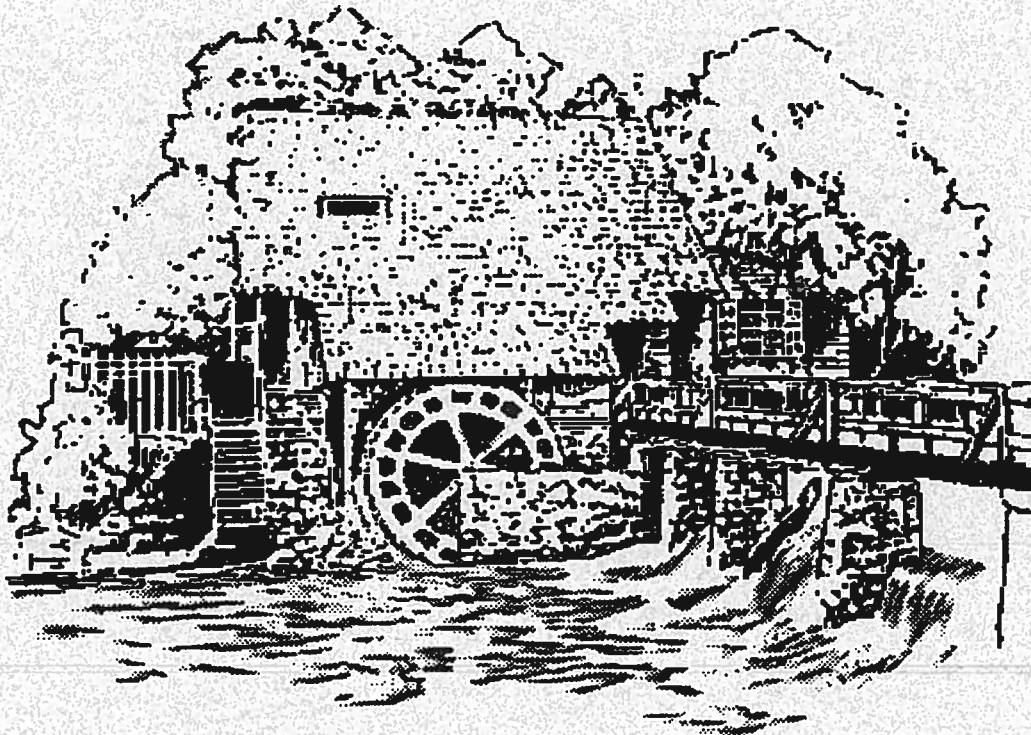


**Audited Financial Statements  
and Supplemental Information**

**City of Mountain Brook, Alabama**



**September 30, 1997**

# City of Mountain Brook, Alabama

September 30, 1997



**CITY OF MOUNTAIN BROOK, ALABAMA  
CITY OFFICIALS  
SEPTEMBER 30, 1997**

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**MAYOR**

The Honorable Lawrence T. Oden

**CITY COUNCIL**

Mr. William J. Grayson, Jr., President

Mr. Tom Clark

Mr. William J. Long

Ms. Helene S. Elkus

Ms. Alice Williams

**CITY MANAGER**

Mr. Sam S. Gaston

**DEPARTMENT SUPERVISORS**

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



**CITY OF MOUNTAIN BROOK, ALABAMA  
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SEPTEMBER 30, 1997**

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*John P. Wheeler*

Certified Public Accountant

One Office Park Circle

Birmingham, Alabama 35223

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**INDEPENDENT AUDITOR'S REPORT**

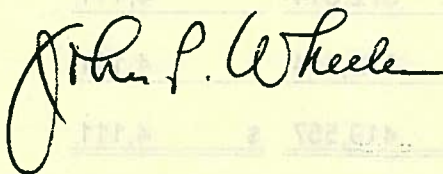
The Honorable Mayor and Members of the City Council  
City of Mountain Brook, Alabama

I have audited the accompanying general purpose financial statements of the City of Mountain Brook, Alabama (the "City") as of and for the year ended September 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the general purpose financial statements listed in the table of contents present fairly, in all material respects, the financial position of the City of Mountain Brook, as of September 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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



December 31, 1997



John S. Wheeler  
Certified Public Accountant

One Otis Park Drive

**CITY OF MOUNTAIN BROOK, ALABAMA**  
**COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT**  
**GROUPS, AND DISCRETELY PRESENTED COMPONENT UNIT**  
**SEPTEMBER 30, 1997**

	<b>Governmental Fund Types</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>
<b>ASSETS</b>			
Cash and temporary investments	\$ 3,834,120	\$ 365,117	\$ 4,111
Receivables	1,308,453	51,022	-
Due from other funds	-	3,418	-
Prepaid expenses	22,294	-	-
Property and equipment, net	-	-	-
Amount to be provided for retirement of general obligation warrants and compensated absences	-	-	-
Amount available in Debt Service Fund	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,164,867</b>	<b>\$ 419,557</b>	<b>\$ 4,111</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 428,510	\$ 25,327	\$ -
Accrued salaries and wages	575,470	2,763	-
Other liabilities	204,080	18,853	-
Due to other funds	3,418	-	-
Accrued compensated absences	19,008	-	-
Long-term debt	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,230,486</b>	<b>46,943</b>	<b>-</b>
<b>FUND EQUITY</b>			
Investment in general fixed assets	-	-	-
Fund balance (deficit):			
Reserved	-	-	-
Unreserved	3,934,381	372,614	4,111
<b>TOTAL FUND EQUITY</b>	<b>3,934,381</b>	<b>372,614</b>	<b>4,111</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 5,164,867</b>	<b>\$ 419,557</b>	<b>\$ 4,111</b>

See accompanying notes to financial statements.

