

**CITY OF MOUNTAIN BROOK, ALABAMA**  
**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 1998**



**CITY OF MOUNTAIN BROOK, ALABAMA  
CITY OFFICIALS**

**SEPTEMBER 30, 1998**

**MAYOR**

The Honorable Lawrence T. Oden

**CITY COUNCIL**

Mr. William J. Grayson, Jr., President

Mr. Thomas C. Clark

Mr. William J. Long

Ms. Helene S. Elkus

Ms. Alice Williams

**CITY MANAGER**

Mr. Sam S. Gaston

**DEPARTMENT SUPERVISORS**

Building Inspections.....	Mr. Jerry Weems
City Clerk.....	Ms. Ann R. McCutcheon
Finance.....	Mr. Steven Boone
Fire Department.....	Mr. Robert W. (Zeke) Ezekiel
Police Department.....	Mr. C. M. Keely
Street and Sanitation.....	Mr. Lowell H. Shipp



**CITY BOARD OF EDUCATION  
MOUNTAIN BROOK, ALABAMA**

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**Mackle  
Splawn  
Tindall &  
McDonald, LLP**  
Certified Public Accountants

## Independent Auditors' Report

Mayor and City Council  
City of Mountain Brook  
Mountain Brook, Alabama

We have audited the accompanying general purpose financial statements of the City of Mountain Brook, Alabama (the City) as of and for the year ended September 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Mountain Brook, as of September 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Mountain Brook. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Mackle, Splawn, Tindall & McDonald, LLP*

November 12, 1998



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**CITY OF MOUNTAIN BROOK, ALABAMA**

**COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT  
GROUPS, AND DISCRETELY PRESENTED COMPONENT UNIT  
SEPTEMBER 30, 1998**

	<u>Government Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<b>ASSETS</b>			
Cash and temporary investments	\$ 4,548,427	\$ 654,177	\$ 4,358
Receivables	1,411,846	51,952	0
Due from other funds	0	9,138	0
Prepaid expenses	9,818	0	0
Property and equipment, net	0	0	0
Amount to be provided for debt	0	0	0
Amount available in Debt Service Fund	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,970,091</u>	<u>\$ 715,267</u>	<u>\$ 4,358</u>
<b>LIABILITIES</b>			
Bank overdraft	\$ 0	\$ 742,747	\$ 0
Accounts payable	443,944	161,460	0
Accrued salaries and wages	648,140	3,556	0
Other liabilities	336,627	565	0
Due to other funds	9,138	0	0
Accrued compensated absences	124,515	0	0
Long-term debt	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total liabilities</b>	<u>1,562,364</u>	<u>908,328</u>	<u>0</u>
<b>FUND EQUITY</b>			
Investment in general fixed assets	0	0	0
Fund balance (deficit):			
Reserved	0	0	0
Unreserved	4,407,727	(193,061)	4,358
	<u>4,407,727</u>	<u>(193,061)</u>	<u>4,358</u>
<b>Total fund equity</b>	<u>4,407,727</u>	<u>(193,061)</u>	<u>4,358</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 5,970,091</u>	<u>\$ 715,267</u>	<u>\$ 4,358</u>

See notes to financial statements.

Capital Projects	Account Groups		Totals (Memo Only) Primary Government	Component Unit	Totals (Memo Only) Reporting Entity
	General Fixed Assets	General Long-term Debt			
\$ 7,523,861	\$ 0	\$ 0	\$ 12,730,823	\$ 340,622	\$ 13,071,445
5,524	0	0	1,469,322	0	1,469,322
0	0	0	9,138	0	9,138
0	0	0	9,818	0	9,818
0	7,079,287	0	7,079,287	0	7,079,287
0	0	4,791,492	4,791,492	0	4,791,492
0	0	4,358	4,358	0	4,358
<u>\$ 7,529,385</u>	<u>\$ 7,079,287</u>	<u>\$ 4,795,850</u>	<u>\$ 26,094,238</u>	<u>\$ 340,622</u>	<u>\$ 26,434,860</u>
\$ 0	\$ 0	\$ 0	\$ 742,747	\$ 0	\$ 742,747
88,995	0	0	694,399	7,103	701,502
0	0	0	651,696	0	651,696
0	0	0	337,192	0	337,192
0	0	0	9,138	0	9,138
0	0	960,850	1,085,365	0	1,085,365
0	0	3,835,000	3,835,000	0	3,835,000
<u>88,995</u>	<u>0</u>	<u>4,795,850</u>	<u>7,355,537</u>	<u>7,103</u>	<u>7,362,640</u>
0	7,079,287	0	7,079,287	0	7,079,287
0	0	0	0	295,005	295,005
<u>7,440,390</u>	<u>0</u>	<u>0</u>	<u>11,659,414</u>	<u>38,514</u>	<u>11,697,928</u>
<u>7,440,390</u>	<u>7,079,287</u>	<u>0</u>	<u>18,738,701</u>	<u>333,519</u>	<u>19,072,220</u>
<u>\$ 7,529,385</u>	<u>\$ 7,079,287</u>	<u>\$ 4,795,850</u>	<u>\$ 26,094,238</u>	<u>\$ 340,622</u>	<u>\$ 26,434,860</u>



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**CITY OF MOUNTAIN BROOK, ALABAMA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND  
TYPES AND DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

	<b>Government Fund Types</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>
<b>Revenues</b>			
Taxes	\$ 15,684,519	\$ 406,396	\$ 0
Licenses and permits	2,460,111	0	0
Intergovernmental	115,895	54,000	0
Charges for services	1,700,581	164,063	0
Fines and forfeitures	306,312	101,857	0
Grants	0	0	0
Other operating revenues	596,104	32,038	248
<b>Total revenues</b>	<b>20,863,522</b>	<b>758,354</b>	<b>248</b>
<b>Expenditures</b>			
General government	2,140,497	149,389	1,590
Public safety	7,519,517	198,814	0
Street and sanitation	4,088,405	584,842	0
Recreational	695,629	611,125	0
Debt service	0	0	1,563,105
<b>Total expenditures</b>	<b>14,444,048</b>	<b>1,544,170</b>	<b>1,564,695</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>6,419,474</b>	<b>(785,816)</b>	<b>(1,564,447)</b>
<b>Other financing sources (uses)</b>			
Operating transfers in	60,000	192,815	1,564,695
Operating transfers out	(4,983,034)	(4,998)	0
Donations	0	32,325	0
Operating transfers to component unit	(922,095)	0	0
<b>Total other financing sources (uses)</b>	<b>(5,845,129)</b>	<b>220,142</b>	<b>1,564,695</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>574,345</b>	<b>(565,674)</b>	<b>248</b>
<b>Fund balance, beginning of year (as restated)</b>	<b>3,833,382</b>	<b>372,613</b>	<b>4,110</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 4,407,727</b>	<b>\$ (193,061)</b>	<b>\$ 4,358</b>

See notes to financial statements.

