

DeLOACH, BARBER & CASPERS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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September 10, 2020

Honorable Mayor Hollie C. Cost, Ph.D.
Members of the City Council
City of Montevallo, Alabama

Mayor and City Council:

In planning and performing our audit of the financial statements of the City of Montevallo, Alabama as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Montevallo, Alabama's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However as noted in the attached memorandum, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. See the attached memorandum for the deficiencies in internal control we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. See the attached memorandum for the items we considered to be significant deficiencies.

During our audit, we also became aware of deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency. See the attached memorandum for the items we considered to be other matters.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various governmental unit personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use by management, Mayor and Council of the City of Montevallo, Alabama, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

DeLoach, Barber & Caspers, P.C.

CITY OF MONTEVALLO, ALABAMA
MEMORANDUM TO ACCOMPANY MANAGEMENT LETTER
SEPTEMBER 30, 2019

MATERIAL WEAKNESSES:

I. Lack of Segregation of Duties (Repeat Finding)

Management should review the design of its internal control in regards to financial controls to achieve a segregation of accounting duties where possible. At a minimum, part of this design the internal control should include a segregation of duties to ensure that the person collecting is not the same person maintaining the records related to the items collected.

We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Lack of segregation of duties, should be eliminated if possible, however, because it could possibly result in the misstatement or misuse of City assets. A single person performing multiple stages of the accounting and operation procedures could lead to errors, misstatements, or potential fraud or abuse.

Some areas that we believe there is a lack of segregation of duties at the City, and that need to be reviewed are the following areas; **controls over receipting related to sporting activities in the Park and Recreation department, and controls over receipting in the Golf department.** This is not intended to be a list of all the areas where lack of segregation exists, however it is a listing of the areas we believe to be of higher risk.

II. Material Audit Adjustments (Repeat Finding)

During the course of our audit, there were audit adjustments that were material in nature to the financial statements. Material adjustments related to correction of posting of revenues, posting of capital expenditures, posting of payroll related items, and correction of transfers and intercompany balances.

Material audit adjustments could be an indication of a weakness in the internal control and are opportunities to strengthen the City's account reconciliation process. We encourage management to review the provided journal entries and make necessary adjustments to internal control to ensure accurate financial reporting.

**CITY OF MONTEVALLO, ALABAMA
MEMORANDUM TO ACCOMPANY MANAGEMENT LETTER
SEPTEMBER 30, 2019**

MATERIAL WEAKNESSESS: (Continued)

III. Preparation of the Financial Statements (Repeat Finding)

Management is responsible for the preparation and fair presentation of financial statements in accordance with generally accepted accounting principles (GAAP). Personnel are not currently in place whom are adequately trained to prepare the financial statements in conformity with GAAP. For the year ended September 30, 2019, the City, based on a cost versus benefit analysis, elected to have the external auditor prepare the financial statements.

We realize that management believes the cost of correcting the above significant deficiencies would exceed the benefits to be derived from doing so. Management does employ qualified staff to prepare monthly cash-basis financial statements for internal use, and also monitors revenues and expenses as compared to the budget. AU-C 265 indicates that a weakness in internal control is present when personnel are not available to apply GAAP in preparing the financial statements, and as such we are required to communicate this matter to management.

SIGNIFICANT DEFICIENCIES & NONCOMPLIANCE:

I. Review of Payroll Withholdings

During our testing we noted that some employee withholdings were not properly set up to withhold correct amounts. In addition, coding of payments for withholding amounts were not always properly posted to the correct accounts.

Often time in the change over from moving from one payroll service company to another, mistakes occur in setting up withholding amounts for employee payroll items. We noted the City incurred costs associated with pension liabilities due to improper withholding amounts set up on Empower.

We recommend that all employees withholdings are reviewed to ensure proper amounts are withheld. In addition, a review of account coding needs to occur to ensure that withholdings are coded to the proper accounts when subsequently paid.

CITY OF MONTEVALLO, ALABAMA
MEMORANDUM TO ACCOMPANY MANAGEMENT LETTER
SEPTEMBER 30, 2019

II. Processes and Controls Related to Park and Recreation Collections (Repeat Finding)

During our testing we noted that controls related to the Park and Recreation collection of monies related to sporting activities and other items needs to be reviewed to ensure proper segregation of duties and adequate reporting and monitoring. Upon discussion with management and review of reports and controls we noted that primarily one individual is responsible for collection of park activities and is also responsible for management of records related to those activities. In addition, we were unable to reconcile the reports related to sporting activities to the accounting records. This is primarily due to lack of sufficient reporting of detailed collections to the accounting department and no one performing a reconciliation of the sport activity reports to the accounting records.

We recommend that if possible, the person collecting the payments related to sports activities should not also be responsible for the record keeping related to the sports activities. In addition, detailed reports should be given to the accounting department breaking down and reconciling to the records management for those activities.

III. Processes and Controls Related to Golf Department Collections (Repeat Finding)

During our testing we noted that controls related to the Golf Department collection of monies needs to be reviewed to ensure proper segregation of duties and adequate reporting and monitoring. We have noted continued decrease in collections at the Golf course and feel that additional procedures should be in place to ensure proper accounting and reconciliations are preformed in regards to Golf revenues.

We recommend that if possible, the person collecting the payments related to Golf revenues should not also be responsible for the record keeping related to those activities. We recommend the City review the internal control processes over Golf revenues, such as initiation fees, green fees, cart rental, etc., to ensure proper reconciliation and recording.

IV. Reconciliation of Due To/From Intercompany Accounts and Transfers

During our audit testing we noted that there were required adjustments to balance intercompany due to/from accounts and related transfer accounts.

We recommend that on a monthly basis these accounts are reconciled with each other to eliminate the need for year-end audit adjustments.

CITY OF MONTEVALLO, ALABAMA
MEMORANDUM TO ACCOMPANY MANAGEMENT LETTER
SEPTEMBER 30, 2019

OTHER ITEMS/RECOMMENDATIONS:

I. Recommendations to Strengthen Internal Control

During our testing we noted additional control procedures that we recommend that could help strengthen internal control:

- A. A sign should be posted visible to all customers notifying them to expect a receipt at all collection sites. If possible, we recommend that all collections be made at one central location, where the sign is posted to get a receipt, and where the receipt can be computer generated. This will eliminate the need for multiple payment locations, multiple receipt books, and reduce the risks associated with having multiple people collecting.
- B. We recommend to our governmental clients that as part of a sound internal control structure they should routinely perform their own risk assessments of internal controls and processes to determine the high-risk areas for the entity. Once the high-risk areas are determined management should review controls and processes over those areas.

We remind you that we were not engaged to perform an audit over internal controls and as such we have not done so. We consider internal controls and process in regards to our risk assessment to determine our audit procedures to be performed, however our audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. If you wish to have additional procedures performed in relation to internal control, we will gladly discuss this with you.

- C. We recommend to all our governmental clients they should establish written internal controls, accounting procedures and fiscal policies. The policies and procedures should be routinely reviewed for needed changes and for continued compliance. These policies should be provided to proper personnel and they should be required to acknowledge receipt of such policies. We recommend the City consider adopt the following written policies related to the accounting process:

- 1. Fiscal Management Policy (Controls, Processes and Authority) over Banking and Disbursement
- 2. Credit Card Usage Policy

- D. We encourage all of our clients to consider adopting disaster recovery plans.

CITY OF MONTEVALLO, ALABAMA
MEMORANDUM TO ACCOMPANY MANAGEMENT LETTER
SEPTEMBER 30, 2019

OTHER ITEMS/RECOMMENDATIONS: (Continued)

I. Recommendations to Strengthen Internal Control (Continued)

- E. We encourage all clients to review controls over collections and disbursements on a routine basis to determine adequate separation of duties and to assist with performing risk assessments.
- F. We encourage all clients to review controls over payroll and hiring and to have adequate monitoring processes and policies to help ensure proper accounting.
- G. We encourage all clients to review controls over grant and grant management.
- H. We encourage all clients to review controls related to documentation of bidding requirements for the State of Alabama.

CITY OF MONTEVALLO, ALABAMA

BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

CITY OF MONTEVALLO, ALABAMA

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Hollie C. Cost, Ph.D.
Members of the City Council
City of Montevallo, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Montevallo, Alabama, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Montevallo, Alabama, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary information and select pension plan disclosures on pages 63-69 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.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

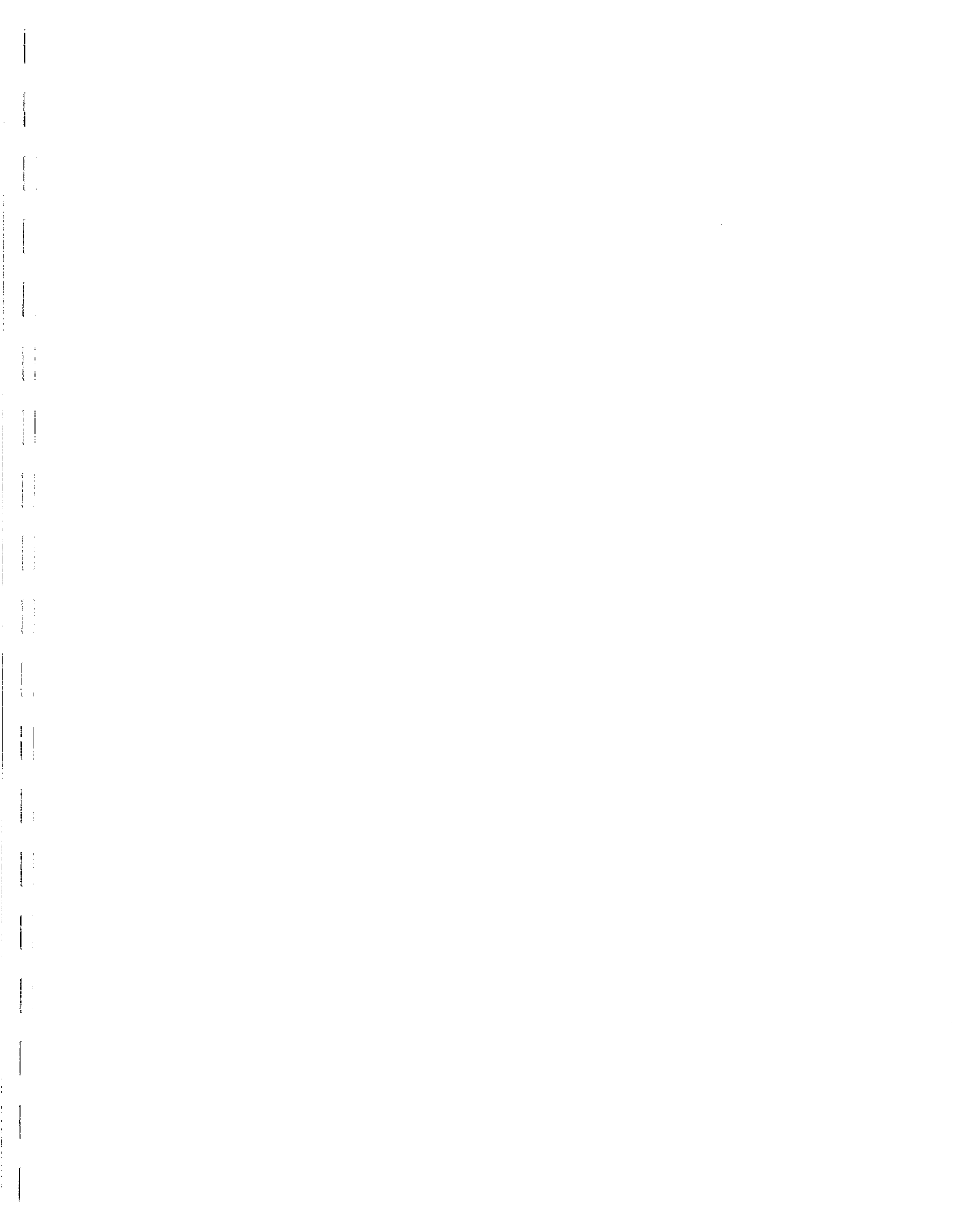
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Montevallo, Alabama's basic financial statements. The combining nonmajor fund financial statements (pages 71-74) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

DeLoach, Barber & Caspers, P.C.

September 10, 2020



CITY OF MONTEVALLO, ALABAMA

STATEMENT OF NET POSITION (Continued)
SEPTEMBER 30, 2019

	<u>Governmental Activities</u>
LIABILITIES	
<u>Current Liabilities (payable from current assets)</u>	
Accounts payable	185,347
Payroll taxes payable	35,046
Accrued salaries and wages	108,972
Accrued compensated absences	270,721
Court bonds payable	39,128
<u>Non-current Liabilities</u>	
Deficit in joint venture <i>Our Share ABCD</i>	2,508,351
Accounts payable - state and local court agencies	80,765
Notes payable - portion due in one year	106,896
Notes payable - portion due in more than one year	421,245
	<hr/>
Total Liabilities	3,756,471
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pension	539,985
	<hr/>
Total Liabilities and Deferred Inflows of Resources	4,296,456
	<hr/>
NET POSITION	
<u>Net Position</u>	
Investment in capital assets, net of related debt	13,725,835
Restricted for:	
Capital improvements	116,022
Pension	323,472
Public services	1,237,236
Unrestricted	1,516,715
	<hr/>
Total Net Position	\$ 16,919,280
	<hr/> <hr/>

*+800,000
for 2019*

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

CITY OF MONTEVALLO, ALABAMA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Expenses	Program Revenues		Net (Expenses) Revenues
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
	\$	\$	\$	\$
<u>Governmental Activities</u>				
Aging program	55,760		18,471	(37,289)
Animal control	7,425			(7,425)
Beautification	1,296			(1,296)
Building inspector	14,476			(14,476)
Cemetery	79,935	59,450		(20,485)
City council	1,802			(1,802)
City judge	19,212			(19,212)
City prosecutor	11,960			(11,960)
City clerk's office	85,142			(85,142)
City shop	21,680			(21,680)
Court	264,756	394,941		130,185
Economic development	56,081			(56,081)
Fire and rescue	474,252	29,861	27,920	(416,471)
Fire prevention	61,847			(61,847)
General government	746,151	968,419	18,764	255,880
Golf department	330,673	175,555	32,500	(108,618)
Historical commission	578			(578)
Interest on long-term debt	9,138			(9,138)
Library	352,333	6,858	19,015	(326,460)
Leaf and limb	78,225			(78,225)
Mahler property	6,119			(6,119)
Mayor's office	23,671			(23,671)

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

(Continued)

CITY OF MONTEVALLO, ALABAMA

STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenues
		Fees, Fines, and Charges for Services	Operating Grants and Contributions		
<u>Governmental Activities</u>					
Park and recreation	413,101	76,009	462		(336,630)
Police and forfeitures	1,533,395	36,068	80,041		(1,417,286)
Police explorers	5,540		10,082		4,542
Recycling center	20,239	1,138			(19,101)
Revenue officer	77,378				(77,378)
Sanitation	315,280	398,809			83,529
Shoal Creek Park	5,874			91,982	86,108
Street	1,026,129				(1,026,129)
Vallocycle	585	120			(465)
Montevallo Developmental Cooperative District	628,375			362,148	(266,227)
Total Governmental Activities	6,728,408	2,147,228	207,255	482,978	(3,890,947)

