

**CITY OF MONROEVILLE, ALABAMA**  
FOR THE FISCAL YEAR  
ENDED SEPTEMBER 30, 2015

**ANNUAL FINANCIAL REPORT**

## INTRODUCTORY SECTION

CITY OF MONROEVILLE, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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CITY OF MONROEVILLE, ALABAMA

ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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CITY OF MONROEVILLE , ALABAMA

LIST OF PRINCIPAL OFFICIALS  
AS OF SEPTEMBER 30, 2015

MAYOR - Mike Kennedy

CITY COUNCIL

Joseph Oglesby	Anthony Thomas
Thelma McDaniel	Thomas Lomenick
Brenda Dean	Melvin Foukal

HEADS OF DEPARTMENTS

City Clerk/Treasurer	Toni McKelvey
Police Chief	Rudolph Munnerlyn
Public Works Director	Michael Lassiter
Fire Chief	Billy Black
Waste Water	Darlene Johnson

## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council  
City of Monroeville, Alabama

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Monroeville, Alabama (the City) as of and for the year ended September 30, 2015 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Change in Accounting Principle

As discussed in Note 12 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to that matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule - general fund, the schedule of changes in net pension liability and related ratios, and the schedule of employer contributions on pages 38 - 46, respectively, 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 Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monroeville, Alabama's basic financial statement. The combining and individual non-major fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements on pages 47 - 48 are the responsibility of management and were derived from and relate directly to the underlying accounting 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 combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2016, on our consideration of the City of Monroeville, Alabama's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering City of Monroeville, Alabama's internal control over financial reporting and compliance.

*Jackson Thornton & Co. PC*

Prattville, Alabama  
August 18, 2016

## BASIC FINANCIAL STATEMENTS

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## CITY OF MONROEVILLE, ALABAMA

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,743,468	\$ 84,817	\$ 1,828,285
Cash, restricted	499,066		499,066
Investment in certificates of deposit	795,300		795,300
Internal balances	142,789	(142,789)	
Receivables:			
Taxes receivable	296,710		296,710
Accounts receivable	122,659	89,741	212,400
Interest receivable	3,729		3,729
Due from other governments	56,628		56,628
Grant receivable		55,231	55,231
Capital assets:			
Non-depreciable	2,379,900	213,109	2,593,009
Depreciable, net	8,317,998	4,641,583	12,959,581
<b>Total assets</b>	<b>14,358,247</b>	<b>4,941,692</b>	<b>19,299,939</b>
<b>DEFERRED OUTFLOWS:</b>			
Employer pension contributions	210,271	17,211	227,482
<b>Total deferred outflows</b>	<b>210,271</b>	<b>17,211</b>	<b>227,482</b>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	337,617	80,671	418,288
Long-term liabilities:			
Portion due or payable in one year:			
Warrants, notes, and capital lease payable	736,437	111,802	848,239
Portion due or payable after one year:			
Warrants, notes, and capital lease payable	1,387,252	656,380	2,043,632
Compensated absences	133,202	10,933	144,135
Net pension obligation	1,687,249	138,101	1,825,350
<b>Total liabilities</b>	<b>4,281,757</b>	<b>997,887</b>	<b>5,279,644</b>
<b>DEFERRED INFLOWS:</b>			
Excess earnings on pension plan investments	159,924	13,090	173,014
<b>Total deferred inflows</b>	<b>159,924</b>	<b>13,090</b>	<b>173,014</b>
<b>NET POSITION:</b>			
Investment in capital assets, net	8,574,209	4,198,312	12,772,521
Restricted for:			
Road projects	100,820		100,820
Capital acquisitions and projects	975,530		975,530
Fire department	200,896		200,896
Unrestricted (deficit)	275,382	(250,386)	24,996
<b>Total net position</b>	<b>\$ 10,126,837</b>	<b>\$ 3,947,926</b>	<b>\$ 14,074,763</b>

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

## CITY OF MONROEVILLE, ALABAMA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 1,811,055	\$ 836,033	\$ 54,866		\$ (920,156)		\$ (920,156)
Public safety	2,745,685	156,261			(2,589,424)		(2,589,424)
Public works	2,272,663	735,761		\$ 171,347	(1,365,555)		(1,365,555)
Cultural and recreational	499,365				(499,365)		(499,365)
Interest on long-term debt	53,184				(53,184)		(53,184)
Total governmental activities	<u>7,381,952</u>	<u>1,728,055</u>	<u>54,866</u>	<u>171,347</u>	<u>(5,427,684)</u>		<u>(5,427,684)</u>
Business-type activities:							
Sewer	<u>832,228</u>	<u>440,931</u>				\$ (391,297)	<u>(391,297)</u>
Total business-type activities	<u>832,228</u>	<u>440,931</u>				<u>(391,297)</u>	<u>(391,297)</u>
Total primary government	<u>\$ 8,214,180</u>	<u>\$ 2,168,986</u>	<u>\$ 54,866</u>	<u>\$ 171,347</u>	<u>(5,427,684)</u>	<u>(391,297)</u>	<u>(5,818,981)</u>
General revenues:							
Taxes:							
Sales taxes					3,658,807		3,658,807
Real and personal property taxes					666,091		666,091
Gasoline taxes					340,425		340,425
Alcoholic beverage					229,606		229,606
Tobacco					31,656		31,656
Motor vehicle					13,017		13,017
Miscellaneous					97,618		97,618
Investment earnings					5,160	189	5,349
Miscellaneous revenue					421,152		421,152
Intergovernmental revenue						595,065	595,065
Grant revenue						122,518	122,518
Transfers					41,040	(41,040)	
Total general revenues and transfers					<u>5,504,572</u>	<u>676,732</u>	<u>6,181,304</u>
Change in net position					<u>76,888</u>	<u>285,435</u>	<u>362,323</u>
Net position - beginning					11,697,182	3,797,317	15,494,499
Cumulative effect of change in accounting principle					<u>(1,647,233)</u>	<u>(134,826)</u>	<u>(1,782,059)</u>
Net position - ending					<u>\$ 10,126,837</u>	<u>\$ 3,947,926</u>	<u>\$ 14,074,763</u>

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

CITY OF MONROEVILLE, ALABAMA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015

	GENERAL FUND	CAPITAL PROJECTS FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,040,824		\$ 702,644	\$ 1,743,468
Investments in certificates of deposit	795,300			795,300
Receivables:				
Taxes receivable	239,913	\$ 56,797		296,710
Other	111,520		14,868	126,388
Prepaid items				
Due from other funds	108,873	47,882		156,755
Due from other governments	56,628			56,628
Cash and cash equivalents, restricted	4	499,062		499,066
 Total assets	 \$ 2,353,062	 \$ 603,741	 \$ 717,512	 \$ 3,674,315
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts payable	\$ 248,659	\$ 7,454	\$ 22,588	\$ 278,701
Due to other funds		13,965		13,965
Other accrued liabilities	47,249			47,249
 Total liabilities	 295,908	 21,419	 22,588	 339,915
<b>FUND BALANCES:</b>				
Restricted:				
Highway and streets			694,924	694,924
Capital Improvements		582,322		582,322
Committed				
Unassigned	2,057,154			2,057,154
 Total fund balance	 2,057,154	 582,322	 694,924	 3,334,400
 Total liabilities and fund balance	 \$ 2,353,062	 \$ 603,741	 \$ 717,512	 \$ 3,674,315