<u>Capital Projects</u>	<u>Totals (Memo Only) Primary Government</u>	<u>Component Unit</u>	<u>Totals (Memo Only) Reporting Entity</u>
\$ 0	\$ 16,090,915	\$ 0	\$ 16,090,915
0	2,460,111	0	2,460,111
0	169,895	0	169,895
0	1,864,644	0	1,864,644
0	408,169	48,498	456,667
1,000	1,000	18,883	19,883
372,306	1,000,696	39,000	1,039,696
<u>373,306</u>	<u>21,995,430</u>	<u>106,381</u>	<u>22,101,811</u>
396,486	2,687,962	0	2,687,962
539,157	8,257,488	0	8,257,488
198,254	4,871,501	0	4,871,501
98,278	1,405,032	1,047,061	2,452,093
0	1,563,105	0	1,563,105
<u>1,232,175</u>	<u>18,785,088</u>	<u>1,047,061</u>	<u>19,832,149</u>
<u>(858,869)</u>	<u>3,210,342</u>	<u>(940,680)</u>	<u>2,269,662</u>
3,230,522	5,048,032	0	5,048,032
(60,000)	(5,048,032)	0	(5,048,032)
17,908	50,233	30,403	80,636
0	(922,095)	922,095	0
<u>3,188,430</u>	<u>(871,862)</u>	<u>952,498</u>	<u>80,636</u>
2,329,561	2,338,480	11,818	2,350,298
<u>5,110,829</u>	<u>9,320,934</u>	<u>321,701</u>	<u>9,642,635</u>
<u>\$ 7,440,390</u>	<u>\$ 11,659,414</u>	<u>\$ 333,519</u>	<u>\$ 11,992,933</u>



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**CITY OF MOUNTAIN BROOK, ALABAMA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

	<b>General Fund</b>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Taxes	\$ 15,589,101	\$ 15,684,519	\$ 95,418
Licenses and permits	2,409,500	2,460,111	50,611
Intergovernmental	88,000	115,895	27,895
Charges for services	1,639,124	1,700,581	61,457
Fines and forfeitures	320,000	306,312	(13,688)
Grants	0	0	0
Other operating revenues	512,200	596,104	83,904
<b>Total revenues</b>	<u>20,557,925</u>	<u>20,863,522</u>	<u>305,597</u>
<b>Expenditures</b>			
General government	2,106,797	2,140,497	(33,700)
Public safety	7,478,890	7,519,517	(40,627)
Street and sanitation	3,987,795	4,088,405	(100,610)
Recreational	704,012	695,629	8,383
Debt service	0	0	0
<b>Total expenditures</b>	<u>14,277,494</u>	<u>14,444,048</u>	<u>(166,554)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>6,280,431</u>	<u>6,419,474</u>	<u>139,043</u>
<b>Other financing sources (uses)</b>			
Operating transfers in	60,000	60,000	0
Operating transfers out	(4,993,749)	(4,983,034)	10,715
Donations	0	0	0
Operating transfers to component unit	(952,200)	(922,095)	30,105
<b>Total other financing sources (uses)</b>	<u>(5,885,949)</u>	<u>(5,845,129)</u>	<u>40,820</u>
<b>Excess (deficiency) of revenues and other financing sources uses over expenditures</b>	394,482	574,345	179,863
<b>Fund balances, beginning of year</b>	<u>3,833,382</u>	<u>3,833,382</u>	<u>0</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 4,227,864</u>	<u>\$ 4,407,727</u>	<u>\$ 179,863</u>

See notes to financial statements.

Special Revenue Funds			Capital Project Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 378,000	\$ 406,396	\$ 28,396	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
56,000	54,000	(2,000)	0	0	0
150,000	164,063	14,063	0	0	0
90,000	101,857	11,857	0	0	0
0	0	0	251,000	1,000	(250,000)
16,380	32,038	15,658	305,000	372,306	67,306
<u>690,380</u>	<u>758,354</u>	<u>67,974</u>	<u>556,000</u>	<u>373,306</u>	<u>(182,694)</u>
148,379	149,389	(1,010)	463,300	396,486	66,814
218,789	198,814	19,975	518,610	539,157	(20,547)
600,000	584,842	15,158	249,100	198,254	50,846
20,000	611,125	(591,125)	113,400	98,278	15,122
0	0	0	0	0	0
<u>987,168</u>	<u>1,544,170</u>	<u>(557,002)</u>	<u>1,344,410</u>	<u>1,232,175</u>	<u>112,235</u>
<u>(296,788)</u>	<u>(785,816)</u>	<u>(489,028)</u>	<u>(788,410)</u>	<u>(858,869)</u>	<u>(70,459)</u>
188,268	192,815	4,547	3,250,481	3,230,522	(19,959)
(11,000)	(4,998)	6,002	(60,000)	(60,000)	0
8,930	32,325	23,395	0	17,908	17,908
0	0	0	0	0	0
<u>186,198</u>	<u>220,142</u>	<u>33,944</u>	<u>3,190,481</u>	<u>3,188,430</u>	<u>(2,051)</u>
(110,590)	(565,674)	(455,084)	2,402,071	2,329,561	(72,510)
<u>372,613</u>	<u>372,613</u>	<u>0</u>	<u>5,110,829</u>	<u>5,110,829</u>	<u>0</u>
<u>\$ 262,023</u>	<u>\$ (193,061)</u>	<u>\$ (455,084)</u>	<u>\$ 7,512,900</u>	<u>\$ 7,440,390</u>	<u>\$ (72,510)</u>



## CITY OF MOUNTAIN BROOK, ALABAMA

### NOTES TO FINANCIAL STATEMENTS

#### 1. Summary of significant accounting policies

The City of Mountain Brook, Alabama (the City) was incorporated on March 24, 1942. The City operates under a Council-Manager form of government organized to comply with the provisions of Title 11, Chapter 43, Sections 20-22 of the Code of Alabama 1975, as amended. The City Council is composed of five officials elected at-large for concurrent four year terms. The Mayor is elected at the same time as Council members and serves as the political leader of the community. The terms of the current administration are scheduled to expire September 30, 2000. The City Manager is appointed by the City Council as the executive officer to serve at the will and pleasure of that body. The Mayor and members of the City Council receive no salary or other compensation for their service to the City.

The financial statements of the City have been prepared in conformity with Generally Accepted Accounting Principles as applied to governmental units.

#### A. Reporting entity

The accompanying financial statements present the City's primary government and component unit (The Emmet O'Neal Library) over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The City appoints a voting majority of the Board of Trustees of The Emmet O'Neal Library (the Library) and provides most of the financial support of the Library. Accordingly, the component unit is discretely reported in the accompanying financial statements to emphasize that although legally separate from the City, the City remains financially accountable.

During 1998, the City transferred \$922,095 to the Library to subsidize its operations and for the purchase of books and related materials.

Other disclosures related to the Library:

A portion of the Library's fund balance is reported as "reserved" due to donor-imposed restrictions on the usage of the Funds.

The values of existing collections, including research books, are not readily determinable and therefore, the Library has not capitalized them. Books used in the circulating library have not been capitalized because of their estimated relatively short useful lives. The Library charges the costs of books, videos, collections, etc., to the operations at the time of purchase.

The Library's financial statements may be viewed at the Library's administrative offices.