CITY OF MOUNTAIN BROOK, ALABAMA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS  
 TYPES AND DISCREETELY PRESENTED COMPONENT UNIT  
 YEAR ENDED SEPTEMBER 30, 1997

Capital Projects	Account Groups		Totals (Memo Only) Primary Government	Component Unit	Totals (Memo Only) Reporting Entity
	General Fixed Assets	General Long-Term Debt			
\$ 5,157,427	\$ -	\$ -	\$ 9,360,775	\$ 373,509	\$ 9,734,284
-	-	-	1,359,475	-	1,359,475
-	-	-	3,418	-	3,418
-	-	-	22,294	-	22,294
-	6,868,798	-	6,868,798	-	6,868,798
-	-	6,221,870	6,221,870	-	6,221,870
-	-	4,111	4,111	-	4,111
<u>\$ 5,157,427</u>	<u>\$ 6,868,798</u>	<u>\$ 6,225,981</u>	<u>\$ 23,840,741</u>	<u>\$ 373,509</u>	<u>\$ 24,214,250</u>
\$ 40,800	\$ -	\$ -	\$ 494,637	\$ 8,812	\$ 503,449
-	-	-	578,233	-	578,233
5,798	-	-	228,731	-	228,731
-	-	-	3,418	42,996	46,414
-	-	1,030,981	1,049,989	-	1,049,989
-	-	5,195,000	5,195,000	-	5,195,000
46,598	-	6,225,981	7,550,008	51,808	7,601,816
-	6,868,798	-	6,868,798	-	6,868,798
-	-	-	-	214,399	214,399
5,110,829	-	-	9,421,935	107,302	9,529,237
5,110,829	6,868,798	-	16,290,733	321,701	16,612,434
<u>\$ 5,157,427</u>	<u>\$ 6,868,798</u>	<u>\$ 6,225,981</u>	<u>\$ 23,840,741</u>	<u>\$ 373,509</u>	<u>\$ 24,214,250</u>

**CITY OF MOUNTAIN BROOK, ALABAMA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND  
 TYPES AND DISCRETELY PRESENTED COMPONENT UNIT  
 YEAR ENDED SEPTEMBER 30, 1997**

	<b>Governmental Fund Types</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>
<b>REVENUES</b>			
Taxes	\$ 15,153,046	\$ 399,668	\$ -
Licenses and permits	2,042,478	-	-
Intergovernmental	33,803	54,000	-
Charges for services	1,640,680	149,980	-
Fines and forfeitures	292,448	49,948	-
Grants	13,000	-	-
Other operating revenues	321,514	29,686	775
<b>TOTAL REVENUES</b>	<b>19,496,969</b>	<b>683,282</b>	<b>775</b>
<b>EXPENDITURES</b>			
General government	3,856,726	67,324	2,651
Public safety	5,564,428	245,062	-
Street and sanitation	3,505,103	487,942	-
Recreational	431,392	-	-
Debt service	-	-	1,548,640
<b>TOTAL EXPENDITURES</b>	<b>13,357,649</b>	<b>800,328</b>	<b>1,551,291</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>6,139,320</b>	<b>(117,046)</b>	<b>(1,550,516)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	38,991	1,550,380
Operating transfers out	(3,924,931)	-	-
Operating transfers to component unit	(954,669)	-	-
Donations	22,320	3,300	-
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>(4,857,280)</b>	<b>42,291</b>	<b>1,550,380</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>1,282,040</b>	<b>(74,755)</b>	<b>(136)</b>
Fund balances, beginning, as previously reported	2,865,047	447,369	4,247
Prior period adjustments (Note 12)	(212,706)	-	-
<b>FUND BALANCES, ENDING</b>	<b>\$ 3,934,381</b>	<b>\$ 372,614</b>	<b>\$ 4,111</b>

See accompanying notes to financial statements.

CITY OF MOUNTAIN BROOK, ALABAMA  
 COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 YEAR ENDED SEPTEMBER 30, 1997

Capital Projects	Totals (Memo Only) Primary Government	Component Unit	Totals (Memo Only) Reporting Entity
\$ -	\$ 15,552,714	\$ -	\$ 15,552,714
-	2,042,478	-	2,042,478
5,759	93,562	-	93,562
-	1,790,660	-	1,790,660
-	342,396	42,752	385,148
-	13,000	19,942	32,942
426,647	778,622	22,464	801,086
<u>432,406</u>	<u>20,613,432</u>	<u>85,158</u>	<u>20,698,590</u>
14,881	3,941,582	-	3,941,582
688,725	6,498,215	-	6,498,215
1,860,090	5,853,135	-	5,853,135
15,305	446,697	1,006,629	1,453,326
-	1,548,640	-	1,548,640
<u>2,579,001</u>	<u>18,288,269</u>	<u>1,006,629</u>	<u>19,294,898</u>
(2,146,595)	2,325,163	(921,471)	1,403,692
2,335,560	3,924,931	-	3,924,931
-	(3,924,931)	-	(3,924,931)
-	(954,669)	954,669	-
9,936	35,556	57,708	93,264
<u>2,345,496</u>	<u>(919,113)</u>	<u>1,012,377</u>	<u>93,264</u>
198,901	1,406,050	90,906	1,496,956
4,911,928	8,228,591	230,795	8,459,386
-	(212,706)	-	(212,706)
<u>\$ 5,110,829</u>	<u>\$ 9,421,935</u>	<u>\$ 321,701</u>	<u>\$ 9,743,636</u>

**CITY OF MOUNTAIN BROOK, ALABAMA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 YEAR ENDED SEPTEMBER 30, 1997**

	<u>General Fund</u>		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes	\$ 14,837,987	\$ 15,153,046	\$ 315,059
Licenses and permits	1,985,863	2,042,478	56,615
Intergovernmental	32,366	33,803	1,437
Charges for services	1,534,012	1,640,680	106,668
Fines and forfeitures	288,000	292,448	4,448
Grants	13,000	13,000	-
Other operating revenues	238,100	321,514	83,414
<b>TOTAL REVENUES</b>	<u>18,929,328</u>	<u>19,496,969</u>	<u>567,641</u>
<b>EXPENDITURES</b>			
General government	3,920,848	3,856,726	64,122
Public safety	5,707,112	5,564,428	142,684
Street and sanitation	3,739,758	3,505,103	234,655
Recreational	486,545	431,392	55,153
Debt service	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>13,854,263</u>	<u>13,357,649</u>	<u>496,614</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>5,075,065</u>	<u>6,139,320</u>	<u>1,064,255</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	-
Operating transfers out	(3,941,840)	(3,924,931)	16,909
Operating transfers to component unit	(955,366)	(954,669)	697
Donations	20,614	22,320	1,706
<b>NET OTHER FINANCING SOURCES (USES)</b>	<u>(4,876,592)</u>	<u>(4,857,280)</u>	<u>19,312</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<u>198,473</u>	<u>1,282,040</u>	<u>1,083,567</u>
Fund balances, beginning, as previously reported	2,865,047	2,865,047	-
Prior period adjustments (Note 12)	(212,706)	(212,706)	-
<b>FUND BALANCES, ENDING</b>	<u>\$ 2,850,814</u>	<u>\$ 3,934,381</u>	<u>\$ 1,083,567</u>

See accompanying notes to financial statements.

