

**MOUNTAIN BROOK CITY COUNCIL
PRE-MEETING DISCUSSION
FEBRUARY 10, 2020**

The City Council of the City of Mountain Brook, Alabama met in public session in the Pre-council Room (A106) of City Hall at 6:00 p.m. on the 10th day of February, 2020. The Council President called the meeting to order and the roll was called with the following results:

Present: Virginia C. Smith, Council President
William S. Pritchard III, Council President Pro Tempore
Philip E. Black
Lloyd C. Shelton
Alice B. Womack
Stewart Welch III, Mayor

Absent: None

Also present were City Attorneys Steve Stine and Ben Presley, City Manager Sam Gaston and City Clerk Steven Boone.

1. AGENDA

1. Street light request at 3008 North Woodridge—Virginia Smith and Sam Gaston (The City Manager is to mail notices to affected residents and this matter will be reconsidered on February 24, 2020)
2. Two Village Design Review Committee appointments (Resolution Nos. 220-018 and 019 were added to the formal meeting agenda.)
3. Public Participation and right-of-way acquisition services from Sain Associates for the Hagood sidewalk project—Tony Montanaro of Sain Associates (Resolution No. 2020-022 was added to the formal meeting agenda.)
4. Request by The Emmet O’Neal Library to upgrade a part-time position to a full-time position—Lindsay Gardner (Resolution No. 2020-020 was added to the formal meeting agenda.)
5. Beech Circle items
 - A. Proposal from Skipper Consultants to study before and after traffic patterns from the closure of Beech Circle—Richard Caudle of Skipper Consultants (Resolution No. 2020-021 was added to the formal meeting agenda)
 - B. Funding and Operating Agreement with Friends of Beech Circle Association—Steve Stine (Motion No. 2020-023 was added to the formal meeting agenda)
 - C. Automatic Aid Agreement with the City of Birmingham—Steve Stine (Motion No. 2020-024 was added to the formal meeting agenda)
6. Review of the other matters to be considered at the formal (7 p.m.) meeting

2. EXECUTIVE SESSION AND ADJOURNMENT

Council President Pro Tempore Pritchard made a motion that the City Council convene in executive session to discuss a matter that could lead to litigation. The City Attorney verbally certified that the subject matter of the executive session is permissible under the Open Meetings Act. The motion was seconded by Council President Smith. There being no further discussion, the vote was called with the following results:

Ayes: Virginia C. Smith, Council President
William S. Pritchard III, Council President Pro Tempore
Philip E. Black
Lloyd C. Shelton
Alice B. Womack

Nays: None

Council President Smith thereupon declared that said motion carried by a vote of 5—0. She then announced that the City Council shall reconvene upon conclusion of the executive session at approximately 7 p.m. in Room A108. The pre-meeting was then adjourned at approximately 6:34 p.m.

3. CERTIFICATION

I, Steven Boone, City Clerk of the City of Mountain Brook, Alabama, certify the above is a true and correct synopsis of the discussion from the work session of the City Council of the City of Mountain Brook, Alabama held at City Hall, Pre-Council Room (A106) on February 10, 2020, and that the meeting was duly called and held in all respects in accordance with the laws of the State of Alabama and bylaws of the City and that no formal action or votes were conducted at said work session.



City Clerk

Approved by City Council February 24, 2020

**MINUTES OF THE REGULAR OF THE
CITY COUNCIL OF THE CITY OF MOUNTAIN BROOK
FEBRUARY 10, 2020**

The City Council of the City of Mountain Brook, Alabama and met in public session in the City Hall Council Chamber at approximately 7:00 p.m. on the 10th day of February, 2020. The Council President called the meeting to order and the roll was called with the following results:

Present: Virginia C. Smith, Council President
William S. Pritchard III, Council President Pro Tempore
Philip E. Black
Lloyd C. Shelton
Alice B. Womack
Stewart Welch III, Mayor

Absent: None

Also present were City Attorney Steve Stine, City Manager Sam Gaston and City Clerk Steven Boone.

The Council President stated that a quorum was present and that the meeting was open for the transaction of business

1. RECOGNITION OF GUESTS

Council President Smith recognized two Boy Scouts in attendance at the City Council meeting.

2. CHARLES ALEXANDER, CANDIDATE FOR JEFFERSON COUNTY TAX COLLECTOR

Introduced himself and asked for the support of the governing body and members of the audience.

3. PRESENTATION OF THE ANNUAL FINANCIAL AND COMPLIANCE AUDIT [DRAFT] OF THE CITY AS AND FOR THE YEAR ENDED SEPTEMBER 30, 2019 (APPENDIX 7)

Independent auditors Jason Harp and Catherine Canon presented the annual financial and compliance audit of the City. Following is a summary of their comments and observations:

- There were no new account pronouncements to be implemented this year
- There were no material audit adjustments proposed
- The audit report/opinion (page 5 of the draft) is unmodified (“clean”)
- The financial statements and note disclosures were prepared by the Finance Director and reviewed by the auditors for accuracy and conformance with applicable accounting standards
- The government-wide statement of position or balance sheet (page 19) shows: 1) an unfunded pension liability of \$27.9 million, 2) and OPEB liability of \$2.9 million and 3) unrestricted net position (similar to retained earnings) of \$7.7 million. It is unusual for cities to have a positive unrestricted net position due to their generally carrying long-term debt.
- The fund financial statement of revenues, expenditures and changes in fund balance (page 23) shows an excess of revenues over expenditures of \$925,000 resulting in general fund balance of \$17 million (representing approximately 177-days of expenses—again a very health indicator of financial strength as cities generally strive to maintain a fund balance of approximately 90-days of expenses)
- Page 57 shows a historical comparison of the City’s net pension liability
- Page 44 shows the sensitivity of the net pension liability to changes in the discount rate
- Page 60 shows similar information for the City’s OPEB liability
- The discount rate used to determine the total OPEB liability was 3.5%
- As reported in the past, the City should continue monitoring its staffing with respect to segregation of duties

- Recommends the City begin thinking about succession planning with respect to the Finance Director's position

4. CONSENT AGENDA

Council President Smith announced that the following matters will be considered at one time on the consent agenda provided no one in attendance objects:

Approval of the minutes of the January 27, 2020, regular meeting of the City Council

2020-016	Encourage and applaud the Freshwater Land Trust's efforts to clean up litter in local waterways	Exhibit 1
2020-017	Authorize the execution of a contract agreement between the City and Jefferson County Commission with respect to Photogrammetric Mapping and Orthoimagery services	Exhibit 2, Appendix 1
2020-018	Reappoint Stutts Everette to the Village Design Review Committee, to serve without compensation; the term of which will end on February 1, 2023	Exhibit 3
2020-019	Reappoint Ellen Elsas as a supernumerary to the Village Design Review Committee, to serve without compensation; the term of which will end on February 1, 2023	Exhibit 4
2020-020	Authorize the Emmet O'Neal Library Board to make its Technical Services Children's Processor position full-time to be filled at the discretion of the Library Board	Exhibit 5, Appendix 2
2020-021	Authorize the execution of a professional services agreement between the City and Skipper Consulting, Inc., with respect to traffic engineering services to determine the impact of the Beech Circle modifications approved January 27, 2020, upon the adoption of Ordinance No. 2065	Exhibit 6, Appendix 3
2020-022	Authorize the execution of a professional services agreement between the City and Sain Associates, with respect to the Hagood Street TAP sidewalk project Supplemental Scope of Work (public involvement meeting <u>and right-of-way legal description and sketches</u>)	Exhibit 7, Appendix 4
2020-023 MOTION	Authorize the execution of the Funding and Operating Agreement between the City and Friends of Beech Circle with respect to the modifications to Beech Circle approved upon the adoption of Ordinance No. 2065 on January 27, 2020	Appendix 5
2020-024 MOTION	Authorize the execution of the Inter-Jurisdictional Automatic Aid agreement between the City and City of Birmingham Fire and Rescue Service with respect to the modifications to Beech Circle approved upon the adoption of Ordinance No. 2065 on January 27, 2020	Appendix 6

Thereupon, the foregoing minutes, resolutions and motions were introduced by Council President Smith and a motion for their immediate adoption made by Council member Shelton. The minutes, resolutions and motions were then considered by the City Council. Council member Black seconded the motion to adopt the foregoing minutes, resolutions and motions. Then, upon the question being put and the roll called, the vote was recorded as follows:

Ayes: Virginia C. Smith, Council President
 William S. Pritchard III, Council President Pro Tempore
 Philip E. Black
 Lloyd C. Shelton
 Alice B. Womack

Nays: None

Abstained: None

Council President Smith thereupon declared that said minutes, resolutions (Nos. 2020-016 through 2020-022) and motions (Nos. 2020-023 and 2020-024) were adopted by a vote of 5—0 that and as evidence thereof she signed the same.

Council President Smith then invited Sally Larue with the Freshwater Land Trust forward to receive Resolution No. 2020-020 from the Mayor.

5. ANNOUNCEMENTS

The next regular meeting of the City Council will be February 24, 2020, at 7:00 p.m. in the Council Chamber of City Hall located at 56 Church Street, Mountain Brook, AL 35213.

6. ADJOURNEMENT

There being no further business or matters for discussion, Council President Smith adjourned the meeting at approximately 7:25 p.m.

5. CERTIFICATION

I, Steven Boone, City Clerk of the City of Mountain Brook, Alabama, certify the above is a true and correct transcript of the regular meeting of the City Council of the City of Mountain Brook, Alabama held at City Hall, Council Chamber (Room A108) on February 10, 2020, and that the meeting was duly called and held in all respects in accordance with the laws of the State of Alabama and bylaws of the City and that a quorum was present.

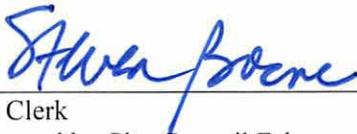

 City Clerk
 Approved by City Council February 24, 2020

EXHIBIT 1

RESOLUTION NO. 2020-016

WHEREAS, for over a decade, a number of Greater Birmingham entities have worked together on a plan to install in-stream litter collection devices in urban streams.

WHEREAS, Osprey Initiative, the creator of the “Litter Gitter” device, emerged as a new company, and in December 2019, the first Birmingham “Litter Gitter” was installed in Valley Creek thanks to River Network, Coca-Cola Foundation, the City of Birmingham, and other partners.

WHEREAS, to continue the fight against litter in our local waterways, support from community partners is critical. We need more “Litter Gitter Getters” and the installation of more devices to combat litter effectively.

WHEREAS, this project is focused specifically in the Greater Birmingham area as litter from storm water systems finds its way into urban streams. In 2017, ALDOT spent \$6.8 million to clean up trash on roadways, and Alabama was ranked as the 16th dirtiest state in the 2014 American State Litter Scorecard. “Getters” getting “Litter Gitters” for their urban streams will help make Alabama a cleaner state.

WHEREAS, “Getters” will be listed as project supporters on the Freshwater Land Trust’s website, as well as on presentations and proposals to potential funders. “Getters” are also encouraged to help recruit additional supporters.

NOW, THEREFORE, be it resolved that the Mayor and City Council, on behalf of all the residents of Mountain Brook, do hereby encourage and applaud the Freshwater Land Trust’s efforts to clean up litter in our local waterways.

EXHIBIT 2

RESOLUTION NO. 2020-017

BE IT RESOLVED by the City Council of the City of Mountain Brook, Alabama, that either the Mayor or the City Manager of the City is hereby authorized and directed, for and on behalf of the City, to enter into a Contract with the Jefferson County Commission, in the form as attached hereto as Exhibit A, with respect to Photogrammetric Mapping and Orthoimagery Services.

APPENDIX 1

EXHIBIT 3

RESOLUTION NO. 2020-018

BE IT RESOLVED by the City Council of the City of Mountain Brook, Alabama, that Stutts Everette is hereby reappointed to the Village Design Review Committee, to serve without compensation; the term of which will end on February 1, 2023.

EXHIBIT 4

RESOLUTION NO. 2020-019

BE IT RESOLVED by the City Council of the City of Mountain Brook, Alabama, that Ellen Elsas is hereby reappointed as a supernumerary to the Village Design Review Committee, to serve without compensation; the term of which will end on February 1, 2023.

EXHIBIT 5

RESOLUTION NO. 2020-020

BE IT RESOLVED by the City Council of the City of Mountain Brook, Alabama that the City Council hereby authorizes the Emmet O’Neal Library Board to make its Technical Services Children’s Processor position full-time to be filled at the discretion of the Library Board.

APPENDIX 2

EXHIBIT 6**RESOLUTION NO. 2020-021**

BE IT RESOLVED by the City Council of the City of Mountain Brook, Alabama that the City Council hereby authorizes the execution of a professional services agreement between the City and Skipper Consulting, Inc., with respect to traffic engineering services to determine the impact of the Beech Circle modifications approved January 27, 2020, upon the adoption of Ordinance No. 2065.

APPENDIX 3

EXHIBIT 7**RESOLUTION NO. 2020-022**

BE IT RESOLVED by the City Council of the City of Mountain Brook, Alabama that the City Council hereby authorizes the execution of a professional services agreement between the City and Sain Associates, with respect to the Hagood Street TAP sidewalk Supplemental Scope of Work (public involvement meeting and right-of-way legal description and sketches), in the form as attached hereto as Exhibit A.

APPENDIX 4



Litter Gitter Project in Greater Birmingham



What?
Litter Gitters are small stream litter collection devices used to intercept floating litter from stormwater runoff.

Who?

- Osprey Initiative is the creator and contractor of the Litter Gitter devices.
- Freshwater Land Trust (FLT) is leading efforts to facilitate partnerships in Greater Birmingham to install more devices.

How?

- FLT submitted a grant to the EPA proposing five devices over three years.
- Sponsorship from corporations, cities, and other community partners are needed to secure long-term maintenance.

When?

- The pilot project Litter Gitter is in place until March 5th, 2020.
- EPA grant recipients will be notified in June 2020.

Why?

- In 2017, ALDOT spent \$6.8 million to clean up trash on roadways, and Alabama was ranked as the 16th dirtiest state in the 2014 American State Litter Scorecard.
- Litter from stormwater runoff is a huge problem in the greater Birmingham area.

Estimated Cost from Osprey Initiative

- Installation and maintenance cost for one device in the initial year: \$25,000
- Maintenance costs for 2nd year and beyond: \$2,000/month/device (\$24,000/year)

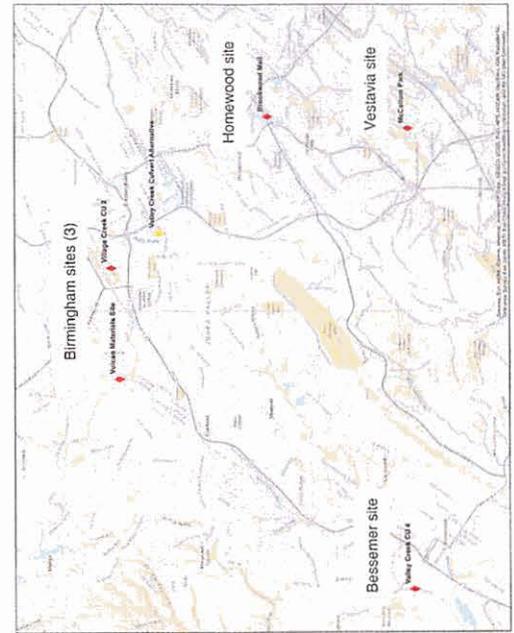
Data

- From December 5 – 31 2019, Osprey removed 37.98 pounds of litter from Valley Creek (of which 17.94 lbs was recycled).
- Osprey's initial tests of their devices indicate a 80+% success rate in preventing the downstream loss of floating litter.



Join us!
Project supporters are listed on FLT's website. Will you join us as a "Litter Gitter Getter"? <http://freshwaterlandtrust.org/litter-gitters/>

2020-016



Where?
For the EPA grant: Birmingham, Bessemer, Vestavia, Homewood. This covers both the Cahaba and Black Warrior River basins, and includes Valley Creek, Village Creek, Shades Creek, and Little Shades Creek



Additional Site
Litter Gitter Locations
Alabama Basin Streams
Warrior Basin Streams



Bham Now

Taylor Robinson Posted on December 12, 2019

Freshwater Land Trust installs "Litter Gitter" at Valley Creek



Freshwater Land Trust and Osprey Initiative installed a "Litter Gitter" at Valley Creek last week. Photo via Osprey Initiative on Facebook

We all know litter is bad for the environment, yet it continues to be a problem. Last week, Freshwater Land Trust, Osprey Initiative, River Network and the City of Birmingham installed a "Litter Gitter" in Valley Creek to help with the issue.

What's a Litter Gitter?

A Litter Gitter is an in-stream litter collection device. It's a patented product of Osprey Initiative, an environmental contractor focused on sustainability efforts. The Litter Gitter collects litter from stormwater runoff. Initial tests indicate that the Litter Gitter has an 80 percent success rate in preventing downstream loss of floating litter.

Osprey Initiative, led by Don Bates, has installed 33 Litter Gitters in seven watersheds across the Southeast. The group is responsible for installing and maintaining the devices and separating vegetative debris and recyclables from the trash collected.

Why Does This Matter?

Litter negatively impacts water quality—it's not something we want in our rivers and streams. Litter cleanup also costs U.S. taxpayers \$11.5 BILLION each year.

More About the Valley Creek Litter Gitter



The team that installed the Litter Gitter in Valley Creek. Photo via Freshwater Land Trust

The Valley Creek Litter Gitter will be in place for 90 days as part of a pilot program to assess the device's effectiveness in the Birmingham area. Funding from River Network and a grant from the Coca-Cola Foundation helped to make it possible. Freshwater Land Trust hopes this is the first of many Litter Gitters to be installed in our area.

"Freshwater Land Trust prioritizes protecting water, and we are proud to partner with organizations working towards the same goal. We hope this is the first of many Litters Gitters that will improve the health of Alabama's rivers." -Rusha Smith, executive director, Freshwater Land Trust

How To Get Involved

Would you like to get involved with litter cleanup in our area? Jefferson County will provide the materials for you—[contact them for more information.](#)

You can also support the work of Freshwater Land Trust by [donating](#) or [volunteering.](#)

Let's keep our waterways beautiful, Birmingham!

CONTRACT AGREEMENT

TERMS AND CONDITIONS

Between
Jefferson County Commission
And
The City of Mountain Brook, Alabama

Contract No. 8999
Orthophotography and Planimetric Data Cost Sharing
Jefferson County, Alabama

CONTRACT FORM

THIS AGREEMENT ("Agreement") made this day of 2020, by and between Jefferson County Commission, hereinafter referred to as the "COUNTY" or "Contract Administrator", with its offices at 718 Richard Arrington Jr. Blvd. N. Birmingham, AL 35203 and The City of Mountain Brook, with its offices at 56 Church Street, Mountain Brook, AL 35213, hereinafter referred to as "Consortium Partner".

For the purposes of this Contract, the following terms are defined as follows:

- 1. "Contract" means this Agreement.
2. "Consortium Partner" means The City of Mountain Brook.
3. "Contract Administrator" means Jefferson County Commission, and its duly authorized representatives.

WHEREAS, COUNTY and Consortium Partner mutually desire to maintain their existing GIS data sets through regular updates, and it is in the best interest of those served by COUNTY and Consortium Partner to financially share the cost of data acquisition updates; and

WHEREAS, COUNTY has contracted with G Squared, LLC for three years (3), until December 31, 2022, with an option to extend one (1) additional year, to migrate existing planimetric features from 100 scale to 50 scale, to provide updated orthophotography and planimetric data; and

WHEREAS, Consortium Partners who providing funding toward the project, through economies of scale, will be able to mutually obtain the countywide data sets at a significant savings compared to one agency contracting for the services as a single entity; and

WHEREAS, Consortium Partner has committed funds toward the project as set forth in this AGREEMENT.

ARTICLE 1. PROJECT STATEMENT OF WORK (SOW)

PROJECT: Jefferson County, Alabama 2020-2022 Countywide 1"=50' Scale Photogrammetric Mapping and Orthology Project SOW

The objective of the project is to establish an intergovernmental funding consortium in order to obtain new digital color orthorectified aerial photography and updated planimetric data sets for Jefferson County.

Alabama encompassing an area of approximately 1153 square miles. The data will be used for infrastructure analysis and management, property valuation, law enforcement, emergency management, land and transportation planning, permitting, stormwater management, tax mapping, preliminary engineering, and to support other business processes within agency departments. The project area shall be defined as the geographic entirety of Jefferson County.

The specifications for this project are in accordance with the Alabama Department of Revenue, Property Tax Division specifications (ADV-25), Effective June 2010. The products and/or services to be provided by COUNTY hereunder (hereinafter referred to collectively as "Deliverables") are defined below and are governed by the ALDOTALDOR/EMAS specifications for 1"=50' map accuracy standards.

Products and/or Services to Be Provided (Countywide):

- Color orthophotography with 3" resolution at 1"=50' scale in Mr. Sid and geo-tiff format
• Planimetric Maps feature based in Attachment B in MicroStation and ESRI Geodatabase format
• Change Detection parcel layer with Excel Spreadsheet of parcel numbers
• Update Terrain model data for the areas of change in ESRI shapefile format

Schedule:

Year 1:
January 15, 2020 - Ground control and flight planning complete
January 15, 2020 - Aerial Acquisition complete
October 1, 2020 - Orthophotography delivered
December 31, 2021 - Planimetric Updated where areas have changed delivered
December 31, 2021 - Data migration of existing planimetric features from 100 scale to 50 scale (in progress)

Year 2:
January 15, 2021 - Ground control and flight planning complete
January 15, 2021 - Aerial Acquisition complete
October 1, 2021 - Orthophotography and Building Footprints update delivered
December 31, 2021 - Remaining Planimetric Updated (Areas of change) delivered
December 31, 2021 - Data migration of existing planimetric features from 100 scale to 50 scale (in progress)

Year 3:
January 15, 2022 - Ground control and flight planning complete
January 15, 2022 - Aerial Acquisition complete
October 1, 2022 - Orthophotography and Building Footprints update delivered
December 31, 2022 - Remaining Planimetric Updated (Areas of change) delivered
December 31, 2022 - Data migration of existing planimetric features from 100 scale to 50 scale (complete)

ARTICLE 2. INSPECTION / ACCEPTANCE

Responsibility for final inspecting, approving and accepting equipment, software, data and/or services rendered by G Squared, LLC in the performance of the project deliverables shall rest solely with the COUNTY. Deliverables will be inspected for conformance with the project requirements prior to acceptance.

Consortium Partner may elect, if they so desire, to participate in contributing to the inspection process. All requests for review of any nonconforming deliverables will be provided in writing to the COUNTY within 10 calendar days from receipt of the Deliverables.

ARTICLE 3. CONSIDERATION

Consortium Partner will pay COUNTY an amount not to exceed Sixty Thousand Dollars and Zero Cents - \$60,000.00. The price is in exchange for the COUNTY providing Consortium Partner a copy of received data products as delivered by G Squared, LLC under the Orthophotography and Planimetric Mapping Update project. These products are being provided for the countywide acquisition of

Jefferson County/Consortium Partner - GIS Data Page 1 January 23, 2020

orthophotography data and planimetric data set update according to ALDOTALDOT specification guidelines, orthorectified digital color aerial photography, photogrammetrically updated planimetric feature data sets, and LIDAR data sets.

The SCHEDULE OF PAYMENTS to be made by Consortium Partner is as follows:

For each calendar year, full payment is due to County by September 30. County shall submit its Invoice by August 30th with payment due from Consortium Partner within 30 days.

- In 2020, the Consortium Partner payments will not exceed \$12,000
- In 2021, the Consortium Partner payments will not exceed \$20,000
- In 2022, the Consortium Partner payments will not exceed \$28,000

ARTICLE 4. TERM

The duration of this contract shall not exceed four years from the date of its final execution or end of the Project, whichever first occurs.