#### B. Related organization

The City is also responsible for appointing the Board of Trustees of the Mountain Brook Board of Education (the Board). However, the City has no control nor influence in the presentation or adoption of the Board's annual operating budget;



**CITY OF MOUNTAIN BROOK, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies (continued)**

**B. Related organization (continued)**

the City is not responsible for any budget deficits incurred by the Board; and the Board has the authority to issue debt securities which are neither secured by the City's revenues or obligations of the City. Accordingly, the financial statements of the Board are not presented in the accompanying financial statements because the City is not considered to be financially accountable for the Board.

During 1998, the City reported the following revenues from the Board:

Occupational taxes	\$ 175,077
DARE Program subsidy	54,000
Athletic fields shared maintenance	32,895
Sewer service fees	<u>9,000</u>
Total	<u>\$ 270,972</u>

The above amounts are included in the General Fund revenues except for the DARE Program subsidy which is reported in the Special Revenue Funds. At September 30, 1998, the City reported a receivable from the Board in the amount of \$84,395 (see note 3).

In 1998, the City incurred expenses of approximately \$20,957 representing the City's one-third shared costs of the Board's improvements to the community athletic fields. This expense is included in general government expenditures of the General Fund in the accompanying financial statements. At September 30, 1998, the City owed the Board approximately \$27,435 which is included in other liabilities of the General Fund.

During 1998, the City agreed to serve as the fiscal agent for the third phase of the Board's improvements to the community athletic fields. The renovation project includes the regrading of playing fields, sprigging of grass, and the installation of irrigation systems and lighting at each of the Board's three elementary schools. The cost of these improvements, estimated to be no more than \$1 million, will be shared by the City (1/3), the Board (1/3), and two local athletic groups (1/6 each) and will be financed through the issuance of \$1 million General Obligation Warrants, Series 1998-A (Note 14). The third phase of the community field renovations are expected to be completed during fiscal 1999. As of September 30, 1998, the City had incurred costs of approximately \$491,000 toward this project. These expenses are reported in the Special Revenue Funds in the accompanying financial statements.

Beginning in 1999 and continuing until the Series 1998-A General Obligation Warrants are repaid, the Board has agreed to pay the City \$100,000 annually



**CITY OF MOUNTAIN BROOK, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies (continued)**

**B. Related organization (continued)**

and the two local athletic groups have each agreed to pay the City \$50,000 annually for a total of \$200,000 annually. These proceeds are projected to represent approximately two-thirds of the annual maintenance and debt service costs related to the above community fields renovations.

**C. Fund accounting**

The City utilizes funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental funds are accounted for using the current financial resources focus. Only current assets and current liabilities are generally recorded in the balance sheet of a governmental fund. The reported fund balance (net assets) is considered a measure of available spendable resources. Accordingly, these operating statements present a summary of sources and uses of available spendable resources during the year. The City utilizes the following governmental funds:

**Governmental funds**

**1. General Fund**

The General Fund is the principal fund of the City and is used to account for all revenues and expenditures applicable to the general operations of city government which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to their use by outside sources are recorded in the General Fund.

**2. Special Revenue Funds**

Special Revenue Funds are operating funds for which the use of revenues is restricted or designated by outside sources. These funds account for activities carried out by the City under certain intergovernmental contracts and grants.

**3. Debt Service Funds**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs as well as any other non-current obligations.



**CITY OF MOUNTAIN BROOK, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies (continued)**

**Governmental funds (continued)**

**4. Capital Project Funds**

The Capital Projects Funds are used to account for and demonstrate compliance with legal and contractual provisions and to compile data related to financial resources to be used for the acquisition or construction of major fixed assets other than those financed by special assessments.

**Account Groups**

An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in funds because they do not directly affect net expendable available financial resources. Account groups are concerned only with the measurement of financial position. They do not measure nor report results of operations. The City uses the following account groups:

**1. General fixed assets**

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group rather than in governmental funds. The City has adopted the accounting policy of not capitalizing infrastructure general fixed assets such as roads, bridges, curbs and gutters, street and sidewalks, drainage systems, lighting systems, and other similar assets that are immovable and considered to be of value only to the City.

**2. General long-term debt**

Long-term liabilities expected to be financed from the operations of governmental funds are accounted for in the General Long-Term Debt Account Group.

**D. Basis of accounting**

Basis of accounting refers to the timing of the recognition of revenues and expenditures in the accounts and financial statements. All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when measurable and available or collected within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded upon the impairment of an asset provided the obligation is reasonably determinable, except in the case of general obligation warrants payable where principal and interest payments are reported as expenditures when paid.



**CITY OF MOUNTAIN BROOK, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies (continued)**

**E. Budgets and budgetary accounting**

The City has adopted and adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing October 1. The budget includes proposed expenditures and the means of financing those expenditures.
2. A public hearing is conducted to obtain taxpayers' comments.
3. The budget is legally enacted through the passage of a resolution.
4. The City Manger is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund or transfer of funds between departments must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, and Capital Project Funds. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is effectively achieved through warrant indenture provisions.
6. At the end of the year, unencumbered appropriations automatically lapse.

Budget information presented in the financial statements is based on the budget as amended by the City Council on September 28, 1998.

**F. Encumbrances**

The City does not utilize encumbrance accounting techniques which means that fund balances are not reserved upon the issuance of purchase orders. Expenditures are recorded upon the impairment of an asset.

**G. Worker's compensation**

The City provides workers' compensation coverage to its employees as required by law. The City has elected to self-insure with respect to its workers' compensation claims risk and has contracted with a third-party administrator to provide claims management services. In order to limit its exposure to claims risk, the City has purchased excess loss insurance coverage. The excess loss insurance pays the remainder of statutory obligations over the first \$250,000 for specific claims and up to \$1,000,000 after the first \$900,000 in the aggregate during the two year policy term. Workers' compensation cost charged to General Fund operations during 1998 was approximately \$126,600. The accompanying financial statements include an estimated accrual of reported but unpaid workers' compensation claims as of September 30, 1998.



**CITY OF MOUNTAIN BROOK, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies (continued)**

**H. Cash and temporary investments**

Cash resources of various funds are combined to form a cash and investment pool. Interest from this pool is allocated monthly to each fund based on their respective month-end cash and investment balances.

**I. Fund Equity**

The unreserved fund balances for governmental funds represent spendable resources available to fund future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes.

**J. Compensated absences**

Full-time City employees earn sick leave at the rate of one day per month of service and can accumulate up to sixty days of sick leave. Vacation leave is earned at graduated rates based on length of service (one day per month of service initially, one and one-half days per month of service after twelve years, and two days per month of service after twenty-five years). Employees are allowed to accumulate up to forty days of vacation leave.

A full-time employee may retire after twenty-five years of service or after attaining sixty years of age with at least ten years of creditable service. A retiring employee or separating employee in good standing receives termination pay equivalent to their unused vacation pay not to exceed forty days. In addition, a retiring employee or separating employee in good standing with five years of service receives termination pay based on 50% of their accrued sick leave limited to thirty days pay.

The current portion of the accrued vacation and sick pay at September 30, 1998 reported in the General Fund totaled \$124,515. The remaining portion of the accrued vacation and sick pay at September 30, 1998 reported in the General Long-Term Debt Account Group totaled \$960,850.

