

City of Monroeville, Alabama
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016
ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION

CITY OF MONROEVILLE, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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CITY OF MONROEVILLE, ALABAMA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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CITY OF MONROEVILLE , ALABAMA

LIST OF PRINCIPAL OFFICIALS
AS OF SEPTEMBER 30, 2016

MAYOR - Mike Kennedy

CITY COUNCIL

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

HEADS OF DEPARTMENTS

City Clerk/Treasurer	Mary Jackson
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, 2016 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, 2016, 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.

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 37 - 45, 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 46 - 47 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 October 23, 2017, 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
October 23, 2017

BASIC FINANCIAL STATEMENTS

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CITY OF MONROEVILLE, ALABAMA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	\$ 1,884,068	\$ 171,814	\$ 2,055,882
Cash, restricted	249,924		249,924
Investment in certificates of deposit	799,157		799,157
Internal balances	220,849	(220,849)	
Receivables:			
Taxes receivable	297,107		297,107
Accounts receivable	105,405	136,222	241,627
Interest receivable	3,729		3,729
Due from other governments	187,652		187,652
Capital assets:			
Non-depreciable	2,111,488	48,032	2,159,520
Depreciable, net	8,948,197	5,321,745	14,269,942
Total assets	14,807,576	5,456,964	20,264,540
DEFERRED OUTFLOWS:			
Employer pension contributions	212,576	17,292	229,868
Net difference between projected and actual earnings on plan investments	178,065	14,484	192,549
Total deferred outflows	390,641	31,776	422,417
LIABILITIES:			
Accounts payable and accrued expenses	229,039	2,318	231,357
Long-term liabilities:			
Portion due or payable in one year:			
Warrants, notes, and capital lease payable	425,769	176,813	602,582
Portion due or payable after one year:			
Warrants, notes, and capital lease payable	1,164,202	568,880	1,733,082
Compensated absences	144,392	10,408	154,800
Net pension obligation	1,726,909	141,327	1,868,236
Total liabilities	3,690,311	899,746	4,590,057
DEFERRED INFLOWS:			
Difference between expected and actual experience	222,173	18,153	240,326
Total deferred inflows	222,173	18,153	240,326
NET POSITION:			
Investment in capital assets, net	9,469,714	4,800,897	14,270,611
Restricted for:			
Road projects	110,203		110,203
Capital acquisitions and projects	862,557		862,557
Fire department	244,842		244,842
Unrestricted (deficit)	598,417	(230,056)	368,361
Total net position	\$ 11,285,733	\$ 4,570,841	\$ 15,856,574

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

CITY OF MONROEVILLE, ALABAMA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 1,787,113	\$ 889,268	\$ 42,750		\$ (855,095)		\$ (855,095)
Public safety	2,788,659	146,436			(2,642,223)		(2,642,223)
Public works	1,735,207	763,567		\$ 462,913	(508,727)		(508,727)
Cultural and recreational	488,660				(488,660)		(488,660)
Interest on long-term debt	47,403				(47,403)		(47,403)
Total governmental activities	<u>6,847,042</u>	<u>1,799,271</u>	<u>42,750</u>	<u>462,913</u>	<u>(4,542,108)</u>		<u>(4,542,108)</u>
Business-type activities:							
Sewer	917,936	442,369				\$ (475,567)	(475,567)
Total business-type activities	<u>917,936</u>	<u>442,369</u>				<u>(475,567)</u>	<u>(475,567)</u>
Total primary government	<u>\$ 7,764,978</u>	<u>\$ 2,241,640</u>	<u>\$ 42,750</u>	<u>\$ 462,913</u>	<u>(4,542,108)</u>	<u>(475,567)</u>	<u>(5,017,675)</u>
General revenues:							
Taxes:							
Sales taxes							
Real and personal property taxes							
Gasoline taxes							
Alcoholic beverage							
Tobacco							
Motor vehicle							
Miscellaneous							
Investment earnings							
Miscellaneous revenue							
Intergovernmental revenue							
Grant revenue							
Transfers							
Total general revenues and transfers							
Change in net position							
Net position - beginning							
Net position - ending							

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

CITY OF MONROEVILLE, ALABAMA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	GENERAL FUND	CAPITAL PROJECTS FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and cash equivalents	\$ 1,140,321		\$ 743,747	\$ 1,884,068
Investments in certificates of deposit	799,157			799,157
Receivables:				
Taxes receivable	239,019	\$ 58,088		297,107
Other	94,266		14,868	109,134
Due from other funds	186,932	47,882		234,814
Due from other governments	59,318	128,334		187,652
Cash and cash equivalents, restricted	4	249,920		249,924
 Total assets	 <u>\$ 2,519,017</u>	 <u>\$ 484,224</u>	 <u>\$ 758,615</u>	 <u>\$ 3,761,856</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 192,777		\$ 11,272	\$ 204,049
Due to other funds		\$ 13,965		13,965
Other accrued liabilities	16,284			16,284
 Total liabilities	 <u>209,061</u>	 <u>13,965</u>	 <u>11,272</u>	 <u>234,298</u>
FUND BALANCES:				
Restricted:				
Highway and streets			110,203	110,203
Capital improvements		470,259	392,298	862,557
Fire department			244,842	244,842
Unassigned	2,309,956			2,309,956
 Total fund balance	 <u>2,309,956</u>	 <u>470,259</u>	 <u>747,343</u>	 <u>3,527,558</u>
 Total liabilities and fund balance	 <u>\$ 2,519,017</u>	 <u>\$ 484,224</u>	 <u>\$ 758,615</u>	 <u>\$ 3,761,856</u>