Budgeted Special Revenue Funds			Capital Project Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 419,000	\$ 399,668	\$ (19,332)	\$ -	\$ -	\$ -
-	-	-	-	-	-
48,500	54,000	5,500	2,000	5,759	3,759
150,000	149,980	(20)	-	-	-
32,500	49,948	17,448	-	-	-
-	-	-	-	-	-
9,545	29,686	20,141	176,000	426,647	250,647
<u>659,545</u>	<u>683,282</u>	<u>23,737</u>	<u>178,000</u>	<u>432,406</u>	<u>254,406</u>
97,282	67,324	29,958	131,475	14,881	116,594
250,573	245,062	5,511	937,933	688,725	249,208
503,000	487,942	15,058	2,082,433	1,860,090	222,343
-	-	-	35,600	15,305	20,295
-	-	-	-	-	-
<u>850,855</u>	<u>800,328</u>	<u>50,527</u>	<u>3,187,441</u>	<u>2,579,001</u>	<u>608,440</u>
(191,310)	(117,046)	74,264	(3,009,441)	(2,146,595)	862,846
63,400	38,991	(24,409)	2,330,153	2,335,560	5,407
-	-	-	-	-	-
-	-	-	-	-	-
21,455	3,300	(18,155)	15,733	9,936	(5,797)
<u>84,855</u>	<u>42,291</u>	<u>(42,564)</u>	<u>2,345,886</u>	<u>2,345,496</u>	<u>(390)</u>
(106,455)	(74,755)	31,700	(663,555)	198,901	862,456
447,369	447,369	-	4,911,928	4,911,928	-
-	-	-	-	-	-
<u>\$ 340,914</u>	<u>\$ 372,614</u>	<u>\$ 31,700</u>	<u>\$ 4,248,373</u>	<u>\$ 5,110,829</u>	<u>\$ 862,456</u>



**NOTES TO FINANCIAL STATEMENTS**



NOTES TO FINANCIAL STATEMENTS

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**CITY OF MOUNTAIN BROOK, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 1997**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. REPORTING ENTITY**

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

During 1997, the City transferred \$954,669 to the Library to subsidize its operations and for the purchase of books and related materials. At September 30, 1997, the City reported a receivable from the Library in the amount of \$42,996 (Note 3).

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

**B. RELATED ORGANIZATION**

The City is also responsible for appointing the Board of Trustees of the Mountain Brook Board of Education (the Board). However, the City has no control nor influence in the preparation 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

**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

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financial statements because the City is not considered to be financially accountable for the Board.

During 1997, the City reported the following revenues from the Board:

Occupational taxes	\$170,635
DARE Program subsidy	54,000
Athletic fields shared maintenance	32,803
Sewer service fees	<u>6,000</u>
Total	<u>\$263,438</u>

The above amounts are included in the General Fund revenues except for the DARE Program subsidy which is reported in the Special Revenue Funds. At September 30, 1997, the City reported a receivable from the Board in the amount of \$54,943 (Note 3).

In 1997, the City incurred expenses of approximately \$62,500 representing the City's one-third shared costs of the Board's improvements to the community athletic fields. This expense is included in general government expenditures of the General Fund in the accompanying financial statements. At September 30, 1997, the City owed the Board approximately \$9,675 which is included in accounts payable of the General Fund.

### **C. FUND ACCOUNTING**

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

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

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

**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

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**GOVERNMENTAL FUNDS**

**1. GENERAL FUND**

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

**2. SPECIAL REVENUE FUNDS**

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

**3. DEBT SERVICE FUNDS**

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

**4. CAPITAL PROJECT FUNDS**

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

**ACCOUNT GROUPS**

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

**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

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**1. GENERAL FIXED ASSETS**

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

All expenditures for non-infrastructure assets which materially increase values or extend useful lives are capitalized while replacements, maintenance, and repairs that do not extend the useful lives of the respective assets are charged to operations as incurred. Donated fixed assets are recorded at their estimated fair value on the date donated.

Depreciation has been provided on general fixed assets utilizing the straight-line method of depreciation over the estimated useful life of the asset and is reported as a reduction in the investment in general fixed assets.

The City does not capitalize interest costs incurred during the construction of assets.

**2. GENERAL LONG-TERM DEBT**

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

**D. BASIS OF ACCOUNTING**

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

**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

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**E. BUDGETS AND BUDGETARY ACCOUNTING**

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

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing October 1. The budget includes proposed expenditures and the means of financing those expenditures.
2. A public hearing is conducted to obtain taxpayers' comments.
3. The budget is legally enacted through the passage of a resolution.
4. The City 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 City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, and Capital Project Funds. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is effectively achieved through warrant indenture provisions.
6. At the end of the year, unencumbered appropriations automatically lapse.

**F. ENCUMBRANCES**

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

**G. WORKERS' COMPENSATION**

The City provides workers' compensation coverage to its employees as required by law. The City has elected to self-insure with respect to its workers' compensation claims risk and has contracted with a third-party administrator to provide claims management services. In order to limit its exposure to claims risk, the City has purchased excess loss insurance coverage. The excess loss insurance pays the remainder of statutory obligations over the first \$250,000 for specific claims and up to \$1,000,000 after the first \$900,000 in the aggregate during the two year policy term. Workers' compensation costs charged to General Fund operations during 1997 was approximately \$122,500. The accompanying financial statements include an estimated accrual of reported but unpaid workers' compensation claims as of September 30, 1997.

**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

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**H. CASH AND TEMPORARY INVESTMENTS**

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

**I. FUND EQUITY**

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

**J. COMPENSATED ABSENCES**

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

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

The current portion of the accrued vacation and sick pay at September 30, 1997 reported in the General Fund totaled \$19,008. The remaining portion of the accrued vacation and sick pay at September 30, 1997 reported in the General Long-Term Debt Account Group totaled \$1,030,981.

**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

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**K. LONGEVITY PAY PLAN**

The City has a longevity pay plan which covers all full-time employees that have completed a minimum of six years of service as of September 30. Longevity pay for a qualifying employee is the product of the percentage factor (which is based on the number of years of completed services) and their annual rate of pay. The percentage factor is 1.5% after six years and increases 0.5% per year to a maximum rate of 8.5% which is attained after twenty years of service. The City has adopted the informal policy of liquidating the liability for longevity pay in November of each year. The liability for longevity pay as of September 30, 1997 reported in the General Fund totaled approximately \$280,000.

**L. HOLIDAY PAY**

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

**M. PENSION EXPENSE**

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

**N. TOTAL COLUMNS ON COMBINED STATEMENTS**

Included in certain of the combined financial statements is a "Totals (Memo Only)" column that aggregates the columnar statements. These totals are presented to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles nor is such data comparable to a consolidation.