**K. Longevity pay plan**

The City has a longevity pay plan which covers all full-time employees that have completed a minimum of six years of service as of September 30. Longevity pay for a qualifying employee is the product of the percentage factor (which is based on the number of years of completed services) and their annual rate of pay. The percentage factor is 1.5% after six years and increases 0.5% per year to a maximum rate of 8.5% which is attained after twenty years of service. The City has adopted the informal policy of liquidating the liability for longevity pay in November of each year. The liability for longevity pay as of September 30, 1998 reported in the General Fund totaled approximately \$302,000.



**CITY OF MOUNTAIN BROOK, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies (continued)**

**L. Holiday pay**

Holiday pay can be accumulated (principally police and fire personnel) up to 80 hours. Accumulations in excess of 80 hours are not permitted and such time is paid to employees as earned.

**M. Pension expense**

All full-time employees participate in the City's defined benefit pension plan. The City funds pension expense as actuarially determined and required by the plan (note 7).

**N. Total columns on combined statements**

Included in certain of the combined financial statements is a "Totals (Memo Only)" column that aggregates the columnar statements. These totals are presented to facilitate financial analysis. Data in these columns does not present financial position in conformity with generally accepted accounting principles nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**O. Intrafund transactions**

During the course of normal operations, the City incurs numerous transactions between funds to provide services, construct assets, service debt, etc. These transactions are generally reported as operating transfers excepts in instances where the transfer represents the reimbursement to a fund for expenditures incurred for the benefit of another fund. Remaining fund balances in discontinued funds and non-recurring, non-routine transfers are accounted for as residual equity transfers.

**P. Property taxes**

All ad valorem real property taxes levied by municipalities in Jefferson County, Alabama are assessed by the Jefferson County Tax Assessor and collected by the Jefferson County Tax Collector. The Jefferson County Tax Assessor attaches taxes as enforceable liens on property as of September 30 and taxes become due October 1 through December 31. Property taxes not paid by January 1 are considered delinquent. Personal property taxes are also collected by the Jefferson County Tax Collector and are due throughout the year. After collecting property taxes, the Jefferson County Tax Collector remits the City's portion by check monthly. Taxes collected by the Jefferson County Tax Collector before the fiscal year end but remitted to the City after September 30 are accrued in the General Fund.

For the year beginning October 1, 1996, assessed values were calculated by multiplying the 1993 market value (as adjusted) by the following percentages:

Residential owner occupant	10%
All other	20%



CITY OF MOUNTAIN BROOK, ALABAMA

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

P. Property taxes (continued)

Property revaluations are conducted by the Jefferson County Commission every five years. The next revaluation is scheduled to be conducted during fiscal 1999, the effect of which will be realized in fiscal 2000.

Millage distributions for real and personal property located within the City's corporate limits are as follows:

Entity	Mills	Amount Per \$100 of Assessed Value
State of Alabama	6.5	\$ 0.65
Jefferson County	21.7	2.17
Mountain Brook Board of Education	44.7	4.47
City of Mountain Brook General Fund	<u>26.1</u>	<u>2.61</u>
	<u>99.0</u>	<u>\$ 9.90</u>

Q. Sales and use tax

Effective November 1, 1995, the City increased its sales tax to 3% from 2%. The additional one cent sales tax was imposed to provide funds for improvements to the public portions of the City's three commercial villages (Notes 5 and 6). The additional one cent sales tax is scheduled to expire on October 31, 2000.

R. Major revenue sources and tax payers

The City's primary sources of revenue include ad valorem taxes, sales and use taxes, occupational taxes, and business licenses. Collectively, these taxes and licenses totaled approximately \$15.1 million or 72% of the total General Fund revenues during the year ended September 30, 1998. Of the City's taxpayers, Rich's Department Store, Alabama Power Company, Western Supermarket, Energen Corporation and the Piggly Wiggly grocery store collectively provided approximately \$3.6 million or 17% of the City's total General Fund revenues during the year ended September 30, 1998.



**CITY OF MOUNTAIN BROOK, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS**

**2. Deposits and investments**

The carrying value of the City's cash and temporary investments at September 30, 1998 was as follows:

Pooled cash and equivalents:		
General Fund		\$ 2,821,176
Special Revenue Funds		(88,570)
Capital Project Funds		<u>4,175,204</u>
		<u>6,907,810</u>
Cash on-hand and other cash and equivalents:		
General fund		329,257
Debt Service Fund		<u>4,178</u>
		<u>333,435</u>
Investments:		
General Fund		1,397,994
Capital Project Funds		<u>3,348,657</u>
		<u>4,746,651</u>
Cash held by trustee under debt indenture agreements - Debt Service Fund		<u>180</u>
Total Cash and Temporary Investments		<u>\$ 11,988,076</u>

At September 30, 1998, the bank balance or cost, carrying value, and fair value of the City's cash and temporary investments was as follows:

	Bank Balance or Cost	Carrying Value	Fair Value
Pooled cash and equivalents	\$ 7,114,100	\$ 6,907,810	\$ 6,907,810
Cash on-hand	2,930	2,930	2,930
Other cash and equivalents	336,701	330,505	330,505
U.S. government and agency obligations	4,653,413	4,746,651	4,746,651
Cash held by trustee under debt indenture agreements	<u>180</u>	<u>180</u>	<u>180</u>
Total cash and temporary Investments	<u>\$ 12,107,324</u>	<u>\$ 11,988,076</u>	<u>\$ 11,988,076</u>

Of the \$12.1 million bank balance or cost above, \$200,000 was insured by Federal Depository Insurance (FDIC), approximately \$7.3 million was collateralized under deposit collateral agreements with securities either by the pledging bank's trust department or the Federal Reserve Bank, and approximately \$4.6 million was invested in securities issued by the United States government or agencies thereof.



CITY OF MOUNTAIN BROOK, ALABAMA

NOTES TO FINANCIAL STATEMENTS

3. Receivables

Receivables at September 30, 1998 consisted of the following:

	General Fund	Special Revenue	Capital Projects	Total
Taxes	\$ 1,260,483	\$ 37,721	\$ 0	\$ 1,298,204
Emergency Communication District (E-911) surcharge	0	14,231	0	14,231
Mountain Brook Board of Education (Note 1.B).	84,395	0	0	84,395
Other	66,968	0	5,524	72,492
Totals	<u>\$ 1,411,846</u>	<u>\$ 51,952</u>	<u>\$ 5,524</u>	<u>\$ 1,469,322</u>

4. General fixed assets

Following is a summary of the changes in the City's investment in general fixed assets for the year ended September 30, 1998:

	Balance at September 30, 1997	Additions	Disposals/ Retirements/ Completed	Balance at September 30, 1998
General fixed assets				
Land	\$ 694,730	\$ 0	\$ 0	\$ 694,730
Land improvements	2,706,526	0	0	2,706,526
Buildings	2,822,875	95,194	0	2,918,069
Furniture and equipment	5,399,389	780,920	(182,138)	5,998,171
Construction in progress	12,914	111,709	(1,223)	123,400
Total cost	<u>11,636,434</u>	<u>987,823</u>	<u>(183,361)</u>	<u>12,440,896</u>
Accumulated depreciation				
Land improvements	81,958	10,531	0	92,489
Buildings	1,473,018	102,577	0	1,575,595
Furniture and equipment	3,212,660	641,425	(160,560)	3,693,525
Total accumulated depreciation	<u>4,767,636</u>	<u>754,533</u>	<u>(160,560)</u>	<u>5,361,609</u>
Net investment in general fixed assets	<u>\$ 6,868,798</u>	<u>\$ 233,290</u>	<u>\$ (22,801)</u>	<u>\$ 7,079,287</u>



**CITY OF MOUNTAIN BROOK, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS**

**5. Construction in progress and infrastructure improvements**

As of September 30, 1998, the City had incurred costs of \$123,400 toward the design and renovation of the administrative offices. The renovations were substantially complete as of year end and no further costs expected to be incurred. The City intends to perform some renovations to the Council Chambers during fiscal 1999 estimated to cost approximately \$100,000. However, no commitments have been incurred regarding the planned Council Chamber renovations.

