

City of Alexander City

Annual Financial Report

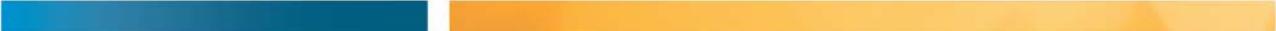
For the Fiscal Year Ended September 30, 2014



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September 30, 2014**

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Independent Auditor's Report

To the Mayor and City Council of the
City of Alexander City
Alexander City, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Alexander City, Alabama as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government 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.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component

units. The City has not issued such reporting entity financial statements. The amounts that would have been reported as assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units are not reasonably determinable.

Adverse Opinion on the Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of the City of Alexander City, Alabama as of September 30, 2014, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 4 to the financial statements, management has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. In addition, as described in Note 4 to the financial statements, detail capital asset records are not maintained to support recorded asset balances and to compute depreciation in accordance with accounting principles generally accepted in the United States of America. The amount by which these departures would affect the assets, net position, and expenses of the governmental activities has not been determined.

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matters described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to previously do not present fairly the financial position of the governmental activities of the City of Alexander City, Alabama, as of September 30, 2014, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinions on Business-type Activities, Water Fund, Sewer Fund, Gas Fund, Electric Fund, and the Other Enterprise Fund

As described in Note 4 to the financial statements, all capital assets are not supported by detailed records, utility systems do not include all indirect and overhead costs of additions and costs of extensions donated by developers and individuals, and all retired assets have not been removed in accordance with accounting principles generally accepted in the United States of America. The amount by which this departure would affect the assets, net position, and expenses of the business-type activities, water fund, sewer fund, gas fund, electric fund, and the other enterprise fund is not reasonably determinable.

Qualified Opinions on Business-type Activities, Water Fund, Sewer Fund, Gas Fund, Electric Fund, and the Other Enterprise Fund

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, water fund, sewer fund, gas fund, electric fund, and the other enterprise fund of the City of Alexander City, Alabama as of September 30, 2014, 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.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the general fund and the other governmental funds of the City of Alexander City, Alabama, as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 35-43 and the pension plan funding progress schedule on page 44 be presented to supplement the basic financial statements. Such information, although not required to be 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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.

Supplementary Information

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

The combining nonmajor governmental fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above and the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report February 14, 2017 on our consideration of the City of Alexander City, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

Carr, Riggs & Ingram, L.L.C.

Birmingham, Alabama
February 14, 2017

City of Alexander City Statement of Net Position

September 30, 2014

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets			
Cash and cash equivalents	\$ 4,183,674	\$ 10,980,347	\$ 15,164,021
Receivables, net of allowance for uncollectible accounts	2,059,951	3,574,761	5,634,712
Due from other funds	765,426	1,240,695	2,006,121
Inventory	459,401	1,003,028	1,462,429
Prepaid expenses	200,531	106,969	307,500
Restricted Assets:			
Cash and cash equivalents	1,219,221	-	1,219,221
Capital Assets:			
Land and construction in progress	2,911,196	274,689	3,185,885
Other assets, net of accumulated depreciation	17,187,632	42,452,798	59,640,430
Total Assets	28,987,032	59,633,287	88,620,319
Deferred outflows of resources			
Deferred loss on refundings	431,032	-	431,032
Total deferred outflows	431,032	-	431,032
Liabilities			
Accounts payable	853,621	1,709,825	2,563,446
Accrued payroll and related liabilities	209,758	53,437	263,195
Accrued interest	219,641	5,138	224,779
Customer deposits	-	588,307	588,307
Due to other funds	1,088,355	917,766	2,006,121
Deferred revenue	909,012	12,316	921,328
Noncurrent Liabilities:			
Due within 1 year	2,362,125	125,000	2,487,125
Due in more than 1 year	19,563,452	198,977	19,762,429
Total Liabilities	25,205,964	3,610,766	28,816,730
Net position			
Net investment in capital assets	16,538,956	42,602,487	59,141,443
Restricted For:			
Debt service	14,508	-	14,508
Capital projects	970,380	-	970,380
Infrastructure maintenance	212,452	-	212,452
Other purposes	6,272	-	6,272
Unrestricted (deficit)	(13,530,468)	13,420,034	(110,434)
Total net position	\$ 4,212,100	\$ 56,022,521	\$ 60,234,621

See notes to financial statements.

City of Alexander City Statement of Activities

September 30, 2014

Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 3,473,661	\$ 1,279,436	\$ 14,085	\$ 1,825,455	\$ (354,685)	\$ -	\$ (354,685)
Public safety	8,678,410	2,152,207	12,264	-	(6,513,939)	-	(6,513,939)
Public works	2,874,822	10,611	145,614	-	(2,718,597)	-	(2,718,597)
Sanitation	1,285,498	1,103,511	-	-	(181,987)	-	(181,987)
Education	781,207	-	-	-	(781,207)	-	(781,207)
Culture, recreation and welfare	2,209,126	198,716	10,708	52,324	(1,947,378)	-	(1,947,378)
Unallocated depreciation, see Note 4	2,208,488	-	-	-	(2,208,488)	-	(2,208,488)
Interest on long-term debt	345,233	-	-	-	(345,233)	-	(345,233)
Total governmental activities	21,856,445	4,744,481	182,671	1,877,779	(15,051,514)	-	(15,051,514)
Business-Type Activities:							
Water	4,181,768	6,136,020	-	46,450	-	2,000,702	2,000,702
Sewer	4,013,086	2,893,857	-	-	-	(1,119,229)	(1,119,229)
Gas	2,302,607	3,354,276	-	-	-	1,051,669	1,051,669
Electric	13,090,581	14,444,191	-	-	-	1,353,610	1,353,610
Golf	510,610	333,707	-	-	-	(176,903)	(176,903)
Total business-type activities	24,098,652	27,162,051	-	-	-	3,109,849	3,109,849
Total primary government	\$ 45,955,097	\$ 31,906,532	\$ 182,671	\$ 1,877,779	(15,051,514)	3,109,849	(11,941,665)
General revenues:							
Taxes:							
Sales					7,667,277	-	7,667,277
Property					2,259,643	-	2,259,643
Other					1,003,289	-	1,003,289
Licenses and permits					1,822,263	-	1,822,263
Contributions for debt service					150,439	-	150,439
Unrestricted investment earnings					14,014	1,885	15,899
Miscellaneous					209,870	23,792	233,662
Transfers					3,362,820	(3,362,820)	-
Total general revenues and transfers					16,489,615	(3,337,143)	13,152,472
Change in net position					1,438,101	(227,294)	1,210,807
Net position - beginning of year as originally stated					3,099,326	56,249,815	59,349,141
Restatement- to remove debt issue costs per GASB 65					(325,327)	-	(325,327)
Net position-beginning of year restated					2,773,999	56,249,815	59,023,814
Net position - ending					\$ 4,212,100	\$ 56,022,521	\$ 60,234,621

See notes to financial statements.

City of Alexander City Balance Sheet – Governmental Funds

September 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,871,190	\$ 2,312,484	\$ 4,183,674
Receivables, net of allowance for uncollectible accounts	2,017,955	41,996	2,059,951
Due from other funds	754,843	10,583	765,426
Inventories	459,401	-	459,401
Restricted assets:			
Cash and cash equivalents	970,380	248,841	1,219,221
Total Assets	\$ 6,073,769	\$ 2,613,904	\$ 8,687,673
Liabilities			
Accounts payable and accrued expenses	\$ 788,059	\$ 65,562	\$ 853,621
Due to other funds	1,073,013	15,342	1,088,355
Accrued payroll and related liabilities	209,758	-	209,758
Deferred revenue	988,734	-	988,734
Total Liabilities	3,059,564	80,904	3,140,468
Fund balance			
Nonspendable:			
Inventories and prepaid expenses	459,401	-	459,401
Restricted for:			
Capital assets and improvements	970,380	-	970,380
Road improvements	-	212,452	212,452
Debt service	-	14,508	14,508
Other purposes	6,272	-	6,272
Committed for:			
Debt service reserve	-	2,306,040	2,306,040
Tourism	122,872	-	122,872
Equipment and repair reserve	400,000	-	400,000
Economic development	44,038	-	44,038
Road improvements and repair	1,688,792	-	1,688,792
Unassigned (deficit)	(677,550)	-	(677,550)
Total Fund balance	3,014,205	2,533,000	5,547,205
Total Liabilities and Fund balance	\$ 6,073,769	\$ 2,613,904	\$ 8,687,673

See notes to financial statements.