**O. INTRAFUND TRANSACTIONS**

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



**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

**P. PROPERTY TAXES**

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

For the year beginning October 1, 1995, assessed values were calculated by multiplying the 1993 market value (as adjusted) by the following percentages:

Residential owner occupant	10%
All other	20%

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

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

Entity	Mills	Amount Per \$100 of Assessed Value
State of Alabama	6.5	\$ .65
Jefferson County	21.7	2.17
Mountain Brook Board of Education	44.7	4.47
City of Mountain Brook General Fund	<u>26.1</u>	<u>2.61</u>
Total	<u>99.0</u>	<u>\$9.90</u>

**Q. SALES AND USE TAX**

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

**CITY OF MOUNTAIN BROOK, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 1997**

**R. MAJOR REVENUE SOURCES AND TAX PAYERS**

The City's primary sources of revenue include ad valorem taxes, sales and use taxes, occupational taxes, and business licenses. Collectively, these taxes and licenses totaled approximately \$14.5 million or 74% of the total General Fund revenues during the year ended September 30, 1997. Of the City's tax payers, Rich's Department Store, Western Supermarket, and the Piggly Wiggly grocery store collectively provided approximately \$3.4 million or 17% of the City's total General Fund revenues during the year ended September 30, 1997.

**2. DEPOSITS AND INVESTMENTS**

The carrying value of the City's cash and temporary investments at September 30, 1997 was as follows:

<b>Pooled cash and equivalents:</b>		
General Fund	\$2,968,157	
Special Revenue Funds	365,117	
Capital Project Funds	<u>3,125,428</u>	
	6,458,702	
<b>Cash on-hand and other cash and equivalents:</b>		
General Fund	242,544	
Debt Service Fund	<u>3,818</u>	
	246,362	
<b>Investments:</b>		
General Fund	623,419	
Capital Project Funds	<u>2,031,999</u>	
	2,655,418	
<b>Cash held by trustee under debt indenture agreements - Debt Service Fund</b>	<u>293</u>	
<b>Total Cash and Temporary Investments</b>	<b><u>\$9,360,775</u></b>	

**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

At September 30, 1997, the bank balance or cost, carrying value, and fair value of the City's cash and temporary investments was as follows:

	Bank Balance or Cost	Carrying Value	Fair Value
Pooled cash and equivalents	\$6,711,372	\$6,458,702	\$6,458,702
Cash on-hand	2,930	2,930	2,930
Other cash and equivalents	221,472	243,432	243,432
U.S. government and agency obligations (Par value \$2,739,000)	2,606,274	2,655,418	2,655,418
Cash held by trustee under debt indenture agreements	<u>293</u>	<u>293</u>	<u>293</u>
<b>Total Cash and Temporary Investments</b>	<b><u>\$9,542,341</u></b>	<b><u>\$9,360,775</u></b>	<b><u>\$9,360,775</u></b>

Of the \$9.5 million bank balance or cost above, \$200,000 was insured by Federal Depository Insurance (FDIC), approximately \$6.7 million was collateralized under deposit collateral agreements with securities held either by the pledging bank's trust department or the Federal Reserve Bank, and approximately \$2.6 million was invested in securities issued by the United States government or agencies thereof.

**3. RECEIVABLES**

Receivables at September 30, 1997 consisted of the following:

	General Fund	Special Revenue	Total
Taxes	\$1,172,256	\$ 37,856	\$1,210,112
Emmet O'Neal Library (Note 1. A.)	42,996	-	42,996
Emergency Communication District (E-911) surcharge	-	13,166	13,166
Mountain Brook Board of Education (Note 1. B.)	54,943	-	54,943
Other	<u>38,258</u>	<u>-</u>	<u>38,258</u>
<b>Totals</b>	<b><u>\$1,308,453</u></b>	<b><u>\$ 51,022</u></b>	<b><u>\$1,359,475</u></b>

**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

**4. GENERAL FIXED ASSETS**

Following is a summary of the changes in the City's investment in general fixed assets for the year ended September 30, 1997:

	Balance at October 1, 1996	Additions	Disposals/ Retirements/ Completed	Balance at September 30, 1997
<b>General Fixed Assets</b>				
Land	\$ 694,730	\$ -	\$ -	\$ 694,730
Land improvements	2,706,526	-	-	2,706,526
Buildings	2,684,531	31,384	106,960	2,822,875
Furniture and equipment	4,778,013	866,492	(245,116)	5,399,389
Construction in progress	<u>7,560</u>	<u>112,314</u>	<u>(106,960)</u>	<u>12,914</u>
<b>Total Cost</b>	<b>10,871,360</b>	<b>1,010,190</b>	<b>(245,116)</b>	<b>11,636,434</b>
<b>Accumulated Depreciation</b>				
Land improvements	71,427	10,531	-	81,958
Buildings	1,378,414	94,604	-	1,473,018
Furniture and equipment	<u>2,874,255</u>	<u>553,890</u>	<u>(215,485)</u>	<u>3,212,660</u>
<b>Total Accumulated Depreciation</b>	<b><u>4,324,096</u></b>	<b><u>659,025</u></b>	<b><u>(215,485)</u></b>	<b><u>4,767,636</u></b>
<b>Net Investment in General Fixed Assets</b>	<b><u>\$ 6,547,264</u></b>	<b><u>\$ 351,165</u></b>	<b><u>\$ (29,631)</u></b>	<b><u>\$ 6,868,798</u></b>

**5. CONSTRUCTION IN PROGRESS AND INFRASTRUCTURE IMPROVEMENTS**

At September 30, 1997, the had City expended \$12,914 (Note 4) for design services related to a planned renovation of the City Hall and Fire administration buildings. Management estimates these renovations to cost approximately \$200,000. The City has not entered into any commitments related to this project.

During 1997, the City applied for a federally funded transportation improvement program award to be passed through the State of Alabama Department of Transportation as provided under the 1991 Intermodal Surface Transportation Efficiency Act. The project consists of the extension and improvement of the City's existing sidewalks and walkway system. The total estimated cost of the project is \$321,500 which is to be shared on the basis of 80 percent federal funds, limited to \$257,200, and 20 percent City funds. The project is expected to begin during 1998 and to be completed within one year. The City has not entered into any commitments related to this project. During 1997, the City expended \$5,408 for design, planning, and other professional services incurred for the preparation of this grant application.