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

CITY OF MONROEVILLE, ALABAMA

RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

Differences in amounts reported for governmental activities in the statement of net position:

Total fund balances - governmental funds	\$ 3,334,400
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:

Land	\$ 2,000,588
Construction in progress	379,312
Buildings, net of \$2,162,308 accumulated depreciation	3,678,612
Improvements, net of \$1,207,048 accumulated depreciation	2,510,678
Office, non-office, and computer equipment, net of \$3,488,143 accumulated depreciation	<u>2,128,708</u>
Total capital assets	10,697,898

Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the governmental funds:

Employer pension contribution	210,271
Excess earnings of pension plan investments	<u>(159,924)</u>
Total deferred outflows and inflows of resources	50,347

Long-term liabilities, including general obligation warrants payable, and accrued interest are not due and payable in the current period and, therefore, are not reported in the governmental funds. Balances at September 30, 2015 were:

General obligation warrants and notes payable	1,931,288
Capital lease payable	202,122
Unamortized discount	(9,721)
Accrued interest payable	11,668
Compensated absences	133,202
Pension obligation	<u>1,687,249</u>
Total long-term liabilities	<u>(3,955,808)</u>
Net position of governmental activities	<u>\$ 10,126,837</u>

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

CITY OF MONROEVILLE, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	GENERAL FUND	CAPITAL PROJECTS FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
Taxes	\$3,899,823	\$ 728,584	\$ 408,810	\$ 5,037,217
Licenses and permits	824,197			824,197
Intergovernmental revenues	143,128	67,085	16,000	226,213
Charges and fees for services	903,858			903,858
Miscellaneous	173,083	236,219	11,850	421,152
Interest income	4,074	493	592	5,159
<b>Total revenues</b>	<b>5,948,163</b>	<b>1,032,381</b>	<b>437,252</b>	<b>7,417,796</b>
<b>EXPENDITURES:</b>				
Current:				
General government	1,252,968	129,802	345,901	1,728,671
Public safety	2,307,203		51,385	2,358,588
Public works	1,421,759	22,017	20,211	1,463,987
Parks and recreation	388,626			388,626
Capital outlay		1,192,959	22,228	1,215,187
Debt service:				
Principal payments	365,011	228,048		593,059
Interest and fiscal charges	11,907	29,122		41,029
<b>Total expenditures</b>	<b>5,747,474</b>	<b>1,601,948</b>	<b>439,725</b>	<b>7,789,147</b>
Excess (deficiency) of revenue over (under) expenditures	200,689	(569,567)	(2,473)	(371,351)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer from other funds	41,040		63,900	104,940
Transfers to other funds	(63,900)			(63,900)
Proceeds from issuance of debt	10,589	525,863		536,452
Total other financing sources (uses)	(12,271)	525,863	63,900	577,492
Net change in fund balance	188,418	(43,704)	61,427	206,141
<b>FUND BALANCE - BEGINNING</b>	<b>1,868,736</b>	<b>626,026</b>	<b>633,497</b>	<b>3,128,259</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 2,057,154</b>	<b>\$ 582,322</b>	<b>\$ 694,924</b>	<b>\$ 3,334,400</b>

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

CITY OF MONROEVILLE, ALABAMA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Differences in amounts reported for governmental activities in the statement of activities:

Net change in fund balance - total governmental funds	\$ 206,141
Capital outlay, reported as expenditures in governmental funds shown as capital assets in the statement of net position in accordance with the City's capitalization policy.	534,806
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, contributions) is to decrease net position.	(31,983)
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(734,305)
The issuance of long-term debt provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position:	
Capital lease payable	\$ (101,452)
Loan proceeds	<u>(435,000)</u>
Total issuances of long-term debt	(536,452)
Repayment of debt is reported as an expenditure in governmental funds, but a reduction of liabilities in the statement of net position:	
Warrants and notes payable	<u>593,056</u>
Total repayments	593,056
Governmental funds report the effect of issuance costs, premiums and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Amortization	(9,720)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Accrued interest payable	(2,426)
Compensated absences	(4,363)
Pension contributions	210,271
Cost of benefits earned net of employee contributions	<u>(148,137)</u>
Increase in expenses	<u>55,345</u>
Change in net position of governmental activities	<u>\$ 76,888</u>

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

CITY OF MONROEVILLE, ALABAMA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2015

**ASSETS:**

Current assets:	
Cash and cash equivalents	\$ 84,817
Accounts receivables, net	89,741
Grant receivable	55,231
Total current assets	<u>229,789</u>

Non-current assets:

Capital assets:	
Land	48,032
Buildings and improvements	214,072
Utility system	8,505,834
Machinery and equipment	779,757
Construction in progress	<u>165,077</u>
Less: Accumulated depreciation	9,712,772
Total capital net assets, net of accumulated depreciation	<u>4,858,080</u>
Total non-current assets	<u>4,854,692</u>
Total assets	<u>5,084,481</u>

**DEFERRED OUTFLOWS:**

Employer pension contributions	17,211
Total deferred outflows	<u>17,211</u>

**LIABILITIES:**

Current liabilities:	
Accounts payable and accrued liabilities	80,671
Warrants payable	111,802
Payable to other funds	142,789
Total current liabilities	<u>335,262</u>
Non-current liabilities:	
Compensated absences	10,933
Warrants payable	656,380
Net pension obligation	138,101
Total non-current liabilities	<u>805,414</u>
Total liabilities	<u>1,140,676</u>

**DEFERRED INFLOWS:**

Excess earnings of pension plan investments	13,090
Total deferred inflows	<u>13,090</u>

**NET POSITION:**

Investment in capital assets, net	4,198,312
Unrestricted (deficit)	<u>(250,386)</u>
Total net position	<u>\$ 3,947,926</u>

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

CITY OF MONROEVILLE, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**OPERATING REVENUES:**

Sewer charges	\$ 440,914
Other	17
Total operating revenues	<u>440,931</u>

**OPERATING EXPENSES:**

Salaries and benefits	231,025
Utilities	137,142
Repairs and maintenance	96,997
Auto and truck	15,274
Insurance	9,989
Supplies	27,074
Lab fees	11,069
Other	23,913
Professional fees	6,481
Depreciation	240,500
Total operating expenses	<u>799,464</u>

