgomery:

Montgomery County General and

Limited Obligation Warrants	<u>187,913,258</u>	85.81%	<u>161,251,674</u>
-----------------------------	--------------------	--------	--------------------

Total direct and overlapping debt	<u><u>\$ 449,762,716</u></u>		<u><u>\$ 423,101,132</u></u>
-----------------------------------	------------------------------	--	------------------------------

2023

Direct

City of Montgomery:

General Obligation including

Direct Placements, Leases, and SBITAs	\$ 251,925,776	100.00%	\$ 251,925,776
---------------------------------------	----------------	---------	----------------

Overlapping

County of Montgomery:

Montgomery County General and

Limited Obligation Warrants	<u>178,960,398</u>	84.53%	<u>151,275,224</u>
-----------------------------	--------------------	--------	--------------------

Total direct and overlapping debt	<u><u>\$ 430,886,174</u></u>		<u><u>\$ 403,201,000</u></u>
-----------------------------------	------------------------------	--	------------------------------

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

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

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

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 13
LEGAL DEBT MARGIN INFORMATION

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit	\$ 538,171,288	\$ 545,789,924	\$ 426,159,672	\$ 451,905,092	\$ 466,467,876	\$ 477,966,768	\$ 478,704,720	\$ 484,996,748	\$ 540,221,008	\$ 582,559,716
Total net debt applicable to limit	<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>	<u>224,450,302</u>	<u>217,600,737</u>
Legal debt margin	<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>	<u>\$ 315,770,706</u>	<u>\$ 364,958,979</u>
Total net debt applicable to the limit as a percentage of debt limit	46.18%	44.56%	61.16%	55.66%	50.67%	47.03%	43.60%	49.67%	41.55%	37.35%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed property value	<u>\$ 2,912,798,580</u>
Debt limit (20% of assessed property value)	<u>\$ 582,559,716</u>
Debt applicable to limit:	
General obligation debt including leases, notes payable, and SBITAs	\$ 251,925,776
Less: Debt attributable to construction of school houses	<u>(34,325,039)</u>
Total net debt applicable to limit	<u>217,600,737</u>
Legal debt margin	<u>\$ 364,958,979</u>

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 14
PLEDGED-REVENUE COVERAGE

<u>Fiscal Year</u>	<u>Revenue Warrants</u>				<u>Coverage</u>
	<u>Lodging Tax Revenue</u>	<u>Debt Service</u>			
		<u>Principal</u>	<u>Interest</u>		
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	
2022	N/A	N/A	N/A	N/A	
2023	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
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%
2022	200,603	5,825,109,914	29,038	26,381	3.0%
2023	200,603	6,328,824,047	31,549	27,396	2.6%