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

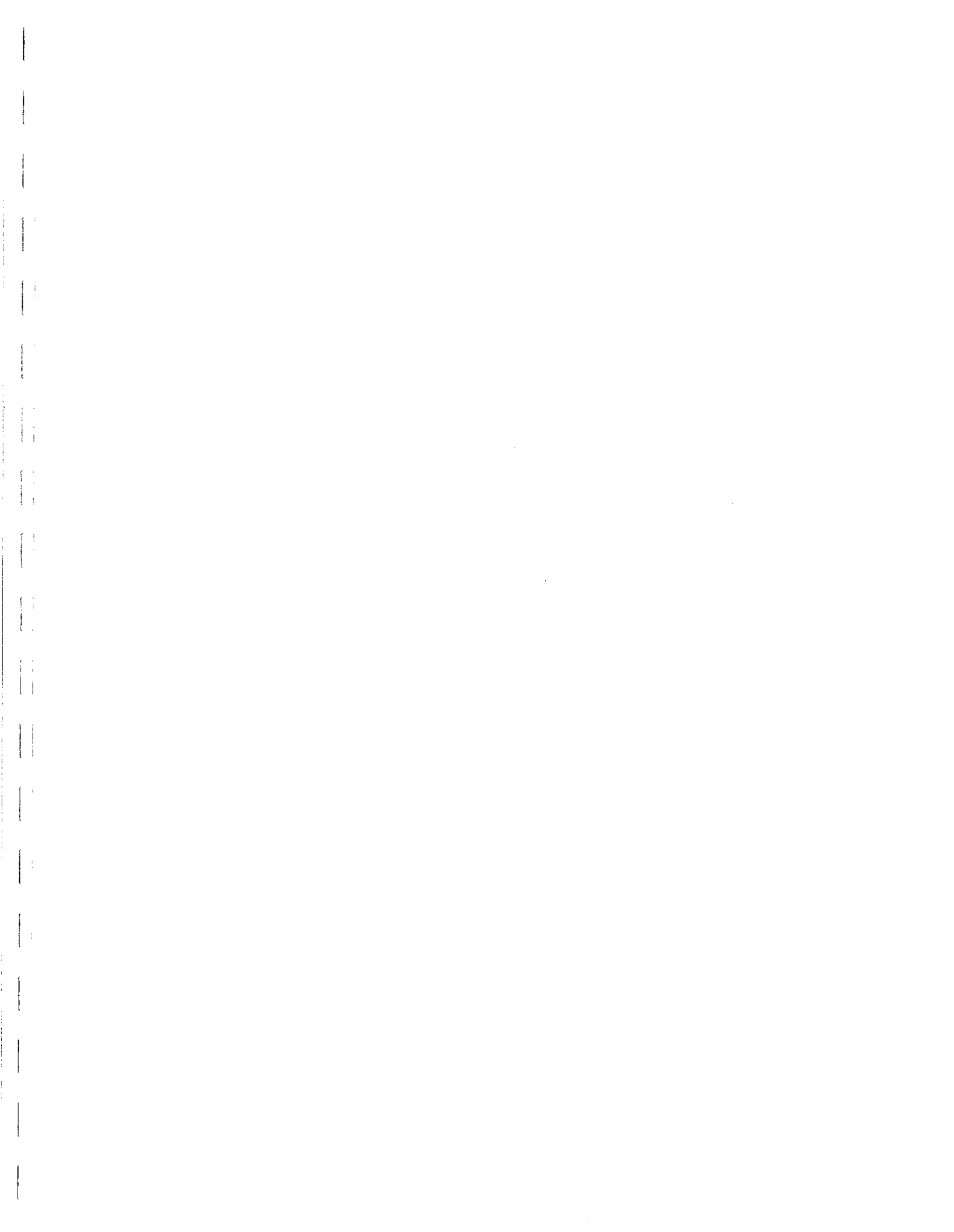
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CITY OF MONTEVALLO, ALABAMA

STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Governmental Activities</u>
<u>Net Revenues (Expenses)</u>	\$ <u>(3,890,947)</u>
General revenues:	
Taxes:	
Sales and use tax	3,497,165
Simplified sellers use tax	132,609
Property taxes	375,473
Gasoline taxes	71,309
Beer and alcoholic beverage taxes	77,147
Tobacco tax	45,920
Rental and lodging tax	111,896
State capital improvements	59,099
State shared taxes	29,147
Miscellaneous	29,092
Investment income	3,650
City's share of joint venture earnings (loss)	299,646
Gain/loss on sale of assets	<u>(56,775)</u>
Total general revenues and transfers	<u>4,675,378</u>
Change in net position	784,431
Net position, beginning of year	<u>16,134,849</u>
Net position, end of year	\$ <u><u>16,919,280</u></u>

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



CITY OF MONTEVALLO, ALABAMA

BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)
 SEPTEMBER 30, 2019

LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES (Continued)

	General	Reserve Fund	ALDOT Grant Fund	Court	Mahler Inheritance Fund	Other Governmental Funds	Totals Governmental Funds
Fund Balances							
Nonspendable:							
Inventories	9,580						9,580
Prepaid expenses	89,335					3,340	92,675
Assigned for:							
Reserves/Capital Projects	193,916						193,916
Restricted for:							
Capital Projects	368,330		90,662			53,435	144,097
Public Services	876,077	62,587		42,864	467,924	110,584	1,052,289
Unassigned							876,077
Total Fund Balances	1,537,238	62,587	90,662	42,864	467,924	167,359	2,368,634
Total Liabilities, Deferred inflow of Resources, and Fund Balances	\$ 2,439,993	\$ 116,181	\$ 290,662	\$ 362,768	\$ 467,924	\$ 205,227	\$ 3,882,755

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

CITY OF MONTEVALLO, ALABAMA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total fund balances for governmental funds \$ 2,368,634

Amounts reported for governmental activities in the statement of net position are different from the amounts reported in the balance sheet because:

Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position. 16,762,327

The City's equity interest in the Montevallo Development Cooperative District (MDCD) is not attributable to any certain fund and is not recognized on the fund financial statements. (2,508,351)

Other long-term assets (receivables) are not available to pay current-period expenditures and, therefore are deferred in the fund financial statements. These include unearned property taxes and unearned court fines. 582,104

Certain deferred inflows and outflows are not recognized in the fund balance sheet, but they are recognized in the statement of net position. 323,472

Certain liabilities (such as leases payable, notes payable, and other long term debt) are not reported in this fund financial statement because they are not due and payable, but they are presented as liabilities in the statement of net position. (608,906)

Net position of governmental activities \$ 16,919,280

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

CITY OF MONTEVALLO, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General	Reserve Fund	ALDOT Grant Fund	Court	Mahler Inheritance Fund	Other Governmental Funds	Totals Governmental Funds
Revenues							
Tax revenue	\$ 4,298,583	\$	\$			\$ 88,246	\$ 4,386,829
Licenses, permits, & franchise fees	943,994						943,994
Cemetery revenues							
Grave opening and closings	22,250						22,250
Lot sales	37,200						37,200
Court revenues							
Fines and forfeitures				261,620			261,620
Corrections				41,542			41,542
Restitution				70,332			70,332
Donations							
MJCC	3,605						3,605
Fire department income							
Almont fire dues	9,665						9,665
Donations	18,000						18,000
Event salary reimbursement	1,560						1,560
Grant income	8,809						8,809
Miscellaneous	1,658						1,658
State forestry	1,111						1,111
Wilton fire and rescue dues	16,978						16,978
Golf department income							
Cart rental	101,704						101,704
Cart house rental	1,080						1,080
Driving range fees	14,783						14,783
Membership dues	12,157						12,157
Green fees	38,625						38,625
Shop supplies sales	6,886						6,886
Miscellaneous	321						321
University of Montevallo contribution	32,500						32,500
Investment income	2,621	35	445	59	241	251	3,652

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

(Continued)

CITY OF MONTEVALLO, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General	Reserve Fund	ALDOT Grant Fund	Court	Mahler Inheritance Fund	Other Governmental Funds	Totals Governmental Funds
<u>Revenues (Continued)</u>							
Library revenues							
Donations						6,252	6,252
Fines and fees						6,858	6,858
Grant income						6,491	6,491
State aid						6,271	6,271
Miscellaneous - charges and fees							
Assessments	1,600						1,600
Parking and street cut permits	60						60
Other	3,472						3,472
Miscellaneous							
Miscellaneous - other	19,024						19,024
Mayors breakfast	4,930						4,930
Grant income							
Shoal Creek Park	91,982						91,982
Cawacco grant	859						859
Lakeshore grant	1,800						1,800
Mural grant	12,500						12,500
Park income							
Donations	462						462
Field usage and program activities	71,909						71,909
Rental	1,925						1,925
Scout hut rental	2,175						2,175
Police department income							
Accident reports	1,905						1,905
Donations						10,082	10,082
Event salary reimbursement	113,115						113,115
Fingerprint fees	310						310
Miscellaneous	779						779
Recycling revenues	1,138						1,138
Rental income	24,425						24,425
Sanitation services	398,809						398,809

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

(Continued)

CITY OF MONTEVALLO, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General	Reserve Fund	ALDOT Grant Fund	Court	Mahler Inheritance Fund	Other Governmental Funds	Totals Governmental Funds
<u>Revenues (Continued)</u>							
Senior Center							
Donations	1,592						1,592
Shelby County Commission grant	2,000						2,000
Grant - salary reimbursement	14,879						14,879
Valleycycle fees	120						120
Total Revenues	6,345,860	35	445	373,553	241	124,451	6,844,585
<u>Expenditures</u>							
Aging program	46,138						46,138
Animal control	7,425						7,425
Beautification	1,296						1,296
Building inspector	15,900						15,900
Capital expenditures	664,519	85,267		719	45,512	118,881	914,898
Cemetery	84,060						84,060
City clerk's office	92,787						92,787
City council	1,802						1,802
City judge	19,212						19,212
City prosecutor	11,960						11,960
City shop	21,680						21,680
Court	417			267,222			267,639
Economic development	57,085						57,085
Fire and rescue	309,686						309,686
Fire prevention	55,393						55,393
General government	662,936	15,029					677,965
Golf department	303,368						303,368
Historical commission	578						578
Interest expense		9,138					9,138
Leaf and limb	79,500						79,500
Library						256,090	256,090
Mahler property	775						775

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

(Continued)

CITY OF MONTEVALLO, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General	Reserve Fund	ALDOT Grant Fund	Court	Mahler Inheritance Fund	Other Governmental Funds	Totals Governmental Funds
<u>Expenditures (Continued)</u>							
Mayor's office	22,824						22,824
Montevallo Development Cooperative District		628,375					628,375
Park and recreation	300,028						300,028
Police, forfeitures, and explorers	1,538,003					7,498	1,545,501
Principal payment on debt		115,367					115,367
Recycle dept	14,808						14,808
Revenue officer	84,574						84,574
Sanitation	291,866						291,866
Street	682,649					17,097	699,746
Vallocycle	585						585
Total Expenditures	5,371,854	853,176	0	267,941	45,512	399,566	6,938,049
Excess of revenues over (under) expenditures	974,006	(853,141)	445	105,612	(45,271)	(275,115)	(93,464)
<u>Other Financing Sources (Uses)</u>							
Proceeds from sale of assets	13,850						13,850
Operating transfers in	123,866	823,624				239,503	1,186,993
Operating transfers out	(1,063,956)			(123,037)			(1,186,993)
Total Other Financing Sources (Uses)	(926,240)	823,624	0	(123,037)	0	239,503	13,850
Net change in fund balances	47,766	(29,517)	445	(17,425)	(45,271)	(35,612)	(79,614)
Fund Balance, Beginning of Year	1,489,472	92,104	90,217	60,289	513,195	202,971	2,448,248
Fund Balance, End of Year	\$ 1,537,238	\$ 62,587	\$ 90,662	\$ 42,864	\$ 467,924	\$ 167,359	\$ 2,368,634

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

CITY OF MONTEVALLO, ALABAMA

RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds \$ (79,614)

Amounts reported for governmental activities in the statement of net activities are different because:

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of net position and depreciated over their estimated economic lives. The amount by which depreciation of \$936,841 exceeds capital expenditures of \$914,898. (21,943)

Donations of capital assets are not recognized in the statement of revenues, expenditures, and changes in fund balances. The donations are recognized as capital grants and the related capital assets are depreciated over their useful life in the statement of activities. 304,853

In the statement of activities, the loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. (70,625)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include the increase of the City's equity interest in the Montevallo Development Cooperative District joint venture. 299,646

Revenues that are not available to pay current obligations are not reported in this fund financial statement but they are presented as revenues in the statement of activities. 34,384

Generally expenditures recognized in this fund's financial statements are limited to only those that use current financial resources but expenses are recognized in statement of activities when they are incurred. (1,995)

In the statement of activities, pension costs are measured by the amounts incurred during the year as actuarially computed. In governmental funds, however, pension expenditures are measured by the amount of financial resources used. 204,358

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 115,367

Change in net assets of governmental activities \$ 784,431

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

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Organization

The City of Montevallo, Alabama (the "City") was incorporated on March 3, 1848, under the provisions of Act number 106, page 161, 1848 Acts of Alabama. The City operates under a Mayor-Council form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, park and recreation, public improvements, planning and zoning, general and administrative, senior services, library services, and many other public services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Financial Reporting Entity

Generally accepted accounting standards (GAAP) require that the entity include the 1) primary government, 2) organizations for which the primary government is financially accountable and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards (Codification) has been considered and any component units are listed below. The City is not a component unit of any other entity. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting the following criteria: 1) the primary government appoints a voting majority of the organization's governing body and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government or 2) the potential component unit is fiscally dependent on the primary government. A potential component unit is considered fiscally dependent if it does not have authority to do all three of the following: 1) determine its own budget without another government having the authority to approve and modify the budget, 2) levy taxes or set rates or charges without approval by another government, and 3) issue bonded debt without approval by another government.

The City, for financial purposes, includes all of the funds relevant to the operation of the City of Montevallo, Alabama. The basic financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Montevallo, Alabama. There are no separately administered organizations that are controlled by or dependent on the City except as noted in the following paragraphs.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Based on the application of these criteria, the City of Montevallo - Library Board should be presented as a blended component unit because the City has operational responsibility for the component unit and/or the component unit's governing body is substantially the same as the City and there exists either a financial benefit or burden relationship. Information for blended component units are combined with the data of the primary government.

Discretely presented component units, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. There are no discretely presented component units for the City as of September 30, 2019.

Excluded from the reporting entity are as follows:

Water Works and Sewer Board of the City of Montevallo, Alabama
Montevallo Housing Authority
American Village Public Education Building Authority of the City of Montevallo
Parnell Memorial Library Foundation
Montevallo Industrial Development Board
Montevallo Development Cooperative District
Shoal Creek Park Foundation
Montevallo Main Street

The Water Works and Sewer Board of the City of Montevallo, Alabama is a separate legal entity that has authority to own, manage and operate the City water and sewer utilities. The City does not appoint a majority of the Board members, nor does the Board have fiscal dependence on the City. Annual audits are performed for the Water and Sewer Board and can be obtained at the Board's office.

The Montevallo Housing Authority organization refers to Montevallo in their title but does not meet the criteria of oversight responsibility as described above. The Board, appointed by the City as required by statute, has full responsibility to administer the housing authority for low and moderate income families funded by federal grants and rental income. Bi-annual audits are required by the granting agency, the U.S. Department of Housing and Urban Development. The City has no legal obligation to provide any funding to this program should grant funding no longer be available.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

The American Village Public Education Building Authority of the City of Montevallo refers to Montevallo in their title but does not meet the criteria of oversight responsibility as described above.

The Parnell Memorial Library Foundation is involved in fundraising for expansion of the City's Parnell Memorial Library but does not meet the criteria of oversight responsibility.

The Montevallo Development Cooperative District is a joint venture between the University of Montevallo, City of Montevallo, and Shelby County, Alabama that was incorporated on April 10, 2012 to promote economic development, tourism, education, recreation, the arts, historic preservation, livability, and a healthy and active lifestyle in Montevallo, Alabama. (See Note 10). The Montevallo Development Cooperative District issues separate audited financial statements which may be obtained at the Business Office of the University of Montevallo.

Government-wide and Fund Financial Statements

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City) and its component units if applicable. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business type activities are financed in whole or in part by fees charged to external parties.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units (if applicable). Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented if applicable. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or eliminations of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments, if applicable. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Major revenue sources susceptible to accrual include: sales and use tax, property taxes, franchise taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

The City does not currently employ an indirect cost allocation system.

Fund Types and Major Funds

Governmental Funds

The City reports the following major governmental funds:

General Fund - to account for all financial resources of the general government, except those required to be accounted for in another fund. This is the City's primary operating fund.