**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

During 1996, the City began a renovation project involving the public areas in the City's three commercial villages. The total cost of the project has been estimated at approximately \$4 million and was financed through the issuance of \$4,000,000 General Obligation Warrants, Series 1996 (Note 6). During 1996 and 1997, the City expended approximately \$2.2 million and \$1.5 million, respectively, in connection with this project. Management does not expect for the total cost of the project to exceed the original budgeted amount. The project is expected to be completed during the fiscal year ended September 30, 1998.

**6. LONG-TERM DEBT**

Long-term debt outstanding as of September 30, 1997, consisted of the following:

	<b>Balance</b>
\$4,000,000 General Obligation Warrants, Series 1996 dated February 15, 1996 maturing annually on December 1 through the year 2000 plus interest payable on December 1 and June 1 at rates ranging from 3.20% to 3.80%	<b>\$3,270,000</b>
\$2,300,000 General Obligation Warrants, Series 1995 dated January 10, 1995 with semiannual principal and interest payments due each January 15 and July 15 through January 15, 2000 plus interest at rates ranging from 5.75% to 6.00%	<b>1,220,000</b>
\$1,130,000 General Obligation Warrants, Series 1993 dated May 1, 1993 maturing annually on May 1 through the year 2003 plus interest payable on May 1 and November 1 at rates ranging from 5.75% to 6.00%	<u><b>705,000</b></u>
<b>Total</b>	<u><b>\$5,195,000</b></u>

The total interest paid by the City during 1997 relative to the above general obligation warrants was \$258,640.

**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

Following is a summary of long-term debt principal transactions for the year ended September 30, 1997:

General obligation warrant balances at October 1, 1996	\$6,485,000
Principal payments:	
\$4,000,000 General Obligation Warrants, Series 1996	(730,000)
\$2,300,000 General Obligation Warrants, Series 1995	(445,000)
\$1,130,000 General Obligation Warrants, Series 1993	(115,000)
	<u>(1,290,000)</u>
General obligation warrant balances at September 30, 1997	<u>\$5,195,000</u>

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

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

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

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

Fiscal Year	Principal	Interest	Total
1998	\$1,360,000	\$ 203,105	\$1,563,105
1999	1,415,000	143,065	1,558,065
2000	1,220,000	78,338	1,298,338
2001	1,005,000	32,760	1,037,760
2002	145,000	9,605	154,605
2003	<u>50,000</u>	<u>2,500</u>	<u>52,500</u>
<b>Totals</b>	<u><b>\$5,195,000</b></u>	<u><b>\$ 469,373</b></u>	<u><b>\$5,664,373</b></u>

**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

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**7. PENSION PLAN**

**A. PLAN DESCRIPTION**

Effective January 1, 1995, City employees agreed to transfer their pension plan assets and coverage to the Employees' Retirement System of Alabama (RSA), which is a cost sharing, multi-employer, defined benefit pension plan. All full-time employees are required to be covered by the plan.

The RSA provides pension, death, and disability benefits. Members may retire after reaching the age of sixty with ten years of creditable service or anytime after accumulating twenty-five of creditable service. Pension benefits are determined at the rate of 2.0125% of the retiring employee's average of their three highest years salary out of last ten years, multiplied by the number of years of creditable service. Death benefits are available to participants after one year of creditable service and disability benefits are available after ten years of creditable service.

**B. SECURITIES**

The Board of Control of the State System has total power and authority to invest all funds through its Secretary-Treasurer and Investment Committee which is comprised of three members of the Board of Control. Investment restrictions are the same as those imposed under the laws of the State of Alabama for domestic life insurance companies.

**C. FUNDING**

The RSA requires that covered employees contribute to the pension plan at the rate of 5% of compensation. In addition, the RSA requires that the City remit monthly matching contributions to the pension plan. The City's matching contributions are actuarially determined annually and stated as a percentage of covered compensation. The City's actuarially determined matching contribution for the year ended September 30, 1997 was 6.70% of covered compensation. The City's matching contribution for the fiscal year ending September 30, 1998 has been actuarially determined to be 8.25% of covered compensation.

**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

For the year ended September 30, 1997, the City's total compensation was approximately \$8 million and the City's total covered compensation used to determine the City's pension contribution was approximately \$7.8 million. The City's policy is to fund the required contribution as actuarially determined by the RSA and stated as a percentage of eligible compensation. Following are the pension contributions remitted to the RSA by fiscal year since January 1, 1995:

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

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

**D. FUNDING PROGRESS**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Unfunded Ratio (a/b)	Covered Payroll (c)	Ratio of UAAL to Covered Payroll ((b-a)/c)
September 30 1996	\$11,432,073	\$15,123,539	\$3,691,466	75.6%	\$7,197,023	51.3%

**E. ADDITIONAL INFORMATION**

Following is additional information obtained from the most recent actuarial valuation prepared as of September 30, 1996:

Valuation date	September 30, 1996
Actuarial cost method	Entry age
Amortization method	Level percent open
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
<b>Actuarial assumptions:</b>	
Investment rate of return	8.00%
Projected salary increases	4.61 - 7.75%
Includes inflation at	4.50%
Cost-of-living adjustments	None



**CITY OF MOUNTAIN BROOK, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1997**

Number of active members	197
Number of retired members and beneficiaries	2
Annual retirement allowances	\$45,778

**8. POST EMPLOYMENT BENEFITS**

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

As of September 30, 1997, there were twenty-one retirees covered under the City's post employment health insurance plan. The total cost incurred for post employment health benefits was approximately \$30,000 for the year ended September 30, 1997.

**9. 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 1997 were as follows:

	Amount
Jefferson County Board of Health	\$105,902
Maintenance of maps and appraisals	88,539
Birmingham-Jefferson County Transit Authority	85,738
Personnel Board of Jefferson County	61,297
Jefferson County Planning Commission	6,934

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

The City has arranged for an independent contractor to provide for the collection and disposal of refuse. The base rates for this service for the year ended September 30, 1997, were \$22.89 per month for single and multiple family residential units and \$28.40 per month for commercial units. Under the terms of the current contract, these rates increased effective October 1, 1997 to \$23.93 per month for single and multiple family residential units and \$29.70 per month for commercial units. The annual costs incurred

**CITY OF MOUNTAIN BROOK, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 1997**

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under this agreement for the year ended September 30, 1997 was approximately \$1,991,300.