**OPERATING LOSS**

(358,533)

**NON-OPERATING REVENUES (EXPENSES):**

Sales tax allocation from Monroe County	595,065
Grant revenue	122,518
Interest income	189
Interest expense	(32,764)
Total non-operating revenues	<u>685,008</u>

Net income before transfers

326,475

**TRANSFERS OUT:**

Transfers out to other funds	(41,040)
Total transfers out	<u>(41,040)</u>

**CHANGE IN NET POSITION**

285,435

**NET POSITION - BEGINNING**

3,797,317

**CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE**

(134,826)

**TOTAL NET POSITION - ENDING**

\$ 3,947,926

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

CITY OF MONROEVILLE, ALABAMA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:**

Receipts from customers	\$ 390,354
Payments to suppliers	(261,596)
Payments to employees	(231,030)
Net cash used for operating activities	<u>(102,272)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:**

Cash received from Monroe County sales tax allocation	595,065
Cash received from grant funds	122,518
Net cash payments from other funds	46,021
Net cash from non-capital financing activities	<u>763,604</u>

**CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition and construction of capital assets	(223,914)
Principal paid on long-term debt	(380,966)
Interest paid on long-term debt	(27,714)
Net cash used for capital and related financing activities	<u>(632,594)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest received	189
Net cash from investing activities	<u>189</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 28,927

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** 55,890

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$ 84,817

**RECONCILIATION OF CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents	<u>\$ 84,817</u>
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**RECONCILIATION OF OPERATING INCOME TO NET CASH FROM (USED FOR) OPERATING ACTIVITIES:**

Operating loss	\$ (358,533)
Adjustments to reconcile operating income to net cash provided by operations:	
Depreciation expense	240,500
Increase in assets:	
Accounts receivable	(50,577)
Decrease in liabilities:	
Accounts payable and accrued liabilities	<u>66,338</u>
Net cash used for operating activities	<u>\$ (102,272)</u>

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

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting entity - The City of Monroeville, Alabama, was incorporated under the provisions of the State of Alabama. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture, recreation, public improvements, planning, zoning, general administrative services, and water services.

The City Council is also responsible for appointing the members of the Board of the Monroeville Water Works. The City's accountability for this organization does not extend beyond making the appointments. Financial information for this entity is not reflected in the City's financial statements.

Government-wide and fund financial statements - The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between governmental and business-type activities. Government-wide financial statements are comprised of the statement of net position and the statement of changes in net position and reports information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses 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 are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that help support all functions of government and contribute to the change in the net assets for the fiscal year.

The fund financial statements follow and report additional and detailed information about operations for major funds individually and non-major funds in the aggregate for governmental funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

Measurement focus, basis of accounting, and financial statement presentation - *Government-wide financial statements*: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Property taxes are recognized as revenues in the year received or when an enforceable legal claim exists, whichever comes first. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

*Governmental fund financial statements:* The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, considered to be 60 days for property taxes and 90 days for all other revenue. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources exist, the City would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

*Proprietary fund financial statements:* Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major funds:

General fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Capital projects funds - Capital projects funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities.

The City reports the following major proprietary fund:

Sewer fund - Accounts for the operations of the City of Monroeville, Alabama's Sewer System.

Cash and cash equivalents - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities three months or less from the date of acquisition.

Receivables and payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and tax receivables are shown net of any applicable allowance for uncollectibles. Accounts receivable in governmental funds consist of fees for public services rendered, reimbursable payments paid for the benefit of other governmental entities that are collected on a periodic basis, and grants receivable from other governments.

Accounts receivable in the proprietary funds consist of monthly billings to customers for services provided. The City extends credit to its customers, who are located primarily in Monroeville, Alabama. Trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial; therefore, no allowance for doubtful accounts has been provided.

In Alabama, city property taxes are levied by the County Commission at its first regular meeting in February of each year based on the property on record as of the preceding October 1. The taxes are due the following October 1 and delinquent after December 31. In accordance with the non-exchange transactions provision of GASB Statement No. 33, a receivable for taxes is recorded when an enforceable legal claim has arisen or when resources are received, whichever is first. That date for the City is October 1, 2013.

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at their estimated fair value of the item at the date of its donation. General infrastructure assets acquired prior to October 1, 2013 are not reported in the basic financial statements.

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

ASSET CLASS	ESTIMATED USEFUL LIVES
Buildings and improvements	40 years
Furniture and equipment	3 - 20 years
Improvements other than buildings	10 years

Deferred outflows of resources - Decreases in net assets that relate to future periods would be reported as deferred outflows of resources in a separate section of the government-wide statement of net position and or governmental funds' balance sheet. The City has one deferred outflow related to the City's pension plan. See Note 9.

Deferred inflows of resources - Increases in net assets that apply to a future period(s) would be reported as deferred inflows of resources in a separate section of the government-wide statement of net position and or governmental funds' balance sheet. The City has one deferred inflow related to the City's pension plan. See Note 9.

Compensated absences - The City allows employees to accumulate vacation and sick leave up to certain limits for use in subsequent periods. Upon termination of employment, employees receive payment of accumulated vacation hours. All leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Long-term obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease obligations - Capital lease obligations are stated at the original fair market value of leased assets capitalized, less payments since the inception of the lease discounted at the implicit rate of interest in the lease. Also, in the year an asset is acquired by capital lease, the expenditure for the asset and the offsetting amount of the financing source are reflected in the fund financial statements in the statement of revenues, expenditures, and changes in fund balances. Capital lease obligations of governmental activities in the government-wide financial statements and the cost of assets so acquired are reflected in the accounts of those statements. Capital lease obligations of business-type activities in the government-wide financial statements and proprietary fund type financial statements and the cost of assets so acquired are reflected in the accounts of those funds and statements.

Fund balance - In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting, and Governmental Fund Type Definitions, the City classifies government fund balances as follows:

Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form, or for legal or contractual requirements. This would include inventories, deposits, and prepaid items.

Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - Includes fund balance amounts that can be used only for the specific purposes that are internally established by formal action of the government's highest level of decision making authority. Commitments may be modified or rescinded by the government taking the same formal action that imposed the constraint initially. Committed balances are only created by formal action of the City Council by passage of an ordinance, which is the action that constitutes the most binding constraint.

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund. The City Council, Mayor, or the City Clerk is authorized to assign amounts to a specific purpose. The authorization, which is established by the City Council, is pursuant to the policy of City Council to delegate such authority.

Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City considers committed, then assigned amounts to have been spent when an expenditure is incurred for purposes for which amounts of unrestricted fund balance is available.

Restricted net position - For the government-wide financial statements, net position is reported as restricted when constraints placed on assets are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Entitlements, share revenues, and grants (intergovernmental revenues) - Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized in the fund financial statements as revenue when the qualifying expenditures have been incurred, all eligibility requirements have been met, and reimbursement is received within the availability period.