Reserve Fund - to account for the collection of the special one cent sales tax to be allocated 90% to the Montevallo Development Cooperative District and 10% to City capital projects.

Court/Corrections Fund - to account for all financial activities of the Court system.

Capital Projects Fund - ALDOT Grant Fund - to account for the construction and acquisition of various capital asset projects funded by the Alabama Department of Transportation grant and required matching funds.

Mahler Inheritance Fund - to account for the donation and subsequent expenditures pursuant to the Last Will and Testament of Elizabeth A. Mahler, dated November 26, 2013, and pursuant the decree admitting the will to probate and granting letters of testamentary entered on May 24, 2016.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Types and Major Funds (Continued)

Proprietary Funds

The City at September 30, 2019 had no proprietary funds.

Other Fund Types

The City reports the following additional fund types:

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

The City at September 30, 2019 had no internal service funds or agency funds.

Cash and Equivalents

The City's 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. Restricted assets are considered to be cash equivalents.

In its 2000 Regular Session, the Alabama State Legislature enacted the Security for Alabama Funds Enhancement (SAFE) Program (Title 41, Chapter 14A, Code of Alabama 1975, as amended) that changes the way all Alabama public deposits are collateralized. Public deposits include the funds of any covered public entity or covered public official placed in deposit in a qualified depository, including time and demand deposit accounts and certificates of deposit, but excluding bonds, notes, money market mutual funds, repurchase agreements, and similar investment instruments. Covered public entities include the state and its political subdivisions. In the past, the bank pledged collateral directly to each public entity. Under SAFE, which required mandatory participation, each qualified public depository (QPD) is required to hold collateral for all of its public deposits on a pooled basis in a custody account (SAFE Custody Account) established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer, who would use the SAFE pool collateral or other means to reimburse the loss.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Equivalents (Continued)

At September 30, 2019 the carrying amount of the City of Montevallo, Alabama's deposits (cash and certificates of deposits) was \$2,470,496 and the bank balance was \$2,508,171. Of the bank balance \$705,104 was covered by either federal depository insurance or federal savings and loan insurance. Deposits with Alabama financial institutions that are in excess of FDIC insurance are secured under the Security for Alabama Funds Enhancement Act (SAFE Program). Alabama public funds are protected through a collateral pool administered by the Alabama State Treasury. The City had \$1,803,067 of Category 1 deposits covered by the SAFE Program at September 30, 2019.

Investments

The City's investments are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The City is allowed to invest in (1) direct obligations of the Department of Treasury of the United States of America and/or its obligations of federal agencies, which are guaranteed as to principal by the United States (GNMA, FHA, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, U.S. Department of Housing and Urban Development); (2) certificates of deposit and other evidences of deposit in state or federally chartered and insured banks and savings and loan associations up to amounts which are fully insured by the holder by the FDIC or similar federal insuring agency or which are fully collateralized in accordance with standards applicable to secured deposits of the State of Alabama; (3) U.S. Government agency investments implicitly guaranteed by the U.S. Government (FNMA, FHLMC, Federal Land Banks, Central Bank of Cooperatives, Federal Intermediate Credit Banks, SLMA, and FHLB); (4) mutual funds which invest in the referenced securities. The City's investments as of September 30, 2019 consisted of certificates of deposits.

Inventory

Inventory consists of primarily supplies valued at the lower of cost (first-in, first-out) or market value. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as expenditures on acquisition and significant inventories on hand at year-end are reflected as assets.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Items

Payments made to vendors for goods or services that will benefit beyond September 30, 2019 are reported as prepaid items. These prepayments are recognized as expenses ratably over the related underlying period.

Restricted Assets

Certain assets of the City have been restricted due to state regulations, debt service obligations, and warrant agreements. These assets consist of cash, investments, and accounts receivable as follows:

Special revenue - Cash - various	\$ 292,156
ALDOT Grant Fund	290,662
Mahler Inheritance Fund	467,924
Reserve fund - 1 Cent Sales Tax	56,632
General fund - Cash - various	<u>368,330</u>
 Total Restricted Assets	 \$ <u>1,475,704</u>

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

Capital Assets, Depreciation, and Amortization

Capital assets, which include property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$250 and have an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Depreciation, and Amortization (Continued)

Capital assets are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net position. The range of estimated useful lives used for depreciation purposes for each capital asset class are as follows:

Automotive and automotive equipment	5-7 years
Building and building improvements	29-50 years
Computer equipment	3-5 years
Infrastructure	40-60 years
Land improvements	15-20 years
Machinery and equipment	7-10 years
Office furniture and equipment	5-7 years
Park and recreation equipment	5-10 years

Compensated Absences

For vacation and other compensated absences with similar characteristics, Governmental Accounting Standards Board Standards require the accrual of a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' right to receive compensation is attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

Full-time employees are provided vacation (annual) leave as follows:

One thru seven years employment	96 hours (Earned at a rate of 8 hours per month)
After seven thru fifteen years employment	144 hours (Earned at a rate of 12 hours per month)
After fifteen years employment	192 hours (Earned at a rate of 16 hours per month)

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

No more than 40 hours vacation time may be rolled-over at any time. Vacation time may not be rolled-over into the next year without approval. Unused leave is paid upon termination of employment. At September 30, 2019 the City has recorded a liability of \$270,721 for accrued compensated leave.

Sick leave is earned by full time and regular part-time employees working twenty (20) or more hours per week. Regular full-time employees accrue sick leave at a rate of 8 hours per month. Regular part-time employees working twenty (20) or more hours per week accrue sick leave at four (4) hours per month. Upon termination, sick leave is canceled and no compensation is paid. However, accumulated sick time may be used as membership service in determining the total years of creditable service in the Retirement Systems of Alabama with no additional cost to the City. Because employees do not receive compensation for unused sick leave at termination, no liability is recorded on these financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts and gains/losses on refunding are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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 expenditures in the period incurred.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the City will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period and therefore will not be recognized as an outflow of resources until then. The City had the following items that qualified for reporting in this category for the year ended September 30, 2019:

Deferred outflows - pension plan	\$ <u>230,727</u>
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In addition to liabilities, the City will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period and therefore will not be recognized as an inflow of resources until that time. The City had the following items that qualified for reporting in this category for the year ended September 30, 2019:

Unavailable revenue - property taxes	\$ 347,806
Unavailable revenue - court fines	<u>234,298</u>
Total deferred inflows - Balance Sheet	\$ <u>582,104</u>
Deferred inflows - pension plan - Statement of Net Position	\$ <u>539,985</u>
Total Deferred Inflow of Resources	\$ <u>1,122,089</u>

Net Position

In accordance with GASB Standards, the City classified net position into three components - invested in capital assets, net of related debt; restricted; and unrestricted. The classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

Restricted net position - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consist of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes any long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints place on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by laws through constitutional provisions or enabling legislation.

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Committed - The committed fund balance classification includes the amounts that can be used only for the specific purposes imposed by formal action (ordinances or resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classifications may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classifications are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or not committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amount had been restricted, committed, or assigned.

Interfund Transactions

During the normal operations the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements reflect these transactions as transfers.

Interfund Balances

During the course of operation, transactions occur which result in amounts owed to a particular fund by another fund, other than for goods provided or services rendered. These receivables and payables are due within a year and are classified as "Interfund receivable/Interfund payable".

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets and Budgetary Accounting

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

- a. A proposed operating budget is presented to the City Council annually for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The budget is enacted through passage of a resolution.
- c. Formal budgetary integration is employed as a management control device during the year for the General Fund.
- d. Budgets are adopted on the cash basis of accounting.
- e. Excess appropriations at the end of the fiscal year lapse.

Budgeted amounts reported in the financial statements are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations that were approved. Budgets are not prepared or adopted in conformance with generally accepted accounting principles. Budgeted expenditures/expenses include encumbrances.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1, of the year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectable taxes is provided.

In accordance with current professional standards as promulgated by *Governmental Accounting Standards Board (GASB-33)*, the City reports property taxes when an enforceable claim has arisen or when resources are received, whichever is first. Consequently, property taxes in the amount of \$347,806 received after September 30, 2019 has been recorded as unavailable revenue in the fund financial statements.

Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

"Total fund balances" of the City's governmental funds of \$2,368,634 differs from "net position" of governmental activities of \$16,919,280 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The following illustrates the differences:

Capital Related Items - When capital assets (property, plant, equipment, etc.) that are used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets as assets of the City as a whole.

Governmental capital assets	\$ 25,866,025
Less: Depreciation expense to date	<u>(9,103,698)</u>
	<u>\$ 16,762,327</u>

Long-term liabilities - Long-term liabilities, including warrants payable are not due and payable in the current period and therefore are not reported in the governmental funds.

Notes Payable	\$ (528,141)
Court fines portion payable to State of Alabama and other court agencies	<u>(80,765)</u>
	<u>\$ (608,906)</u>

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Other long-term receivables - Receivables that are not available to pay current period expenditures and, therefore, are not reported in the governmental funds.

Fines receivable	\$ 234,298
Property tax receivable	<u>347,806</u>
	\$ <u>582,104</u>

Other Items -

The City's equity interest in the Montevallo Development Cooperative District (MDCD) is not attributable to any certain fund and is not recognized in the fund financial statements.

Equitable share for year ended September 30, 2019	\$ <u>(2,508,351)</u>
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Deferred outflows of current period expenditures for recognized in the statement of net position but are expensed in the current period as a current period use of resources in the fund financial statements.

Deferred inflows of resources - pension	\$ (539,985)
Net pension asset	632,730
Deferred outflows of resources - pension	<u>230,727</u>
Total Other Items	\$ <u>323,472</u>

Explanation of Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances the Government-wide Statement of Activities

The "net change in fund balances" for governmental funds of \$(79,614) differs from the "change in net position" for governmental activities of \$784,431 reported in the statement of activities. The differences primarily arise from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The following illustrates the difference:

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Explanation of Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances the Government-wide Statement of Activities (Continued)

Capital Related Items - When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decreases by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charged for the year.

Depreciation expense	\$ 936,841
Capital outlays	<u>(914,898)</u>
Net	\$ <u>21,943</u>

Long-term Debt Transactions - Repayment of long-term debt, including notes payable and warrants payable, consumes the current financial resources of governmental funds. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.

Principal payments on lease, notes and bonds payable	\$ <u>115,367</u>
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Donations of capital assets are not recognized in the statement of revenues, expenditures, and changes in fund balances because they are not considered used of current period resources. The donations are recognized as capital grants/donations and the related capital assets are depreciated over their useful life in the statement of activities:

Donation of capital improvements -	
Donated bridge materials - golf dept	\$ 14,000
Donated artwork - general govt	14,848
The Montevallo Development Cooperative District -	
Capital Donations	<u>276,005</u>
Total Donated capital improvements	\$ <u>304,853</u>

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Explanation of Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances the Government-wide Statement of Activities (Continued)

Other Items - Income that is not available to pay current period expenditures and, therefore not reported as revenue in the governmental funds.

Court fines not meeting available criteria	\$ 21,447
Property tax income not meeting available criteria	<u>12,937</u>
Subtotal	<u>\$ 34,384</u>

Expenditures that are not considered current period expenditures and, therefore are not reported as expenditures in the governmental funds:

Change in long-term payable to State/County (Court)	<u>\$ (1,995)</u>
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The City's change in equity interest for the fiscal year in the Montevallo Development Cooperative District (MDCD) is not attributable to any certain fund and is not recognized in the fund financial statements.

Equitable share of net income (loss) for year ended September 30, 2019	<u>\$ 299,646</u>
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Pension benefit costs are measured by the amounts earned during the year as actuarially computed in the statement of activities. In the statement of revenues, expenses and changes in fund balances pension expenditures are measured and reported by the amount of financial resources used.

Difference in actuarial computed and actual	<u>\$ 204,358</u>
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(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension

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

Accounting Changes and Accounting Standards

In fiscal year ending September 30, 2019 the City adopted new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

The GASB issued Statement No. 83, Certain Asset Retirement Obligations to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of GASB 83 are effective for fiscal years beginning after June 15, 2018.

There was no financial statement impact as a result of the implementation of the Statement. The City determined that the financial statements were subject to recognition of an Asset Retirement Obligation related to the ownership of the sewer system assets. However, at this time the City has determined that the amount of the related asset retirement obligation was undeterminable.

The GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of GASB 88 are effective for fiscal years beginning after June 15, 2018. There was no financial statement impact as a result of the implementation of the Statement.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Changes and Accounting Standards (Continued)

Pronouncements Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the City upon implementation. Management has not yet evaluated the effect of implementation of these standards.

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Date After GASB 95 - Fiscal Year</u>
84	Fiduciary Activities	2021
87	Leases	2022
89	Accounting for Interest Cost Incurred Before the End of a Construction Period	2022
90	Majority Equity Interest and amendment Of GASB Statements No. 14 and No. 61	2021

The GASB issued Statement No. 84, Fiduciary Activities to establish criteria for identifying fiduciary activities of all state and local governments. The requirements of GASB 84 are effective for fiscal years beginning after December 15, 2019. The City is currently evaluating the impact GASB 84 may have on its financial statements.

The GASB issued Statement No. 87, Leases to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of GASB 87 are effective for fiscal years beginning after June 30, 2021. The City is currently evaluating the impact GASB 87 may have on its financial statements.

The GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB 89 are effective for fiscal years beginning after December 15, 2020. The City is currently evaluating the impact GASB 89 may have on its financial statements.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Changes and Accounting Standards (Continued)

The GASB issued Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61 to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of GASB 90 are effective for fiscal years beginning after December 15, 2019. The City is currently evaluating the impact GASB 90 may have on its financial statements.

The Governmental Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The Statement is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. The guidance postpones by one year to eighteen months the effective dates of certain provisions in the following pronouncements:

Statement No. 83, Certain Asset Retirement Obligations

Statement No. 84, Fiduciary Activities

Statement No. 87, Leases

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 2: CASH AND INVESTMENTS

As of September 30, 2019 the City had the following cash and investments:

Cash and cash equivalents

Cash and cash equivalents	\$ 2,338,872
Certificates of deposit	<u>131,624</u>

Total Cash and Cash Equivalents	\$ <u>2,470,496</u>
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Credit Risk

The City's investment policy allows investment in (1) direct obligations of the Department of Treasury of the United States of America and/or its obligations of federal agencies, which are guaranteed as to principal by the United States (GNMA, FHA, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, U.S. Department of Housing and Urban Development); (2) certificates of deposit and other evidences of deposit in state or federally chartered and insured banks and savings and loan associations up to amounts which are fully insured by the holder by the FDIC or similar federal insuring agency or which are fully collateralized in accordance with standards applicable to secured deposits of the State of Alabama; (3) U.S. Government agency investments implicitly guaranteed by the U.S. Government (FNMA, FHLMC, Federal Land Banks, Central Bank of Cooperatives, Federal Intermediate Credit Banks, SLMA, and FHLB); (4) mutual funds which invest in the referenced securities. The City's investments currently consist of certificates of deposit. Investments in U.S. government securities must be rated by Standard and Poor's or Moody's Investment Services as one of their four highest rated categories.

Interest Rate Risk

The City has implemented a policy that all individual investments as described above must have maturities no longer than 5 years.

Concentration Credit Risk

The City's formal investment policy limits the amount invested into certain types of investments as a means of managing its exposure to losses arising from over concentration in certain types of investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2019, the City's deposit balance for cash and cash equivalents were fully covered under the SAFE Program.

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 3: ACCOUNTS RECEIVABLE & NOTES RECEIVABLE

Accounts receivables were as follows for September 30, 2019:

	<u>Amount</u>	<u>Less Allowance for Doubtful Accounts</u>	<u>Total</u>
Accounts receivable - court fines	\$ 411,439	\$ (142,222)	\$ 269,217
Accounts receivable - fire dues	7,199	(4,417)	2,782
Accounts receivable - park and rec	36,833	(36,833)	0
Accounts receivable - sanitation services	<u>124,270</u>	<u>(53,454)</u>	<u>70,816</u>
Total Accounts Receivable	<u>\$ 579,741</u>	<u>\$ (236,926)</u>	<u>\$ 342,815</u>

The City expects that a portion of the court fines, fire dues, park and recreational fees, and sanitation services receivables will not be collected within one year.