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

#### **10. CONSTITUTIONAL DEBT LIMIT**

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

Following are the constitutional debt limit and legal debt margin as of October 1, 1997:

Assessed value of taxable real and personal property as provided by the Jefferson County Tax Assessor	<u>\$244,544,000</u>
Constitutional debt limit, 20 percent of assessed value	\$ 48,909,000
Outstanding long-term debt as of September 30, 1997	<u>5,195,000</u>
Legal Debt Margin as of October 1, 1997	<u>\$ 43,714,000</u>

#### **11. LITIGATION**

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

#### **12. PRIOR PERIOD ADJUSTMENTS**

In conjunction with the pension plan transfer (Note 7), nine employees elected to retire effective January 1, 1995, under the former pension plan. Annuity contracts were priced using preliminary pension benefit data for the nine retirees and purchased from the pension plan assets. During 1997, the plan administrator notified the City that the annuity contracts purchased were insufficient to fund the actual pension benefits being paid to these retirees. Accordingly, the City was required to pay an additional \$153,785 to the plan administrator for the purchase of additional annuity contracts.

The accompanying financial statements have also been restated to reflect the accrual as of September 30, 1996, of \$58,921 civil service board costs billed to the City by

**A CITY OF MOUNTAIN BROOK, ALABAMA**  
**2 NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 1997**

Jefferson County. The accrual was determined to be appropriate in order to better match the City's revenues with its expenditures. The accrued civil services board costs as of September 30, 1997, total \$61,297 (Note 9).

The result of the above adjustments was to reduce the beginning fund balance of the General Fund by \$212,706.

10. CONSTITUTIONAL DEBT LIMIT

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

Following are the constitutional debt limit and legal debt margin as of October 1, 1997:

	Assessed value of taxable real and personal property as provided by the Jefferson County Tax Assessor
<u>\$244,544,000</u>	
	Constitutional debt limit, 20 percent of assessed value
\$ 48,909,000	
	Outstanding long-term debt as of September 30, 1997
<u>\$ 2,98,000</u>	
	Legal Debt Margin as of October 1, 1997
<u>\$ 45,929,000</u>	

11. LITIGATION

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

12. PRIOR PERIOD ADJUSTMENTS

In conjunction with the pension plan transfer (Note 7), nine employees elected to retire effective January 1, 1995, under the former pension plan. Annuity contracts were priced using preliminary pension benefit data for the nine retirees and purchased from the pension plan assets. During 1997, the plan administrator notified the City that the annuity contracts purchased were insufficient to fund the actual pension benefits being paid to these retirees. Accordingly, the City was required to pay an additional \$152,785 to the plan administrator for the purchase of additional annuity contracts.

The accompanying financial statements have also been restated to reflect the accrual as of September 30, 1997, of \$58,921 civil service board costs billed to the City by

State Shared Gasoline Tax Funds			
Two Cent	Four and Five Cent	Seven Cent	
			ASSETS
			Cash and temporary investments
			Receivables
			Due from other funds
			<b>TOTAL ASSETS</b>
\$ 5,352	\$ 347,976	\$ (15,604)	

**SUPPLEMENTAL INFORMATION**

LIABILITIES AND FUND EQUITY			
			LIABILITIES
			Accounts payable
			Accrued salaries and wages
			Other liabilities
			<b>TOTAL LIABILITIES</b>
			FUND EQUITY
			Fund balance (deficit)
			Reserves
			Unreserved
			<b>TOTAL FUND EQUITY</b>
			<b>TOTAL LIABILITIES AND FUND EQUITY</b>
\$ 5,352	\$ 347,976	\$ (15,604)	

**CITY OF MOUNTAIN BROOK, ALABAMA  
 COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 1997**

	<u>State Shared Gasoline Tax Funds</u>		
	<b>Seven Cent</b>	<b>Four and Five Cent</b>	<b>Two Cent</b>
<b>ASSETS</b>			
Cash and temporary investments	\$ (35,858)	\$ 330,374	\$ 5,352
Receivables	20,254	17,602	-
Due from other funds	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b><u>\$ (15,604)</u></b>	<b><u>\$ 347,976</u></b>	<b><u>\$ 5,352</u></b>
 <b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 21,776	\$ -	\$ -
Accrued salaries and wages	-	-	-
Other liabilities	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>21,776</b>	<b>-</b>	<b>-</b>
 <b>FUND EQUITY</b>			
Fund balance (deficit):			
Reserved	-	-	-
Unreserved	(37,380)	347,976	5,352
	<hr/>	<hr/>	<hr/>
<b>TOTAL FUND EQUITY</b>	<b><u>(37,380)</u></b>	<b><u>347,976</u></b>	<b><u>5,352</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ (15,604)</u></b>	<b><u>\$ 347,976</u></b>	<b><u>\$ 5,352</u></b>

CITY OF MOUNTAIN BROOK, ALABAMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS  
 YEAR ENDED SEPTEMBER 30, 1997

Emergency Communication District	D.A.R.E. Program	Community Fund	Corrections Fund	Totals
\$ (3,060)	\$ 33,641	\$ 34,668	\$ -	\$ 365,117
13,166	-	-	-	51,022
-	-	-	3,418	3,418
<u>\$ 10,106</u>	<u>\$ 33,641</u>	<u>\$ 34,668</u>	<u>\$ 3,418</u>	<u>\$ 419,557</u>
\$ 3,294	\$ -	\$ -	\$ 257	\$ 25,327
-	-	-	2,763	2,763
-	-	18,455	398	18,853
<u>3,294</u>	<u>-</u>	<u>18,455</u>	<u>3,418</u>	<u>46,943</u>
-	-	-	-	-
<u>6,812</u>	<u>33,641</u>	<u>16,213</u>	<u>-</u>	<u>372,614</u>
<u>6,812</u>	<u>33,641</u>	<u>16,213</u>	<u>-</u>	<u>372,614</u>
<u>\$ 10,106</u>	<u>\$ 33,641</u>	<u>\$ 34,668</u>	<u>\$ 3,418</u>	<u>\$ 419,557</u>

(1) The Corrections Fund was established April 1, 1997.

**CITY OF MOUNTAIN BROOK, ALABAMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS  
 YEAR ENDED SEPTEMBER 30, 1997**

	<b>State Shared Gasoline Tax Funds</b>		
	<b>Seven Cent</b>	<b>Four and Five Cent</b>	<b>Two Cent</b>
<b>REVENUES</b>			
Taxes	\$ 203,821	\$ 188,960	\$ 6,887
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Other operating revenues:			
Investment earnings	6,842	17,155	505
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>210,663</b>	<b>206,115</b>	<b>7,392</b>
<b>EXPENDITURES</b>			
General government	-	-	-
Public safety	-	-	-
Street and sanitation	312,910	165,035	9,997
<b>TOTAL EXPENDITURES</b>	<b>312,910</b>	<b>165,035</b>	<b>9,997</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(102,247)</b>	<b>41,080</b>	<b>(2,605)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	-
Donations	-	-	-
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(102,247)</b>	<b>41,080</b>	<b>(2,605)</b>
Fund balances, beginning	64,867	306,896	7,957
<b>FUND BALANCES, ENDING</b>	<b>\$ (37,380)</b>	<b>\$ 347,976</b>	<b>\$ 5,352</b>

(1) The Corrections Fund was established April 1, 1997.