The City has agreed to serve as the fiscal agent for certain renovations to be performed at the athletic facilities of the high school. The project is expected to be completed during fiscal 1999 at a total cost of \$1.5 million which will be financed through the issuance of \$1.5 million General Obligation Warrants, Series 1998-B (Note 14). As of September 30, 1998, the City expended approximately \$112,000 toward the high school renovations. These expenditures are reported in the Special Revenue Funds of the accompanying financial statements.

During 1997, the City applied for a federally funded transportation improvement program award to be passed through the State of Alabama Department of Transportation as provided under the 1991 Intermodal Surface Transportation Efficiency Act. The project consists of the extension and improvement of the City's existing sidewalks and walkway system. The total estimated cost of the project is \$321,500 which is to be shared on the basis of 80 percent federal funds, limited to \$257,200, and 20 percent City funds. The project is expected to begin during 1999 and to be completed within one year. The City has not entered into any commitments related to this project. During 1997 and 1998, the City expended \$18,451 for design, planning, and other professional services incurred for the preparation of this grant application.



**CITY OF MOUNTAIN BROOK, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS**

**6. Long-term debt**

Long-term debt outstanding as of September 30, 1998, consisted of the following:

	<u>Balance</u>
\$4,000,000 General Obligation Warrants, Series 1996 dated February 15, 1996 maturing annually on December 1 through the year 2000 plus interest payable on December 1, and June 1 at rates ranging from 3.20% to 3.80%	\$ 2,500,000
\$2,300,000 General Obligation Warrants, Series 1995 dated January 10, 1995 with semiannual principal and interest payments due each January 15 and July 15 through January 15, 2000 plus interest at rates ranging from 5.75% to 6.00%	750,000
\$1,130,000 General Obligation Warrants, Series 1993 dated May 1, 1993 maturing annually on May 1 through the year 2003 plus interest payable on May 1 and November 1 at rates ranging from 5.75% to 6.00%	<u>585,000</u>
Total	<u>\$ 3,835,000</u>

The total interest paid by the City during 1998 relative to the above general obligation warrants was \$203,105.

Following is a summary of long-term debt principal transactions for the year ended September 30, 1998.

General obligation warrant balances at October 1, 1997	\$ <u>5,195,000</u>
Principal payments:	
\$4,000,000 General Obligation Warrants, Series 1996	(770,000)
\$2,300,000 General Obligation Warrants, Series 1995	(470,000)
\$1,130,000 General Obligation Warrants, Series 1993	<u>(120,000)</u>
	<u>(1,360,000)</u>
General obligation warrant balances at September 30, 1998	<u>\$ 3,835,000</u>

The Series 1996 warrants were issued to finance the cost of improvements to the public portions of the City's three commercial villages (Note 5). The warrants will be paid from the proceeds of the additional one cent sales tax that became effective November 1, 1995 (Note 1.Q).



CITY OF MOUNTAIN BROOK, ALABAMA

NOTES TO FINANCIAL STATEMENTS

6. Long-term debt (continued)

The Series 1995 warrants were issued to finance the cost of transferring the employees' defined benefit pension plan coverage to the Employees' Retirement System of Alabama (Note 7). In connection with this transfer, payments were made to employees to compensate them for the difference in benefits between the two plans.

The Series 1993 warrants were issued for the purpose of retiring and redeeming the \$500,000 General Obligation Warrants, Series 1988 and the \$1,000,000 General Obligation Warrants, Series 1987. The Series 1988 and 1987 warrants were issued to finance improvement projects at the City's athletic parks.

The future principal and interest maturities on the general obligation warrants by fiscal year are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 1,415,000	\$ 143,065	\$ 1,558,065
2000	1,220,000	78,338	1,298,338
2001	1,005,000	32,760	1,037,760
2002	145,000	9,605	154,605
2003	50,000	2,500	52,500
Totals	<u>\$ 3,835,000</u>	<u>\$ 266,268</u>	<u>\$ 4,101,268</u>

7. Pension plan

A. Plan description

The City contributes to the Employees' Retirement System of Alabama, an agent multiple-employer public employee retirement system, that acts as a common investment and administrative agent for the various state agencies and departments.

Substantially all employees are members of the Employees' Retirement System of Alabama (RSA). Membership is mandatory for covered or eligible employees of the City. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death is provided to plan members.



CITY OF MOUNTAIN BROOK, ALABAMA

NOTES TO FINANCIAL STATEMENTS

7. Pension plan (continued)

A. Plan description (continued)

The Employees' Retirement System was established as of October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for State employees, State police, and on an elective basis to all cities, counties, towns, and quasi-public organizations. The responsibility for general administration and operation of the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended. Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through Sections 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the Commission authority to accept or reject various Cost-Of-Living-Adjustments (COLAs) granted to retirees.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

B. Funding

The RSA requires that covered employees contribute to the pension plan at the rate of 5% of compensation. In addition, the RSA requires that the City remit monthly matching contributions to the pension plan. The City's matching contributions are actuarially determined annually and stated as a percentage of covered compensation. The City's actuarially determined matching contribution for the year ended September 30, 1998 was 8.25% of covered compensation. The City's matching contribution for the fiscal year ending September 30, 1999 has been actuarially determined to be 9.45% of covered compensation.

For the year ended September 30, 1998, the City's total compensation was approximately \$8 million and the City's total covered compensation used to determine the City's pension contribution was approximately \$7.8 million. The City's policy is to fund the required contribution as actuarially determined by the RSA and stated as a percentage of eligible compensation. Following are the pension contributions remitted to the RSA by fiscal year since January 1, 1995:

Year Ended September 30	Employer Contribution	Employer	Employee	Combined
1995*	5.48%	\$254,000	\$232,000	\$486,000
1996	5.48%	\$368,000	\$336,000	\$704,000
1997	6.70%	\$515,000	\$390,000	\$905,000
1998	8.25%	\$624,000	\$390,000	\$1,014,000

\* Nine month period from January 1, 1995 through September 30, 1995.