ARTICLE 5. TERMINATION

This agreement can be terminated by the COUNTY or Consortium Partner upon a thirty (30) day written notice for any reason. Upon termination of this Agreement for any reason whatsoever, Consortium Partner shall retain all data provided by the COUNTY for which payment has been received from Consortium Partner by the COUNTY prior to the termination, but Consortium Partner will remove all data provided by the COUNTY from their respective computer systems for which payment has not been received from Consortium Partner by the COUNTY.

ARTICLE 6. RIGHT OF OWNERSHIP

All items developed and delivered as a result of Article 3 under this AGREEMENT shall become the property of the funding partners as outlined below:

- Orthorectified digital color aerial photography (owned by Jefferson County, Consortium Partner). Each party retains full ownership in the data to use as it deems appropriate.
- Photogrammetrically updated Digital Terrain Model (owned by Jefferson County, Consortium Partner). Each party retains full ownership on the data to use as it deems appropriate.
- Photogrammetrically updated Planimetric mapping data layers (owned by Jefferson County). Consortium Partner is granted an exclusive use license to this data. This license provides that Consortium Partner shall use the Planimetric data for their respective internal business purposes and may be provided to consultants, contractors, etc. who are formally working for them.

ARTICLE 7. CONFIDENTIALITY

To the extent allowed by law, a Party may designate information to be deemed confidential because of considerations of individual privacy, safety and health, corporate proprietary claims, and other reasons in the best interests of the public or that would violate agreements with other entities.

Neither party shall be liable in damages for any disclosures pursuant to judicial actions or for inadvertent disclosures where proper degree of care has been exercised; provided, that upon discovery of such disclosure, it shall have endeavored to prevent any further inadvertent disclosure.

The receiving party shall not disclose or deliver, directly or indirectly, any technical data or product to any person to whom disclosure or delivery is prohibited by the U.S. Government nor export, directly or indirectly, any technical data or product to any country for which the U.S. Government or any agency requires an export license or Government approval without first obtaining such license or approval.

ARTICLE 8. FORCE MAJEURE

a. For the purpose hereof, force majeure shall be any of the following events: acts of God, compliance with any order, regulation, decree of governmental authority or agency purporting to act theretofore, acts of war, public disorder, rebellion, terrorism or floods, hurricanes or other storms, or strikes or

Jefferson County/Consortium Partner - GIS Data Page 2 January 23, 2020

disputes, or any other cause, not within the reasonable control of the party affected.

b. A delay in or failure of performance of either COUNTY or Consortium Partner shall not constitute a default hereunder nor be the basis for any claim for damages, if such delay or failure is caused by force majeure.

c. The party prevented from performing by force majeure (i) shall be obligated within a period not to exceed 14 days after the occurrence or detection of such event to give notice to the other party setting forth in reasonable detail the nature, therefore, and the anticipated extent of the delay, and (ii) shall remedy such cause as soon as reasonably possible.

ARTICLE 9. COMPLIANCE WITH LAWS

Both parties shall comply with known and applicable laws, regulations, ordinances and other rules of governments and governmental agencies having jurisdiction over any portion of performance under this AGREEMENT.

ARTICLE 10. WAIVERS

Any failure by either party to enforce performance of the terms and conditions of this AGREEMENT shall not constitute a waiver of, or affect said party's right to avail itself of, such remedies as it may have for any subsequent breach of the terms of this AGREEMENT.

ARTICLE 11. NOTICES

Any notice or communication given pursuant to this AGREEMENT shall be in writing, as a document or in electronic form, and deemed received when delivered in person, electronic mail, facsimile, or sent prepaid via Express Mail, Federal Express or other private courier, or US certified mail, return receipt requested.

Consortium Partner agrees that any data provided by County will be relied upon at its own risk. COUNTY will not be responsible for incidental, consequential, or special damages, or any other damages of any type or character arising out of the use of any data, information, or products which may be furnished by the COUNTY. COUNTY does not warrant, either expressed or implied, of fitness of such data, information, or products for a particular purpose or any other use or purpose.

ARTICLE 12. NO THIRD PARTIES BENEFITED

This agreement is made and entered into solely for the benefit of the respective Parties, their successors and permitted assigns, and no other person or entity shall have any rights hereunder.

ARTICLE 13. GOVERNING LAW

This AGREEMENT shall be deemed to be a contract made under the laws of the State of Alabama and for all purposes it shall be construed in accordance with and governed by the laws of such state, conflict of law rules notwithstanding.

ARTICLE 14. IMMIGRATION LAW COMPLIANCE

By signing this Contract, the contracting parties affirm, for the duration of the Agreement, that they will not violate federal immigration law or knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama. Furthermore, a contracting party found to be in violation of this provision shall be deemed in breach of the agreement and shall be responsible for all damages resulting therefrom.

ARTICLE 15. COMPLETE AGREEMENT

This Agreement constitutes the entire AGREEMENT between the parties. This Agreement may only be amended by execution of a written bilateral amendment.

ARTICLE 17. SEVERABILITY

If any provision of this Agreement is declared by a court having jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected; the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain the particular provision held to be invalid.

ARTICLE 18. COUNTERPARTS

Jefferson County/Consortium Partner - GIS Data Page 4 January 23, 2020

This Agreement may be executed in counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year set forth below.

The City of Mountain Brook, Alabama

Authorized Signature

Stewart Welch III

Printed Name

Mayor

Title

Date 2/10/2020

Jefferson County Commission

Authorized Signature

Printed Name

Title

Date

Jefferson County/Consortium Partner - GIS Data Page 5 January 23, 2020

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February 10, 2020

MINUTE BOOK 91

93

2020-017

2020-020

4

Technical Services Position Proposal

I would like to propose converting our Technical Services Children's Processor from a part-time position to a full-time position to better serve the citizens of Mountain Brook.

Why Now?

Birmingham Public Library could not replace catalogers. Since the 1970's Birmingham Public Library has provided some services to the Jefferson County Library Cooperative in lieu of paying full member fees. In recent years, the City of Birmingham has cut positions at Birmingham Public Library, including 5 catalogers.

Now, the Birmingham Public Library cannot handle the same amount of cataloging work for member libraries. Since Emmet O'Neal Library has always added its own order records, we were the logical choice to begin training on how to add full records. Nancy Sexton and Angela Moran have now completed 12 months of cataloging training which included learning OCLC Connexion, the software endorsed by the Alabama Public Library Service.

There are almost 50 different categories of children's materials at Emmet O'Neal Library, as designed by the Children's Department staff to help parents most easily find the right book for the right reading level and area of interest.

Bottom Line: We circulate about 300,000 print items per year, 200,000 of which are children's books. The time that it takes to add children's books to the catalog has increased by 30%. This is a chronic issue that impacts our core service – putting books in the hands of children.

Why is this the best solution?

- Converting this part-time position to a full-time position would allow us to keep pace with children's cataloging for the foreseeable future.
- More cataloging power would allow us to more quickly meet the demand for highly popular books.
- Technical Services has six employees – two of which are full-time. Only one of our current full-time employees has been trained to catalog. Having another full-time employee would allow for more cross-training and better coverage if a team member is unavailable.
- 40% of our collection is unique, and we are often the first in the county to get books. With more cataloging power, we can be more efficient and, again, get our books on the shelves faster.

What will it cost?

- For the remainder of the fiscal year, the cost would be \$12,860 in salary, plus about \$4,000 in benefits. This year, so far, we are \$20,000 under budget in salaries expenditures.
- For 2020-2021, this full-time position would add a total increase of \$18,462 in salaries and about \$6,000 in benefits.

RESOLUTION NO. 2020-021

BE IT RESOLVED by the City Council of the City of Mountain Brook, Alabama that the City Council hereby authorizes the execution of a professional services agreement between the City and Skipper Consulting, Inc., with respect to traffic engineering services to determine the impact of the Beech Circle modifications approved January 27, 2020, upon the adoption of Ordinance No. 2095.

ADOPTED: This 10th day of February, 2020.

Handwritten signature of Council President

APPROVED: This 10th day of February, 2020.

Handwritten signature of Mayor

CERTIFICATION

I, Steven Boone, City Clerk of the City of Mountain Brook, Alabama hereby certify the above to be a true and correct copy of a resolution adopted by the City Council of the City of Mountain Brook at its regular meeting held on February 10, 2020, as same appears in the minutes of record of said meeting.

Handwritten signature of City Clerk

Beech Circle and Surrounding Streets Traffic Study-Skipper 2020-021

Beech Circle Closure Impact Analysis Mountain Brook, Alabama

Professional Services Agreement

PROFESSIONAL SERVICES AGREEMENT Between The City of Mountain Brook and Skipper Consulting, Inc.

This Agreement is made by and between the City of Mountain Brook, Alabama ("Client"), doing business at 50 Church Street, Mountain Brook, Alabama 35213 and, Skipper Consulting, Inc. ("Consultant"), doing business at 3644 Vaux Road, Suite 100, Birmingham, Alabama 35255.

WHEREAS, the Client requests that the Consultant perform professional traffic engineering services related to a traffic study to determine the impacts of the closure of Beech Circle in the City of Mountain Brook (the "Project" or "Services");

WHEREAS, the parties intend that the Consultant be authorized to start work on the services outlined in this agreement upon execution of this Agreement; and

WHEREAS, the Client and Consultant agree that the Services be performed pursuant to the terms of this Agreement, together with the attached Exhibit A and the Addendum related hereto, which writings constitute the entire agreement between them relating to this assignment.

1. PROFESSIONAL SERVICES The Consultant agrees to perform the following Services under the Agreement:

SEE SCOPE OF WORK SET FORTH ON EXHIBIT "A"

The Consultant agrees to perform its Services in a manner that is consistent with professional skill and care that would be provided by other professionals in its industry under same or similar conditions, and in the ordinary progress of the Project.

2. CLIENT'S RESPONSIBILITIES: Client, at its expense, will provide the Consultant with all required site information, existing plans, reports, studies, project schedules and similar information that is contained in its files. The Consultant may rely on the information provided by the Client without verification.

The Client will designate a representative who shall have the authority to act on behalf of the Client for this project.

The Client shall participate with the Consultant by providing all information and criteria in a timely manner, review documents and make decisions on project alternatives in its timely manner, to allow the Consultant to perform the necessary work within established schedules.

3. COMPENSATION/BILLING/PAYMENT: Skipper Consulting Inc. will undertake and perform the work and Services outlined in Exhibit "A" for a fixed fee (inclusive of all expenses) for a fixed fee in the amount of \$8,350.00.

The CLIENT will bill for its Services monthly based on the work completed during the billing period. Invoices for uncanceled amounts are payable within 30 days from the receipt by the Client, and such payment shall not be contingent or dependent upon any conditions or any action or undertaking of the Client other than those conditions, if any, specifically set forth in the Agreement.

If completion or other unforeseen factors cause a change in the scope of Work outlined in Exhibit "A", the Consultant will notify the Client in writing of the changes and any adjustments to the fee required by such change. If the Client wishes to undertake tasks that are identified as being outside the proposed scope of services, the Consultant will submit a proposal for the additional work. No additional work or

Beech Circle Closure Impact Analysis Mountain Brook, Alabama

Professional Services Agreement

services other than those contemplated herein shall be performed without the written approval of the Client.

If for any reason, payment for uncanceled amounts reflected on invoices is more than 30 days delinquent, the Consultant shall have the right to stop work on the assignment until such payment is made. The Consultant will not be liable for any delays to project schedules caused for such work stoppage.

4. STANDARD TERMS AND CONDITIONS

The Client shall have final right of review and approval of all plans and specifications that shall be delivered in connection with the performance of the Services; however, review and approval shall not be withheld unreasonably.

The rights and obligations of the parties to this Agreement may not be assigned or transferred to any other person, firm, corporation, or other entity without the prior, express, and written consent of the other party.

Either party may terminate this Agreement upon 10 days' written notice to the other party should the defaulting party substantially fail to perform any or its material responsibilities in the Agreement through no fault of the party desiring to terminate. In the event of termination of this Agreement, due to the fault of a person or party other than the Consultant, Consultant shall be paid for Services performed to termination date.

The Consultant agrees to furnish consulting services only related to the Project. Consultant shall be responsible for coordination of its work with that of Client.

This Agreement (including Exhibit A and the Addendum) shall constitute the entire agreement between the parties concerning the matters herein, and any prior understanding or representation of any kind preceding the date of this agreement shall not be binding upon either party except to the extent incorporated into this Agreement.

Any modification or amendment of this Agreement shall be binding only if placed in writing and signed by each party or an authorized representative of each party.

This agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Alabama.

The failure of either party to this agreement to insist upon the performance of any of the terms and conditions of this agreement, or the waiver of any breach of any of the terms and conditions of this agreement, shall not be construed as the other waiving any such terms and conditions but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred.

The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this agreement is held to be invalid, the parties agree that the remaining provisions shall be deemed to be in full force and effect.

Neither party to this Agreement shall be liable to the other for any loss, cost, or damages, arising out from or resulting from, any failure to perform in accordance with the terms where the causes of such failure shall occur due to events beyond a party's reasonable control, include, but not limited to, the following: acts of God, strikes, lockouts, or other industrial disturbances, wars, whether declared or undeclared, insurrections, insurrections, riots, governmental action, explosions, fire, floods, or any other cause not within the reasonable control of either party.

Consultant shall secure and maintain such insurance as is reflected on the Addendum.

Beech Circle Closure Impact Analysis Mountain Brook, Alabama

Professional Services Agreement

Client shall provide Consultant access to the Project site necessary for the Consultant to provide the services outlined.

The Client's reuse of any report, documents or other deliverables prepared by the Consultant for the Project on any other project without written verification by the Consultant shall be at the Client's risk.

The persons signing this Agreement warrant that they have the authority to sign on behalf of the Client and Consultant.

CLIENT: CITY OF MOUNTAIN BROOK, AL. CONSULTANT: SKIPPER CONSULTING INC.

By: [Signature] Title: Mayor

Printed Name: Stewart Welch III Printed Name: Darrell B. Skipper, P.E.

Title: Mayor Title: President

Date: 2/10/2020 Date: January 28, 2020

Beech Circle Closure Impact Analysis Mountain Brook, Alabama

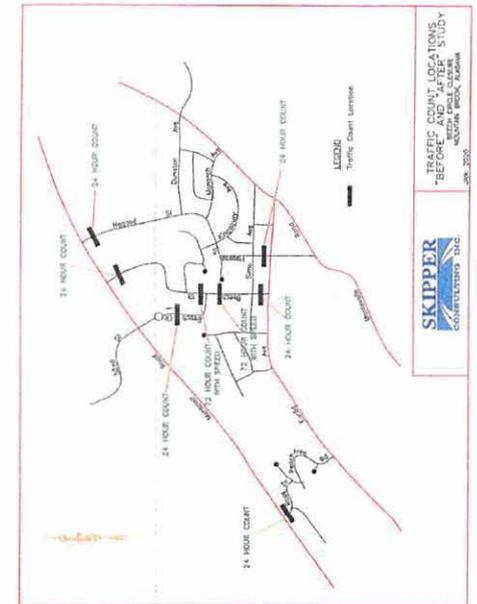
Professional Services Agreement

EXHIBIT "A" SCOPE OF WORK

The Consultant shall perform the following scope of work in relation to a traffic study of the impact of the closure of Beech Circle in the City of Mountain Brook.

- Conduct six (6) 24-hour weekday machine traffic counts at the following locations before Beech Circle is closed:
 - Ross Drive south of Montclair Road
 - Beech Circle at city limits
 - Beech Street north of Euclid Avenue
 - Xavier Circle south of Montclair Road
 - Hagood Street north of Euclid Avenue
 - Hagood Street south of Montclair Road
- Conduct two (2) 72-hour (Friday-Saturday-Sunday) machine traffic counts with speed data collection at the following locations before Beech Circle is closed:
 - Beech Street south of Beech Circle
 - Beech Street north of Beech Circle
- Conduct six (6) 24-hour weekday machine traffic counts at the following locations after Beech Circle is closed:
 - Ross Drive south of Montclair Road
 - Beech Circle at city limits
 - Beech Street north of Euclid Avenue
 - Xavier Circle south of Montclair Road
 - Hagood Street north of Euclid Avenue
 - Hagood Street south of Montclair Road
- Conduct two (2) 72-hour (Friday-Saturday-Sunday) machine traffic counts with speed data collection at the following locations after Beech Circle is closed:
 - Beech Street south of Beech Circle
 - Beech Street north of Beech Circle
- Compare the "before" traffic counts to the "after" traffic counts to determine the impacts of traffic rerouting due to the closure of Beech Circle
- Review the traffic counts and speed studies on Beech Street to:
 - Make recommendations regarding altering the speed limit on Beech Street
 - Make recommendations regarding the need for additional signing on Beech Street (such as "No Through Traffic" or "No Outlet" signs)
 - Determine the need for and conceptual design of traffic speed control on Beech Street (such as speed humps, working with St. Francis Xavier church on gate lines, etc.)
- prepare report of study findings and recommendations
- meet with City staff as required
- meet with area citizens and other stakeholders as required
- attend city council meetings to present study findings and recommendations as required

A map depicting the locations of recommended traffic counts is attached.



2020-021

ADDENDUM TO PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF MOUNTAIN BROOK AND SKIPPER CONSULTING, INC. - TRAFFIC ENGINEERING SERVICES (BEECH CIRCLE CLOSURE IMPACT ANALYSIS)

THIS ADDENDUM TO PROFESSIONAL SERVICES AGREEMENT ("this Addendum") between the City of Mountain Brook, Alabama ("the City") and Skipper Consulting, Inc. ("the Contractor") is entered between the parties.

This Addendum is a part of the Professional Services Agreement between the parties (the "Agreement") concerning the work, services or project described in the Agreement. In the event of any conflict between the terms and provisions of this Addendum and the Agreement, the terms herein supersede and control any conflicting or inconsistent terms or provisions, particularly to the extent the conflicting or inconsistent terms or provisions in the Agreement purport either to (a) confer greater rights or remedies on the Contractor than are provided herein or under otherwise applicable law, or to (b) reduce, restrict, or eliminate rights or remedies that would be available to the City under otherwise applicable law. The Addendum shall remain in full force and effect with respect to any amendment, extension, or supplement of or to the principal Agreement, whether or not expressly acknowledged or incorporated therein. No agent, employee, or representative of the City is authorized to waive, modify, or suspend the operation of the Addendum or any of its terms or provisions without the express approval of the Mountain Brook City Council.

1. Definitions. For purposes of this Addendum, the terms below have the following meanings:

- A. "The City" refers to and includes the City of Mountain Brook, Alabama, and its constituent departments, boards, and agencies. The City may also be referenced in the Agreement as the "Client."
- B. "The (this) Agreement" refers to the principal contract, agreement, proposal, quotation, or other document that sets forth the basic terms and conditions under which the Contractor is engaged to provide goods, materials, or services to the City, including the payment or other consideration to be provided by the City in exchange therefor.
- C. "The Contractor" refers to the person, firm, or other legal entity that enters the Agreement with the City to provide goods, materials, or services to the City, and includes vendors and suppliers providing goods, materials, and services to the City with or without a formal contract as well as the Contractor's vendors, suppliers, and subcontractors. The Contractor may also be referenced in the Agreement as the "Consultant."

2. Dispute Resolution. If a disagreement, claim, issue or disagreement arises between the parties with respect to the performance of this Agreement or the failure of a Party to perform their respective rights or obligations hereunder (a "Dispute"), the parties will use reasonable efforts to resolve any Dispute at the designated representative level. If the parties are unable to amicably resolve any Dispute at that level, each agrees to escalate that matter to senior managers or senior officials for consideration by and potential resolution by them. If the Dispute is not resolved at the senior level, the dispute resolution mechanism shall be litigation in a court with competent jurisdiction that is located in Jefferson County, Alabama.

3. Attorney's Fees; Court Costs; Litigation Expenses. The City shall not be liable for attorney's fees, court costs, litigation expenses, and like charges except and to the extent such fees, costs, and charges would be assessed against the City under applicable law in the absence of any contractual provision imposing or assigning liability therefor.

4. Late Payment Charges; Fees; Interest. The City shall not be liable for any late payment charges, interest, or fees on any delinquent bill for goods, materials, or services, and bills rendered to the City shall not be considered delinquent any earlier than thirty (30) days after rendition of a complete and accurate bill by the Contractor. Contested bills shall not be considered delinquent pending resolution of the dispute.

5. Indemnification; Hold-Harmless; Release; Waiver; Limitations of Liability or Remedies. The City shall not and does not, knowingly, hold harmless, or release the Contractor or any other person, firm, or legal entity for, from, or with respect to any claim, cause of action, cost, charge, fee, expense, or liability whatsoever arising out of or relating to the subject matter of the Agreement or the performance or nonperformance thereof, nor shall or does the City waive its right to assert or pursue any remedy or claim for relief of any kind that it may have against the Contractor or any other person, firm, or entity for any actual or alleged default or other breach of legal duty on the part of the Contractor or any person, firm, or entity in privity therewith or acting on Contractor's behalf. Any limitation or restriction regarding the type, nature, form, amount, or extent of any right, remedy, relief, or recovery that would otherwise be available to the City is expressly disavowed, excluded from the terms of the agreement, and void.

6. Choice of Law; Choice of Venue or Forum. The meaning, legal effect, and enforcement of terms and provisions of the Agreement and the resolution of any disputes arising thereunder or relating thereto shall be governed by the laws of the State of Alabama except to the extent otherwise required by applicable conflict-of-law principles. The venue of any suit, action, or legal proceeding brought to enforce or secure relief by reason of any asserted breach of duty arising out of or relating to the performance or nonperformance of the Agreement shall be Jefferson County, Alabama except to the extent otherwise required by applicable principles of law.

7. Construction of Addendum. Nothing in this Addendum shall be construed to create or impose any duty or liability on the City, to create a right or remedy in favor of the Contractor against the City, or to restrict or abrogate any right or remedy that is available to the City against the Contractor or any other person, firm, or entity under either the principal Agreement or as a matter of law.

8. Independent Contractor. Consultant's relationship to Client at all times is that of an independent contractor. Consultant exclusively controls the means and methods in which it performs its operations or provides the goods, services or undertaking described in the Agreement. The Client does not reserve any right of control over Consultant's operations or the activities it utilizes to perform its obligations in the Agreement.

9. Contractor's Insurance Requirements. For the duration of this Agreement and for limits not less than stated below, the Contractor shall maintain the following insurance with a company(ies) lawfully authorized to do business in the location of the Project and reasonably acceptable to the City:

- 1. Comprehensive General Liability: This insurance shall cover all operations performed by or on behalf of Contractor, and provide coverage for bodily injury and

property damage with a combined single limit of not less than \$500,000 per occurrence.

2. Automobile Liability: If the work or services performed by the Contractor involves use of motor vehicles on public street, Automobile Liability covering owned and rented vehicles operated by Contractor with policy limits of not less than Five Hundred Thousand Dollars (\$500,000) combined single limit and aggregate for bodily injury and property damage, per occurrence.

3. Workers Compensation: Workers' Compensation and Employers Liability as required by statute.

4. Professional Liability: If Contractor is providing professional services, Professional Liability covering Contractor's negligent acts, errors and omissions in its performance of professional services with policy limits of not less than One Million Dollars (\$1,000,000) per claim and in the aggregate.

Contractor may use umbrellas or excess liability insurance to achieve the required coverage for Comprehensive General Liability and Automobile Liability, provided that such umbrellas or excess insurance results in the same type of coverage as required for the individual policies. These insurance requirements are in addition to and do not affect any indemnification obligation of Contractor herein.