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, 2016

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

Total fund balances - governmental funds	\$ 3,527,558
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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	110,900
Buildings, net of \$2,327,484 accumulated depreciation	3,513,436
Improvements, net of \$1,331,336 accumulated depreciation	3,377,710
Office, non-office, and computer equipment, net of \$3,924,987 accumulated depreciation	<u>2,057,051</u>
Total capital assets	11,059,685

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

Employer pension contribution	212,576
Excess earnings of pension plan investments	178,065
Difference between expected and actual experience	<u>(222,173)</u>
Total deferred outflows and inflows of resources	168,468

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	1,286,502
Capital lease payable	303,469
Accrued interest payable	8,706
Compensated absences	144,392
Pension obligation	<u>1,726,909</u>
Total long-term liabilities	(3,469,978)
Net position of governmental activities	\$ 11,285,733

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, 2016

	GENERAL FUND	CAPITAL PROJECTS FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 3,994,228	\$ 778,315	\$ 384,642	\$ 5,157,185
Licenses and permits	835,429			835,429
Intergovernmental revenues	107,446	321,967	26,250	455,663
Charges and fees for services	963,842			963,842
Miscellaneous	157,645	361,642	68,990	588,277
Interest income	4,357	531	653	5,541
Total revenues	6,062,947	1,462,455	480,535	8,005,937
EXPENDITURES:				
Current:				
General government	1,288,014	123,605	318,189	1,729,808
Public safety	2,344,062		31,315	2,375,377
Public works	1,448,089	43,410	48,859	1,540,358
Parks and recreation	378,510			378,510
Capital outlay		1,036,855	167,596	1,204,451
Debt service:				
Principal payments	343,432	390,003		733,435
Interest and fiscal charges	8,038	32,802		40,840
Total expenditures	5,810,145	1,626,675	565,959	8,002,779
Excess (deficiency) of revenue over (under) expenditures	252,802	(164,220)	(85,424)	3,158
OTHER FINANCING SOURCES (USES):				
Transfer from other funds			137,843	137,843
Transfers to other funds		(137,843)		(137,843)
Proceeds from issuance of debt		190,000		190,000
Total other financing sources (uses)		52,157	137,843	190,000
Net change in fund balance	252,802	(112,063)	52,419	193,158
FUND BALANCE - BEGINNING	2,057,154	582,322	694,924	3,334,400
FUND BALANCE - ENDING	\$ 2,309,956	\$ 470,259	\$ 747,343	\$ 3,527,558

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, 2016

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

Net change in fund balance - total governmental funds	\$ 193,158
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.	1,467,407
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(726,308)
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	\$ (190,000)
Loan proceeds	<hr/>
Total issuances of long-term debt	(190,000)
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	733,435
Total repayments	<hr/>
	733,435
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	(9,721)
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	(2,968)
Compensated absences	(11,190)
Pension contributions	236,830
Cost of benefits earned net of employee contributions	<hr/>
Increase in expenses	(531,747)
	<hr/>
Change in net position of governmental activities	<u>\$ 1,158,896</u>

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

CITY OF MONROEVILLE, ALABAMA

STATEMENT OF NET POSITION
PROPRIETARY FUND - SEWER SYSTEM
SEPTEMBER 30, 2016

ASSETS:

Current assets:	
Cash and cash equivalents	\$ 171,814
Accounts receivables, net	136,222
Total current assets	<u>308,036</u>
Non-current assets:	
Capital assets:	
Land	48,032
Buildings and improvements	214,072
Utility system	9,287,937
Machinery and equipment	940,679
Construction in progress	<u>10,490,720</u>
Less: Accumulated depreciation	<u>5,120,943</u>
Total capital net assets, net of accumulated depreciation	<u>5,369,777</u>
Total non-current assets	<u>5,369,777</u>
Total assets	<u>5,677,813</u>

DEFERRED OUTFLOWS:

Employer pension contributions	17,292
Net difference between projected and actual earnings on plan investments	<u>14,484</u>
Total deferred outflows	<u>31,776</u>

LIABILITIES:

Current liabilities:	
Accounts payable and accrued liabilities	2,318
Warrants and capital lease payable	176,813
Payable to other funds	220,849
Total current liabilities	<u>399,980</u>
Non-current liabilities:	
Compensated absences	10,408
Warrants payable	568,880
Net pension obligation	141,327
Total non-current liabilities	<u>720,615</u>
Total liabilities	<u>1,120,595</u>

DEFERRED INFLOWS:

Excess earnings of pension plan investments	18,153
Total deferred inflows	<u>18,153</u>

NET POSITION:

Investment in capital assets, net	4,800,897
Unrestricted (deficit)	<u>(230,056)</u>
Total net position	<u>\$ 4,570,841</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 FUND - SEWER SYSTEM
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

OPERATING REVENUES:

Sewer charges	\$ 441,619
Other	750
Total operating revenues	<u>442,369</u>

OPERATING EXPENSES:

Salaries and benefits	238,269
Utilities	124,212
Repairs and maintenance	193,403
Auto and truck	12,871
Insurance	2,500
Supplies	30,654
Lab fees	11,525
Other	12,707
Professional fees	5,719
Depreciation	262,863
Total operating expenses	<u>894,723</u>

OPERATING LOSS

(452,354)

NON-OPERATING REVENUES (EXPENSES):

Sales tax allocation from Monroe County	591,290
Grant revenue	477,427
Gain on sale of assets	29,525
Interest income	240
Interest expense	(23,213)
Total non-operating revenues	<u>1,075,269</u>

CHANGE IN NET POSITION

622,915

NET POSITION - BEGINNING

3,947,926

TOTAL NET POSITION - ENDING

\$ 4,570,841

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

CITY OF MONROEVILLE, ALABAMA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND - SEWER SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2016

CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:

Receipts from customers	\$ 395,888
Payments to suppliers	(467,168)
Payments to employees	<u>(249,710)</u>
Net cash used for operating activities	<u>(320,990)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Cash received from Monroe County sales tax allocation	591,290
Cash received from grant funds	532,658
Net cash payments from other funds	<u>78,060</u>
Net cash from non-capital financing activities	<u>1,202,008</u>

CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from long-term debt	103,000
Proceeds from disposition of capital assets	29,525
Acquisition and construction of capital assets	(777,948)
Principal paid on long-term debt	(131,448)
Interest paid on long-term debt	<u>(17,390)</u>
Net cash used for capital and related financing activities	<u>(794,261)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	240
Net cash from investing activities	<u>240</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 86,997

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 84,817

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 171,814

RECONCILIATION OF OPERATING INCOME TO NET CASH FROM (USED FOR) OPERATING ACTIVITIES:

Operating loss	\$ (452,354)
Adjustments to reconcile operating income to net cash provided by operations:	
Depreciation expense	262,863
Increase in assets:	
Accounts receivable	(46,481)
Decrease in liabilities:	
Accounts payable and accrued liabilities	<u>(85,018)</u>
Net cash used for operating activities	<u>\$ (320,990)</u>

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

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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, 2016

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, 2016

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, 2016

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	CAPITALIZATION THRESHOLD
Buildings	40 years	\$ 25,000
Furniture and equipment	3 - 20 years	5,000
Improvements other than buildings	10 - 40 years	25,000

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, 2016

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, 2016

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, 2016

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, 2016, there were five general fund functional expenditure categories (the legal level of budgetary control) that exceeded appropriations. The City exceeded its budgeted appropriations in general government as a result of underbudgeted expenditures which included changes in personnel in various departments and increases in court fees. These expenditures were funded from sales tax revenues.

Deficit fund equity - At September 30, 2016, 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, 2016

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2016 was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,000,588			\$ 2,000,588
Construction in progress	379,312	\$ 110,900	\$ 379,312	110,900
Total capital assets, not being depreciated	<u>2,379,900</u>	<u>110,900</u>	<u>379,312</u>	<u>2,111,488</u>
Capital assets, being depreciated:				
Buildings	5,840,920			5,840,920
Furniture and equipment	5,616,851	365,187		5,982,038
Improvements	3,717,726	991,320		4,709,046
Total capital assets, being depreciated	<u>15,175,497</u>	<u>1,356,507</u>		<u>16,532,004</u>
Less accumulated depreciation for:				
Buildings	2,162,308	165,176		2,327,484
Furniture and equipment	3,488,143	436,844		3,924,987
Improvements	1,207,048	124,288		1,331,336
Total accumulated depreciation	<u>6,857,499</u>	<u>726,308</u>		<u>7,583,807</u>
Total capital assets, being depreciated, net	<u>8,317,998</u>	<u>630,199</u>		<u>8,948,197</u>
Governmental activities capital assets, net	<u>\$ 10,697,898</u>	<u>\$ 741,099</u>	<u>\$ 379,312</u>	<u>\$ 11,059,685</u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 4 - CAPITAL ASSETS: (continued)

	<u>BEGINNING BALANCES</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCES</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 48,032			\$ 48,032
Construction in progress	<u>165,077</u>		<u>\$ 165,077</u>	
Total capital assets, not being depreciated	<u>213,109</u>		<u>165,077</u>	<u>48,032</u>
Capital assets, being depreciated:				
Buildings and improvements	214,072			214,072
Furniture and equipment	779,757	\$ 160,922		940,679
Plant and distribution system	<u>8,505,834</u>	<u>782,103</u>		<u>9,287,937</u>
Total capital assets being depreciated	<u>9,499,663</u>	<u>943,025</u>		<u>10,442,688</u>
Less accumulated depreciation for:				
Buildings and improvements	138,516	3,358		141,874
Furniture and equipment	583,080	55,976		639,056
Plant and distribution system	<u>4,136,484</u>	<u>203,529</u>		<u>4,340,013</u>
Total accumulated depreciation	<u>4,858,080</u>	<u>262,863</u>		<u>5,120,943</u>
Total capital assets, being depreciated, net	<u>4,641,583</u>	<u>680,162</u>		<u>5,321,745</u>
Business-type activities capital assets, net	<u><u>\$ 4,854,692</u></u>	<u><u>\$ 680,162</u></u>	<u><u>\$ 165,077</u></u>	<u><u>\$ 5,369,777</u></u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 4 - CAPITAL ASSETS: (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 50,436
Public works	206,319
Public safety	373,262
Cultural and recreational	<u>96,291</u>
 Total depreciation expense - governmental activities	<u>\$ 726,308</u>