CITY OF MOUNTAIN BROOK, ALABAMA

NOTES TO FINANCIAL STATEMENTS

7. Pension plan (continued)

C. Funding Progress

Following is the schedule of funding progress obtained from most recent actuarial valuation:

Actuarial Valuation Date Sept. 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry age (b)	Unfunded AAL (UAAL) (b-a)	Unfunded Ratio (a/b)	Covered Payroll (c)	Ratio of UAAL to covered Payroll (b-a)/c)
1996	\$11,432,073	\$15,123,539	\$3,691,456	75.6%	\$7,197,023	51.3%
1997	\$14,482,615	\$18,815,172	\$4,332,537	77.0%	\$7,745,713	55.9%

D. Additional information

Following is additional information obtained from the most recent actuarial valuation prepared as of September 30, 1997:

Valuation date	September 30, 1997
Actuarial cost method	Entry age
Amortization method	Level percent open
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	4.61 - 7.75%
Includes inflation at	4.50%
Cost-of-living adjustments	None
Number of active members	197
Number of retired members and beneficiaries	10
Annual retirement allowances	\$194,716

8. Post employment benefits

In addition to the pension benefits described in Note 7, the City has periodically elected to provide post employment health insurance coverage to those employees electing early retirement provided that certain requirements have been met relating to age and length of service. The City's cost related to these post employment benefits are financed from current operations. Such coverage is effective for a maximum of 13 years or until the retiree attains age 65. Except for the fiscal year ended September 30, 1994, this plan has been offered in some form each year since its initial offering in 1989. However, there is no



CITY OF MOUNTAIN BROOK, ALABAMA

NOTES TO FINANCIAL STATEMENTS

8. **Post employment benefits (continued)**

assurance that the program will be offered to employees in the future. Additionally, the continuation of benefits for early retirees taking advantage of the plan is made annually by City Council resolution.

As of September 30, 1998, there were twenty-nine retirees covered under the City's post employment health insurance plan. The total cost incurred for post employment health benefits was approximately \$51,000 for the year ended September 30, 1998.

9. **Commitment and contingencies**

The City is charged by the Jefferson County Commission for shared services. The assessments for shared services charged to the City during 1998 were as follows:

	<u>Amount</u>
Jefferson County Board of Health	\$ 105,902
Maintenance of maps and appraisals	112,560
Birmingham-Jefferson County Transit Authority	56,407
Personnel Board of Jefferson County	57,621

With the exception of the Personnel Board and Planning Commission costs, the above expenses are deducted from the ad valorem property taxes remitted by the Jefferson County Tax collector (Note 1.P.) to the City of Mountain Brook. For financial reporting purposes, the City grosses-up the General Fund ad valorem tax revenues and general government expenditures by these amounts.

The City has arranged for an independent contractor to provide for the collection and disposal of refuse. The base rates for this service for the year ended September 30, 1998, were \$23.93 per month for single and multiple family residential units and \$30.70 per month for commercial units. The annual costs incurred under this agreement for the year ended September 30, 1998 were approximately \$2,110,860. Total revenues collected were approximately \$1,323,450.

The City leases the land on which the Street and Sanitation buildings are located and the adjacent land which is used for organic debris disposal at an annual rate of \$12,000. The lease is scheduled to expire September 30, 2002. The lessee can terminate the lease prior to the scheduled expiration date. Management does not anticipate the lessee to exercise their option to terminate the lease early.



**CITY OF MOUNTAIN BROOK, ALABAMA**

**NOTES TO FINANCIAL STATEMENTS**

**10. Constitutional debt limit**

Section 225, as amended, of the Constitution of the State of Alabama, limits debt for municipalities with populations of 6,000 or more to 20 percent of the assessed value of taxable property. Excluded from this debt limitation are bonds issued for the construction of schools, waterworks, sewers, and assessed improvements.

Following are the constitutional debt limit and legal debt margin as of October 1, 1998:

Assessed value of taxable real and personal property as provided by the Jefferson County Tax Assessor	\$ <u>237,024,000</u>
Constitutional debt limit, 20 percent of assessed value	47,404,800
Outstanding long-term debt as of September 30, 1998	<u>3,835,000</u>
Legal Debt Margin as of October 1, 1998	\$ <u>43,569,800</u>

**11. Litigation**

Several claims, suits, and complaints, common to municipalities, have been filed or are pending against the City. In the opinion of management and the City's attorney, all such matters are adequately insured, without merit, or involve such amounts as would not have a material adverse affect on the City's financial statements.

**12. Year 2000 disclosures**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the City's operations as early as fiscal 1999.

The City is currently testing its computer inventory and other electronic equipment in order to determine which systems are not year 2000 compliant. These year 2000 compliance tests are expected to be completed during the winter of 1999. In addition, the City plans to upgrade the hardware and primary software systems utilized by the Police Department during fiscal 1999. The cost of these systems is estimated to be approximately \$150,000. The Police hardware bids have been issued and the software bids will be issued after the new hardware has been installed and tested for year 2000 compliance. Other software modules that are scheduled for replacement in fiscal 1999 include the revenue assessment and collections system, payroll, and general ledger systems. The City anticipates that these software systems will cost approximately \$30,000. The City replaced its municipal court management system with a year 2000 compliant system during fiscal 1998 for less than \$10,000 and also upgraded its primary computer file server and operating system utilized for its finance and administration functions for approximately \$5,000.



CITY OF MOUNTAIN BROOK, ALABAMA

NOTES TO FINANCIAL STATEMENTS

**12. Year 2000 disclosures (continued)**

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of the related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the City is or will be completely Year 2000 ready, that its remediation efforts will be successful in whole or in part, or that the parties with whom the City conducts business will be Year 2000 ready.

**13. Prior period adjustment**

The Fund balance of the General Fund at September 30, 1997 has been restated with respect to the current portion of the accrued compensated absences reported. The result of the restatement was to increase the current portion of the accrued compensated absences as of September 30, 1997 by \$101,000 with a corresponding reduction in the unreserved fund balance. The restatement was made to more accurately reflect the total compensated absences expected to be paid from currently available resources.

**14. Subsequent event**

On December 1, 1998, the City issued \$1 million General Obligation Warrants, Series 1998-A and \$1.5 million General Obligation Warrants, Series 1998-B. Both issues are payable over seven (7) years in semi-annual installments including interest at 4.20%. The proceeds of the \$1 million Series 1998-A issue will be used to finance the renovations of the community fields located at the three elementary schools (Note 1.B.). The proceeds of the \$1.5 million Series 1998-B issue will be used to finance athletic facility renovations at the high school (Note 5). Although the City is ultimately responsible for the repayment of the Series 1998-B issue, the Mountain Brook Board of Education has agreed to pay the City \$105,000 annually for seven years to be applied toward the payment of the Series 1998-B principal and interest. In addition, the City has obtained bank letters of credit from the Mountain Brook Sports Corporation effectively guaranteeing the balance of the Series 1998-B principal and interest except for the above amounts to be contributed by the School Board and for \$105,000 which the City has agreed to pay toward the project in annual installments of \$15,000 for seven years.