All policies, except for the Workers Compensation and Professional Liability policies shall contain endorsements naming the City, and its officers, employees and agents as additional named insured with respect to liabilities that arise out of and result from the operations of the Contractor or its performance of Services or work. The additional named insured endorsement shall not limit the scope of coverage to the City to vicarious liability, but shall allow coverage for the City to the fullest extent provided by the policy.

All insurance policies required herein are to be primary and non-contributory with any insurance or self-insurance program administered by the City.

Before commencement of Services hereunder, Contractor shall provide the City a certificate(s) of insurance and endorsements (including the additional insured endorsements) evidencing compliance with the requirements in this section. This certificate(s) shall provide that such insurance shall not be terminated or expire without thirty (30) days advance notice to the City.

10. Indemnification for Claims by Third Parties. The Contractor agrees to defend, indemnify, and hold harmless the City, and its agent, employees and officials (collectively hereinafter the "Indemnitees") from and against all demands, actions, damages, judgments, expenses (including but not limited to attorneys' fees, expert fees, court costs and other litigation costs), losses, damages, and claims (including those for bodily injury, sickness, disease or death, or to injury to, destruction or loss of use of tangible property, or those for financial loss or damages, collectively hereinafter "Claims") that are made against the City by any third parties (including any employee, agent or representative of the Contractor, collectively "Third Parties") to the extent that such Claims are caused or allegedly caused by the negligence of the Consultant in the performance of its Services, its work on the Project described in the Agreement or its failure to perform its obligations in the Agreement.

11. EXCLUSION OF CONSEQUENTIAL DAMAGES. THE CONTRACTOR AGREES AND ACKNOWLEDGES THAT, IN THE EVENT THAT IT ASSERTS ANY CLAIM, DEMAND OR ACTION OF ANY TYPE AGAINST THE CITY ARISING FROM ITS ALLEGED BREACH OF THE AGREEMENT OR ITS FAILURE TO PERFORM ANY OF ITS OBLIGATIONS HEREUNDER, THE MAXIMUM AMOUNT THAT THE CONTRACTOR MAY RECOVER FROM THE CITY AS DAMAGES IN ANY SUCH ACTION IS LIMITED TO THE ACTUAL DAMAGES THAT DIRECTLY ARISE FROM THAT BREACH. THE CONTRACTOR FURTHER ACKNOWLEDGES THAT THE COMMERCIAL TERMS HEREIN WERE PROPOSED AND BASED ON THE ASSUMPTION THAT THIS SPECIFIC LIMITATION IS APPLICABLE, AND THAT THE CITY WOULD NOT ENTER INTO THIS AGREEMENT WITHOUT INCLUDING THIS LIMITATION. IN NO EVENT WILL THE CITY BE LIABLE TO THE CONTRACTOR FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, RELIANCE OR OTHER SPECIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS, ADVANTAGE, SAVINGS OR REVENUES OR FOR INCREASED COST OF OPERATIONS. NOTHING IN THIS PROVISION IS INTENDED TO IMPACT, MODIFY, AMEND OR LIMIT THE TERMS OR APPLICATION OF THE INDEMNIFICATION PROVISION IN THE PROVISION ABOVE THAT PERTAINS TO CONTRACTOR'S OBLIGATIONS TO INDEMNIFY THE CITY FOR CLAIMS MADE AGAINST THE CITY BY THIRD PARTIES.

CITY: CITY OF MOUNTAIN BROOK	CONTRACTOR: SKIPPER CONSULTING, INC.
By: _____	By: <u>Darrell B. Skipper</u>
Printed Name: _____	Printed Name: <u>Darrell B. Skipper, P.E.</u>
Title: _____	Title: <u>President</u>
Date: _____	Date: <u>January 25, 2020</u>

WORK AUTHORIZATION

TO: Mr. Sam Gaston
City Manager
City of Mountain Brook
55 Church Street
Mountain Brook, AL 35213
CC: Mr. Andrew Doelman, P.E.
Senior Civil Engineer
Department of Planning, Engineering, & Permits
City of Birmingham
710 20th Street North,
Birmingham, AL 35203

FROM: Tony Montanaro, P.E.
Project Manager

DATE: 1/22/19

SUBJECT: Hagood Street TAP Supplemental Scope - Right-of-Way and Public Involvement

PROJECT #: Sain #18-0079



Two Parimeter Park South
Suite 500 East
Birmingham, Alabama 35242
Telephone: (205) 942-4422
www.sain.com

commencement points or land ties, to the public land survey system, may not be available, in the event that ties cannot be made to the Public Land Survey System ties will be shown to plotted subdivisions on record in the Judge of Probate for Jefferson County Alabama. The sketches and deeds will be provided to the City of Birmingham for appraisals and acquisition.

Public Involvement

Sain will coordinate, advertise, and present at one neighborhood association meeting. The presentation will contain a brief project description, Sain will prepare color exhibits of the proposed layout showing ROW limits and proposed construction. These exhibits will be displayed after the meeting and representatives from Sain will be available to answer questions from the public.

II. BUDGET

We propose to provide the above described services based on the following fee schedule:

Table with 2 columns: Service and Amount. Rows include Right-of-Way Tract Sketches and Legal Descriptions (\$7,500), Public Involvement (\$8,500), and Total Estimated Budget (LUMP SUM) \$16,000.

III. STATUS

We are available to begin this work upon authorization.

IV. TERMS AND CONDITIONS

This contract is subject to the enclosed Terms and Conditions. All subsequent services required by you outside the scope of service specified will be performed on a time and materials basis according to the schedule of rates enclosed. Any modification to this contract document must be approved in writing by both parties with approval indicated by each signatory's initials and the date of approval.

V. PROPOSAL LIMITATIONS

We reserve the right to withdraw or modify this proposal if not contracted within 60 days.

I. SCOPE

In the initial project scope, right-of-way tract sketches and deeds and public involvement were excluded. After survey and preliminary design, it became evident that right-of-way acquisition would be required as part of this project. Three properties, all located in the city of Birmingham, will be affected. The first, 516 Hagood Street, is due to the property corner and property line being in the middle of the road. The other two, 1000 and 654 Hagood Street, are due to avoiding impact several AT&T cabinets. The AT&T Cabinets were a known issue, but the solution was unclear until survey and preliminary design were performed.

It has also been requested by the City of Birmingham that public involvement be added to the project. Public involvement was not required by the project for the level of environmental document, and the City of Mountain Brook had previously held a meeting with the public regarding the cities sidewalk plan. However, the portion of the project through Birmingham City limits has not been shown to the public, so the City of Birmingham has requested a public meeting.

No right-of-way is required in the City of Mountain Brook. However, the City of Mountain Brook will need to contact one property owner (915 Sims Avenue) to notify them that their fence will be relocated from the right-of-way during construction.

Right-of-Way Tract Sketches and Legal Descriptions

Tract sketches, also referred to as property plats, will be prepared on a maximum of 3 affected parcels as indicated on the attached exhibits A & B. In addition we will prepare acquisition deeds, also referred to as legal descriptions, for each parcel of property acquired. The tract sketches and acquisition deeds will be prepared using bearings and distances as well the standard ALDOT/Station & Offset method. Due to the populated nature of the work area

Sincerely,
SAIN ASSOCIATES, INC.

Antonio Montanaro
Project Manager
PE #36735 AL

Alicia Bailey
Principal/Owner
AL #26339

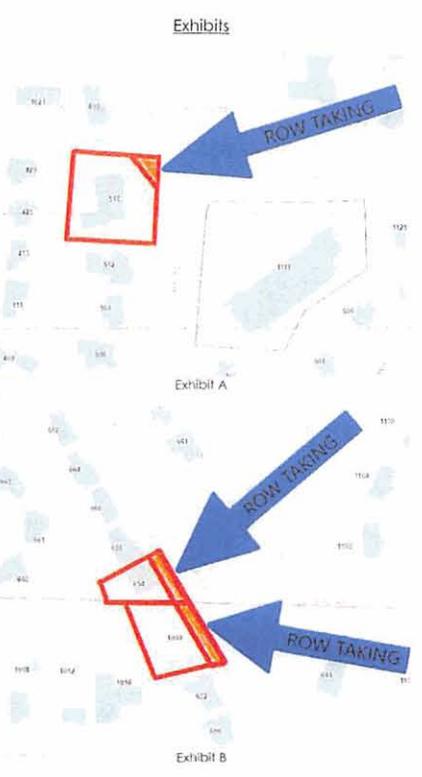
Enclosures: Terms & Conditions, (Schn. 2020)
Insert additional enclosures.

APPROVED
CITY OF MOUNTAIN BROOK

By: [Signature]
Authorized Representative

Stewart Welch III, Mayor
Printed Name, Title

2/10/2020
Date



SAIN ASSOCIATES, INC.
TERMS AND CONDITIONS

Table with 2 columns: Role and Rate. Lists various roles like Principal, Engineer/Planner, etc. and their corresponding hourly rates.

* Overtime rate is based on working over 8 hours a day.

Reimbursable Expenses

Printing, contract carrier service, and travel expenses are not included within our basic fee and will be passed along to you at our cost, plus 10%.

Payment

To be made monthly based upon the percentage of work completed and invoiced to you. Your obligation to pay for services rendered hereunder is in no way dependent upon your ability to obtain financing, to obtain payment from a third party, or to obtain approval of any governmental or regulatory agencies, or upon your successful completion of the project. Payment for services and expenses hereunder is due in full within sixty (60) days after receipt of invoice. For past due accounts in excess of 120 days Sain will issue a past due statement with interest of 1.5% per month from said thirteenth (13th) day. Sain may elect to seek assistance in collection of accounts in excess of 120 days in which case you will be billed for attorney's fees for collection in the amount of 1/3 of the outstanding balance or such greater amount as the court finds reasonable. We reserve the right to suspend services under this agreement until receipt of payment in full for all amounts due for services rendered and expenses incurred.

All Immigration Law Compliance

In signing this contract, the contracting parties affirm, for the duration of the agreement, that they will not violate federal immigration law or knowingly employ, hire for employment, or continue to employ an unauthorized alien within the state of Alabama. Furthermore, a contracting party found to be in violation of this provision shall be deemed in breach of the agreement and shall be responsible for all damages resulting therefrom.

Standard of Care

The standard of care for all professional services performed or furnished by Sain Associates under this Agreement will be the skill and care used by members of Consultant's profession practicing under similar circumstances at the same time and in the same locality. Sain makes no warranties, express or implied, under this Agreement or otherwise, in connection with Sain's services.

Responsibility of the Client

Client shall provide all criteria and full information as to its requirements for the Project, including budgetary limitations.

Schedules, Budgets and Estimates or Opinions of Cost

Any schedules or completion dates, budgets, or estimates of cost prepared by Consultant represent Consultant's professional judgment based on its experience and available information. Since neither Consultant nor Client has control over the cost of labor, materials, or equipment, or construction methods, or determining prices, competitive bidding or market conditions, utility conflicts or right-of-way acquisition, agency approval times or actions of a Consultant's Program Manager not employed by Sain, the Consultant cannot and does not warrant or represent that actual schedules, budgets or completion dates or actual costs will not vary from schedules or completion dates, budgets or estimates of cost prepared by Consultant or prepared, estimated, or approved by Client.

Jobsite Safety/Construction Phase Services

The Contractor has sole responsibility for jobsite safety and construction means and methods, not the design professional. The Consultant/design professional is not responsible for the acts or omissions of any contractor, subcontractor or material supplier.

Use of Electronic Media

Copies of documents that may be relied upon by the Client are limited to the printed copies (also known as hard copies) that are signed or sealed by the Consultant. Files in electronic media format or text, data, graphics or other files that are furnished by Consultant to Client are only for convenience of the Client. Any consultation or information obtained or derived from such electronic files will be at the user's sole risk. When forwarding documents in electronic media format, Consultant makes no representations as to long term compatibility, usability, or readability of documents resulting from the use of software application, operating system or computer hardware differing from those in use by Consultant at the beginning of this assignment.

Limitation of Remedies

Liability of Sain Associates, Inc. resulting from errors, omissions, or the negligence of Sain Associates, Inc., its agents or employees pursuant to work under this agreement shall not exceed the lesser of the value of engineering or surveying services required to correct the deficiency or the basic consulting fee for work covered hereunder or the actual cost of the remedies. This provision is being agreed to as a result of the fees being charged.

SAIN ASSOCIATES, INC. TERMS AND CONDITIONS

Dispute Resolution
Client and Sain Associates agree that if a dispute arises out of or relates to this contract, the parties will attempt to settle the dispute through good faith negotiations.

Indemnification
Client and Consultant each agree to indemnify and hold the other harmless, and their respective officers, employees, agents and representatives, from and against liability for all claims, losses, damages and expenses, including reasonable attorneys' fees, to the extent such claims, losses, damages, or expenses are caused by the indemnifying party's negligent acts, errors or omissions.

Force Majeure
Neither party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations results from any cause beyond its reasonable control and without its negligence.

Termination of Contract
Client may terminate this Agreement with seven days prior written notice to Consultant for convenience or cause. Consultant may terminate this Agreement for cause with seven days prior written notice to Client.

Ownership of Documents
All documents prepared or furnished by Consultant pursuant to this Agreement are instruments of Consultant's professional service, and Consultant shall retain ownership and property interest therein.

Schedule 2020

SAIN ASSOCIATES, INC.
2020

Sam Gaston

From: Montanaro, Tony <T.Montanaro@sain.com>
Sent: Friday, December 20, 2019 3:39 PM
To: Doelman T. Andrew
Cc: Sam Gaston (gastons@mtmbrook.org), Bailey, Alicia
Subject: RE: Hagood TAP
Attachments: Cost Estimate_PSE.pdf

Andrew,

We can certainly add public involvement to our scope of work. We are going to need to submit for a supplement agreement to handle the tract sketches and deeds for the ROW acquisition, so that can be included with that. I copied Sam on this as well since they are the prime, so he is aware that you all are requesting the public involvement.

We have the plans about ready to submit for PS&E review from ALDOT. I have attached a cost estimate based on these plans. The Construction and CE&I number, about \$670K, come in a good bit below the \$800K TAP fund, so there may still be around \$130K to play with. However, from what we've seen, bid prices are ever on the increase and there could be some indirect costs associated with the project that could pull that number much closer to the grant amount.

We will look to submit the plans in January so we can get to ROW acquisition, as that will be the critical path moving forward to get to project letting. I will start pulling together a supplemental agreement for the sketches and deeds and public involvement as well.

Thanks,

Tony Montanaro, PE
Project Manager
Direct: (205)263-2114



From: Doelman T. Andrew [mailto:Andrew.Daelman@birminghamal.gov]
Sent: Friday, December 20, 2019 2:15 PM
To: Montanaro, Tony
Subject: RE: Hagood TAP

Tony,

I spoke to traffic engineering and our director, James Fowler, he thinks we should have some public involvement meetings, or at least one, on this one. I know it isn't in your current contract, but Alicia mentioned you guys were having to get a supplemental agreement already? It may be a good idea to see if we can add in community outreach to your supplemental.

Andrew Debaat Doelman, P.E.

Senior Civil Engineer
Department of Planning, Engineering, & Permits
City of Birmingham
p. 205-297-8258



Table with columns: Pay Item No., Item Description, Unit, Quantity, Unit Price, Amount. Title: Opinion of Probable Construction Cost - Hagood Sidewalk TAP 12/20/2019. Includes items like Clearing & Grubbing, Retaining Pipe, Storm Sewer Pipe, etc.

Public Information Meeting for Project Number: TAPBH-TA19(930) Sidewalk Project on Hagood Street from Euclid Avenue to Montclair Road. Includes a map showing the project location and meeting details at McElwain Baptist Church.

FUNDING & OPERATING AGREEMENT

This Funding & Operating Agreement (the "Agreement") between the City of Mountain Brook, Alabama (hereinafter the "City") and Friends of Beech Circle, an unincorporated non-profit, association formed pursuant to the provisions of the Alabama Unincorporated Nonprofit Association Law (hereinafter the "Association"), is entered effective as of the date last signed below by either of them (the "Effective Date"). The City and Association may be individually referenced hereinafter as a "Party" or collectively as "Parties."

WHEREAS, the City maintains that certain two-way, public street on its north side that lies within its municipal limits and is known as Beech Circle (the "MB Segment");

WHEREAS, presently vehicular traffic headed north from Mountain Brook toward Montclair Avenue in the City of Birmingham, Alabama ("COB") may traverse Beech Circle for that purpose;

WHEREAS, the COB owns and maintains that part of Beech Circle that lies within its jurisdiction between Montclair Avenue and the City/COB municipal boundary (the "COB Segment");

WHEREAS, notwithstanding the posting of signs by the COB and other efforts by it to deter drivers from traveling south along the COB Segment into the City, a significant number of vehicles continue to drive in the wrong direction for that purpose;

WHEREAS, the properties lying along the MB Segment are used as private residences;

WHEREAS, the purpose of the Association is to enhance the quality of life for property owners who reside along or in the vicinity of Beech Circle;

WHEREAS, the Association has requested that the City Council of the City of Mountain Brook (the "City Council") enact an ordinance that would prohibit vehicular traffic from traveling in a northerly direction along Beech Circle from the City/COB municipal boundary into the COB (the "City Ordinance");

WHEREAS, in addition to the City Ordinance, the City Council is also considering installing certain traffic control devices known as bollards on the MB Segment at a point immediately south of the City/COB municipal boundary (the "Bollards");

WHEREAS, if the Bollards are installed, the City also intends to enter an Inter-Jurisdictional Automatic Aid Agreement with the COB providing for the City's Fire Department to respond to emergency calls to properties that lie in the COB at cul-de-sacs on Montgomery Drive and Camelia Drive (the "Automatic Aid Agreement");

WHEREAS, if the City Ordinance is enacted and the Bollards are installed, the City will purchase, own, install and maintain them pursuant to the terms herein;

WHEREAS, the Association desire to enter into this Agreement for the sole purpose of helping the City defer its expense to purchase, install and maintain the Bollards (collectively, the "City Expenses"); and

WHEREAS, pursuant to the terms and conditions below, the Parties enter this Agreement for the purposes stated herein.

NOW WITNESSETH

In consideration of the mutual covenants herein and other good and valuable consideration between the Parties, the receipt and sufficiency of which is acknowledged, the City and Association agree as follows:

1. Conditions to Perform. This Agreement will terminate and neither Party will owe any obligation to the other hereunder unless both of the following occur: (a) the City Ordinance is enacted; and (b) the Automatic Aid Agreement between the City and COB is executed within one hundred (100) days after the Effective Date (collectively, the "Conditions to Perform"). Notwithstanding the provision immediately above or elsewhere herein, the City, in the exercise of its sole discretion, may waive any requirement that the Automatic Aid Agreement between the City and COB be executed before this Agreement becomes effective.

2. Obligations of Parties. If the Conditions to Perform are satisfied (or waived by the City), the Parties will have the following respective responsibilities hereunder:

- a. Initial Operations to Procure & Install Bollards. Not later than thirty (30) days after satisfaction of the Conditions to Perform, the City will procure and install the Bollards (the "Initial Operations"). The estimated expense for these Initial Operations is approximately Fourteen Hundred Thirty Eight Dollars (\$1438.00). The City Clerk will provide notice to the Association of its actual expense for the Initial Operations after same are completed, and the Association agrees to reimburse the City for that expense by remitting payment to the City Clerk for it within five (5) days following said notice.
b. Maintenance. During the term of this Agreement the City will own and maintain the Bollards in functional condition. The Parties anticipate that the City may incur expenses for the following work related to the Bollards:
(i) regularly scheduled maintenance recommended by its manufacturer;
(ii) repair or replacement of obsolete or inoperable components;
(iii) repair or replacement of them or their components caused by damage, vandalism, abnormal weather conditions or other casualty to the extent that the City's expense (in part or whole) related to any such event is not covered or reimbursed by its

casualty insurer. An example of such expense includes, but is not limited to, a deductible payable by the City pursuant to its casualty insurance program;

(iv) the City's expense to remove the Bollards and restore the subject area to that condition preceding the Effective Date if this Agreement is terminated by either Party or it expires; and

(v) any other work or operation by the City to maintain the intended functionality of the Bollards.

(the above work in subparts (i) - (v) being collectively referenced herein as "Maintenance"). The City will bear responsibility for the expense of Maintenance during the Term, provided that if the City's expense for any Maintenance operation exceeds \$250, the City Clerk will provide the Association notice of the City's actual expense for any such operation, and the Association shall reimburse the City for that amount minus \$250 by remitting payment to the City Clerk within five (5) days following said notice.

c. Agreement to Pursue Insurance. The City represents that the Bollards shall be covered by the City's property and casualty insurance policy in a manner consistent with other property owned by it. In the event of any damage to the Bollards that would require repair under Section 2(b)(iii) above, the City agrees to use good faith efforts to collect insurance proceeds relating to such damage before seeking reimbursement from the Association for Maintenance expense.

3. Agreement Representatives. Each Party will appoint a representative who will coordinate and administer matters related to this Agreement with the other (an "Agreement Representative"). The respective Agreement Representatives of each Party will be as follows:

For City: City of Mountain Brook, ATTN: City Manager, 56 Church Street, Mountain Brook, AL 35213, email: gastons@mtnbrook.org
For Association: Friends of Beech Circle, J. Randall Pitts, Jr., Manager, 58 Vine Street, Suite 100, Mountain Brook, AL 35213, email: jrp@southlawllc.com

Notices contemplated herein will be deemed given to the other Party when hand delivered, emailed or sent by first class mail to the other Agreement Representative.

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2020-023

4. Term. This Agreement shall commence on the Effective Date and thereafter continue in effect for one year (the "Initial Term"). Thereafter, it shall extend for up to four (4) successive periods of twelve (12) months each if neither Party provides notice to the other of their intent to terminate at least thirty (30) days before the expiration of the then current twelve month period of the Agreement. The Initial Term and any renewal period(s) may be collectively referenced hereinafter as the "Term."

Notwithstanding, this Agreement may terminate before its expiration if either of the following occurs:

- a. On convenience of the City by it providing sixty (60) days advance written notice to the Association, or
b. The failure of a Party to perform a material obligation owed to the other hereunder constitutes a "Breach". This Agreement will terminate effective fifteen (15) days after notice of a Breach is provided by a Party to the other and the defaulting Party fails to cure that Breach within that cure period. For purposes hereof, a Breach shall include the Association failing to perform its funding obligations herein.

Upon the expiration or termination of this Agreement for any reason, the City may repeal the City Ordinance, remove and signage on or along the MB Segment and take other actions it deems appropriate to restore the condition of Beech Circle to that existing on the Effective Date.

5. No Assignment. The Association may not assign this Agreement or any of its rights or obligations hereunder to any third party or successor in interest without the advance written consent of the City, which consent shall not be unreasonably withheld.

6. Exclusion of Consequential Damages. In no event may the Association recover or receive from the City any special, incidental, consequential or any other indirect damages whatsoever of any description (including, without limitation, punitive or exemplary damages, damages for lost opportunity, loss of savings or revenues or for increased cost of operations) or amount arising from the City's Breach of its obligations hereunder.

7. Independent Contractors. The City and Association are independent contractors. This Agreement does not create any partnership, joint venture or principal-agent relationship between them. Further, neither Party retains any control or authority with respect to its means and methods in which the other Party (or any of their representatives) perform any of their responsibilities or activities contemplated herein.

8. Miscellaneous. This Agreement

- a. contains and reflects all of the terms and conditions between the Parties concerning the Bollards and the other matters addressed herein, and any understanding or agreement concerning those matters that has been previously negotiated or discussed but is not expressed herein is merged into this

instrument and of no effect:

- b. may not be amended except in a writing signed by both Parties;
c. is entered by the undersigned, duly authorized representatives of the respective Parties;
d. may be executed in multiple counterparts which shall be construed together as a single original instrument and, when executed, each counterpart shall be binding upon and inure to the benefit of each Party whether reproduced in photographic, digital, computer, or other electronic form;
e. shall be governed, enforced and interpreted by the laws of the State of Alabama; and
f. is made only for the benefit of the Parties, and is not intended, nor shall it be construed, to grant or bestow any benefit, right or privilege to any third party.