City of Alexander City
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

September 30, 2014

Total fund balance - governmental funds	\$ 5,547,205
Amounts reported for governmental activities in the Statement of net position are different because:	
Capital assets, net of accumulated depreciation used in governmental activities that are not financial resources and are not reported in the funds.	20,098,828
Prepaid expenses were recorded as expenditures when paid in the funds	200,531
Some of the government's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	79,722
Deferred debt charges are reported as deferred outflows of resources and are not available to pay for current-period expenditures and therefore, are deferred on the statement of net position	431,032
Long-term liabilities of governmental funds, including warrants payable, net compensated absences and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(22,145,218)</u>
Net position of governmental activities	<u>\$ 4,212,100</u>

See notes to financial statements.

City of Alexander City

**Statement of Revenues, Expenditures, and Changes in Fund
Balance – Governmental Funds**

	General Fund	Other Governmental Funds	Total Governmental Funds
<i>For the year ended September 30, 2014</i>			
Revenues			
Sales and use taxes	\$ 7,667,277	\$ -	\$ 7,667,277
Property taxes	1,111,093	1,148,550	2,259,643
Other taxes	816,154	187,135	1,003,289
Licenses and permits	1,822,263	-	1,822,263
Intergovernmental	2,406,667	150,439	2,557,106
Charges for services	3,424,808	-	3,424,808
Fines and forfeitures	634,220	-	634,220
Interest	12,709	1,305	14,014
Other revenues	913,793	-	913,793
Total Revenues	18,808,984	1,487,429	20,296,413
Expenditures			
General government	3,563,898	-	3,563,898
Public safety	8,678,410	-	8,678,410
Public works	2,058,604	816,218	2,874,822
Sanitation	1,285,498	-	1,285,498
Education	781,207	-	781,207
Health	122,405	-	122,405
Culture, recreation and welfare	2,086,721	-	2,086,721
Debt service:			
Debt retirement	1,398,375	1,430,000	2,828,375
Interest and fiscal agent fees	237,740	316,422	554,162
Capital outlay	3,473,343	-	3,473,343
Total Expenditures	23,686,201	2,562,640	26,248,841
Excess (deficiency) of revenues over expenditures	(4,877,217)	(1,075,211)	(5,952,428)
Other financing sources (uses)			
Transfers in	3,587,820	544,927	4,132,747
Transfers out	(769,927)	-	(769,927)
Total Other financing sources (uses)	2,817,893	544,927	3,362,820
Net change in fund balance	(2,059,324)	(530,284)	(2,589,608)
Fund balance, beginning of year	5,073,529	3,063,284	8,136,813
Fund balance, ending	\$ 3,014,205	\$ 2,533,000	\$ 5,547,205

See notes to financial statements.

City of Alexander City

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balances of Governmental Funds to the Statement of Activities**

September 30, 2014

Net change in fund balance -- total governmental funds \$ (2,589,608)

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement
of activities the cost of those assets is allocated over their estimated useful lives
and reported as depreciation expense.

Capital outlay	3,498,602	
Current year depreciation	<u>(2,208,488)</u>	1,290,114

Repayments of bond and capital lease principal are expenditures in the governmental funds,
but the repayments reduce long-term liabilities on the statement of net position. 2,828,375

Other expenses reported in the statement of activities that do not require
current financial resources.

Net amortization of bond discount/premium/deferred charge on debt refunding	180,451	
Prepaid grant expenditures	(364,687)	
Compensated absences	<u>93,456</u>	(90,780)

Net change in net position of governmental activities		<u>\$ 1,438,101</u>
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See notes to financial statements.

City of Alexander City

Statement of Net Position – Proprietary Funds

September 30, 2014

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Gas Fund
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,513,152	\$ 9,300	\$ 3,346,688
Receivables, net of allowance for uncollectible accounts	714,185	459,057	159,549
Due from other funds	88,158	116,819	467,261
Inventory	265,609	104,630	58,561
Prepaid expenses	31,521	18,922	10,991
Total current assets	2,612,625	708,728	4,043,050
Noncurrent assets:			
Land	196,374	10,000	3,545
Buildings, net	57,036	-	38,887
Improvements other than buildings, net	-	-	-
Utility system, net	16,806,861	14,735,357	3,129,680
Equipment, net	338,587	1,005,296	202,377
Total noncurrent assets	17,398,858	15,750,653	3,374,489
Total Assets	20,011,483	16,459,381	7,417,539
Liabilities			
Current liabilities:			
Accounts payable	218,373	292,344	14,887
Due to other funds	120,434	532,864	16,367
Accrued payroll and related liabilities	14,792	17,926	5,325
Customer deposits	230,422	-	102,989
Deferred revenue	-	-	-
Accrued interest	-	5,138	-
Bonds payable	-	125,000	-
Total current liabilities	584,021	973,272	139,568
Noncurrent liabilities:			
Compensated absences	52,805	73,564	14,233
Total noncurrent liabilities	52,805	73,564	14,233
Total Liabilities	636,826	1,046,836	153,801
Net position			
Net investment in capital assets	17,398,858	15,625,653	3,374,489
Unrestricted	1,975,799	(213,108)	3,889,249
Total net position	\$ 19,374,657	\$ 15,412,545	\$ 7,263,738

See notes to financial statements.

Electric Fund	Other Enterprise Golf Fund	Total
\$ 6,110,321	\$ 886	\$ 10,980,347
2,241,970	-	3,574,761
551,881	16,576	1,240,695
539,645	34,583	1,003,028
44,192	1,343	106,969
9,488,009	53,388	16,905,800
-	64,770	274,689
46,287	11,041	153,251
-	95,056	95,056
5,165,068	-	39,836,966
777,964	43,301	2,367,525
5,989,319	214,168	42,727,487
15,477,328	267,556	59,633,287
1,172,998	11,223	1,709,825
244,270	3,831	917,766
11,897	3,497	53,437
254,896	-	588,307
12,316	-	12,316
-	-	5,138
-	-	125,000
1,696,377	18,551	3,411,789
37,911	20,464	198,977
37,911	20,464	198,977
1,734,288	39,015	3,610,766
5,989,319	214,168	42,602,487
7,753,721	14,373	13,420,034
\$ 13,743,040	\$ 228,541	\$ 56,022,521

City of Alexander City
Statement of Revenues, Expenses and Changes in
Net Position – Proprietary Funds

September 30, 2014

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Gas Fund
Operating revenue			
Charges for services	\$ 6,136,020	\$ 2,893,857	\$ 3,354,276
Total operating revenue	6,136,020	2,893,857	3,354,276
Operating expenses			
Purchases for resale	-	-	1,618,630
Personnel services	1,056,381	1,270,688	349,964
Repairs and maintenance	415,775	315,086	40,090
Utilities	657,752	637,964	6,610
Other	914,003	463,064	76,052
Depreciation and amortization	1,110,857	1,281,954	211,261
Total operating expenses	4,154,768	3,968,756	2,302,607
Operating income (loss)	1,981,252	(1,074,899)	1,051,669
Nonoperating revenues (expenses)			
Subsidies to agencies	(27,000)	-	-
Interest income	559	74	75
Interest expense	-	(44,330)	-
Miscellaneous non operating revenue	7,766	-	-
Total nonoperating revenues (expenses)	(18,675)	(44,256)	75
Income (loss) before transfers	1,962,577	(1,119,155)	1,051,744
Transfers to other funds	(3,521,618)	(494,830)	(531,652)
Transfers from other funds	-	2,640,000	-
Total transfers	(3,521,618)	2,145,170	(531,652)
Net income (loss) before capital contributions	(1,559,041)	1,026,015	520,092
Capital Contributions	46,450	-	-
Changes in net position	(1,512,591)	1,026,015	520,092
Net position - beginning	20,887,248	14,386,530	6,743,646
Net position, ending	\$ 19,374,657	\$ 15,412,545	\$ 7,263,738

See notes to financial statements.