Business-type activities:

Sewer fund	<u>\$ 262,863</u>
 Total depreciation expense - business-type activities	<u>\$ 262,863</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, 2016, 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, 2016

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES: (continued)

The composition of interfund receivables and payables as of September 30, 2016 consist of the following:

RECEIVABLE FUND	PAYABLE FUND	AMOUNT
General fund	Capital projects fund	\$ 13,965
General fund	Sewer fund	172,309
Capital projects fund	Sewer fund	<u>47,882</u>
Total		<u>\$ 234,156</u>

Transfers were made primarily from the capital projects fund to non-major funds for matching grant funds. The following is a schedule of interfund transfers for the year ended September 30, 2016:

TRANSFER OUT	TRANSFER IN		TOTAL
	NON-MAJOR GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS	
Capital projects fund		\$ 137,843	<u>\$ 137,843</u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7- GENERAL LONG-TERM DEBT:

Long-term debt activity for the year ended September 30, 2016 was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Warrants and other					
notes payable	\$ 1,931,288		\$ 644,786	\$ 1,286,502	\$ 310,853
Capital lease payable	202,122	\$ 190,000	88,653	303,469	114,916
Less deferred amounts:					
Issuance discounts	<u>(9,721)</u>		<u>(9,721)</u>		
Total warrants, capital lease, and notes payable	2,123,689	190,000	723,718	1,589,971	425,769
Compensated absences	<u>133,202</u>	<u>11,190</u>		<u>144,392</u>	
Governmental activities long-term liabilities	<u>2,256,891</u>	<u>201,190</u>	<u>723,718</u>	<u>1,734,363</u>	<u>425,769</u>
 Business-type activities:					
Warrant and other					
notes payable	774,140		111,802	662,338	114,426
Capital lease payable		103,000	19,646	83,354	62,387
Less deferred amounts:					
Debt issuance discounts	<u>(5,958)</u>		<u>(5,958)</u>		
Total warrants and other					
notes payable	768,182	103,000	125,490	745,692	176,813
Compensated absences	<u>10,933</u>		<u>525</u>	<u>10,408</u>	
Business-type activities long-term liabilities	<u>779,115</u>	<u>103,000</u>	<u>126,015</u>	<u>756,100</u>	<u>176,813</u>
Total long-term debt	<u><u>\$ 3,036,006</u></u>	<u><u>\$ 304,190</u></u>	<u><u>\$ 849,733</u></u>	<u><u>\$ 2,490,463</u></u>	<u><u>\$ 602,582</u></u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 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.	\$ 385,703	\$ 84,067
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.	608,289	81,795
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>292,509</u>	<u>144,991</u>
Total governmental activities	<u>1,286,501</u>	<u>310,853</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>662,338</u>	<u>114,426</u>
Total business-type activities	<u>662,338</u>	<u>114,426</u>
Total general obligation warrants and notes payable	<u>\$ 1,948,839</u>	<u>\$ 425,279</u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

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

YEAR ENDING SEPTEMBER 30:	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
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	126,214	5,205	131,419	125,347	2,993	128,340
2022-2025	<u>182,535</u>	<u>4,600</u>	<u>187,135</u>	<u>63,234</u>	<u>419</u>	<u>63,653</u>
Totals	<u>\$ 1,286,501</u>	<u>\$ 73,216</u>	<u>\$ 1,359,717</u>	<u>\$ 662,338</u>	<u>\$ 43,015</u>	<u>\$ 705,353</u>

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	\$ 198,938
Vehicles	<u>254,003</u>
	<u>452,941</u>
Less: Accumulated depreciation	<u>55,381</u>
Total	<u>\$ 397,560</u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 8 - CAPITAL LEASES: (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016, were as follows:

GOVERNMENTAL ACTIVITIES	
YEAR ENDING SEPTEMBER 30:	<u>AMOUNT</u>
2017	\$ 146,927
2018	97,766
2019	<u>64,775</u>
Total minimum lease payments	<u>309,468</u>
Less: Deferred interest	<u>6,000</u>
Present value of minimum lease payments	<u>\$ 303,468</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. 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, 2016

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 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 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 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest three of the last 10 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 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.6500% of their average final compensation (highest five of the last 10 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, 2016

NOTE 9 - PENSION PLAN: (continued)

Members are eligible for disability retirement if they have 10 years of creditable 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 876 local participating employers. These participating employers include 294 cities, 65 counties, and 517 other public entities. The ERS membership includes approximately 84,393 participants. As of September 30, 2015, membership consisted of:

	ERS	CITY
Retirement and beneficiaries currently receiving benefits	22,211	32
Terminated employees entitled to but not yet receiving benefits	1,353	
Terminated employees not entitled to a benefit	5,451	4
Active members	55,164	70
Post-DROP Retired Members still in Active Service	214	
 Total	 84,393	 106

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, 2016

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 preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2016, the City's active employee contribution rate was 5.44% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 10.00% of covered employee payroll.

