

**Request for Bids
\$3,000,000 Bank Loan
Montevallo Development Cooperative District
City of Montevallo, Shelby County, Alabama**

ADDENDUM NO. 1

Date: May 22, 2026

SUBMISSIONS DUE: May 28, 2026 by 3:00 p.m. CST

Clarifications:

Q1: Please provide financial audit reports for FY 2023, 2024 and 2025.

A2: See attached

Q2: Please provide a breakdown of capital project expenditures by date for the past three years.

A2: These are listed under each audit report under the completed projects section.

Q3: Please provide a breakdown of additional contributions outside of sales tax received by MDCD by date for the past three years.

A3: The only continuous revenue source the MDCD receives is the sales tax revenue from the City of Montevallo. This 90% of the 1 cent sales tax is described in detail within the RFB.

Q4: Please provide a copy of the ordinance establishing the pledged sales tax (# 09262011-301) along with any subsequent amendments to the ordinance.

A4: See attached revenue pledge resolution done for the previous bond issuance. A similar resolution will be issued for this loan.

Q5: Who is MDCD's bond counsel?

A5: Since this is a conventional bank loan and not a bond, we are addressing legal counsel via the City's Attorney (Wallace Ellis Attorneys at Law) and County attorneys (Wallace Ellis Attorneys at Law and In House Legal Counsel).

Q6: Please provide details on any restricted funds that are currently held by the MDCD.

A6: "Restricted Funds" on the financial statements indicates funds that have been committed to ongoing or planned projects as described in the attached YTD Board Financial April Report.

Q7: Is there a Debt Service Reserve Fund set up currently?

A7: There is not currently a designated restricted debt service fund, however the board has been advised by their accounting counsel and as a rule agreed to at a minimum keep six months' worth of debt service in unallocated reserves.

RESOLUTION NO. 023132017-404

**A RESOLUTION APPROVING A SUPPLEMENT AND AMENDMENT
TO THE PROJECT DEVELOPMENT AGREEMENT BETWEEN THE CITY
OF MONTEVALLO, ALABAMA AND THE MONTEVALLO DEVELOPMENT
COOPERATIVE DISTRICT**

WHEREAS, The Montevallo Development Cooperative District (the "District") and the City of Montevallo, Alabama (the "City") entered into that certain Project Development Agreement, dated September 27, 2013 (the "2013 Project Agreement"), for the purpose of providing for the issuance by the District of its Limited Obligation Revenue Bond in the principal amount of \$5,000,000 (the "2013 Bond") for the purpose of financing the City's share of the costs of various improvements and for the assignment and pledge by the City to the District of 90% of the proceeds of a one percent increase in the sales and use taxes levied by the City as provided in Ordinance Number 09262011-301 adopted by the City Council of the City on September 26, 2011 (the "Pledged Revenues").

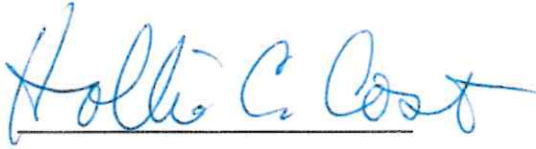
WHEREAS, the District has determined that it can issue its Limited Obligation Revenue Bond, 2017, in the principal amount of \$5,000,000 (the "2017 Bond") for the purpose of refinancing the outstanding principal amount of the 2013 Bond and providing for the payment of the City's share of the costs of the acquisition, construction and installation of certain additional improvements, while maintaining substantially the same annual debt service.

WHEREAS, in order to provide for the application of the proceeds of such 2017 Bond to refinance the indebtedness evidenced by the 2013 Bond and to provide for the continued assignment by the City to the District of the Pledged Revenues, and for other purposes, it is necessary, desirable and in the public interest that the City enter into an amendment to the 2013 Project Agreement with the District.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONTEVALLO, ALABAMA, AS FOLLOWS:

The Mayor and City Clerk are hereby authorized to execute and deliver on behalf of the City the Supplement and Amendment to Project Development Agreement, in the form attached hereto as Exhibit A.

ADOPTED and APPROVED, this 13th day of February, 2017.

A handwritten signature in blue ink that reads "Hollie C. Cost". The signature is written in a cursive style and is positioned above a horizontal line.

Hollie C. Cost, Mayor

ATTEST:

A handwritten signature in blue ink that reads "Herman". The signature is written in a cursive style and is positioned above a horizontal line.

Herman Lehman, City Clerk & Treasurer

EXHIBIT A

Form of Supplement and Amendment to
Project Development Agreement

The Montevallo Development Cooperative District

Financial Report
September 30, 2023

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Independent Auditor's Report

Board of Directors
The Montevallo Development Cooperative District

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of The Montevallo Development Cooperative District (District), as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of The Montevallo Development Cooperative District, as of September 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Haley & Woods, LLP

January 5, 2024

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2023

The purpose of management's discussion and analysis is to provide readers with an objective and easily readable analysis of The Montevallo Development Cooperative District's ("the District" or "MDCD") financial position and activities based on currently known facts, decisions, and conditions. This discussion has been prepared by MDCD management and should be read in conjunction with the financial statements and related footnotes. The financial statements, footnotes and this discussion are the responsibility of MDCD management.

The MDCD financial reports presents financial information through both government-wide (i.e. the statements of net position and statements of activities), based on the District as a whole, and fund financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

Financial Highlights

- The District's total net position increased by \$253,880 over the course of this year's operations due to an excess in tax revenue over general government and community and economic development expenses.
- During the year, the District's government-wide expenses, including general government and community and economic development, were \$526,608, which is an increase of \$312,515 from last year, when expenses were \$214,093.
- Government-wide program revenues were \$768,786, which is a decrease of \$156,730 from last year, when program revenues were \$925,516.
- The general fund reported a fund balance deficit this year of \$8,203, which is consistent with the prior year.
- The debt service fund reported a fund balance this year and last year of \$35,722, which represents the September tax revenue receivable pledged for debt service.
- The capital projects fund reported a fund balance this year of \$1,682,213 compared to \$1,715,308 last year. The decrease is the net effect of deficiency tax revenue under community and economic development expenses.
- The District engaged in business-type activities beginning in fiscal year 2016 with the rental of property for restaurant operations. This property was sold during the prior year and all business-type activities ceased. The remaining fund balance of \$768,259 was transferred to the capital projects fund in the prior year.

Using the Annual Report

The MDCD financial report presents financial information for the District through both government-wide (i.e. the statements of net position and statements of activities), based on the District as a whole, and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. The District is engaged in governmental activities and business-type activities. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

These financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (Issued 6/99)*. GASB Statement No. 34 establishes financial reporting requirements for state and local governments throughout the United States and requires that financial statements be presented on government-wide and fund financial statements.

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2023

Financial Statements

Basic financial statements include both government-wide (i.e. the statements of net position and statements of activities), based on the District as a whole, and fund financial statements. The statements of net position are categorized as an investment in capital assets, unrestricted, and restricted. The first category, *invested in capital assets*, represents the portion of net position, which is associated with non-liquid capital assets less outstanding capital asset related debt, if any.

The second category, *unrestricted net position*, represents the net position of the District that is not restricted for any other purposes by third parties. The final category, *restricted net position*, represents net position that is not available for appropriation or is restricted by external parties. As of September 30, 2023, there is \$35,722 in restricted net position for debt service. The District's assets were \$3,838,028, liabilities were \$2,911,928, and net position was \$926,100.

The statements of activities demonstrate the degree to which the direct expenses of a given function or an identifiable activity are offset by program revenues. During the year ended September 30, 2023, the District recognized an increase in net position of \$253,880.

The fund financial statements provide information about the District's funds, with separate statements for each fund category. The emphasis of fund financial statements is on major funds, each displayed in a separate column. The major governmental funds reported are General Fund, Debt Service Fund, and Capital Projects Fund. As of September 30, 2023, the major governmental fund balance was (\$8,203) for General Fund; \$35,722 for Debt Service Fund; and \$1,682,213 for Capital Projects Fund. The total major governmental fund balance for September 30, 2023 totaled \$1,709,732.

Financial Analysis of the District

The assets of the District were more than its liabilities at September 30, 2023, by \$926,100. Total assets of the District were \$3,838,028, while total liabilities were \$2,911,928. The District's net position consists of \$801,669 invested in capital assets, net of related debt; \$35,722 in restricted for debt service; and unrestricted net position was \$88,709.

The assets of the District were less than its liabilities at September 30, 2022, by \$672,220. Total assets of the District were \$3,811,730, while total liabilities were \$3,139,510. The District's net position consists of \$720,948 invested in capital assets, net of related debt; \$35,722 in restricted for debt service; and unrestricted net deficit was \$84,450.

Total assets at September 30, 2023, increased by \$26,298, primarily as the net result of an increase in tax revenue over general government and community and economic development expenses.

Total assets at September 30, 2022, increased by \$357,698, primarily as the net result of the increase in tax revenue, decrease in community and economic development expenses, and gain on sale of Main Street Tavern building.

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023**

Financial Highlights

Condensed financial statements for the District as of and for the years ended September 30, 2023, September 30, 2022, and September 30, 2021 are as follows:

Condensed Statement of Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Current	\$ 1,852,555	\$ 1,636,110	\$ 822,415
Noncurrent:			
Restricted cash	-	116,767	73,421
Capital assets	<u>1,985,473</u>	<u>2,058,853</u>	<u>2,558,196</u>
Total assets	<u>3,838,028</u>	<u>3,811,730</u>	<u>3,454,032</u>
Liabilities			
Current	511,669	370,518	365,377
Noncurrent	<u>2,400,259</u>	<u>2,768,992</u>	<u>3,129,573</u>
Total liabilities	2,911,928	3,139,510	3,494,950
Net Position			
Invested in capital assets, net of related debt	801,669	720,948	779,039
Restricted for debt service	35,722	35,722	35,722
Unrestricted	<u>88,709</u>	<u>(84,450)</u>	<u>(855,679)</u>
Total net position	<u>\$ 926,100</u>	<u>\$ 672,220</u>	<u>\$ (40,918)</u>

For the year ended September 30, 2023, program revenues of \$768,786 came from the contributions of the members. There were no business type revenues from rental revenues and other general revenues of \$11,702 came from interest revenue.

For the year ended September 30, 2022, program revenues of \$723,186 came from the contributions of the members. Business type revenues of \$202,330 came from rental revenues and other general revenues of \$1,715 came from interest revenue.

Program expenses within the District consist of general government expenses, including administration, depreciation and interest, business type activity for maintenance of rental property, and community and economic development expenses. Expenses associated with general government expenditures were \$159,266 and \$174,567 for the years ended September 30, 2023 and 2022, respectively. Expenses associated with economic development expenditures were \$367,342 and \$38,448 for the years ended September 30, 2023 and 2022, respectively. Expenses associated with the business type activity totaled \$0 and \$1,078 for September 30, 2023 and 2022, respectively. Total expenses for the fiscal years ended 2023 and 2022 were \$526,608 and \$214,093, respectively.

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023**

Condensed Statement of Activities

	2023	2022	2021
Program revenues	\$ 768,786	\$ 723,186	\$ 699,491
General revenues	11,702	1,715	1,805
Business-type revenues	-	202,330	40,196
Total revenues	<u>780,488</u>	<u>927,231</u>	<u>741,492</u>
Program expenses by function:			
General government	159,266	174,567	178,234
Community and economic development	367,342	38,448	356,635
Business type	-	1,078	17,496
Total expenses	<u>526,608</u>	<u>214,093</u>	<u>552,365</u>
	253,880	713,138	189,127
Net Position (Deficit)			
Beginning of year	<u>672,220</u>	<u>(40,918)</u>	<u>(230,045)</u>
End of year	<u>\$ 926,100</u>	<u>\$ 672,220</u>	<u>\$ (40,918)</u>

District total revenues for the year ended September 30, 2023, totaled \$780,488 compared to \$927,231 for the year ended September 30, 2022. This was a 16% decrease in revenues. The decrease in revenues is primarily due to the gain on sale of the Main Street Tavern building in the prior year.

District total revenues for the year ended September 30, 2022, totaled \$927,231 compared to \$741,492 for the year ended September 30, 2021. This was a 25% increase in revenues. The increase in revenues is primarily due to the gain on sale of the Main Street Tavern building.

Total program expenses increased \$312,515, or 146%, from \$214,093 for the year ended September 30, 2022, to \$526,608 for the year ended September 30, 2023. This increase is due primarily to an increase in Wadsworth Parking project, Sims House Counseling project and several other projects during fiscal year 2023.

Total program expenses decreased \$338,272 or 61%, from \$552,365 for the year ended September 30, 2021, to \$214,093 for the year ended September 30, 2022. This decrease is due primarily to a decrease in Highway 25 crosswalk, paving and sidewalks expenditures during fiscal year 2022.

As a result of revenues over expenses, the District's total net position as of September 30, 2023, increased by \$253,880.

As a result of revenues over expenses, the District's total net position as of September 30, 2022, increased by \$713,138.

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023

Condensed Balance Sheet – Governmental Funds
September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total assets	\$ 21,285	\$ 35,722	\$ 1,825,036	\$ 1,882,043
Total liabilities	\$ 29,488	\$ -	\$ 142,823	\$ 172,311
Total fund balances	(8,203)	35,722	1,682,213	1,709,732
Total liabilities and fund balances	\$ 21,285	\$ 35,722	\$ 1,825,036	\$ 1,882,043

Condensed Balance Sheet – Governmental Funds
September 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total assets	\$ 27,075	\$ 35,722	\$ 1,715,308	\$ 1,778,105
Total liabilities	\$ 35,278	\$ -	\$ -	\$ 35,278
Total fund balances	(8,203)	35,722	1,715,308	1,742,827
Total liabilities and fund balances	\$ 27,075	\$ 35,722	\$ 1,715,308	\$ 1,778,105

Condensed Balance Sheet – Governmental Funds
September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total assets	\$ 29,281	\$ 35,722	\$ 718,226	\$ 783,229
Total liabilities	\$ 37,484	\$ -	\$ 4,045	\$ 41,529
Total fund balances	(8,203)	35,722	714,181	741,700
Total liabilities and fund balances	\$ 29,281	\$ 35,722	\$ 718,226	\$ 783,229

Total general fund assets at September 30, 2023 decreased by \$5,790, primarily as the result of a decrease in contributions receivable.

Total general fund assets at September 30, 2022 decreased by \$2,206, primarily as the result of prepaid expenses for insurance.

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2023

Total general fund liabilities at September 30, 2023 decreased by \$5,790, primarily as the result of timing of payment of general government expenditures.

Total general fund liabilities at September 30, 2022 decreased by \$2,206, primarily as the result of timing of payment of general government expenditures.

The general fund balance reported a deficit of \$8,203 as of September 30, 2023, 2022 and 2021. General government expenditures related to administration equaled general contribution revenue for the periods ended September 30, 2023, 2022 and 2021.

The debt service fund assets and fund balances remained at \$35,722 at September 30, 2023, compared to September 30, 2022. The balance of \$35,722 is the receivable for September 2023 tax revenue contributions from the City, which are pledged for debt service.

Total capital projects fund assets at September 30, 2023 increased by \$109,728 primarily as the result of tax revenue contributions exceeding community and economic development expenditures.

Total capital projects fund assets at September 30, 2022 increased by \$997,082 primarily as the result of the remaining enterprise fund balance of \$768,259 after the sale of the Main Street tavern was transferred to the capital projects fund combined with excess tax revenue contributions exceeding community and economic development expenditures.

Total capital projects fund liabilities at September 30, 2023 increased by \$142,823 primarily as the result of timing of payment for community and economic development project expenditures.

Total capital projects fund liabilities at September 30, 2022 decreased by \$4,045 primarily as the result of timing of payment for community and economic development project expenditures.

The capital projects fund balance reported a balance of \$1,682,213 as of September 30, 2023 compared to \$1,715,308 as of September 30, 2022. The decrease of \$33,095 is mainly due to an increase of community and economic development project expenditures.

The capital projects fund balance reported a balance of \$1,715,308 as of September 30, 2022 compared to \$714,181 as of September 30, 2021. The increase of \$1,001,127 is mainly due to the remaining enterprise fund balance of \$768,259 after the sale of the Main Street Tavern being transferred to the capital projects fund combined with excess tax revenue contributions exceeding community and economic development expenditures.

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023

Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds Year Ended September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total revenues	\$ 17,577	\$ 428,664	\$ 334,247	\$ 780,488
Total expenditures	17,577	428,664	367,342	813,583
Net change in fund balances	-	-	(33,095)	(33,095)
Fund balances				
Beginning of year	(8,203)	35,722	1,715,308	1,742,827
End of year	\$ (8,203)	\$ 35,722	\$ 1,682,213	\$ 1,709,732

Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds Year Ended September 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total revenues	\$ 24,914	\$ 428,664	\$ 271,316	\$ 724,894
Total expenditures	24,914	428,664	38,448	492,026
Transfers from enterprise fund	-	-	768,259	768,259
Net change in fund balances	-	-	1,001,127	1,001,127
Fund balances				
Beginning of year	(8,203)	35,722	714,181	741,700
End of year	\$ (8,203)	\$ 35,722	\$ 1,715,308	\$ 1,742,827

Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds Year Ended September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total revenues	\$ 25,026	\$ 428,664	\$ 247,542	\$ 701,232
Total expenditures	25,026	428,664	356,635	810,325
Net change in fund balances	-	-	(109,093)	(109,093)
Fund balances				
Beginning of year	(8,203)	35,722	823,274	850,793
End of year	\$ (8,203)	\$ 35,722	\$ 714,181	\$ 741,700

Capital Assets

Capital assets include land, infrastructure, buildings and improvements, equipment, and construction in progress. As of September 30, 2023, 2022, and 2021, capital assets, net of accumulated depreciation, totaled \$1,985,473, 2,058,853, and 2,558,196, respectively. There were no capital additions for the years

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2023

ended September 30, 2023, 2022, and 2021. Depreciation expense for the years ended September 30, 2023, 2022, and 2021, totaled \$73,380, \$74,459, and \$86,317, respectively.