**SUPPLEMENTARY INFORMATION**



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**CITY OF MOUNTAIN BROOK, ALABAMA**

**COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 1998**

	<u>State Shared Gasoline Tax Funds</u>			
	<u>Seven Cent</u>	<u>Four Cent</u>	<u>Five Cent</u>	<u>Two Cent</u>
<b>ASSETS</b>				
Cash and temporary investments	\$ 0	\$ 312,082	\$ 196,410	\$ 9,981
Receivables	20,166	11,793	5,761	0
Due from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<u>\$ 20,166</u>	<u>\$ 323,875</u>	<u>\$ 202,171</u>	<u>\$ 9,981</u>
<b>LIABILITIES</b>				
Bank overdraft	\$ 183,492	\$ 0	\$ 0	\$ 0
Accounts payable	0	24,992	74,002	1,937
Accrued salaries and wages	0	0	0	0
Other liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total liabilities</b>	<u>183,492</u>	<u>24,992</u>	<u>74,002</u>	<u>1,937</u>
<b>FUND EQUITY</b>				
Fund balance (deficit):				
Unreserved	<u>(163,326)</u>	<u>298,883</u>	<u>128,169</u>	<u>8,044</u>
<b>Total fund equity</b>	<u>(163,326)</u>	<u>298,883</u>	<u>128,169</u>	<u>8,044</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 20,166</u>	<u>\$ 323,875</u>	<u>\$ 202,171</u>	<u>\$ 9,981</u>

See notes to financial statements.

<u>Emergency Com- munication District</u>	<u>D.A.R.E. Program</u>	<u>Com- munity Fund</u>	<u>Correc- tions Fund</u>	<u>Totals</u>
\$ 71,140	\$ 39,717	\$ 24,847	\$ 0	\$ 654,177
14,232	0	0	0	51,952
<u>0</u>	<u>0</u>	<u>0</u>	<u>9,138</u>	<u>9,138</u>
<u>\$ 85,372</u>	<u>\$ 39,717</u>	<u>\$ 24,847</u>	<u>\$ 9,138</u>	<u>\$ 715,267</u>
\$ 0	\$ 0	\$ 559,255	\$ 0	\$ 742,747
3,454	0	52,058	5,017	161,460
0	0	0	3,556	3,556
<u>0</u>	<u>0</u>	<u>0</u>	<u>565</u>	<u>565</u>
<u>3,454</u>	<u>0</u>	<u>611,313</u>	<u>9,138</u>	<u>908,328</u>
<u>81,918</u>	<u>39,717</u>	<u>(586,466)</u>	<u>0</u>	<u>(193,061)</u>
<u>81,918</u>	<u>39,717</u>	<u>(586,466)</u>	<u>0</u>	<u>(193,061)</u>
<u>\$ 85,372</u>	<u>\$ 39,717</u>	<u>\$ 24,847</u>	<u>\$ 9,138</u>	<u>\$ 715,267</u>



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**CITY OF MOUNTAIN BROOK, ALABAMA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

	<u>State Shared Gasoline Tax Funds</u>			
	<u>Seven Cent</u>	<u>Four Cent</u>	<u>Five Cent</u>	<u>Two Cent</u>
<b>Revenues</b>				
Taxes	\$ 212,606	\$ 129,265	\$ 57,403	\$ 7,122
Intergovernmental	0	0	0	0
Charges for services	0	0	0	0
Fines and forfeitures	0	0	0	0
Other - investment earnings	3,447	13,713	8,809	300
<b>Total revenues</b>	<u>216,053</u>	<u>142,978</u>	<u>66,212</u>	<u>7,422</u>
<b>Expenditures</b>				
General government	0	0	0	0
Public safety	0	0	0	0
Street and sanitation	450,000	50,141	79,971	4,730
Recreational	0	0	0	0
<b>Total expenditures</b>	<u>450,000</u>	<u>50,141</u>	<u>79,971</u>	<u>4,730</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(233,947)</u>	<u>92,837</u>	<u>(13,759)</u>	<u>2,692</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	108,000	0	0	0
Operating transfers out	0	0	0	0
Donations	0	0	0	0
<b>Net other financing sources (uses)</b>	<u>108,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>(125,947)</u>	<u>92,837</u>	<u>(13,759)</u>	<u>2,692</u>
<b>Fund balances, beginning</b>	<u>(37,349)</u>	<u>206,046</u>	<u>141,928</u>	<u>5,352</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ (163,296)</u>	<u>\$ 298,883</u>	<u>\$ 128,169</u>	<u>\$ 8,044</u>

See notes to financial statements.

<u>Emergency Com- munication District</u>	<u>D.A.R.E. Program</u>	<u>Com- munity Fund</u>	<u>Correc- tions Fund</u>	<u>Totals</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 406,396
0	54,000	0	0	54,000
164,063	0	0	0	164,063
0	0	0	101,857	101,857
1,795	1,966	2,008	0	32,038
<u>165,858</u>	<u>55,966</u>	<u>2,008</u>	<u>101,857</u>	<u>758,354</u>
0	0	25,777	123,612	149,389
90,752	50,000	0	58,062	198,814
0	0	0	0	584,842
0	0	611,125	0	611,125
<u>90,752</u>	<u>50,000</u>	<u>636,902</u>	<u>181,674</u>	<u>1,544,170</u>
<u>75,106</u>	<u>5,966</u>	<u>(634,894)</u>	<u>(79,817)</u>	<u>(785,816)</u>
0	0	0	84,815	192,815
0	0	0	(4,998)	(4,998)
0	110	32,215	0	32,325
<u>0</u>	<u>110</u>	<u>32,215</u>	<u>79,817</u>	<u>220,142</u>
75,106	6,076	(602,679)	0	(565,674)
<u>6,812</u>	<u>33,641</u>	<u>16,213</u>	<u>0</u>	<u>372,613</u>
<u>\$ 81,918</u>	<u>\$ 39,717</u>	<u>\$ (586,466)</u>	<u>\$ 0</u>	<u>\$ (193,061)</u>



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**CITY OF MOUNTAIN BROOK, ALABAMA**

**COMBINING BALANCE SHEET - CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

	<u>City Capital Projects</u>	<u>Village Improvements (One Cent) Sales Tax</u>	<u>Sewer Projects</u>
<b>ASSETS</b>			
Cash and temporary investments	\$ 4,422,247	\$ 3,023,164	\$ 78,450
Receivables	<u>0</u>	<u>5,524</u>	<u>0</u>
<b>TOTAL ASSETS</b>	\$ <u>4,422,247</u>	\$ <u>3,028,688</u>	\$ <u>78,450</u>
<b>LIABILITIES</b>			
Accounts payable	\$ <u>71,279</u>	\$ <u>17,716</u>	\$ <u>0</u>
<b>Total liabilities</b>	<u>71,279</u>	<u>17,716</u>	<u>0</u>
<b>FUND EQUITY</b>			
Fund balance	<u>4,350,968</u>	<u>3,010,972</u>	<u>78,450</u>
<b>Total fund equity</b>	<u>4,350,968</u>	<u>3,010,972</u>	<u>78,450</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	\$ <u>4,422,247</u>	\$ <u>3,028,688</u>	\$ <u>78,450</u>

See notes to financial statements.

