

City of Calera, Alabama

Financial Statements September 30, 2016

Including Report of
Independent Auditors

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
The City of Calera, Alabama

We have audited the accompanying financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Calera, Alabama, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Calera, Alabama, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 management's discussion and analysis, schedule of changes in net pension liability, schedule of employer contributions, schedule of funding progress, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Calera, Alabama's basic financial statements. The selected revenue data, selected debt ratios, schedule of outstanding debt, and scheduled annual debt service is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Birmingham, Alabama
February 17, 2017

**CITY OF CALERA, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

The City of Calera's Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, identify any material deviations from the financial plan, and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the City's financial statements.

HIGHLIGHTS

Financial Highlights

- The City's combined net position decreased by \$82,482.
- The total cost of all the City's programs was \$21,819,323.
- During the year, the City had expenses of \$15,632,743 for governmental activities which were \$666,512 less than the combined \$14,966,231 generated from general and program revenues of \$14,822,216 and transfers of \$144,015 from business-type activities.
- The City's combined assets and deferred outflows of resources exceeded its combined liabilities and deferred inflows of resources by \$27,353,349 which will allow the City to continue to meet ongoing obligations to citizens and creditors.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 12. For governmental activities, these statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail by providing information about the City's most significant funds.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 4. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used in most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the City's *net position* and changes in net position. You can think of the City's net position - the difference between assets and liabilities - as one way to measure the City's financial health or *financial position*. Over time, *increases or decreases* in the City's net position, is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the *overall health* of the City.

**CITY OF CALERA, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental Activities** - Most of the City's basic services are reported here, including general administration, street, mechanic, planning and zoning, engineering, inspections, building maintenance, police, fire and rescue, library, parks and recreation, senior center, and the municipal court. Property taxes, sales taxes, program revenues, and transfers from business-type activities finance most of these activities.
- **Business-type Activities** - The City's Natural Gas System Fund, Sewer System Fund, and Garbage Fund are reported here. The City charges a fee to customers to cover costs of these services.
- **Component Units** – The City includes one separate legal entity in its report – the Water Works Board of the City of Calera, Alabama. Although legally separate, this “component unit” is important because the City is financially accountable for them. Complete financials are available by contacting the Water Works Board of the City of Calera, Alabama.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 7. The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies. The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

- **Governmental Funds** - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations after the fund financial statements.
- **Proprietary Funds** - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

Financial Analysis of the City as a Whole

Net Position

The City's combined net position decreased by \$82,482 from 2015 to 2016. The governmental activities net position decreased by \$666,512, or approximately 2%, while business type activities net position increased by \$584,030, or approximately 5%. This decrease in governmental activities resulted primarily from an increase in street department expenses related to a bridge project. The increase in business type activities resulted primarily from decreases in expenses and transfers to governmental activities.

**CITY OF CALERA, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-type Activities		Totals	
	For the year ended September 30,		For the year ended September 30,		For the year ended September 30,	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$ 21,732,447	\$ 15,711,888	\$ 1,842,311	\$ 2,441,939	\$ 23,574,758	\$ 18,153,827
Capital assets	46,679,949	52,418,631	20,964,056	20,592,777	67,644,005	73,011,408
Total assets	<u>68,412,396</u>	<u>68,130,519</u>	<u>22,806,367</u>	<u>23,034,716</u>	<u>91,218,763</u>	<u>91,165,235</u>
Deferred outflow s of resources	<u>1,319,975</u>	<u>1,950,981</u>	<u>720,370</u>	<u>781,203</u>	<u>2,040,345</u>	<u>2,732,184</u>
Other liabilities	1,817,127	1,306,506	619,428	543,397	2,436,555	1,849,903
Long-term liabilities	37,684,716	39,518,828	11,648,456	11,490,900	49,333,172	51,009,728
Total liabilities	<u>39,501,843</u>	<u>40,825,334</u>	<u>12,267,884</u>	<u>12,034,297</u>	<u>51,769,727</u>	<u>52,859,631</u>
Deferred inflow s of resources	<u>2,210,667</u>	<u>1,902,817</u>	<u>61,261</u>	<u>-</u>	<u>2,271,928</u>	<u>1,902,817</u>
Net position:						
Net investment in capital assets	25,131,549	27,658,436	10,441,454	10,334,477	35,573,003	37,992,913
Restricted	2,113,355	1,734,071	297,917	307,381	2,411,272	2,041,452
Unrestricted	774,957	(2,039,158)	458,221	1,139,764	1,233,178	(899,394)
Total net position	<u>\$ 28,019,861</u>	<u>\$ 27,353,349</u>	<u>\$ 11,197,592</u>	<u>\$ 11,781,622</u>	<u>\$ 39,217,453</u>	<u>\$ 39,134,971</u>

For more detailed information see the Statement of Net Position on page 10.