Management estimates and assumptions - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration - The City has outsourced the collection of its sales tax and rental tax revenues to a third party.

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

Budgets and budgetary accounting - The budget is adopted annually at the beginning of each fiscal year for the general fund. The Mayor and members of the City Council are responsible for the adoption and amendments to the budget. The Council must approve transfers of appropriations between and among government function categories and revisions that increase total fund appropriations. Appropriations lapse at the end of the fiscal year.

The budget for the general fund is adopted on the cash basis that differs from accounting principles generally accepted in the United States of America (GAAP). Reconciliation of revenues and expenditures reported in accordance with GAAP and those presented in accordance with the Non-GAAP budgetary basis is shown in the schedule comparing budget to actual information.

Excess of expenditures over appropriations - For the year ended September 30, 2015, there were no general fund functional expenditure categories (the legal level of budgetary control) that exceeded appropriations.

Deficit fund equity - At September 30, 2015, there are no governmental funds with a deficit fund balance.

**NOTE 3 - CASH:**

Deposits - *Custodial credit risk* - The City's investment policy requires that bank deposits be fully insured by the Federal Deposit Insurance Corporation or be covered under the Security for Alabama Funds Enhancement (SAFE) Program. The SAFE program is a multiple financial collateral pool administered by the State Treasurer according to State of Alabama statute.

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 4 - CAPITAL ASSETS:**

Capital asset activity for the year ended September 30, 2015 was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,000,588			\$ 2,000,588
Construction in progress	<u>                  </u>	\$ 379,312	<u>                  </u>	<u>                  </u>
Total capital assets, not being depreciated	<u>2,000,588</u>	<u>379,312</u>	<u>                  </u>	<u>2,379,900</u>
Capital assets, being depreciated:				
Buildings	5,840,920			5,840,920
Furniture and equipment	5,541,341	144,649	\$ 69,139	5,616,851
Improvements	<u>3,706,881</u>	<u>10,845</u>	<u>                  </u>	<u>3,717,726</u>
Total capital assets, being depreciated	<u>15,089,142</u>	<u>155,494</u>	<u>69,139</u>	<u>15,175,497</u>
Less accumulated depreciation for:				
Buildings	1,996,888	165,420		2,162,308
Furniture and equipment	3,075,814	449,485	37,156	3,488,143
Improvements	<u>1,087,648</u>	<u>119,400</u>	<u>                  </u>	<u>1,207,048</u>
Total accumulated depreciation	<u>6,160,350</u>	<u>734,305</u>	<u>37,156</u>	<u>6,857,499</u>
Total capital assets, being depreciated, net	<u>8,928,792</u>	<u>(578,811)</u>	<u>31,983</u>	<u>8,317,998</u>
Governmental activities capital assets, net	<u>\$ 10,929,380</u>	<u>\$ (199,499)</u>	<u>\$ 31,983</u>	<u>\$ 10,697,898</u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 4 - CAPITAL ASSETS: (continued)

	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 48,032			\$ 48,032
Construction in progress		\$ 165,077		165,077
Total capital assets, not being depreciated	<u>48,032</u>	<u>165,077</u>		<u>213,109</u>
Capital assets, being depreciated:				
Buildings and improvements	214,072			214,072
Furniture and equipment	720,920	58,837		779,757
Plant and distribution system	<u>8,505,834</u>			<u>8,505,834</u>
Total capital assets being depreciated	<u>9,440,826</u>	<u>58,837</u>		<u>9,499,663</u>
Less accumulated depreciation for:				
Buildings and improvements	134,735	3,781		138,516
Furniture and equipment	537,026	46,054		583,080
Plant and distribution system	<u>3,945,819</u>	<u>190,665</u>		<u>4,136,484</u>
Total accumulated depreciation	<u>4,617,580</u>	<u>240,500</u>		<u>4,858,080</u>
Total capital assets, being depreciated, net	<u>4,823,246</u>	<u>(181,663)</u>		<u>4,641,583</u>
Business-type activities capital assets, net	<u>\$ 4,871,278</u>	<u>\$ (16,586)</u>	<u>\$ -</u>	<u>\$ 4,854,692</u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 53,085
Public works	190,032
Public safety	390,564
Cultural and recreational	<u>100,624</u>
 Total depreciation expense - governmental activities	<u>\$ 734,305</u>

Business-type activities:

Sewer fund	<u>\$ 240,500</u>
 Total depreciation expense - business-type activities	<u>\$ 240,500</u>

NOTE 5 - GRANT RELATED CLAIMS AND JUDGMENTS:

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor government. As of September 30, 2015, significant amounts of grant expenditures have not been audited by the granting agency, but the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES:

Interfund transactions are generally used to meet cash demands necessary to pay operating expenditures. These amounts should be repaid during the next fiscal year. Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the entity-wide governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES: (continued)**

The composition of interfund receivables and payables as of September 30, 2015 consist of the following:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
General fund	Capital projects fund	\$ 13,965
General fund	Sewer fund	94,908
Capital projects fund	Sewer fund	<u>47,882</u>
 Total		 <u>\$ 156,755</u>

Transfers were made primarily from the general fund to non-major funds for operations. The following is a schedule of interfund transfers for the year ended September 30, 2015:

<u>TRANSFER OUT</u>	<u>TRANSFER IN</u>		
	<u>NON-MAJOR</u>		<u>TOTAL</u>
	<u>GOVERNMENTAL</u>	<u>GOVERNMENTAL</u>	
	<u>FUNDS</u>	<u>FUNDS</u>	
General fund		\$ 63,900	\$ 63,900
Sewer fund	<u>\$ 41,040</u>		<u>41,040</u>
 Totals	 <u>\$ 41,040</u>	 <u>\$ 63,900</u>	 <u>\$ 104,940</u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7- GENERAL LONG-TERM DEBT:**

Long-term debt activity for the year ended September 30, 2015 was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Governmental activities:</b>					
Warrants and other					
notes payable	\$ 2,033,176	\$ 435,000	\$ 536,888	\$ 1,931,288	\$ 644,784
Capital lease payable	156,841	101,452	56,171	202,122	88,653
Less deferred amounts:					
Issuance discounts	<u>(19,441)</u>		<u>(9,720)</u>	<u>(9,721)</u>	
Total warrants, capital lease, and notes payable	2,170,576	536,452	583,339	2,123,689	733,437
Compensated absences	<u>128,839</u>	<u>4,363</u>		<u>133,202</u>	
Governmental activities long-term liabilities	<u>2,299,415</u>	<u>540,815</u>	<u>583,339</u>	<u>2,256,891</u>	<u>733,437</u>
 <b>Business-type activities:</b>					
Warrant and other					
notes payable	1,155,106			380,966	774,140
Less deferred amounts:					
Debt issuance discounts	<u>(11,916)</u>		<u>(5,958)</u>	<u>(5,958)</u>	
Total warrants and other					
notes payable	1,143,190			375,008	768,182
Compensated absences	<u>11,623</u>		<u>690</u>	<u>10,933</u>	
Business-type activities long-term liabilities	<u>1,154,813</u>		<u>375,698</u>	<u>779,115</u>	<u>111,802</u>
Total long-term debt	<u><u>\$ 3,454,228</u></u>	<u><u>\$ 540,815</u></u>	<u><u>\$ 959,037</u></u>	<u><u>\$ 3,036,006</u></u>	<u><u>\$ 845,239</u></u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 7- GENERAL LONG-TERM DEBT: (continued)