Electric Fund	Other Enterprise Golf Fund	Total
\$ 14,444,191	\$ 333,707	\$ 27,162,051
14,444,191	333,707	27,162,051
11,160,244	28,014	12,806,888
902,423	285,306	3,864,762
296,386	33,197	1,100,534
11,106	36,005	1,349,437
194,796	100,895	1,748,810
525,626	27,193	3,156,891
13,090,581	510,610	24,027,322
1,353,610	(176,903)	3,134,729
-	-	(27,000)
1,177	-	1,885
-	-	(44,330)
14,590	1,436	23,792
15,767	1,436	(45,653)
1,369,377	(175,467)	3,089,076
(1,639,039)	(40,681)	(6,227,820)
-	225,000	2,865,000
(1,639,039)	184,319	(3,362,820)
(269,662)	8,852	(273,744)
-	-	46,450
(269,662)	8,852	(227,294)
14,012,702	219,689	56,249,815
\$ 13,743,040	\$ 228,541	\$ 56,022,521

City of Alexander City Statement of Cash Flows

September 30, 2014

	Major Enterprise Funds						
	Water Fund	Sewer Fund	Gas Fund	Electric Fund	Other Enterprise Golf Fund	Total	
Operating activities							
Receipts from customers	\$ 6,035,978	\$ 2,808,392	\$ 3,311,421	\$ 12,730,639	\$ 341,401	\$ 25,227,831	
Receipts for interfund services	81,342	15,404	46,157	1,538,673	-	1,681,576	
Payments to suppliers	(1,575,203)	(760,477)	(1,836,579)	(11,560,328)	(189,658)	(15,922,245)	
Payments for interfund services	(614,492)	(578,313)	(4,531)	(9,050)	(25,414)	(1,231,800)	
Payments to employees	(1,069,673)	(1,279,834)	(352,286)	(914,040)	(285,020)	(3,900,853)	
Net cash provided by (used by) operating activities	2,857,952	205,172	1,164,182	1,785,894	(158,691)	5,854,509	
Noncapital financing activities							
Net operating transfers	(3,521,618)	2,145,170	(531,652)	(1,639,039)	184,319	(3,362,820)	
Contributions	(27,000)	-	-	-	-	(27,000)	
Net cash provided by (used) by noncapital financing activities	(3,548,618)	2,145,170	(531,652)	(1,639,039)	184,319	(3,389,820)	
Capital and related financing activities							
Acquisition and construction of capital assets	(347,461)	(983,285)	(23,241)	(18,823)	(30,979)	(1,403,789)	
Capital contributions	46,450	-	-	-	-	46,450	
Principal paid on debt maturities and long-term liabilities	-	(1,315,000)	-	-	-	(1,315,000)	
Interest and fiscal fees paid on debt maturities	-	(44,330)	-	-	-	(44,330)	
Net cash (used) by capital and related financing activities	(301,011)	(2,342,615)	(23,241)	(18,823)	(30,979)	(2,716,669)	
Investing activities							
Interest received	-	82	75	1,177	-	1,334	
Miscellaneous revenues	-	-	-	14,590	1,436	16,026	
Net cash provided by investing activities	-	82	75	15,767	1,436	17,360	
Net increase (decrease) in cash and cash equivalents	(991,677)	7,809	609,364	143,799	(3,915)	(234,620)	
Cash and cash equivalents, beginning of year	2,504,829	1,491	2,737,324	5,966,522	4,801	11,214,967	
Cash and cash equivalents, end of year	\$ 1,513,152	\$ 9,300	\$ 3,346,688	\$ 6,110,321	\$ 886	\$ 10,980,347	

(Continued on the following page)
See notes to financial statements.

City of Alexander City Statement of Cash Flows (Continued)

September 30, 2014

	Major Enterprise Funds						
	Water Fund	Sewer Fund	Gas Fund	Electric Fund	Other Enterprise Golf Fund	Total	
Operating Income (loss)	\$ 1,981,252	\$ (1,074,899)	\$ 1,051,669	\$ 1,353,610	\$ (176,903)	\$ 3,134,729	
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation and amortization	1,110,857	1,281,954	211,261	525,626	27,194	3,156,892	
Change in assets and liabilities:							
(Increase) in accounts receivable	29,554	(81,331)	6,638	(202,611)	-	(247,750)	
(Increase) in prepaid expenses	(4,687)	(1,939)	(528)	(9,270)	417	(16,007)	
(Increase) in inventory of supplies	(24,127)	7,574	(1,140)	23,136	3,930	9,373	
Increase in accounts payable	(250,459)	68,483	(103,173)	119,145	(16,185)	(182,189)	
Increase in accrued payroll and related liabilities	(101,025)	502	2,292	(16,609)	2,856	(111,984)	
Increase (decrease) in due from other funds	(26,796)	4,428	(27,549)	(102,121)	-	(152,038)	
Increase (decrease) in due to other funds	141,264	400	27,896	92,641	-	262,201	
Increase (decrease) in customer deposits	2,119	-	(3,184)	2,347	-	1,282	
Net cash provided by (used by) operating activities	\$ 2,857,952	\$ 205,172	\$ 1,164,182	\$ 1,785,894	\$ (158,691)	\$ 5,854,509	
Non cash investing, capital and financing activities:							
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

See notes to financial statements.



City of Alexander City Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The government is a municipal corporation incorporated in 1872 currently governed by a mayor-council form of government consisting of the Mayor elected at large and six council members elected from defined districts. Members of the City Council serve part-time and are responsible for adopting all legislative ordinances and setting policies of the government, including the appropriation of money. The Mayor is the full-time chief executive officer and is responsible for the day-to-day management of the city in conjunction with the managers of the departments. These financial statements present the activities of the primary government, which is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Component units, although legally separate, for which the government is considered to be financially accountable are not included in these primary government financial statements. As a result, these primary government financial statements, because they do not include financial data of the component units of the government, do not purport to and do not present the financial statements of the reporting entity (primary government and component units) as defined by generally accepted accounting principles.

Component Units: The excluded component units are as follows:

Alexander City Board of Education (Board) is substantially reliant upon the government because the City Council appoints the members of the Board, levies taxes on behalf of the Board and issues debt on behalf of the Board. The legal liability for the general obligation debt issued for school purposes of \$19,675,000 at September 30, 2014 remains with the government. Ad valorem tax revenues restricted for school purposes and collected by the government are used to make required debt service payments on the general obligation debt issued for school purposes. In addition, the Board makes contributions during the year toward debt service. During 2014, the government recorded \$1,148,550 of ad valorem taxes for schools. For 2014, these appropriations to the Board were \$781,207. The Board issues separate financial statements which may be obtained from the administrative offices at 375 Lee Street, Alexander City, Alabama 35010.

Related Organizations: The government's officials are also responsible for appointing the members of the board of another organization, but the government's accountability for this organization does not extend beyond making the appointments. This organization is the Housing Authority of the City of Alexander City. In 2014, the government received \$58,221 in payments in lieu of property taxes from the Housing Authority of the City of Alexander City.

Government-wide and Fund Financial Statements

Financial information of the City, the primary government, is presented as follows:



City of Alexander City Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements: Government-wide financial statements consist of a statement of net position and a statement of activities.

These statements report the activities of the primary government. Governmental activities are reported separately from business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues whereas business-type activities are normally supported by fees and charges for services and are usually intended by management to be financially self-sustaining.

The statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which includes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts — net investment in capital assets, restricted, and unrestricted.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes and other items, are presented as general revenues.

Fund financial statements consist of a series of statements focusing on information about the City's major governmental and enterprise funds. Separate financial statements are presented for the governmental and proprietary funds.

Measurement Focus, Basis of Accounting and Basis of Presentation

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60



City of Alexander City Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

days of the end of the current fiscal period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Property taxes (if levied), city-levied other taxes, licenses, fines and forfeitures, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the- current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental fund:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major enterprise funds:

The Water Fund accounts for operations, maintenance and development of the water plant and distribution system. All costs are financed through charges to customers.