(Signature Page Follows)

FRIENDS OF BEECH CIRCLE (Association)

By: _____
Its: _____
Date: _____, 2020

CITY OF MOUNTAIN BROOK, ALABAMA (City)

By: [Signature]
Its: City Manager
Date: Feb 11, 2020

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2020-023

INTER-JURISDICTIONAL AUTOMATIC AID AGREEMENT

This Agreement is entered by and between the City of Birmingham, Alabama, on behalf of the Birmingham Fire and Rescue Service, hereinafter referred to as "BF&RS", and the City of Mountain Brook, Alabama, on behalf of its Fire Department, hereinafter referred to as "MBFD". This Agreement shall become effective on the date it is last signed below by a party (the "Effective Date").

WITNESSETH:

WHEREAS, each of the parties maintains and operates a fire department with equipment and personnel, and an emergency communications center to receive emergency calls and dispatch fire and rescue services in their respective jurisdictions;

WHEREAS, as a general matter, the fire department that serves a jurisdiction is the responding agency to fire and emergency alarms and calls that originate in their jurisdiction;

WHEREAS, on a situational basis, a fire department may request that agencies that regularly provide emergency fire and rescue service outside the jurisdiction of the responding agency assist them to provide fire and rescue services for locations within the jurisdiction of the responding agency;

WHEREAS, the following residences that are shown on the map attached as Exhibit A lie in the City of Birmingham, but are near its municipal boundary with the City of Mountain Brook and are readily accessible by the MBFD:

- (a) six homes at the end of the Camella Drive cul-de-sac with the following specific house numbers of 140, 141, 144, 145, 148 and 149; and (b) the seven homes at the end of the Montgomery Drive cul-de-sac with the specific house numbers 708, 712, 716, 720, 728, 732, and 736.

(collectively, the "Residences");

WHEREAS, the Residences lie in areas that the parties hereby designate as the "Mutual Response Zones" for purposes of this Agreement;

WHEREAS, the parties recognize and agree that it is mutually beneficial to them and in the public interest for the citizens in their respective jurisdictions to automatically respond to incidents, alarms and calls from or related to the Residences in the designated Mutual Response Zones; and

WHEREAS, the parties enter into this Agreement concerning responses to fire and rescue alarms and calls in times of emergency in the Mutual Response Zones.

NOW THEREFORE, the parties enter this Agreement pursuant to the following stipulations, provisions and conditions:

- 1. Automatic Response by Both Parties. In lieu of BF&RS making a specific request that MBFD assist it to provide emergency services in an area and MBFD affirmatively honoring that request, BF&RS and MBFD both agree to automatically respond to alarms and calls for emergency service originating in or related to the Mutual Response Zones.
2. Reporting of Emergency Calls to BF&RS. BF&RS initially will receive calls or alarms for emergency service in the Mutual Response Zones at its emergency communications center or other offices. When BF&RS receives a report of a structure fire in those Zones, BF&RS shall notify MBFD to respond to that report and MBFD's deployment of responding units shall consist of a minimum of one (1) engine. When BF&RS receives a report of a medical emergency in those Zones, BF&RS shall notify MBFD to respond to that report and MBFD's deployment of responding units shall consist of a minimum of one (1) Advanced Life Support Transport Unit.
3. Officer-in-Charge. If the emergency unit that is dispatched by MBFD to the Mutual Response Zones is first to arrive at the scene of the emergency, the officer in charge of that first arriving unit shall take command of the situation until relieved by the BF&RS. If the emergency unit that is dispatched by BF&RS to the Mutual Response Zone is first to arrive at the scene of the emergency and a unit dispatched by MBFD later arrives, the BF&RS shall remain in command.
4. Duties and Level of Service. When emergency services are performed within the Mutual Response Zones, no department, officer or employee of either party shall perform any function or service that is not within the scope of their duties or the kind of services that they perform within their respective jurisdiction. Subject to the understanding in section 3 above, the rendition of service, standards of performance, discipline of officers and employees, and other matters incident to performance of services and control of personnel by the BF&RS and MBFD who provide service in the Mutual Response Zone shall remain with their respective department and supervisors thereof. Disputes or disagreements as to the level of services and standards of performance required or performed by either party in the Mutual Response Zones shall be reported to both the Fire Chief of the BF&RS and the Fire Chief of MBFD, respectively. The decision of the Fire Chief of the BF&RS shall be final and conclusive as to the level of services or standards of performance in those Zones by employees of BF&RS. The decision of the Fire Chief of MBFD shall be final and conclusive as to the level of services or standards of performance there by MBFD employees.
5. Employee Status. In performing the services and functions contemplated in this Agreement, no person employed by either the BF&RS or MBFD shall have any claim or right to compensation of any type (including, without limitation, salary, wages, or worker's compensation), pension or other benefits paid by either of them to their employees), civil service or other employee rights or privileges that are granted by operation of law or otherwise extended by the other party to its own officers and employees.

6. Liabilities and Responsibilities of Parties

- (a) Neither of the parties or their respective officers and employees shall be deemed to assume any liability for the acts, omissions, and negligence of the other party (or their officers or employees) in the performance of their respective services, functions and activities hereunder related to provision of emergency service for the Mutual Response Zones. In the event any third party asserts a claim against either of the parties (or their respective officers or employees) for damages, loss or injury arising from those activities, each party shall defend any such claim made against them (or their respective officers or employees) at their own expense and solely shall have responsibility for the conduct of their respective department, officers and employees.
(b) All of the privileges and immunities from liability, exemption from laws, ordinances and rules, and benefit of pensions and relief, disability, workman's compensation and other benefits which apply to the activity of officers or employees of a party when performing their functions within the territorial limits for their respective agencies shall apply to the same degree and extent when those officers and employees perform such functions and duties extra-territorially pursuant to this Agreement.
(c) Except as herein otherwise provided, all liability for injury to personnel employed by either party, and for loss or damage of equipment owned or utilized by them shall be borne by the party employing such personnel and owning such equipment.
(d) The cost of fuel, expendable supplies and operations of the respective parties contemplated hereunder shall be the responsibility of the party providing that equipment, consuming those supplies and performing their respective operations.
(e) All compensation for personnel (including, but not limited to, salaries, pensions, and other benefits) who perform services with respect to emergencies occurring in the Mutual Response Zones shall be borne by the party employing such personnel.
(f) The BF&RS shall not be held liable for the actions or inactions of MBFD during emergency responses, including, but not limited to, MBFD not responding to incidents after being notified by the BF&RS. Further, MBFD shall not be held liable for the actions or inactions of the BF&RS during emergency responses, including, but not limited to, the BF&RS not responding to incidents related to their services or activities hereunder.

Effective Date & Term of Contract. The term of this Agreement shall begin on the Effective Date, and shall remain in effect until terminated by mutual agreement of both parties; provided, however, either party may terminate said Agreement by giving at least thirty (30) days advance written notice to the other party listed below.

- 8. Governing Law. This Agreement shall be governed by and be construed in accordance with the laws of the State of Alabama.
9. Integration. This Agreement constitutes the entire agreement between the BF&RS and MBFD with respect to the matters herein. Any discussions, understandings or matters not expressed herein are merged into this Agreement and of no effect.
10. Partial Invalidity. If any portion of this Agreement is determined by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining portions of this Agreement shall remain valid and of full force and effect.
11. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of the BF&RS and MBFD.
12. Counterpart Signatures. This Agreement may be executed in multiple counterparts which shall be construed together as a single original instrument, and, when executed, each counterpart shall be binding upon and inure to the benefit of each party whether reproduced in photographic, digital, computer, or other electronic form

(Signature Page Follows)

CITY OF BIRMINGHAM, ALABAMA on behalf of the BF&RS

By: Cory D. Moon

Its: Fire Chief

Date: 2/10/2020

Address: 1808 7th Ave. North Birmingham, Alabama 35203

CITY OF MOUNTAIN BROOK, ALABAMA, on behalf of its Fire Department

By: Chris J. Mullins

Its: Fire Chief

Address: 102 Tibbett Street Birmingham, Alabama 35213

EXHIBIT A - MAP DEPICTING MUTUAL RESPONSE ZONES

2020-024

CITY OF MOUNTAIN BROOK, ALABAMA

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019**

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**City of Mountain Brook, Alabama
City Officials**

SEPTEMBER 30, 2019

MAYOR

The Honorable Stewart H. Welch III

CITY COUNCIL

Ms. Virginia C. Smith, President

Mr. Philip E. Black

Mr. Lloyd C. Shelton

Mr. William S. (Billy) Pritchard III

Ms. Alice B. Womack

CITY MANAGER

Mr. Sam S. Gaston

DEPARTMENT SUPERVISORS

Building Inspections	Mr. Glen Merchant
Finance	Mr. Steven Boone
Fire Department	Mr. Chris Mullins
Planning, Building, and Sustainability	Ms. Dana Hazen
Police Department	Mr. Theodore J. (Ted) Cook
Streets and Sanitation	Mr. Ronald D. Vaughn
Parks and Recreation	Mr. Shanda Williams

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City of Mountain Brook, Alabama

Table of Contents

	<u>Page</u>
Independent Auditors' Report	5
Management's Discussion and Analysis	7
Basic Financial Statements	
Government-wide Statement of Net Position	18
Government-wide Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	21
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Government-wide Statement of Activities	24
Statement of Fiduciary Net Position – OPEB Trust Fund	25
Statement of Changes in Fiduciary Net Position – OPEB Trust Fund	26
Notes to Financial Statements	27
Required Supplementary Information	53
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	55
Notes to Required Supplementary Information	56
Schedule of Changes in the Net Pension Liability and Related Ratios	57
Schedule of Employer Contributions	58
Other Post-Employment Benefits (OPEB)	
Schedule of Changes in Net OPEB Liability and Related Ratios	60
Schedule of Employer Contributions	61
Schedule of Investment Returns	62
Supplementary Information:	64
Combining Balance Sheet – Other Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds	66
Combining Balance Sheet – Capital Projects Funds	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Funds	68
Schedule of General Fund Revenues by Source	69
Comparative Balance Sheet – General Fund	70

City of Mountain Brook, Alabama

Table of Contents

	<u>Page</u>
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund	71
Comparative Balance Sheet – Capital Projects Funds	72
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Funds	73
Comparative Balance Sheet – Debt Service Fund	74
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance – Debt Service Fund	75
Report on Compliance and Internal Control	77
Independent Auditor's Report on Internal Control Over Financial Reporting and Non-Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	79
Schedule of Findings and Responses	81

APPENDIX 7



Carr, Riggs & Ingram, LLC
3700 Colonnade Parkway
Suite 300
Birmingham, AL 35243
(205) 933-7822
(205) 933-7844 (fax)
www.cricpas.com

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Mountain Brook Library Foundation, which represents the City's discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

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

Limited comparative information is included in the accompanying financial statement that are not covered in the scope of our audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed in the table of contents as "required supplementary information" be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC

Birmingham, Alabama
April 29, 2020



CITY OF MOUNTAIN BROOK, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the City's financial activities as of and for the year ended September 30, 2019, prepared by the management of the City, is presented to facilitate the users' understanding of the annual report and draw attention to items of interest.

FINANCIAL HIGHLIGHTS

- Assets of the City exceeded its liabilities at September 30, 2019, by \$87 million (Total Net Position). Of this amount, \$79 million represents the net book value of the City's capital assets including infrastructure, and \$672,000 is restricted (\$238,000 for the Emergency Communication District and \$434,000 for road improvements from the State Shared Gasoline Tax special revenue funds). The remaining \$7.7 million is available for use by the City to fund future municipal services and to meet its obligations to employees and creditors.
- The Total Net Position increased by \$2.9 million in 2019 which includes the net cost of providing core City Services of \$30.4 million plus \$33.3 million in General Revenues.
- As of September 30, 2019, the City reported \$36.8 million in fund balances, an increase of \$4.7 million from 2018. Of the \$36.8 million fund balances, \$17 million (46%) is reported in the General Fund, \$17.1 million (47%) in the Capital Projects Fund and \$2.7 million (7%) in the Other Governmental Funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of the 1) government-wide financial statements, 2) fund financial statements, 3) notes to financial statements, and 4) certain required supplementary financial information. In addition, the City has included other supplementary information intended to further enhance the users' understanding of the City's financial position and results of operations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City is one of more than thirty suburbs of the City of Birmingham, Alabama. The City's land area is approximately 13 square miles of which approximately 98% is residential. The commercial districts are concentrated into five distinct retail villages and an office park complex. The population is stable at approximately 20,400.

The City's revenues are relatively stable and expected to increase modestly in the future with incremental gains attributable to regional economic growth and ongoing redevelopment of commercial and residential properties. The growth in General Fund revenues for the year ending September 30, 2019 was 6.2% greater than the actual realized for the year ended September 30, 2018.

The residents of the City have expressed high satisfaction in a recent survey with respect to the services and amenities offered by the City. Accordingly, programs and activities and the costs associated with governmental operations are stable. Budgeted General Fund expenditures for 2020 are estimated to increase 6.6% above the actual incurred for the year ended September 30, 2019.

Government-wide Financial Statements

The government-wide financial statements are intended to provide an indication of the City's finances in a manner similar to the private sector. Accordingly, the government-wide statements, comprised of the Statement of Net Position and Statement of Activities, have been prepared using the accrual basis of accounting.

The Statement of Net Position depicts all of the primary government's assets and liabilities with the difference between the two reported as Net Position. Over time, changes in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The Statement of Activities illustrates how the City's net position changed during the year. Revenues and expenses reported in the Statement of Activities are recorded when the underlying event that gave rise to the change occurred as opposed to the timing of the related cash flow. The focus of the Statement of Activities is on the gross and net cost of the various governmental activities which are funded by the City's general tax and other revenues. The purpose of this statement is to simplify the analysis of the costs of various governmental services.

Fund Financial Statements

The fund financial statements have been prepared under the modified accrual basis of accounting and their presentation is largely consistent with historical presentations.

A fund is a grouping of related accounts designed to facilitate control over resources that have been segregated for a specific activity or objective. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds are governmental type funds (as opposed to business-type funds) whose primary resources are provided by taxes.

CITY OF MOUNTAIN BROOK, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds

Governmental funds essentially measure and report the same activities and transactions as the governmental activities in the government-wide financial statements. However, unlike the accrual basis government-wide statements, the governmental funds focus on current spendable resources and balances of such spendable resources available at the end of the year.

The City maintains twelve (12) governmental funds. The City considers the General Fund and Capital Projects Fund (which is comprised of three "sub-funds") to be major funds and their respective balance sheets and statements of revenues, expenditures, and changes in fund balance are separately reported. Information from the remaining funds (various Special Revenue funds and the Debt Service fund) have been aggregated and reported in a single column titled "Other Governmental Funds". Additional information about these aggregated, non-major funds and the major funds is provided in the other supplementary information.

Infrastructure Capital Assets

In 2003, the City capitalized its infrastructure assets based on historical financial cost data maintained by the City and other estimation techniques (primarily involving non-depreciable land, easements, and rights-of-way). Depreciation of infrastructure was determined using the straight-line method from the year of acquisition using estimated useful lives ranging between 10 and 75 years depending on the class of asset. Infrastructure capitalized and the related depreciation reported in the accompanying government-wide financial statements is as follows:

	Useful Life	Cost	Depreciation	Accumulated Depreciation
Land (easements)	N/A	\$ 16,525,671	N/A	N/A
Streets and alleys	20	21,192,889	\$ 591,785	\$ 15,417,459
Storm sewers	20	14,181,401	677,096	7,450,172
Sidewalks	15	17,092,690	735,602	10,834,059
Park facilities	20	9,459,441	291,480	6,494,499
Street lights and signs	15	1,617,629	60,858	1,247,965
Library reference materials	5	5,592,241	341,703	4,716,530
Totals		\$ 85,661,982	\$ 2,698,524	\$ 46,160,684

Government-wide Financial Analysis

Following is a condensed financial analysis of the government-wide net position of the City as of September 30:

CITY OF MOUNTAIN BROOK, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MOUNTAIN BROOK, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS

	2019	2018
Current assets	\$ 39,521,689	\$ 34,894,228
Capital assets	79,033,394	81,197,016
Deferred outflows of resources	9,052,333	8,508,212
Total assets and deferred outflows of resources	127,607,396	124,699,455
Current and other liabilities	2,687,137	2,873,640
Long-term liabilities	3,254,195	3,136,531
Net pension liability (Note 5)	27,949,688	27,989,580
Net OPEB liability (Note 6)	2,904,202	2,938,159
Deferred inflows of resources	3,414,122	3,271,421
Total liabilities and deferred inflows of resources	40,209,344	40,209,331
Net position:		
Net investment in capital assets	79,033,394	81,197,016
Restricted	671,512	887,717
Unrestricted	7,693,146	2,405,392
Total net position	\$ 87,398,052	\$ 84,490,124

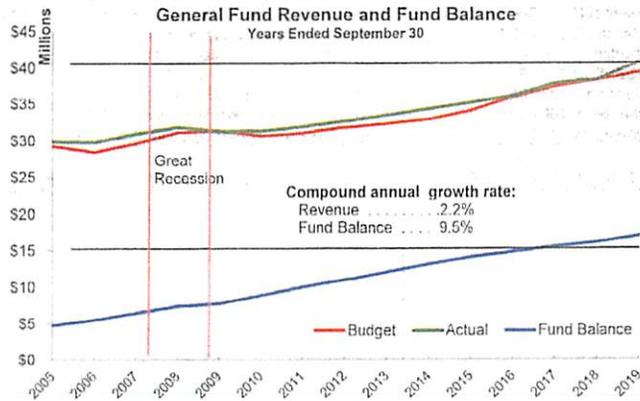
Following is a summary analysis of the government-wide revenues and expenses:

	2019	2018
Revenues		
Program revenues		
Fees, fines and charges for services	\$ 7,487,857	\$ 7,136,261
Operating grants and contributions	1,272,935	1,095,238
Capital grants and contributions	1,598,685	1,635,237
General revenues		
Ad valorem taxes (real and personal property)	17,448,441	16,857,432
Sales and use taxes	11,890,474	11,256,511
Other taxes	503,488	469,161
Utility taxes	1,382,185	1,266,010
Franchise fees	630,040	615,833
Investment earnings	1,311,115	133,409
Gain (loss) on disposals of capital assets	85,921	162,973
Miscellaneous revenues	40,751	23,719
Transfers from component unit	70,841	75,626
Total revenues	43,712,741	40,727,410

CITY OF MOUNTAIN BROOK, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses		
General government	7,049,750	7,479,826
Public safety	18,091,141	18,332,913
Street and sanitation	10,155,540	9,514,466
Recreational	1,905,499	1,710,629
Library	3,522,803	3,126,560
Total expenses	40,804,813	40,164,394
Increase in net position		
	2,907,928	563,016
Net position, beginning of year as originally reported	84,490,124	89,333,847
Prior period adjustments (2018)	0	(5,406,739)
Net position, beginning of year as restated	84,490,124	83,927,108
Net position, end of year	\$ 87,398,052	\$ 84,490,124

The chart below depicts the historical trends of the City's General Fund revenue and Fund Balance:



Analysis of the City's Operations

Revenues

The City's primary source of revenue is real estate taxes which comprised 40% of total General Fund revenues in 2019. Real estate taxes increased \$609,000 (3.9%) during 2019 largely due to revaluations but also by \$60,000 due to the satisfaction of an annexation incentive commitment in 2018 (Note 9).

CITY OF MOUNTAIN BROOK, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The second largest source of revenue for the City is sales and use tax which totaled 27% of total General Fund revenues in 2019. Sales and use tax revenue increased by \$338,000 (3.2%) during 2019.

Construction permits increased by \$341,000 (29%) due to increased building activity throughout the City combined with a \$1 increase in the permit fee. (The permit fee was increased from \$9 to \$10 per \$1,000 of construction value or 11%.)

Investment earnings increased by \$392,000 (213%) due to interest rate reductions experienced in 2019 which increased the valuations of the City's fixed income securities effectively reversing unrealized losses experienced in previous years when interest rates rising.

Following is a comparative summary of the major General Fund revenues as reported in the Governmental Funds financial statements:

	2019	2018	Increase (Decrease)
Real estate ad valorem tax	\$ 16,179,118	\$ 15,570,510	\$ 608,608
Sales and use tax	11,041,853	10,703,490	338,363
Business licenses	2,995,790	2,991,535	4,255
Personal property ad valorem tax	1,269,323	1,286,922	(17,599)
Construction permits	1,501,218	1,160,304	340,914
Utility taxes	1,362,195	1,266,010	96,185
Fine and forfeitures	461,595	514,978	(53,383)
Investment earnings	575,961	183,834	392,127
All other General Fund revenues	5,306,253	4,638,846	667,407
Totals	\$ 40,693,306	\$ 38,316,429	\$ 2,376,877

CITY OF MOUNTAIN BROOK, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenditures

Salaries and benefits increased \$1.03 million (5%) in 2019 to \$23.6 million. Labor-related costs made up (59%) of the City's total General Fund expenditures (including intrafund transfers) in 2019. Following is a comparative summary of the major expenditure categories (all funds combined) of the City as reported in the Governmental Funds financial statements.

	2019	2018	(Decrease)
Salaries and benefits	\$ 22,942,809	\$ 21,936,783	\$ 1,006,016
Excess pension contribution	638,000	610,000	28,000
Garbage contract fees	2,870,694	2,870,506	188
Capital outlay	3,498,940	7,382,669	(3,883,729)
Intergovernmental services	973,991	997,561	(23,570)
Utilities and communication	933,769	913,475	20,294
Development agreement payments	1,227,363	1,315,764	(88,401)
Property and casualty insurance	270,337	259,394	10,943
Legal and accounting	424,064	440,559	(16,495)
Fuel and lubricants	266,158	282,336	(16,178)
Birmingham Zoo, Inc. subsidy	10,000	20,000	(10,000)
All other	4,942,672	4,894,555	48,117
Totals	\$ 38,998,797	\$ 41,923,612	\$ (2,924,815)

General Budgetary Highlights (budgets are administered based on, and variances are stated in terms of, the Governmental Fund accounting model)

Following is a summary of the pertinent General Fund budget variances:

- Actual General Fund revenue exceeded the final budgeted revenue by \$1.3 million (3.4%).