<b>Budgeted</b>				
<b>Emergency Communication District</b>	<b>D.A.R.E. Program</b>	<b>Community Fund</b>	<b>Corrections Fund (1)</b>	<b>Totals</b>
\$ -	\$ -	\$ -	\$ -	\$ 399,668
-	54,000	-	-	54,000
<u>149,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,980</u>
-	-	-	49,948	49,948
2,352	1,216	1,116	-	29,186
-	500	-	-	500
<u>152,332</u>	<u>55,716</u>	<u>1,116</u>	<u>49,948</u>	<u>683,282</u>
-	-	4,914	62,410	67,324
178,533	40,000	-	26,529	245,062
-	-	-	-	487,942
<u>178,533</u>	<u>40,000</u>	<u>4,914</u>	<u>88,939</u>	<u>800,328</u>
(26,201)	15,716	(3,798)	(38,991)	(117,046)
-	-	-	38,991	38,991
-	-	3,300	-	3,300
<u>-</u>	<u>-</u>	<u>3,300</u>	<u>38,991</u>	<u>42,291</u>
(26,201)	15,716	(498)	-	(74,755)
<u>33,013</u>	<u>17,925</u>	<u>16,711</u>	<u>-</u>	<u>447,369</u>
<u>\$ 6,812</u>	<u>\$ 33,641</u>	<u>\$ 16,213</u>	<u>\$ -</u>	<u>\$ 372,614</u>



**CITY OF MOUNTAIN BROOK, ALABAMA  
 COMBINING BALANCE SHEET - CAPITAL PROJECT FUNDS  
 SEPTEMBER 30, 1997**

	City Capital Projects	Village Improvements (One Cent Sales Tax)	Sewer Projects
<b>ASSETS</b>			
Cash and temporary investments	\$ 3,082,054	\$ 1,942,699	\$ 132,674
<b>TOTAL ASSETS</b>	<b><u>\$ 3,082,054</u></b>	<b><u>\$ 1,942,699</u></b>	<b><u>\$ 132,674</u></b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 33,761	\$ 7,039	\$ -
Other liabilities	5,798	-	-
<b>TOTAL LIABILITIES</b>	<b>39,559</b>	<b>7,039</b>	<b>-</b>
<b>FUND EQUITY</b>			
Fund balance (deficit):			
Reserved	-	-	-
Unreserved	3,042,495	1,935,660	132,674
<b>TOTAL FUND EQUITY</b>	<b><u>3,042,495</u></b>	<b><u>1,935,660</u></b>	<b><u>132,674</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 3,082,054</u></b>	<b><u>\$ 1,942,699</u></b>	<b><u>\$ 132,674</u></b>

CITY OF MOUNTAIN BROOK, ALABAMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - CAPITAL PROJECT FUNDS  
 YEAR ENDED SEPTEMBER 30, 1997

Village Trail System (ISTEA) Projects	Village Improvements Totals (Sales Tax)	City Capital Projects	
<u>\$ -</u>	<u>\$ 5,157,427</u>		REVENUES
-	-	8,789	Intergovernmental
-	-	106,288	Other operating revenues
-	-	170,282	Investment earnings
-	-	282,308	Proceeds from the sale of property
<u>7,513</u>	<u>142,888</u>	<u>282,308</u>	TOTAL REVENUES
-	-	14,881	EXPENDITURES
-	-	88,728	General government
-	-	301,248	Public safety
-	-	15,202	Street and sanitation
-	-	1,020,157	Recreational
<u>9,392</u>	<u>14,041</u>	<u>1,020,157</u>	TOTAL EXPENDITURES
-	-	-	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
-	-	-	OTHER FINANCING SOURCES (USES)
-	-	2,330,182	Operating transfers in
-	-	9,300	Donations
-	-	2,340,088	NET OTHER FINANCING SOURCES (USES)
<u>\$ -</u>	<u>\$ 5,110,829</u>	<u>1,602,289</u>	EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES
-	-	-	Fund balances, beginning
<u>134,588</u>	<u>8,287,116</u>	<u>1,440,288</u>	FUND BALANCES, ENDING
<u>134,588</u>	<u>1,035,560</u>	<u>3,042,487</u>	

**CITY OF MOUNTAIN BROOK, ALABAMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - CAPITAL PROJECT FUNDS  
 YEAR ENDED SEPTEMBER 30, 1997**

	City Capital Projects	Village Improvements (One Cent Sales Tax)	Sewer Projects
<b>REVENUES</b>			
Intergovernmental	\$ 5,759	\$ -	\$ -
Other operating revenues:			
Investment earnings	106,256	142,585	7,513
Proceeds from the sale of property	170,293	-	-
<b>TOTAL REVENUES</b>	<u>282,308</u>	<u>142,585</u>	<u>7,513</u>
<b>EXPENDITURES</b>			
General government	14,881	-	-
Public safety	688,725	-	-
Street and sanitation	301,246	1,544,041	9,395
Recreational	15,305	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,020,157</u>	<u>1,544,041</u>	<u>9,395</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(737,849)	(1,401,456)	(1,882)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	2,330,152	-	-
Donations	9,936	-	-
<b>NET OTHER FINANCING SOURCES (USES)</b>	<u>2,340,088</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	1,602,239	(1,401,456)	(1,882)
Fund balances, beginning	1,440,256	3,337,116	134,556
<b>FUND BALANCES, ENDING</b>	<u>\$ 3,042,495</u>	<u>\$ 1,935,660</u>	<u>\$ 132,674</u>

CITY OF MOUNTAIN BROOK, ALABAMA  
 SCHEDULE OF GENERAL FUND REVENUES BY SOURCE  
 YEARS ENDED SEPTEMBER 30

	1987	1986	1985	1984	
<b>Village Trail System (ISTEA)</b>					
<b>Totals</b>	\$ 5,759	\$ 256,354	\$ 170,293	\$ 432,406	
	-	-	-	-	
	14,881	688,725	1,860,090	15,305	
	5,408	2,579,001	(5,408)	(2,146,595)	
	5,408	2,335,560	9,936	2,345,496	
	-	-	-	-	
	5,408	198,901	4,911,928	5,110,829	
	-	-	-	-	
<b>OTHER OPERATING REVENUE</b>					
Investment earnings	142,841	202,284	142,841	142,841	
Other	63,673	43,036	63,673	63,673	
<b>TOTAL REVENUES</b>	\$ 8,620,883	\$ 11,082,700	\$ 11,407,079	\$ 11,490,366	