The Sewer Fund accounts for the operation of the City's sanitary sewer services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

The Gas Fund accounts for operations, maintenance and development of the natural gas distribution system. All costs are financed through charges to customers.

The Electric Fund accounts for operations, maintenance and development of the electric distribution system. All costs are financed through charges to customers.

Additionally, the government reports the following non-major enterprise fund type:

Golf Fund. This fund accounts for operations and maintenance of the City owned golf course. Costs are financed through user fees to golfers and periodic transfers from the general fund.

Nonmajor funds are aggregated and presented in a single column. The City's nonmajor funds are comprised of a special revenue fund and a debt service fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.



City of Alexander City Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The primary operating revenues of the enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deposits

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

Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "due to/from other funds."

Noncurrent portions of long-term loan notes receivable are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent current assets. Recognition of Governmental Fund type revenues represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term loan note receivables are offset by fund balance reserve accounts.

Property taxes are assessed on October 1 and levied on the subsequent October 1 for the fiscal year beginning on the levy date, at which time a lien is attached. These taxes are due and payable on October 1 (levy date) and delinquent after December 31 in each year (except with respect to motor vehicles, which have varying due dates), after which a penalty and interest are required to be charged. If real property taxes are not paid by the June 15 following the due date, a tax sale is required to be held. Revenue is recognized in the year when the taxes are levied and collected. The taxes are collected by the Shelby County, Alabama tax collector and remitted to the City net of a collection fee.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.



City of Alexander City Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

Inventories are accounted for using the consumption method and are valued at the lower of cost (average or FIFO) or market. Inventories in governmental funds are offset by a reserve for inventories that indicates that portion of fund balance is not available for other subsequent expenditures. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as expenditures when made in the governmental funds. These payments are recorded as prepaid items in the proprietary funds and governmental activities.

Restricted Assets

The use of certain assets is restricted pursuant to debt covenants or other externally-imposed restrictions. The amount of these assets is reported as restricted net position in the basic financial statements. Restricted assets generally consist of the following: (1) resources set aside for the repayment of long-term debt pursuant to debt covenants and state law are "restricted for debt service," (2) the unexpended portion of debt proceeds that are restricted for use in construction are "restricted for capital projects," and (3) resources restricted for specific purposes pursuant to state and federal law are "restricted for other."

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets that are tangible in nature, with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of business-type activities is not reflected in the capitalized value of the asset constructed.



City of Alexander City Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. No depreciation is computed in the year of acquisition. Capital assets are depreciated using the straight line method over the following estimated useful lives:

Infrastructure	6-20 years
Buildings	20-30 years
Improvements other than buildings	20-25 years
Utility systems	20-50 years
Equipment	5-20 years

Deferred Revenue

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met and the government has a legal claim to the resources, the revenue is recognized.

Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave because all accumulated sick leave is converted to additional years of service at retirement. The pension contribution rate includes a factor to provide for converting sick leave to additional time at retirement. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Current and long-term portions of vacation pay are accrued in the government-wide and proprietary funds statements when incurred.

Long-term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

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 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.



City of Alexander City Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease Obligations

The City leases various assets under both operating and capital lease agreements. In the government-wide financial statements, capital lease obligations are reported as liabilities in the governmental activities statement of net position.

Deferred outflows and inflows of resources

The statement of net position will sometimes report separate sections for deferred outflows and inflows of resources.

The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has one item that qualifies for reporting in this category, which is the deferred loss on refunding debt. A deferred loss results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the lesser of the life of the refunded or refunding debt.

The statement of financial position may also report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Balances - Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Non-spendable fund balance - amounts that are not in a spendable form, or they are legally or contractually required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.



City of Alexander City Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 6). As discussed in Note 1, restricted funds are used first as appropriate. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council or the finance committee has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The City does not have a formal written investment policy; however, state law limits the kinds of investments that Alabama municipalities can make to: (1) accounts and certificates of deposits with banks or savings associations that are qualified public depositories; (2) direct obligations of the U.S. Department of the Treasury and certain federal agencies; (3) certain qualified obligations of any state and their agencies; and (4) common trust funds, collective investment funds maintained by qualified institutions, or any registered mutual funds, all of which must hold a prescribed amount of obligations meeting the requirements of 1-3 above. At year-end, the City did not have any investment balances.

Custodial credit risk - Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At year end, the carrying amount of the government's deposits in financial institutions was \$16,383,242 and the bank balance was \$17,822,430. All bank balances at September 30, 2014 are considered insured because any balances not covered by FDIC insurance were covered by the Security for Alabama Funds Enhancement (SAFE) Program. The SAFE program is administered by the State Treasurer according to State of Alabama statute, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State

City of Alexander City
Notes to the Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law.

NOTE 3 – RECEIVABLES

Receivable balances have been disaggregated by type and presented separately in the financial statements. The following details the description and amounts of accounts receivable for the City:

	General	Other	
	Fund	Governmental	Total
	Fund	Fund	
Taxes	\$ 1,700,371	\$ -	\$ 1,700,371
Garbage receivables	154,767	-	154,767
Other receivables	274,972	41,996	316,968
Allowance for doubtful accounts	(112,155)	-	(112,155)
Total	\$ 2,017,955	\$ 41,996	\$ 2,059,951

City of Alexander City Notes to the Financial Statements

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the Primary Government for the year ended September 30, 2014, was as follows:

	Balance September 30, 2013	Additions/ Transfers-in	Deletions/ Transfers-out	Balance September 30, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,253,546	\$ 537,500	\$ -	\$ 2,791,046
Construction in progress	120,150	-	-	120,150
Total capital assets, not being depreciated	2,373,696	537,500	-	2,911,196
Capital assets, being depreciated:				
Infrastructure	6,247,552	2,273,275	-	8,520,827
Buildings and improvements	36,939,769	76,562	-	37,016,331
Equipment	14,551,370	611,265	-	15,162,635
Total capital assets, being depreciated	57,738,691	2,961,102	-	60,699,793
Less Accumulated depreciation for:				
Infrastructure	1,037,631	453,068	-	1,490,699
Buildings and improvements	29,806,071	1,025,056	-	30,831,127
Equipment	10,459,971	730,364	-	11,190,335
Total accumulated depreciation	41,303,673	2,208,488	-	43,512,161
Total capital assets, being depreciated, net	16,435,018	752,614	-	17,187,632
Governmental activities capital assets, net	\$ 18,808,714	\$ 1,290,114	\$ -	\$ 20,098,828

City of Alexander City Notes to the Financial Statements

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance September 30, 2013	Additions/ Transfers-in	Deletions/ Transfers-out	Balance September 30, 2014
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 274,689	\$ -	\$ -	\$ 274,689
Construction in progress	723,919	-	(723,919)	-
Total capital assets, not being depreciated	998,608	-	(723,919)	274,689
Capital assets, being depreciated:				
Buildings	696,742	-	-	696,742
Improvements other than buildings	485,781	25,693	-	511,474
Utility system	106,499,834	1,942,344	-	108,442,178
Equipment	9,187,193	167,995	-	9,355,188
Total capital assets, being depreciated	116,869,550	2,136,032	-	119,005,582
Less Accumulated depreciation for:				
Buildings	521,528	21,962	-	543,490
Improvements other than buildings	407,127	9,291	-	416,418
Utility system	65,876,639	2,728,574	-	68,605,213
Equipment	6,590,599	397,064	-	6,987,663
Total accumulated depreciation	73,395,893	3,156,891	-	76,552,784
Total capital assets, being depreciated, net	43,473,657	(1,020,859)	-	42,452,798
Governmental activities capital assets, net	\$ 44,472,265	\$ (1,020,859)	\$ (723,919)	\$ 42,727,487

The government does not maintain detailed records of all land and capital assets in service. In addition, as discussed below, the government has not recorded certain general infrastructure assets required by accounting principles generally accepted in the United States of America.