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 4: CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 10/01/18	Additions	Deletions	Balance 9/30/19
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,996,829	\$	\$	1,996,829
Construction in progress	150,901	755,744	(19,290)	887,355
Total capital assets, not being depreciated	2,147,730	755,744	(19,290)	2,884,184
Capital assets, being depreciated				
Automotive equipment	2,991,937	46,604	(169,255)	2,869,286
Buildings	5,419,697		(226,817)	5,192,880
Building improvements	502,833	23,812	(217,625)	309,020
Computer equipment	308,041	12,188	(65,927)	254,302
Infrastructure	8,838,602	226,309		9,064,911
Land improvements	411,598	78,445	(15,334)	474,709
Machinery and equipment	2,213,395	46,227	(90,620)	2,169,002
Office furniture and equipment	469,661	32,386	(59,517)	442,530
Park improvements and equipment	2,191,379			2,191,379
Police dept - guns	14,872		(1,050)	13,822
Total capital assets being depreciated	23,362,015	465,971	(846,145)	22,981,841

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 4: CAPITAL ASSETS (Continued)

A summary of changes in capital assets follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>10/01/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/19</u>
Less accumulated depreciation for:				
Automotive equipment	2,341,573	211,916	(169,255)	2,384,234
Buildings	2,011,364	167,779	(222,756)	1,956,387
Building improvements	254,932	15,662	(178,734)	91,860
Computer equipment	270,059	14,939	(61,680)	223,318
Infrastructure	524,264	271,120		795,384
Land improvements	296,786	15,834	(12,163)	300,457
Machinery and equipment	1,726,918	116,049	(89,756)	1,753,211
Office furniture and equipment	430,698	15,845	(59,416)	387,127
Park improvements & equipment	1,090,201	107,697		1,197,898
Police department - guns	14,872		(1,050)	13,822
Total accumulated depreciation	<u>8,961,667</u>	<u>936,841</u>	<u>(794,810)</u>	<u>9,103,698</u>
Total capital assets, being depreciated net	<u>14,400,348</u>	<u>(470,870)</u>	<u>(51,335)</u>	<u>13,878,143</u>
Governmental activities capital assets, net	<u>\$ 16,548,078</u>	<u>\$ 284,874</u>	<u>\$ (70,625)</u>	<u>\$ 16,762,327</u>

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 4: CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Aging program	\$ 11,713
City clerk's office	164
Court and Corrections	448
Fire department	168,161
Fire inspector	7,302
General government	77,580
Golf department	31,663
Library	103,693
Mahler property	5,344
Mayor's office	847
Park and recreation	117,223
Police department	95,959
Recycling center	5,431
Revenue officer	62
Sanitation	28,335
Shoal Creek Park	5,874
Streets and roads	<u>277,042</u>
	<u>\$ 936,841</u>

Noncash Capital Contributions

The Statement of Activities reflects a total of \$482,978 of Capital Grants and Contributions. This includes cash grants and non-cash donations of capital assets. Total non-cash contributions of capital assets consist of for September 30, 2019:

Donation of capital improvements -	
Donated bridge materials - golf dept	\$ 14,000
Donated artwork - general govt	14,848
The Montevallo Development Cooperative District -	
Capital Donations	<u>276,005</u>
Total Donated capital improvements	<u>\$ 304,853</u>

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5: LONG-TERM DEBT

Government Lease Purchase Payable to Trustmark National Bank principal in the sum of \$90,000, with interest at the rate of 1.83% per annum. The obligation is payable in 36 installments of principal and interest in the amount of \$4,579.37. The obligation is secured by the full faith and credit of the City.

Government Lease Purchase Payable to Central State Bank principal in the sum of \$510,000, with interest at the rate of 1.50% per annum. The obligation is payable in 120 installments of principal and interest in the amount of \$4,579.37. The obligation is secured by the full faith and credit of the City.

	Balance 10/01/18	Additions	Reductions	Balance 9/30/19	Due Within One Year
	\$ 50,642	\$	(\$ 30,200)	\$ 20,442	\$ 20,442
				373,385	49,696
	422,341		(48,956)		

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5: LONG-TERM DEBT (Continued)

Government Lease Purchase Payable to Central State Bank principal in the sum of a maximum \$238,110, with interest at the rate of 1.50% per annum. The obligation is payable in 84 installments of principal and interest in the amount of \$3,209.79. The obligation is secured by the full faith and credit of the City.

Balance	Additions	Reductions	Balance	Due Within
10/01/18	9/30/19	9/30/19	9/30/19	One Year
170,525	—	(36,211)	134,314	—
\$ 643,508	\$ —	\$ (115,367)	528,141	\$ 106,896
			(106,896)	
			\$ 421,245	

Less: current maturities

Long-term portion

Principal	Interest	Totals
\$ 106,896	\$ 7,159	\$ 114,055
87,759	5,711	93,470
89,084	3,854	92,938
75,133	3,082	78,215
51,981	2,184	54,165
117,288	1,987	119,275
\$ 528,141	\$ 23,977	\$ 552,118

Maturities of the notes payable are as follows:

Year Ended
September 30,
2020
2021
2022
2023
2024
2025-2026

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 6: PENSION PLAN

Plan Description

The Employees' Retirement System of Alabama, an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing 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. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

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

1. The Governor, ex officio.
2. The State Treasurer, ex officio.
3. The State Personnel Director, ex officio.
4. The State Director of Finance, ex officio.
5. Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6. Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - ◆ 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.
 - ◆ Two vested active state employees.
 - ◆ Two vested active employees of an employer participating in ERS pursuant to § 36-27-6.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 6: PENSION PLAN (Continued)

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in post retirement 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 are reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

The ERS serves approximately 909 local participating employers. The ERS membership includes approximately 90,999 participants. As of September 30, 2018 membership consisted of:

Retirees and beneficiaries currently receiving benefits	24,818
Terminated employees entitled to but not yet receiving benefits	1,426
Terminated employees not entitled to a benefit	7,854
Active Members	56,760
Post-DROP participants who are still in active service	<u>141</u>
 Total Members	 <u>90,999</u>

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 6: PENSION PLAN (Continued)

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2019, the City's active employee contribution rate was 5.83% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 2.58% of covered employee payroll.

City's contractually required contribution rate for the year ended September 30, 2019 was 3.59% of pensionable pay for Tier 1 employees, and 1.23% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2019, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were \$54,978 for the year ended September 30, 2019.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 6: PENSION PLAN (Continued)

Net Pension Liability

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2017 rolled forward to September 30, 2018 using standard roll-forward techniques as shown in the following:

	<u>Expected</u>	<u>Actual Valuation Assumptions</u>
(a) Total Pension Liability as of September 30, 2017:	\$ 4,098,138	\$ 4,077,313
(b) Discount Rate	7.75%	7.75%
(c) Entry Age Normal Cost for October 1, 2017 thru September 30, 2018	161,673	161,673
(d) Transfers Among Employers		44,812
(e) Actual Benefit Payments and Refunds for October 1, 2017 thru September 30, 2018	<u>(170,039)</u>	<u>(170,039)</u>
(f) Total Pension Liability as of September 30, 2018 =	<u>\$ 4,400,789</u>	<u>\$ 4,423,161</u>
(g) Difference between Expected Actual Experience (Gain)/Loss		\$ 22,372
(h) Less Liability Transferred for Immediate Recognition		<u>44,812</u>
(i) Experience (Gain)/Loss = (g)-(h)		<u>\$ (22,440)</u>

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 6: PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability in the September 30, 2018 actuarial valuation was determined based on the annual actuarial funding valuation report prepared as of September 30, 2017. The key actuarial assumptions are summarized below::

Inflation:	2.75%
Salary increases:	3.25% - 5.00%
Investment rate of return*:	7.70%,

* Net of pension plan investment expense.

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

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 6: PENSION PLAN (Continued)

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

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	17.0%	4.4%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stocks	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.5%
Cash	<u>3.0%</u>	1.5%
Total	<u>100.00%</u>	

* Includes assumed rate of inflation of 2.50%.

Discount Rate

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

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 6: PENSION PLAN (Continued)

Schedule of Changes in the Net Pension Liability (Asset)

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a)-(b)</u>
Balances at September 30, 2017	\$ 4,098,138	\$ 4,552,269	\$ (454,131)
Changes for the year:			
Service Cost	161,673	0	161,673
Interest	311,017	0	311,017
Changes of assumptions:	29,193	0	29,193
Difference between expected and actual experience	(22,440)		(22,440)
Contributions - employer		63,659	(63,659)
Contributions - employee		168,151	(168,151)
Net Investment income		426,232	(426,232)
Benefit payments, including refunds of employee contributions	(170,039)	(170,039)	0
Administrative expense		0	0
Transfers Among Employers	<u>44,812</u>	<u>44,812</u>	<u>0</u>
Net Changes	<u>354,216</u>	<u>532,815</u>	<u>(178,599)</u>
Balances at September 30, 2018	\$ <u>4,452,354</u>	\$ <u>5,085,084</u>	\$ <u>(632,730)</u>

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 6: PENSION PLAN (Continued)

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

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

	1% Decrease (6.70%)	Current Rate (7.70%)	1% Increase (8.70%)
Plan's Net Pension Liability (Asset)	\$ <u>34,137</u>	\$ <u>(632,730)</u>	\$ <u>(1,178,894)</u>

(Dollar amounts in thousands)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2018. The auditor's report dated August 17, 2019 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/>.

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 6: PENSION PLAN (Continued)

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

For the year ended September 30, 2019, the City recognized pension expense of \$(145,201). At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 45,419	\$ 380,474
Changes of assumptions	128,112	0
Net difference between projected and actual earnings on plan investments	0	159,511
Employer contributions subsequent to the Measurement Date	<u>57,196</u>	<u>0</u>
Total	<u>\$ 230,727</u>	<u>\$ 539,985</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ended September 30:

2020	\$ (68,715)
2021	(120,464)
2022	(87,936)
2023	(36,401)
2024	(53,643)
Thereafter	<u>705</u>
Total	<u>\$ (366,454)</u>

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7: SCHEDULE OF INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of receivables/payables between the various individual funds during the year ended September 30, 2019:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	ALDOT Grant Fund	The ALDOT grant fund owes to the General Fund for expenditures funded that were expected to be repaid from Grant funds.	\$ 200,000
Reserve Fund	General Fund	The General Fund owes to the Regions Reserve fund the amount of September Sales Tax Collected to be transferred.	59,549
General Fund	Corrections Fund	The Correction Fund owes the General Fund for expenses paid on its behalf.	14,610

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7: SCHEDULE OF INTERFUND RECEIVABLES/PAYABLES (Continued)

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Purpose</u>	<u>Amount</u>
Corrections Fund	Library	The Library owes the Corrections Fund for general expenses paid on its behalf.	421
Corrections Fund	Forfeiture Fund	The Forfeiture Fund owes the Corrections Fund for expenses paid on its behalf.	200
General Fund	State Capital	The State Capital Improvement Fund owes the General Fund for expenses paid on its behalf.	1,500
General Fund	Library	The Library owes the General Fund for expenses paid on its behalf.	7,489
General Fund	Forfeiture Fund	The Forfeiture Fund owes the General Fund for general expenses paid on its behalf.	<u>9,034</u>
Total Interfund Receivables/Payables			<u>\$ 292,803</u>

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8: SCHEDULE OF TRANSFERS

The following is a schedule of transfers between the various individual funds during the year ended September 30, 2019:

<u>Transfer From Fund</u>	<u>Transfer to Fund</u>	<u>Purpose of Transfers</u>	<u>Amount</u>
General Fund	Library Fund	The General Fund makes monthly transfers to the Library to assist with operational costs.	\$ 239,203
General Fund	Reserve Fund	The General Fund made monthly transfers of the special 1 cent tax collected, additional capital and debt reserves installments to the reserve fund.	823,623
Payroll Fund	General Fund	The Payroll fund made a one time transfer to eliminate prior due/to from General Fund.	829
General Fund	2 & 7 Cents Gas Tax	The General fund made a one time transfer to 2 & 7 Cents Gas Tax Fund.	300
Corrections	General Fund	The Corrections Fund makes monthly transfers to the General Fund for its portion of the Court fines and restitution.	<u>123,038</u>
Total Transfers			<u>\$ 1,186,993</u>

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 9: SIGNIFICANT COMMITMENTS

Sales Tax Increase

Ordinance 09262011-301 approved by the City Council on September 26, 2011 increased the General Sales and Use Tax of the City of Montevallo from 3% to 4%. Ordinance 09262011-301 contains detailed information concerning the reasons and purposes for the increase. The proceeds from the additional 1% increase shall be utilized as follows: Ninety Percent (90%) shall be allocated to a redevelopment authority, capital improvement cooperative district, or similar entity formed to carry out the purposes and intentions of the sales tax increase ordinance, for capital improvements downtown and within the City (See Note 10 for additional details). The remaining 10% is to be allocated to the City's Capital Reserve Funds to be used for capital improvements at City Hall and other publicly-owned facilities, capital equipment purchases, general capital improvements and other capital projects as approved by the City Council.

90% of the 1 cent increase is transferred monthly to the Montevallo Developmental Cooperative District to be used on various City Capital Projects or as reimbursement for City Capital Projects expenditures paid by the District on behalf of the City from the proceeds of the District's 2013 Revenue Bond Issue in the amount of \$5,000,000 (See Note 10 for additional details.)

NOTE 10: JOINT VENTURE

The Montevallo Development Cooperative District

On April 9, 2012 the City Council adopted a resolution approving and authorizing the incorporation of The Montevallo Development Cooperative District (MDCD). The District proposes to undertake the acquisition, construction and installation of capital improvements consisting of: (a) real and personal property (i) for use by the City of Montevallo, Alabama for general municipal purposes, (ii) for use by Shelby County, Alabama for the development, support and promotion of economic development and tourism, and (iii) for use by the University of Montevallo for educational and administrative purposes; (b) roads, streets, sidewalks and related facilities for pedestrian and vehicular traffic; (c) public utilities; (d) public park, recreation, and safety facilities; (e) centers for cultural and educational exhibitions and facilities; and (f) accommodations for visitors (the "Project").

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 10: JOINT VENTURE (Continued)

The District shall be governed by a board of directors which shall be comprised of three (3) persons. Each authorizing subdivision shall elect a director in the manner provided by law, as follows:

<u>Authorizing Subdivision</u>	<u>Number of Directors</u>
Shelby County, Alabama	1
City of Montevallo, Alabama	1
University of Montevallo	1

The District issued a \$5,000,000 Revenue Bond on September 26, 2013 for the purpose of financing the City's share of the cost of various capital improvements by the District. The County and the University have contributed and expect to contribute funds to finance their approved share of the costs, and the City's share of the costs is being financed through the issuance of the Bond. The proceeds of the Bond remaining after the costs of issuance will only be applied to pay the City's share of the costs of the Improvements. The District's Bond is a limited obligation of the District, payable solely from, and secured by a pledge of 90% of the revenues from a one percent (0.01) increase in the sales and use tax levied by the the City of Montevallo as provided in Ordinance Number 09262011-301 adopted by the City in September 2011. For year ended September 30, 2019 the City had remitted \$628,375 of the 1 percent sales tax (90% portion) to the District.

As of September 30, 2019 the following is a partial list of ongoing City Projects the District is funding on the City's behalf:

The Main Street Phase III paving and streetscape projects are projected for completion in 2020 at an estimated cost of approximately \$400,000. This project will include the final phase of Montevallo paving improvements and other streetscape enhancements for continued increase in the community and economic developments.

Future projects expected in the near future include Highway 25 crosswalk at Main Street and Lucky's, additional wayfinding/park signage and paving/sidewalks. Other potential projects may include Dailey park improvements, ADA plan updates, business development center/community resource center or other capital improvements for the City.