	<b>Village Trail System (ISTEA)</b>	<b>Totals</b>
\$	0	\$ 7,523,861
	<u>0</u>	<u>5,524</u>
\$	<u>0</u>	<u>\$ 7,529,385</u>
\$	<u>0</u>	<u>\$ 88,995</u>
	<u>0</u>	<u>88,995</u>
	<u>0</u>	<u>7,440,390</u>
	<u>0</u>	<u>7,440,390</u>
\$	<u>0</u>	<u>\$ 7,529,385</u>



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**CITY OF MOUNTAIN BROOK, ALABAMA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

	<u>City Capital Projects</u>	<u>Village Improvements (One Cent) Sales Tax</u>	<u>Sewer Projects</u>
<b>Revenues</b>			
Grants	\$ 1,000	\$ 0	\$ 0
Investment earnings	207,186	105,140	5,776
Miscellaneous	54,204	0	0
<b>Total revenues</b>	<u>262,390</u>	<u>105,140</u>	<u>5,776</u>
<b>Expenditures</b>			
General government	159,560	223,883	0
Public safety	539,157	0	0
Street and sanitation	198,254	0	0
Recreational	98,278	0	0
<b>Total expenditures</b>	<u>995,249</u>	<u>223,883</u>	<u>0</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(732,859)</u>	<u>(118,743)</u>	<u>5,776</u>
<b>Other financing sources (uses)</b>			
Operating transfers in	2,035,534	1,181,945	0
Donations	5,798	12,110	0
Operating transfers out	0	0	(60,000)
<b>Net other financing sources (uses)</b>	<u>2,041,332</u>	<u>1,194,055</u>	<u>(60,000)</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	1,308,473	1,075,312	(54,224)
<b>Fund balances, beginning</b>	<u>3,042,495</u>	<u>1,935,660</u>	<u>132,674</u>
<b>FUND BALANCES, ENDING</b>	<u><u>\$ 4,350,968</u></u>	<u><u>\$ 3,010,972</u></u>	<u><u>\$ 78,450</u></u>

See notes to financial statements.

<u>Village Trail System (ISTEA)</u>	<u>Totals</u>
\$ 0	\$ 1,000
0	318,102
0	54,204
<u>0</u>	<u>373,306</u>
13,043	396,486
0	539,157
0	198,254
0	98,278
<u>13,043</u>	<u>1,232,175</u>
<u>(13,043)</u>	<u>(858,869)</u>
13,043	3,230,522
0	17,908
0	(60,000)
<u>13,043</u>	<u>3,188,430</u>
0	2,329,561
<u>0</u>	<u>5,110,829</u>
\$ <u><u>0</u></u>	\$ <u><u>7,440,390</u></u>



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**CITY OF MOUNTAIN BROOK, ALABAMA**

**SCHEDULE OF GENERAL FUND REVENUES BY SOURCE  
FOR THE YEARS ENDED SEPTEMBER 30,**

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
<b>Taxes</b>				
Real property	\$ 4,057,761	\$ 4,248,384	\$ 4,126,279	\$ 4,330,842
Sales and use	2,151,025	2,247,303	2,273,681	2,470,595
Occupational	916,461	919,874	940,448	940,614
Utility	694,012	698,500	692,184	717,036
Personal property (automobiles)	373,719	392,464	378,733	364,173
Road and bridge	158,607	166,315	161,705	168,903
Other	262,032	242,952	264,845	287,934
<b>Total taxes</b>	<u>8,613,617</u>	<u>8,915,792</u>	<u>8,837,875</u>	<u>9,280,097</u>
<b>Licenses and permits</b>				
Business	773,161	731,504	752,214	748,685
Construction permits	210,966	240,488	254,382	242,300
Cable TV franchise fees	70,794	73,268	78,329	81,063
Waterworks Board	63,156	57,782	77,705	68,904
Other	44,045	42,045	48,864	42,898
<b>Total licenses and permits</b>	<u>1,162,122</u>	<u>1,145,087</u>	<u>1,211,494</u>	<u>1,183,850</u>
<b>Intergovernmental</b>	<u>64,172</u>	<u>54,900</u>	<u>135,747</u>	<u>38,798</u>
<b>Charges for services</b>				
Garbage fees	684,294	673,069	700,051	1,166,595
Other	53,725	82,401	91,479	154,692
<b>Total charges for services</b>	<u>738,019</u>	<u>755,470</u>	<u>791,530</u>	<u>1,321,287</u>
<b>Fines and forfeitures - court</b>	<u>270,480</u>	<u>256,012</u>	<u>208,950</u>	<u>231,162</u>
<b>Grants</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other operating revenue</b>				
Investment earnings	202,254	189,580	186,825	126,566
Other	42,036	90,238	57,975	56,061
<b>Total other operating revenue</b>	<u>244,290</u>	<u>279,818</u>	<u>244,800</u>	<u>182,627</u>
<b>TOTAL REVENUES</b>	<u>\$ 11,092,700</u>	<u>\$ 11,407,079</u>	<u>\$ 11,430,396</u>	<u>\$ 12,237,821</u>

See notes to financial statements.

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
\$	4,300,663	\$ 4,385,241	\$ 5,926,376	\$ 6,015,502	\$ 6,155,288	\$ 6,171,581
	2,542,968	2,953,502	3,084,886	4,740,066	5,283,280	5,514,754
	1,109,570	1,132,443	1,334,116	1,314,454	1,590,230	1,649,459
	712,827	759,087	748,829	741,847	782,496	786,231
	314,397	447,380	474,995	500,853	561,643	651,542
	167,748	0	407,135	239,535	245,851	250,543
	367,643	429,459	363,926	566,339	534,258	660,409
	<u>9,515,816</u>	<u>10,107,112</u>	<u>12,340,263</u>	<u>14,118,596</u>	<u>15,153,046</u>	<u>15,684,519</u>
	900,484	857,850	1,236,821	1,298,425	1,459,497	1,727,688
	261,363	365,168	296,569	320,791	353,329	397,665
	86,830	90,161	81,039	89,604	91,055	192,935
	79,957	88,481	78,877	99,506	90,157	92,039
	43,241	44,763	45,225	49,168	48,440	49,784
	<u>1,371,875</u>	<u>1,446,423</u>	<u>1,738,531</u>	<u>1,857,494</u>	<u>2,042,478</u>	<u>2,460,111</u>
	<u>30,090</u>	<u>30,922</u>	<u>30,000</u>	<u>30,000</u>	<u>33,803</u>	<u>115,895</u>
	1,232,587	1,311,763	1,182,621	1,206,168	1,273,898	1,323,450
	149,942	145,216	147,625	248,213	366,782	377,131
	<u>1,382,529</u>	<u>1,456,979</u>	<u>1,330,246</u>	<u>1,454,381</u>	<u>1,640,680</u>	<u>1,700,581</u>
	<u>240,321</u>	<u>217,468</u>	<u>211,791</u>	<u>272,985</u>	<u>292,448</u>	<u>306,312</u>
	<u>327,100</u>	<u>116,214</u>	<u>0</u>	<u>0</u>	<u>13,000</u>	<u>0</u>
	66,163	97,091	190,478	189,367	271,571	354,697
	87,457	102,080	47,039	53,777	49,943	241,407
	<u>153,620</u>	<u>199,171</u>	<u>237,517</u>	<u>243,144</u>	<u>321,514</u>	<u>596,104</u>
\$	<u>13,021,351</u>	<u>13,574,289</u>	<u>15,888,348</u>	<u>17,976,600</u>	<u>19,496,969</u>	<u>20,863,522</u>