For governmental activities, self-constructed assets do not include labor and overhead costs and some donated assets have not been recorded. Depreciation cannot be calculated by function because 1) detailed records of buildings, improvements other than buildings and most infrastructure are not maintained and 2) equipment records are not maintained by department or function. Depreciation is computed on buildings and improvements other than buildings using a 20 year average life for the groups. Depreciation is computed for recorded infrastructure using 6 - 20 year average lives. Depreciation is computed on equipment over various lives that are not consistent for similar items.

For business-type activities, the government maintains capital asset records by fund, asset type, and year acquired; however, detailed records are not maintained. Self-constructed system additions do not include labor and overhead costs and do not include all material costs. The cost of utility systems does not include all costs of donated assets from developers or individuals and no interest has been capitalized on construction projects. Depreciation is computed using an average life for each year's adding additions.

City of Alexander City
Notes to the Financial Statements

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Finally, for governmental activities, business-type activities, and proprietary funds, assets have not been depreciated in the year of acquisition, asset lives are not reviewed, and no disposals have been recorded.

Generally accepted accounting principles require the government to retroactively report major general infrastructure assets acquired after September 30, 1980 and before October 1, 2002 in governmental activities for the year ended September 30, 2007. Infrastructure assets include roads, bridges, storm water drainage, and similar assets. These infrastructure assets are likely to be the largest asset class of the City. Neither their cost nor related depreciation has historically been reported in the financial statements. The government has not recorded these infrastructure assets and related accumulated depreciation in the governmental activities as required by U. S. generally accepted accounting principles.

Depreciation expense for all depreciable assets is charged to functions/programs of the primary government as follows:

Governmental activities:

Unallocated	\$ 2,208,488
<hr/>	
Total governmental activities	
depreciation expense	\$ 2,208,488
<hr/>	

Business-type activities:

Water	\$ 1,110,857
Sewer	1,281,954
Gas	211,262
Electric	525,625
Golf	27,193
<hr/>	
Total business-type activities	
depreciation expense	\$ 3,156,891
<hr/>	

City of Alexander City
Notes to the Financial Statements

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/from other funds:

Due To	Due From							Total
	General	Other Governmental	Water	Sewer	Gas	Electric	Other Enterprise (golf)	
General	\$ -	\$ 8,898	\$ 92,159	\$ 511,153	\$ 7,735	\$ 131,067	\$ 3,831	\$ 754,843
Other Governmental	10,583	-	-	-	-	-	-	10,583
Water	54,215	-	-	21,711	6,345	5,887	-	88,158
Sewer	101,402	6,444	-	-	2,287	6,686	-	116,819
Gas	338,669	-	27,962	-	-	100,630	-	467,261
Electric	551,568	-	313	-	-	-	-	551,881
Other Enterprise (golf)	16,576	-	-	-	-	-	-	16,576
Total	<u>\$ 1,073,013</u>	<u>\$ 15,342</u>	<u>\$ 120,434</u>	<u>\$ 532,864</u>	<u>\$ 16,367</u>	<u>\$ 244,270</u>	<u>\$ 3,831</u>	<u>\$ 2,006,121</u>

All balances resulted from the time lag before payments are made to clear balances between funds.

The composition of interfund transfers as of September 30, 2014, is as follows:

Interfund transfers:	Transfer from						
						Other Enterprise (golf)	
Transfer to	General	Water	Sewer	Gas	Electric		Total
General	\$ -	\$ 881,618	\$ 494,830	\$ 531,652	\$ 1,639,039	\$ 40,681	\$ 3,587,820
Other Governmental	544,927	-	-	-	-	-	544,927
Sewer	-	2,640,000	-	-	-	-	2,640,000
Other Enterprise (golf)	225,000	-	-	-	-	-	225,000
Total	\$ 769,927	\$ 3,521,618	\$ 494,830	\$ 531,652	\$ 1,639,039	\$ 40,681	\$ 6,997,747

Transfers are used to (1) use restricted revenues collected in the other funds to the general fund to finance various programs or operations accounted for in the general fund, (2) move budgeted transfers from the enterprise funds to the general fund, (3) move revenues from the general fund to the debt service fund where debt service payments are made, and (4) move cash to the sewer fund and the other enterprise funds to cover negative cash balances in the pooled cash account.



City of Alexander City Notes to the Financial Statements

NOTE 6 - LONG TERM DEBT

Revenue bond and warrants In prior years, the government has issued bonds and warrants where the government pledges net revenues derived from the operation of its water, sewer, gas and electric systems. There are no revenue bonds or warrants outstanding at September 30, 2014.

General Obligation Warrants The government issued general obligation warrants to provide funds for the construction and improvements of major capital facilities for the city school system and to refund other general obligation warrants. General obligation warrants are also issued to construct assets used in proprietary activities. These warrants are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. General obligation warrants constitute general obligations of the government for the payment of which the full faith, credit and taxing power of the government are irrevocably pledged. There are a number of limitations and restrictions contained in the various bond indentures. The government is in compliance with all significant limitations and restrictions.

The City has outstanding capital appreciation bonds issued in 2007. These bonds have no regular interest payments but are instead issued at a deep discount from their face amount and appreciate to face value at maturity. Because the proceeds of such bonds are considerably less than face value at maturity, the government must accrete the interest cost from the date of issuance to maturity. The 2007 capital appreciation bonds were issued at \$6,456,972 and have a face value of \$12,020,000. The appreciated bond balance at September 30, 2014 is \$8,307,475 and the remaining discount to be accreted is \$3,712,525.

In 2001, the City agreed to make the debt service payments on 58% of the debt issued by the Lake Martin Area Industrial Development Authority to purchase land for an industrial park to which the government would provide sewer and water services. The government issued a general obligation warrant to the Authority for \$870,000 of which \$458,068 is outstanding at September 30, 2014.

On June 13, 2011, the City issued \$11,165,000 General Obligation Refunding Warrants, Series 2011-A (2011-A) and \$6,905,000 General Obligation Refunding and Capital Improvement Warrants, Series 2011-B (2011-B). The 2011-A warrants were issued for the purpose of (1) refunding, on an advance basis, the outstanding General Obligation Warrants, Series 2003; and (2) paying the costs of issuing the 2011-A warrants. The 2011-B warrants were issued for the purpose of (1) refunding, on an advance basis, the outstanding General Obligation Warrants, Series 2001; (2) paying for certain capital improvements within the City; (3) pay the costs of an economic and industrial development incentive within the City; and (4) paying the costs of issuing the 2011-B warrants. The outstanding balances at September 30, 2013 are \$8,195,000 for the Series 2011-A and \$4,490,000 for the Series 2011-B.

City of Alexander City Notes to the Financial Statements

NOTE 6 - LONG TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for general obligation warrants currently outstanding are as follows:

Governmental Activities:	G.O. Warrants		
	Principal	Interest	Total
2015	\$ 2,336,131	\$ 483,300	\$ 2,819,431
2016	2,389,821	422,744	2,812,565
2017	2,453,899	360,344	2,814,243
2018	2,528,179	296,026	2,824,205
2019	1,977,746	200,959	2,178,705
2020-2024	9,355,537	305,607	9,661,144
2025-2029	3,581,755	-	3,581,755
	\$ 24,623,068	\$ 2,068,980	\$ 26,692,048

General obligation warrants currently outstanding are as follows:

Series	Purpose	Maturity Date	Interest Rates	Amount
Governmental Activities:				
G.O. Warrants, Series 2011-A, dated 6/1/11	Refunding warrants for improvements to schools	5/1/2022	2.00%-5.00%	\$ 8,195,000
G.O. Warrants, Series 2011-B, dated 6/1/11	Refunding of 2001 sewer warrants, economic incentive payments and capital improvements	5/1/2021	2.00% - 5.00%	4,490,000
G.O. Warrants, Series 2007-Capital Appreciation	Refunding of warrant for improvements to the schools	5/1/2026	4.00% - 4.37%	11,480,000
G.O. Warrants, Series 2001, dated 2/12/01	Fund portion of land purchased for an industrial park	2/1/2021	6.50%	458,068
Deferred amount on refunding				(431,032)
Unamortized premiums				196,609
Unamortized discounts				(3,712,525)
Total Governmental Activities				20,676,120
Business-Type Activities:				
G.O. Warrants, Series 2004-B, dated 4/21/11	Refunding of warrant for sewer system improvements	9/1/2020	2.00% - 4.00%	125,000
Total business-type activities				125,000
Total general obligation warrants				\$ 20,801,120