The favorable (unfavorable) budget variance was comprised of the following:

CITY OF MOUNTAIN BROOK, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS

	Budget	Actual	Favorable (Unfavorable)
Real estate tax	\$ 15,927,000	\$ 16,179,118	\$ 252,118
Sales and use tax	11,023,000	11,041,853	18,853
Sales and use tax (county administered)	413,000	472,032	59,032
Sales and use tax (state on-line sales)	180,000	376,589	196,589
Lodging tax	540,000	694,827	154,827
Personal property taxes	1,376,957	1,269,323	(107,634)
Other taxes	1,021,300	1,072,066	50,766
Utility taxes	1,266,000	1,362,195	96,195
Road and bridge tax	647,000	671,896	24,896
Construction permits	1,197,000	1,501,218	304,218
Fines and forfeitures	534,700	461,595	(73,105)
Charges for services	759,947	767,403	7,456
Fees for road repairs	40,000	13,127	(26,873)
Grants	13,068	96,880	83,812
Investment earnings	145,680	575,961	430,081
All other	4,262,470	4,137,223	(145,247)
Totals	\$ 39,367,322	\$ 40,693,306	\$ 1,325,984

Total General Fund expenditures were \$869,000 (2.5%) less than the final budget. The favorable (unfavorable) budget variance was comprised largely of the following categories:

	Budget	Actual	Favorable (Unfavorable)
Salaries and benefits	\$ 24,150,982	\$ 23,580,809	\$ 570,173
Garbage contract fees	2,844,000	2,870,694	(26,694)
Intergovernmental services	1,004,500	973,991	30,509
Utilities and communication	925,808	933,769	(7,961)
Development agreement payments	1,408,750	1,227,363	181,387
Fuel and lubricants	316,700	266,158	50,542
Fleet and equipment maintenance	313,750	266,121	47,629
Legal and accounting (financial and revenue compliance)	266,000	424,064	(158,064)
Property and casualty insurance	266,550	270,337	(3,787)
Employee development and travel	381,150	304,710	76,440
Traffic studies	40,000	67,078	(27,078)
Street striping	225,000	179,002	45,998
Street cut repairs	100,000	126,321	(26,321)
All other	2,567,968	2,461,600	106,368
Totals	\$ 34,811,158	\$ 33,952,017	\$ 859,141

CITY OF MOUNTAIN BROOK, ALABAMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total operating transfers out exceeded the amount budgeted by \$1,446,000. This variance resulted largely from the Council's decision (after year-end) to transfer an additional \$1 million from the General Fund to the Capital Projects Fund and \$268,000 from the General Fund to the Debt Service Fund.

The total excess of General Fund revenues and other financing sources over expenditures in the amount of \$925,000 was \$708,000 more than budgeted.

**Other Matters of Interest
Pension Plan**

As more fully described in Note 5 to the Financial Statements, the City participates in an agent multi-employer, defined benefit pension plan which is administered by the Employees' Retirement System of Alabama (RSA). The most recent actuarial valuation data available is as of and for the year ended September 30, 2018.

As of September 30, 2018, the RSA reported the actuarial value of plan assets to be \$58.7 million and the actuarial accrued liability to be \$89.6 million resulting in an unfunded actuarial accrued liability of \$30.9 million. The actuarial value of assets was \$1.9 million less than the market value of assets as of September 30, 2018.

To address concerns about the unfunded actuarial accrued pension liability, the City Council has often contributed more than the actuarially determined required contribution (ARC). Following are the City's deposits to the pension trust in excess of the ARC:

Year	Amount	Percentage of Pensionable Wages
2001	\$ 2,000,000	21.5%
2007	7,000,000	57.8%
2008	300,000	2.4%
2017	600,000	4.0%
2018	610,000	3.9%
2019	638,000	4.0%
2020 Budgeted	640,000	4.0%
Total	\$ 11,788,000	

Additionally, the City Council has authorized the accumulation of cash reserves in the Debt Service Fund which is available to pay toward this (or other) obligation(s). As of September 30, 2019, the City had accumulated \$2 million in the Debt Service Fund.

CITY OF MOUNTAIN BROOK, ALABAMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Post-Employment Benefits

As more fully described in Note 6 to the Financial Statements, the City provides continuing medical benefits to qualifying retirees. The City's funding policy is to fund the net cost of retiree medical benefits; related trust operating expenses and deposit additional funds into an irrevocable trust restricted for future benefits. For the year ended September 30, 2019, the net cost of retiree medical benefits and related trust expenses paid by the City totaled \$354,303. The City deposited an additional \$300,000 into the trust. As of September 30, 2019, the City reported an actuarial accrued liability of \$6.3 million and actuarial value of trust assets of \$3.4 million for an unfunded-actuarial accrued liability of \$2.9 million (excluding deferred inflows and outflows).

Cash and Temporary Investments

As of September 30, 2019, the City reported cash and temporary investments of \$38.6 million (excluding the cash and investments held by the Other Post-Employment Benefits (OPEB) trust and discretely presented component unit) which consisted of unrestricted and donor-restricted cash and temporary investments of \$38.6 million and \$243,000, respectively. Following is a summary of the carrying value of the cash and investments by fund as of September 30, 2019, including the OPEB trust and discretely presented component unit.

	Unrestricted	Restricted
General Fund	\$ 16,812,126	\$ 243,148
Capital Projects Fund	17,119,513	0
Other Governmental Funds (Debt Service)	2,044,044	0
Other Governmental Funds (Special Revenue)	619,537	0
Section 115 Irrevocable; retiree medical trust	0	3,352,445
Discretely presented component unit	0	4,797,097
Totals	\$ 36,595,220	\$ 8,392,690

The \$16.8 million General Fund cash and investment balance as of September 30, 2019, represents approximately 6 months of General Fund expenditures (excluding intrafund transfers).

Capital Assets and Related Replacement Reserves

Regarding capital assets, the City Council has adopted a policy of (partially) funding its depreciation expense in order to accumulate reserve funds for the eventual replacement of property, plant and equipment. As of September 30, 2019, the City had accumulated approximately \$47.1 million in the Capital Projects Fund for such purpose. Accumulated depreciation (considered by management to be the benchmark with respect to measuring the funding status of the property, plant and equipment replacement reserves) totaled \$78.5 million as of year-end. Following is a summary of the depreciation expense and transfers to the Capital Projects Fund for the years ended September 30:

**CITY OF MOUNTAIN BROOK, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

	2019	2018
Capital expenditures	<u>\$ 3,498,940</u>	<u>\$ 7,382,669</u>
Depreciation expense	<u>\$ 5,662,561</u>	<u>\$ 5,447,702</u>
Transfers to the Capital Projects Fund:		
Funded depreciation policy	\$ 2,656,200	\$ 2,413,200
Other transfers to fund current and future capital acquisitions	<u>2,505,847</u>	<u>1,802,980</u>
Totals	<u>\$ 5,162,047</u>	<u>\$ 4,016,160</u>

The City maintains approximately 185 miles of paved roadways and alleys. The state shared gasoline tax revenues, the City's allocation of the Alabama Trust Fund Earnings, and other monies transferred from the General Fund are used to fund the City's street maintenance program. Following is a summary of the revenues and expenditures as they pertain to the maintenance of the City's roadways:

	2019	2018
Revenues		
State shared gasoline tax revenues	\$ 413,015	\$ 406,099
Alabama Trust Fund Earnings	185,155	175,337
Transfers from the City's General Fund	125,000	150,000
Investment earnings	13,191	1,571
Total Revenues	<u>736,361</u>	<u>733,007</u>
Street paving expenditures	<u>960,456</u>	<u>424,427</u>
Excess of Revenues Over Expenditures	<u>(224,095)</u>	<u>308,580</u>
Fund balance, beginning of the year	<u>657,886</u>	<u>349,306</u>
Fund Balance, end of year	<u>\$ 433,791</u>	<u>\$ 657,886</u>

Requests for Additional Information

The financial report is designed to provide the residents of the City, investors, creditors and other users with a general overview of the City's finances. Inquiries about this report or requests for additional information may be directed to the Director of Finance at the City of Mountain Brook, P.O. Box 130009, Mountain Brook, Alabama 35213-0009. Inquiries about The Emmet O'Neal Library Board and/or The Mountain Brook Library Foundation (the discretely presented component unit) may be directed to the Library Director at 50 Oak Street, Mountain Brook, Alabama 35213.

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City of Mountain Brook, Alabama
 Government-wide Statement of Net Position
 September 30, 2019

	Component Unit Library		
	Governmental Activities	Foundation	
	2019	2018	2019
ASSETS			
CURRENT ASSETS			
Cash and temporary investments	\$ 36,995,220	\$ 32,162,558	\$ 0
Receivables	2,437,264	2,318,579	0
Due from related organization	4,144	0	0
Inventory and prepaid expenses	241,893	272,893	0
Cash and temporary investments - restricted	243,148	240,398	4,797,097
TOTAL CURRENT ASSETS	39,521,669	34,994,228	4,797,097
NONCURRENT ASSETS			
Capital assets, net of accumulated depreciation	57,197,479	60,239,226	63,563
Land	20,190,123	19,914,153	1,552,811
Construction in progress	1,845,792	1,043,636	0
TOTAL NONCURRENT ASSETS	79,033,394	81,197,015	636,174
DEFERRED OUTFLOWS OF RESOURCES			
Differences between expected and actual:			
OPEB trust investment earnings and experience	1,939,242	1,561,605	0
Pension plan investment earnings and experience	1,442,601	1,338,276	0
Change in pension plan assumptions	2,927,253	3,237,692	0
Employer pension contributions subsequent to the measurement date	2,743,237	2,371,249	0
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,052,333	6,508,212	0
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	127,607,396	124,699,455	5,433,271
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	650,740	1,129,192	0
Accrued salaries and wages	1,051,272	994,790	0
Due to related organization	60,150	61,134	0
Other current liabilities	716,976	668,616	0
TOTAL CURRENT LIABILITIES	2,687,137	2,873,640	0
NONCURRENT LIABILITIES			
Compensated absences	3,254,195	3,136,531	0
TOTAL NONCURRENT LIABILITIES	3,254,195	3,136,531	0
NET PENSION LIABILITY (NOTE 6)	27,948,688	27,989,580	0
NET OPEB LIABILITY (NOTE 6)	2,904,202	2,838,159	0
NET PENSION AND OPEB LIABILITIES	30,852,890	30,827,739	0
DEFERRED INFLOWS OF RESOURCES			
Change in OPEB assumptions			
Change in OPEB assumptions	725,468	768,143	0
OPEB trust investment gain and loss	47,977	0	0
Differences between projected and actual earnings on pension plan investments and experience	2,640,777	2,605,278	0
TOTAL DEFERRED INFLOWS OF RESOURCES	3,414,122	3,271,421	0
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	40,209,344	40,209,331	0
NET POSITION			
Net investment in capital assets	79,033,394	81,197,015	636,174
Restricted	671,512	887,717	4,797,097
Unrestricted	7,693,148	2,405,392	0
TOTAL NET POSITION	\$ 87,398,052	\$ 84,490,124	\$ 5,433,271

See accompanying notes to basic financial statements.

City of Mountain Brook, Alabama
 Government-wide Statement of Activities
 For the Year Ended September 30, 2019

Program Revenues	Program Revenues			
	Fees, Fines and Charges	Operating Grants and Contributions	Capital Grants and Contributions	Other
Governmental activities:				
General government	\$ 7,049,750	\$ 4,151,067	\$ 1,103,489	\$ 0
Public safety	18,091,141	3,006,146	0	0
Street and sanitation	10,155,540	65,896	73,647	1,459,063
Recreational	11,885,499	227,078	82,566	60,968
Library	3,522,883	47,670	13,233	78,854
Total:	\$ 40,804,813	\$ 7,497,857	\$ 1,272,935	\$ 1,598,885
Component unit:				
Library Foundation	\$ 81,620	\$ 0	\$ 180,388	\$ 0

General revenues:

- Taxes:
 - Ad valorem (real and personal property)
 - Sales and use
 - Other taxes
- Utility taxes
- Franchise fees
- Investment earnings (losses)
- Gain on sale/disposal of capital assets
- Miscellaneous revenues
- Transfers

Total general revenues and transfers

Change in net position
 Net assets at beginning of year, as originally reported
 Prior period adjustments (2018)
 Net position at beginning of year, as restated
 Net position at end of year

See accompanying notes to basic financial statements.

	2018		2018	
	Total Net (Expense) Revenue and Changes in Net Position	Total Net (Expense) Revenue and Changes in Net Position	Component Unit (Library Foundation)	Component Unit (Library Foundation)
	\$ (1,795,194)	\$ (2,490,586)	\$ 0	\$ 0
	(16,084,995)	(15,625,158)	0	0
	(8,656,934)	(7,811,348)	0	0
	(1,614,887)	(1,348,933)	0	0
	(3,383,326)	(3,023,632)	0	0

\$ (30,435,336)	\$ (30,297,658)		
		\$ 98,788	\$ 31,691

17,448,441	16,857,432	0	0
11,880,474	11,259,511	0	0
503,486	489,181	0	0
1,362,195	1,268,010	0	0
830,040	615,833	0	0
1,311,115	133,409	127,913	219,041
85,921	162,973	0	0
40,751	23,719	0	0
70,841	75,626	(70,841)	(75,626)
33,343,284	30,860,674	57,072	143,415
2,807,928	583,016	165,840	175,108
84,490,124	89,333,847	5,277,431	5,102,325
0	(5,408,739)	0	0
84,490,124	83,927,108	5,277,431	5,102,325
\$ 87,388,052	\$ 84,490,124	\$ 5,433,271	\$ 5,277,431

City of Mountain Brook, Alabama
 Balance Sheet
 Governmental Funds
 September 30, 2019

City of Mountain Brook, Alabama
 Balance Sheet
 Governmental Funds
 September 30, 2019

City of Mountain Brook, Alabama
 Balance Sheet
 Governmental Funds
 September 30, 2019

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and temporary investments	\$ 16,812,126	\$ 17,119,513	\$ 2,663,681	\$ 36,595,220
Cash and temporary investments - restricted	243,148	0	0	243,148
Receivables	2,194,813	172,671	69,780	2,437,264
Due from related organizations	4,144	0	0	4,144
Inventory and prepaid expenses	213,555	28,338	0	241,893
TOTAL ASSETS	\$ 19,467,786	\$ 17,320,522	\$ 2,733,361	\$ 39,521,669
LIABILITIES				
Accounts payable	\$ 670,075	\$ 170,850	\$ 17,815	\$ 858,740
Accrued salaries and wages	1,051,272	0	0	1,051,272
Due to related organizations	60,150	0	0	60,150
Other liabilities	718,975	0	0	718,975
TOTAL LIABILITIES	2,498,472	170,850	17,815	2,687,137
PENSION OBLIGATION (NOTE 5)				
OPEB OBLIGATION (NOTE 6)				
FUND BALANCES				
Nonspendable	213,555	28,338	0	241,893
Restricted	0	0	671,512	671,512
Committed	51,930	17,121,334	0	17,173,264
Assigned	170,764	0	2,044,044	2,214,808
Unassigned	16,533,065	0	(10)	16,533,055
TOTAL FUND BALANCES	16,869,314	17,149,672	2,715,548	36,834,534
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,467,786	\$ 17,320,522	\$ 2,733,361	\$ 39,521,669

See accompanying notes to basic financial statements

City of Mountain Brook, Alabama
 Governmental Funds Balance Sheet
 September 30, 2019

City of Mountain Brook, Alabama
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
September 30, 2019

Fund balance - total governmental funds	\$ 36,834,532
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet	
Governmental capital assets	\$ 157,520,049
Less: accumulated depreciation	(78,486,655)
Deferred outflows of resources:	
Differences between expected and actual earnings on OPEB trust investments and experience	1,939,242
Differences between expected and actual earnings on pension plan experience	1,442,601
Change in pension plan assumptions	2,927,253
Employer pension contributions subsequent to the measurement date	<u>2,743,237</u>
Net pension liability is not due and payable in the current period and therefore, not reported in the governmental funds balance sheet	(27,949,688)
Net OPEB liability is not due and payable in the current period and therefore, not reported in the governmental funds balance sheet	<u>(2,904,202)</u>
Deferred inflows of resources:	
Change in OPEB assumptions	(725,468)
OPEB trust investment gain and loss	(47,877)
Net difference between projected and actual earnings on pension plan investments	(1,975,591)
Difference between pension plan expected and actual experience	<u>(665,186)</u>
Long-term liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet	
Compensated absences	<u>(3,254,195)</u>
Net position of governmental activities	\$ 87,398,052

See accompanying notes to basic financial statements.

City of Mountain Brook, Alabama
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended September 30, 2019

City of Mountain Brook, Alabama
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2019

	General	Capital Projects	General	Capital Projects
Revenues:				
Taxes	\$ 33,139,900	\$ 0		
Licenses and permits	5,186,898	0		
Intergovernmental	160,291	0		
Charges for services	767,403	0		
Fines and forfeitures	461,595	0		
Grants	96,880	307,701		
Other operating revenues	870,339	674,129		
Total revenues	40,683,306	981,830		
Expenditures:				
Current (operating):				
General government	6,722,502	379,779		
Public safety	15,870,133	950,324		
Street and sanitation	6,741,476	1,252,928		
Recreational	1,347,910	558,997		
Library	3,289,998	96,695		
Total expenditures	33,852,017	3,238,723		
Excess (deficiency) of revenues over expenditures	6,741,289	(2,256,893)		
Other financing sources (uses):				
Operating transfers in	0	5,162,047		
Operating transfers (out)	(5,897,275)	0		
Operating transfers in - component unit	70,841	0		
Proceeds from the sale of assets	0	85,921		
Donations	110,251	553,193		
Total other financing sources (uses)	(5,816,183)	5,801,161		
Excess of revenues and other financing sources over expenditures and other financing uses	925,108	3,544,268		
Fund balances, beginning of year	16,044,208	13,605,404		
FUND BALANCES, END OF YEAR	\$ 18,969,314	\$ 17,149,672		

See accompanying notes to basic financial statements.

Other Governmental Funds		Total Governmental Funds	Net change in fund balances - total governmental funds	\$ 4,713,944
\$ 413,015	\$ 33,552,915			
0	5,196,698			
0	160,291			
431,935	1,199,338			
126,269	587,884			
0	404,581			
248,180	1,790,646			
1,217,399	42,892,535			
345,777	7,448,058			
501,824	17,322,281			
960,456	8,954,860			
0	1,808,907			
0	3,366,691			
1,808,057	38,898,797			
(590,658)	3,693,738			
835,228	5,997,275			
0	(5,997,275)			
0	70,841			
0	85,921			
0	663,444			
835,228	620,206			
244,570	4,713,944			
2,470,976	32,120,586			
\$ 2,715,546	\$ 38,834,532			

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Government-wide Statement of Activities	
Net change in fund balances - total governmental funds	\$ 4,713,944
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Expenditures for capital assets	\$ 3,498,940
Less: current year depreciation	(5,662,561)
	(2,163,621)
The effect of the net increase (decrease) in deferred outflows of resources	
Differences between expected and actual earnings on OPEB trust investment earnings and experience	377,637
Differences between expected and actual earnings on pension plan investments and experience	104,325
Change in assumptions	(309,829)
Employer contributions subsequent to the measurement date	371,988
	544,121
Change in long-term compensated absences	(117,664)
The effect of the net (increase) decrease in the pension liability	39,892
The effect of the net (increase) decrease in the OPEB liability	33,957
The effect of the net (increase) decrease in the deferred inflows of resources	
Change in OPEB assumptions	(42,675)
OPEB Trust investment gain and loss	47,877
Differences between projected and actual earnings on pension plan investments and experience	137,499
	(142,701)
Change in net position of governmental activities	\$ 2,907,928

See accompanying notes to basic financial statements.

City of Mountain Brook, Alabama
Statement of Fiduciary Net Position
Other Post-Employment Benefits Trust Fund
 September 30

	2019	2018
ASSETS		
Certificates of deposit, at fair value	\$ 3,352,445	\$ 2,888,328
TOTAL ASSETS	3,352,445	2,888,328
LIABILITIES		
Accounts payable and accrued liabilities	0	0
TOTAL LIABILITIES	0	0
NET POSITION RESTRICTED FOR OTHER POST-EMPLOYMENT BENEFITS	\$ 3,352,445	\$ 2,888,328

See accompanying notes to basic financial statements.

City of Mountain Brook, Alabama
Statement of Changes in Fiduciary Net Position
Other Post-Employment Benefits Trust Fund
 Year Ended September 30

	2019	2018
ADDITIONS		
Contributions		
Employer	\$ 654,303	\$ 648,392
Plan members	132,677	127,856
Investment earnings	166,117	(12,392)
TOTAL ADDITIONS	953,097	763,856
DEDUCTIONS		
Benefits	483,980	471,348
Administrative expense	3,000	5,000
TOTAL DEDUCTIONS	486,980	476,348
NET INCREASE IN NET POSITION	466,117	287,608
Net position restricted for other post-employment benefits, beginning of year	2,886,328	2,598,720
NET POSITION RESTRICTED FOR OTHER POST-EMPLOYMENT BENEFITS, END OF YEAR	\$ 3,352,445	\$ 2,888,328

See accompanying notes to basic financial statements.

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 the 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 all of whom are elected at large. The members of the City Council and Mayor hold office for four year terms. The terms of office for the elected officials are staggered (beginning in October 2004) with Council places 1, 3, and 5 up for election in even years and Council places 2 and 4 and the Mayor's office up for election in odd years. The next election is scheduled for August 25, 2020. 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.

A. Accounting and reporting

The City of Mountain Brook, Alabama complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The City has elected to present comparative information in the notes to financial statements to enhance the users' understanding of the City's financial position and operations.

B. Related organizations

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 or influence in the presentation or adoption of the Board's annual operating budget; 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.

For the years ended September 30, 2019 and 2018, the City reported revenue from the Board in the amount of \$180,291 and \$185,943, respectively, representing the Board's share of community athletic fields maintenance provided by the City and the Board's reimbursement in 2017 of field improvement costs paid by the City in the amount of \$93,744. The outstanding receivables from the Board as of September 30, 2019 and 2018 were \$4,144 and -0-, respectively.

The City receives 36.7 mills of the 99.0 mill property tax (Note 1.5.) from Jefferson County. From the 36.7 mills, the City transfers 10.6 mills to the Board. For financial reporting purposes, the City includes the net property tax of 28.1 mills in its General Fund revenues. At September 30, 2019 and 2018, the City owed the Board \$60,150 and \$61,134, respectively, for its share of property taxes which is included in other liabilities of the General Fund.

In 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 improvements totaling approximately \$1 million were financed through the issuance of Series 1998-A general obligation warrants. The athletic fields are maintained by the City's Parks and Recreation Department. The routine maintenance of the fields are shared by the City (1/3), the Board (1/3), two unaffiliated local athletic groups - Mountain Brook Athletics, Inc. (1/6), and Mountain Brook Soccer Club, Inc. (1/6).

In 2016, the City renegotiated the three (3) fields and facilities use and maintenance agreements between the City and Mountain Brook Athletics, Mountain Brook Soccer and Mountain Brook Lacrosse. Under the terms of the new agreements, Mountain Brook Athletics, Mountain Brook Soccer and Mountain Brook Lacrosse shall pay the City \$60,281, \$45,141, and \$6,955, respectively, annually through December 31, 2021. The agreements shall renew automatically for one year terms not to exceed the expiration of master lease term between the City and Mountain Brook Board of Education. The above fees shall be increased by 10% every five years.

City of Mountain Brook, Alabama
Notes to Financial Statements

In 2017, the City agreed to advance the Mountain Brook Board of Education the costs associated with its improvements to the junior high practice field and the high school baseball field. The total cost of the two projects is \$92,434. The Board entered into an agreement to reimburse the City in the amount of \$275,000 payable in installments of \$75,000 on or before December 1, 2017 and \$40,000 annually thereafter due on or before December 1 of 2018 through 2022. The City also received commitments from Mountain Brook Athletics and Mountain Brook Lacrosse to reimburse the City in the aggregate amount of \$266,234 payable in annual installments of varying amounts through 2022. As of September 30, 2018, the City had satisfied the two field improvement contracts. The City collected and reported as revenue \$112,434 and \$142,100 during the years ended September 30, 2019 and 2018, respectively, related to these agreements. The receivables related to these agreements totaled \$13,616 and \$8,372 as of September 30, 2019 and 2018, respectively.

Another related organization is The Mountain Brook Library Foundation ("the Foundation"). The Foundation is a non-profit organization formed for the benefit of the Emmet O'Neal Library, a department of the City. Several of the Foundation's Board members are also members of The Emmet O'Neal Library Board. The Foundation has received contributions from individual, corporate, and private foundations that were utilized to construct, furnish, and equip the City's library facilities. These facilities were contributed to the City of Mountain Brook in 2001, and are included in the accompanying financial statements.