**CITY OF MOUNTAIN BROOK, ALABAMA  
SCHEDULE OF GENERAL FUND REVENUES BY SOURCE  
YEARS ENDED SEPTEMBER 30**

	1988	1989	1990	1991
<b>TAXES</b>				
Real property	\$ 2,965,131	\$ 4,057,761	\$ 4,248,384	\$ 4,126,279
Sales and use	2,069,897	2,151,025	2,247,303	2,273,681
Occupational	860,973	916,461	919,874	940,448
Utility	684,431	694,012	698,500	692,184
Personal property (automobiles)	363,029	373,719	392,464	378,733
Road and bridge	116,332	158,607	166,315	161,705
Other	296,921	262,032	242,952	264,845
	<u>7,356,714</u>	<u>8,613,617</u>	<u>8,915,792</u>	<u>8,837,875</u>
<b>LICENSES AND PERMITS</b>				
Business	676,527	773,161	731,504	752,214
Construction permits	217,093	210,966	240,488	254,382
Cable TV franchise fees	64,719	70,794	73,268	78,329
Waterworks board	61,022	63,156	57,782	77,705
Other	41,699	44,045	42,045	48,864
	<u>1,061,060</u>	<u>1,162,122</u>	<u>1,145,087</u>	<u>1,211,494</u>
<b>INTERGOVERNMENTAL</b>				
	34,805	64,172	54,900	135,747
<b>CHARGES FOR SERVICES</b>				
Garbage fees	681,311	684,294	673,069	700,051
Other	44,009	53,725	82,401	91,479
	<u>725,320</u>	<u>738,019</u>	<u>755,470</u>	<u>791,530</u>
<b>FINES AND FORFEITURES -</b>				
<b>COURTS</b>	236,871	270,480	256,012	208,950
<b>GRANTS</b>				
	-	-	-	-
<b>OTHER OPERATING REVENUE</b>				
Investment earnings	142,541	202,254	189,580	186,825
Other	63,672	42,036	90,238	57,975
	<u>206,213</u>	<u>244,290</u>	<u>279,818</u>	<u>244,800</u>
<b>TOTAL REVENUES</b>	<u>\$ 9,620,983</u>	<u>\$ 11,092,700</u>	<u>\$ 11,407,079</u>	<u>\$ 11,430,396</u>

1992	1993	1994	1995	1996	1997
\$ 4,330,842	\$ 4,300,663	\$ 4,385,241	\$ 5,926,376	\$ 6,015,502	\$ 6,155,288
2,470,595	2,542,968	2,953,502	3,084,886	4,740,066	5,283,280
940,614	1,109,570	1,132,443	1,334,116	1,314,454	1,590,230
717,036	712,827	759,087	748,829	741,847	782,496
364,173	314,397	447,380	474,995	500,853	561,643
168,903	167,748	-	407,135	239,535	245,851
287,934	367,643	429,459	363,926	566,339	534,258
<u>9,280,097</u>	<u>9,515,816</u>	<u>10,107,112</u>	<u>12,340,263</u>	<u>14,118,596</u>	<u>15,153,046</u>
748,685	900,484	857,850	1,236,821	1,298,425	1,459,497
242,300	261,363	365,168	296,569	320,791	353,329
81,063	86,830	90,161	81,039	89,604	91,055
68,904	79,957	88,481	78,877	99,506	90,157
42,898	43,241	44,763	45,225	49,168	48,440
<u>1,183,850</u>	<u>1,371,875</u>	<u>1,446,423</u>	<u>1,738,531</u>	<u>1,857,494</u>	<u>2,042,478</u>
38,798	30,090	30,922	30,000	30,000	33,803
1,166,595	1,232,587	1,311,763	1,182,621	1,206,168	1,273,898
154,692	149,942	145,216	147,625	248,213	366,782
<u>1,321,287</u>	<u>1,382,529</u>	<u>1,456,979</u>	<u>1,330,246</u>	<u>1,454,381</u>	<u>1,640,680</u>
231,162	240,321	217,468	211,791	272,985	292,448
-	327,100	116,214	-	-	13,000
126,566	66,163	97,091	190,478	189,367	271,571
56,061	87,457	102,080	47,039	53,777	49,943
<u>182,627</u>	<u>153,620</u>	<u>199,171</u>	<u>237,517</u>	<u>243,144</u>	<u>321,514</u>
<u>\$ 12,237,821</u>	<u>\$ 13,021,351</u>	<u>\$ 13,574,289</u>	<u>\$ 15,888,348</u>	<u>\$ 17,976,600</u>	<u>\$ 19,496,969</u>

1982	1983	1984	1985	1986	1987
4,330,842	4,015,502	2,926,376	4,388,241	4,300,893	4,152,288
2,470,995	4,740,066	2,084,886	2,889,502	2,942,998	2,283,220
940,614	1,814,484	1,334,116	1,132,443	1,109,270	1,090,290
717,038	747,847	748,828	759,087	772,827	782,488
384,773	500,852	474,695	447,280	374,397	367,843
188,003	239,538	407,132	-	167,748	248,881
297,934	888,339	383,826	429,489	387,043	524,288
9,280,097	14,418,298	12,240,289	10,167,432	9,242,816	12,168,046
788,888	1,288,428	1,238,821	827,820	900,484	1,482,487
242,300	320,701	266,289	266,188	267,289	282,229
81,063	98,604	87,038	80,181	88,830	91,032
68,904	88,806	70,877	68,181	79,827	80,187
42,888	40,188	48,222	44,789	42,241	48,410
1,183,880	1,887,494	1,738,831	1,448,429	1,371,875	2,042,478
38,788	30,000	30,000	30,822	30,080	33,803
1,168,888	1,208,188	1,152,821	1,311,789	1,232,887	1,273,888
154,882	248,219	142,822	148,218	149,842	288,782
1,251,287	1,484,384	1,380,248	1,488,979	1,382,229	1,640,880
297,188	272,888	271,791	274,888	240,887	282,488
327,180	-	-	118,214	327,180	13,000
128,888	158,887	120,478	97,081	88,188	271,871
28,081	62,777	42,039	102,080	87,427	49,842
182,827	242,144	237,217	199,171	198,820	221,874
12,287,821	17,878,600	12,888,348	12,274,289	12,024,881	18,488,888