Completed Projects:

Orr Park-Patching Project – \$39,110, Funding source: City tax funds.

Creek bank restoration was completed to repair damage caused by high floodwaters which caused major erosion along the bank along Orr Park. The Orr Park creek bank restoration was completed and functioning as designed to help prevent creek bank erosion. Asphalt work required to repair the walking trail has been completed.

Hwy 10 Bridge Repair Project – \$10,000, Funding source: City tax funds.

The small pedestrian bridge was damaged by a vehicle collision from County Road 10 which runs parallel and nearby the walking path. The required repairs are complete and the bridge is back in service.

Wadsworth Parking Project – \$150,000, Funding source: City tax funds.

To address the need for parking in this area to support nearby business, recreation and sporting events, the City partnered with the Shelby County Board of Education to create parking along Wadsworth Street by piping the roadside ditch, grading, basing, paving and striping. The work is complete and parking is being used by the public.

Ongoing & Future Projects:

SR25 TAP Sidewalk Projects – \$75,650, Funding source: City tax funds.

This project is the result of a grant from the Birmingham Regional Planning Commission utilizing Transportation Alternative Program (TAP) funds and was administered thru the Birmingham Area ALDOT Office to provide sidewalks along Alabama Highway 25 from the intersection of Highway 119 and 25 to the intersection of Highway 25 and Middle Street. The project was bid and awarded to the low bid contractor and the award was approved by ALDOT and the City has executed a construction contract with Southeastern Sealcoating Inc. to construct the project and Gonzalez Strength and Associates has been contracted to provide the construction inspection services. TAP grant funds will be utilized to pay for the construction of the project as well as the inspection services required for the project. City Tax funds thru the MDCD will be utilized to pay the required 20% local match for the project.

Hotel Development Project – \$550,000, Funding source: City tax funds.

The MDCD has allocated funds which originated from the sales proceeds from the sale of the Tavern property to address expenses associated with the development of a hotel within the City of Montevallo. The City of Montevallo is in the process of preparing a potential site that will be offered in an incentive package to a potential hotel developer by the City. The goal will be to finalize the development package early 2024 with construction of the hotel beginning in calendar year 2024.

Long-Term Debt Activity

MDCD Revenue Bond Issue

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 issued a \$5,000,000 Revenue Bond on March 31, 2017 for the purpose of financing the City's share of the cost of various capital improvements by the District and to pay off the September 26, 2013 Revenue Bond.

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023**

As of September 30, 2023, 2022, and 2021, revenue bond payable totaled \$2,769,105, \$3,129,460, and \$3,481,852, respectively. During the years ended September 30, 2023, 2022, and 2021, total principal payments on the revenue bond payable were \$360,355, \$352,392, and \$344,277, respectively.

Analysis of Known Future Events

Members determine if a project warrants financial participation by their respective entity each time a project is considered. The ownership/investment in each project is determined by the pro-rata investment of each member. Current and/or future net operating income and cash distributions from any project will be shared between the participating members of the District based on a relative contribution by each member to the project or as otherwise defined by the project.

Condensed investment schedule for Governmental Activities by MDCD member for FY2023, FY2022 and FY2021 is as follows:

	University	County	City	Total
Fiscal Year 2023				
Revenues	\$ 5,011	\$ 5,011	\$ 758,764	\$ 768,786
Expenses	(30,746)	(37,015)	(458,847)	(526,608)
Non-operating	-	-	11,702	11,702
Change in net position	<u>(25,735)</u>	<u>(32,004)</u>	<u>311,619</u>	<u>253,880</u>
Net position, beginning of year	<u>1,097,930</u>	<u>1,271,395</u>	<u>(1,697,105)</u>	<u>672,220</u>
Net position, end of year	<u>\$ 1,072,195</u>	<u>\$ 1,239,391</u>	<u>\$ (1,385,486)</u>	<u>\$ 926,100</u>
Fiscal Year 2022				
Revenues	\$ 7,888	\$ 7,888	\$ 707,410	\$ 723,186
Expenses	(33,982)	(40,251)	(139,860)	(214,093)
Non-operating	67,443	67,443	69,159	204,045
Change in net position	<u>41,349</u>	<u>35,080</u>	<u>636,709</u>	<u>713,138</u>
Net position, beginning of year	<u>1,056,581</u>	<u>1,236,315</u>	<u>(2,333,814)</u>	<u>(40,918)</u>
Net position, end of year	<u>\$ 1,097,930</u>	<u>\$ 1,271,395</u>	<u>\$ (1,697,105)</u>	<u>\$ 672,220</u>
Fiscal Year 2021				
Revenues	\$ 7,839	\$ 7,839	\$ 683,813	\$ 699,491
Expenses	(37,885)	(44,155)	(470,325)	(552,365)
Non-operating	13,399	13,399	15,203	42,001
Change in net position	<u>(16,647)</u>	<u>(22,917)</u>	<u>228,691</u>	<u>189,127</u>
Net position, beginning of year	<u>1,073,228</u>	<u>1,259,232</u>	<u>(2,562,505)</u>	<u>(230,045)</u>
Net position, end of year	<u>\$ 1,056,581</u>	<u>\$ 1,236,315</u>	<u>\$ (2,333,814)</u>	<u>\$ (40,918)</u>

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023**

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the District, including written (as outlined above) or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than the statements of historical fact, which address future activities, events, or developments that the District expects or anticipates will or may occur, contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The District does not update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions, or changes in other factors.

Contacting the District's Management

This financial report is designed to provide our readers with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. If readers have any questions about this report or need additional information, contact Susan F. Hayes, CFO/Treasurer, University of Montevallo, Station 6010, Montevallo, Alabama 35115, or you may email to shayes5@montevallo.edu.

The Montevallo Development Cooperative District

Statements of Net Position
September 30, 2023 and 2022

	Governmental Activities	
	2023	2022
Assets		
Current assets:		
Cash	\$ 946,016	\$ 654,843
Cash - board restricted for projects	817,242	891,262
Contributions receivable	10,022	17,025
Accounts receivable	62,652	62,930
Accrued interest receivable	5,360	-
Prepaid expenses	11,263	10,050
Total current assets	1,852,555	1,636,110
Restricted cash	-	116,767
Noncurrent assets:		
Capital assets:		
Depreciable capital assets, net	1,786,456	1,859,836
Non-depreciable capital assets	199,017	199,017
Total noncurrent assets	1,985,473	2,058,853
Total assets	3,838,028	3,811,730
Liabilities and Net Position		
Current liabilities:		
Accounts payable, capital projects	142,823	10,050
Current portion of revenue bond payable	368,846	360,468
Total current liabilities	511,669	370,518
Noncurrent liabilities:		
Revenue bond payable, less current portion	2,400,259	2,768,992
Total noncurrent liabilities	2,400,259	2,768,992
Total liabilities	2,911,928	3,139,510
Net position (deficit):		
Net investment in capital assets	801,669	720,948
Restricted for debt service	35,722	35,722
Unrestricted (deficit)	88,709	(84,450)
Total net position	\$ 926,100	\$ 672,220

See notes to financial statements.

The Montevallo Development Cooperative District

Statement of Activities
Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities Total
Primary government:				
Governmental activities:				
General government	\$ 159,266	\$ -	\$ 10,022	\$ (149,244)
Community and economic development	367,342	-	758,764	391,422
Total governmental activities	526,608	-	768,786	242,178
Total primary government	\$ 526,608	\$ -	\$ 768,786	242,178
General revenue:				
Interest revenue				11,702
Total general revenue				11,702
Change in net position				253,880
Net position:				
Beginning of year				672,220
End of year				\$ 926,100

See notes to financial statements.

The Montevallo Development Cooperative District

Statement of Activities
Year Ended September 30, 2022

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 174,567	\$ -	\$ 17,025	\$ (157,542)	\$ -	\$ (157,542)
Community and economic development	38,448	-	706,161	667,713	-	667,713
Total governmental activities	213,015	-	723,186	510,171	-	510,171
Business-type activities:						
Rental	1,078	4,000	-	-	2,922	2,922
Gain on sale of property	-	198,330	-	-	198,330	198,330
Total business-type activities	1,078	202,330	-	-	201,252	201,252
Total primary government	\$ 214,093	\$ 202,330	\$ 723,186	510,171	201,252	711,423
General revenue:						
Interest revenue				1,708	7	1,715
Total general revenue				1,708	7	1,715
Change in net position before transfer				511,879	201,259	713,138
Transfer				798,649	(798,649)	-
Change in net position after transfer				1,310,528	(597,390)	713,138
Net position (deficit):						
Beginning of year				(638,308)	597,390	(40,918)
End of year				\$ 672,220	\$ -	\$ 672,220

See notes to financial statements.

The Montevallo Development Cooperative District

Balance Sheet – Governmental Funds
September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash	\$ -	\$ -	\$ 946,016	\$ 946,016
Cash - board restricted for projects	-	-	817,242	817,242
Contributions receivable	10,022	-	-	10,022
Accounts receivable	-	35,722	26,930	62,652
Prepaid expenses	11,263	-	-	11,263
Accrued interest receivable	-	-	5,360	5,360
Due from other funds	-	-	29,488	29,488
Total assets	\$ 21,285	\$ 35,722	\$ 1,825,036	\$ 1,882,043
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 142,823	\$ 142,823
Due to capital projects fund	29,488	-	-	29,488
Total liabilities	29,488	-	142,823	172,311
Fund balances:				
Restricted for debt service	-	35,722	-	35,722
Restricted for capital projects	-	-	674,419	674,419
Committed to capital projects	-	-	1,007,794	1,007,794
Unassigned (deficit)	(8,203)	-	-	(8,203)
Total fund balances	(8,203)	35,722	1,682,213	1,709,732
Total liabilities and fund balances	\$ 21,285	\$ 35,722	\$ 1,825,036	\$ 1,882,043

(Continued)

The Montevallo Development Cooperative District

Balance Sheet – Governmental Funds (Continued)
September 30, 2023

Fund balances – total governmental funds	\$ 1,709,732
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,985,473
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,769,105)</u>
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Net position of governmental activities	<u>\$ 926,100</u>
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See notes to financial statements.

The Montevallo Development Cooperative District

Balance Sheet – Governmental Funds

September 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash	\$ -	\$ -	\$ 654,843	\$ 654,843
Cash - board restricted for projects	-	-	891,262	891,262
Restricted cash	-	-	116,767	116,767
Contributions receivable	17,025	-	-	17,025
Accounts receivable	-	35,722	27,208	62,930
Prepaid expenses	10,050	-	-	10,050
Due from other funds	-	-	25,228	25,228
Total assets	\$ 27,075	\$ 35,722	\$ 1,715,308	\$ 1,778,105
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 10,050	\$ -	\$ -	\$ 10,050
Due to capital projects fund	25,228	-	-	25,228
Total liabilities	35,278	-	-	35,278
Fund balances:				
Restricted for debt service	-	35,722	-	35,722
Restricted for capital projects	-	-	116,767	116,767
Committed to capital projects	-	-	1,598,541	1,598,541
Unassigned (deficit)	(8,203)	-	-	(8,203)
Total fund balances	(8,203)	35,722	1,715,308	1,742,827
Total liabilities and fund balances	\$ 27,075	\$ 35,722	\$ 1,715,308	\$ 1,778,105

(Continued)

The Montevallo Development Cooperative District

Balance Sheet – Governmental Funds (Continued)
September 30, 2022

Fund balances – total governmental funds	\$ 1,742,827
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,058,853
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,129,460)</u>
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Net position of governmental activities	<u>\$ 672,220</u>
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See notes to financial statements.

The Montevallo Development Cooperative District

Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenue:				
General contribution – Shelby County	\$ 5,011	\$ -	\$ -	\$ 5,011
General contribution – University of Montevallo	5,011	-	-	5,011
Interest	7,555	-	4,147	11,702
Tax revenue contribution – City of Montevallo	-	428,664	330,100	758,764
Total revenue	17,577	428,664	334,247	780,488
Expenditures:				
Current expenditures:				
General government	17,577	-	-	17,577
Community and economic development	-	-	367,342	367,342
Debt service:				
Principal	-	360,355	-	360,355
Interest and fees	-	68,309	-	68,309
Total expenditures	17,577	428,664	367,342	813,583
Net change in fund balances	-	-	(33,095)	(33,095)
Fund balances:				
Beginning of year	(8,203)	35,722	1,715,308	1,742,827
End of year	\$ (8,203)	\$ 35,722	\$ 1,682,213	\$ 1,709,732

(Continued)

The Montevallo Development Cooperative District

**Statement of Revenue, Expenditures and Changes in Fund Balances –
Governmental Funds (Continued)
Year Ended September 30, 2023**

Net change in fund balances – total governmental funds	\$ (33,095)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded transfers out of capital assets and depreciation expense in the current year.	
Depreciation expense	(73,380)
Repayments on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	
Principal payments on revenue bond payable	<u>360,355</u>
Change in net position of governmental activities	<u>\$ 253,880</u>

See notes to financial statements.

The Montevallo Development Cooperative District

Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenue:				
General contribution – Shelby County	\$ 7,888	\$ -	\$ -	\$ 7,888
General contribution – University of Montevallo	7,888	-	-	7,888
General contribution – City of Montevallo	1,249	-	-	1,249
Interest	1,708	-	-	1,708
Tax revenue contribution – City of Montevallo	6,181	428,664	271,316	706,161
Total revenue	<u>24,914</u>	<u>428,664</u>	<u>271,316</u>	<u>724,894</u>
Expenditures:				
Current expenditures:				
General government	24,914	-	-	24,914
Community and economic development	-	-	38,448	38,448
Debt service:				
Principal	-	352,392	-	352,392
Interest and fees	-	76,272	-	76,272
Total expenditures	<u>24,914</u>	<u>428,664</u>	<u>38,448</u>	<u>492,026</u>
Net change in fund balances before transfers	-	-	232,868	232,868
Transfers	-	-	768,259	768,259
Net change in fund balances after transfers	-	-	1,001,127	1,001,127
Fund balances:				
Beginning of year	<u>(8,203)</u>	<u>35,722</u>	<u>714,181</u>	<u>741,700</u>
End of year	<u>\$ (8,203)</u>	<u>\$ 35,722</u>	<u>\$ 1,715,308</u>	<u>\$ 1,742,827</u>

(Continued)

The Montevallo Development Cooperative District

**Statement of Revenue, Expenditures and Changes in Fund Balances –
Governmental Funds (Continued)
Year Ended September 30, 2022**

Net change in fund balances – total governmental funds	\$ 232,868
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded transfers out of capital assets and depreciation expense in the current year.	
Depreciation expense	(73,381)
Repayments on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	
Principal payments on revenue bond payable	<u>352,392</u>
Change in net position of governmental activities	<u>\$ 511,879</u>

See notes to financial statements.

The Montevallo Development Cooperative District

Statements of Revenue, Expenses and Changes in Fund Net Position
 Proprietary Fund
 Years Ended September 30, 2023 and 2022

	Enterprise Fund	
	2023	2022
Operating revenue:		
Rental revenue	\$ -	\$ 4,000
Total operating revenue	-	4,000
Operating expenses:		
Depreciation	-	1,078
Total operating expenses	-	1,078
Operating income	-	2,922
Nonoperating revenue:		
Interest	-	7
Gain on sale of property	-	198,330
Total nonoperating revenue	-	198,337
Transfers	-	(798,649)
Decrease in net position	-	(597,390)
Net position:		
Beginning of year	-	597,390
End of year	\$ -	\$ -

See notes to financial statements.

The Montevallo Development Cooperative District

Statements of Cash Flows
 Proprietary Fund
 Years Ended September 30, 2023 and 2022

	Enterprise Fund	
	2023	2022
Cash flows from operating activities:		
Rental receipts	\$ -	\$ 4,000
Net cash provided by operating activities	-	4,000
Cash flows from capital and related financing activities:		
Proceeds from sale of property	-	622,669
Transfer to governmental funds	-	(776,767)
Net cash used in capital and related financing activities	-	(154,098)
Cash flows from investing activities:		
Interest	-	7
Net cash provided by investing activities	-	7
Net decrease in cash	-	(150,091)
Cash:		
Beginning of year	-	150,091
End of year	\$ -	\$ -
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ -	\$ 2,922
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	1,078
Net cash provided by operating activities	\$ -	\$ 4,000

See notes to financial statements.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The accompanying basic financial statements of The Montevallo Development Cooperative District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the District's more significant accounting policies follows.

Reporting entity: The District was incorporated by its Members (City of Montevallo, Alabama, University of Montevallo and Shelby County, Alabama) on April 10, 2012, in accordance with Alabama Code 11-99B, Capital Improvement Cooperative Districts. The purpose of the District is to promote economic development, tourism, education, recreation, the arts, historic preservation, livability, and a healthy and active lifestyle in Montevallo, Alabama. In addition, the District is to undertake the acquisition, construction and installation of capital improvements consisting of: (a) real and personal property (i) for use by the City for general municipal purposes, and (ii) for use by the County for the development, support and promotion of economic development and tourism and (iii) for use by the University for educational and administrative purposes; (b) roads, streets, sidewalk and related facilities for pedestrian and vehicular traffic; (c) public utilities; (d) public park, recreation, and safety facilities; (e) center for cultural and educational exhibitions and facilities; and (f) accommodations for visitors. The District is supported primarily by its members from member contributions, including contributions from the City of Montevallo, Alabama of 90% of a one-cent sales tax implemented by the City of Montevallo, Alabama. The District is governed by a board of directors, which is comprised of one director elected by each of the Members. The District may acquire and construct projects within the corporate limits, as at any time in effect, of the City. The District cannot levy taxes.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. GAAP requires that the reporting entity include (1) the primary government, (2) Districts for which the primary government is financially accountable and (3) other Districts 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 has been considered and as a result, the District has no component units. Additionally, the District is not considered a component unit of any other entity.