A description of warrants and notes payable is as follows:

	<u>TOTAL</u>	<u>CURRENT</u>
Governmental activities:		
Series 2010 general obligation warrants due to Regions in annual principal payments each August 15 and semiannual interest payments each February 15 and August 15; interest rate is 1.50% to 2.25% with a final maturity date of August 15, 2016.	\$ 340,000	\$ 340,000
Series 2013A general obligation warrants due to Trustmark National Bank in monthly principal and interest payments of \$7,666; interest rate is 2.25% with a final maturity date of March 3, 2021.	467,849	82,146
Series 2013 general obligation warrants due to United Bank in semiannual principal and interest payments of \$46,786; interest rate is 1.975% with a final maturity date of March 1, 2023; secured by fire truck.	688,439	80,146
Series 2015 general obligation warrants to Trustmark National Bank in semiannual principal and interest payments of \$74,734; interest rate is 1.74% with a final maturity date of April 10, 2018.	<u>435,000</u>	<u>142,492</u>
Total governmental activities	<u>1,931,288</u>	<u>644,784</u>
Business-type activities:		
Series 2013B general obligation warrants due to Trustmark National Bank in monthly principal and interest payments of \$10,695; interest rate is 2.25% with a final maturity date of March 3, 2022.	<u>774,140</u>	<u>111,802</u>
Total business-type activities	<u>774,140</u>	<u>111,802</u>
Total general obligation warrants and notes payable	<u>\$ 2,705,428</u>	<u>\$ 756,586</u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7- GENERAL LONG-TERM DEBT: (continued)**

The annual requirements to retire warrants and notes payable, including interest, are as follows:

YEAR ENDING 30:	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2016	\$ 644,784	\$ 37,895	\$ 682,679	\$ 111,802	\$ 16,538	\$ 128,340
2017	310,853	24,176	335,029	114,426	13,914	128,340
2018	316,964	18,049	335,013	117,063	11,277	128,340
2019	173,108	12,452	185,560	119,762	8,578	128,340
2020	176,827	8,734	185,561	122,506	5,834	128,340
2021 - 2025	308,752	9,805	318,557	188,581	3,412	191,993
<b>Totals</b>	<b>\$ 1,931,288</b>	<b>\$ 111,111</b>	<b>\$ 2,042,399</b>	<b>\$ 774,140</b>	<b>\$ 59,553</b>	<b>\$ 833,693</b>

**NOTE 8 - CAPITAL LEASES:**

The City has entered into lease agreements as lessee for financing the acquisition of property and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

ASSET	GOVERNMENTAL ACTIVITIES
Machinery and equipment	\$ 8,938
Vehicles	254,003
	262,941
Less: Accumulated depreciation	55,381
<b>Total</b>	<b>\$ 207,560</b>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015, were as follows:

GOVERNMENTAL ACTIVITIES	
YEAR ENDING SEPTEMBER 30:	<u>AMOUNT</u>
2016	\$ 91,601
2017	82,152
2018	<u>32,993</u>
Total minimum lease payments	<u>206,746</u>
Less: Deferred interest	<u>4,624</u>
Present value of minimum lease payments	<u><u>\$ 202,122</u></u>

NOTE 9 - PENSION COSTS:

Plan description - The Employees' Retirement System of Alabama (ERS), an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the Board 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](http://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 MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 9 - PENSION PLAN: (continued)

- 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 § 36-27-6.

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 ten years of creditable service. State employees who retire after age 60 (52 for State Police) with ten years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with ten 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 three of the last ten years) for each year of service. State Police are allowed 2.8750% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with ten 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 1.6500% of their average final compensation (highest five of the last ten years) for each year of service. State Police are allowed 2.3750% for each year of state police service in computing the formula method.

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 9 - PENSION PLAN: (continued)

Members are eligible for disability retirement if they have ten 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 846 local participating employers. These participating employers include 287 cities, 65 counties, and 494 other public entities. The ERS membership includes approximately 83,874 participants. As of September 30, 2014, membership consisted of:

Retirement and beneficiaries currently receiving benefits	21,691
Terminated employees entitled to but not yet receiving benefits	1,252
Terminated employees not entitled to a benefit	5,048
Active members	<u>55,883</u>
 Total	<u>83,874</u>

Contributions - Covered members of the ERS contributed 5.00% 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 6.00% 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 10.00% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6.00% 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 7.00% of earnable compensation. Tier 2 State Police members of the ERS contribute 10.00% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 9 - PENSION PLAN: (continued)

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, 2015, the City's active employee contribution rate was 5.08% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 6.37% of covered employee payroll.

The City's contractually required contribution rate for the year ended September 30, 2015 was 7.27% of pensionable pay for Tier 1 employees, and 4.97% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$281,416 for the year ended September 30, 2015.

The City's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2013 rolled forward to September 30, 2014 using standard roll-forward techniques as shown in the following table:

Total pension liability as of September 30, 2013 (a)	\$ 7,483,019
Entry age normal cost for October 1, 2013 - September 30, 2014 (b)	198,421
Actual benefit payments and refunds for October 1, 2013 - September 30, 2014 (c)	(458,059)
Total pension liability as of September 30, 2014 = [(a) x (1.08)] + (b) - [(c) x (1.04)]	7,803,700

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 9 - PENSION PLAN: (continued)

Actuarial assumptions - The total pension liability in the September 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75% - 7.25%
Investment rate of return *	8.00%

\* Net of pension plan investment expense

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2013 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, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 9 - PENSION PLAN: (continued)

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

	<u>TARGET ALLOCATION</u>	<u>LONG-TERM EXPECTED RATE OF RETURN</u>
Fixed income	25.00%	5.00%
U. S. large stocks	34.00%	9.00%
U. S. mid stocks	8.00%	12.00%
U. S. small stocks	3.00%	15.00%
International developed market stocks	15.00%	11.00%
International emerging stocks	3.00%	16.00%
Real estate	10.00%	7.50%
Cash	<u>2.00%</u>	<u>1.50%</u>
Total	<u><u>100.00%</u></u>	

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 9 - PENSION PLAN: (continued)**

Discount rate - The discount rate used to measure the total pension liability was the long-term rate of return, 8.00%. 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.