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 10: JOINT VENTURE (Continued)

For the year ended September 30, 2019 the following is a list of completed City Projects the District funded on the City's behalf:

Shoal Creek Park Frank Arnold Bridge, Mahler Bridge and Park Trails were completed. In November of 2013, Ms Elizabeth "Betty" Mahler donated her family's 167-acre estate with an antebellum home to the City to be developed into Shoal Creek Park. The park features walking trails, a 50 vehicle parking lot, and a pavilion with restrooms facilities. In 2019, two bridges were constructed, allowing access to over 100 acres on the the other side of Shoal Creek. The Frank Arnold Bridge is the northern-most bridge and was made possible by Shelby County and the MDCD.

Highway 10 Crosswalk Improvements: Highway 10 crosswalk project included drainage improvements, addition of ADA accessible sidewalk to provide connectivity from downtown to the UM campus (specifically the community walking track, lacrosse field, and baseball field), striped crosswalks and signage.

The City recognizes a capital contribution in the Statement of Activities annually for its share of costs paid on its behalf by the MDCD on the capital projects. These costs are recognized as contributed capital and the City recognizes a corresponding capital asset in the Statement of Net Position. The assets are recorded as construction in progress until such time as the project is complete. At such time the City places the asset into service and begins recognizing depreciation based on the useful life of the asset. For year ended September 30, 2019 the City recognized \$362,148 in capital contributions and services for expenditures paid on its behalf for City Projects by the District. Of the \$362,148 for contributed capital and services by the District, the City recognized \$247,659 as capital assets to be depreciated over future periods. The remaining work was for repaving which was recognized as a capital contribution and paving repairs in the current period.

Summary Government Wide Financial Information for the Montevallo Development Cooperative District:

Total Assets	\$ 4,087,383
Total Liabilities	\$ <u>4,214,758</u>
Total Net Position (Deficit)	\$ <u>(127,375)</u>
Total Program and Business Type Revenues	\$ 808,401
Total General Revenues	14,996
Total Expenses	<u>(575,591)</u>
Increase in net position	\$ <u>247,806</u>

(Continued)

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 10: JOINT VENTURE (Continued)

The City reports its equity interest in the joint venture in the government-wide financial statements. The equity interest in the District is determined by member contributions and on a project by project basis.

Equity Interest - City of Montevallo, Alabama:

Beginning interest in joint venture at October 1, 2018	\$ (2,807,997)
City's portion of changes in net position for September 30, 2019	<u>299,646</u>
Equity (Deficit) interest in joint venture at September 30, 2019	\$ <u>(2,508,351)</u>

The Montevallo Development Cooperative District issues separate financial statements which may be obtained at the Business Office of the University of Montevallo.

NOTE 11: RISK MANAGEMENT AND CONTINGENCIES

Risk Financing

The City of Montevallo, Alabama is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settlement amounts, if any, have not exceeded insurance coverage for the year ended September 30, 2019.

Federal Grants

In the normal course of operations, the City receives funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

CITY OF MONTEVALLO, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 12: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 10, 2020, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended September 30, 2019. The following items requiring recording or disclosure were noted:

COVID-19 and Other Public Health Epidemics or Outbreaks

Public health epidemics or outbreaks could adversely impact the world economy and the economies of the United States, the State of Alabama and the City. In December 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has now spread to many other countries and infections have been reported globally, including in the United States, where the virus has caused infections in each state, including the State of Alabama. The continued spread of the coronavirus in the United States and the State of Alabama could have a material adverse effect on the City's operations and its financial condition, including a negative impact on the City's collections of sales and uses taxes, lodging taxes and other taxes and fees necessary for the operation of the City. Like other cities in the State of Alabama, a large portion of the annual revenues of the City comes from the collection of sales and uses taxes, and a reduction in the collection of these taxes could have a material adverse effect on the financial condition of the City and could impact the City's ability to pay the principal of and interest on the City's debt obligations. The extent to which the coronavirus impacts the City's operations and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others. Therefore, it is currently impossible to accurately predict what the long term effects of the coronavirus will be on our operations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTEVALLO, ALABAMA

BUDGETARY COMPARISON SCHEDULE - MAJOR FUNDS:
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Tax revenue	\$ 3,697,300	\$ 3,697,300	\$ 4,246,557	\$ 549,257
Licenses, permits, & franchise fees	828,246	828,246	943,994	115,748
Cemetery revenues				
Grave opening and closings	18,000	18,000	22,250	4,250
Lot sales	25,000	25,000	37,200	12,200
Donations				
MJCC			3,605	3,605
Fire department income				
Altamont fire dues	10,500	10,500	9,116	(1,384)
Donations	14,800	14,800	18,000	3,200
Event salary reimbursement	1,500	1,500	1,560	60
Grant income		1,000	8,809	7,809
Miscellaneous			1,658	1,658
State forestry	1,167	1,167	1,111	(56)
Wilton fire and rescue dues	11,000	11,000	16,978	5,978
Golf department income				
Cart rental	83,000	83,000	101,704	18,704
Cart house rental	2,000	2,000	1,080	(920)
Driving range fees	13,700	13,700	14,783	1,083
Membership dues	14,000	14,000	12,157	(1,843)
Green fees	36,000	36,000	38,625	2,625
Shop supplies sales	5,000	5,000	6,886	1,886
Miscellaneous			321	321
University of Montevallo contribution	32,500	32,500	32,500	0
Investment income	3,300	3,300	2,621	(679)
Miscellaneous - charges and fees				
Assessments			1,600	1,600
Parking and street cut permits	120	120	60	(60)
Other	1,350	1,350	3,472	2,122
Miscellaneous - other				
Miscellaneous	600	4,500	19,024	14,524
Mayors breakfast			4,930	4,930
Operating grants				
Shoal Creek Park Grant			91,982	91,982
Cawacco grant			859	859
Lakeshore grant			1,800	1,800
Mural grant			12,500	12,500
Park income				
Donations	250	250	462	212
Field usage and program activities	43,900	43,900	71,909	28,009
Rental	2,000	2,000	1,925	(75)
Scout hut rental	4,800	4,800	2,175	(2,625)

(Continued)

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

CITY OF MONTEVALLO, ALABAMA

BUDGETARY COMPARISON SCHEDULE - MAJOR FUNDS:
GENERAL FUND (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues (Continued)</u>				
Police department income				
Accident reports	1,500	1,500	1,905	405
Event salary reimbursement	74,000	74,000	113,115	39,115
Fingerprint fees	300	300	310	10
Miscellaneous	290	290	779	489
Recycling revenues	1,500	1,500	1,138	(362)
Rental income	25,500	25,500	24,425	(1,075)
Sanitation services	380,000	380,000	394,997	14,997
Senior Center				
Donations			1,592	1,592
Grant - salary reimbursement	11,400	11,400	11,397	(3)
Vallocycle fees			120	120
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	5,344,523	5,349,423	6,283,991	934,568
<u>Expenditures</u>				
Aging program	49,937	49,937	45,377	4,560
Animal control	23,504	23,504	10,782	12,722
Beautification	2,400	2,400	1,137	1,263
Building inspector	10,904	10,904	15,900	(4,996)
Capital expenditures	36,700	36,700	664,519	(627,819)
Cemetery	78,897	78,897	80,309	(1,412)
City clerk's office	87,426	87,426	90,627	(3,201)
City council	3,200	3,200	1,802	1,398
City judge	20,252	20,252	19,118	1,134
City prosecutor	12,655	12,655	11,901	754
City shop	17,300	17,300	22,661	(5,361)
Court			417	(417)
Economic development	64,554	64,554	54,511	10,043
Fire and rescue	326,581	327,581	282,986	44,595
Fire prevention	71,504	71,504	55,998	15,506
General government	584,919	584,919	633,932	(49,013)
Golf department	280,682	280,682	307,691	(27,009)
Historical	2,000	2,000	578	1,422
Leaf and limb	95,493	95,493	78,959	16,534
Mahler property	1,200	1,200	789	411
Mayor's office	12,964	12,964	22,637	(9,673)
Park and recreation	272,670	272,670	299,473	(26,803)
Police and forfeiture	1,519,119	1,533,369	1,513,963	19,406
Recycling center	10,300	10,300	14,464	(4,164)

(Continued)

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

CITY OF MONTEVALLO, ALABAMA

BUDGETARY COMPARISON SCHEDULE - MAJOR FUNDS:
GENERAL FUND (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Expenditures (Continued)</u>				
Revenue officer	75,470	75,470	84,502	(9,032)
Sanitation	314,101	314,101	292,625	21,476
Streets and roads	532,521	532,521	669,159	(136,638)
Vallocycle			585	(585)
	<u>4,507,253</u>	<u>4,522,503</u>	<u>5,277,402</u>	<u>(754,899)</u>
Excess of revenues over (under) expenditures	<u>837,270</u>	<u>826,920</u>	<u>1,006,589</u>	<u>179,669</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from sale of assets	1,200	11,550	13,850	2,300
Operating transfer in	140,000	140,000	123,866	(16,134)
Operating transfer out	(976,351)	(976,351)	(1,063,956)	(87,605)
	<u>(835,151)</u>	<u>(824,801)</u>	<u>(926,240)</u>	<u>(101,439)</u>
Excess of Revenue and Other Sources over (under) Expenditures and Other Uses	\$ <u>2,119</u>	\$ <u>2,119</u>	80,349	\$ <u>78,230</u>
Fund balance, beginning (Non-GAAP budgetary basis)			<u>1,489,472</u>	
Fund balance, ending (Non-GAAP budgetary basis)			1,569,821	
<u>Adjustments to Generally Accepted Accounting Principles</u>				
Revenue and transfer accruals			41,491	
Expenditure and transfer accruals			<u>(74,074)</u>	
Fund balance, ending (GAAP basis)			\$ <u>1,537,238</u>	

Note: The City is not legally required to pass budgets for the ALDOT Grant, Reserve, Mahler Inheritance and Court Funds.

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

CITY OF MONTEVALLO, ALABAMA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
FOR THE YEAR ENDED SEPTEMBER 30,

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 161,673	\$ 169,109	\$ 165,150	\$ 155,376	\$ 154,402
Interest	311,017	321,614	309,534	298,649	279,300
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	(22,440)	(418,977)	79,484	(170,264)	0
Changes of assumptions	29,193	0	180,733	0	0
Benefit payments, including refunds of employee contributions	(170,039)	(155,761)	(122,512)	(172,897)	(210,790)
Transfers among employers	<u>44,812</u>	<u>(45,591)</u>	<u>(315,072)</u>		
Net change in total pension liability	354,216	(129,606)	297,317	110,864	222,912
Total pension liability - beginning	<u>4,098,138</u>	<u>4,227,744</u>	<u>3,930,427</u>	<u>3,819,563</u>	<u>3,596,651</u>
Total pension liability ending (a)	<u>\$ 4,452,354</u>	<u>\$ 4,098,138</u>	<u>\$ 4,227,744</u>	<u>\$ 3,930,427</u>	<u>\$ 3,819,563</u>

See independent auditor's report.

(Continued)

CITY OF MONTEVALLO, ALABAMA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
FOR THE YEAR ENDED SEPTEMBER 30,

	2018	2017	2016	2015	2014
Plan Fiduciary Net Position					
Contributions - employer	\$ 63,659	\$ 72,920	\$ 91,103	\$ 80,525	\$ 78,483
Contributions - member	168,151	105,154	103,985	105,688	109,534
Net investment income	426,232	518,036	386,235	45,052	398,968
Benefit payments, including refunds of employee contributions	(170,039)	(155,761)	(122,512)	(172,897)	(210,790)
Transfers among employers	<u>44,812</u>	<u>(45,591)</u>	<u>(315,072)</u>	<u>129,147</u>	<u>27,090</u>
Net change in plan fiduciary net position	532,815	494,758	143,739	187,515	403,285
Plan net position - beginning	<u>4,552,269</u>	<u>4,057,511</u>	<u>3,913,772</u>	<u>3,726,257</u>	<u>3,322,972</u>
Plan net position - ending (b)	<u>\$ 5,085,084</u>	<u>\$ 4,552,269</u>	<u>\$ 4,057,511</u>	<u>\$ 3,913,772</u>	<u>\$ 3,726,257</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (632,730)</u>	<u>\$ (454,131)</u>	<u>\$ 170,233</u>	<u>\$ 16,655</u>	<u>\$ 93,306</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>114.21%</u>	<u>111.08%</u>	<u>95.97%</u>	<u>99.58%</u>	<u>97.56%</u>
Covered-employee payroll	<u>\$ 1,961,325</u>	<u>\$ 1,856,523</u>	<u>\$ 1,834,790</u>	<u>\$ 1,668,910</u>	<u>\$ 1,630,209</u>
Net pension liability (asset) as a percentage of covered-employee payroll	<u>3.23%</u>	<u>(2.44)%</u>	<u>9.28%</u>	<u>0.99%</u>	<u>5.72%</u>

See independent auditor's report.

CITY OF MONTEVALLO, ALABAMA

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30,

	2019	2018	2017	2016	2015
Actuarially determined contributions	54,978	66,157	79,789	95,936	83,036
Contributions in relation to the actuarially determined contribution	<u>54,978</u>	<u>66,157</u>	<u>79,789</u>	<u>95,936</u>	<u>83,036</u>
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Covered - employee payroll	\$ <u>2,128,643</u>	\$ <u>1,961,325</u>	\$ <u>1,856,523</u>	\$ <u>1,834,790</u>	\$ <u>1,668,910</u>
Contributions as a percentage of covered-employee payroll	<u>2.58%</u>	<u>3.37%</u>	<u>4.30%</u>	<u>5.23%</u>	<u>4.98%</u>

See independent auditor's report.

CITY OF MONTEVALLO, ALABAMA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT PENSION PLAN PRACTICES

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2019 were based on the September 30, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2018 to September 30, 2019:

Actuarial cost method:	Entry Age
Amortization method:	Level percent closed
Remaining amortization period:	N/A years
Asset valuation method:	Five year smoothed market
Inflation:	2.875%
Salary increases:	3.375 - 5.125% including inflation
Investment rate of return:	7.875%, net of pension plan investment expense, including inflation

See independent auditor's report.