City of Alexander City Notes to Financial Statements

NOTE 6 - LONG TERM DEBT (CONTINUED)

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Beginning Balance	Additions / Increases	Reductions / Amortization	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation warrants	\$ 26,913,923	\$ -	\$ (2,290,855)	\$ 24,623,068	\$ 2,336,131
Deferred amounts on refunding	(517,018)	-	85,986	(431,032)	-
Unamortized premiums	278,907	-	(82,298)	196,609	-
Unamortized discounts	(3,528,386)	-	(184,139)	(3,712,525)	-
Total general obligation warrants	23,147,426	-	(2,471,306)	20,676,120	2,336,131
Capital lease obligation	801,456	-	(537,520)	263,936	25,994
Compensated absences	647,945	-	(93,456)	554,489	-
Governmental activities long-term activities	\$ 24,596,827	\$ -	\$ (3,102,282)	\$ 21,494,545	\$ 2,362,125
Business-Type activities:					
General obligation warrants	\$ 1,440,000	\$ -	\$ (1,315,000)	\$ 125,000	\$ 125,000
Total warrants	1,440,000	-	(1,315,000)	125,000	125,000
Compensated absences	212,999	-	(14,022)	198,977	-
Business-type activities long-term liabilities	1,652,999	-	(1,329,022)	323,977	125,000
Total long-term liabilities	\$ 26,249,826	\$ -	\$ (4,431,304)	\$ 21,818,522	\$ 2,487,125

NOTE 7 - LEASE OBLIGATIONS

Operating Leases

The City was not obligated on any significant operating leases as of September 30, 2014.

Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of police vehicles and a garbage truck. This lease agreement is treated as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date in the basic financial statements. Amortization of assets under capital leases is included in depreciation expense.

City of Alexander City
Notes to Financial Statements

NOTE 7 - LEASE OBLIGATIONS (CONTINUED)

The assets acquired through capital leases are as follows:

	Cost Basis	Accumulated Depreciation	Total
Equipment	\$ 994,407	\$ 39,974	\$ 954,433
Total	\$ 994,407	\$ 39,974	\$ 954,433

The future of the minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2014, are as follows:

	Governmental Activities
Year ending September 30:	
2015	\$ 27,439
2016	243,158
Total minimum lease payments	270,597
Less: Amount representing interest	(6,661)
Present value of minimum lease payments	\$ 263,936

NOTE 8 - DEFINED BENEFIT PENSION PLAN

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

The Employees' Retirement System was established as of October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for State employees, State police and on an elective basis to all cities, counties, towns and quasi-public organizations. The responsibility for general administration and operation of



City of Alexander City Notes to Financial Statements

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the government the authority to accept or reject various Cost-Of-Living-Adjustments (COLAs) granted to retirees. During 2012, Act 2012-377 was enacted which created a mandatory new defined benefit plan tier for employees with no previous creditable service hired on or after January 1, 2013 (Tier 2 employees). In addition, the act allows the government to increase the employee contribution rates on employees hired prior to January 1, 2013 (Tier 1 employees). The government has not elected to increase the contribution rates on the Tier 1.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, P. O. Box 302150, Montgomery, Alabama 36130-2150 or by calling 1-334-832-4140.

Funding Policy The required contributions for Tier 1 employees (hired prior to January 1, 2013 or after that date with creditable retirement service) did not change. Plan members in Tier 1 are required to contribute 5% of their annual covered salary, except that the member contribution rate for state correctional officers, certified full-time firefighters, and certified full-time law enforcement officers is 6% of covered salary. Tier 2 members are required to contribute 6% of their annual covered salary or 7% of their salary for state correctional officers, certified full-time firefighters, and certified full-time law enforcement officers. The government is required to contribute at an actuarially determined rates; the rates for 2014 were 9.33% of annual covered payroll for Tier 1 employees and 7.03% of annual covered payroll for Tier 2 employees. The contribution requirements of plan members and the government are established by state statute.

Annual Pension Cost For 2014, the City's annual pension cost of \$1,028,275 was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses),

(b) projected salary increases ranging from 3.75% to 7.25% per year, and (c) 0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The City's unfunded actuarial accrued liability, if any, is being amortized at a level percentage of projected payrolls on an open basis.

City of Alexander City
Notes to Financial Statements

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
9/30/2012	\$ 971,458	100%	\$ -
9/30/2013	\$ 1,024,517	100%	\$ -
9/30/2014	\$ 1,028,275	100%	\$ -

Funded Status and Funding Progress as of September 30, 2014, the most recent actuarial valuation date, the plan was 78.4% funded. The actuarial accrued liability for benefits was \$37,146,612, and the actuarial value of assets was \$29,112,840 (market value of \$30,950,949), resulting in an unfunded actuarial accrued liability of \$8,033,772. The covered payroll (annual payroll of active employees covered by the plan) was \$11,317,815, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 71.0%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 9 – POWER SALES CONTRACT

The government is a member of the Alabama Municipal Electric Authority ("Authority"). Pursuant to a contract dated May 1, 1986 and amended July 1, 1996, the government has agreed to purchase all of its electric requirements for resale through December 31, 2035 from the Authority except for the government's allocation of electricity from the Southeastern Power Administration. The government has committed to maintain electric rates at amounts which will produce revenues sufficient to pay all amounts due under the contract and has pledged the electric revenues and any other revenues of the government which may be lawfully pledged to secure its obligation. Further, the government has entered into a "Guaranty and Indemnity Agreement" with Alabama Power Company which requires the government to pay its proportionate share of any shortfall by the Authority of funds to pay any obligations due under contracts with Alabama Power Company.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Government management believes such disallowances, if any, will be immaterial.

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

The government has various claims and potential lawsuits outstanding at any point in time. Government management believes the liability as recorded, if any, is sufficient to cover any losses from these matters.

NOTE 11 - RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the government carries commercial insurance. The government does not have coverage on assets involved in the distribution of water, sewer, gas and electricity (i.e. pipe underground and transmission lines). There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 12 – NEW PRONOUNCEMENTS

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

- Fair value measurement and application;
- Amendments to accounting and financial reporting for pensions;
- GAAP hierarchy;
- Tax abatement disclosures; and
- Financial reporting and accounting related to other post-employment benefits.

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

NOTE 13 – SUBSEQUENT EVENTS

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

NOTE 14 – RESTATEMENTS AND RECLASSIFICATIONS

The City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The provisions of this statement require that bond issuance costs be expensed in the year they are incurred. Previously, bond issuances costs had been treated as an asset and amortized over the life of the related debt. In order to implement GASB Statement No. 65, bond issuance costs previously reported as assets had to be removed from the financial statements. This resulted in a restatement of beginning net position in the amount of \$325,327. Assets were reduced by the same amount.

REQUIRED SUPPLEMENTARY INFORMATION

City of Alexander City

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual-General Fund

	Budgeted Amounts			
<i>Year Ended September 30, 2014</i>	Original	Final	Actual Amounts	Variance Over (Under) Final Budget
Revenues				
Taxes:				
Sales and use taxes	\$ 7,350,000	\$ 7,350,000	\$ 7,667,277	\$ 317,277
Property:				
Real property	951,000	951,000	985,014	34,014
Personal property	88,000	88,000	67,857	(20,143)
Payments in lieu of taxes	45,000	45,000	58,222	13,222
Total property	1,084,000	1,084,000	1,111,093	27,093
Other:				
Gasoline	150,000	150,000	160,433	10,433
Alcoholic beverages	230,000	230,000	202,020	(27,980)
Tobacco porducts	121,000	121,000	116,722	(4,278)
Rental	155,000	155,000	131,746	(23,254)
Lodging and camp sites	160,000	160,000	205,233	45,233
Total other	816,000	816,000	816,154	154
Total taxes	9,250,000	9,250,000	9,594,524	344,524
Licenses and permits:				
General	1,650,000	1,650,000	1,750,693	100,693
Other	7,150	7,150	17,683	10,533
Permits and inspections	49,700	49,700	53,887	4,187
Total licenses and permits	1,706,850	1,706,850	1,822,263	115,413
Intergovernmental:				
Shared county revenue:				
Mobile home registration fees	1,100	1,100	1,073	(27)
Total shared county revenue	1,100	1,100	1,073	(27)