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY (a)	PLAN FIDUCIARY NET POSITION (b)	NET PENSION LIABILITY (a)-(b)
Balance at September 30, 2013	\$ 7,483,019	\$ 5,487,788	\$ 1,995,231
<b>Changes for the year:</b>			
Service cost	198,421		198,421
Interest	580,319		580,319
Contributions - employer		213,172	(213,172)
Contributions - employee		111,730	(111,730)
Net investment income		648,954	(648,954)
Benefit payments, including refunds of employee contributions	(458,059)	(458,059)	
Transfer amount employers		(25,235)	25,235
Net changes	<u>320,681</u>	<u>490,562</u>	<u>(169,881)</u>
Balance at September 30, 2014	<u><u>\$ 7,803,700</u></u>	<u><u>\$ 5,978,350</u></u>	<u><u>\$ 1,825,350</u></u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 9 - PENSION PLAN: (continued)**

Sensitivity of the net pension liability to changes in the discount rate - The following table presents the City's net pension liability calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage point higher (9.00%) than the current rate:

	1.00% DECREASE (7.00%)	CURRENT RATE (8.00%)	1.00% INCREASE (9.00%)
City's net pension liability (asset)	\$ 2,564,285	\$ 1,463,689	\$ 537,407

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, 2014. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2014. The auditor's report dated June 3, 2015 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.rsa-al.gov](http://www.rsa-al.gov).

For the year ended September 30, 2015, the City recognized pension expense of \$227,481. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Net differences between projected and actual earnings on pension plan investments		\$ 173,014
Employer contributions subsequent to the measurement date	\$ 227,481	
	<u>\$ 227,481</u>	<u>\$ 173,014</u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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

Year Ended September 30:

2016	\$ 43,253
2017	43,253
2018	43,253
2019	<u>43,255</u>
	<u><u>\$ 173,014</u></u>

NOTE 10 - RISK MANAGEMENT:

The City is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets, errors, and omissions; injuries to employees; and natural disaster. The City has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs.

All risk management activities are accounted for in the appropriate fund. Expenditures and claims are recognized when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and the loss amount exceeds insurance coverage. In determining claims, events that might create claims, but for which none have been reported, are considered.

Workers compensation coverage is provided through the State of Alabama Department of Industrial Relations. The City pays an annual premium, reflecting a base rate plus an experience premium, to the department.

There have been no significant reductions in insurance coverage in the prior year and there were no settlements in excess of insurance coverage in each of the past three years.

NOTE 11 - GAS SYSTEM PROFITS:

The City is a member municipality in the South Alabama Gas District and receives annual payments from the district for its proportionate share of the profits from the sale of gas within its jurisdiction. These payments are reported as miscellaneous revenue in the City's financial statements. The gas profits received equaled \$269,491 in fiscal year 2015. Of this amount, \$52,967 was recorded in the general fund and \$216,524 was recorded in the capital projects fund.

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE:

In fiscal year 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* which improves accounting and financial reporting by state and local governments for pensions.

The implementation of Statement No. 68 resulted in the restatement of the beginning net position of the governmental and business-type activities in the government-wide financial statements:

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
Net position at September 30, 2014	\$ 11,697,182	\$ 3,797,317
Change in reporting of pension benefits	(1,647,233)	(134,826)
Net position at September 30, 2014, restated	<u>\$ 10,049,949</u>	<u>\$ 3,662,491</u>

NOTE 13 - COMMITMENTS:

On June 16, 2015, the City entered into a contract with a construction company for the sewer project to be funded by a Community Development Block Grant. The contract amount is \$499,166.

On August 15, 2015, the City entered into a contract with a construction company for sewer treatment plant improvements. The contract amount is \$158,125.

As of September 30, 2015, commitments to contractors on capital projects are as follows:

Commitments	\$ 657,251
Spent-to-date	<u>84,748</u>
Remaining commitments	<u>\$ 572,503</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>REVENUES:</b>			
Taxes:			
Sales	\$ 2,979,500	\$ 2,918,405	\$ (61,095)
Real and personal property	613,000	618,746	5,746
Gasoline	220,237	218,166	(2,071)
Franchise fees	37,000	39,834	2,834
Tobacco	37,500	31,656	(5,844)
Motor vehicle	11,000	13,017	2,017
Lodging	98,000	87,118	(10,882)
Total taxes	<u>3,996,237</u>	<u>3,926,942</u>	<u>(69,295)</u>
Licenses and permits:			
Privilege business	728,150	744,341	16,191
Building permits	9,000	12,487	3,487
Total licenses and permits	<u>737,150</u>	<u>756,828</u>	<u>19,678</u>
Intergovernmental revenue:			
Motor vehicle licenses	25,000	27,535	2,535
ABC/TVA	32,850	35,268	2,418
Oil production and privilege tax	42,800	30,482	(12,318)
Grant revenue	29,366	29,366	29,366
Excise tax	48,012	48,012	48,012
Total intergovernmental revenue	<u>100,650</u>	<u>170,663</u>	<u>70,013</u>
Charges and fees for services:			
Garbage	751,192	739,167	(12,025)
Court	260,000	156,261	(103,739)
Parks and recreation fees	56,750	58,776	2,026
Total charges and fees for services	<u>1,067,942</u>	<u>954,204</u>	<u>(113,738)</u>
Miscellaneous:			
Cable franchise	38,000	11,836	(26,164)
Gas system franchise and dividends	38,800	52,967	14,167
Interest income	5,100	3,658	(1,442)
Rental	28,362	25,072	(3,290)
Other	38,149	39,055	906
Total miscellaneous	<u>148,411</u>	<u>132,588</u>	<u>(15,823)</u>
Total revenues	<u>\$ 6,050,390</u>	<u>\$ 5,941,225</u>	<u>\$ (109,165)</u>

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>EXPENDITURES:</b>			
General government:			
Executive:			
Salaries	\$ 87,600	\$ 87,600	
Fringe benefits	6,959	6,895	\$ 64
Advertising	6,000	8,463	(2,463)
Appropriated school tax	50,000	50,000	
Appropriations	59,500	62,353	(2,853)
Contractual - audit	19,000	38,000	(19,000)
Contractual - Chamber of Commerce	45,000	45,000	
Contractual - legal	16,800	16,800	
Contractual - professional	42,185	41,003	1,182
Insurance	135,000	141,134	(6,134)
Printing and publications	2,000	342	1,658
Sales tax expense	56,500	64,752	(8,252)
Telephone	27,240	43,283	(16,043)
Miscellaneous	17,110	11,107	6,003
Total executive	<u>570,894</u>	<u>616,732</u>	<u>(45,838)</u>
Clerk's office:			
Salaries	179,777	165,247	14,530
Fringe benefits	55,429	47,478	7,951
Repairs and maintenance	7,810	8,341	(531)
Supplies	10,000	8,973	1,027
Telephone	2,544	2,609	(65)
Travel, registration, and dues	10,778	5,630	5,148
Utilities	11,158	11,993	(835)
Miscellaneous	1,000	1,310	(310)
Total clerk's office	<u>278,496</u>	<u>251,581</u>	<u>26,915</u>
Nutrition:			
Salaries	27,712	29,934	(2,222)
Fringe benefits	9,921	10,167	(246)
Professional services	2,500	3,294	(794)
Public health and welfare	20,000	21,273	(1,273)
Supplies	3,070	2,462	608
Travel, registration, and dues	4,382	4,282	100
Utilities	9,056	9,729	(673)
Miscellaneous	2,655	2,054	601
Total nutrition	<u>79,296</u>	<u>83,195</u>	<u>(3,899)</u>