SUPPLEMENTARY INFORMATION

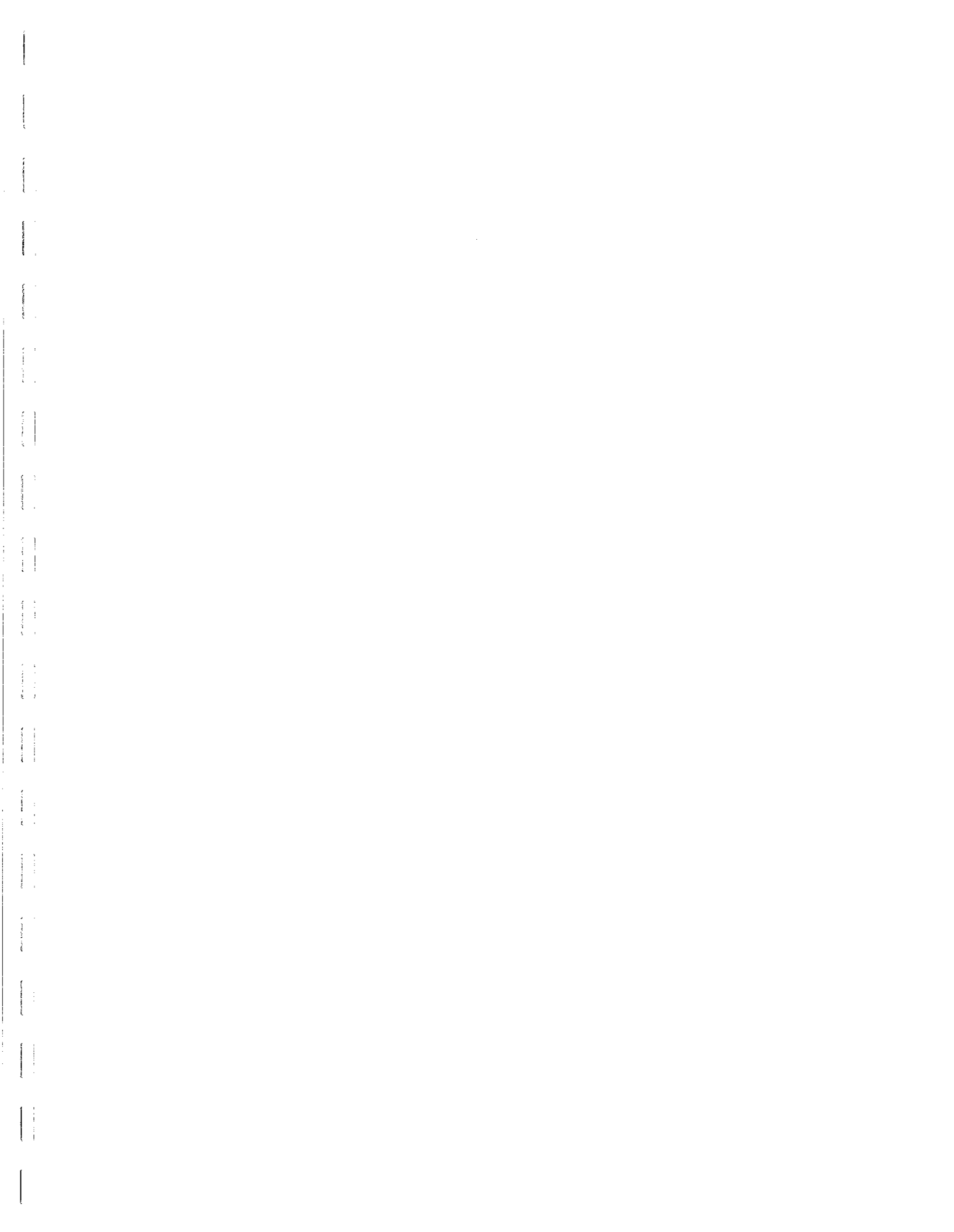


CITY OF MONTEVALLO, ALABAMA

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

<u>Forfeiture Fund</u>	<u>Library Fund</u>	<u>Police Explorer Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$	\$	\$	\$
	3,340		2,660 3,340
<u>631</u>	<u>50,616</u>	<u>11,855</u>	<u>199,227</u>
\$ <u>631</u>	\$ <u>53,956</u>	\$ <u>11,855</u>	\$ <u>205,227</u>
\$	\$	\$	\$
	6,307		6,307
	1,195		1,195
	6,051		6,051
	5,672		5,672
<u>9,234</u>	<u>7,909</u>		<u>18,643</u>
<u>9,234</u>	<u>27,134</u>	<u>0</u>	<u>37,868</u>
	3,340		3,340
			53,435
<u>(8,603)</u>	<u>23,482</u>	<u>11,855</u>	<u>110,584</u>
<u>(8,603)</u>	<u>26,822</u>	<u>11,855</u>	<u>167,359</u>
\$ <u>631</u>	\$ <u>53,956</u>	\$ <u>11,855</u>	\$ <u>205,227</u>

See independent auditor's report.



CITY OF MONTEVALLO, ALABAMA

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

<u>Forfeiture Fund</u>	<u>Library Fund</u>	<u>Police Explorer Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$	\$ 69	\$ 4	\$ 251
	6,252	10,082	16,334
	6,858		6,858
	6,491		6,491
	6,271		6,271
			88,246
<u>0</u>	<u>25,941</u>	<u>10,086</u>	<u>124,451</u>
	6,578		118,881
	256,090		256,090
1,958			1,958
		5,540	5,540
			17,097
<u>1,958</u>	<u>262,668</u>	<u>5,540</u>	<u>399,566</u>
	239,203		239,503
<u>0</u>	<u>239,203</u>	<u>0</u>	<u>239,503</u>
(1,958)	2,476	4,546	(35,612)
<u>(6,645)</u>	<u>24,346</u>	<u>7,309</u>	<u>202,971</u>
<u>\$ (8,603)</u>	<u>\$ 26,822</u>	<u>\$ 11,855</u>	<u>\$ 167,359</u>

See independent auditor's report.

CITY OF MONTEVALLO – GENERAL FUND
MONTEVALLO, ALABAMA

FINANCIAL STATEMENTS
SEPTEMBER 30, 2015, 2016, 2017, 2018 AND 2019

CITY OF MONTEVALLO - GENERAL FUND

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DeLOACH, BARBER & CASPERS, P.C.

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Honorable Mayor Hollie C. Cost, Ph.D.
Members of the City Council
City of Montevallo, Alabama

We have compiled the accompanying balance sheets of the General Fund of the City of Montevallo, Alabama as of September 30, 2015, 2016, 2017, 2018, and 2019, and the related statements of revenues, expenditures and changes in fund balances for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The financial statements present only the fund financial statements of the General Fund of the City of Montevallo, Alabama and are not intended to present fairly the financial position of the City of Montevallo, Alabama, and the results of its operations.

Management has omitted the required supplementary information (Management Discussion and Analysis, budgetary comparison information, and certain pension plan information) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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.

Management has elected to omit the government-wide financial statements and substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the government-wide financial statements and the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

DeLoach, Barber & Caspers, P. C.

September 10, 2020

CITY OF MONTEVALLO - GENERAL FUND

BALANCE SHEETS - GOVERNMENTAL FUNDS

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
ASSETS					
CURRENT ASSETS					
CASH AND CASH EQUIVALENTS	\$ 1,297,512	\$ 1,037,253	\$ 1,080,284	\$ 982,456	\$ 994,792
ACCOUNTS RECEIVABLE - TAXES	567,984	578,559	599,666	614,218	666,244
ACCOUNTS RECEIVABLE - FIRE DUES, NET	2,335	1,910	2,000	2,233	2,782
ACCOUNTS RECEIVABLE - GRANTS	1,566	3,132	4,698		5,482
ACCOUNTS RECEIVABLE - SANITATION SERVICES, NET	74,265	57,391	61,459	67,003	70,815
INTERFUND RECEIVABLES	26,225	26,423	79,194	282,744	252,633
INVENTORY	7,272	6,204	7,158	10,671	9,580
PREPAID EXPENSES	69,798	74,218	57,991	67,866	89,335
RESTRICTED ASSETS					
CASH AND CASH EQUIVALENTS	270,486	275,645	242,449	307,745	368,330
TOTAL ASSETS	\$ 2,317,443	\$ 2,060,735	\$ 2,134,899	\$ 2,334,936	\$ 2,439,993
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
ACCOUNTS PAYABLE	\$ 213,339	\$ 95,050	\$ 104,358	\$ 71,363	\$ 98,143
PAYROLL TAX LIABILITIES			57,773	42,312	32,997
ACCRUED SALARIES AND WAGES	228,013	248,997	259,241	307,650	364,259
BONDS PAYABLE	30,000	30,000	30,000		
CUSTOMER DEPOSITS		450	425	2,825	
INTERFUND PAYABLES	3,106	2,631	119,190	55,294	59,550
UNEARNED REVENUE	25,000	26,970	31,152		
DEFERRED INFLOWS OF RESOURCES					
UNAVAILABLE REVENUE - PROPERTY TAXES	300,980	314,380	329,253	334,868	347,806
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	800,438	718,478	931,392	845,464	902,755
FUND BALANCES					
NONSPENDABLE:					
INVENTORIES	7,272	6,204	7,158	10,671	9,580
PREPAID EXPENSES	69,798	74,218	57,991	67,866	89,335
ASSIGNED FOR:					
RESERVES	152,288	191,621	189,210	198,381	193,916
RESTRICTED FOR:					
PUBLIC SERVICES	270,486	275,645	242,449	307,745	368,330
UNASSIGNED	1,017,161	794,569	705,699	904,809	876,077
TOTAL FUND BALANCES	1,517,005	1,342,257	1,203,507	1,489,472	1,537,238
TOTAL LIABILITIES AND EQUITY	\$ 2,317,443	\$ 2,060,735	\$ 2,134,899	\$ 2,334,936	\$ 2,439,993

See accountant's compilation report.

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
REVENUES					
TAX REVENUES:					
SALES AND USE TAX	2,147,392	2,268,254	2,490,195	3,151,832	3,629,774
ADVALOREM TAXES	333,637	332,383	342,806	354,698	362,536
RENTAL AND LEASE TAX	60,196	74,902	81,771	90,900	109,672
LOGGING TAX	5,320	8,696	2,484	2,830	2,224
GASOLINE TAX	81,928	78,012	77,311	74,878	71,309
TOBACCO TAX	58,312	54,173	52,962	47,177	45,920
COUNTY BEER TAX	27,206	28,498	43,455	48,559	48,356
LIQUOR TAX	13,034	18,231	13,294	17,167	14,413
ABC SALES TAX	15,300	14,084	12,673	12,812	11,745
WINE TAX	2,522	2,476	2,877	2,766	2,634
LICENSES, PERMITS & FRANCHISE FEES:					
BUILDING PERMITS	13,816	11,918	20,425	21,188	49,350
BUSINESS LICENSES	384,723	379,975	373,830	386,008	380,163
BUSINESS LICENSES AUDIT	4,206	14,136	6,952	5,256	42,332
BUSINESS PRIVILEGE	4,362	4,394	4,427	4,461	4,494
FINANCIAL EXCISE TAX	18,773	17,321	12,980	7,204	29,854
FRANCHISE FEE - WATER BOARD	100,136	108,044	95,191	93,007	92,429
FRANCHISE LICENSES	306,880	301,943	295,932	296,605	327,265
LAND REDEMPTION	813	1,417	185	1,449	118
MANUFACTURED HOMES	93	88	92	104	172
MOTOR VEHICLE LICENSES - COUNTY	12,307	12,579	12,560	12,800	13,505
MOTOR VEHICLE LICENSES - STATE	1,303	1,330	1,360	1,392	1,398
MOTOR VEHICLE REGISTRATION FEES 21%	1,286	1,465	1,290	1,085	1,020
OIL PRODUCTION PRIVILEGE	226	167	177	206	194
PAYMENTS IN LIEU OF TAXES	1,781	1,145	514	514	631
REAL ESTATE LICENSE	316	273	244	262	230
MISCELLANEOUS				14,750	839
CEMETERY REVENUES:					
GRAVE OPENINGS AND CLOSINGS	17,800	21,950	23,500	27,000	22,250
LOT SALES	20,400	25,200	34,800	30,000	37,200
DONATIONS:					
BICENTENNIAL			43,682	19,550	
CREEKBANK PROJECT			40,000	26,317	
MAIN STREET			25,030		
MDCD - ALDOT			118,823		
SHOAL CREEK PARK				8,905	3,605
MISCELLANEOUS				8,543	
FIRE DEPT INCOME:					
ALMONT FIRE DUES	10,160	9,738	9,873	9,724	9,665
FIRE DEPT CONTRIBUTIONS	9,072	6,121	6,000	14,297	19,560
MISCELLANEOUS	1,661	1,110	3,171	2,485	1,658
GRANT INCOME		25,029	137,143	19,048	8,809
STATE FORESTRY COMMISSION	1,167	1,052	1,058	1,157	1,111
WILTON FIRE AND RESCUE DUES	6,300	6,300	5,775	10,433	16,978

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
<u>REVENUES - CONTINUED</u>					
<u>GOLF DEPARTMENT INCOME:</u>					
CART RENTAL	24,800	113,427	96,152	82,335	101,704
CART HOUSE RENTAL	370	2,530	3,200	1,899	1,080
DRIVING RANGE FEES	1,599	16,623	14,384	13,938	14,783
MEMBERSHIP DUES	4,400	18,602	20,475	13,379	12,157
GREEN FEES	15,504	58,354	52,938	34,211	38,625
SHOP SUPPLIES SALES	4,653	5,890	5,837	5,794	6,886
MISCELLANEOUS	212		1,275	100	321
U.M. AGREEMENT		25,000		57,500	32,500
<u>HISTORICAL COMMISSION:</u>					
GRANT INCOME	5,314	5,406	1,120		
INTEREST INCOME	4,489	4,143	3,936		
<u>MISCELLANEOUS CHARGES AND FEES:</u>				3,239	2,621
ANIMAL LICENSES	230	180	130	20	
ASSESSMENTS	880	1,026	952	1,322	1,600
PARKING AND STREET PERMITS	265	270	116	100	60
OTHER	180	100	2,000	3,078	3,472
<u>MISCELLANEOUS INCOME:</u>					
INSURANCE REIMBURSEMENTS	4,575	24,827	29,538	17,137	19,024
MAYOR'S BREAKFAST	697	2,515	6,578	5,687	4,930
OTHER		846	2,788		
<u>MISCELLANEOUS GRANTS:</u>					
COMMUNITY GARDEN GRANT	8,103	5,000			
SCOUT HUT GRANT	9,199				
COMPACT 2020 GRANT				57,500	
SHOAL CREEK PARK					
OTHER		599	1,936		91,982
<u>PARK INCOME:</u>					15,159
DONATIONS	1,100	2,120	1,685	1,064	462
FIELD USAGE AND ACTIVITY FEES	79,631	64,355	62,329	51,213	71,909
RENTAL FEES	9,975	8,925	3,250	1,625	1,925
SCOUT HUT RENTAL		3,350	4,275	4,100	2,175
<u>POLICE DEPARTMENT INCOME:</u>					
ACCIDENT REPORTS	1,545	1,695	1,980	1,625	1,905
DONATIONS	373	69	321		
EVENT SALARY - REIMBURSEMENT	28,845	19,040	22,293	19,880	28,350
FINGER PRINT FEES	380	350	340	510	310
SALARY REIMBURSEMENT GRANTS	45,245	42,810	43,240	39,250	84,765
MISCELLANEOUS				3,187	779
RECYCLING INCOME	954	4,381	5,515	1,432	1,138
RENTAL INCOME	22,337	25,794	24,425	25,794	24,425
<u>SANITATION SERVICES</u>	368,986	353,825	383,286	388,999	398,809

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
REVENUES - CONTINUED					
SENIOR CENTERS:					
DONATIONS	1,754	1,756	1,748	2,151	1,592
GRANT - SALARY REIMBURSEMENT	9,397	9,397	14,095	2,349	2,000
GRANT - OTHER	2,000	2,000	2,000	2,000	14,879
<u>VALLOCYCLE</u>	365	160	237	240	120
TOTAL REVENUES	4,320,785	4,657,769	5,209,216	5,670,027	6,345,860
EXPENDITURES					
AGING PROGRAM					
ACTIVITY EXPENDITURES	859	1,072	1,660	3,030	4,329
CLEANING AND JANITORIAL	46	151	32	75	158
COMMUNICATIONS	939	1,255	1,596	1,144	1,306
CONTRACT SERVICES	300	275	336	337	350
DONATION TRANSFER TO M4 AGING	2,247	1,787	1,859	1,921	
GENERAL SUPPLIES	478	1,677	225	283	392
INSURANCE - LIFE	40	34	30	36	
INSURANCE - OTHER	848	821	822	813	2,357
MISCELLANEOUS	114	40	22	45	1,551
OFFICE SUPPLIES			36	134	32
PAYROLL TAXES	883	1,114	1,291	1,955	2,122
REPAIRS AND MAINTENANCE	14	503	1,782	1,615	
SALARIES AND WAGES	11,524	14,671	17,560	25,459	27,888
STATE RETIREMENT	615	821	713	658	647
TUITION AND TRAINING	168				
UTILITIES - ELECTRICITY	3,376	3,321	2,818	3,125	2,953
UTILITIES - GAS	1,167	772	891	1,254	1,144
UTILITIES - WATER	642	639	590	912	909
TOTAL AGING PROGRAM	24,260	28,953	32,263	42,796	46,138
ANIMAL CONTROL					
CONTRACT SERVICES	479	6,530	10,013	6,200	6,199
GAS AND OIL	625	465	140	344	
GENERAL SUPPLIES	392	526	137	627	66
INSURANCE - GENERAL	168	127	97		
MISCELLANEOUS	36	47	570	98	1,160
PAYROLL TAXES	904	907	794		
SALARIES AND WAGES	13,248	13,248	10,152		
STATE RETIREMENT	704	744	744		
TOTAL ANIMAL CONTROL	16,556	22,594	22,647	7,269	7,425