City of Alexander City

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual-General Fund (Continued)

<i>Year Ended September 30, 2014</i>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Shared state revenue:				
Alcoholic beverages	\$ 11,000	\$ 11,000	\$ 11,938	\$ 938
Financial institutions excise tax				-
Motor vehicle license	4,000	4,000	8,211	4,211
Share of ABC stores 2% sales tax	20,000	20,000	16,879	(3,121)
Business privilege tax	12,000	12,000	11,881	(119)
Municipal government capital improvement fund	312,500	312,500	128,459	(184,041)
Total shared state revenue	359,500	359,500	177,368	(182,132)
Other:				
Contributions	24,000	24,000	24,000	-
Grants	260,391	260,391	2,204,226	1,943,835
Total other	284,391	284,391	2,228,226	1,943,835
Total intergovernmental revenue	644,991	644,991	2,406,667	1,761,676
Charges for services:				
Public safety:				
Ambulance service	1,900,000	1,900,000	2,165,721	265,721
Total public safety	1,900,000	1,900,000	2,165,721	265,721
Sanitation:				
Garbage fees	1,100,000	1,100,000	1,095,768	(4,232)
Landfill fees	25,000	25,000	27,210	2,210
Total sanitation	1,125,000	1,125,000	1,122,978	(2,022)
Welfare:				
Cemetery	10,000	10,000	17,680	7,680
Total welfare	10,000	10,000	17,680	7,680
Culture and recreation:				
Sportplex user fees	-	-	7,390	7,390
Athletic programs	61,425	61,425	47,936	(13,489)
Gymnastics	-	-	22,268	22,268
Activities and events	52,325	52,325	40,835	(11,490)
Total culture and recreation	113,750	113,750	118,429	4,679
Total charges for services	3,148,750	3,148,750	3,424,808	276,058

City of Alexander City

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual-General Fund (Continued)

<i>Year Ended September 30, 2014</i>	<u>Budgeted Amounts</u>		Actual Amounts	Variance Over (Under) Final Budget
	Original	Final		
Fines and forfeitures:				
Administration:				
Utility late fees and penalties	\$ 140,200	\$ 140,200	\$ 127,175	\$ (13,025)
Judicial:				
Fines and costs	613,000	613,000	507,045	(105,955)
Total fines and forfeitures	753,200	753,200	634,220	(118,980)
Miscellaneous revenues:				
Investment income	-	-	12,709	12,709
Other:				
Rental income - airport and other	129,050	129,050	70,572	(58,478)
Gasoline sales - airport and other	595,000	595,000	598,101	3,101
Contributions	23,300	23,300	56,073	32,773
Cemetery lots	5,000	5,000	7,080	2,080
Sale of capital assets	30,000	30,000	59,248	29,248
Insurance recoveries	15,000	15,000	14,649	(351)
Industrial development payment				-
Miscellaneous	308,680	308,680	108,070	(200,610)
Total miscellaneous revenues	1,106,030	1,106,030	926,502	(179,528)
Total revenues	\$ 16,609,821	\$ 16,609,821	\$ 18,808,984	\$ 2,199,163

City of Alexander City

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual-General Fund (Continued)

	Budgeted Amounts			
Year Ended September 30, 2014	Original	Final	Actual Amounts	Variance Over (Under) Final Budget
Expenditures				
General government:				
Mayor:				
Personnel services	\$ 117,800	\$ 117,800	\$ 120,865	\$ 3,065
Other	17,000	17,000	12,298	(4,702)
Total mayor	134,800	134,800	133,163	(1,637)
Council:				
Personnel services	97,000	97,000	98,049	1,049
Other	8,350	8,350	7,748	(602)
Total council	105,350	105,350	105,797	447
City clerk/Finance director/Treasurer:				
Peronnell services	526,000	526,000	608,862	82,862
Other	210,900	210,900	186,281	(24,619)
Total City clerk/Finance director/Treasurer	736,900	736,900	795,143	58,243
Other:				
Accounting:				
Personnel services	183,000	183,000	176,952	(6,048)
Other	22,000	22,000	9,980	(12,020)
Total accounting	205,000	205,000	186,932	(18,068)
Data processing:				
Other	-	-	785	785
Total data processing	-	-	785	785
Community development:				
Personnel services	103,500	112,000	117,752	5,752
Other	45,650	45,650	21,438	(24,212)
Total community development	149,150	157,650	139,190	(18,460)

City of Alexander City

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual-General Fund (Continued)

<i>Year Ended September 30, 2014</i>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Personnel:				
Personnel services	\$ 36,500	\$ 66,500	\$ 75,051	\$ 8,551
Other	7,000	7,000	4,792	(2,208)
Total personnel	43,500	73,500	79,843	6,343
Meter readers:				
Personnel services	306,600	306,600	302,642	(3,958)
Other	29,010	29,010	23,859	(5,151)
Total meter readers	335,610	335,610	326,501	(9,109)
Warehouse/purchasing:				
Personnel services	146,500	146,500	148,748	2,248
Other	52,550	52,550	(7,803)	(60,353)
Total warehouse/purchasing	199,050	199,050	140,945	(58,105)
Municipal court:				
Personnel services	103,000	103,000	113,367	10,367
Other	14,900	14,900	9,823	(5,077)
Total municipal court	117,900	117,900	123,190	5,290
Airport:				
Personnel services	73,500	73,500	73,318	(182)
Other	592,150	592,150	608,777	16,627
Total airport	665,650	665,650	682,095	16,445
Information technology:				
Personnel services	143,000	143,000	146,041	3,041
Other	7,000	7,000	6,747	(253)
Total information technology	150,000	150,000	152,788	2,788
Nondepartmental:				
Contributions	166,000	166,000	293,286	127,286
Dues and subscriptions	15,000	15,000	13,386	(1,614)
Professional services	203,000	203,000	293,386	90,386
Workman's and unemployment compensation	5,000	5,000	30,182	25,182
Insurance expense	47,000	47,000	50,075	3,075
Other	70,300	70,300	17,211	(53,089)
Total nondepartmental	506,300	506,300	697,526	191,226
Total other	2,372,160	2,410,660	2,529,795	119,135
Total general government	3,349,210	3,387,710	3,563,898	176,188

City of Alexander City

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual-General Fund (Continued)

	Budgeted Amounts			
Year Ended September 30, 2014	Original	Final	Actual Amounts	Variance Over (Under) Final Budget
Public safety:				
Police:				
Administration:				
Personnel services	\$ 3,326,000	\$ 3,326,000	\$ 3,328,914	\$ 2,914
Other	767,200	767,200	883,778	116,578
Total administration	4,093,200	4,093,200	4,212,692	119,492
Animal control:				
Personnel services	90,000	90,000	89,888	(112)
Other	29,950	29,950	27,182	(2,768)
Total animal control	119,950	119,950	117,070	(2,880)
Total police	4,213,150	4,213,150	4,329,762	116,612
Fire:				
Personnel services	3,051,307	3,051,307	3,021,914	(29,393)
Other	754,467	754,467	741,395	(13,072)
Total fire	3,805,774	3,805,774	3,763,309	(42,465)
Community service/E911:				
Personnel services	402,000	402,000	416,299	14,299
Other	58,600	58,600	49,101	(9,499)
Total community service/E911	460,600	460,600	465,400	4,800
Building department:				
Personnel services	109,500	109,500	103,535	(5,965)
Other	43,150	43,150	16,404	(26,746)
Total building	152,650	152,650	119,939	(32,711)
Total Public safety	8,632,174	8,632,174	8,678,410	46,236
Public works:				
Engineering:				
Personnel services	220,850	220,850	227,729	6,879
Other	126,053	126,053	96,358	(29,695)
Total engineering	346,903	346,903	324,087	(22,816)

City of Alexander City

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual-General Fund (Continued)