The financial position and results of operations of the Foundation are reported as a component unit of the City in the accompanying government-wide financial statements. A copy of the Foundation's audited financial statements may be obtained from The Emmet O'Neal Library Board, 50 Oak Street, Mountain Brook, Alabama 35213.

C. Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds and component units that are fiduciary in nature.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

D. Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for in a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary (the City had no proprietary funds at year end). An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- 1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent (10%) of the corresponding total for all funds of that category or type; and
- 2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined.

The City may also elect to present a fund as major if it does not meet the above criteria to emphasize the importance of a certain fund's activity.

The funds of the financial reporting entity are described below:

City of Mountain Brook, Alabama

Notes to Financial Statements

Governmental funds

A. General Fund

The General Fund is the principal fund of the City and is always classified as a major fund. It 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.

B. Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

C. Debt Service Funds

The Debt Service Fund is used to account for financial resources related to the City's debt service. In addition, the City is accumulating resources in the Debt Service Fund for the possible future repayment (excess funding) of its unfunded pension obligation (see Note 5).

D. Capital Projects Funds

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.

Major and non-major funds

The General Fund and Capital Projects Funds are classified as major funds and are described above. The City has elected to present all Capital Projects Funds as major funds to reflect the importance of their activity separately from other non-major funds regardless of whether these funds meet the reporting criteria described above.

The Special Revenue Funds and the Debt Service Fund are classified as non-major and are described above.

E. Fund Balance

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

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

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

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

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

City of Mountain Brook, Alabama

Notes to Financial Statements

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

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

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

The City has established a stabilization (emergency reserve) fund within its General Fund. The emergency reserve fund is intended to be used in the event of a natural disaster that jeopardizes public safety and that results in unusual expenditures necessary to provide public safety services that may or may not be reimbursable under federal or state disaster assistance or relief grant award. The stabilization fund is included in the unassigned fund balance.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	Capital	Other	General	Capital	Other	Total
Fund Balances	Project	Governmental		Project	Funds	
Nonspendable:						
Prepaid expenses			\$ 184,029	\$ 28,338	\$ 0	\$ 192,367
Inventory			49,526	0	0	49,526
Total Nonspendable			213,555	28,338	0	241,893
Restricted:						
Emergency Communication District (EB11)			0	0	237,711	237,711
State Shared Gasoline Taxes:						
5 Cent			0	0	173,047	173,047
7 Cent			0	0	63,883	63,883
4 Cent			0	0	183,180	183,180
2 Cent			0	0	13,891	13,891
Total Restricted			0	0	671,512	671,512
Committed:						
Capital Projects			0	17,121,334	0	17,121,334
Library Endowment			51,930	0	0	51,930
Total Committed			51,930	17,121,334	0	17,173,264
Assigned:						
Debt Service Fund			0	0	2,044,044	2,044,044
Asset Forfeitures			9,201	0	0	9,201
Library Book Fund			150,593	0	0	150,593
Community Fund			10,970	0	0	10,970
Total Assigned			170,764	0	2,044,044	2,214,808

City of Mountain Brook, Alabama
Notes to Financial Statements

Unassigned				
All other unassigned	13,775,447	0	(10)	13,775,437
Emergency Reserve (stabilization) Fund	2,757,618	0	0	2,757,618
Total Unassigned	16,533,065	0	(10)	16,533,055
Total Fund Balances	\$ 16,969,314	\$ 17,149,672	\$ 2,715,546	\$ 36,834,532

F. Measurement focus and basis of accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement focus

On the Government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of accounting

In the Government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or generally within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

G. Encumbrances

In the Fund Financial Statements, the City does not utilize encumbrance accounting techniques which means that fund balances are not committed or assigned upon the issuance of purchase orders. Expenditures are recorded at the time of a purchase or the incurrence of a liability.

H. Worker's compensation

The City provides workers' compensation coverage to its employees as required by law. In February 2017, the City implemented an insured plan administered by Municipal Workers' Compensation Fund (MWCF) that requires a \$300,000 deductible per claim per year. Effective February 1, 2013, the City implemented a high deductible insurance program for its workers' compensation program administered by MWCF. The MWCF assumed the administration of open claims incurred prior to February 1, 2013 when the City was self-insured (with excess loss coverage). The City's exposure for workers' compensation claims and related administrative fees since February 1, 2013 is as follows:

City of Mountain Brook, Alabama
Notes to Financial Statements

		Liability Limits	
		Specific	Aggregate
For claims incurred on or after:	Deductible	\$ 300,000	None
February 1, 2018	None	300,000	None
February 1, 2017	None	300,000	None
February 1, 2016	None	300,000	669,663
February 1, 2015	None	300,000	854,824
February 1, 2014	None	300,000	845,467
February 1, 2013	None	250,000	909,034

Prior to February 1, 2013, the City's excess loss coverage paid losses for specific claims over \$500,000 and (two-year) aggregate claims costs over \$1,500,983 (limited to \$2 million in coverage).

Pursuant to regulations promulgated by the State of Alabama Department of Industrial Relations with respect to self-insured workers' compensation programs, the City engages an actuary every three years to determine its discounted total estimated liability for outstanding workers' compensation claims. The actuarial valuation of the discounted total estimated liability for outstanding claims was \$414,257 as of September 30, 2017 and \$256,404 as of September 30, 2014. The accompanying financial statements include an estimated accrual of unpaid workers' compensation claims as of September 30, 2019 and 2018 in the amount of \$404,000 and \$392,000, respectively. Workers' compensation cost charged by the City during 2019 and 2018 was approximately \$204,000 and \$325,000, respectively.

I. 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. Restricted cash and temporary investments of \$243,148 and \$240,188 as of September 30, 2019 and 2018, respectively, represent temporary and permanently restricted funds donated to the Emmet O'Neal Library, a department of the City.

J. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes and road and bridge taxes.

In the fund financial statements, material receivables in governmental funds include the receivables mentioned in the preceding paragraph and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned generally if paid within 60 days since they would be considered both measurable and available.

K. Equity classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted - Constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

City of Mountain Brook, Alabama
Notes to Financial Statements

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified in accordance with section E. of this note.

L. Long-term debt

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debts to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

M. Compensated absences

Full-time City employees earn sick leave at the rate of one day per month of service and may be accumulated and carried forward from year to year with no maximum amount. 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 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 60% of their accrued sick leave limited to thirty days pay.

The Government-wide Statement of Net Position includes a noncurrent liability for compensated absences in the amount of \$3,254,195 as of September 30, 2019 and \$3,135,531 as of September 30, 2018. The City paid nothing after September 30, 2019 and 2018, with respect to vested compensated absences to employees who retired or otherwise ended their employment with the City prior to year end. Consequently there are no current liabilities attributable to compensated absences reported in the Government-Wide Statement of Activities.

N. 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 plan also limits the City's maximum annual longevity pay to a total of \$440,000 in 2019 and 2018. 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, 2019 and September 30, 2018 reported in the Government-Wide and Fund financial statements totaled \$434,233 and \$431,599, respectively.

O. 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.

P. Pension plan

The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report. (Note 5).

City of Mountain Brook, Alabama
Notes to Financial Statements

O. Other post-employment benefits (OPEB) plan

The fiduciary net position of the City of Mountain Brook Section 115 Trust Agreement (the OPEB Plan) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflow of resources and deferred inflow of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the OPEB Plan's fiduciary net position. Benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. (Note 6).

R. Interfund transactions

During the course of normal operations, the City incurs numerous transactions between funds to provide services, construct or acquire assets, service debt, etc. These transactions are generally reported as operating transfers except in instances where the transfer represents the reimbursement to a fund for expenditures incurred for the benefit of another fund. Following is a summary of the operating transfers between funds during the year ended September 30, 2019:

	General	Capital Projects	Other Governmental Funds
Operating transfers in (out):			
Capital transfers for the payment of current year asset acquisitions and the future replacement of capital assets	\$ (5,162,047)	\$ 5,162,047	\$ 0
Corrections fund transfer to fund operations	(293,908)	0	293,908
Debt service transfer for the accumulation of funds for the future repayment of City obligations	(416,320)	0	416,320
Gasoline tax fund transfer to supplement the annual street resurfacing program	(125,000)	0	125,000
Operating transfers, net	\$ (5,997,275)	\$ 5,162,047	\$ 835,228

Following is a summary of the operating transfers between funds during the year ended September 30, 2018:

	General	Capital Projects	Other Governmental Funds
Operating transfers in (out):			
Capital transfers for the payment of current year asset acquisitions and the future replacement of capital assets	\$ (3,710,206)	\$ 4,016,160	\$ (305,954)
Corrections fund transfer to fund operations	(159,806)	0	159,806
Debt service transfer for the accumulation of funds for the future repayment of City obligations	(239,139)	0	239,139
Gasoline tax fund transfer to supplement the annual street resurfacing program	(150,000)	0	150,000
Operating transfers, net	\$ (4,259,151)	\$ 4,016,160	\$ 242,991

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Positions. The purpose of the interfund receivable balance, if any, to non-major governmental funds from the General fund is for the reimbursement of operating expenditures paid from non-major governmental funds on behalf of the General fund.

City of Mountain Brook, Alabama

Notes to Financial Statements

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

S. 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 Assessor. 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 years beginning October 1, 1996, assessed values are calculated by multiplying the market value by the following percentages:

- Residential owner occupant 20%
- All other 20%

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

Entity	Amount Per \$100 of Assessed	
	Mills	Value
State of Alabama	6.5	\$ 0.65
Jefferson County Commission	13.6	1.35
County-wide school tax	8.2	0.82
Mountain Brook Board of Education	44.7	4.47
City of Mountain Brook General Fund	28.1	2.81
	99.0	\$ 9.90

T. Major revenue sources and taxpayers

The City's primary sources of revenue include ad valorem, sales and use, and utilities taxes and business licenses. Collectively, these taxes and licenses totaled approximately \$31.6 million (78%) and \$30.5 million (80%) of the total General Fund revenues during the years ended September 30, 2019 and 2018, respectively. Of the City's taxpayers, Macy's Department Store, Alabama Power Company, Western Supermarket, Publix, Piggy Wiggly, Whole Foods, Greenwise, Energen Corporation (gas company), Diamonds Direct, Marcus Cable (doing business as Charter Communications), Grand Bohemian Inn, and Shoppes at River Run, LLC (grocery store), collectively, provided approximately \$7.3 million (18%) and \$6.47 million (17%) of the City's total General Fund revenues during the years ended September 30, 2019 and 2018, respectively.

U. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for the governmental activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - By Character: Current (further classified by function and includes Capital Outlay)

In the fund financial statements, governmental funds report expenditures of financial resources.

City of Mountain Brook, Alabama

Notes to Financial Statements

V. Inventory
Inventory items are valued at cost which approximates market. The cost of inventory is recorded as expenditures when consumed rather than when purchased.

W. Comparative Data

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. Certain reclassifications have been made to previous year's presentation to conform with the current year presentation. Such reclassifications have had no net effect on the statements previously reported.

X. Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are reported in the government-wide or fund financial statements. In the government-wide financial statements, fixed assets with initial individual costs of more than \$1,000 (amounts not rounded) and an estimated useful life in excess of one year are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Historical cost was used to value the majority of the assets.

Prior to October 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at historical cost or estimated historical costs.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20-50 years
Improvements	10-50 years
Machinery and Equipment	3-20 years
Infrastructure	5-75 years

Fund financial statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as expenditures of the governmental function upon acquisition.

Y. Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent liabilities and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Z. Subsequent events

The City has evaluated subsequent events through the date these financial statements were available to be issued.

2. Deposits and Investments, Interest rate risk, credit risk, custodial risk and fair value reporting

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical asset; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

City of Mountain Brook, Alabama
Notes to Financial Statements

The City, component unit and OPEB Trust have the following recurring fair value measurements as of September 30, 2019:

The City's certificates of deposit totaling \$24.2 million (Level 2 inputs) and U. S. government securities totaling \$915,000 (Level 1 inputs) are valued using current market prices

The City's common stock of \$87,114 is valued using quoted market prices obtained from the New York Stock Exchange (Level 1 input)

Mutual funds in the amount of \$3.45 million and U. S. Treasury Notes totaling \$433,265 held by the component unit are valued using quoted market prices (Level 1 inputs)

Municipal bonds totaling \$211,247 (of which \$39,924 are Level 1 and \$171,322 are Level 2 inputs) and corporate bonds totaling \$432,208 (of which \$406,668 are Level 1 and \$25,540 are Level 2 inputs) held by the component unit are valued using quoted market prices (Level 2 inputs)

The OPEB Trust's cash deposits and certificates of deposit held in a brokerage account totaling \$3.35 million are valued using current market prices (Level 2 inputs)

At September 30, 2019, the City had the following cash and investments and maturities:

	Investment Maturity in Years			
	Fair Value	Less Than 1	From 1 Up To 3	From 3 Up To 5
Cash on-hand	\$ 2,760	\$ 2,760	\$ 0	\$ 0
Bank deposits				
Demand deposit accounts	6,574,643	6,574,643	0	0
Institutional Governmental Money Market Funds	1,877,481	1,877,481	0	0
U. S. Treasury securities	3,351,004	3,351,004	0	0
Investments:				
Cash and money market accounts	29,837	29,837	0	0
Certificates of deposit	24,200,888	10,952,702	8,927,087	4,321,117
U. S. Treasury securities	914,663	914,663	0	0
576 shares VMC common stock (donated)	87,114	0	0	87,114
Total portfolio	\$ 36,838,368	\$ 23,503,070	\$ 8,927,087	\$ 4,408,231

At September 30, 2019, the discretely presented component unit had the following cash and investments and maturities:

	Investment Maturity in Years				
	Fair Value	Less Than 1	From 1 Up To 3	From 3 Up To 5	Greater Than 5
Bank deposits	\$ 217,028	\$ 217,028	\$ 0	\$ 0	\$ 0
Deposits held in brokerage accounts	48,801	48,801	0	0	0
U. S. Treasury Notes	433,264	0	165,631	246,874	20,659
Corporate bonds	432,208	10,044	220,523	201,839	0
Municipal bonds	211,247	85,018	111,213	15,016	0
Mutual funds	3,454,551	3,454,551	0	0	0
Total portfolio	\$ 4,797,097	\$ 3,815,442	\$ 487,367	\$ 483,629	\$ 20,659

At September 30, 2019, the OPEB Trust had the following cash and investments and maturities:

City of Mountain Brook, Alabama
Notes to Financial Statements

	Investment Maturity in Years			
	Fair Value	Less Than 1	From 1 Up To 3	From 3 Up To 5
Deposits held in brokerage accounts	\$ 481	\$ 481	\$ 0	\$ 0
U. S. Treasury money market fund	1,307	1,307	0	0
Certificates of deposit	3,350,677	645,164	1,681,526	1,023,987
Totals	\$ 3,352,445	\$ 646,932	\$ 1,681,526	\$ 1,023,987

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy restricts General Fund investments to those with maturities of two years or less and Capital Project and Debt Service Fund investments to those with maturities of five years or less. Cash and investment maturities as of September 30, 2019, were as follows:

	Portion of Respective Portfolio Component		
	City	Unit	OPEB Trust
Less than one year	63.80%	79.54%	19.30%
1 - 2 years	24.23%	10.37%	50.16%
3 - 5 years	11.97%	9.66%	30.54%
Greater than five years	0%	0.43%	0%
Totals	100.00%	100.00%	100.00%

Credit Risk: Act No. 2000-748 of the Code of Alabama requires that all public deposits held in banks be secured by collateral pledged to the Security for Alabama Funds Enhancement (SAFE) collateral pool established in the Office of the State Treasurer. The City's policy is to deposit funds only in financial institutions that are qualified public depositories of the State of Alabama SAFE program or other federally insured financial institutions. All of the City's bank deposits are either insured by Federal Depositary Insurance Corporation (FDIC) or collateralized in accordance with Act 2000-748.

The City's investment policy allows for up to 100% of the portfolio to be invested in direct obligations of the U.S. government or federal agencies thereof in accordance with §11-81-19 and §11-81-21 of the Code of Alabama. At September 30, 2019, the City had invested \$24.2 million in certificates of deposit and \$3.5 million in U. S. Treasury obligations. All of the City's \$24.2 million investment in certificates of deposit were insured by the FDIC. Following is a summary of the City's top holdings in its cash and investment portfolio:

	Fair Value	Portion of Portfolio
Iberia Bank (demand deposit accounts)	\$ 5,765,766	15.65%
Iberia Bank (short-term U.S. Treasury securities)	5,028,465	13.65%
Regions Bank (demand deposit accounts)	808,687	2.20%
Morgan Stanley (cash, deposits, money market funds)	29,837	0.08%
All other (cash on-hand and common stock)	89,874	0.24%
U. S. Treasury obligations	914,663	2.48%
Various financial institutions - certificates of deposit	24,200,888	65.70%
Totals	\$ 36,838,368	100.00%

The discretely presented component unit does not follow the investment policies of the City. Their policy allows for investments that may potentially produce the highest returns on capital. The discretely presented component unit had no uninsured bank deposits at September 30, 2019 or September 30, 2018. Following is a summary of the holdings in the discretely presented component unit's cash and investment portfolio:

City of Mountain Brook, Alabama

Notes to Financial Statements

Description/Creditor	Par	Cost	Fair Value	Portion of Portfolio
Bank deposits		\$ 83,278	\$ 83,278	1.32%
Deposits held in brokerage accounts		48,801	48,801	1.02%
Money market		153,752	153,752	3.21%
U. S. Treasury Notes	\$ 425,000	422,833	433,264	9.03%
Corporate bonds	421,000	428,893	432,208	9.01%
Municipal bonds	210,000	214,039	211,247	4.40%
Mutual funds		2,947,079	3,454,551	72.01%
		\$ 4,278,473	\$ 4,767,007	100.00%

The OPEB Trust follows the investment policies of the City. Accordingly, the OPEB Trust generally invests in fixed income securities with maturities of five years or less. At September 30, 2019, the OPEB Trust had invested \$3.35 million in certificates of deposit. The OPEB Trust held no certificates of deposit (including accrued interest) that exceeded the \$250,000 FDIC limit.

Custodial Risk. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the investor will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's and OPEB Trust's investments in certificates of deposit are held in separate trusts by the City's and OPEB Trust's custodians in the name of the respective custodian. The discretely presented component unit's investments are held in book entry form and in trust by its custodian in the name of the custodian.

3. Receivables

Receivables at September 30, consisted of the following:

	2019				2018 Total
	General Fund	Capital Projects	Other Governmental Funds	Total	
Taxes	\$ 2,131,109	\$ 0	\$ 0	\$ 2,131,109	\$ 1,888,978
E-911 surcharge	0	0	31,791	31,791	58,043
Board of Education (Note 1.B.)	4,144	0	0	4,144	0
Grants	0	167,423	0	167,423	74,787
Other	63,704	5,248	37,989	106,941	188,773
Totals	\$ 2,198,957	\$ 172,671	\$ 69,780	\$ 2,441,408	\$ 2,318,579

4. Capital assets

Following is a summary of the changes in the City's capital assets for the year ended September 30, 2019:

	Balance at September 30, 2018	Additions	Disposals/Retirements/Completed	Balance at September 30, 2019
	Capital assets, not being depreciated:			
Land	\$ 18,914,153	\$ 275,970	\$ 0	\$ 20,180,123
Construction in progress	1,043,636	1,419,287	(817,131)	1,645,792
Total capital assets, not being depreciated	20,957,789	1,695,257	(817,131)	21,835,915

City of Mountain Brook, Alabama

Notes to Financial Statements

	2019	2018	2017	2016
Capital assets, being depreciated:				
Land improvements	3,123,579	0	0	3,123,579
Buildings and improvements	36,325,000	104,208	0	36,429,208
Machinery and equipment	26,436,180	1,241,858	(882,980)	26,995,058
Infrastructure	68,061,500	457,619	617,168	69,136,291
Total capital assets, being depreciated	133,946,259	1,803,685	(65,812)	135,684,134
Less accumulated depreciation for:				
Land improvements	528,958	26,012	0	554,970
Buildings and improvements	9,404,358	1,228,968	0	10,633,326
Machinery and equipment	20,111,598	1,709,059	(882,980)	21,137,677
Infrastructure	43,662,125	2,698,524	(189,865)	46,160,684
Total accumulated depreciation	73,707,039	5,662,561	(882,845)	78,486,655
Total capital assets, being depreciated, net	60,239,220	(3,858,876)	617,131	57,197,479
Governmental activities capital assets, net	\$ 81,197,015	\$ (2,163,621)	\$ 0	\$ 79,033,394

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

	2019	2018
Governmental activities:		
General government	\$ 370,935	\$ 372,307
Public safety	1,661,812	1,624,558
Street and sanitation	2,410,085	2,291,902
Recreational	584,694	618,740
Library	825,835	640,185
Total depreciation expense	\$ 5,662,561	\$ 5,447,702

5. Pension plan

A. General information about the pension plan

Plan description: The Employees' Retirement System of Alabama (ERS), an agent multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and cooperation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA), Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

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

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.

City of Mountain Brook, Alabama

Notes to Financial Statements

- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the Head.
- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. Two vested active employees of an employer participating in ERS pursuant to Alabama Code §38-27-6.

Benefits provided: State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (62 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) and entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of state police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (58 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

The ERS serves approximately 874 local participating employers. These participating employers include 297 cities, 65 counties, and 511 other public entities. As of September 30, 2017, membership consisted of:

Retirees and beneficiaries currently receiving benefits	24,021
Terminated employees entitled to but not yet receiving benefits	8,557
Active members	56,109
Total	88,687

Contributions: Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members. The City Council elected to increase the employee contribution rates as described above as provided in Act 2011-876 of the Regular Session of the 2011 Alabama Legislature effective October 1, 2011.

City of Mountain Brook, Alabama

Notes to Financial Statements

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2018, the City's active employee contribution rates were 7.50% (Tier 1) and 6% (Tier 2) for civilian employees and 8.5% (Tier 1) and 7% (Tier 2) for sworn police officers and firefighters. For the year ended September 30, 2018, the City's actuarially determined contribution rates for active employee (including pre-retirement death benefits of 0.02% and administrative expenses of 0.35%) expressed as a percentage of covered employee payroll was as follows:

Unit (Collectively, "The City of Mountain Brook")	Tier 1	Tier 2
2460 City of Mountain Brook	15.47%	14.56%
4791 Mountain Brook Library Board	2.18%	1.61%
4792 Mountain Brook Park and Recreation Board	2.55%	1.42%

The weighted average contribution rate (including pre-retirement death benefits of 0.02% and administrative expenses of 0.35%) to fund the normal and accrued liability costs was 14.41%.

The required contribution rates above are based upon the actuarial valuation dated September 30, 2016, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total contributions to the pension plan were \$3,891,687 (\$2,105,237 employer actuarially determined amount, excess employer contributions of \$638,000, and \$1,248,430 employee excluding pre-retirement death benefits of 0.02% and administrative expenses of 0.35%) for the year ended September 30, 2018.

B. Net pension liability

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

	Unit			
	City	Library	Park Board	Combined
	2460 MTB	4791 MBL	4792 MBP	
Total pension liability as of September 30, 2017 (a)	\$ 78,188,878	\$ 4,727,503	\$ 2,296,687	\$ 85,188,687
Changes of assumptions	409,531	29,564	11,232	450,327
Interest	5,869,383	357,285	174,851	6,401,520
Difference between expected and actual experience	237,672	226,168	14,181	478,021
Transfers among employers	(180,783)	0	0	(180,783)
Entry age normal cost for the period				
October 1, 2017 through September 30, 2018 (b)	1,230,854	117,709	49,561	1,398,124
Actual benefit payments and refunds for the period				
October 1, 2017 through September 30, 2018 (c)	(4,889,410)	(234,484)	(81,087)	(5,184,981)
Total pension liability as of September 30, 2018				
[(a) x (1.0725)] + (b) - [(c) x (1.03875)]	\$ 80,885,925	\$ 5,223,755	\$ 2,485,425	\$ 88,575,105

City of Mountain Brook, Alabama

Notes to Financial Statements

Actuarial assumptions

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

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

*Net of pension plan investment expense.