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
EXPENDITURES (Continued)					
BEAUTIFICATION					
MISCELLANEOUS		58			250
GENERAL SUPPLIES	751	1,889	220	820	430
UTILITIES - WATER	1,079	1,249	1,057	504	616
TOTAL BEAUTIFICATION DEPT	1,830	3,196	1,277	1,324	1,296
BUILDING INSPECTOR					
COMPUTER SERVICES	820	860	904	1,186	
CONTRACT SERVICES		10,825			15,900
TOTAL BUILDING INSPECTOR	820	11,685	904	1,186	15,900
CAPITAL EXPENDITURES					
AGING PROGRAM		278			
CITY HALL - GENERAL OPERATIONS	91,296	9,537	5,995	40,529	471,657
FIRE AND RESCUE	969	25,372	145,149	25,704	21,367
FIRE PREVENTION	1,114	1,186	1,436		
GOLF DEPARTMENT	1,453	86,250	3,309	1,500	1,022
LEAF AND LIMB					
MAYOR'S OFFICE			580		
PARK AND RECREATION	6,924	5,896	80,009	16,918	11,018
POLICE	53,542	1,826	7,944	3,734	7,173
RECYCLING CENTER			39,000		
REVENUE OFFICER	795			309	
SANITATION EXPENDITURES	28,821	56,986	55,865		149,002
SHOAL CREEK PARK STREET	2,530			976	3,280
TOTAL CAPITAL EXPENDITURES	187,444	187,331	339,287	89,670	664,519

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

<u>EXPENDITURES (Continued)</u>	<u>09/30/15</u>	<u>09/30/16</u>	<u>09/30/17</u>	<u>09/30/18</u>	<u>09/30/19</u>
CEMETERY					
COMMUNICATIONS	240	241	219	766	262
COMPUTER SERVICES	820	861	904	1,186	1,185
EMPLOYEES HEALTH AND LIFE INSURANCE	91	394	3,872	4,218	4,154
GAS AND OIL	294	36	46		
GENERAL SUPPLIES	349	660	231	131	149
GRAVE OPENING/CLOSING SERVICE	16,800	20,000	23,900	24,350	20,050
INSURANCE - WORKER'S COMPENSATION	2,855	2,530	2,398	2,796	2,724
MISCELLANEOUS	36	18	30	507	624
PAYROLL TAXES	2,530	3,056	3,016	3,294	3,376
REPAIRS AND MAINTENANCE - EQUIPMENT	318	942	2,946	1,117	2,717
REPAIRS AND MAINTENANCE - OTHER		395	15	21	
REPAIRS AND MAINTENANCE - VEHICLES	155	102	210	146	21
SALARIES AND WAGES	34,947	42,691	39,769	46,094	47,434
STATE RETIREMENT	1,534	1,889	1,559	1,373	1,111
UNIFORMS	1,376	1,560	1,459		
UTILITIES - WATER	235	353	230	230	253
TOTAL CEMETERY	62,580	75,728	80,804	86,229	84,060
CITY CLERK					
COMMUNICATIONS	160	480	360	520	200
DUES AND MEMBERSHIPS	25	75	3,880	135	305
INSURANCE - OTHER	67	68	61	73	798
INSURANCE - GROUP	7,680	8,373	8,544	9,652	9,573
MISCELLANEOUS	1,159	1,537			4,549
OFFICE SUPPLIES AND EXPENSE	40		769	738	
PAYROLL TAXES	4,023	4,034	4,023	4,404	4,462
SALARIES AND WAGES	57,648	58,948	59,273	63,688	65,983
STATE RETIREMENT	3,003	3,178	2,705	2,478	2,223
TRAVEL AND LODGING	392	1,943	1,211	1,937	2,993
TUITION, TRAINING AND SEMINARS	945		450	1,624	1,701
TOTAL CITY CLERK	75,142	78,636	81,276	85,249	92,787

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

<u>EXPENDITURES (Continued)</u>	<u>09/30/15</u>	<u>09/30/16</u>	<u>09/30/17</u>	<u>09/30/18</u>	<u>09/30/19</u>
CITY COUNCIL					
PRINTING	65				
TRAVEL AND LODGING	267		254		1,028
TUTION, TRAINING AND SEMINARS	750	2,075	1,145	350	774
TOTAL CITY COUNCIL	1,082	2,075	1,145	604	1,802
CITY JUDGE					
CONTRACT LABOR	18,533	18,533	18,533	18,533	19,212
TOTAL CITY JUDGE	18,533	18,533	18,533	18,533	19,212
CITY PROSECUTOR					
CONTRACT LABOR	11,261	11,583	11,583	11,583	11,960
TOTAL CITY PROSECUTOR	11,261	11,583	11,583	11,583	11,960
CITY SHOP					
CLEANING AND JANITORIAL				67	
COMMUNICATIONS	1,709	1,111	875	331	340
GENERAL SUPPLIES	1,849	1,698	3,388	8,906	11,880
INSURANCE - GENERAL	719	731	740	733	803
MISCELLANEOUS	5		102	307	
REPAIRS AND MAINTENANCE			1,978	1,147	3,426
UNIFORMS	2,954	3,110	2,884		
UTILITIES - ELECTRICITY	4,565	5,260	4,730	5,212	4,171
UTILITIES - GAS	2,403	1,548	1,563		
UTILITIES - WATER	580	862	1,449	3,485	1,060
TOTAL CITY SHOP	14,784	14,320	17,709	20,188	21,680

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

<u>EXPENDITURES (Continued)</u>	<u>09/30/15</u>	<u>09/30/16</u>	<u>09/30/17</u>	<u>09/30/18</u>	<u>09/30/19</u>
COURT					
BUILDING REPAIRS & MAINTENANCE			267	243	
CONTRACT SERVICES	164				417
OFFICE SUPPLIES AND EXPENSES	206	119	(65)	363	
TOTAL COURT	370	119	202	606	417
ECONOMIC DEVELOPMENT (PLANNING & ZONING)					
ACTIVITY EXPENDITURES	3,094	5,000	3,000		
ADVERTISING	442				
COMPUTER SERVICES		1,515		15	7,498
DUES	3,825	3,825		3,117	4,227
EMPLOYEE HEALTH INSURANCE					64
MISCELLANEOUS				30	
PAYROLL TAXES				1,027	2,716
SALARIES AND WAGES				14,063	36,064
STATE RETIREMENT				270	412
TRAVEL AND LODGING		1,382	1,575	2,385	3,207
TUITION, TRAINING & SEMINARS		360	2,650	1,685	2,897
TOTAL ECONOMIC DEVELOPMENT (PLANNING & ZONING)	7,361	12,082	7,225	22,592	57,085
ELECTION EXPENDITURES					
CONTRACT LABOR		1,184			
FOOD					
GENERAL SUPPLIES		5,124	200		
MISCELLANEOUS		102			
SALARIES AND WAGES					
TRAVEL		14			
TUITION, TRAINING & SEMINARS		58			
TOTAL ELECTION EXPENDITURES	0	6,482	200	0	0

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
EXPENDITURES (Continued)					
FIRE AND RESCUE					
COMMUNICATIONS	5,097	10,255	6,818	5,985	7,969
COMPUTER SERVICES	4,885	4,282	4,412	4,236	1,185
CONTRACT SERVICES	20,000	20,000	20,000	115,524	144,014
COPIER LEASE				1,920	1,920
DRUG TESTING		35	210	90	90
DUES AND MEMBERSHIPS	79	130	54	150	110
GAS AND OIL	4,829	3,834	4,517	2,996	3,314
GENERAL SUPPLIES	3,371	4,766	10,106	3,055	6,147
INSURANCE - GENERAL	19,527	19,120	21,953	24,901	24,471
INSURANCE - WORKERS COMPENSATION	3,185	4,924	7,218	7,042	8,244
INTERNET SERVICE	1,407	1,632	2,426	2,073	1,831
MEDICAL SUPPLIES	7,577	11,393	10,206	22,646	8,244
MISCELLANEOUS	2,607	1,099	751	790	234
OFFICE SUPPLIES	283	415	619	377	864
PAYROLL TAXES	4,164	4,460	4,310	4,283	3,810
REPAIRS AND MAINTENANCE - BUILDING	2,527	6,434	663	931	347
REPAIRS AND MAINTENANCE - EQUIPMENT	5,712	9,310	3,023	2,447	2,524
REPAIRS AND MAINTENANCE - OTHER	35		509		
REPAIRS AND MAINTENANCE - VEHICLE	24,656	15,543	9,530	8,725	14,773
SALARIES AND WAGES	55,696	57,279	59,156	58,280	52,316
SMALL TOOLS AND EQUIPMENT	1,648	510	495	2,333	51
STATE RETIREMENT	1,654	2,691	2,038	1,276	795
TRAVEL	2,099		104	93	
TUITION, TRAINING & SEMINARS	4,143	5,497		11,482	
UNIFORMS	2,312	7,511	1,689	5,002	8,620
UTILITIES - ELECTRICITY	10,882	10,902	10,168	12,453	10,967
UTILITIES - GAS	2,288	2,833	1,230	2,180	2,576
UTILITIES - WATER	3,033	3,403	3,064	4,014	4,270
TOTAL FIRE DEPARTMENT	193,696	208,258	185,269	305,284	309,686

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
EXPENDITURES (Continued)					
FIRE PREVENTION					
ADVERTISING	35		108	108	1,783
COMMUNICATIONS	3,188	2,297	1,936	3,343	
COMPUTER SERVICES	1,372	2,319	992	2,436	
DUES AND MEMBERSHIPS	506	908		470	35
EDUCATIONAL SUPPLIES	2,336	3,279	4,708	6,145	3,750
GAS & OIL		546	1,261	2,127	745
GENERAL SUPPLIES	1,380	572	1,401	547	
INSURANCE - EMPLOYEE HEALTH AND LIFE	67	68	61	55	
INSURANCE - OTHER THAN EMPLOYEE		1,200			
INSURANCE - WORKERS COMPENSATION		108	217	273	1,064
MISCELLANEOUS	17		313	93	145
OFFICE SUPPLIES	858	560	568	610	941
PAYROLL TAXES	2,405	2,885	2,944	2,598	2,684
SALARIES AND WAGES	32,071	37,904	39,283	32,618	35,998
SMALL TOOLS AND EQUIPMENT	288	579	443	597	36
STATE RETIREMENT	1,074	1,173	998	649	848
SUBSCRIPTIONS AND BOOKS	1,597	2,577	1,387	187	1,428
TRAVEL	2,048	4,027	4,094	1,409	334
TUITION, TRAINING, & SEMINARS	2,257	2,109	972	839	5,502
UNIFORMS	837	615	527	507	100
TOTAL FIRE PREVENTION	52,287	63,726	62,213	55,611	55,393

GENERAL OPERATIONS (CITY HALL)					
ADVERTISING	1,869	264	6,415	288	1,571
BANK CHARGES	578	722	963	1,590	1,518
BICENTENNIAL			55,659	3,153	1,121
CLEANING AND JANITORIAL	43,609	45,727	41,722	32,470	32,336
COMMUNICATIONS AND INTERNET	11,647	22,674	24,158	27,811	35,150
COMMUNITY GARDEN EXPENSE	6,236				500
COMPUTER SERVICES	29,950	39,633	38,063	41,655	42,880
CONTRACT SERVICES	13,771	4,146	14,276	3,666	8,949
COPIER LEASE PAYMENTS	918	761	719	539	952
CREDIT CARD FEES		4,480	1,452	1,836	1,346
DONATIONS AND CHAMBER CONTRACT	17,745	21,369	60,706	45,150	74,561
DUES	2,874	2,905	3,054	3,129	3,243
DRUG TESTING	250	60	220	55	
EMPLOYEES HEALTH AND LIFE INSURANCE	23,533	22,677	28,722	33,554	31,286
ENGINEERING	19,885	23,074	29,089	67,349	43,433

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
EXPENDITURES (Continued)					
GENERAL OPERATIONS (CITY HALL) (Continued)					
GENERAL SUPPLIES	1,009	2,958	1,458	902	1,544
GRANT EXPENDITURES				6,750	5,345
INSURANCE - GENERAL	12,088	18,056	16,769	20,265	17,084
INSURANCE - WORKERS COMPENSATION	(5,377)	4,493	758	650	2,820
LEGAL AND ACCOUNTING	45,578	60,905	61,982	55,880	68,476
MAIN STREET			10,633	20,300	
MISCELLANEOUS	9,948	1,838	5,739	7,102	5,801
OFFICE SUPPLIES AND EXPENSE	8,337	14,670	12,793	6,625	6,895
PAYROLL PROCESSING FEES			514	19,629	16,048
PAYROLL TAXES	10,449	7,775	9,041	8,193	8,748
POSTAGE	5,112	4,956	4,038	4,184	5,094
PRINTING	7,598	4,637	10,081	13,897	14,189
REPAIRS AND MAINTENANCE - BUILDING	847	103	327	385	6,752
REPAIRS AND MAINTENANCE - EQUIPMENT	610	332	62		1,820
SALARIES AND WAGES	81,704	107,748	123,117	124,618	134,181
SALES TAX AUDIT & COLLECTION FEES	44,444	42,029	50,437	50,569	59,752
SECURITY SYSTEM				7,271	
STATE RETIREMENT	3,468	5,167	4,734	2,852	3,133
SUBSCRIPTIONS AND BOOKS	260	260			95
TRAVEL, MEALS AND LODGING	672	1,406	475	3,263	4,345
TUITION, TRAINING & SEMINARS	1,554	5,820	449	125	960
UTILITIES - ELECTRICITY	13,594	14,423	12,140	13,910	17,061
UTILITIES - GAS	996	842	1,358	2,320	1,829
UTILITIES - WATER	2,087	2,232	1,658	1,719	2,118
VALLOCYCLE EXPENSES	176	1,059	940	719	585
TOTAL CITY HALL (GENERAL OPERATIONS)	418,019	490,201	614,721	634,373	663,321

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
EXPENDITURES (Continued)					
GOLF					
ADVERTISING	3,406	5,733	2,680	1,114	1,681
CART REPAIRS	166	1,425	355	466	586
CHEMICALS	1,428	316	8,905	11,896	4,914
CLEANING AND JANITORIAL	300	2,058	2,401	1,869	1,825
COMMUNICATIONS		577	907	655	945
COMPUTER SERVICES AND EXPENSES	1,313		481	287	296
CONTRACT SERVICES		318	538	456	410
CREDIT CARD FEES	106	106	3,254	2,969	3,336
DRUG TESTING		605	285	175	150
FOOD	948	3,514	261	75	
GAS AND OIL	1,930	5,779	8,889	8,777	9,651
GENERAL SUPPLIES	4,056	13,666	13,858	16,929	16,818
GROUP INSURANCE	1,920	9,158	13,378	13,942	27,968
INTERNET SERVICES	744	1,836	1,905	1,042	1,212
INSURANCE OTHER THAN EMPLOYEE		2,506	2,726	2,697	3,306
INSURANCE - WORKER'S COMPENSATION		1,529	1,597	1,744	2,678
LIFE INSURANCE	25	147	175	207	
MISCELLANEOUS		4,596	1,437	2,238	6,013
OFFICE SUPPLIES AND EXPENSES	1,131	404	582	883	567
PAYROLL TAXES	2,229	10,064	10,897	11,479	12,229
PERMIT FEES	225				
REPAIRS AND MAINTENANCE - BUILDING	327	2,494	779	2,238	135
REPAIRS AND MAINTENANCE - EQUIPMENT	12,036	35,007	14,713	16,053	14,775
REPAIRS AND MAINTENANCE - OTHER	1,292	22,040	9,661	8,088	2,659
SALARIES AND WAGES	36,616	137,492	147,607	161,852	169,815
SMALL TOOLS AND EQUIPMENT	536	305	1,450	1,581	2,036
STATE RETIREMENT	724	2,902	2,371	1,451	1,173
TREE REMOVAL	450	500	3,000	1,300	
TUITION, TRAINING	35	31		50	275
UTILITIES - ELECTRICITY	4,874	17,030	17,466	17,541	15,830
UTILITIES - WATER	1,099	5,355	4,099	2,214	2,085
WASTE PICK UP	327	1,475	601		
TOTAL GOLF EXPENSES	78,243	288,968	277,258	292,268	303,368