Government-wide and fund financial statements: Basic financial statements include government-wide statements (i.e., the statements of net position and statements of activities), based on the District as a whole, and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities, which normally are supported by taxes and intergovernmental revenues, or business-type activities, which rely to a significant extent on fees and charges for support. The District is engaged in both governmental and business-type activities. Eliminations have been made to minimize the double-counting of internal activities.

The statements of activities demonstrate the degree to which the direct expenses of a given function or identifiable activity (i.e., public safety, public services, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include revenues from fines and forfeitures, licenses and permit fees, service assessments, and charges for services provided by the given function or identifiable activity and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The fund financial statements provide information about the District's funds, with separate statements presented for each fund category – governmental and proprietary. 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 non-major funds. The District has no non-major funds.

Proprietary fund operating revenue, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Basis of presentation – fund accounting: The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The District's funds are grouped into two categories for financial statement presentation purposes, governmental funds and proprietary funds. Governmental funds are used to account for the District's expendable financial resources and related liabilities. Governmental funds include the general, debt service and capital projects funds. Proprietary funds include one enterprise fund that accounts for the operation and maintenance of a building that is being leased to a restaurant.

A percentage of assets, liabilities, revenues or expenditures/expenses of the government fund category are used for the determination of major funds. The District has three major governmental funds, one major proprietary fund, and no non-major governmental or proprietary funds.

The District reports the following major governmental funds:

General fund: The general fund accounts for all financial resources of the District except those required legally or by sound financial management to be accounted for in another fund.

Debt service fund: The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital projects fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. For this purpose, capital outlays on capital projects financed by the District for its members are included and reported as community and economic development expenditures.

The District reports the following major proprietary fund:

Enterprise fund: The enterprise fund accounts for the operation and maintenance of a building that was being leased to a restaurant. This property was sold during the year ended September 30, 2022 and all business-type activities ceased.

Measurement focus: The government-wide and proprietary fund financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included in the statements of net position.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statements of revenues, expenditures and changes in fund balances – governmental funds report the sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which governmental activities of the government-wide financial statements are prepared; therefore, governmental fund totals of the governmental funds' statements include a reconciliation with brief explanations to better identify the relationship between the statements of governmental funds and the government-wide statements.

Basis of accounting: Basis of accounting determines when transactions are recorded in the financial reports and reported on the financial statements. Government-wide and proprietary fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognitions of revenue and in the presentation of expenses versus expenditures.

Under the accrual method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Revenues are measurable when the amount of the transaction can be determined. Revenues are available when collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days following September 30. Major revenue sources susceptible to accrual include special assessments, licenses, interest revenue, and charges for services. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except for revenue bond principal and interest and claims and judgements which are reported as expenditures in the year due.

Cash and cash equivalents: Cash includes amounts in demand and time deposits. Cash equivalents are defined by the District as liquid investments purchased with an original maturity of three months or less. The District had no cash equivalents as of September 30, 2023 and 2022. Cash as of September 30, 2023 and 2022 was deposited with financial institutions.

Restricted cash: The District has cash that is restricted to its use. Restricted cash related to the District's operations includes cash from the issuance of the revenue bond that is restricted for capital improvement projects and expenditures and member contributions for specific capital improvement projects not yet spent. Restricted cash related to capital improvement projects amounted to \$0 and \$116,767 as of September 30, 2023 and 2022, respectively.

The District's deposits are covered by Federal Depository Insurance Corporation insurance or secured by collateral pledged to the State of Alabama. The Security for Alabama Funds Enhancement Program, or SAFE Program, became law January 1, 2001. The SAFE Program eliminates the need for an individual bank to collateralize deposits. Under the program, a bank designated by the State Treasurer as a qualified public depository will pledge securities to the State Treasurer for the SAFE collateral pool. This program is mandatory for all banks that hold public deposits. The financial institutions that held the District's deposits at September 30, 2023 and 2022 are qualified public depositories.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Contributions and accounts receivable: Accounts receivable and receivable from member contributions, including allocated sales tax revenue, are reduced by the amount of such billings deemed by management to be ultimately uncollectible. At September 30, 2023 and 2022, the District considers all such receivables to be fully collectible.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital assets: Purchased or constructed capital assets are reported at cost. Donated fixed assets are stated at their acquisition 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 the asset's life are expensed when incurred. A capitalization threshold of \$5,000 is used.

Capital assets used in governmental fund type operations (general capital assets) are accounted for in the government-wide statements.

Community and economic development expenditures accounted for in the capital projects fund include capital improvements to member properties, which are accounted for on each member's respective financial statements.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	40
Land improvements	10
Furniture & fixtures	7

Capital assets are not reported in the governmental fund financial statements; instead, capital outlays are reported as expenditures.

Capital assets used in operations are accounted for in the proprietary fund financial statements and in the government wide statements.

Non-depreciable capital assets: Non-depreciable capital assets include land purchased by the District and are reported at cost.

Long-term debt: Long-term debt to be repaid from governmental resources is reported as a liability in the governmental activities portion of the government-wide financial statements. The District's long-term debt consists of a revenue bond. Long-term debt is not reported in the governmental fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund equity: As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable fund balance: This category includes amounts that are (a) not in spendable form, or (b) 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, for example: inventories, prepaid amounts and long-term notes receivable.

Restricted fund balance: This category includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance: This category includes amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of Directors. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally, such as a resolution or ordinance.

Assigned fund balance: This category includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Board of Directors or (b) a body to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds, except negative amounts, that are not classified as nonspendable, restricted or committed.

Unassigned fund balance: This category's residual classification is used for all negative fund balances and includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Net position: The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, unrestricted and restricted. The District first applies unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Net investment in capital assets: This category is intended to reflect the portion of net position that is associated with non-liquid capital assets less outstanding capital asset related debt, if any.

Restricted net position: This category presents net position that is not available for appropriation or is restricted by external parties.

Unrestricted net position: This category represents the net position of the District that is not restricted for any other purpose by third parties. While District management may have categorized and segmented portions for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions.

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Member contributions: The District receives member contributions from The University of Montevallo, City of Montevallo, Alabama (City), and Shelby County, Alabama. The District uses these contributions for purchases or capital improvement projects for the promotion of tourism and economic development actions, educational purposes, administrative purposes, or enhancement of infrastructure. All members can make general contributions. The City provides the applicable tax revenues from an imposed one-cent sales tax to the District that is recorded as a member contribution to the District. Shelby County, Alabama provides funds for purchases or capital improvement projects for the promotion of tourism and economic development actions. The University of Montevallo provides funds toward projects applicable to the University's use for educational and administrative purposes or enhancement of its infrastructure. The amount of member contributions for the years ended September 30, 2023 and 2022, were \$768,786 and \$723,186, respectively.

Transfers: The District engaged in business-type activities during the year ended September 30, 2022 with the rental of property for restaurant operations. This property was sold during the year ended September 30, 2022 and all business-type activities ceased. The remaining fund balance of \$768,259 was transferred to the capital projects fund during the year ended September 30, 2022.

Budgetary comparison information: Budgetary comparison information for the general fund normally required by GAAP to be presented to supplement the basic financial statements has not been included because the District is not legally required to include such information.

Subsequent events: Subsequent events have been evaluated through January 5, 2024, which is the date the financial statements were available for issuance.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheets include reconciliations between fund balances – total governmental funds and net position of governmental activities reported in the government-wide statements of net position. One element of that reconciliation explains that “some liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of these amounts as of September 30, 2023 and 2022 are as follows:

	2023	2022
Revenue bond payable	\$ 2,769,105	\$ 3,129,460

Note 3. Contributions Receivable

Contributions receivable consist of the following at September 30:

	2023	2022
University of Montevallo	\$ 5,011	\$ 7,888
Shelby County, Alabama	5,011	7,888
City of Montevallo, Alabama	-	1,249
	<u>\$ 10,022</u>	<u>\$ 17,025</u>

Note 4. Accounts Receivable

Accounts receivable consist of the following at September 30:

	2023	2022
City of Montevallo, Alabama	\$ 62,652	\$ 62,930

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 5. Capital Assets

Capital asset activity consists of the following at September 30:

	2023				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental activities:					
Depreciable capital assets:					
Buildings	\$ 640,792	\$ -	\$ -	\$ -	\$ 640,792
Building improvements	1,719,357	-	-	-	1,719,357
Land improvements	126,360	-	-	-	126,360
	2,486,509	-	-	-	2,486,509
Accumulated depreciation:					
Buildings	172,135	16,658	-	-	188,793
Building improvements	400,455	44,086	-	-	444,541
Land improvements	54,083	12,636	-	-	66,719
	626,673	73,380	-	-	700,053
Depreciable capital assets, net	1,859,836	(73,380)	-	-	1,786,456
Nondepreciable capital assets:					
Land	199,017	-	-	-	199,017
Governmental activities capital assets, net	\$ 2,058,853	\$ (73,380)	\$ -	\$ -	\$ 1,985,473
	2022				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental activities:					
Depreciable capital assets:					
Buildings	\$ 640,792	\$ -	\$ -	\$ -	\$ 640,792
Building improvements	1,719,357	-	-	-	1,719,357
Land improvements	80,775	-	-	45,585	126,360
	2,440,924	-	-	45,585	2,486,509
Accumulated depreciation:					
Buildings	155,476	16,659	-	-	172,135
Building improvements	356,371	44,084	-	-	400,455
Land improvements	26,250	12,638	-	15,195	54,083
	538,097	73,381	-	15,195	626,673
Depreciable capital assets, net	1,902,827	(73,381)	-	30,390	1,859,836
Nondepreciable capital assets:					
Land	199,017	-	-	-	199,017
Governmental activities capital assets, net	\$ 2,101,844	\$ (73,381)	\$ -	\$ 30,390	\$ 2,058,853

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 5. Capital Assets (Continued)

	2022				Ending Balance
	Beginning Balance	Additions	Retirements	Transfers	
Business-type activities:					
Depreciable capital assets:					
Buildings	\$ 190,184	\$ -	\$ (190,184)	\$ -	\$ -
Building improvements	243,192	-	(243,192)	-	-
Land improvements	45,585	-	-	(45,585)	-
Furniture and equipment	12,776	-	(12,776)	-	-
	491,737	-	(446,152)	(45,585)	-
Accumulated depreciation:					
Buildings	44,703	406	(45,109)	-	-
Building improvements	37,415	520	(37,935)	-	-
Land improvements	15,195	-	-	(15,195)	-
Furniture and equipment	4,408	152	(4,560)	-	-
	101,721	1,078	(87,604)	(15,195)	-
Depreciable capital assets, net	390,016	(1,078)	(358,548)	(30,390)	-
Nondepreciable capital assets:					
Land	66,336	-	(66,336)	-	-
Business-type activities capital assets, net	\$ 456,352	\$ (1,078)	\$ (424,884)	\$ (30,390)	\$ -

Depreciation expense is included in governmental activities general government expenses and business-type activities rental expenses in the government-wide statements of activities and in the proprietary fund financial statements.

Note 6. Accounts Payable

All accounts payable at September 30, 2023 and 2022 were payable to vendors.

Note 7. Long-Term Debt

Revenue bond payable: On March 7, 2017, the District issued a \$5,000,000 revenue bond with an interest rate of 2.30%. The proceeds of the bond were used to currently refund and repay in full the District's outstanding 2013 revenue bond with a principal balance of \$4,176,278. The net proceeds of \$807,722 (after payment of \$16,000 bond issuance costs) were deposited into a money market account to provide for future community and economic development projects.

The current refunding bond has a fixed interest rate of 2.30% with principal and interest payments due monthly through September 27, 2030. The balance of the refunding bond at September 30, 2023 and 2022, was \$2,769,105 and \$3,129,460, respectively, and is included on the accompanying statements of net position.

The bond is to be repaid solely by the City of Montevallo's assignment of, and is secured by a pledge of, 90% of the revenues from a one-cent increase in the sales and use tax levied by the City of Montevallo. The City acknowledges that the proceeds of the dedicated tax are being pledged to secure the bond and covenants and agrees that so long as the bond is outstanding it shall not modify or rescind the sales tax

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 7. Long-Term Debt (Continued)

ordinance or reduce the percentage of the dedicated tax hereby assigned and pledged to the District. The bond is not a general obligation of the District.

As of September 30, 2023, the scheduled future debt service requirements on long-term debt are as follows:

	Principal	Interest	Total
2024	\$ 368,846	\$ 59,818	\$ 428,664
2025	377,420	51,244	428,664
2026	386,193	42,471	428,664
2027	395,169	33,495	428,664
2028	404,355	24,309	428,664
2029-2030	837,122	20,204	857,326
Total	<u>\$ 2,769,105</u>	<u>\$ 231,541</u>	<u>\$ 3,000,646</u>

Note 8. Net Investment in Capital Assets

GASB requires net investment in capital assets to include only the portion of the remaining bond payable proceeds used to purchase capital assets. Net investment in capital assets is calculated as follows as of September 30, 2023 and 2022:

	<u>Governmental Activities</u>	
Cost of capital assets paid with bond proceeds	\$ 2,559,166	
Original bond proceeds	<u>5,000,000</u>	
Percentage of bond proceeds used to pay for capital assets	51.18%	
	<u>2023</u>	
	<u>Governmental Activities</u>	<u>2022</u> <u>Governmental Activities</u>
Original bond payable at new terms as of September 30	\$ 2,312,871	\$ 2,613,948
Percentage of bond proceeds used to pay for capital assets	51.18%	
Revenue bond payable related to capital assets	<u>\$ 1,183,804</u>	<u>\$ 1,337,905</u>
Capital assets, net	\$ 1,985,473	\$ 2,058,853
Less revenue bond payable related to capital assets	(1,183,804)	(1,337,905)
Net investment in capital assets	<u>\$ 801,669</u>	<u>\$ 720,948</u>

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 9. Community and Economic Development Expenditures

Community and economic development expenditures accounted for in the capital projects fund include capital improvements to member properties, which are accounted for on each member's respective financial statements. These expenditures for the years ended September 30, 2023 and 2022 were for the benefit of the members as follows:

	2023	2022
City of Montevallo, Alabama	\$ 367,342	\$ 38,448

Note 10. Lease Agreements

The University leased a building from the District for classrooms and administrative offices under a lease agreement with an initial one-year term that automatically renews for successive one-year terms through August 2033. Rent received by the District under this lease is \$1 annually.

During fiscal year 2016, the District entered into an agreement to lease a District-owned building to the Main Street Tavern restaurant (the tenant), which expired in December 2021. The lease was renewed for an additional 2 years and expired in December 2022. Rent recognized by the District under these leases during the years ended September 30, 2023 and 2022 was \$0 and \$4,000, respectively, and has been recognized as revenue on a straight-line basis over the lease term in the accompanying statements of activities and statements of revenue, expenses, and changes in fund net position – proprietary fund.

In November 2021, the District entered into a real estate purchase agreement with the tenant and sold the leased building for \$625,000, which effectively cancelled the existing lease agreement upon closing of the sale.

Note 11. Risk Management

The District 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 District carries commercial insurance. Settlement amounts, if any, have not exceeded insurance coverage for the years ended September 30, 2023 and 2022.

The Montevallo Development Cooperative District

Financial Report
September 30, 2024

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Independent Auditor's Report

Board of Directors
The Montevallo Development Cooperative District

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of The Montevallo Development Cooperative District (District), as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of The Montevallo Development Cooperative District, as of September 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Haley & Woods, LLP

January 21, 2025

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2024

The purpose of management's discussion and analysis is to provide readers with an objective and easily readable analysis of The Montevallo Development Cooperative District's ("the District" or "MDCD") financial position and activities based on currently known facts, decisions, and conditions. This discussion has been prepared by MDCD management and should be read in conjunction with the financial statements and related footnotes. The financial statements, footnotes and this discussion are the responsibility of MDCD management.

The MDCD financial statements present financial information through both government-wide (i.e. the statements of net position and statements of activities), based on the District as a whole, and fund financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

Financial Highlights

- The District's total net position increased by \$432,576 over the course of this year's operations due to an excess in tax revenue over general government and community and economic development expenses.
- During the year, the District's government-wide expenses, including general government and community and economic development, were \$374,731, which is a decrease of \$151,877 from last year, when expenses were \$526,608.
- Government-wide program revenues were \$774,004, which is an increase of \$5,218 from last year, when program revenues were \$768,786.
- The general fund reported a fund balance deficit this year of \$8,203, which is consistent with the prior year.
- The debt service fund reported a fund balance this year and last year of \$35,722, which represents the September tax revenue receivable pledged for debt service.
- The capital projects fund reported a fund balance this year of \$1,819,323 compared to \$1,682,213 last year. The increase is the net effect of excess tax revenue over community and economic development expenses.

Using the Annual Report

The MDCD financial report presents financial information for the District through both government-wide (i.e. the statements of net position and statements of activities), based on the District as a whole, and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. The District is engaged in governmental activities and business-type activities. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

These financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (Issued 6/99)*. GASB Statement No. 34 establishes financial reporting requirements for state and local governments throughout the United States and requires that financial statements be presented on government-wide and fund financial statements.

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2024

Financial Statements

Basic financial statements include both government-wide (i.e. the statements of net position and statements of activities), based on the District as a whole, and fund financial statements. The statements of net position are categorized as an investment in capital assets, unrestricted, and restricted. The first category, *invested in capital assets*, represents the portion of net position, which is associated with non-liquid capital assets less outstanding capital asset related debt, if any.