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

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

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

	Long-Term	
	Target Allocation	Expected Rate of Return*
Fixed Income	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	8.51%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash	3.00%	1.50%
Total	100.00%	

*includes assumed rate of inflation of 2.75%.

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

City of Mountain Brook, Alabama

Notes to Financial Statements

C. Changes in net pension liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at September 30, 2017:	\$ 65,182,868	\$ 67,203,288	\$ 27,889,680
Changes for the year:			
Service cost	1,398,124	0	1,398,124
Interest	6,401,528	0	6,401,528
Changes of assumptions	450,327	0	450,327
Differences between expected and actual experience	478,021	0	478,021
Contributions—employer	0	2,350,438	(2,350,438)
Contributions—employee	0	1,210,003	(1,210,003)
Net investment income	0	5,207,452	(5,207,452)
Benefit payments, including refunds of employee contributions	(5,184,981)	(5,184,981)	0
Administrative expense	0	0	0
Transfers among employers	(160,783)	(160,783)	0
Not changes	3,382,237	3,422,129	(39,892)
Balance at September 30, 2018:	\$ 88,575,105	\$ 60,625,417	\$ 27,949,688

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

	1% Decrease (6.70%)	Current Rate (7.70%)	1% Increase (8.70%)
City's net pension liability	\$ 37,918,308	\$ 27,949,688	\$ 19,494,677

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2016. The auditor's report dated January 15, 2019, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rs-a.gov.

D. Pension expense and deferred outflows of resources and deferred inflows of resources related to pension

For the year ended September 30, 2019, the City recognized pension expense of \$2,653,549. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

City of Mountain Brook, Alabama

Notes to Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,442,601	\$ 665,186
Changes of assumptions	2,927,253	0
Net difference between projected and actual earnings on pension plan investments	0	1,975,591
Employer contributions subsequent to the measurement date	2,743,237	0
Total	\$ 7,113,091	\$ 2,640,777

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

Year ended September 30:	Deferred Outflows of Resources
2020	\$ 763,287
2021	121,578
2022	254,901
2023	406,854
2024	126,398
Thereafter	38,059

E. Payable to the pension plan

The City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2019 (and accrued pension contributions in the amount of \$143,687 applicable to accrued (pensionable) salaries and wages as of September 30, 2019).

F. Membership as of the Measurement Date September 30, 2018

	City 2460 MTB	Library 4791 MBL	Park Board 4792 MBP	Combined
Retired members or their beneficiaries currently receiving benefits	119	9	4	132
Vested inactive members	2	1	0	3
Non-vested inactive members	1	1	0	2
Active members	193	26	17	236
Total	315	37	21	373

6. Post-employment benefits

Plan Description: The City of Mountain Brook provides medical benefits to eligible retirees through participation in the Local Government Health Insurance Plan (LGHIP) administered by the State of Alabama's Local Government Health Insurance Board (LGHIB).

Article VII of the Trust stipulates that the City Council had the authority to establish the Trust and Article V, Sec. 5.4 assigns authority to manage the plan and amend the benefit provisions to the City Council (or Board of Trustees), which consists of the five members elected at-large. Because these members of the City Council are elected to office, the members of the Plan's Board of Trustees vary from time-to-time. Additionally, the Board of Trustees may designate certain City officials as signatories on the Trust's investment account.

City of Mountain Brook, Alabama

Notes to Financial Statements

Plan Membership:		At September 30, 2018, the Plan's membership consisted of the following:
		28
	Inactive plan members or beneficiaries currently receiving benefit payments	222
	Active plan members	192
	Total	250

Benefits Provided: The City pays a portion of the medical coverage for the retirees and dependents for a maximum of thirteen years after retirement or, if earlier, until the attainment of Medicare eligibility. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier I" members). Employees hired on and after January 1, 2013 (called "Tier II" members) are eligible to retire only after attainment of age 62 (age 55 for sworn police officers and firefighters) or later and completion of 10 years of service.

Contributions: The City Council of the City of Mountain Brook has the authority to establish and amend the contribution requirements of plan members. Employees do not contribute to their post-employment benefit costs until they become retirees and begin receiving benefits. The plan provisions are contained in the official plan documents.

Investment policy: The Plan's policy regarding the allocation of invested assets is established and may be amended by the Board of Trustees. The following was the asset allocation policy as of September 30, 2018:

Asset Class	Target Allocation
Certificates of deposit	100%

Concentrations: All plan assets are held in book entry form in a brokerage account. The investments in certificates of deposit are protected by Federal Depository Insurance (FDIC).

Rate of Return: For the year ended September 30, 2018, the annual money-weighted rate of return (loss) on investments, net of investment expense, was 5.73%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The City's net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of October 1, 2018, rolled forward to September 30, 2018, using standard roll-forward techniques as shown below.

City of Mountain Brook, Alabama

Notes to Financial Statements

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Not OPEB Liability (c)-(b)
Balances at September 30, 2018:	\$ 5,824,487	\$ 2,888,328	\$ 2,936,159
Service cost:	74,389	0	74,389
Interest cost at 3.50%	197,709	0	197,709
Differences between expected and actual experience	511,365	0	511,365
Contributions-employer:	0	521,826	(521,826)
Contributions-retirees:	0	132,677	(132,677)
Net investment income:	0	166,117	(166,117)
Direct benefit payments:	(351,303)	(351,303)	0
Direct administrative expense:	0	3,000	3,000
Net changes	432,180	468,117	(33,937)
Balances at September 30, 2019:	\$ 6,256,647	\$ 3,352,445	\$ 2,904,202

Plan fiduciary net position as a percentage of the total OPEB liability:

September 30, 2019	53.58%
September 30, 2018	49.56%

Actuarial Assumptions: The total OPEB liability was determined by an actuarial valuation as of October 1, 2018, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0% including inflation
Discount rate	3.5% annually (Beginning of Year to Determine ADC)*
	3.5% annually (As of End of Year Measurement Date)
Healthcare cost trend rate	5.5% annually

* Actuarially Determined Contribution

The RP-2000 Table without projection with 50%/50% unisex blend has been used. Projected future mortality improvement has not been used, since it is our opinion that this table contains a substantial conservative margin for the population involved in this valuation.

The actuarial assumptions used in the October 1, 2018, valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2008 to September 30, 2018 in addition to the Office of Group Benefits (OGB) assumptions.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of September 30, 2018, are summarized in the following table:

City of Mountain Brook, Alabama

Notes to Financial Statements

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	6.0%
Corporate Bonds	5.0%
Certificates of Deposit	1.0%
Cash	0.0%

Discount Rate: The discount rate used to measure the total OPEB liability was 3.5%. The projection of cash flows available to pay OPEB benefits was based on the long-term expected rate of return on OPEB plan investments. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following represents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.5%) or one percentage point higher (4.5%) than the current discount rate:

	1% Decrease (2.5%)	Current Rate (3.5%)	1% Increase (4.5%)
City's net OPEB liability	\$ 3,584,064	\$ 2,904,202	\$ 2,313,402

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following represents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.5%) or one percentage point higher (6.5%) than the current healthcare trend rates:

	1% Decrease (4.5%)	Current Rate (5.5%)	1% Increase (6.5%)
City's net OPEB liability	\$ 2,282,048	\$ 2,904,202	\$ 3,619,184

7. Commitments and contingencies

The City is charged by the Jefferson County Commission for shared services. The assessments for shared services charged to the City during 2019 and 2018 were as follows:

	2019	2018
Property tax commissions	\$ 225,408	\$ 220,451
Maintenance of maps and appraisals	260,838	238,057
Jefferson County Health Department	126,785	124,045
Birmingham-Jefferson County Transit Authority	121,887	121,451
Personnel Board of Jefferson County	228,644	281,206
Birmingham Regional Planning Commission	12,350	12,350

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.S.) 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.

City of Mountain Brook, Alabama
Notes to Financial Statements

The City has arranged for an independent contractor, Waste Management Company, Inc., to provide for the collection and disposal of refuse and recyclable materials. The base rates for this service for the year ended September 30, 2019, were \$31.89 per month for single and multiple family residential units and \$39.12 per month for commercial units. The annual cost incurred under this agreement for each the years ended September 30, 2019 and 2018, was approximately \$2,871,000. Total garbage service fee revenues collected by the City from its commercial customers during the years ended September 30, 2019 and 2018 were \$32,395 and \$29,948, respectively.

In August 2013, the City entered into a development agreement with a real estate developer constructing a 28-acre, \$120 million planned unit development. Under the terms of the development agreement, the City will reimburse the developer \$4 million for its infrastructure costs of constructing a new road and widening and improving existing roads upon completion of such improvements. In addition, the City has agreed to a \$10 million revenue sharing arrangement. To the extent that sales tax revenue generated from the new development exceeds the pre-development annual baseline of \$720,000 (to be indexed annually at the rate of 2%), the City shall pay the developer 90% of the excess. The City shall also pay the developer 60% of the new lodging tax revenue generated and the City's portion of real estate taxes in excess of the pre-development annual baseline of \$65,000 (to be indexed annually at the rate of 2%). The accompanying financial statements include infrastructure incentive expense of \$-0- and \$2,568,118 for the years ended September 30, 2019 and 2018, respectively, and revenue sharing development incentive expense of \$678,844 and \$1,033,144 for the years ended September 30, 2019 and 2018, respectively. The \$166,500 reduction in the incentive payments in 2019 compared to 2018 resulted from the sale of a grocery store during the year which resulted in a 4-month closure of the store while the acquiring grocer rebranded the space. The outstanding development incentive commitment balance at September 30 was as follows:

	Original Commitment	2019	2018	Change
Infrastructure	\$ 4,000,000	\$ 500,000	\$ 500,000	\$ 0
Revenue sharing	10,000,000	6,771,721	7,848,365	(876,644)
Totals	\$ 14,000,000	\$ 7,271,721	\$ 8,148,365	\$ (876,644)

In 2014, the City entered into a development agreement for the construction of a new grocery store. Under the terms of the development agreement, the City will pay the developer monthly amounts equal to 75% of the sales tax derived from the store for five years and 60% of the sales tax derived from the store thereafter up to \$4 million in the aggregate or twenty years (whichever occurs first). Additionally, the City shall pay the developer an amount equal to the City's 26.1 mil share of the 89 mil ad valorem tax in any year that taxable sales exceed defined targets increased annually based on pre-construction projections. The incentive payments commenced in 2016 upon the opening of the store. The accompanying financial statements include revenue sharing incentive expense of \$345,719 and \$282,620 for the years ended September 30, 2019 and 2018, respectively. The outstanding development incentive commitment balance was \$3,030,015 and \$3,375,734 as of September 30, 2019 and 2018, respectively.

In 2016, the City renewed two, 5-year leases of real property used for public parking. Both leases expire on September 30, 2021. The leases are payable in monthly installments. Lease payments remitted for the years ended September 30, 2019 and 2018 totaled \$63,858 and \$63,803, respectively. Annual lease payments for the fiscal years ending September 30, 2020 and 2021 will be \$64,109, and \$64,262, respectively.

Construction in progress (Note 4) at September 30 includes the following projects:

City of Mountain Brook, Alabama
Notes to Financial Statements

	2019	2018
Streets and bridges	\$ 1,025,950	\$ 598,111
Public building improvements	157,858	0
Drainage projects	45,178	0
Sidewalks and pedestrian bridge	416,808	445,525
Total	\$ 1,645,792	\$ 1,043,636

The City has entered into various contracts with the Alabama Department of Transportation (ALDOT) and engineering firms with respect to the Village Walkway System (sidewalks) and U. S. Highway 280 intersection improvements construction projects. The projects are being administered by ALDOT and federal awards have been granted that generally provide up to 60% of allowable construction and related costs. Following is a summary of the sidewalk and intersection improvement contracts underway as of September 30, 2019:

Project Description	Federal Awards Reported in	Estimated Construction Cost	Contract Commitment Anticipated	Expended in Fiscal 2019 ⁽¹⁾	Federal Awards Reported in 2019	Estimated Cost to Complete	Anticipated Completion Date
Intersection Improvements Cahaba Road/US 280/Culver Road/Lane Park Road CMAQ-3715(265)	\$ 608,456	\$ 211,434	\$ 169,120	\$ 77,000	2021		
Sidewalk Improvements along Pine Ridge Road - CMAQ-3718(251)	236,339	78,230	62,584	174,000	2020		
Sidewalk Along Dunbarton Drive from North Woodridge Road to Locksley Drive - TAPBH-TA18(931)	89,900	70,938	0	29,000	2021		
Sidewalk Improvements along Hagood Street - TAPBH-TA-19(930)	120,000	38,112	0	82,000	2020		
Mountain Brook Village Walkway System Phase 9, Brookwood and Crosshill Roads and Oakdale Drive CMAQ-NR13(908)	1,763,584	42,628	34,622	0	Pending ALDOT Close-out		
Totals	\$ 441,342	\$ 266,626	\$ 362,000				

⁽¹⁾ The amounts expended in fiscal 2019 include project-related expenditures not eligible for federal reimbursement.

8. Constitutional debt limit

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

City of Mountain Brook, Alabama

Notes to Financial Statements

	2019	2018
Assessed value of taxable real and personal property, as provided by the Jefferson County Tax Assessor	\$668,288,080	\$626,821,340
Constitutional debt limit; 20 percent of assessed value	\$133,653,616	\$125,324,268
Outstanding long-term debt as of September 30	0	0
Legal Debt Margin	\$133,653,616	\$125,324,268

9. Tax Abatements (Revenue Sharing Agreements)

The City has entered into various tax abatement (revenue sharing agreements) with property owners, businesses and real-estate developers for the purpose of a) annexing commercial/recreational properties, b) recruiting new business development and c) promoting the redevelopment of commercial parcels within the City. The agreements have limited terms and are entered into by the City as they are expected to benefit the City or increase revenue. These incentive agreements require approval by the City Council and are authorized by Amendment 772 to the Constitution of Alabama (1901), (Article 94.01 of the Recompiled Constitution of Alabama). The incentive agreements generally expire upon the earlier of a specified term of years or the satisfaction of the agreed upon incentive amount. Following is a summary of such agreements:

Nature of Incentive	Type of Tax	Percentage of City Taxes Abated	Abatement Amount	Expiration of Incentive	Maximum Incentive Amount
Grocer annexation/development	Ad valorem	100%	\$ 12,698	2020	Not applicable
Public parking	Ad valorem	100%	2,241	2021	Not applicable
Offset against related ad valorem tax revenue			14,940		
Redevelopment of commercial and multi-family parcels					
Revenue sharing	Ad valorem	100% ⁽¹⁾	509,642	2035 ⁽²⁾	\$ 10,000,000
	Lodging and Sales Tax ⁽¹⁾	90%	387,002		
Redevelopment of parcels for commercial use	Sales Tax	75%			
		2016-2020, 60% thereafter	345,719	2034 ⁽²⁾	\$ 4,000,000
General government expense			1,222,383		
Total Incentive			\$ 1,237,303		

⁽¹⁾ The development incentive is equal to 100% of ad valorem and 90% of sales taxes collected in excess of the pre-development baseline collections plus 90% of lodging tax collections. The pre-development ad valorem and sales tax baseline(s) are increased annually at the rate of 1-1/2%.

⁽²⁾ The defined expiration of the incentive agreement based on the expressed term in years. The City is confident that the incentive agreement will be satisfied earlier based on the performance of the retailer and collections realized.

10. 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 without merit or involve such amounts as would not have a material adverse effect on the City's financial statements.

City of Mountain Brook, Alabama

Notes to Financial Statements

11. Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in subsequent fiscal years. The statements address:

- Fiduciary activities
- Leases
- Certain disclosures related to debt, including direct borrowings and direct placements
- Accounting for interest cost incurred before the end of a construction period
- Majority equity interests
- Conduit debt obligations

The City is currently evaluating the effects that these statements will have on its financial statements for subsequent fiscal years.

12. Subsequent event

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. Uncertainties have arisen that may have a significant negative impact on the City, because of disruptions in revenues and operations. While the disruptions are expected to be temporary, there is uncertainty as to the duration. As a result, the negative impact on the City's revenues and operations cannot be reasonably estimated at this time. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on business activity and travel, (iv) the effects on financial markets, and (v) the effects on the economy overall, all of which are uncertain.

ED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

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City of Mountain Brook, Alabama
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$32,394,257	\$32,394,257	\$33,139,900	\$745,643
Licenses and permits	5,018,680	5,018,680	5,199,899	181,219
Intergovernmental	199,790	199,790	160,281	(39,509)
Charges for services	755,947	759,947	767,403	7,456
Fines and forfeitures	534,700	534,700	481,595	(53,105)
Grants	13,068	13,068	86,880	73,812
Other operating revenues	446,880	446,880	670,339	223,459
Total revenues	39,363,322	39,367,322	40,693,306	1,325,984
Expenditures:				
Current (operating):				
General government	6,850,501	6,850,501	6,722,502	127,999
Public safety	16,248,266	16,252,266	15,870,133	382,133
Street and sanitation	6,915,412	6,915,412	6,741,476	173,936
Recreational	1,378,981	1,378,981	1,347,910	31,071
Library	3,413,998	3,413,998	3,269,996	144,002
Total expenditures	34,807,158	34,811,158	33,952,017	859,141
Excess of revenues over expenditures	4,556,164	4,556,164	6,741,289	2,185,125
Other financing sources (uses):				
Operating transfers (out)	(4,548,849)	(4,548,849)	(5,997,275)	(1,448,426)
Operating transfers in - component unit	139,000	139,000	70,841	(68,159)
Donations	70,610	70,610	110,251	39,641
Total other financing sources (uses)	(4,339,239)	(4,339,239)	(5,816,183)	(1,476,944)
Excess of revenues and other financing sources over expenditures and other financing uses	216,925	216,925	925,106	708,181
Fund balances, beginning of year	16,044,208	16,044,208	16,044,208	0
FUND BALANCES, END OF YEAR	\$ 16,261,133	\$ 16,261,133	\$ 16,969,314	\$ 708,181

City of Mountain Brook, Alabama
Notes to Required Supplementary Information

City of Mountain Brook, Alabama
Notes to Required Supplementary Information

Summary of significant accounting policies

A. Budgets and budgetary accounting

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

- 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.
- A public hearing is conducted to obtain taxpayers' comments.
- The budget is legally enacted through the passage of an ordinance.
- The City Manager 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 Council.
- Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, and Capital Projects Funds.
- At the end of the year, unencumbered appropriations automatically lapse.
- Budget information presented in the financial statements is based on the budget as adopted by the City Council on September 24, 2018 (Ordinance No. 2018-09) and subsequently revised by way of administrative adjustments that did not change the budgeted surplus.

**City of Mountain Brook, Alabama
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Years Ended September 30**

	2018	2017	2016	2015	2014
Total pension liability					
Service costs	\$ 1,398,124	\$ 1,367,510	\$ 1,336,195	\$ 1,300,723	\$ 1,271,006
Interest	6,401,529	6,201,215	6,798,789	5,523,394	5,313,189
Change in assumptions	450,327	0	4,619,194	0	0
Differences between expected and actual experience	478,021	(179,827)	429,503	809,623	0
Benefit payments, including refunds of employee contributions	(3,184,981)	(4,806,405)	(4,365,372)	(4,067,215)	(3,845,824)
Transfers among employers	(160,783)	171,493	(39,780)	0	0
Net change in total pension liability	3,382,237	2,775,986	7,776,329	3,566,525	2,736,362
Total pension liability, beginning	85,192,668	82,416,682	74,642,553	71,076,028	68,337,666
Total pension liability, ending (a)	\$ 88,574,905	\$ 85,192,668	\$ 82,416,682	\$ 74,642,553	\$ 71,076,028
Plan fiduciary net position					
Contributions - employer ⁽¹⁾	\$ 2,350,438	\$ 2,330,683	\$ 1,619,070	\$ 1,576,733	\$ 1,527,445
Contributions - employee	1,210,003	1,221,711	1,178,166	1,163,948	1,140,706
Net investment income	5,207,452	6,544,802	4,856,857	576,080	5,337,852
Benefit payments, including refunds of employee contributions	(5,184,981)	(4,806,405)	(4,365,372)	(4,067,215)	(3,845,824)
Transfers among employers	(160,783)	171,493	(39,780)	41,498	(125,522)
Net change in plan fiduciary net position	3,422,129	5,462,084	3,248,741	(706,956)	4,034,452
Plan net position, beginning	57,203,288	51,741,204	48,492,463	49,199,421	45,164,969
Plan net position, ending (b)	\$ 60,625,417	\$ 57,203,288	\$ 51,741,204	\$ 48,492,463	\$ 49,199,421
Net pension liability (asset), ending	\$ 27,949,588	\$ 27,989,580	\$ 30,677,678	\$ 26,150,090	\$ 21,876,607
Plan fiduciary net position as a percentage of the total pension liability	68.45%	67.15%	62.78%	64.97%	69.22%
Covered-employee payroll ⁽¹⁾	\$ 15,514,540	\$ 15,189,454	\$ 14,668,056	\$ 14,560,566	\$ 14,200,725
Net pension liability (asset) as a percentage of the covered-employee payroll	180.15%	184.27%	208.06%	179.35%	154.05%

⁽¹⁾ Covered payroll during the measurement period is the total payroll on which contributions to the pension plan are based. For fiscal year 2018, the measurement period is October 1, 2017 - September 30, 2018.

⁽²⁾ Employer contributed more than the actuarially determined required contribution in the amount of: \$ 610,000 \$ 600,000 \$ 0 \$ 0 \$ 0

This schedule is intended to show information for 10 years. Additional years will be displayed as information becomes available.

**City of Mountain Brook, Alabama
Required Supplementary Information
Schedule of Employer Contributions
Year Ended September 30**

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,105,237	\$ 1,781,249	\$ 1,733,175	\$ 1,617,545	\$ 1,578,733
Contributions in relation to the actuarially determined contribution	2,743,237	2,371,249	2,333,175	1,617,545	1,578,733
Contributions deficiency (excess)	\$ (638,000)	\$ (610,000)	\$ (600,000)	\$ 0	\$ 0
Covered-employee payroll	\$ 16,180,854	\$ 15,514,540	\$ 15,189,454	\$ 14,828,056	\$ 14,580,566
Contributions as a percentage of covered-employee payroll	16.83%	15.26%	15.36%	10.88%	10.83%

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of September 30, 2018, three years prior to the end of the fiscal year in which contributions are reported.

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

- Actuarial cost method
- Amortization method
- Remaining amortization period (years)
- Asset valuation method: **
- Investment rate of return (discount rate)

- Entry Age
- Level percent closed
- 28.4
- Five year smoothed market
- 7.700% Net of plan investment expense, including inflation
- 3.25-6.00%
- 2.750%

Salary increases**
** Includes inflation at

This schedule is intended to show information for 10 years. Additional years will be displayed as information becomes available.