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
EXPENDITURES (Continued)					
HISTORICAL COMMISSION					
ACTIVITY EXPENDITURES	300				
CONTRACT SERVICES	6,000			2,000	
GRANT EXPENDITURES	5,900				
MISCELLANEOUS	39				
TUITION, TRAINING & SEMINAR	1,000	1,312			578
TOTAL HISTORICAL COMMISSION	13,239	1,312	0	2,000	578
INTEREST EXPENSE					
INTEREST EXPENSE - GOLF	413	840			
TOTAL INTEREST EXPENSE	413	840	0	0	0
LEAF AND LIMB					
CONTRACT SERVICES	1,150	2,550	1,450	2,450	4,786
GAS AND OIL	7,394	2,148	7,394	7,347	8,226
GENERAL SUPPLIES	501	438	264	453	843
INSURANCE - EMPLOYEE HEALTH AND LIFE	1,365	1,165	12,827	9,725	10,295
INSURANCE - WORKERS COMPENSATION	2,474	3,734	3,156	4,990	2,419
MISCELLANEOUS	246	110		313	
PAYROLL TAXES	2,806	2,439	2,608	1,551	1,461
RENT EXPENSE - INDUSTRIAL DEVELOPMENT	6,000	6,000	5,500	6,000	6,000
REPAIRS AND MAINTENANCE - EQUIPMENT	5,549	3,522	5,189	6,231	17,245
REPAIRS AND MAINTENANCE - OTHER	571	20			
REPAIRS AND MAINTENANCE - VEHICLES	2,328	4,755	337	3,438	189
SALARIES AND WAGES	39,061	34,853	38,787	23,470	26,222
STATE RETIREMENT	1,377	1,175	1,066	438	314
TREE REMOVAL			2,650	2,300	1,500
UNIFORMS			82		
TOTAL LEAF AND LIMB	70,822	62,709	81,310	68,706	79,500

(Continued)

See accountant's compilation report.

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
EXPENDITURES (Continued)					
MAHLER PROPERTY					
BUILDING REPAIRS AND MAINTENANCE		400			140
CONTRACT SERVICES	3,128				
GENERAL SUPPLIES	515		1,850		
INSURANCE - GENERAL	149				
LEGAL SERVICES	1,565	6,821	9,798		
PERRY HALL EXPENSES				21	
REPAIRS AND MAINTENANCE		569	230	382	361
UTILITIES - ELECTRICITY	1,781				
UTILITIES - GAS					
UTILITIES - WATER	235	310	232	231	274
TOTAL MAHLER PROPERTY	7,373	8,100	12,110	634	775
MAYOR'S OFFICE					
ADVERTISING					593
COMMUNICATIONS		367	373	465	100
COMPUTER SERVICES & EXPENSES					514
DUES					
FOOD		275	193	572	
GENERAL SUPPLIES	438	257			
INSURANCE - GENERAL			777		
MAYOR'S BREAKFAST EXPENSES	352	4,748	4,978	4,053	6,275
MISCELLANEOUS	1,664		6	2,027	3,740
OFFICE SUPPLIES & EXPENSES			111	77	
PAYROLL TAXES	473	473	485	658	473
PRINTING	20			145	
SALARIES AND WAGES	6,204	6,204	6,528	8,432	6,204
TRAVEL AND LODGING	1,470	1,073	298	2,294	3,770
TUITION, TRAINING & SEMINARS	594	880	1,286	555	1,155
TOTAL MAYOR'S OFFICE	11,215	14,277	15,035	19,278	22,824

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
EXPENDITURES (Continued)					
PARK AND RECREATION					
ACTIVITY EXPENDITURES	2,620	7,319	2,046	8,178	7,541
ADVERTISING	46	219			
ATHLETIC FIELD SUPPLIES	572	3,017	4,694	13,328	13,145
ATHLETIC OFFICIALS		7,672	9,395	9,105	10,250
ATHLETIC EQUIPMENT SUPPLIES		5,119	6,342	6,367	6,486
BANK CHARGES	133				
CHEMICALS	1,936	265		1,550	70
CLEANING AND JANITORIAL	628	508	1,859	2,815	2,390
COMMUNICATIONS	1,931	1,380	2,067	2,118	2,007
COMPUTER SERVICES	1,716	861	904	1,186	1,185
CONTRACT SERVICES	2,090	10,610	661	2,677	11,096
DRUG TESTING	70		275	30	60
DUES	75	110			85
EMPLOYEE HEALTH AND LIFE INSURANCE	18,746	24,605	14,239	10,896	19,461
FIELD USAGE	45,784				
GAS AND OIL	2,892	2,118	1,529	1,325	417
GENERAL SUPPLIES	9,191	6,637	2,468	4,885	7,034
INSURANCE - GENERAL	7,188	8,647	7,082	6,755	5,307
INSURANCE - WORKERS COMPENSATION	1,400	1,945	1,812	813	1,969
MISCELLANEOUS	172	1,940	1,832	1,308	2,922
PAYROLL TAXES	4,972	5,303	5,371	6,578	7,654
REGISTRATION PROCESSING		1,215			
REPAIRS AND MAINTENANCE - BUILDING	5,813	2,899	6,337	6,210	5,253
REPAIRS AND MAINTENANCE - EQUIPMENT	3,765	1,717	2,783	5,390	2,835
REPAIRS AND MAINTENANCE - OTHER	4,218	6,706	3,391	6,049	437
REPAIRS AND MAINTENANCE - VEHICLE	112	362	495	882	948
SALARIES AND WAGES	75,616	76,288	77,269	93,449	109,695
STATE RETIREMENT	2,584	3,227	1,925	1,343	1,202
TROPHIES AND AWARDS			4,139	3,286	3,903
UNIFORMS	4,763	26,851	27,439	34,430	31,994
UTILITIES - ELECTRICITY	35,999	38,872	29,111	33,228	38,929
UTILITIES - GAS	1,040	586	732	958	
UTILITIES - WATER	9,248	9,904	7,311	10,723	5,753
TOTAL PARK AND RECREATION DEPT	245,320	256,902	223,528	275,862	300,028

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
<u>EXPENDITURES (Continued)</u>					
POLICE DEPT					
ADVERTISING	500			53	27
CLEANING & JANITORIAL		14,748	13,192	13,187	15,073
COMMUNICATIONS		2,771	5,937	7,617	10,744
COMPUTER SERVICES		2,860	2,208	11,181	7,073
CONTRACT SERVICES		2,670	3,097	3,122	3,264
COPIER LEASE PAYMENTS		100	400	325	300
DUES AND MEMBERSHIPS		902	1,348	1,183	1,213
DRUG TESTING		99,436	109,601	129,323	160,838
EMPLOYEES HEALTH AND LIFE INSURANCE		33,130	25,241	24,323	34,213
GAS AND OIL		4,827	2,385	1,980	2,084
GENERAL SUPPLIES		20,322	20,343	19,850	34,792
INSURANCE - GENERAL		18,759	16,854	18,483	25,740
INSURANCE - WORKER'S COMPENSATION		4,555	8,297	3,397	16,669
INTERNET SERVICES			218	210	2,165
LEGAL		2,470	1,956	2,275	2,807
MISCELLANEOUS		1,239	1,373	1,137	1,212
OFFICE SUPPLIES AND EXPENSE		63,888	66,482	85,489	77,226
PAYROLL TAXES		442	155	248	579
PRINTING		684	1,463	839	150
REPAIRS AND MAINTENANCE - BUILDING		1,697	2,548	4,467	275
REPAIRS AND MAINTENANCE - EQUIPMENT		17,604	22,550	13,368	3,685
REPAIRS AND MAINTENANCE - VEHICLE		900,122	935,313	923,998	15,277
SALARIES AND WAGES		1,026	977	2,412	1,097,298
SMALL TOOLS AND EQUIPMENT		43,813	48,498	39,784	2,336
STATE RETIREMENT		481	520	190	27,346
TRAVEL, MEALS AND LODGING		3,478	2,398	4,688	1,338
TUITION, TRAINING & SEMINARS		7,725	8,058	10,504	3,568
UNIFORMS		5,858	9,045	6,963	9,094
UTILITIES - ELECTRICITY		437	749	142	11,116
UTILITIES - GAS					
UTILITIES - WATER		735	1,824	1,155	1,264
TOTAL POLICE DEPARTMENT	<u>1,260,187</u>	<u>1,312,670</u>	<u>1,301,552</u>	<u>1,434,660</u>	<u>1,538,003</u>

See accountant's compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
EXPENDITURES (Continued)					
PRINCIPLE PAYMENTS ON DEBT					
LEASE PAYMENTS - GOLF	4,061	25,769			
TOTAL PRINCIPLE PAYMENTS ON DEBT	4,061	25,769	0	0	0
RECYCLING CENTER					
COMMUNICATIONS	1,230	1,249	2,639	1,622	2,175
INTERNET				471	702
DUMPSTER EXPENSE			226		260
GENERAL SUPPLIES	673		240	259	
INSURANCE - GENERAL			421		
MISCELLANEOUS				51	457
REPAIRS AND MAINTENANCE - BUILDING	1,034	152	155	354	245
REPAIRS AND MAINTENANCE - EQUIPMENT	2,698	2,191	2,182	3,641	3,875
UTILITIES - ELECTRICITY	4,070	5,011	3,118	5,190	6,755
UTILITIES - WATER	235	369	306	290	339
TOTAL RECYCLING CENTER	9,940	8,972	9,287	11,878	14,808
REVENUE OFFICER					
ADVERTISING	177				
BUSINESS LICENSE AUDIT FEES		1,788	400	1,268	1,901
COMMUNICATIONS	718	556			912
COMPUTER SERVICES	15	247		363	961
EMPLOYEES HEALTH AND LIFE INSURANCE		68	55	7,918	9,573
GAS & OIL		2,200	2,200	2,750	3,000
MISCELLANEOUS	25	25	100	939	753
OFFICE SUPPLIES AND EXPENSE	833	314	421	400	148
PAYROLL TAXES	3,492	3,505	3,859	3,997	4,193
PRINTING	607	555	400		740
SALARIES AND WAGES	58,390	52,709	57,363	61,241	59,296
SALES TAX AUDIT FEES	4,176	3,851	2,308		
STATE RETIREMENT	2,662	2,817	2,628	2,363	2,072
TRAVEL, FOOD, & LODGING	424	1,158	529		760
TUITION, TRAINING AND SEMINARS	195	255	243	73	265
TOTAL REVENUE OFFICER	71,714	70,048	70,506	81,312	84,574

See accountant's compilation report.

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

EXPENDITURES (Continued)	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
SANITATION					
BAD DEBT EXPENSE		2,151	2,258	1,612	1,352
CONTRACT SERVICE - WASTE PICKUP	228,786	233,547	241,233	247,819	235,448
DUMPSTER FEES	3,423	4,121	1,854	2,128	10,119
EMPLOYEE INSURANCE AND LIFE		606	11,530	13,911	4,861
INSURANCE - GENERAL	2,871	2,143	4,287		6,110
MISCELLANEOUS		24	84		1,500
PAYROLL TAXES	3,369	3,345	2,878	2,861	2,106
REPAIRS AND MAINTENANCE			8,551		
SALARIES AND WAGES	47,833	46,349	43,540	42,464	29,395
STATE RETIREMENT	2,530	2,652	2,063	1,798	975
TOTAL SANITATION DEPT	288,812	294,938	318,278	312,593	291,866
STREETS AND ROADS					
CLEANING AND JANITORIAL	165	18	34	251	
COMMUNICATIONS	4,360	4,419	3,650	6,608	5,863
COMPUTER SERVICES	820	861	904	990	1,185
CONTRACT SERVICES	9,040	3,390	9,606	5,050	9,466
DRUG TESTING	220	130	225	205	60
EMPLOYEE HEALTH AND LIFE INSURANCE	51,923	57,081	49,324	57,963	71,190
GAS AND OIL	25,324	20,534	18,369	25,734	32,919
GENERAL SUPPLIES	18,148	19,149	16,692	9,709	16,637
INSURANCE - GENERAL	18,794	18,177	19,261	19,076	22,350
INSURANCE - WORKERS COMPENSATION	13,689	8,896	13,434	14,621	13,405
MISCELLANEOUS	500	56	1,416	42	1,990
PAYROLL TAXES	16,900	18,338	18,881	23,287	26,522
REPAIRS AND MAINTENANCE - BUILDING	2,288	609	739	1,017	1,906
REPAIRS AND MAINTENANCE - EQUIPMENT	8,225	9,610	9,060	8,111	12,338
REPAIRS AND MAINTENANCE - OTHER	320	1,086	114	1,259	1,895
REPAIRS AND MAINTENANCE - VEHICLES	3,245	11,598	8,724	3,494	8,386
SAFETY PROGRAM	328	200			94
SALARIES AND WAGES	250,361	272,740	280,658	344,839	387,825
SMALL TOOLS AND EQUIPMENT	20	1,516	184	462	
STATE RETIREMENT	11,107	12,925	13,276	12,177	10,076
STREET REPAIRS AND PAVING	2,613	2,910	3,199	1,888	1,750
SUBSCRIPTIONS AND BOOKS	299				
TRAVEL	324	130	902		
UNIFORMS	3,098	4,328	5,913	11,963	15,422
UTILITIES - ELECTRICITY	37,502	36,822	31,716	41,047	39,600
UTILITIES - GAS				2,627	1,492
UTILITIES - WATER	470	509	418	441	278
TOTAL STREETS AND ROADS DEPT	480,083	506,032	506,699	592,861	682,649

See accountants compilation report.

(Continued)

CITY OF MONTEVALLO - GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)
FOR THE YEARS ENDED

	09/30/15	09/30/16	09/30/17	09/30/18	09/30/19
TOTAL EXPENDITURES - ALL DEPARTMENTS	3,627,447	4,087,039	4,292,821	4,475,149	5,371,854
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	693,338	570,730	916,395	1,194,878	974,006
OTHER FINANCING SOURCES (USES)					
SALE OF CAPITAL ASSETS	1,035	4,402	1,665	1,875	13,850
LOSS ON LIQUIDATION OF GOLF BOARD	(260,290)				
OPERATING TRANSFER IN - COURT FINES	75,000	90,000	60,000	40,331	50,000
OPERATING TRANSFER IN - COURT RESTITUTION	50,473	48,045	53,242	46,587	73,037
OPERATING TRANSFER IN - COURT PAYROLL		2,019	564		
OPERATING TRANSFER OUT - 2 & 7 CENTS GAS TAX					(300)
OPERATING TRANSFER OUT - LIBRARY	(160,000)	(160,000)	(162,665)	(232,054)	(239,204)
OPERATING TRANSFER OUT - RESERVE FUND	(660,202)	(729,944)	(733,951)	(765,652)	(823,623)
OPERATING TRANSFER OUT - CAPITAL RESERVE			(274,000)		
TOTAL OTHER FINANCING SOURCES (USES)	(953,984)	(745,478)	(1,055,145)	(908,913)	(926,240)
NET CHANGE IN FUND BALANCES	(260,646)	(174,748)	(138,750)	285,965	47,766
FUND BALANCE - BEGINNING OF YEAR	1,777,651	1,517,005	1,342,257	1,203,507	1,489,472
FUND BALANCE - END OF YEAR	\$ 1,517,005	\$ 1,342,257	\$ 1,203,507	\$ 1,489,472	\$ 1,537,238