The second category, *unrestricted net position*, represents the net position of the District that is not restricted for any other purposes by third parties. The final category, *restricted net position*, represents net position that is not available for appropriation or is restricted by external parties. As of September 30, 2024, there is \$35,722 in restricted net position for debt service. The District's assets were \$3,978,557, liabilities were \$2,619,881, and net position was \$1,358,676.

The statements of activities demonstrate the degree to which the direct expenses of a given function or an identifiable activity are offset by program revenues. During the year ended September 30, 2024, the District recognized an increase in net position of \$432,576.

The fund financial statements provide information about the District's funds, with separate statements for each fund category. The emphasis of fund financial statements is on major funds, each displayed in a separate column. The major governmental funds reported are General Fund, Debt Service Fund, and Capital Projects Fund. As of September 30, 2024, the major governmental fund balance was (\$8,203) for General Fund; \$35,722 for Debt Service Fund; and \$1,819,323 for Capital Projects Fund. The total major governmental fund balance for September 30, 2024 totaled \$1,846,842.

Financial Analysis of the District

The assets of the District were more than its liabilities at September 30, 2024, by \$1,358,676. Total assets of the District were \$3,978,557, while total liabilities were \$2,619,881. The District's net position consists of \$885,972 invested in capital assets, net of related debt; \$35,722 restricted for debt service; and unrestricted net position was \$436,982.

The assets of the District were more than its liabilities at September 30, 2023, by \$926,100. Total assets of the District were \$3,838,028, while total liabilities were \$2,911,928. The District's net position consists of \$801,669 invested in capital assets, net of related debt; \$35,722 restricted for debt service; and unrestricted net deficit was \$88,709.

Total assets at September 30, 2024, increased by \$140,529, primarily as the net result of an increase in tax revenue and decrease in general government and community and economic development expenses.

Total assets at September 30, 2023, increased by \$26,298, primarily as the net result of the increase in tax revenue over general government and community and economic development expenses.

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024**

Financial Highlights

Condensed financial statements for the District as of and for the years ended September 30, 2024, September 30, 2023, and September 30, 2022 are as follows:

Condensed Statement of Net Position

	2024	2023	2022
Assets			
Current	\$ 2,066,464	\$ 1,852,555	\$ 1,636,110
Noncurrent:			
Restricted cash	-	-	116,767
Capital assets	1,912,093	1,985,473	2,058,853
Total assets	<u>3,978,557</u>	<u>3,838,028</u>	<u>3,811,730</u>
Liabilities			
Current	597,042	511,669	370,518
Noncurrent	2,022,839	2,400,259	2,768,992
Total liabilities	<u>2,619,881</u>	<u>2,911,928</u>	<u>3,139,510</u>
Net Position			
Invested in capital assets, net of related debt	885,972	801,669	720,948
Restricted for debt service	35,722	35,722	35,722
Unrestricted	436,982	88,709	(84,450)
Total net position	<u>\$ 1,358,676</u>	<u>\$ 926,100</u>	<u>\$ 672,220</u>

For the year ended September 30, 2024, program revenues of \$774,004 came from the contributions of the members. There were no business type revenues from rental revenues and other general revenues of \$33,303 came from interest revenue.

For the year ended September 30, 2023, program revenues of \$768,786 came from the contributions of the members. There were no business type revenues and other general revenues of \$11,702 came from interest revenue.

Program expenses within the District consist of general government expenses, including administration, depreciation and interest, and community and economic development expenses. Expenses associated with general government expenditures were \$155,110 and \$159,266 for the years ended September 30, 2024 and 2023, respectively. Expenses associated with economic development expenditures were \$219,621 and \$367,342 for the years ended September 30, 2024 and 2023, respectively. Total expenses for the fiscal years ended 2024 and 2023 were \$374,731 and \$526,608, respectively.

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024**

Condensed Statement of Activities

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Program revenues	\$ 774,004	\$ 768,786	\$ 723,186
General revenues	33,303	11,702	1,715
Business-type revenues	-	-	202,330
Total revenues	<u>807,307</u>	<u>780,488</u>	<u>927,231</u>
Program expenses by function:			
General government	155,110	159,266	174,567
Community and economic development	219,621	367,342	38,448
Business type	-	-	1,078
Total expenses	<u>374,731</u>	<u>526,608</u>	<u>214,093</u>
	432,576	253,880	713,138
Net Position (Deficit)			
Beginning of year	<u>926,100</u>	<u>672,220</u>	<u>(40,918)</u>
End of year	<u>\$ 1,358,676</u>	<u>\$ 926,100</u>	<u>\$ 672,220</u>

District total revenues for the year ended September 30, 2024, totaled \$807,307 compared to \$780,488 for the year ended September 30, 2023. This was a 3% increase in revenues. The increase in revenues is primarily due to program revenues and interest income.

District total revenues for the year ended September 30, 2023, totaled \$780,488 compared to \$927,231 for the year ended September 30, 2022. This was a 16% decrease in revenues. The decrease in revenues is primarily due to the gain on sale of the Main Street Tavern building in the prior year.

Total program expenses decreased \$151,877, or 29%, from \$526,608 for the year ended September 30, 2023, to \$374,731 for the year ended September 30, 2024. This decrease is due primarily to a decrease in Wadsworth Parking project, Sims House Counseling project and several other projects during fiscal year 2024.

Total program expenses increased \$312,515 or 146%, from \$214,093 for the year ended September 30, 2022, to \$526,608 for the year ended September 30, 2023. This increase is due primarily to an increase in Wadsworth Parking project, Sims House Counseling project and several other projects during fiscal year 2023.

As a result of revenues over expenses, the District's total net position as of September 30, 2024, increased by \$432,576.

As a result of revenues over expenses, the District's total net position as of September 30, 2023, increased by \$253,880.

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

Condensed Balance Sheet – Governmental Funds
September 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total assets	\$ 13,998	\$ 35,722	\$ 2,038,945	\$ 2,088,665
Total liabilities	\$ 22,201	\$ -	\$ 219,622	\$ 241,823
Total fund balances	(8,203)	35,722	1,819,323	1,846,842
Total liabilities and fund balances	\$ 13,998	\$ 35,722	\$ 2,038,945	\$ 2,088,665

Condensed Balance Sheet – Governmental Funds
September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total assets	\$ 21,285	\$ 35,722	\$ 1,825,036	\$ 1,882,043
Total liabilities	\$ 29,488	\$ -	\$ 142,823	\$ 172,311
Total fund balances	(8,203)	35,722	1,682,213	1,709,732
Total liabilities and fund balances	\$ 21,285	\$ 35,722	\$ 1,825,036	\$ 1,882,043

Condensed Balance Sheet – Governmental Funds
September 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total assets	\$ 27,075	\$ 35,722	\$ 1,715,308	\$ 1,778,105
Total liabilities	\$ 35,278	\$ -	\$ -	\$ 35,278
Total fund balances	(8,203)	35,722	1,715,308	1,742,827
Total liabilities and fund balances	\$ 27,075	\$ 35,722	\$ 1,715,308	\$ 1,778,105

Total general fund assets at September 30, 2024 decreased by \$7,287, primarily as the result of a decrease in prepaid expenses.

Total general fund assets at September 30, 2023 decreased by \$5,790, primarily as the result of a decrease in contribution receivable.

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024**

Total general fund liabilities at September 30, 2024 decreased by \$7,287, primarily as the result of timing of payment of general government expenditures.

Total general fund liabilities at September 30, 2023 decreased by \$5,790, primarily as the result of timing of payment of general government expenditures.

The general fund balance reported a deficit of \$8,203 as of September 30, 2024, 2023 and 2022. General government expenditures related to administration equaled general contribution revenue for the periods ended September 30, 2024, 2023 and 2022.

The debt service fund assets and fund balances remained at \$35,722 at September 30, 2024, compared to September 30, 2023. The balance of \$35,722 is the receivable for September 2024 tax revenue contributions from the City, which are pledged for debt service.

Total capital projects fund assets at September 30, 2024 increased by \$213,909 primarily as the result of tax revenue contributions exceeding community and economic development expenditures.

Total capital projects fund assets at September 30, 2023 increased by \$109,728 primarily as the result of tax revenue contributions exceeding community and economic development expenditures.

Total capital projects fund liabilities at September 30, 2024 increased by \$76,799 primarily as the result of timing of payment for community and economic development project expenditures.

Total capital projects fund liabilities at September 30, 2023 increased by \$142,823 primarily as the result of timing of payment for community and economic development project expenditures.

The capital projects fund balance reported a balance of \$1,819,323 as of September 30, 2024 compared to \$1,682,213 as of September 30, 2023. The increase of \$137,110 is mainly due to an increase of community and economic development project expenditures.

The capital projects fund balance reported a balance of \$1,682,213 as of September 30, 2023 compared to \$1,715,308 as of September 30, 2022. The decrease of \$33,095 is mainly due to an increase of community and economic development expenditures.

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024**

**Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds Year Ended September 30, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total revenues	\$ 21,913	\$ 428,664	\$ 356,730	\$ 807,307
Total expenditures	21,913	428,664	219,620	670,197
Net change in fund balances	-	-	137,110	137,110
Fund balances				
Beginning of year	(8,203)	35,722	1,682,213	1,709,732
End of year	<u>\$ (8,203)</u>	<u>\$ 35,722</u>	<u>\$ 1,819,323</u>	<u>\$ 1,846,842</u>

**Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds Year Ended September 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total revenues	\$ 17,577	\$ 428,664	\$ 334,247	\$ 780,488
Total expenditures	17,577	428,664	367,342	813,583
Net change in fund balances	-	-	(33,095)	(33,095)
Fund balances				
Beginning of year	(8,203)	35,722	1,715,308	1,742,827
End of year	<u>\$ (8,203)</u>	<u>\$ 35,722</u>	<u>\$ 1,682,213</u>	<u>\$ 1,709,732</u>

**Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds Year Ended September 30, 2022**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total revenues	\$ 24,914	\$ 428,664	\$ 271,316	\$ 724,894
Total expenditures	24,914	428,664	38,448	492,026
Net change in fund balances	-	-	768,259	768,259
Fund balances				
Beginning of year	(8,203)	35,722	1,001,127	1,001,127
End of year	<u>\$ (8,203)</u>	<u>\$ 35,722</u>	<u>\$ 1,715,308</u>	<u>\$ 1,742,827</u>

Capital Assets

Capital assets include land, infrastructure, buildings and improvements, equipment, and construction in progress. As of September 30, 2024, 2023, and 2022, capital assets, net of accumulated depreciation, totaled \$1,912,093, \$1,985,473, and \$2,058,853, respectively. There were no capital additions for the

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2024

years ended September 30, 2024, 2023, and 2022. Depreciation expense for the years ended September 30, 2024, 2023, and 2022, totaled \$73,380, \$73,380, and \$74,459, respectively.

Completed Projects:

SR25 TAP Sidewalk Projects – \$145,634, Funding source: City tax funds.

This project is the result of a grant from the Birmingham Regional Planning Commission utilizing Transportation Alternative Program (TAP) funds and was administered thru the Birmingham Area ALDOT Office to provide sidewalks along Alabama Highway 25 from the intersection of Highway 119 and 25 to the intersection of Highway 25 and Middle Street. The project was bid and awarded to the low bid contractor and the award was approved by ALDOT and the City has executed a construction contract with Southeastern Sealcoating Inc. to construct the project and Gonzalez Strength and Associates was contracted to provide the construction inspection services. TAP grant funds were utilized to pay for the construction of the project as well as the inspection services required for the project. City Tax funds thru the MDCD were utilized to pay the required 20% local match for the project. This project is complete and has been accepted by ALDOT and the City for maintenance. All expenses have been submitted from the City to the MDCD for construction and inspections.

Hotel Development Project – \$41,988, Funding source: City tax funds.

The MDCD has allocated funds which originated from the sales proceeds from the sale of the Tavern property to address expenses associated with the development of a hotel within the City of Montevallo. The environmental assessment scope of work required has been completed and approved by ADEM. The demolition of the existing building has been completed. The City has completed the agreement with Cobblestone for the development of this site. Cobblestone is in the planning process for construction and they will continue to work with the City on the details of those construction plans for review and approval.

Orr Park Tennis Court Resurface - \$14,000, Funding source: City tax funds.

The project is complete.

Orr Park Pavilion Roofing - \$18,000, Funding source: City tax funds.

The project is complete.

Ongoing & Future Projects:

Shoal Creek Park - \$32,500, Funding source: City tax funds.

MDCD has allocated \$32,500 for improvement at the park including a kiosk, boulder, and barrier free trail.

Long-Term Debt Activity

MDCD Revenue Bond Issue

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 issued a \$5,000,000 Revenue Bond on March 31, 2017 for the purpose of financing the City's share of the cost of various capital improvements by the District and to pay off the September 26, 2013 Revenue Bond.

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024**

As of September 30, 2024, 2023, and 2022, revenue bond payable totaled \$2,400,259, \$2,769,105, and \$3,129,460, respectively. During the years ended September 30, 2024, 2023, and 2022, total principal payments on the revenue bond payable were \$368,846, \$360,355, and \$352,392, respectively.

Analysis of Known Future Events

Members determine if a project warrants financial participation by their respective entity each time a project is considered. The ownership/investment in each project is determined by the pro-rata investment of each member. Current and/or future net operating income and cash distributions from any project will be shared between the participating members of the District based on a relative contribution by each member to the project or as otherwise defined by the project.

Condensed investment schedule for Governmental Activities by MDCD members for FY2024, FY2023 and FY2022 is as follows:

	<u>University</u>	<u>County</u>	<u>City</u>	<u>Total</u>
<u>Fiscal Year 2024</u>				
Revenues	\$ 6,999	\$ 6,999	\$ 760,006	\$ 774,004
Expenses	(32,733)	(39,003)	(302,995)	(374,731)
Non-operating	-	-	33,303	33,303
Change in net position	<u>(25,734)</u>	<u>(32,004)</u>	<u>490,314</u>	<u>432,576</u>
Net position, beginning of year	<u>1,072,195</u>	<u>1,239,391</u>	<u>(1,385,486)</u>	<u>926,100</u>
Net position, end of year	<u>\$ 1,046,461</u>	<u>\$ 1,207,387</u>	<u>\$ (895,172)</u>	<u>\$ 1,358,676</u>
<u>Fiscal Year 2023</u>				
Revenues	\$ 5,011	\$ 5,011	\$ 758,764	\$ 768,786
Expenses	(30,746)	(37,015)	(458,847)	(526,608)
Non-operating	-	-	11,702	11,702
Change in net position	<u>(25,735)</u>	<u>(32,004)</u>	<u>311,619</u>	<u>253,880</u>
Net position, beginning of year	<u>1,097,930</u>	<u>1,271,395</u>	<u>(1,697,105)</u>	<u>672,220</u>
Net position, end of year	<u>\$ 1,072,195</u>	<u>\$ 1,239,391</u>	<u>\$ (1,385,486)</u>	<u>\$ 926,100</u>
<u>Fiscal Year 2022</u>				
Revenues	\$ 7,888	\$ 7,888	\$ 707,410	\$ 731,074
Expenses	(33,982)	(40,251)	(139,860)	(214,093)
Non-operating	67,443	67,443	69,159	204,045
Change in net position	<u>41,349</u>	<u>35,080</u>	<u>636,709</u>	<u>713,138</u>
Net position, beginning of year	<u>1,056,581</u>	<u>1,236,315</u>	<u>(2,333,814)</u>	<u>(40,918)</u>
Net position, end of year	<u>\$ 1,097,930</u>	<u>\$ 1,271,395</u>	<u>\$ (1,697,105)</u>	<u>\$ 672,220</u>

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2024

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the District, including written (as outlined above) or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than the statements of historical facts, which address future activities, events, or developments that the District expects or anticipates will or may occur, contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The District does not update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions, or changes in other factors.

Contacting the District's Management

This financial report is designed to provide our readers with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. If readers have any questions about this report or need additional information, contact Susan F. Hayes, CFO/Treasurer, University of Montevallo, Station 6010, Montevallo, Alabama 35115, or you may email to shayes5@montevallo.edu.

The Montevallo Development Cooperative District

Statements of Net Position
September 30, 2024 and 2023

	Governmental Activities	
	2024	2023
Assets		
Current assets:		
Cash and temporary investments	\$ 1,159,096	\$ 946,016
Cash - board restricted for projects	839,435	817,242
Contributions receivable	13,998	10,022
Accounts receivable	53,935	62,652
Accrued interest receivable	-	5,360
Prepaid expenses	-	11,263
Total current assets	2,066,464	1,852,555
Noncurrent assets:		
Capital assets:		
Depreciable capital assets, net	1,713,076	1,786,456
Non-depreciable capital assets	199,017	199,017
Total noncurrent assets	1,912,093	1,985,473
Total assets	3,978,557	3,838,028
Liabilities and Net Position		
Current liabilities:		
Accounts payable, capital projects	219,622	142,823
Current portion of revenue bond payable	377,420	368,846
Total current liabilities	597,042	511,669
Noncurrent liabilities:		
Revenue bond payable, less current portion	2,022,839	2,400,259
Total noncurrent liabilities	2,022,839	2,400,259
Total liabilities	2,619,881	2,911,928
Net position:		
Net investment in capital assets	885,972	801,669
Restricted for debt service	35,722	35,722
Unrestricted	436,982	88,709
Total net position	\$ 1,358,676	\$ 926,100

See notes to financial statements.