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES: (continued)			
General government: (continued)			
Court:			
Salaries	\$ 82,892	\$ 71,133	\$ 11,759
Fringe benefits	21,467	17,492	3,975
Jail fees	35,000	29,119	5,881
Restitution		2,267	(2,267)
Repairs and maintenance	1,800	2,285	(485)
State and county court fees	104,000	61,948	42,052
Supplies	3,500	5,038	(1,538)
Telephone	1,800	1,724	76
Travel, registration, and dues	1,500	396	1,104
Miscellaneous	6,100	9,439	(3,339)
Total court	<u>258,059</u>	<u>200,841</u>	<u>57,218</u>
Compliance:			
Salaries	39,120	39,096	24
Fringe benefits	12,834	11,923	911
Supplies	513	426	87
Miscellaneous	4,698	4,644	54
Total compliance	<u>57,165</u>	<u>56,089</u>	<u>1,076</u>
Events coordinator:			
Salaries	22,230	22,230	
Fringe benefits		160	(160)
Professional services	16,510	13,639	2,871
Supplies	6,500	9,898	(3,398)
Miscellaneous	9,760	8,653	1,107
Total events coordinator	<u>55,000</u>	<u>54,580</u>	<u>420</u>
Total general government	<u>1,298,910</u>	<u>1,263,018</u>	<u>35,892</u>

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>EXPENDITURES: (continued)</b>			
Public safety:			
Police:			
Salaries	\$ 1,265,343	\$ 1,215,350	\$ 49,993
Fringe benefits	422,541	360,375	62,166
Auto expenses	94,000	90,234	3,766
Repairs and maintenance	19,400	28,674	(9,274)
Supplies	5,900	5,863	37
Telephone	7,392	9,711	(2,319)
Training	12,380	4,418	7,962
Travel, registration, and dues	10,000	6,291	3,709
Uniforms	11,000	11,504	(504)
Utilities	16,646	17,480	(834)
Miscellaneous	23,000	19,052	3,948
Total police	<u>1,887,602</u>	<u>1,768,952</u>	<u>118,650</u>
Fire:			
Salaries	318,007	302,336	15,671
Fringe benefits	97,172	90,260	6,912
Auto expenses	24,500	21,341	3,159
Repairs and maintenance	11,500	10,930	570
Supplies and small equipment	11,200	8,577	2,623
Telephone	2,200	1,678	522
Training	1,500	1,232	268
Travel, registration, and dues	3,300	1,791	1,509
Uniforms	3,000	3,008	(8)
Utilities	23,000	22,854	146
Miscellaneous	4,000	4,017	(17)
Total fire	<u>499,379</u>	<u>468,024</u>	<u>31,355</u>
Animal control:			
Salaries	20,243	21,368	(1,125)
Fringe benefits	8,938	9,007	(69)
Auto expenses	4,000	2,394	1,606
Shelter fees	38,000	38,000	
Supplies	500	116	384
Telephone	660	690	(30)
Miscellaneous	1,790	78	1,712
Total animal control	<u>74,131</u>	<u>71,653</u>	<u>2,478</u>
Total public safety	<u>2,461,112</u>	<u>2,308,629</u>	<u>152,483</u>

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>EXPENDITURES: (continued)</b>			
Public works:			
Streets:			
Salaries	390,070	378,903	11,167
Fringe benefits	160,392	161,653	(1,261)
Auto expenses	55,253	43,995	11,258
Repairs and maintenance	15,000	13,162	1,838
Small tools and equipment	4,600	3,474	1,126
Supplies	6,400	5,707	693
Telephone	1,920	2,122	(202)
Uniforms	4,740	6,187	(1,447)
Utilities	8,608	8,615	(7)
Miscellaneous	300	36	264
Total streets	<u>647,283</u>	<u>623,854</u>	<u>23,429</u>
Sanitation:			
Landfill and garbage services	792,400	771,888	20,512
Total sanitation	<u>792,400</u>	<u>771,888</u>	<u>20,512</u>
Shop:			
Salaries	23,000	22,226	774
Fringe benefits	2,533	1,822	711
Supplies	1,000	1,827	(827)
Miscellaneous	2,250	868	1,382
Total shop	<u>28,783</u>	<u>26,743</u>	<u>2,040</u>
Total public works	<u>1,468,466</u>	<u>1,422,485</u>	<u>45,981</u>

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>EXPENDITURES: (continued)</b>			
Cultural and recreational:			
Community house:			
Salaries	\$ 47,204	\$ 46,214	\$ 990
Fringe benefits	13,686	13,942	(256)
Repairs and maintenance	5,500	5,121	379
Small tools and equipment	350	241	109
Utilities	17,755	19,792	(2,037)
Miscellaneous	700	795	(95)
Total community house	<u>85,195</u>	<u>86,105</u>	<u>(910)</u>
Parks and recreation:			
Salaries	129,952	133,599	(3,647)
Fringe benefits	34,795	34,112	683
Auto expenses	19,000	12,489	6,511
Repairs and maintenance	21,901	25,267	(3,366)
Small tools and equipment	9,200	10,357	(1,157)
Supplies	18,000	18,270	(270)
Telephone	1,130	834	296
Utilities	41,804	43,827	(2,023)
Miscellaneous	7,194	3,305	3,889
Total parks and recreation	<u>282,976</u>	<u>282,060</u>	<u>916</u>
Custodian:			
Salaries	11,000	10,796	204
Fringe benefits	1,016	989	27
Total custodian	<u>12,016</u>	<u>11,785</u>	<u>231</u>
Total cultural and recreational	<u>380,187</u>	<u>379,950</u>	<u>237</u>