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

Employer	2014		2015		2016		2017		2018		2019		2020		2021		2022		2023	
	Employees	Percentage of Total City Employment																		
Maxwell-Gunter Air Force Base	12,280	6.39%	12,280	6.35%	12,280	6.33%	12,280	6.19%	12,280	6.19%	12,280	6.13%	12,280	6.53%	12,280	6.40%	12,280	6.31%	12,280	6.28%
State of Alabama	11,830	6.16%	11,830	6.12%	11,830	6.10%	11,639	5.87%	11,639	5.87%	11,639	5.81%	10,548	5.61%	10,460	5.45%	10,315	5.30%	10,315	5.28%
Baptist Health Systems	4,300	2.24%	4,300	2.22%	4,300	2.22%	4,300	2.17%	4,300	2.17%	4,300	2.15%	4,300	2.29%	5,280	2.75%	4,300	2.21%	4,300	2.20%
Montgomery Public Schools	4,524	2.35%	4,524	2.34%	4,524	2.33%	4,524	2.28%	4,524	2.28%	4,524	2.26%	4,524	2.41%	4,524	2.36%	4,524	2.32%	4,524	2.32%
Hyundai Motor Manufacturing AL	3,100	1.61%	3,100	1.60%	3,100	1.60%	3,100	1.56%	3,100	1.56%	3,100	1.55%	3,530	1.88%	3,530	1.84%	3,530	1.81%	3,530	1.81%
ALFA Insurance Companies	2,568	1.34%	2,568	1.33%	2,568	1.32%	2,568	1.29%	2,568	1.29%	2,568	1.28%	2,568	1.37%	2,568	1.34%	2,568	1.32%	2,568	1.31%
City of Montgomery	2,500	1.30%	2,500	1.29%	2,500	1.29%	2,500	1.26%	2,500	1.26%	2,500	1.25%	2,500	1.33%	2,500	1.30%	2,500	1.28%	2,500	1.28%
MOBIS Alabama, LLC	1,400	0.73%	1,400	0.72%	1,400	0.72%	1,400	0.71%	1,400	0.71%	1,400	0.70%	1,400	0.74%	1,400	0.73%	-	0.00%	-	0.00%
Business and Enterprise Systems	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1,300	0.69%	1,350	0.70%	1,350	0.69%	1,350	0.69%
Jackson Hospital & Clinic, Inc.	1,300	0.68%	1,300	0.67%	1,300	0.67%	1,300	0.66%	1,300	0.66%	1,300	0.65%	1,300	0.69%	1,300	0.68%	1,300	0.67%	1,300	0.67%
Koch Foods	-	0.00%	-	0.00%	-	0.00%	1,250	0.63%	1,250	0.63%	1,250	0.62%	1,250	0.66%	1,250	0.65%	1,250	0.64%	1,250	0.64%
Rheem Water Heaters	1,173	0.61%	1,173	0.61%	1,173	0.60%	-	0.00%	-	0.00%	-	0.00%	1,000	0.53%	920	0.48%	-	0.00%	-	0.00%
Total	44,975	23.40%	44,975	23.25%	44,975	23.18%	44,861	22.62%	44,861	22.62%	44,861	22.38%	46,500	24.73%	47,362	24.67%	43,917	22.57%	43,917	22.48%

Source: Montgomery Chamber of Commerce.

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

Function/Program	Full-time Equivalent Employees as of September 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
Mayor	8	8	8	10	10	10	6	4	7	10
City Clerk	4	4	4	5	5	5	5	5	4	5
City Attorney	8	8	8	7	8	8	7	10	9	9
City Investigation	2	3	2	3	2	3	4	4	4	3
Communications	6	6	6	5	4	4	4	3	4	4
Development	2	5	5	4	4	17	20	24	22	21
Economic Development	-	-	-	-	-	-	-	-	1	1
Finance	50	50	49	52	50	53	44	43	37	40
Information Technology	31	28	28	28	28	31	27	27	19	15
Garage	56	54	54	57	56	54	52	50	49	46
Grants	-	-	-	-	-	-	-	-	3	4
Municipal Court	45	43	43	44	43	47	40	43	45	42
Municipal Parking Deck	13	15	15	13	14	13	11	10	9	9
Neighborhood Services	7	6	4	4	7	6	10	8	6	5
Planning	31	29	27	28	26	8	8	7	8	7
Procurement	-	-	-	-	-	-	-	-	3	3
Risk Management	6	6	5	6	6	6	8	7	7	6
Public safety:										
Police:										
Officers	506	491	492	493	478	478	475	434	395	351
Civilians	134	132	127	126	114	115	120	103	121	112
Fire:										
Officers	552	555	524	516	503	518	487	486	506	487
Civilians	8	7	7	7	6	7	7	7	7	6
City/County Emergency Mgt. Agency	4	4	5	5	5	5	4	4	12	13
Emergency Communications	56	66	58	59	65	64	59	51	43	35
Office of Violence Prevention	-	-	-	-	-	-	-	-	2	2
Public works:										
Building Maintenance	63	62	65	64	66	68	66	64	61	59
Engineering	21	20	19	16	15	18	19	18	14	17
Inspections	31	31	32	31	36	36	33	32	34	31
Landfill	16	16	14	15	15	12	14	15	15	18
Maintenance	183	183	174	152	155	154	143	132	129	129
Sanitation	258	260	238	232	226	218	222	244	245	241
Traffic Engineering	36	33	34	32	33	33	32	33	35	35
Cultural and recreational:										
Parks and Recreation	294	221	206	211	224	207	195	186	173	187
City Events	-	9	9	9	10	9	8	8	2	13
Cultural Affairs	-	-	-	-	-	-	-	1	3	1
Food Services	-	-	-	-	-	-	-	-	-	-
Harriott II Riverboat	-	3	3	4	3	4	3	5	5	5
Lagoon and Gateway Parks	11	-	-	-	-	-	-	-	-	-
Library	60	61	62	63	64	63	60	59	55	60
Montgomery Zoo	46	45	45	43	42	41	38	40	43	39
Museum	35	34	32	39	36	37	36	34	32	25
Total	2,583	2,498	2,404	2,382	2,359	2,352	2,267	2,201	2,169	2,096

Source: City Finance Department.