The City's contractually required contribution rate for the year ended September 30, 2016 was 10.37% of pensionable pay for Tier 1 employees, and 7.84% 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 \$229,868 for the year ended September 30, 2016.

The City's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2014 rolled forward to September 30, 2015 using standard roll-forward techniques as shown in the following table:

	<u>EXPECTED</u>	<u>ACTUAL</u>
Total pension liability as of September 30, 2014 (a)	\$ 7,803,700	\$ 7,536,671
Entry age normal cost for October 1, 2014 - September 30, 2015 (b)	185,490	185,490
Actual benefit payments and refunds for October 1, 2014 - September 30, 2015 (c)	<u>(518,346)</u>	<u>(518,346)</u>
Total pension liability as of September 30, 2015 = [(a) x (1.08)] + (b) - [(c) x (1.04)]	<u>\$ 8,074,406</u>	<u>\$ 7,786,015</u>
Difference between expected and actual experience (gain)/loss	<u>\$ (288,391)</u>	

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 9 - PENSION PLAN: (continued)

Actuarial assumptions - The total pension liability in the September 30, 2014 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, 2014 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 the fiscal year 2012.

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, 2016

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, 2014	\$ 7,803,700	\$ 5,978,350	\$ 1,825,350
Changes for the year:			
Service cost	185,490		185,490
Interest	603,562		603,562
Difference between expected and actual experience	(288,391)		(288,391)
Contributions - employer	236,380		(236,380)
Contributions - employee	128,545		(128,545)
Net investment income	70,151		(70,151)
Benefit payments, including refunds of employee contributions	(518,346)	(518,346)	
Transfer amount employers	22,699		(22,699)
Net changes	<u>(17,685)</u>	<u>(60,571)</u>	<u>42,886</u>
Balance at September 30, 2015	<u>\$ 7,786,015</u>	<u>\$ 5,917,779</u>	<u>\$ 1,868,236</u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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)	\$ 2,711,917	\$ 1,868,236	\$ 1,152,382

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, 2015. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2015. The auditor's report dated October 17, 2016 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.

For the year ended September 30, 2016, the City recognized pension expense of \$229,868. At September 30, 2016, 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
Differences between expected and actual experience		\$ 240,326
Net differences between projected and actual earnings on pension plan investments	\$ 192,549	
Employer contributions subsequent to the the measurement date	229,868	
	<u>\$ 422,417</u>	<u>\$ 240,326</u>

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 9 - PENSION PLAN: (continued)

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

Year Ended September 30:

2017	\$ (10,740)
2018	(10,740)
2019	(10,742)
2020	32,511
2021	<u>(48,066)</u>
	 <u><u>\$ (47,777)</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 \$270,607 in fiscal year 2016. Of this amount, \$49,041 was recorded in the general fund and \$221,566 was recorded in the capital projects fund.

CITY OF MONROEVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 12 - EFFECT OF NEW PRONOUNCEMENTS:

Management has not currently determined what, if any, impact implementation of the following statements may have on the 2017 financial statements of the City.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires state and local governments, for the first time, to disclose information about tax abatement agreements.

GASB Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73* will improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues.

NOTE 13 - COMMITMENTS:

In May, 2016, the City entered into a contract with a construction company for sidewalk improvements. The contract amount is \$188,470.

As of September 30, 2016, commitments to contractors on capital projects are as follows:

Commitments	\$ 188,470
Spent-to-date	<u>86,160</u>
Remaining commitments	<u>\$ 102,310</u>

NOTE 14 - SUBSEQUENT EVENTS:

The City has evaluated subsequent events through October 23, 2017 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of September 30, 2016 have been incorporated into these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES:			
Taxes:			
Sales	\$ 2,920,000	\$ 3,005,823	\$ 85,823
Real and personal property	613,000	608,534	(4,466)
Gasoline	209,500	238,248	28,748
Franchise fees	40,317	37,154	(3,163)
Tobacco	32,000	31,757	(243)
Motor vehicle	12,000	9,739	(2,261)
Lodging	90,000	87,840	(2,160)
Total taxes	<u>3,916,817</u>	<u>4,019,095</u>	<u>102,278</u>
Licenses and permits:			
Privilege business	738,750	745,486	6,736
Building permits	<u>10,000</u>	<u>31,410</u>	<u>21,410</u>
Total licenses and permits	<u>748,750</u>	<u>776,896</u>	<u>28,146</u>
Intergovernmental revenue:			
Motor vehicle licenses	25,000	21,379	(3,621)
ABC/TVA	31,766	28,502	(3,264)
Oil production and privilege tax	32,800	16,935	(15,865)
Grant revenue			
Excise tax		49,020	49,020
Total intergovernmental revenue	<u>89,566</u>	<u>115,836</u>	<u>26,270</u>
Charges and fees for services:			
Garbage	740,000	760,877	20,877
Court	166,000	146,436	(19,564)
Parks and recreation fees	<u>54,125</u>	<u>47,279</u>	<u>(6,846)</u>
Total charges and fees for services	<u>960,125</u>	<u>954,592</u>	<u>(5,533)</u>
Miscellaneous:			
Cable franchise	38,000	53,839	15,839
Gas system franchise and dividends	50,000	49,041	(959)
Interest income	1,525	3,165	1,640
Rental	28,362	23,962	(4,400)
Other	<u>38,149</u>	<u>42,964</u>	<u>4,815</u>
Total miscellaneous	<u>156,036</u>	<u>172,971</u>	<u>16,935</u>
Total revenues	<u>\$ 5,871,294</u>	<u>\$ 6,039,390</u>	<u>\$ 168,096</u>

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES:			
General government:			
Executive:			
Salaries	\$ 87,600	\$ 87,600	
Fringe benefits	6,901	7,003	\$ (102)
Advertising	8,000	13,179	(5,179)
Appropriated school tax	50,000	50,000	
Appropriations	62,000	61,350	650
Contractual - audit	19,000	22,000	(3,000)
Contractual - Chamber of Commerce	45,000	45,000	
Contractual - legal	16,800	16,800	
Contractual - professional	30,000	36,415	(6,415)
Insurance	151,000	117,084	33,916
Printing and publications	2,000	2,003	(3)
Sales tax expense	65,000	69,832	(4,832)
Telephone	44,629	55,616	(10,987)
Miscellaneous	37,725	35,423	2,302
Total executive	<u>625,655</u>	<u>619,305</u>	<u>6,350</u>
Clerk's office:			
Salaries	197,683	194,590	3,093
Fringe benefits	55,625	59,605	(3,980)
Repairs and maintenance	7,810	7,240	570
Supplies	8,500	8,172	328
Telephone	2,479	2,461	18
Travel, registration, and dues	9,091	6,812	2,279
Utilities	11,239	12,350	(1,111)
Miscellaneous	1,170	1,265	(95)
Total clerk's office	<u>293,597</u>	<u>292,495</u>	<u>1,102</u>
Nutrition:			
Salaries	29,081	30,036	(955)
Fringe benefits	10,540	11,053	(513)
Professional services	2,500	4,922	(2,422)
Public health and welfare	20,000	22,385	(2,385)
Supplies	2,449	3,075	(626)
Travel, registration, and dues	4,382	4,282	100
Utilities	9,712	9,475	237
Miscellaneous	1,750	1,200	550
Total nutrition	<u>80,414</u>	<u>86,428</u>	<u>(6,014)</u>

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES: (continued)			
General government: (continued)			
Court:			
Salaries	\$ 56,573	\$ 57,750	\$ (1,177)
Fringe benefits	15,009	13,855	1,154
Jail fees	15,000	28,268	(13,268)
Restitution		1,551	(1,551)
Repairs and maintenance	2,100	1,575	525
State and county court fees	48,000	55,036	(7,036)
Supplies	3,500	3,986	(486)
Telephone	900	1,479	(579)
Travel, registration, and dues	900	467	433
Miscellaneous	6,200	5,597	603
Total court	<u>148,182</u>	<u>169,564</u>	<u>(21,382)</u>
Compliance:			
Salaries	39,498	39,882	(384)
Fringe benefits	13,133	12,735	398
Supplies	512	337	175
Miscellaneous	2,120	1,992	128
Total compliance	<u>55,263</u>	<u>54,946</u>	<u>317</u>
Events coordinator:			
Salaries	26,300	26,300	
Fringe benefits		245	(245)
Professional services	20,855	18,950	1,905
Supplies	3,315	5,025	(1,710)
Miscellaneous	9,530	7,787	1,743
Total events coordinator	<u>60,000</u>	<u>58,307</u>	<u>1,693</u>
Total general government	<u>1,263,111</u>	<u>1,281,045</u>	<u>(17,934)</u>