The Montevallo Development Cooperative District

Statement of Activities
Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities Total
Primary government:				
Governmental activities:				
General government	\$ 155,110	\$ -	\$ 13,998	\$ (141,112)
Community and economic development	219,621	-	760,006	540,385
Total governmental activities	374,731	-	774,004	399,273
Total primary government	\$ 374,731	\$ -	\$ 774,004	399,273
General revenue:				
Interest revenue				33,303
Total general revenue				33,303
				432,576
Change in net position				
Net position:				
Beginning of year				926,100
End of year				\$ 1,358,676

See notes to financial statements.

The Montevallo Development Cooperative District

Statement of Activities
Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities Total
Primary government:				
Governmental activities:				
General government	\$ 159,266	\$ -	\$ 10,022	\$ (149,244)
Community and economic development	367,342	-	758,764	391,422
Total governmental activities	526,608	-	768,786	242,178
Total primary government	\$ 526,608	\$ -	\$ 768,786	242,178
General revenue:				
Interest revenue				11,702
Total general revenue				11,702
Change in net position				253,880
Net position:				
Beginning of year				672,220
End of year				\$ 926,100

See notes to financial statements.

The Montevallo Development Cooperative District

Balance Sheet – Governmental Funds
September 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and temporary investments	\$ -	\$ -	\$ 1,159,096	\$ 1,159,096
Cash - board restricted for projects	-	-	839,435	839,435
Contributions receivable	13,998	-	-	13,998
Accounts receivable	-	35,722	18,213	53,935
Due from other funds	-	-	22,201	22,201
Total assets	\$ 13,998	\$ 35,722	\$ 2,038,945	\$ 2,088,665
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 219,622	\$ 219,622
Due to capital projects fund	22,201	-	-	22,201
Total liabilities	22,201	-	219,622	241,823
Fund balances:				
Restricted for debt service	-	35,722	-	35,722
Restricted for capital projects	-	-	619,813	619,813
Committed to capital projects	-	-	1,199,510	1,199,510
Unassigned (deficit)	(8,203)	-	-	(8,203)
Total fund balances	(8,203)	35,722	1,819,323	1,846,842
Total liabilities and fund balances	\$ 13,998	\$ 35,722	\$ 2,038,945	\$ 2,088,665

(Continued)

The Montevallo Development Cooperative District

Balance Sheet – Governmental Funds (Continued)
September 30, 2024

Fund balances – total governmental funds	\$ 1,846,842
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,912,093
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,400,259)</u>
Net position of governmental activities	<u>\$ 1,358,676</u>

See notes to financial statements.

The Montevallo Development Cooperative District

Balance Sheet -- Governmental Funds
September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and temporary investments	\$ -	\$ -	\$ 946,016	\$ 946,016
Cash - board restricted for projects	-	-	817,242	817,242
Contributions receivable	10,022	-	-	10,022
Accounts receivable	-	35,722	26,930	62,652
Prepaid expenses	11,263	-	-	11,263
Accrued interest receivable	-	-	5,360	5,360
Due from other funds	-	-	29,488	29,488
Total assets	\$ 21,285	\$ 35,722	\$ 1,825,036	\$ 1,882,043
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 142,823	\$ 142,823
Due to capital projects fund	29,488	-	-	29,488
Total liabilities	29,488	-	142,823	172,311
Fund balances:				
Restricted for debt service	-	35,722	-	35,722
Restricted for capital projects	-	-	674,419	674,419
Committed to capital projects	-	-	1,007,794	1,007,794
Unassigned (deficit)	(8,203)	-	-	(8,203)
Total fund balances	(8,203)	35,722	1,682,213	1,709,732
Total liabilities and fund balances	\$ 21,285	\$ 35,722	\$ 1,825,036	\$ 1,882,043

(Continued)

The Montevallo Development Cooperative District

Balance Sheet – Governmental Funds (Continued)
September 30, 2023

Fund balances – total governmental funds	\$ 1,709,732
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,985,473
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,769,105)</u>
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Net position of governmental activities	<u>\$ 926,100</u>
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See notes to financial statements.

The Montevallo Development Cooperative District

Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenue:				
General contribution – Shelby County	\$ 6,999	\$ -	\$ -	\$ 6,999
General contribution – University of Montevallo	6,999	-	-	6,999
Interest	7,915	-	25,388	33,303
Tax revenue contribution – City of Montevallo	-	428,664	331,342	760,006
Total revenue	21,913	428,664	356,730	807,307
Expenditures:				
Current expenditures:				
General government	21,913	-	-	21,913
Community and economic development	-	-	219,620	219,620
Debt service:				
Principal	-	368,846	-	368,846
Interest and fees	-	59,818	-	59,818
Total expenditures	21,913	428,664	219,620	670,197
Net change in fund balances	-	-	137,110	137,110
Fund balances:				
Beginning of year	(8,203)	35,722	1,682,213	1,709,732
End of year	\$ (8,203)	\$ 35,722	\$ 1,819,323	\$ 1,846,842

(Continued)

The Montevallo Development Cooperative District

**Statement of Revenue, Expenditures and Changes in Fund Balances –
Governmental Funds (Continued)
Year Ended September 30, 2024**

Net change in fund balances – total governmental funds	\$ 137,110
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded transfers out of capital assets and depreciation expense in the current year.	
Depreciation expense	(73,380)
Repayments on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	
Principal payments on revenue bond payable	<u>368,846</u>
Change in net position of governmental activities	<u>\$ 432,576</u>

See notes to financial statements.

The Montevallo Development Cooperative District

Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenue:				
General contribution – Shelby County	\$ 5,011	\$ -	\$ -	\$ 5,011
General contribution – University of Montevallo	5,011	-	-	5,011
Interest	7,555	-	4,147	11,702
Tax revenue contribution – City of Montevallo	-	428,664	330,100	758,764
Total revenue	<u>17,577</u>	<u>428,664</u>	<u>334,247</u>	<u>780,488</u>
Expenditures:				
Current expenditures:				
General government	17,577	-	-	17,577
Community and economic development	-	-	367,342	367,342
Debt service:				
Principal	-	360,355	-	360,355
Interest and fees	-	68,309	-	68,309
Total expenditures	<u>17,577</u>	<u>428,664</u>	<u>367,342</u>	<u>813,583</u>
Net change in fund balances	-	-	(33,095)	(33,095)
Fund balances:				
Beginning of year	<u>(8,203)</u>	<u>35,722</u>	<u>1,715,308</u>	<u>1,742,827</u>
End of year	<u>\$ (8,203)</u>	<u>\$ 35,722</u>	<u>\$ 1,682,213</u>	<u>\$ 1,709,732</u>

(Continued)

The Montevallo Development Cooperative District

Statement of Revenue, Expenditures and Changes in Fund Balances –
Governmental Funds (Continued)
Year Ended September 30, 2023

Net change in fund balances – total governmental funds	\$ (33,095)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded transfers out of capital assets and depreciation expense in the current year.

Depreciation expense	(73,380)
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Repayments on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Principal payments on revenue bond payable	<u>360,355</u>
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Change in net position of governmental activities	<u>\$ 253,880</u>
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See notes to financial statements.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The accompanying basic financial statements of The Montevallo Development Cooperative District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the District's more significant accounting policies follows.

Reporting entity: The District was incorporated by its Members (City of Montevallo, Alabama, University of Montevallo and Shelby County, Alabama) on April 10, 2012, in accordance with Alabama Code 11-99B, Capital Improvement Cooperative Districts. The purpose of the District is to promote economic development, tourism, education, recreation, the arts, historic preservation, livability, and a healthy and active lifestyle in Montevallo, Alabama. In addition, the District is to undertake the acquisition, construction and installation of capital improvements consisting of: (a) real and personal property (i) for use by the City for general municipal purposes, and (ii) for use by the County for the development, support and promotion of economic development and tourism and (iii) for use by the University for educational and administrative purposes; (b) roads, streets, sidewalk and related facilities for pedestrian and vehicular traffic; (c) public utilities; (d) public park, recreation, and safety facilities; (e) center for cultural and educational exhibitions and facilities; and (f) accommodations for visitors. The District is supported primarily by its members from member contributions, including contributions from the City of Montevallo, Alabama of 90% of a one-cent sales tax implemented by the City of Montevallo, Alabama. The District is governed by a board of directors, which is comprised of one director elected by each of the Members. The District may acquire and construct projects within the corporate limits, as at any time in effect, of the City. The District cannot levy taxes.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. GAAP requires that the reporting entity include (1) the primary government, (2) Districts for which the primary government is financially accountable and (3) other Districts 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 has been considered and as a result, the District has no component units. Additionally, the District is not considered a component unit of any other entity.

Government-wide and fund financial statements: Basic financial statements include government-wide statements (i.e., the statements of net position and statements of activities), based on the District as a whole, and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities, which normally are supported by taxes and intergovernmental revenues, or business-type activities, which rely to a significant extent on fees and charges for support. The District is engaged in both governmental and business-type activities. Eliminations have been made to minimize the double-counting of internal activities.

The statements of activities demonstrate the degree to which the direct expenses of a given function or identifiable activity (i.e., public safety, public services, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include revenues from fines and forfeitures, licenses and permit fees, service assessments, and charges for services provided by the given function or identifiable activity and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the District's funds, with separate statements presented for each fund category – governmental and proprietary. The emphasis of fund financial

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 non-major funds. The District has no enterprise or non-major funds.

Proprietary fund operating revenue, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Basis of presentation – fund accounting: The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The District's funds are grouped into two categories for financial statement presentation purposes, governmental funds and proprietary funds. Governmental funds are used to account for the District's expendable financial resources and related liabilities. Governmental funds include the general, debt service and capital projects funds.

A percentage of assets, liabilities, revenues or expenditures/expenses of the government fund category are used for the determination of major funds. The District has three major governmental funds and no non-major governmental or proprietary funds.

The District reports the following major governmental funds:

General fund: The general fund accounts for all financial resources of the District except those required legally or by sound financial management to be accounted for in another fund.

Debt service fund: The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital projects fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. For this purpose, capital outlays on capital projects financed by the District for its members are included and reported as community and economic development expenditures.

Measurement focus: The government-wide fund financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included in the statements of net position.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statements of revenues, expenditures and changes in fund balances – governmental funds report the sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which governmental activities of the government-wide financial statements are prepared; therefore, governmental fund totals of the governmental funds' statements include a reconciliation with brief explanations to better identify the relationship between the statements of governmental funds and the government-wide statements.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of accounting: Basis of accounting determines when transactions are recorded in the financial reports and reported on the financial statements. Government-wide fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognitions of revenue and in the presentation of expenses versus expenditures.

Under the accrual method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Revenues are measurable when the amount of the transaction can be determined. Revenues are available when collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days following September 30. Major revenue sources susceptible to accrual include special assessments, licenses, interest revenue, and charges for services. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except for revenue bond principal and interest and claims and judgements which are reported as expenditures in the year due.

Cash and temporary investments: Cash includes amounts in demand and time deposits, including money market accounts. Temporary investments are defined by the District as liquid investments purchased that can be easily converted to cash within three to twelve months. The District's temporary investments included three non-negotiable certificates of deposit totaling \$786,461 and \$750,000 as of September 30, 2024 and 2023, respectively. The certificates bear interest ranging from .01% and 5% and mature in or before August 2025. Cash and temporary investments as of September 30, 2024 and 2023 were deposited with three financial institutions.

The District's deposits are covered by Federal Depository Insurance Corporation insurance or secured by collateral pledged to the State of Alabama. The Security for Alabama Funds Enhancement Program, or SAFE Program, became law January 1, 2001. The SAFE Program eliminates the need for an individual bank to collateralize deposits. Under the program, a bank designated by the State Treasurer as a qualified public depository will pledge securities to the State Treasurer for the SAFE collateral pool. This program is mandatory for all banks that hold public deposits. The financial institutions that held the District's deposits at September 30, 2024 and 2023 are qualified public depositories.

Contributions and accounts receivable: Accounts receivable and receivable from member contributions, including allocated sales tax revenue, are reduced by the amount of such billings deemed by management to be ultimately uncollectible. At September 30, 2024 and 2023, the District considers all such receivables to be fully collectible.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital assets: Purchased or constructed capital assets are reported at cost. Donated fixed assets are stated at their acquisition 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 the asset's life are expensed when incurred. A capitalization threshold of \$5,000 is used.

Capital assets used in governmental fund type operations (general capital assets) are accounted for in the government-wide statements.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Community and economic development expenditures accounted for in the capital projects fund include capital improvements to member properties, which are accounted for on each member's respective financial statements.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	40
Land improvements	10
Furniture & fixtures	7

Capital assets are not reported in the governmental fund financial statements; instead, capital outlays are reported as expenditures.

Capital assets used in operations are accounted for in the government wide financial statements.

Non-depreciable capital assets: Non-depreciable capital assets include land purchased by the District and are reported at cost.

Long-term debt: Long-term debt to be repaid from governmental resources is reported as a liability in the governmental activities portion of the government-wide financial statements. The District's long-term debt consists of a revenue bond. Long-term debt is not reported in the governmental fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

Fund equity: As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable fund balance: This category includes amounts that are (a) not in spendable form, or (b) 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, for example: inventories, prepaid amounts and long-term notes receivable.

Restricted fund balance: This category includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance: This category includes amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of Directors. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally, such as a resolution or ordinance.

Assigned fund balance: This category includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Board of Directors or (b) a body to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds, except negative amounts, that are not classified as nonspendable, restricted or committed.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Unassigned fund balance: This category's residual classification is used for all negative fund balances and includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Net position: The government-wide fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, unrestricted and restricted. The District first applies unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Net investment in capital assets: This category is intended to reflect the portion of net position that is associated with non-liquid capital assets less outstanding capital asset related debt, if any.

Restricted net position: This category presents net position that is not available for appropriation or is restricted by external parties.

Unrestricted net position: This category represents the net position of the District that is not restricted for any other purpose by third parties. While District management may have categorized and segmented portions for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions.

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Member contributions: The District receives member contributions from The University of Montevallo, City of Montevallo, Alabama (City), and Shelby County, Alabama. The District uses these contributions for purchases or capital improvement projects for the promotion of tourism and economic development actions, educational purposes, administrative purposes, or enhancement of infrastructure. All members can make general contributions. The City provides the applicable tax revenues from an imposed one-cent sales tax to the District that is recorded as a member contribution to the District. Shelby County, Alabama provides funds for purchases or capital improvement projects for the promotion of tourism and economic development actions. The University of Montevallo provides funds toward projects applicable to the University's use for educational and administrative purposes or enhancement of its infrastructure. The amount of member contributions for the years ended September 30, 2024 and 2023, were \$774,004 and \$768,786, respectively.

Budgetary comparison information: Budgetary comparison information for the general fund normally required by GAAP to be presented to supplement the basic financial statements has not been included because the District is not legally required to include such information.

Subsequent events: Subsequent events have been evaluated through January 21, 2025, which is the date the financial statements were available for issuance.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheets include reconciliations between fund balances – total governmental funds and net position of governmental activities reported in the government-wide statements of net position. One element of that reconciliation explains that “some liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of these amounts as of September 30, 2024 and 2023 are as follows:

	2024	2023
Revenue bond payable	\$ 2,400,259	\$ 2,769,105

Note 3. Contributions Receivable

Contributions receivable consist of the following at September 30:

	2024	2023
University of Montevallo	\$ 6,999	\$ 5,011
Shelby County, Alabama	6,999	5,011
	<u>\$ 13,998</u>	<u>\$ 10,022</u>

Note 4. Accounts Receivable

Accounts receivable consist of the following at September 30:

	2024	2023
City of Montevallo, Alabama	\$ 53,935	\$ 62,652

Note 5. Capital Assets

Capital asset activity consists of the following at September 30:

	2024				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental activities:					
Depreciable capital assets:					
Buildings	\$ 640,792	\$ -	\$ -	\$ -	\$ 640,792
Building improvements	1,719,357	-	-	-	1,719,357
Land improvements	126,360	-	-	-	126,360
	<u>2,486,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,486,509</u>
Accumulated depreciation:					
Buildings	188,793	16,658	-	-	205,451
Building improvements	444,541	44,086	-	-	488,627
Land improvements	66,719	12,636	-	-	79,355
	<u>700,053</u>	<u>73,380</u>	<u>-</u>	<u>-</u>	<u>773,433</u>
Depreciable capital assets, net	<u>1,786,456</u>	<u>(73,380)</u>	<u>-</u>	<u>-</u>	<u>1,713,076</u>
Nondepreciable capital assets:					
Land	199,017	-	-	-	199,017
Governmental activities capital assets, net	<u>\$ 1,985,473</u>	<u>\$ (73,380)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,912,093</u>

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 5. Capital Assets (Continued)

	2023				Ending Balance
	Beginning Balance	Additions	Retirements	Transfers	
Governmental activities:					
Depreciable capital assets:					
Buildings	\$ 640,792	\$ -	\$ -	\$ -	\$ 640,792
Building improvements	1,719,357	-	-	-	1,719,357
Land improvements	126,360	-	-	-	126,360
	2,486,509	-	-	-	2,486,509
Accumulated depreciation:					
Buildings	172,135	16,658	-	-	188,793
Building improvements	400,455	44,086	-	-	444,541
Land improvements	54,083	12,636	-	-	66,719
	626,673	73,380	-	-	700,053
Depreciable capital assets, net	1,859,836	(73,380)	-	-	1,786,456
Nondepreciable capital assets:					
Land	199,017	-	-	-	199,017
Governmental activities capital assets, net	\$ 2,058,853	\$ (73,380)	\$ -	\$ -	\$ 1,985,473

Depreciation expense is included in governmental activities general government expenses in the government-wide statements of activities.

Note 6. Accounts Payable

All accounts payable at September 30, 2024 and 2023 were payable to vendors.

Note 7. Long-Term Debt

Revenue bond payable: On March 7, 2017, the District issued a \$5,000,000 revenue bond with an interest rate of 2.30%. The proceeds of the bond were used to currently refund and repay in full the District's outstanding 2013 revenue bond with a principal balance of \$4,176,278. The net proceeds of \$807,722 (after payment of \$16,000 bond issuance costs) were deposited into a money market account to provide for future community and economic development projects.