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City of Mountain Brook, Alabama
 Other Post-Employment Benefits (OPEB)
 Schedule of Changes in Net OPEB Liability and Related Ratios
 Year Ended September 30,

City of Mountain Brook, Alabama
 Other Post-Employment Benefits (OPEB)
 Schedule of Changes in Net OPEB Liability and Related Ratios
 Years Ended September 30,

	2019	2018
Total OPEB Liability		
Service cost	\$ 74,389	\$ 73,276
Interest	197,709	175,070
Differences between expected and actual experience	511,365	1,666,656
Changes of assumptions	0	(810,818)
Benefit payments	(351,303)	(343,392)
Net change in total OPEB liability	432,160	650,792
Total OPEB liability, beginning of year	\$ 5,824,487	5,173,695
Total OPEB liability, end of year (a)	\$ 6,256,647	\$ 5,824,487
Plan Fiduciary Net Position		
Contributions - employer	\$ 521,626	\$ 520,438
Contributions - member	132,677	127,956
Net investment income (loss)	186,117	(12,392)
Benefit payments	(351,303)	(343,392)
Administrative expense	(3,000)	(5,000)
Net change in plan fiduciary net position	466,117	287,608
Plan fiduciary net position, beginning of year	\$ 2,888,328	2,598,720
Plan fiduciary net position, end of year (b)	\$ 3,352,445	\$ 2,886,328
Net OPEB liability, end of year (a) - (b)	\$ 2,904,202	\$ 2,938,159
Plan fiduciary net position as a percentage of the total OPEB liability	53.58%	49.56%
Covered-employee payroll	16,180,854	15,514,540
Net OPEB liability as a percentage of covered-employee payroll	17.95%	18.94%

Notes to Schedule:

Benefit Changes: There were no changes of benefit terms for the year ended September 30, 2019.

Changes of Assumptions: There were no changes of assumptions for the year ended September 30, 2019.

This schedule is intended to show information for 10 years. Additional years will be displayed as information becomes available.

**City of Mountain Brook, Alabama
Other Post-Employment Benefits (OPEB)
Schedule of Employer Contributions
Years Ended September 30,**

	2019	2018
Actuarially determined contribution	\$ 234,141	\$ 213,281
Contributions in relation to the actuarially determined contribution:		
Employer contributions to trust	300,000	300,000
Employer-paid retiree premiums	351,303	343,392
Employer-paid expenses	3,000	5,000
	<u>654,303</u>	<u>648,392</u>
Contribution deficiency (excess)	\$ (420,162)	\$ (435,111)
Covered annual payroll	\$16,180,854	\$ 15,514,540
Contributions as a percentage of covered employee payroll	4.04%	4.18%

Notes to Schedule:

- Valuation date** 10/1/2018
Actuarially determined contributions are calculated as of the last day of the fiscal year in which contributions are reported
 - Actuarial cost method** Individual Entry Age Normal
 - Amortization method** Level dollar, open
 - Amortization period** 30 years
 - Asset valuation method** Market value
 - Inflation** 2.5% annually
 - Health care trend** 5.5% annually
 - Salary increases** 3.0% annually
 - Discount rate** 3.5% annually (Beginning of Year to Determine the Actuarially Determined Contributions (ADC))
3.5% annually (As of End of Year Measurement Date)
 - Retirement age** Three (3) years after the earliest of 1) 30 years of service or 2) attainment of age 60 and 15 years of service with the City. Eligibility for benefits ceases upon the earlier of 13 years after retirement and/or Medicare eligibility. Employees hired on or after January 1, 2013, are not eligible to retire before age 62 for civilians and 57 for sworn police officers and firefighters.
 - Mortality** RP-2000 without projections, 50% unisex blend
 - Turnover** Age specific table with an average of 7.5% when applied to the active census
- This schedule is intended to show information for 10 years. Additional years will be displayed as information becomes available

**City of Mountain Brook, Alabama
Other Post-Employment Benefits (OPEB)
Schedule of Investment Returns
Ten (10) Years Ended September 30, 2010 through 2019**

	2019	2018	2017	2016
Annual money-weighted rate of return, net	5.73%	-0.48%	-0.10%	5.15%
Investment expense				
Interest income (accrual basis) (A)	\$ 67,677	\$ 56,837	\$ 47,463	\$ 42,790
Beginning market value	\$ 2,885,328	\$ 2,588,720	\$ 2,301,227	\$ 1,800,232
Investment income	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Date deposited	9/16/2019	6/18/2018	6/13/2017	7/22/2016
Ending market value	\$ 3,352,445	\$ 2,888,328	\$ 2,588,720	\$ 2,301,227
Weighted average market value (B)	\$ 2,904,208	\$ 2,680,688	\$ 2,390,087	\$ 1,876,825
Yield (A)/(B)	2.33%	2.12%	1.98%	2.16%

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APPENDIX 7

	2015	2014	2013	2012	2011	2010
	1.75%	0.75%	1.69%	1.78%	2.51%	3.02%
	\$ 22,583	\$ 18,161	\$ 16,425	\$ 11,762	\$ 10,550	\$ 6,704
	\$ 1,571,338	\$ 1,281,489	\$ 925,335	\$ 613,573	\$ 403,024	\$ 198,320
	\$ 300,000	\$ 600,000	\$ 320,000	\$ 300,000	\$ 200,000	\$ 200,000
	8/29/2015	8/4/2014	8/27/2013	8/3/2012	8/29/2011	8/13/2010
	\$ 1,900,232	\$ 1,571,336	\$ 1,261,489	\$ 925,335	\$ 613,573	\$ 403,024
	\$ 1,655,137	\$ 1,309,884	\$ 958,648	\$ 662,978	\$ 421,483	\$ 223,503
	1.38%	1.38%	1.72%	1.77%	2.50%	3.00%

SUPPLEMENTARY INFORMATION

City of Mountain Brook, Alabama

Combining Balance Sheet
Other Governmental Funds
September 30, 2019

State Shared Gasoline Tax Funds

	Five Cent	Seven Cent	Four Cent	Five Cent	Two Cent	Ten Cent
ASSETS						
Cash and temporary investments	\$ 43,319	\$ 171,373	\$ 167,229	\$ 13,891	\$ 0	\$ 0
Receivables	20,364	11,807	5,818	0	0	0
TOTAL ASSETS	\$ 63,683	\$ 183,180	\$ 173,047	\$ 13,891	\$ 0	\$ 0
LIABILITIES						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10
TOTAL LIABILITIES	0	0	0	0	0	10
FUND BALANCES						
Restricted	63,683	183,180	173,047	13,891	0	0
Assigned	0	0	0	0	0	0
Unassigned	0	0	0	0	0	(10)
TOTAL FUND BALANCES	63,683	183,180	173,047	13,891	0	(10)
TOTAL LIABILITIES AND FUND BALANCES	\$ 63,683	\$ 183,180	\$ 173,047	\$ 13,891	\$ 0	\$ 0

Emergency Communication District	Corrections Fund	Debt Service Fund	Totals
\$ 208,240	\$ 15,485	\$ 2,044,044	\$ 2,663,581
31,781	0	0	69,780
\$ 240,031	\$ 15,485	\$ 2,044,044	\$ 2,733,361
\$ 2,320	\$ 15,485	\$ 0	\$ 17,815
2,320	15,485	0	17,815
237,711	0	0	671,612
0	0	2,044,044	2,044,044
0	0	0	(10)
237,711	0	2,044,044	2,715,548
\$ 240,031	\$ 15,485	\$ 2,044,044	\$ 2,733,361

Revenue	Expenditures	Fund Balance
2020	2020	2020
2019	2019	2019
2018	2018	2018
2017	2017	2017
2016	2016	2016
2015	2015	2015
2014	2014	2014
2013	2013	2013
2012	2012	2012
2011	2011	2011
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City of Mountain Brook, Alabama
 Combining Balance Sheet - Capital Projects Funds
 September 30, 2019

Emergency Communication District	Corrections Fund	Debt Service Fund	Totals Fund
\$ 0	\$ 0	\$ 0	\$ 413,015
385,135	46,800	0	431,935
0	126,269	0	126,269
<u>2,721</u>	<u>379</u>	<u>44,734</u>	<u>248,180</u>
<u>387,856</u>	<u>173,448</u>	<u>44,734</u>	<u>1,217,392</u>
0	345,508	269	345,777
379,876	121,848	0	501,824
0	0	0	980,458
<u>379,876</u>	<u>467,356</u>	<u>269</u>	<u>1,808,057</u>
<u>7,880</u>	<u>(293,908)</u>	<u>44,485</u>	<u>(590,658)</u>
0	293,908	416,320	835,228
0	0	0	0
0	293,908	416,320	835,228
<u>7,880</u>	<u>0</u>	<u>460,785</u>	<u>244,570</u>
<u>229,831</u>	<u>0</u>	<u>1,583,259</u>	<u>2,470,978</u>
<u>\$ 237,711</u>	<u>\$ 0</u>	<u>\$ 2,044,044</u>	<u>\$ 2,715,548</u>

City of Mountain Brook, Alabama
 Combining Balance Sheet - Capital Projects Funds
 September 30, 2019

Capital Projects	Infrastructure Projects	Village Trail System Projects	Totals
\$ 0	\$ 0	\$ 0	\$ 413,015
385,135	46,800	0	431,935
0	126,269	0	126,269
<u>2,721</u>	<u>379</u>	<u>44,734</u>	<u>248,180</u>
<u>387,856</u>	<u>173,448</u>	<u>44,734</u>	<u>1,217,392</u>
0	345,508	269	345,777
379,876	121,848	0	501,824
0	0	0	980,458
<u>379,876</u>	<u>467,356</u>	<u>269</u>	<u>1,808,057</u>
<u>7,880</u>	<u>(293,908)</u>	<u>44,485</u>	<u>(590,658)</u>
0	293,908	416,320	835,228
0	0	0	0
0	293,908	416,320	835,228
<u>7,880</u>	<u>0</u>	<u>460,785</u>	<u>244,570</u>
<u>229,831</u>	<u>0</u>	<u>1,583,259</u>	<u>2,470,978</u>
<u>\$ 237,711</u>	<u>\$ 0</u>	<u>\$ 2,044,044</u>	<u>\$ 2,715,548</u>

City of Mountain Brook, Alabama
 Combining Balance Sheet - Capital Projects Funds
 September 30, 2019

City Capital Projects	Infrastructure Projects	Village Trail System Projects	Totals
\$ 0	\$ 0	\$ 0	\$ 413,015
385,135	46,800	0	431,935
0	126,269	0	126,269
<u>2,721</u>	<u>379</u>	<u>44,734</u>	<u>248,180</u>
<u>387,856</u>	<u>173,448</u>	<u>44,734</u>	<u>1,217,392</u>
0	345,508	269	345,777
379,876	121,848	0	501,824
0	0	0	980,458
<u>379,876</u>	<u>467,356</u>	<u>269</u>	<u>1,808,057</u>
<u>7,880</u>	<u>(293,908)</u>	<u>44,485</u>	<u>(590,658)</u>
0	293,908	416,320	835,228
0	0	0	0
0	293,908	416,320	835,228
<u>7,880</u>	<u>0</u>	<u>460,785</u>	<u>244,570</u>
<u>229,831</u>	<u>0</u>	<u>1,583,259</u>	<u>2,470,978</u>
<u>\$ 237,711</u>	<u>\$ 0</u>	<u>\$ 2,044,044</u>	<u>\$ 2,715,548</u>

City of Mountain Brook, Alabama
 Combining Balance Sheet - Capital Projects Funds
 September 30, 2019

City Capital Projects	Infrastructure Projects	Village Trail System Projects	Totals
\$ 0	\$ 0	\$ 0	\$ 413,015
385,135	46,800	0	431,935
0	126,269	0	126,269
<u>2,721</u>	<u>379</u>	<u>44,734</u>	<u>248,180</u>
<u>387,856</u>	<u>173,448</u>	<u>44,734</u>	<u>1,217,392</u>
0	345,508	269	345,777
379,876	121,848	0	501,824
0	0	0	980,458
<u>379,876</u>	<u>467,356</u>	<u>269</u>	<u>1,808,057</u>
<u>7,880</u>	<u>(293,908)</u>	<u>44,485</u>	<u>(590,658)</u>
0	293,908	416,320	835,228
0	0	0	0
0	293,908	416,320	835,228
<u>7,880</u>	<u>0</u>	<u>460,785</u>	<u>244,570</u>
<u>229,831</u>	<u>0</u>	<u>1,583,259</u>	<u>2,470,978</u>
<u>\$ 237,711</u>	<u>\$ 0</u>	<u>\$ 2,044,044</u>	<u>\$ 2,715,548</u>

APPENDIX 7

City of Mountain Brook, Alabama

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Capital Projects Funds
Year Ended September 30, 2019

	City Capital Projects	Infrastructure Improvement Projects	Village Trail System Projects	Totals
Revenues:				
Grants	0	\$ 11,200	\$ 298,501	\$ 307,701
Other operating revenues:				
Investment earnings (losses)	630,733	34,842	8,554	674,129
Total revenues:	630,733	46,042	305,055	981,830
Expenditures:				
General government	103,809	275,970	0	379,779
Public safety	950,324	0	0	950,324
Street and sanitation	154,154	457,431	641,343	1,252,928
Recreational	47,021	511,976	0	558,997
Library	96,695	0	0	96,695
Total expenditures:	1,352,003	1,245,377	641,343	3,238,723
Excess (deficiency) of revenues over expenditures	(721,270)	(1,189,335)	(336,288)	(2,256,893)
Other financing sources (uses):				
Operating transfers in	2,894,510	1,873,737	393,800	5,162,047
Operating transfers (out)	0	0	0	0
Proceeds from the sale of assets	85,921	0	0	85,921
Donations	0	553,193	0	553,193
Total other financing sources (uses)	2,980,431	2,426,930	393,800	5,801,161
Excess of revenues and other financing sources over expenditures and other financing uses:	2,259,161	1,227,595	57,512	3,544,268
Fund balances, beginning of year	10,498,280	2,223,916	883,208	13,605,404
FUND BALANCES, END OF YEAR	\$ 12,757,441	\$ 3,451,511	\$ 940,720	\$ 17,149,672

City of Mountain Brook, Alabama

City of Mountain Brook, Alabama
Schedule of General Fund Revenues by Source
For the Years Ended September 30, 2010 through 2019

	2010	2011	2012	2013
Taxes				
Real property	\$ 14,322,580	\$ 13,890,843	\$ 13,873,635	\$ 13,512,485
Sales and use	7,854,903	8,476,522	8,112,494	9,578,337
Utility	1,450,440	1,460,206	1,365,487	1,284,421
Personal property (automobiles)	1,047,889	1,078,079	1,152,424	1,208,485
Road and bridge	590,899	572,584	575,000	565,066
Other	1,016,068	903,688	1,030,680	1,038,515
Total taxes	28,282,759	28,382,922	27,109,720	27,187,309
Licenses and permits				
Business	2,130,822	2,165,612	2,223,912	2,492,623
Construction permits	624,309	753,444	800,820	1,100,204
Cable TV franchise fees	347,757	352,964	381,701	424,912
Waterworks Board	159,242	207,939	216,090	216,839
Other	64,720	60,310	61,928	62,116
Total licenses and permits	3,326,850	3,540,269	3,694,451	4,298,693
Intergovernmental	82,826	84,874	85,613	84,547
Charges for services				
Garbage fees	34,082	32,436	39,235	35,589
Other	591,636	619,716	714,561	693,408
Total charges for services	625,698	652,152	753,796	728,997
Fines and forfeitures - court	514,542	529,522	448,682	559,465
Grants	19,708	282,423	12,062	15,755
Other operating revenue				
Investment earnings	207,214	131,706	199,151	138,162
Other	254,173	300,657	278,880	439,492
Total other operating revenue	461,387	432,363	478,031	577,654
TOTAL REVENUES	\$ 31,313,770	\$ 31,904,525	\$ 32,580,355	\$ 33,450,420

	2014	2015	2016	2017	2018	2019
	\$ 13,867,794	\$ 13,984,315	\$ 14,443,548	\$ 15,155,623	\$ 15,570,510	\$ 16,179,118
	9,808,223	10,158,557	10,285,530	10,656,090	10,703,490	11,041,853
	1,288,163	1,325,088	1,283,444	1,253,385	1,266,010	1,382,185
	1,217,199	1,306,732	1,392,583	1,382,497	1,286,922	1,289,323
	550,686	596,475	604,774	627,182	648,115	671,888
	1,127,178	1,238,322	1,508,951	1,810,442	2,069,420	2,615,515
	27,859,243	28,619,489	29,515,930	30,885,218	31,542,467	33,139,900
	2,531,307	2,679,512	2,815,615	3,048,371	2,991,535	2,995,790
	1,347,583	1,143,394	1,119,259	1,076,879	1,160,304	1,501,218
	389,500	423,068	432,800	412,824	396,782	392,537
	192,875	215,518	208,099	254,138	219,051	237,503
	65,154	63,674	65,373	65,909	66,127	69,850
	4,626,419	4,625,168	4,640,846	4,856,121	4,833,799	5,186,698
	85,443	92,199	92,199	185,943	189,926	180,291
	34,086	33,690	29,175	30,977	29,948	32,385
	730,347	695,790	688,534	678,795	628,736	735,008
	784,433	729,680	717,709	709,772	658,684	767,403
	577,844	643,492	575,406	588,293	514,978	461,595
	100,187	53,653	16,438	111,680	29,486	96,680
	68,522	150,688	170,543	109,327	183,834	575,981
	311,374	296,044	316,717	268,692	363,255	294,378
	380,896	446,712	467,260	379,019	547,089	870,339
	\$ 34,284,465	\$ 35,110,391	\$ 36,047,888	\$ 37,714,047	\$ 38,316,429	\$ 40,693,306

City of Mountain Brook, Alabama
Comparative Balance Sheet - General Fund
 September 30

	2019	2018
ASSETS		
Cash and temporary investments	\$ 16,812,126	\$ 15,969,944
Cash and temporary investments - restricted	243,148	240,198
Receivables	2,194,813	2,084,080
Due from related organizations	4,144	0
Inventory and prepaid expenses	213,555	238,731
TOTAL ASSETS	\$ 19,487,786	\$ 18,512,963
LIABILITIES		
Accounts payable	\$ 670,075	\$ 724,307
Accrued salaries and wages	1,051,272	894,788
Due to related organizations	60,150	61,134
Other liabilities	716,975	688,516
TOTAL LIABILITIES	2,498,472	2,468,755
PENSION OBLIGATION (NOTE 5)		
OPEB OBLIGATION (NOTE 6)		
FUND BALANCES		
Nonspendable	213,555	238,731
Restricted	0	0
Committed	51,930	51,930
Assigned	170,764	188,782
Unassigned	16,533,065	15,564,755
FUND BALANCES	16,969,314	16,044,208
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,487,786	\$ 18,512,963

City of Mountain Brook, Alabama
**Comparative Statement of Revenues, Expenditures, and
 Changes in Fund Balances - General Fund**
 Years Ended September 30

	2019	2018
Revenues:		
Taxes	\$ 33,139,900	\$ 31,542,487
Licenses and permits	5,198,888	4,833,799
Intragovernmental	160,291	189,926
Charges for services	767,403	658,684
Fines and forfeitures	481,595	514,978
Grants	96,880	29,488
Other operating revenues	870,338	547,089
Total revenues	40,693,306	38,316,429
Expenditures:		
Current (operating):		
General government	6,722,502	7,505,247
Public safety	15,870,133	15,065,849
Street and sanitation	6,741,476	6,483,645
Recreational	1,347,910	1,310,401
Library	3,269,986	3,239,362
Total expenditures	33,952,017	33,584,524
Excess of revenues over expenditures	6,741,289	4,731,905
Other financing sources (uses):		
Operating transfers (out)	(5,997,275)	(4,258,151)
Operating transfers in - component unit	70,841	75,626
Donations	110,251	34,126
Total other financing sources (uses)	(5,816,183)	(4,148,399)
Excess of revenues and other financing sources over expenditures and other financing uses	925,106	582,506
Fund balances, beginning of year	16,044,208	15,491,702
FUND BALANCES, END OF YEAR	\$ 16,969,314	\$ 16,044,208

City of Mountain Brook, Alabama

City of Mountain Brook, Alabama
Comparative Balance Sheet - Capital Projects Funds
 September 30

	2019	2018
ASSETS		
Cash and temporary investments	\$ 17,118,513	\$ 13,627,468
Receivables	172,671	159,639
Inventory and prepaid expenses	28,338	34,162
TOTAL ASSETS	\$ 17,320,522	\$ 13,821,287
LIABILITIES		
Accounts payable	\$ 170,850	\$ 215,883
TOTAL LIABILITIES	170,850	215,883
PENSION OBLIGATION (NOTE 5)		
OPEB OBLIGATION (NOTE 6)		
FUND BALANCES		
Nonspendable	28,338	34,162
Restricted	0	0
Committed	17,121,334	13,571,242
FUND BALANCES	17,149,672	13,605,404
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,320,522	\$ 13,821,287

City of Mountain Brook, Alabama
Comparative Statement of Revenues, Expenditures, and
Changes in Fund Balances - Capital Projects Funds
Years Ended September 30

	2019	2018
Revenues:		
Grants	\$ 307,701	\$ 946,436
Other operating revenues	674,129	112,915
Total revenues:	981,830	1,059,351
Expenditures:		
Current (operating):		
General government	379,779	1,128,829
Public safety	950,324	1,337,681
Street and sanitation	1,252,928	4,696,228
Recreational	558,997	329,005
Library	96,695	752,484
Total expenditures:	3,238,723	7,154,227
Excess (deficiency) of revenues over expenditures	(2,256,893)	(6,094,876)
Other financing sources (uses):		
Operating transfers in	5,162,047	4,016,160
Operating transfers (out)	0	0
Operating transfers in - component unit	0	0
Proceeds from the sale of assets	85,921	0
Donations	553,193	32,836
Total other financing sources (uses)	5,801,161	4,048,996
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	3,544,268	(2,045,880)
Fund balances, beginning of year	13,605,404	15,651,284
FUND BALANCES, END OF YEAR	\$ 17,149,672	\$ 13,605,404

City of Mountain Brook, Alabama
Comparative Balance Sheet - Debt Service Fund
September 30

	2019	2018
ASSETS		
Cash and temporary investments	\$ 2,044,044	\$ 1,583,259
TOTAL ASSETS	\$ 2,044,044	\$ 1,583,259
LIABILITIES	\$ 0	\$ 0
FUND BALANCES	2,044,044	1,583,259
Assigned	2,044,044	1,583,259
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,044,044	\$ 1,583,259

**City of Mountain Brook, Alabama
 Comparative Statement of Revenues, Expenditures, and
 Changes in Fund Balance – Debt Service Fund
 Years Ended September 30**

	2019	2018
Revenues:		
Other operating revenues	\$ 44,734	\$ 1,105
Total revenues	<u>44,734</u>	<u>1,105</u>
Expenditures:		
Current (operating):		
General government	269	0
Debt service:		
Principal	0	0
Interest	0	0
Total expenditures	<u>269</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>44,465</u>	<u>1,105</u>
Other financing sources (uses):		
Operating transfers in	416,320	239,139
Total other financing sources (uses)	<u>416,320</u>	<u>239,139</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	460,785	240,244
Fund balances, beginning of year	<u>1,583,259</u>	<u>1,343,015</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,044,044</u>	<u>\$ 1,583,259</u>

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COMPLIANCE AND INTERNAL CONTROL REPORT ON COMPLIANCE AND INTERNAL CONTROL

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APPENDIX 7



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mountain Brook, Alabama (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 29, 2020. The financial statements of the Mountain Brook Library Foundation (the Foundation), which represents the City's discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We

did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carri Riggs & Ingram, LLC

Birmingham, Alabama
April 29, 2020

City of Mountain Brook
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-001: Segregation of Duties

Criteria: Management is responsible 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.
Condition: The City's employees perform numerous functions that result in a lack of segregation of duties. This is a repeat finding.
Cause: Due to the limited number of people working in the finance department, certain critical duties are combined and assigned to available employees.
Effect: Lack of segregation of duties may result in the misstatement of financial information.

Recommendation:
To the extent possible, duties should be segregated to serve as a check and balance on employees' integrity and to maintain the best control system possible. We suggest that the segregation of duties be reviewed and adjusted where possible to strengthen the system of internal control.

Management's response:
The City agrees with this finding. The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation.

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