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES: (continued)			
Public safety:			
Police:			
Salaries	\$ 1,257,509	\$ 1,209,012	\$ 48,497
Fringe benefits	412,478	412,201	277
Auto expenses	80,000	78,054	1,946
Repairs and maintenance	20,400	27,247	(6,847)
Supplies	5,900	4,984	916
Telephone	4,000	3,757	243
Training	11,525	9,144	2,381
Travel, registration, and dues	10,000	5,380	4,620
Uniforms	11,000	10,475	525
Utilities	17,000	19,827	(2,827)
Miscellaneous	25,500	18,053	7,447
Total police	<u>1,855,312</u>	<u>1,798,134</u>	<u>57,178</u>
Fire:			
Salaries	316,866	299,165	17,701
Fringe benefits	98,465	100,070	(1,605)
Auto expenses	19,000	12,124	6,876
Repairs and maintenance	11,000	12,624	(1,624)
Supplies and small equipment	9,200	8,185	1,015
Telephone	1,320	1,214	106
Training	1,500	(365)	1,865
Travel, registration, and dues	3,300	3,571	(271)
Uniforms	3,000	2,999	1
Utilities	23,500	21,716	1,784
Miscellaneous	3,000	2,466	534
Total fire	<u>490,151</u>	<u>463,769</u>	<u>26,382</u>
Animal control:			
Salaries	21,364	20,691	673
Fringe benefits	9,523	8,631	892
Auto expenses	4,000	1,107	2,893
Shelter fees	38,000	38,000	
Supplies	500	102	398
Telephone	526	501	25
Miscellaneous	1,306	138	1,168
Total animal control	<u>75,219</u>	<u>69,170</u>	<u>6,049</u>
Total public safety	<u>2,420,682</u>	<u>2,331,073</u>	<u>89,609</u>

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES: (continued)			
Public works:			
Streets:			
Salaries	\$ 390,950	\$ 392,036	\$ (1,086)
Fringe benefits	164,376	175,532	(11,156)
Auto expenses	42,560	33,822	8,738
Repairs and maintenance	12,534	12,055	479
Small tools and equipment	4,100	3,988	112
Supplies	4,900	4,835	65
Telephone	2,000	2,381	(381)
Uniforms	7,388	7,317	71
Utilities	8,784	7,773	1,011
Miscellaneous	100		100
Total streets	<u>637,692</u>	<u>639,739</u>	<u>(2,047)</u>
Sanitation:			
Landfill and garbage services	<u>790,000</u>	<u>779,484</u>	<u>10,516</u>
Total sanitation	<u>790,000</u>	<u>779,484</u>	<u>10,516</u>
Shop:			
Salaries	23,000	22,078	922
Fringe benefits	2,874	1,470	1,404
Supplies	763	1,398	(635)
Miscellaneous	2,342	1,772	570
Total shop	<u>28,979</u>	<u>26,718</u>	<u>2,261</u>
Total public works	<u>1,456,671</u>	<u>1,445,941</u>	<u>10,730</u>

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES: (continued)			
Cultural and recreational:			
Community house:			
Salaries	\$ 47,469	\$ 47,779	\$ (310)
Fringe benefits	14,887	12,541	2,346
Repairs and maintenance	4,100	8,182	(4,082)
Small tools and equipment	450	496	(46)
Utilities	17,013	21,070	(4,057)
Miscellaneous	1,220	794	426
Total community house	<u>85,139</u>	<u>90,862</u>	<u>(5,723)</u>
Parks and recreation:			
Salaries	135,309	125,373	9,936
Fringe benefits	36,119	37,931	(1,812)
Auto expenses	15,500	15,605	(105)
Repairs and maintenance	17,500	16,954	546
Small tools and equipment	9,200	8,377	823
Supplies	13,964	14,215	(251)
Telephone	600	569	31
Utilities	42,000	49,669	(7,669)
Miscellaneous	5,688	4,916	772
Total parks and recreation	<u>275,880</u>	<u>273,609</u>	<u>2,271</u>
Custodian:			
Salaries	10,808	13,456	(2,648)
Fringe benefits	1,459	4,408	(2,949)
Total custodian	<u>12,267</u>	<u>17,864</u>	<u>(5,597)</u>
Total cultural and recreational	<u>373,286</u>	<u>382,335</u>	<u>(9,049)</u>

CITY OF MONROEVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	BUDGET	ACTUAL AMOUNT BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES: (continued)			
Capital outlay:			
General government			
Total capital outlay			
Debt service:			
Principal payments	\$ 340,000	\$ 343,434	\$ (3,434)
Interest payments		8,038	(8,038)
Total debt service	<u>340,000</u>	<u>351,472</u>	<u>(11,472)</u>
Total expenditures	<u>5,853,750</u>	<u>5,791,866</u>	<u>61,884</u>
Excess of revenues over expenditures	<u>17,544</u>	<u>247,524</u>	<u>229,980</u>
OTHER FINANCING SOURCES (USES):			
Operating transfer in (out)			
Operating transfer in (out)			
Proceeds from issuance of debt			
Total other financing sources (uses)			
Net change in fund balance, budgetary basis	<u>\$ 17,544</u>	<u>247,524</u>	<u>\$ 229,980</u>
DEDUCT OTHER RECONCILING ITEMS TO ADJUST FROM BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS:			
Change in accounts receivable		(1,802)	
Change in accounts payable and accrued liabilities		<u>7,080</u>	
NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS		252,802	
FUND BALANCE BEGINNING OF YEAR		<u>2,057,154</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 2,309,956</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>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY:		
Service cost	\$ 185,490	\$ 198,421
Interest	603,562	580,319
Difference between expected and actual experience	(288,391)	
Benefit payments, including refunds of employee contributions	(518,346)	(458,059)
Net change in total pension liability	(17,685)	320,681
Total pension liability - beginning	<u>7,803,700</u>	<u>7,483,019</u>
Total pension liability - end (a)	<u>\$ 7,786,015</u>	<u>\$ 7,803,700</u>
PLAN FIDUCIARY NET POSITION:		
Contributions - employer	\$ 236,380	\$ 213,172
Contributions - member	128,545	111,730
Net investment income	70,151	648,954
Benefit payments, including refunds of employee contributions	(518,346)	(458,059)
Transfers among employers	22,699	(25,235)
Net change in plan fiduciary net position	(60,571)	490,562
Plan net position - beginning	<u>5,978,350</u>	<u>5,487,788</u>
Plan net position - end (b)	<u>\$ 5,917,779</u>	<u>\$ 5,978,350</u>
Net pension liability - ending (a) - (b)	<u>\$ 1,868,236</u>	<u>\$ 1,825,350</u>
Plan fiduciary net position as a percentage of the total pension liability	76.01%	76.61%
Covered employee payroll	\$ 2,179,312	\$ 2,117,917
Net pension liability as a percentage of covered employee payroll	85.73%	86.19%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the City will present information for those years for which information is available.