The current refunding bond has a fixed interest rate of 2.30% with principal and interest payments due monthly through September 27, 2030. The balance of the refunding bond at September 30, 2024 and 2023, was \$2,400,259 and \$2,769,105, respectively, and is included on the accompanying statements of net position.

The bond is to be repaid solely by the City of Montevallo's assignment of, and is secured by a pledge of, 90% of the revenues from a one-cent increase in the sales and use tax levied by the City of Montevallo. The City acknowledges that the proceeds of the dedicated tax are being pledged to secure the bond and covenants and agrees that so long as the bond is outstanding it shall not modify or rescind the sales tax ordinance or reduce the percentage of the dedicated tax hereby assigned and pledged to the District. The bond is not a general obligation of the District.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 7. Long-Term Debt (Continued)

As of September 30, 2024, the scheduled future debt service requirements on long-term debt are as follows:

	Principal	Interest	Total
2025	\$ 377,420	\$ 51,244	\$ 428,664
2026	386,193	42,471	428,664
2027	395,169	33,495	428,664
2028	404,355	24,309	428,664
2029	413,753	14,911	428,664
2030	423,369	5,295	428,664
Total	<u>\$ 2,400,259</u>	<u>\$ 171,725</u>	<u>\$ 2,571,984</u>

Note 8. Net Investment in Capital Assets

GASB requires net investment in capital assets to include only the portion of the remaining bond payable proceeds used to purchase capital assets. Net investment in capital assets is calculated as follows as of September 30, 2024 and 2023:

	Governmental Activities	
Cost of capital assets paid with bond proceeds	\$ 2,559,166	
Original bond proceeds	<u>5,000,000</u>	
Percentage of bond proceeds used to pay for capital assets	51.18%	
	2024	2023
	Governmental Activities	Governmental Activities
Original bond payable at new terms as of September 30	\$ 2,004,795	\$ 2,312,871
Percentage of bond proceeds used to pay for capital assets	51.18%	51.18%
Revenue bond payable related to capital assets	<u>\$ 1,026,121</u>	<u>\$ 1,183,804</u>
Capital assets, net	\$ 1,912,093	\$ 1,985,473
Less revenue bond payable related to capital assets	(1,026,121)	(1,183,804)
Net investment in capital assets	<u>\$ 885,972</u>	<u>\$ 801,669</u>

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 9. Community and Economic Development Expenditures

Community and economic development expenditures accounted for in the capital projects fund include capital improvements to member properties, which are accounted for on each member's respective financial statements. These expenditures for the years ended September 30, 2024 and 2023 were for the benefit of the members as follows:

	2024	2023
City of Montevallo, Alabama	\$ 219,621	\$ 367,342

Note 10. Lease Agreements

The University leased a building from the District for classrooms and administrative offices under a lease agreement with an initial one-year term that automatically renews for successive one-year terms through August 2033. Rent received by the District under this lease is \$1 annually.

Note 11. Risk Management

The District 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 District carries commercial insurance. Settlement amounts, if any, have not exceeded insurance coverage for the years ended September 30, 2024 and 2023.

The Montevallo Development Cooperative District

Financial Report
September 30, 2025

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Independent Auditor's Report

Board of Directors
The Montevallo Development Cooperative District

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of The Montevallo Development Cooperative District (District), as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of The Montevallo Development Cooperative District, as of September 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Haley & Woods, LLP

January 12, 2026

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2025

The purpose of management's discussion and analysis is to provide readers with an objective and easily readable analysis of The Montevallo Development Cooperative District's ("the District" or "MDCD") financial position and activities based on currently known facts, decisions, and conditions. This discussion has been prepared by MDCD management and should be read in conjunction with the financial statements and related footnotes. The financial statements, footnotes and this discussion are the responsibility of MDCD management.

The MDCD financial statements present financial information through both government-wide (i.e. the statements of net position and statements of activities), based on the District as a whole, and fund financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

Financial Highlights

- The District's total net position increased by \$369,982 over the course of this year's operations due to an excess in tax revenue over general government and community and economic development expenses.
- During the year, the District's government-wide expenses, including general government and community and economic development, were \$447,112, which is an increase of \$72,381 from last year, when expenses were \$374,731.
- Government-wide program revenues were \$778,870, which is an increase of \$4,866 from last year, when program revenues were \$774,004.
- The general fund reported a fund balance deficit this year of \$8,203, which is consistent with the prior year.
- The debt service fund reported a fund balance this year and last year of \$35,722, which represents the September tax revenue receivable pledged for debt service.
- The capital projects fund reported a fund balance this year of \$1,885,265 compared to \$1,819,323 last year. The increase is the net effect of excess tax revenue over community and economic development expenses.

Using the Annual Report

The MDCD financial report presents financial information for the District through both government-wide (i.e. the statements of net position and statements of activities), based on the District as a whole, and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. The District is engaged in governmental activities and business-type activities. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

These financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (Issued 6/99)*. GASB Statement No. 34 establishes financial reporting requirements for state and local governments throughout the United States and requires that financial statements be presented on government-wide and fund financial statements.

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2025

Financial Statements

Basic financial statements include both government-wide (i.e. the statements of net position and statements of activities), based on the District as a whole, and fund financial statements. The statements of net position are categorized as an investment in capital assets, unrestricted, and restricted. The first category, *invested in capital assets*, represents the portion of net position, which is associated with non-liquid capital assets less outstanding capital asset related debt, if any.

The second category, *unrestricted net position*, represents the net position of the District that is not restricted for any other purposes by third parties. The final category, *restricted net position*, represents net position that is not available for appropriation or is restricted by external parties. As of September 30, 2025, there is \$35,722 in restricted net position for debt service. The District's assets were \$3,752,122, liabilities were \$2,023,464, and net position was \$1,728,658.

The statements of activities demonstrate the degree to which the direct expenses of a given function or an identifiable activity are offset by program revenues. During the year ended September 30, 2025, the District recognized an increase in net position of \$369,982.

The fund financial statements provide information about the District's funds, with separate statements for each fund category. The emphasis of fund financial statements is on major funds, each displayed in a separate column. The major governmental funds reported are General Fund, Debt Service Fund, and Capital Projects Fund. As of September 30, 2025, the major governmental fund balance was (\$8,203) for General Fund; \$35,722 for Debt Service Fund; and \$1,885,265 for Capital Projects Fund. The total major governmental fund balance for September 30, 2025 totaled \$1,912,784.

Financial Analysis of the District

The assets of the District were more than its liabilities at September 30, 2025, by \$1,728,658. Total assets of the District were \$3,752,122, while total liabilities were \$2,023,464. The District's net position consists of \$973,941 invested in capital assets, net of related debt; \$35,722 restricted for debt service; and unrestricted net position was \$718,995.

The assets of the District were more than its liabilities at September 30, 2024, by \$1,358,676. Total assets of the District were \$3,978,557, while total liabilities were \$2,619,881. The District's net position consists of \$885,972 invested in capital assets, net of related debt; \$35,722 restricted for debt service; and unrestricted net deficit was \$436,982.

Total assets at September 30, 2025, decreased by \$226,435, primarily as the net result of a decrease in accounts payable and debt payments.

Total assets at September 30, 2024, increased by \$140,529, primarily as the net result of the increase in tax revenue and decrease in general government and community and economic development expenses.

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2025**

Financial Highlights

Condensed financial statements for the District as of and for the years ended September 30, 2025, September 30, 2024, and September 30, 2023 are as follows:

Condensed Statement of Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets			
Current	\$ 1,913,409	\$ 2,066,464	\$ 1,852,555
Noncurrent:			
Capital assets	<u>1,838,713</u>	<u>1,912,093</u>	<u>1,985,473</u>
Total assets	<u>3,752,122</u>	<u>3,978,557</u>	<u>3,838,028</u>
Liabilities			
Current	386,817	597,042	511,669
Noncurrent	<u>1,636,647</u>	<u>2,022,839</u>	<u>2,400,259</u>
Total liabilities	2,023,464	2,619,881	2,911,928
Net Position			
Invested in capital assets, net of related debt	973,941	885,972	801,669
Restricted for debt service	35,722	35,722	35,722
Unrestricted	<u>718,995</u>	<u>436,982</u>	<u>88,709</u>
Total net position	<u>\$ 1,728,658</u>	<u>\$ 1,358,676</u>	<u>\$ 926,100</u>

For the year ended September 30, 2025, program revenues of \$778,870 came from the contributions of the members. Other general revenues of \$38,224 came from interest revenue.

For the year ended September 30, 2024, program revenues of \$774,004 came from the contributions of the members. Other general revenues of \$33,303 came from interest revenue.

Program expenses within the District consist of general government expenses, including administration, depreciation and interest, and community and economic development expenses. Expenses associated with general government expenditures were \$149,934 and \$155,110 for the years ended September 30, 2025 and 2024, respectively. Expenses associated with economic development expenditures were \$297,178 and \$219,621 for the years ended September 30, 2025 and 2024, respectively. Total expenses for the fiscal years ended 2025 and 2024 were \$447,112 and \$374,731, respectively.

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2025**

Condensed Statement of Activities

	2025	2024	2023
Program revenues	\$ 778,870	\$ 774,004	\$ 768,786
General revenues	38,224	33,303	11,702
Total revenues	<u>817,094</u>	<u>807,307</u>	<u>780,488</u>
Program expenses by function:			
General government	149,934	155,110	159,266
Community and economic development	297,178	219,621	367,342
Total expenses	<u>447,112</u>	<u>374,731</u>	<u>526,608</u>
	369,982	432,576	253,880
Net Position (Deficit)			
Beginning of year	<u>1,358,676</u>	<u>926,100</u>	<u>672,220</u>
End of year	<u>\$ 1,728,658</u>	<u>\$ 1,358,676</u>	<u>\$ 926,100</u>

District total revenues for the year ended September 30, 2025, totaled \$817,094 compared to \$807,307 for the year ended September 30, 2024. This was a 1% increase in revenues. The increase in revenues is primarily due to program revenues and interest income.

District total revenues for the year ended September 30, 2024, totaled \$807,307 compared to \$780,488 for the year ended September 30, 2023. This was a 3% increase in revenues. The increase in revenues is primarily due to program revenues and interest income.

Total program expenses increased \$72,381, or 19%, from \$374,731 for the year ended September 30, 2024, to \$447,112 for the year ended September 30, 2025. This increase is due primarily to an increase in Orr Park project expenditures and several other projects during fiscal year 2025.

Total program expenses decreased \$151,877 or 29%, from \$526,608 for the year ended September 30, 2023, to \$374,731 for the year ended September 30, 2024. This decrease is due primarily to a decrease in Wadsworth Parking project, Sims House Counseling project and several other projects during fiscal year 2024.

As a result of revenues over expenses, the District's total net position as of September 30, 2025, increased by \$369,982.

As a result of revenues over expenses, the District's total net position as of September 30, 2024, increased by \$432,576.

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2025

Condensed Balance Sheet – Governmental Funds
September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total assets	\$ -	\$ 35,722	\$ 1,885,890	\$ 1,921,612
Total liabilities	\$ 8,203	\$ -	\$ 625	\$ 8,828
Total fund balances	(8,203)	35,722	1,885,265	1,912,784
Total liabilities and fund balances	\$ -	\$ 35,722	\$ 1,885,890	\$ 1,921,612

Condensed Balance Sheet – Governmental Funds
September 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total assets	\$ 13,998	\$ 35,722	\$ 2,038,945	\$ 2,088,665
Total liabilities	\$ 22,201	\$ -	\$ 219,622	\$ 241,823
Total fund balances	(8,203)	35,722	1,819,323	1,846,842
Total liabilities and fund balances	\$ 13,998	\$ 35,722	\$ 2,038,945	\$ 2,088,665

Condensed Balance Sheet – Governmental Funds
September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total assets	\$ 21,285	\$ 35,722	\$ 1,825,036	\$ 1,882,043
Total liabilities	\$ 29,488	\$ -	\$ 142,823	\$ 172,311
Total fund balances	(8,203)	35,722	1,682,213	1,709,732
Total liabilities and fund balances	\$ 21,285	\$ 35,722	\$ 1,825,036	\$ 1,882,043

Total general fund assets at September 30, 2025 decreased by \$13,998, primarily as the result of a decrease in contributions receivable.

Total general fund assets at September 30, 2024 decreased by \$7,287, primarily as the result of a decrease in prepaid expenses.

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2025**

Total general fund liabilities at September 30, 2025 decreased by \$13,998, primarily as the result of timing of payment of general government expenditures.

Total general fund liabilities at September 30, 2024 decreased by \$7,287, primarily as the result of timing of payment of general government expenditures.

The general fund balance reported a deficit of \$8,203 as of September 30, 2025, 2024 and 2023. General government expenditures related to administration equaled general contribution revenue for the periods ended September 30, 2025, 2024 and 2023.

The debt service fund assets and fund balances remained at \$35,722 at September 30, 2025, compared to September 30, 2024. The balance of \$35,722 is the receivable for September 2025 tax revenue contributions from the City, which are pledged for debt service.

Total capital projects fund assets at September 30, 2025 decreased by \$153,055 primarily as the result of a decrease in accounts payable community and economic development expenditures.

Total capital projects fund assets at September 30, 2024 increased by \$213,909 primarily as the result of tax revenue contributions exceeding community and economic development expenditures.

Total capital projects fund liabilities at September 30, 2025 decreased by \$218,997 primarily as the result of timing of payment for community and economic development project expenditures.

Total capital projects fund liabilities at September 30, 2024 increased by \$76,799 primarily as the result of timing of payment for community and economic development project expenditures.

The capital projects fund balance reported a balance of \$1,885,265 as of September 30, 2025 compared to \$1,819,323 as of September 30, 2024. The increase of \$65,942 is mainly due to an decrease of community and economic development project expenditures.

The capital projects fund balance reported a balance of \$1,819,323 as of September 30, 2024 compared to \$1,682,213 as of September 30, 2023. The increase of \$137,110 is mainly due to a decrease of community and economic development project expenditures.

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2025

Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds Year Ended September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total revenues	\$ 25,310	\$ 428,664	\$ 363,120	\$ 817,094
Total expenditures	25,310	428,664	297,178	751,152
Net change in fund balances	-	-	65,942	65,942
Fund balances				
Beginning of year	(8,203)	35,722	1,819,323	1,846,842
End of year	<u>\$ (8,203)</u>	<u>\$ 35,722</u>	<u>\$ 1,885,265</u>	<u>\$ 1,912,784</u>

Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds Year Ended September 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total revenues	\$ 21,913	\$ 428,664	\$ 356,730	\$ 807,307
Total expenditures	21,913	428,664	219,620	670,197
Net change in fund balances	-	-	137,110	137,110
Fund balances				
Beginning of year	(8,203)	35,722	1,682,213	1,709,732
End of year	<u>\$ (8,203)</u>	<u>\$ 35,722</u>	<u>\$ 1,819,323</u>	<u>\$ 1,846,842</u>

Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds Year Ended September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Total revenues	\$ 17,577	\$ 428,664	\$ 334,247	\$ 780,488
Total expenditures	17,577	428,664	367,342	813,583
Net change in fund balances	-	-	(33,095)	(33,095)
Fund balances				
Beginning of year	(8,203)	35,722	1,715,308	1,742,827
End of year	<u>\$ (8,203)</u>	<u>\$ 35,722</u>	<u>\$ 1,682,213</u>	<u>\$ 1,709,732</u>

Capital Assets

Capital assets include land, infrastructure, buildings and improvements, equipment, and construction in progress. As of September 30, 2025, 2024, and 2023, capital assets, net of accumulated depreciation, totaled \$1,838,713, \$1,912,093, and \$1,985,473, respectively. There were no capital additions for the years ended September 30, 2025, 2024, and 2023. Depreciation expense for the years ended September 30, 2025, 2024, and 2023, totaled \$73,380.

The Montevallo Development Cooperative District

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2025

Completed Projects:

Shoal Creek Park - \$27,521, Funding source: City tax funds.

This project was for improvement at the park including a kiosk, boulder, and barrier free walking trail.

Montevallo Community Center & Athletic Complex Project - \$48,097, Funding source: City tax funds.

This project is complete.

Ongoing & Future Projects:

Hotel Development Project – \$96,000, Funding source: City tax funds.

Orr Park Restroom Project - \$77,354, Funding source: City tax funds.

Main Street Parking Lot Improvements Project - \$115,000, Funding source: City tax funds.

MDCD has allocated \$115,000 to improve the existing parking area to make it more functional by paving and striping the existing parking area, installing a safety railing along a retaining wall and repairing an existing retaining wall.

Multi-Purpose Fields Project - \$121,903, Funding source: City tax funds.

Stephens Park Concessions Renovation Project - \$55,000, Funding source: City tax funds.

Scout Lodge Project – Estimated at \$80,000, Funding source: City tax funds.

Long-Term Debt Activity

MDCD Revenue Bond Issue

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 issued a \$5,000,000 Revenue Bond on March 31, 2017 for the purpose of financing the City's share of the cost of various capital improvements by the District and to pay off the September 26, 2013 Revenue Bond.

As of September 30, 2025, 2024, and 2023, revenue bond payable totaled \$2,022,839, \$2,400,259, and \$2,769,105, respectively. During the years ended September 30, 2025, 2024, and 2023, total principal payments on the revenue bond payable were \$377,420, \$368,846, and \$360,355, respectively.

Analysis of Known Future Events

Members determine if a project warrants financial participation by their respective entity each time a project is considered. The ownership/investment in each project is determined by the pro-rata investment of each member. Current and/or future net operating income and cash distributions from any project will be shared between the participating members of the District based on a relative contribution by each member to the project or as otherwise defined by the project.