<i>Year Ended September 30, 2014</i>	<u>Budgeted Amounts</u>		Actual Amounts	Variance Over (Under) Final Budget
	Original	Final		
Facility maintenance:				
Administration:				
Other	\$ 97,800	\$ 97,800	\$ 102,508	\$ 4,708
Total administration	97,800	97,800	102,508	4,708
Property and cemetery:				
Personnel services	240,400	242,200	246,796	4,596
Other	168,873	168,873	150,786	(18,087)
Total property and cemetery	409,273	411,073	397,582	(13,491)
Building maintenance:				
Personnel services	175,226	175,226	180,957	5,731
Other	26,235	26,235	9,016	(17,219)
Total building maintenance	201,461	201,461	189,973	(11,488)
Street maintenance:				
Personnel services	249,150	249,150	263,262	14,112
Other	162,100	162,100	148,149	(13,951)
Total street maintenance	411,250	411,250	411,411	161
Total facility maintenance	1,119,784	1,121,584	1,101,474	(20,110)
Equipment department:				
Equipment maintenance:				
Personnel services	294,554	294,554	264,788	(29,766)
Other	146,146	146,146	149,210	3,064
Total equipment maintenance	440,700	440,700	413,998	(26,702)
Equipment utilization:				-
Personnel services	244,900	244,900	171,129	(73,771)
Other	59,150	59,150	47,916	(11,234)
Total equipment utilization	304,050	304,050	219,045	(85,005)
Total equipment department	744,750	744,750	633,043	(111,707)
Total public works	2,211,437	2,213,237	2,058,604	(154,633)

City of Alexander City
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual-General Fund (Continued)

	Budgeted Amounts			
Year Ended September 30, 2014	Original	Final	Actual Amounts	Variance Over (Under) Final Budget
Sanitation/waste management:				
Personnel services	\$ 329,375	\$ 329,375	\$ 399,135	69,760
Other	920,592	920,592	886,363	(34,229)
Total sanitation/waste management	1,249,967	1,249,967	1,285,498	35,531
Culture and recreation:				
Parks and recreation:				
Personnel services	298,346	298,346	781,106	482,760
Other	649,640	689,640	811,007	121,367
Total parks and recreation	947,986	987,986	1,592,113	604,127
Library:				
Personnel services	391,000	391,000	394,902	3,902
Other	100,501	100,501	99,706	(795)
Total library	491,501	491,501	494,608	3,107
Nutrition center:				
Personnel services	2,100	2,100	95,383	93,283
Other	12,700	12,700	27,022	14,322
Total nutrition center	14,800	14,800	122,405	107,605
Total culture and recreation	1,454,287	1,494,287	2,209,126	714,839
Education	515,000	635,000	781,207	146,207
Capital Outlay	1,278,410	1,746,610	3,473,343	1,726,733
Debt service	-	-	1,636,115	1,636,115
Total expenditures	18,690,485	19,358,985	23,686,201	4,327,216
Excess of revenues over (under) expenditures	\$ (2,080,664)	\$ (2,749,164)	\$ (4,877,217)	\$ (2,128,053)

City of Alexander City

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual-General Fund (Continued)

<i>Year Ended September 30, 2014</i>	Budgeted Amounts		Actual Amounts	Variance Over (Under) Final Budget
	Original	Final		
Other financing sources (uses):				
Proceeds from general long-term debt	\$ -	\$ -	\$ -	\$ -
Transfers from Electric Fund	2,078,312	2,078,312	1,639,039	(439,273)
Transfers from Sewer Fund	468,000	468,000	494,830	26,830
Transfers from Water Fund	849,600	849,600	881,618	32,018
Transfers from Gas Fund	550,000	550,000	531,652	(18,348)
Transfers from Golf Fund	41,000	41,000	40,681	(319)
Transfers from Capital Projects Fund			-	-
Transfers to Golf Fund	-	-	(225,000)	(225,000)
Transfers to Debt Service Fund	(525,000)	(525,000)	(544,927)	(19,927)
Total other financing sources (uses)	3,461,912	3,461,912	2,817,893	(644,019)
Excess of revenues and other sources over (under)				
expenditures and other uses and other uses	<u>\$ 1,381,248</u>	<u>\$ 712,748</u>	<u>\$ (2,059,324)</u>	<u>\$ (2,772,072)</u>
Fund balance, beginning of year			5,073,529	
Fund balance, end of year			<u>\$ 3,014,205</u>	

City of Alexander City
Schedule of Pension Plan Funding Process
September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -entry age (b)	Unfunded AAL (UALL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9/30/2011	\$ 24,073,904	\$ 33,282,921	\$ 9,029,017	72.3%	\$ 11,160,339	82.5%
9/30/2012	\$ 24,467,810	\$ 31,734,721	\$ 7,266,911	77.1%	\$ 10,216,405	71.1%
9/30/2013	\$ 26,559,951	\$ 34,424,185	\$ 7,864,234	77.2%	\$ 11,140,964	70.6%
9/30/2014	\$ 29,112,840	\$ 37,146,612	\$ 8,033,772	78.4%	\$ 11,317,815	71.0%



City of Alexander City
Notes to Required Supplementary Information

NOTE 1 – BUDGETARY INFORMATION

a. Excess of expenditures over appropriations

For the year ended September 30, 2014, expenditures exceeded appropriations in the General Fund categories by: \$447 in Council, \$58,243 in City Clerk/Finance Director, \$785 in Data Processing, \$6,343 in Personnel, \$5,290 in Municipal Court, \$16,445 in Airport, \$2,788 in Information Technology, \$191,226 in Nondepartmental, \$119,492 in Police Administration, \$4,800 in Community Service/E911, \$4,708 in Facility Maintenance administration, \$161 in Street Maintenance, \$35,531 in Sanitation/Waste Management, \$604,127 in Parks and Recreation, \$3,107 in Library, \$107,605 in Nutrition Center, \$146,207 in Education, \$1,726,733 in Capital Outlay, and \$1,636,115 in Debt Service. These overexpenditures were funded by current revenues, transfers from other funds and available fund balances.

SUPPLEMENTARY INFORMATION

City of Alexander City
Combining Balance Sheets—
Nonmajor Governmental Funds
September 30, 2014

	Special Revenue		
	Street Maintenance	Debt Service	
	Gasoline Tax Fund	Fund	Total
Assets			
Cash	\$ -	\$ 2,312,484	\$ 2,312,484
Restricted Cash	248,841	-	248,841
Taxes receivable	27,488	14,508	41,996
Due from other funds	10,583	-	10,583
Total assets	\$ 286,912	\$ 2,326,992	\$ 2,613,904
Liabilities			
Accounts payable and accrued expenses	\$ 65,562	\$ -	\$ 65,562
Due to other funds	8,898	6,444	15,342
Total liabilities	74,460	6,444	80,904
Fund balance			
Restricted for:			
Road improvements	212,452	-	212,452
Debt service	-	14,508	14,508
Committed to:			
Debt service reserve	-	2,306,040	2,306,040
Total fund balance	212,452	2,320,548	2,533,000
Total liabilities and fund balance	\$ 286,912	\$ 2,326,992	\$ 2,613,904

City of Alexander City
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Nonmajor Governmental Funds
September 30, 2014

	Special Revenue Street Maintenance Gasoline Tax Fund	Debt Service Fund	Total
Revenues			
Property taxes	\$ -	\$ 1,148,550	\$ 1,148,550
Shared state gasoline tax	145,614	-	145,614
Board of Education contributions	-	150,439	150,439
Shared county tax	41,521	-	41,521
Interest	517	788	1,305
Total Revenues	187,652	1,299,777	1,487,429
Expenditures			
Public works	816,218	-	816,218
Debt service principal	-	1,430,000	1,430,000
Debt service interest	-	316,422	316,422
Total expenditures	816,218	1,746,422	2,562,640
Other financing sources (uses)			
Transfers in	-	544,927	544,927
Total other financing sources (uses)	-	544,927	544,927
Net change in fund balance	(628,566)	98,282	(530,284)
Fund balance, beginning	841,018	2,222,266	3,063,284
Fund balance, ending	\$ 212,452	\$ 2,320,548	\$ 2,533,000