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

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
Business licenses issued	14,793	15,116	16,089	15,076	16,578	16,462	10,012	14,873	16,019	14,057
Building permits issued	8,303	8,459	9,064	8,724	9,561	8,829	8,825	8,312	8,735	8,657
Public safety:										
Police:										
Physical arrests	11,583	10,673	9,436	9,853	10,007	9,176	6,375	4,509	4,487	7,126
Parking violations	31,505	31,414	28,246	28,305	27,477	24,328	15,727	21,142	18,464	16,293
Traffic violations	78,070	61,630	62,846	55,814	77,309	54,573	26,848	27,677	20,102	15,165
Fire:										
Emergency responses	27,299	26,538	32,734	34,775	34,939	34,951	36,432	38,866	38,731	38,601
Fires extinguished	7,042	5,320	4,933	4,839	5,511	5,589	5,842	5,673	6,223	6,310
Inspections	15,898	16,542	15,690	11,746	11,015	14,539	8,816	9,006	6,773	3,819
Public works:										
Refuse collected (tons per year)	68,341	64,119	107,849	113,580	105,672	106,399	128,761	123,481	116,869	112,160
Recyclables collected (tons per year)	39,772	44,734	-	-	-	-	-	-	-	-
Streets resurfaced (tons of paving material)	33,750	52,183	32,031	35,180	29,650	45,003	28,758	25,416	32,959	43,417
Transit:										
Passengers	941,920	867,901	785,069	683,363	621,371	603,510	448,463	325,057	344,815	422,154
Cultural and recreational:										
Library:										
Total circulation	367,149	444,671	667,157	654,579	740,446	631,789	547,601	493,875	424,641	410,951
Parks and Recreation:										
Golf rounds played	33,340	34,530	33,400	28,330	28,424	28,455	32,708	33,165	34,270	38,578
Youth baseball/softball games played	6,503	6,551	6,601	6,704	6,748	6,774	1,450	6,802	6,975	7,246
League and tournament games played	2,888	2,995	3,262	3,312	3,360	3,391	74	3,427	3,610	3,830
Games played in athletic facilities:										
Basketball	443	470	480	510	525	572	150	590	615	675
Volleyball	185	195	220	235	250	264	140	270	294	340
Football	43	44	47	48	50	53	54	53	44	45
Soccer	1,680	1,750	1,763	1,807	1,868	1,879	765	1,912	1,995	2,215
Kickball	80	80	266	278	286	302	280	315	345	360
Baseball	-	-	255	263	275	281	140	290	275	290

Sources: Various City departments.

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety:										
Police:										
Stations	3	3	3	3	3	3	3	3	3	3
Patrol cars	252	257	256	268	262	253	258	174	170	225
Fire stations	16	16	16	16	16	16	16	16	16	16
Public works:										
Streets (miles)	1,107	1,068	1,070	1,093	1,095	1,097	1,098	1,099	1,099	1,103
Traffic signals	429	429	432	432	432	432	435	435	436	436
Street lights	29,032	29,033	29,033	29,033	29,033	29,053	29,095	29,133	29,115	29,198
Refuse collection trucks	120	122	118	117	124	109	103	108	107	107
Transit:										
Buses	45	49	44	48	33	29	28	27	26	30
Cultural and recreational:										
Acreage	1,857	1,857	1,857	1,873	1,873	1,873	1,876	1,876	1,876	1,876
Golf courses (acres)	610	610	610	610	610	610	610	610	610	610
Playgrounds	52	52	52	58	58	58	59	59	59	59
Baseball/softball fields	87	87	87	87	87	87	87	88	88	89
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	23	20	20	21	20	20	20	20	20	20

Sources: Various City departments.

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