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2025**

Condensed investment schedule for Governmental Activities by MDCD members for FY2025, FY2024 and FY2023 is as follows:

	<u>University</u>	<u>County</u>	<u>City</u>	<u>Total</u>
<u>Fiscal Year 2025</u>				
Revenues	\$ -	\$ -	\$ 778,870	\$ 778,870
Expenses	(34,171)	(40,440)	(372,501)	(447,112)
Non-operating	8,437	8,437	21,350	38,224
Change in net position	<u>(25,734)</u>	<u>(32,003)</u>	<u>427,719</u>	<u>369,982</u>
Net position, beginning of year	<u>1,046,461</u>	<u>1,207,387</u>	<u>(895,172)</u>	<u>1,358,676</u>
Net position, end of year	<u>\$ 1,020,727</u>	<u>\$ 1,175,384</u>	<u>\$ (467,453)</u>	<u>\$ 1,728,658</u>
<u>Fiscal Year 2024</u>				
Revenues	\$ 6,999	\$ 6,999	\$ 760,006	\$ 774,004
Expenses	(32,733)	(39,003)	(302,995)	(374,731)
Non-operating	-	-	33,303	33,303
Change in net position	<u>(25,734)</u>	<u>(32,004)</u>	<u>490,314</u>	<u>432,576</u>
Net position, beginning of year	<u>1,072,195</u>	<u>1,239,391</u>	<u>(1,385,486)</u>	<u>926,100</u>
Net position, end of year	<u>\$ 1,046,461</u>	<u>\$ 1,207,387</u>	<u>\$ (895,172)</u>	<u>\$ 1,358,676</u>
<u>Fiscal Year 2023</u>				
Revenues	\$ 5,011	\$ 5,011	\$ 758,764	\$ 768,786
Expenses	(30,746)	(37,015)	(458,847)	(526,608)
Non-operating	-	-	11,702	11,702
Change in net position	<u>(25,735)</u>	<u>(32,004)</u>	<u>311,619</u>	<u>253,880</u>
Net position, beginning of year	<u>1,097,930</u>	<u>1,271,395</u>	<u>(1,697,105)</u>	<u>672,220</u>
Net position, end of year	<u>\$ 1,072,195</u>	<u>\$ 1,239,391</u>	<u>\$ (1,385,486)</u>	<u>\$ 926,100</u>

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the District, including written (as outlined above) or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than the statements of historical facts, which address future activities, events, or developments that the District expects or anticipates will or may occur, contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The District does not update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions, or changes in other factors.

The Montevallo Development Cooperative District

**Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2025**

Contacting the District's Management

This financial report is designed to provide our readers with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. If readers have any questions about this report or need additional information, contact Susan F. Hayes, Accounting Consultant, University of Montevallo, Station 6010, Montevallo, Alabama 35115, or you may email to HayesSF8@outlook.com.

The Montevallo Development Cooperative District

Statements of Net Position
September 30, 2025 and 2024

	Governmental Activities	
	2025	2024
Assets		
Current assets:		
Cash and temporary investments	\$ 1,159,932	\$ 1,159,096
Cash - board restricted for projects	715,912	839,435
Contributions receivable	-	13,998
Accounts receivable	37,565	53,935
Total current assets	1,913,409	2,066,464
Noncurrent assets:		
Capital assets:		
Depreciable capital assets, net	1,639,696	1,713,076
Non-depreciable capital assets	199,017	199,017
Total noncurrent assets	1,838,713	1,912,093
Total assets	3,752,122	3,978,557
Liabilities and Net Position		
Current liabilities:		
Accounts payable, capital projects	625	219,622
Current portion of revenue bond payable	386,192	377,420
Total current liabilities	386,817	597,042
Noncurrent liabilities:		
Revenue bond payable, less current portion	1,636,647	2,022,839
Total noncurrent liabilities	1,636,647	2,022,839
Total liabilities	2,023,464	2,619,881
Net position:		
Net investment in capital assets	973,941	885,972
Restricted for debt service	35,722	35,722
Unrestricted	718,995	436,982
Total net position	\$ 1,728,658	\$ 1,358,676

See notes to financial statements.

The Montevallo Development Cooperative District

Statement of Activities
Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities Total
Primary government:				
Governmental activities:				
General government	\$ 149,934	\$ -	\$ -	\$ (149,934)
Community and economic development	297,178	-	778,870	481,692
Total governmental activities	447,112	-	778,870	331,758
Total primary government	\$ 447,112	\$ -	\$ 778,870	331,758
General revenue:				
Interest revenue				38,224
Total general revenue				38,224
Change in net position				369,982
Net position:				
Beginning of year				1,358,676
End of year				\$ 1,728,658

See notes to financial statements.

The Montevallo Development Cooperative District

Statement of Activities
Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities Total
Primary government:				
Governmental activities:				
General government	\$ 155,110	\$ -	\$ 13,998	\$ (141,112)
Community and economic development	219,621	-	760,006	540,385
Total governmental activities	374,731	-	774,004	399,273
Total primary government	\$ 374,731	\$ -	\$ 774,004	399,273
General revenue:				
Interest revenue				33,303
Total general revenue				33,303
Change in net position				432,576
Net position:				
Beginning of year				926,100
End of year				\$ 1,358,676

See notes to financial statements.

The Montevallo Development Cooperative District

Balance Sheet – Governmental Funds
September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and temporary investments	\$ -	\$ -	\$ 1,159,932	\$ 1,159,932
Cash - board restricted for projects	-	-	715,912	715,912
Accounts receivable	-	35,722	1,843	37,565
Due from other funds	-	-	8,203	8,203
Total assets	\$ -	\$ 35,722	\$ 1,885,890	\$ 1,921,612
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 625	\$ 625
Due to capital projects fund	8,203	-	-	8,203
Total liabilities	8,203	-	625	8,828
Fund balances:				
Restricted for debt service	-	35,722	-	35,722
Restricted for capital projects	-	-	715,287	715,287
Committed to capital projects	-	-	1,169,978	1,169,978
Unassigned (deficit)	(8,203)	-	-	(8,203)
Total fund balances	(8,203)	35,722	1,885,265	1,912,784
Total liabilities and fund balances	\$ -	\$ 35,722	\$ 1,885,890	\$ 1,921,612

(Continued)

The Montevallo Development Cooperative District

Balance Sheet – Governmental Funds (Continued)
September 30, 2025

Fund balances – total governmental funds	\$ 1,912,784
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,838,713
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,022,839)</u>
Net position of governmental activities	<u>\$ 1,728,658</u>

See notes to financial statements.

The Montevallo Development Cooperative District

Balance Sheet – Governmental Funds
September 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and temporary investments	\$ -	\$ -	\$ 1,159,096	\$ 1,159,096
Cash - board restricted for projects	-	-	839,435	839,435
Contributions receivable	13,998	-	-	13,998
Accounts receivable	-	35,722	18,213	53,935
Due from other funds	-	-	22,201	22,201
Total assets	\$ 13,998	\$ 35,722	\$ 2,038,945	\$ 2,088,665
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 219,622	\$ 219,622
Due to capital projects fund	22,201	-	-	22,201
Total liabilities	22,201	-	219,622	241,823
Fund balances:				
Restricted for debt service	-	35,722	-	35,722
Restricted for capital projects	-	-	619,813	619,813
Committed to capital projects	-	-	1,199,510	1,199,510
Unassigned (deficit)	(8,203)	-	-	(8,203)
Total fund balances	(8,203)	35,722	1,819,323	1,846,842
Total liabilities and fund balances	\$ 13,998	\$ 35,722	\$ 2,038,945	\$ 2,088,665

(Continued)

The Montevallo Development Cooperative District

Balance Sheet – Governmental Funds (Continued)
September 30, 2024

Fund balances – total governmental funds	\$ 1,846,842
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,912,093
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,400,259)</u>
Net position of governmental activities	<u>\$ 1,358,676</u>

See notes to financial statements.

The Montevallo Development Cooperative District

**Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenue:				
Interest	\$ 25,310	\$ -	\$ 12,914	\$ 38,224
Tax revenue contribution – City of Montevallo	-	428,664	350,206	778,870
Total revenue	25,310	428,664	363,120	817,094
Expenditures:				
Current expenditures:				
General government	25,310	-	-	25,310
Community and economic development	-	-	297,178	297,178
Debt service:				
Principal	-	377,420	-	377,420
Interest and fees	-	51,244	-	51,244
Total expenditures	25,310	428,664	297,178	751,152
Net change in fund balances	-	-	65,942	65,942
Fund balances:				
Beginning of year	(8,203)	35,722	1,819,323	1,846,842
End of year	\$ (8,203)	\$ 35,722	\$ 1,885,265	\$ 1,912,784

(Continued)

The Montevallo Development Cooperative District

**Statement of Revenue, Expenditures and Changes in Fund Balances –
Governmental Funds (Continued)
Year Ended September 30, 2025**

Net change in fund balances – total governmental funds	\$ 65,942
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded transfers out of capital assets and depreciation expense in the current year.	
Depreciation expense	(73,380)
Repayments on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	
Principal payments on revenue bond payable	<u>377,420</u>
Change in net position of governmental activities	<u>\$ 369,982</u>

See notes to financial statements.

The Montevallo Development Cooperative District

Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds
 Year Ended September 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenue:				
General contribution – Shelby County	\$ 6,999	\$ -	\$ -	\$ 6,999
General contribution – University of Montevallo	6,999	-	-	6,999
Interest	7,915	-	25,388	33,303
Tax revenue contribution – City of Montevallo	-	428,664	331,342	760,006
Total revenue	<u>21,913</u>	<u>428,664</u>	<u>356,730</u>	<u>807,307</u>
Expenditures:				
Current expenditures:				
General government	21,913	-	-	21,913
Community and economic development	-	-	219,620	219,620
Debt service:				
Principal	-	368,846	-	368,846
Interest and fees	-	59,818	-	59,818
Total expenditures	<u>21,913</u>	<u>428,664</u>	<u>219,620</u>	<u>670,197</u>
Net change in fund balances	-	-	137,110	137,110
Fund balances:				
Beginning of year	<u>(8,203)</u>	<u>35,722</u>	<u>1,682,213</u>	<u>1,709,732</u>
End of year	<u>\$ (8,203)</u>	<u>\$ 35,722</u>	<u>\$ 1,819,323</u>	<u>\$ 1,846,842</u>

(Continued)

The Montevallo Development Cooperative District

**Statement of Revenue, Expenditures and Changes in Fund Balances –
Governmental Funds (Continued)
Year Ended September 30, 2024**

Net change in fund balances – total governmental funds	\$ 137,110
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded transfers out of capital assets and depreciation expense in the current year.

Depreciation expense	(73,380)
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Repayments on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Principal payments on revenue bond payable	<u>368,846</u>
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Change in net position of governmental activities	<u>\$ 432,576</u>
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See notes to financial statements.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The accompanying basic financial statements of The Montevallo Development Cooperative District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the District's more significant accounting policies follows.

Reporting entity: The District was incorporated by its Members (City of Montevallo, Alabama, University of Montevallo and Shelby County, Alabama) on April 10, 2012, in accordance with Alabama Code 11-99B, Capital Improvement Cooperative Districts. The purpose of the District is to promote economic development, tourism, education, recreation, the arts, historic preservation, livability, and a healthy and active lifestyle in Montevallo, Alabama. In addition, the District is to undertake the acquisition, construction and installation of capital improvements consisting of: (a) real and personal property (i) for use by the City for general municipal purposes, and (ii) for use by the County for the development, support and promotion of economic development and tourism and (iii) for use by the University for educational and administrative purposes; (b) roads, streets, sidewalk and related facilities for pedestrian and vehicular traffic; (c) public utilities; (d) public park, recreation, and safety facilities; (e) center for cultural and educational exhibitions and facilities; and (f) accommodations for visitors. The District is supported primarily by its members from member contributions, including contributions from the City of Montevallo, Alabama of 90% of a one-cent sales tax implemented by the City of Montevallo, Alabama. The District is governed by a board of directors, which is comprised of one director elected by each of the Members. The District may acquire and construct projects within the corporate limits, as at any time in effect, of the City. The District cannot levy taxes.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. GAAP requires that the reporting entity include (1) the primary government, (2) Districts for which the primary government is financially accountable and (3) other Districts 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 has been considered and as a result, the District has no component units. Additionally, the District is not considered a component unit of any other entity.

Government-wide and fund financial statements: Basic financial statements include government-wide statements (i.e., the statements of net position and statements of activities), based on the District as a whole, and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities, which normally are supported by taxes and intergovernmental revenues, or business-type activities, which rely to a significant extent on fees and charges for support. The District is engaged in both governmental and business-type activities. Eliminations have been made to minimize the double-counting of internal activities.

The statements of activities demonstrate the degree to which the direct expenses of a given function or identifiable activity (i.e., public safety, public services, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include revenues from fines and forfeitures, licenses and permit fees, service assessments, and charges for services provided by the given function or identifiable activity and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the District's funds, with separate statements presented for each fund category – governmental and proprietary. The emphasis of fund financial

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 non-major funds. The District has no enterprise or non-major funds.

Proprietary fund operating revenue, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Basis of presentation – fund accounting: The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The District's funds are grouped into two categories for financial statement presentation purposes, governmental funds and proprietary funds. Governmental funds are used to account for the District's expendable financial resources and related liabilities. Governmental funds include the general, debt service and capital projects funds.

A percentage of assets, liabilities, revenues or expenditures/expenses of the government fund category are used for the determination of major funds. The District has three major governmental funds and no non-major governmental or proprietary funds.

The District reports the following major governmental funds:

General fund: The general fund accounts for all financial resources of the District except those required legally or by sound financial management to be accounted for in another fund.

Debt service fund: The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital projects fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. For this purpose, capital outlays on capital projects financed by the District for its members are included and reported as community and economic development expenditures.

Measurement focus: The government-wide fund financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included in the statements of net position.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statements of revenues, expenditures and changes in fund balances – governmental funds report the sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which governmental activities of the government-wide financial statements are prepared; therefore, governmental fund totals of the governmental funds' statements include a reconciliation with brief explanations to better identify the relationship between the statements of governmental funds and the government-wide statements.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of accounting: Basis of accounting determines when transactions are recorded in the financial reports and reported on the financial statements. Government-wide fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognitions of revenue and in the presentation of expenses versus expenditures.

Under the accrual method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Revenues are measurable when the amount of the transaction can be determined. Revenues are available when collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days following September 30. Major revenue sources susceptible to accrual include special assessments, licenses, interest revenue, and charges for services. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except for revenue bond principal and interest and claims and judgements which are reported as expenditures in the year due.

Cash and temporary investments: Cash includes amounts in demand and time deposits, including money market accounts. Temporary investments are defined by the District as liquid investments purchased that can be easily converted to cash within three to twelve months. The District's temporary investments included three non-negotiable certificates of deposit totaling \$823,462 and \$786,461 as of September 30, 2025 and 2024, respectively. The certificates bear interest ranging from 3.19% and 5% and mature in or before August 2026. Cash and temporary investments as of September 30, 2025 and 2024 were deposited with three financial institutions.

The District's deposits are covered by Federal Depository Insurance Corporation insurance or secured by collateral pledged to the State of Alabama. The Security for Alabama Funds Enhancement Program, or SAFE Program, became law January 1, 2001. The SAFE Program eliminates the need for an individual bank to collateralize deposits. Under the program, a bank designated by the State Treasurer as a qualified public depository will pledge securities to the State Treasurer for the SAFE collateral pool. This program is mandatory for all banks that hold public deposits. The financial institutions that held the District's deposits at September 30, 2025 and 2024 are qualified public depositories.

Contributions and accounts receivable: Accounts receivable and receivable from member contributions, including allocated sales tax revenue, are reduced by the amount of such billings deemed by management to be ultimately uncollectible. At September 30, 2025 and 2024, the District considers all such receivables to be fully collectible.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital assets: Purchased or constructed capital assets are reported at cost. Donated fixed assets are stated at their acquisition 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 the asset's life are expensed when incurred. A capitalization threshold of \$5,000 is used.

Capital assets used in governmental fund type operations (general capital assets) are accounted for in the government-wide statements.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Community and economic development expenditures accounted for in the capital projects fund include capital improvements to member properties, which are accounted for on each member's respective financial statements.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	40
Land improvements	10
Furniture & fixtures	7

Capital assets are not reported in the governmental fund financial statements; instead, capital outlays are reported as expenditures.

Capital assets used in operations are accounted for in the government wide financial statements.

Non-depreciable capital assets: Non-depreciable capital assets include land purchased by the District and are reported at cost.

Long-term debt: Long-term debt to be repaid from governmental resources is reported as a liability in the governmental activities portion of the government-wide financial statements. The District's long-term debt consists of a revenue bond. Long-term debt is not reported in the governmental fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

Fund equity: As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable fund balance: This category includes amounts that are (a) not in spendable form, or (b) 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, for example: inventories, prepaid amounts and long-term notes receivable.

Restricted fund balance: This category includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance: This category includes amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of Directors. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally, such as a resolution or ordinance.

Assigned fund balance: This category includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Board of Directors or (b) a body to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds, except negative amounts, that are not classified as nonspendable, restricted or committed.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Unassigned fund balance: This category's residual classification is used for all negative fund balances and includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Net position: The government-wide fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, unrestricted and restricted. The District first applies unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Net investment in capital assets: This category is intended to reflect the portion of net position that is associated with non-liquid capital assets less outstanding capital asset related debt, if any.

Restricted net position: This category presents net position that is not available for appropriation or is restricted by external parties.

Unrestricted net position: This category represents the net position of the District that is not restricted for any other purpose by third parties. While District management may have categorized and segmented portions for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions.