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>EXPENDITURES: (continued)</b>			
Capital outlay:			
General government	\$ 500		\$ 500
Total capital outlay	<u>500</u>		<u>500</u>
Debt service:			
Principal payments	375,008	\$ 365,013	9,995
Interest payments		11,907	(11,907)
Total debt service	<u>375,008</u>	<u>376,920</u>	<u>(1,912)</u>
Total expenditures	<u>5,984,183</u>	<u>5,751,002</u>	<u>233,181</u>
Excess of revenues over expenditures	<u>66,207</u>	<u>190,223</u>	<u>124,016</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfer in (out)		41,040	41,040
Operating transfer in (out)	(63,900)	(63,900)	
Proceeds from issuance of debt		10,589	10,589
Total other financing sources (uses)	<u>(63,900)</u>	<u>(12,271)</u>	<u>51,629</u>
Net change in fund balance, budgetary basis	<u>\$ 2,307</u>	<u>177,952</u>	<u>\$ 175,645</u>
<b>DEDUCT OTHER RECONCILING ITEMS TO ADJUST FROM BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS:</b>			
Change in accounts receivable		11,814	
Change in accounts payable and accrued liabilities		<u>(1,348)</u>	
NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS		188,418	
FUND BALANCE BEGINNING OF YEAR		<u>1,868,736</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 2,057,154</u>		

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
 AND RELATED RATIOS  
 LAST TEN FISCAL YEARS ENDING SEPTEMBER 30

	<u>2014</u>
<b>TOTAL PENSION LIABILITY:</b>	
Service cost	\$ 198,421
Interest	580,319
Benefit payments, including refunds of employee contributions	<u>(458,059)</u>
Net change in total pension liability	320,681
Total pension liability - beginning	<u>7,483,019</u>
Total pension liability - end (a)	<u>\$ 7,803,700</u>
<b>PLAN FIDUCIARY NET POSITION:</b>	
Contributions - employer	\$ 213,172
Contributions - member	111,730
Net investment income	648,954
Benefit payments, including refunds of employee contributions	<u>(458,059)</u>
Transfers among employers	<u>(25,235)</u>
Net change in plan fiduciary net position	490,562
Plan net position - beginning	<u>5,487,788</u>
Plan net position - end (b)	<u>\$ 5,978,350</u>
Net pension liability - ending (a) - (b)	<u>\$ 1,825,350</u>
Plan fiduciary net position as a percentage of the total pension liability	76.61%
Covered employee payroll	\$ 2,117,917
Net pension liability as a percentage of covered employee payroll	86.19%

Notes to Schedule:

1. This schedule is to be built prospectively until it contains ten years of data.
2. The measurement date for the City's net pension liability is September 30, one year prior to the City's fiscal year.
3. Covered employee payroll is the total payroll paid to covered employees during the measurement period.

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE PENSION PLAN  
LAST TEN FISCAL YEARS

	<u>2015</u>
Actuarially determined contribution *	\$ 143,667
Contributions in relation to the actuarially determined contribution**	<u>281,416</u>
Contribution excess	<u><u>\$ (137,749)</u></u>
Covered employee payroll	\$ 2,612,131
Contributions as a percentage of covered-employee payroll	10.77%

\* Amounts of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. FY 2015, the fiscal year is the twelve month period beginning after June 15, 2014.

\*\* Employer's covered-payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). For FY2015, the fiscal year is the twelve month period beginning after June 15, 2014.

Notes to Schedule:

1. This schedule is to be built prospectively until it contains ten years of data.
2. Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported.
3. Contributions for fiscal year 2015 were based on the September 30, 2012 actuarial valuation.
4. Methods and assumptions used to determine the contribution rates:
 

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization method	19 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation
5. Covered employee payroll represents total payroll paid to covered employees for the City's fiscal year ended September 30.

SUPPLEMENTARY INFORMATION

## CITY OF MONROEVILLE, ALABAMA

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015

	SEVEN CENT GAS FUND	FOUR CENT GAS FUND	FIRE RESCUE FUND	FIRE SPECIAL FUND	BEER AND WINE TAX FUND	TOTAL
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 12,914	\$ 98,010	\$ 75,243	\$ 138,137	\$ 378,340	\$ 702,644
Receivables:						
Other accounts receivable					14,868	14,868
<b>Total assets</b>	<b>\$ 12,914</b>	<b>\$ 98,010</b>	<b>\$ 75,243</b>	<b>\$ 138,137</b>	<b>\$ 393,208</b>	<b>\$ 717,512</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
Liabilities:						
Accounts payable	\$ 10,104			\$ 12,484		\$ 22,588
<b>Total liabilities</b>	<b>10,104</b>			<b>12,484</b>		<b>22,588</b>
<b>FUND BALANCES:</b>						
Restricted	2,810	\$ 98,010	\$ 75,243	125,653	\$ 393,208	694,924
<b>Total fund balance</b>	<b>2,810</b>	<b>98,010</b>	<b>75,243</b>	<b>125,653</b>	<b>393,208</b>	<b>694,924</b>
<b>Total liabilities and fund balance</b>	<b>\$ 12,914</b>	<b>\$ 98,010</b>	<b>\$ 75,243</b>	<b>\$ 138,137</b>	<b>\$ 393,208</b>	<b>\$ 717,512</b>

CITY OF MONROEVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	SEVEN CENT GAS FUND	FOUR CENT GAS FUND	FIRE RESCUE FUND	FIRE SPECIAL FUND	BEER AND WINE TAX FUND	TOTAL
<b>REVENUES:</b>						
Taxes	\$ 74,525	\$ 58,234		\$ 47,345	\$ 228,706	\$ 408,810
Intergovernmental revenues			\$ 16,000			16,000
Miscellaneous						11,850
Interest income	17	83	35	76	381	592
<b>Total revenues</b>	<b>74,542</b>	<b>58,317</b>	<b>16,035</b>	<b>47,421</b>	<b>240,937</b>	<b>437,252</b>
<b>EXPENDITURES:</b>						
Current:						
General government	142,832				203,069	345,901
Public safety			934	50,451		51,385
Public works		20,211				20,211
Capital outlay					22,228	22,228
<b>Total expenditures</b>	<b>142,832</b>	<b>20,211</b>	<b>934</b>	<b>50,451</b>	<b>225,297</b>	<b>439,725</b>
Excess (deficiency) of revenue over (under) expenditures	(68,290)	38,106	15,101	(3,030)	15,640	(2,473)
<b>OTHER FINANCING SOURCES:</b>						
Transfers from other funds	63,900					63,900
<b>Total other financing sources</b>	<b>63,900</b>					<b>63,900</b>
Net change in fund balance	(4,390)	38,106	15,101	(3,030)	15,640	61,427
<b>FUND BALANCE - BEGINNING</b>	<b>7,200</b>	<b>59,904</b>	<b>60,142</b>	<b>128,683</b>	<b>377,568</b>	<b>633,497</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 2,810</b>	<b>\$ 98,010</b>	<b>\$ 75,243</b>	<b>\$ 125,653</b>	<b>\$ 393,208</b>	<b>\$ 694,924</b>

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