Notes to Schedule:

- 1 This schedule is to be built prospectively until it contains 10 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>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 111,449	\$ 119,862
Contributions in relation to the actuarially determined contribution	<u>229,868</u>	<u>227,482</u>
Contribution excess	<u><u>\$ (118,419)</u></u>	<u><u>\$ (107,620)</u></u>
Covered employee payroll	\$ 2,026,348	\$ 2,179,312
Contributions as a percentage of covered-employee payroll	11.34%	10.44%

Notes to Schedule:

1. This schedule is to be built prospectively until it contains 10 years of data.
2. Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported.
3. Contributions for fiscal year 2016 were based on the September 30, 2013 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	21 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

5. Covered employee payroll represents total payroll paid to covered employees for the City's fiscal year ended September 30.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the City will present information for those years for which information is available.

SUPPLEMENTARY INFORMATION

CITY OF MONROEVILLE, ALABAMA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	SEVEN CENT GAS FUND	FOUR CENT GAS FUND	FIRE RESCUE FUND	FIRE SPECIAL FUND	BEER AND WINE TAX FUND	FEDERAL GRANT FUND	TOTAL
ASSETS:							
Cash and cash equivalents	\$ 10,699	\$ 109,730	\$ 101,538	\$ 143,304	\$ 377,430	\$ 1,046	\$743,747
Receivables:							
Other accounts receivable	_____	_____	_____	_____	14,868	_____	14,868
Total assets	<u>\$ 10,699</u>	<u>\$ 109,730</u>	<u>\$ 101,538</u>	<u>\$ 143,304</u>	<u>\$ 392,298</u>	<u>\$ 1,046</u>	<u>\$ 758,615</u>
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts payable	\$ 10,226	_____	_____	_____	_____	\$ 1,046	\$ 11,272
Total liabilities	<u>10,226</u>	_____	_____	_____	_____	<u>1,046</u>	<u>11,272</u>
FUND BALANCES:							
Restricted	<u>473</u>	<u>\$ 109,730</u>	<u>\$ 101,538</u>	<u>\$ 143,304</u>	<u>\$ 392,298</u>	_____	<u>747,343</u>
Total fund balance	<u>473</u>	<u>109,730</u>	<u>101,538</u>	<u>143,304</u>	<u>392,298</u>	_____	<u>747,343</u>
Total liabilities and fund balance	<u>\$ 10,699</u>	<u>\$ 109,730</u>	<u>\$ 101,538</u>	<u>\$ 143,304</u>	<u>\$ 392,298</u>	<u>\$ 1,046</u>	<u>\$ 758,615</u>

CITY OF MONROEVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	SEVEN CENT GAS FUND	FOUR CENT GAS FUND	FIRE RESCUE FUND	FIRE SPECIAL FUND	BEER AND WINE TAX FUND	FEDERAL GRANT FUND	TOTAL
REVENUES:							
Taxes	\$ 77,341	\$ 60,468		\$ 48,889	\$ 197,944		\$ 384,642
Intergovernmental revenues			\$ 26,250				26,250
Miscellaneous					18,990	\$ 50,000	68,990
Interest income	25	111	45	77	395		653
Total revenues	77,366	60,579	26,295	48,966	217,329	50,000	480,535
EXPENDITURES:							
Current:							
General government	146,703				171,486		318,189
Public safety				31,315			31,315
Public works		48,859					48,859
Capital outlay					23,243	144,353	167,596
Total expenditures	146,703	48,859		31,315	194,729	144,353	565,959
Excess (deficiency) of revenue over (under) expenditures	(69,337)	11,720	26,295	17,651	22,600	(94,353)	(85,424)
OTHER FINANCING SOURCES:							
Transfers from other funds	67,000				(23,510)	94,353	137,843
Total other financing sources	67,000				(23,510)	94,353	137,843
Net change in fund balance	(2,337)	11,720	26,295	17,651	(910)		52,419
FUND BALANCE - BEGINNING	2,810	98,010	75,243	125,653	393,208		694,924
FUND BALANCE - ENDING	\$ 473	\$ 109,730	\$ 101,538	\$ 143,304	\$ 392,298	\$ -	\$ 747,343