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Member contributions: The District receives member contributions from The University of Montevallo, City of Montevallo, Alabama (City), and Shelby County, Alabama. The District uses these contributions for purchases or capital improvement projects for the promotion of tourism and economic development actions, educational purposes, administrative purposes, or enhancement of infrastructure. All members can make general contributions. The City provides the applicable tax revenues from an imposed one-cent sales tax to the District that is recorded as a member contribution to the District. Shelby County, Alabama provides funds for purchases or capital improvement projects for the promotion of tourism and economic development actions. The University of Montevallo provides funds toward projects applicable to the University's use for educational and administrative purposes or enhancement of its infrastructure. The amount of member contributions for the years ended September 30, 2025 and 2024, were \$778,870 and \$774,004, respectively.

Budgetary comparison information: Budgetary comparison information for the general fund normally required by GAAP to be presented to supplement the basic financial statements has not been included because the District is not legally required to include such information.

Subsequent events: Subsequent events have been evaluated through January 12, 2026, which is the date the financial statements were available for issuance.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheets include reconciliations between fund balances – total governmental funds and net position of governmental activities reported in the government-wide statements of net position. One element of that reconciliation explains that “some liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of these amounts as of September 30, 2025 and 2024 are as follows:

	2025	2024
Revenue bond payable	\$ 2,022,839	\$ 2,400,259

Note 3. Contributions Receivable

Contributions receivable consist of the following at September 30:

	2025	2024
University of Montevallo	\$ -	\$ 6,999
Shelby County, Alabama	-	6,999
	\$ -	\$ 13,998

Note 4. Accounts Receivable

Accounts receivable consist of the following at September 30:

	2025	2024
City of Montevallo, Alabama	\$ 37,565	\$ 53,935

Note 5. Capital Assets

Capital asset activity consists of the following at September 30:

	2025				Ending Balance
	Beginning Balance	Additions	Retirements	Transfers	
Governmental activities:					
Depreciable capital assets:					
Buildings	\$ 640,792	\$ -	\$ -	\$ -	\$ 640,792
Building improvements	1,719,357	-	-	-	1,719,357
Land improvements	126,360	-	-	-	126,360
	2,486,509	-	-	-	2,486,509
Accumulated depreciation:					
Buildings	205,451	16,658	-	-	222,109
Building improvements	488,627	44,086	-	-	532,713
Land improvements	79,355	12,636	-	-	91,991
	773,433	73,380	-	-	846,813
Depreciable capital assets, net	1,713,076	(73,380)	-	-	1,639,696
Nondepreciable capital assets:					
Land	199,017	-	-	-	199,017
Governmental activities capital assets, net	\$ 1,912,093	\$ (73,380)	\$ -	\$ -	\$ 1,838,713

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 5. Capital Assets (Continued)

	2024				Ending Balance
	Beginning Balance	Additions	Retirements	Transfers	
Governmental activities:					
Depreciable capital assets:					
Buildings	\$ 640,792	\$ -	\$ -	\$ -	\$ 640,792
Building improvements	1,719,357	-	-	-	1,719,357
Land improvements	126,360	-	-	-	126,360
	2,486,509	-	-	-	2,486,509
Accumulated depreciation:					
Buildings	188,793	16,658	-	-	205,451
Building improvements	444,541	44,086	-	-	488,627
Land improvements	66,719	12,636	-	-	79,355
	700,053	73,380	-	-	773,433
Depreciable capital assets, net	1,786,456	(73,380)	-	-	1,713,076
Nondepreciable capital assets:					
Land	199,017	-	-	-	199,017
Governmental activities capital assets, net	\$ 1,985,473	\$ (73,380)	\$ -	\$ -	\$ 1,912,093

Depreciation expense is included in governmental activities general government expenses in the government-wide statements of activities.

Note 6. Accounts Payable

All accounts payable at September 30, 2025 and 2024 were payable to vendors.

Note 7. Long-Term Debt

Revenue bond payable: On March 7, 2017, the District issued a \$5,000,000 revenue bond with an interest rate of 2.30%. The proceeds of the bond were used to currently refund and repay in full the District's outstanding 2013 revenue bond with a principal balance of \$4,176,278. The net proceeds of \$807,722 (after payment of \$16,000 bond issuance costs) were deposited into a money market account to provide for future community and economic development projects.

The current refunding bond has a fixed interest rate of 2.30% with principal and interest payments due monthly through September 27, 2030. The balance of the refunding bond at September 30, 2025 and 2024, was \$2,022,839 and \$2,400,259, respectively, and is included on the accompanying statements of net position.

The bond is to be repaid solely by the City of Montevallo's assignment of, and is secured by a pledge of, 90% of the revenues from a one-cent increase in the sales and use tax levied by the City of Montevallo. The City acknowledges that the proceeds of the dedicated tax are being pledged to secure the bond and covenants and agrees that so long as the bond is outstanding it shall not modify or rescind the sales tax ordinance or reduce the percentage of the dedicated tax hereby assigned and pledged to the District. The bond is not a general obligation of the District.

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 7. Long-Term Debt (Continued)

As of September 30, 2025, the scheduled future debt service requirements on long-term debt are as follows:

	Principal	Interest	Total
2026	\$ 386,192	\$ 42,472	\$ 428,664
2027	395,169	33,495	428,664
2028	404,355	24,309	428,664
2029	413,753	14,911	428,664
2030	423,370	5,294	428,664
Total	<u>\$ 2,022,839</u>	<u>\$ 120,481</u>	<u>\$ 2,143,320</u>

Note 8. Net Investment in Capital Assets

GASB requires net investment in capital assets to include only the portion of the remaining bond payable proceeds used to purchase capital assets. Net investment in capital assets is calculated as follows as of September 30, 2025 and 2024:

	Governmental Activities	
Cost of capital assets paid with bond proceeds	\$ 2,559,166	
Original bond proceeds	<u>5,000,000</u>	
Percentage of bond proceeds used to pay for capital assets	51.18%	
	2025	2024
	Governmental Activities	Governmental Activities
Original bond payable at new terms as of September 30	\$ 1,689,559	\$ 2,004,795
Percentage of bond proceeds used to pay for capital assets	51.18%	
Revenue bond payable related to capital assets	<u>\$ 864,772</u>	<u>\$ 1,026,121</u>
Capital assets, net	\$ 1,838,713	\$ 1,912,093
Less revenue bond payable related to capital assets	(864,772)	(1,026,121)
Net investment in capital assets	<u>\$ 973,941</u>	<u>\$ 885,972</u>

The Montevallo Development Cooperative District

Notes to Financial Statements

Note 9. Community and Economic Development Expenditures

Community and economic development expenditures accounted for in the capital projects fund include capital improvements to member properties, which are accounted for on each member's respective financial statements. These expenditures for the years ended September 30, 2025 and 2024 were for the benefit of the members as follows:

	2025	2024
City of Montevallo, Alabama	\$ 297,178	\$ 219,621

Note 10. Lease Agreements

The University leased a building from the District for classrooms and administrative offices under a lease agreement with an initial one-year term that automatically renews for successive one-year terms through August 2033. Rent received by the District under this lease is \$1 annually.

Note 11. Risk Management

The District 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 District carries commercial insurance. Settlement amounts, if any, have not exceeded insurance coverage for the years ended September 30, 2025 and 2024.

Management Report

The Montevallo Development Cooperative District
For the period ended April 30, 2026

Prepared on

May 4, 2026

For management use only

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Profit and Loss

October 2025 - April 2026

	Total
INCOME	
42600 Construction Income	0.00
Tax Income - City of Montevallo	482,161.73
Total 42600 Construction Income	482,161.73
Total Income	482,161.73
GROSS PROFIT	
	482,161.73
EXPENSES	
52000 MDCD Project expense	
52043 Hotel Development Project	375,000.00
52052 Multi-Purpose Fields (Brown Property)	115,692.63
Total 52000 MDCD Project expense	490,692.63
60400 Bank Service Charges	245.00
63300 Insurance Expense	2,510.00
63400 Interest Expense	25,853.90
66700 Professional Fees	15,125.00
Total Expenses	534,426.53
NET OPERATING INCOME	-52,264.80
OTHER INCOME	
48000 Interest Income	20,046.28
Total Other Income	20,046.28
NET OTHER INCOME	20,046.28
NET INCOME	\$ -32,218.52

Balance Sheet

As of April 30, 2026

	Total
ASSETS	
Current Assets	
Bank Accounts	
10015 Trustmark Money Market	82,984.93
10018 Trustmark CD	278,648.19
10020 Central State Bank	44,018.61
10028 Central State Bank CD	286,251.43
10030 Montevallo Dev Coop District	623,224.41
10038 Regions CD Investment	277,939.42
Total Bank Accounts	1,593,066.99
Accounts Receivable	
11000 Accounts Receivable	65,000.00
Total Accounts Receivable	65,000.00
Total Current Assets	1,658,066.99
Fixed Assets	
15200 Buildings	640,792.49
15300 Building Improvements	1,719,356.76
15600 Land	199,017.00
15700 Land Improvements	126,360.17
17000 Accumulated Depreciation	-846,813.06
Total Fixed Assets	1,838,713.36
TOTAL ASSETS	\$3,496,780.35
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 Accounts Payable	1,701.25
Total Accounts Payable	1,701.25
Other Current Liabilities	
22100 Revenue Bonds Short Term	386,192.56
Total Other Current Liabilities	386,192.56
Total Current Liabilities	387,893.81
Long-Term Liabilities	
26100 Revenue Bonds Long Term	1,412,446.84
Total Long-Term Liabilities	1,412,446.84
Total Liabilities	1,800,340.65
Equity	
32000 Unrestricted Net Assets	1,728,658.22
Net Income	-32,218.52
Total Equity	1,696,439.70
TOTAL LIABILITIES AND EQUITY	\$3,496,780.35

Montevallo Development Cooperative District

FYTD April 2026

	City Excess Tax Funds	Budget Adjustments FY 2025 - Projects	City Excess Tax after Budget Adj	Total Project Expenditures thru FY2023	Total Project Expenditures FY2024	Total Project Expenditures FY2025	Total Project Expenditures FY2026	City Excess Tax Funds
52043 Hotel Development	550,000.00		550,000.00	13,010.00	41,988.00	96,000.00	\$375,000	24,002.00
52046 Orr Park Restrooms	77,354.00	(10,091.75)	67,262.25			67,262.25		
52051 542 Main Street Parking Lot Improv.	115,000.00		115,000.00					115,000.00
52052 Multi-Purpose Field (Brown Property)	30,000.00	276,903.36	306,903.36				115,692.63	163,500.73
52053 Stephens Park Concessions Renovation	55,000.00	(24,412.00)	30,588.00			27,710.00		
52054 Scout Lodge Renovation	25,000.00		25,000.00			30,588.00		25,000.00
52055 New Project Line to be named				13,010.00	41,988.00	221,560.25	490,892.63	327,502.73
Totals	\$ 852,354.00	\$ 242,399.61	\$ 1,094,753.61	\$ 13,010.00	\$ 41,988.00	\$ 221,560.25	\$ 490,892.63	\$ 327,502.73

Current Projects:
 490,692.63 Total Project Exp current year YTD
 327,502.73 Balance City Restricted Funding Available-Current Projects

Account Name:	GL Acct:	Balance
Trustmark MM Acct	10015	82,984.93
Central Bank Acct	10020	44,018.61
Trustmark Operating Acct	10030	623,224.41
CD - Trustmark	10018	278,648.19
CD - Central State	10028	286,251.43
CD-Regions	10038	277,538.42
Total Cash Balance		1,593,066.99
		Tied to Trial Balance

City Excess Fund - committed to projects in progress	327,502.73	Restricted
Unrestricted MDOD Funds	1,265,564.26	City Excess Funds Available - Unadjusted for AN/AP accruals
Estimate	65,000.00	Plus: Tax Revenue Receivable not included in Cash totals
	(1,701.25)	Less: Accounts Payable/Outstanding checks
	1,328,863.01	CITY EXCESS Unrestricted MDOD Funds available
See schedule above	225,459.26	Tavern Excess fund balance 5.4.2025
	(185,000.00)	Moved to 52052 Multipurpose fields
	\$ 1,369,322.27	

1,593,066.99 YTD April 2026 Total Cash Balance
 (327,502.73) Project Restricted
 1,265,564.26 Actual CASH balance 4.30.2026 unrestricted

FYI Tavern Proceeds balance included in \$1,265,564.26 total above

MDCD Project Summary YTD April 2026

52043 Hotel Development Project	10/22/2025 MDCD payment to City of Montevallo - Hotel Project	375,000.00
Total for 52043 Hotel Development Project		<u>\$ 375,000.00</u>
52052 Multi-Purpose Fields (Brown Property)	10/31/2025 Jackson Renfro & Associates	6,500.00
	11/30/2025 Gonzalez-Strength	6,758.75
	1/31/2026 Byrd Contractors (sewer lines)	\$ 61,600.00
	3/31/2026 Gonzalez Strength Montevallo Soccer Fields	982.63
	3/31/2026 52052 Multi Purpose Fields PARA Invoice	39,000.00
	3/31/2026 52052 Multi Purpose Fields Shelby Co Advertising Exp	851.25
Total for 52052 Multi-Purpose Fields (Brown Property)		<u>\$ 115,692.63</u>
Total for 52000 MDCD Project expense	MDCD Projects YTD February 2026	<u><u>\$ 490,692.63</u></u>

MDCD Administrative Expense April 2026

60400 Bank Service Charges

10/31/2025	Journal Entry	Bank Svc Charge Fee	35.00
11/30/2025	Journal Entry	Bank Service Charge	35.00
12/31/2025	Journal Entry	Bank Service Charge	35.00
1/31/2026	Journal Entry	Bank Service Charge	35.00
2/28/2026	Journal Entry	Bank Service Charge	35.00
3/31/2026	Journal Entry	Bank Service Charge	35.00
04/30/2026	Journal Entry	Bank Service Charge	35.00

Total for 60400 Bank Service Charges

\$ 245.00

63300 Insurance Expense

10/31/2025	Journal Entry	Rux Carter Insurance FY 2026	2,510.00
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Total for 63300 Insurance Expense

\$ 2,510.00

66700 Professional Fees

10/30/2025	Journal Entry	Accounting Fees Shayes October 2025	1,450.00
11/30/2025	Journal Entry	Accounting Fees Shayes November 2025	1,150.00
12/31/2025	Journal Entry	Accounting Fees Shayes December 2025	1,000.00
1/31/2026	Journal Entry	January 2026 Acctg Fees	750.00
1/31/2026	Journal Entry	Haley & Woods Audit Fees	8,400.00
2/28/2026	Journal Entry	February 2026 Accounting Fees	750.00
3/31/2026	Journal Entry	March 2026 Acctg Fees	775.00
04/30/2026	Journal Entry	April 2026 Acctg Fees	850.00

Total for 66700 Professional Fees

\$ 15,125.00

Total Administrative Fees \$ 17,880.00

**Montevallo Development Cooperative District
Tax Revenue Detail**

<u>Fiscal Year 2024</u>	Revenues (90% of 1% Tax)	Bond Payment	Cash Remaining after Bond Payment
October 2023	65,847.37	35,721.97	30,125.40
November 2023	63,345.37	35,721.97	27,623.40
December 2023	64,571.07	35,721.97	28,849.10
January 2024	63,539.29	35,721.97	27,817.32
February 2024	60,541.83	35,721.97	24,819.86
March 2024	68,487.18	35,721.97	32,765.21
April 2024	66,218.19	35,721.97	30,496.22
May 2024	69,908.69	35,721.97	34,186.72
June 2024	63,250.97	35,721.97	27,529.00
July 2024	61,660.64	35,721.97	25,938.67
August 2024-accrual	58,700.54	35,721.97	22,978.57
September 2024	53,935.48	35,721.97	18,213.51
Fiscal Year 2024 Total	760,006.62	428,663.64	331,342.98
Average Monthly Revenue	63,333.89		
Increase from prior year	0.16%		

<u>Fiscal Year 2025</u>	Revenues (90% of 1% Tax)	Bond Payment	Cash Remaining after Bond Payment
October 2024	79,695.47	35,721.97	43,973.50
November 2024	66,527.36	35,721.97	30,805.39
December 2024	60,309.32	35,721.97	24,587.35
January 2025	63,640.13	35,721.97	27,918.16
February 2025	60,805.80	35,721.97	25,083.83
March 2025	60,046.99	35,721.97	24,325.02
April 2025	71,823.11	35,721.97	36,101.14
May 2025 Accrual	69,170.51	35,721.97	33,448.54
June 2025	69,025.63	35,721.97	33,303.66
July 2025	74,498.50	35,721.97	38,776.53
August 2025	65,761.91	35,721.97	30,039.94
September 2025	37,564.77	35,721.97	1,842.80
Fiscal Year to Date Total	778,869.50	428,663.64	350,205.86
Average Monthly Revenue	64,905.79		
Increase from prior year	2.48%		

<u>Fiscal Year 2026</u>	Revenues (90% of 1% Tax)	Bond Payment	Cash Remaining after Bond Payment
October 2025	101,580.17	35,721.97	65,858.20
November 2025	18,665.94	35,721.97	(17,056.03)
December 2025	106,895.24	35,721.97	71,173.27
January 2026	66,025.83	35,721.97	30,303.86
February 2026	62,398.61	35,721.97	26,676.64
March 2026	61,595.94	35,721.97	25,873.97
April 2026 - Accrual	65,000.00	35,721.97	29,278.03
May 2026	-	-	-
June 2026	-	-	-
July 2026	-	-	-
August 2026	-	-	-
September 2026	-	-	-
Fiscal Year to Date Total	482,161.73	250,053.79	232,107.94
Average Monthly Revenue	68,880.25		