The City's combined net position decreased to \$39,134,971 from \$39,217,453, or 0.2%. The City's unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations, was \$(2,039,158), which is a decrease of \$2,814,115 from the prior year. This decrease results from an increase in long term liabilities.

Changes in Net Position

The City's total revenues decreased by approximately 8% to \$1,935,923. For governmental activities, sales taxes account for approximately 62% of revenues. Property taxes account for approximately 12%. The majority of the remaining governmental activities revenues come from fees and charges for services, and capital grants and contributions.

The total cost of all programs and services increased by \$999,227, or approximately 5%. Expenses of business-type activities decreased by \$158,507, and the cost of governmental activities increased by \$1,157,734.

The table on the following page reflects the condensed Statement of Activities.

**CITY OF CALERA, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Statement of Activities

	Governmental Activities		Business-type Activities		Totals	
	For the year ended September 30,		For the year ended September 30,		For the year ended September 30,	
	2015	2016	2015	2016	2015	2016
REVENUES						
Program revenues:						
Fees, fines, and charges for services	\$ 2,809,121	\$ 2,925,724	\$ 7,277,562	\$ 6,913,979	\$ 10,086,683	\$ 9,839,703
Operating grants and contributions	271,148	137,233	-	-	271,148	137,233
Capital grants and contributions	644,886	327,298	-	-	644,886	327,298
General revenues:						
Sales taxes	9,063,076	9,199,653	-	-	9,063,076	9,199,653
Property taxes	1,820,193	1,875,146	-	-	1,820,193	1,875,146
Other taxes	263,077	267,649	-	-	263,077	267,649
Interest earnings	33,507	35,639	1,086	646	34,593	36,285
Lease income	54,331	49,453	-	-	54,331	49,453
Other income	1,349,777	14,421	-	-	1,349,777	14,421
Gain(loss) on sale of assets	85,000	(10,000)	-	-	85,000	(10,000)
TOTAL REVENUES	16,394,116	14,822,216	7,278,648	6,914,625	23,672,764	21,736,841
EXPENSES						
General administration	1,426,678	1,589,336	-	-	1,426,678	1,589,336
Street	1,000,497	1,585,843	-	-	1,000,497	1,585,843
Mechanic	170,815	175,015	-	-	170,815	175,015
Planning and zoning	53,444	61,482	-	-	53,444	61,482
Engineering	451,737	512,707	-	-	451,737	512,707
Inspections	242,291	265,895	-	-	242,291	265,895
Building maintenance	405,064	314,376	-	-	405,064	314,376
Police	3,205,555	3,274,469	-	-	3,205,555	3,274,469
Fire and rescue	4,086,180	4,161,268	-	-	4,086,180	4,161,268
Library	393,169	395,870	-	-	393,169	395,870
Parks and recreation	1,394,087	1,560,773	-	-	1,394,087	1,560,773
Senior center	87,107	96,046	-	-	87,107	96,046
Rolling hills	-	82,854	-	-	-	82,854
Donations	19,000	17,000	-	-	19,000	17,000
Municipal court	235,292	303,638	-	-	235,292	303,638
Interest on long-term debt	1,304,093	1,236,171	-	-	1,304,093	1,236,171
Natural gas system	-	-	2,568,704	2,308,253	2,568,704	2,308,253
Sewer system	-	-	3,111,424	3,189,357	3,111,424	3,189,357
Other proprietary funds	-	-	664,959	688,970	664,959	688,970
TOTAL EXPENSES	14,475,009	15,632,743	6,345,087	6,186,580	20,820,096	21,819,323
Excess (deficiency) before transfers & capital contributions						
	1,919,107	(810,527)	933,561	728,045	2,852,668	(82,482)
Transfers	1,436,001	144,015	(1,436,001)	(144,015)	-	-
Change in net position	3,355,108	(666,512)	(502,440)	584,030	2,852,668	(82,482)
Beginning net position	27,448,062	28,019,861	12,143,790	11,197,592	39,591,852	39,217,453
Cumulative effect of change in accounting principle	(2,783,309)	-	(443,758)	-	(3,227,067)	-
Ending net position	\$ 28,019,861	\$ 27,353,349	\$ 11,197,592	\$ 11,781,622	\$ 39,217,453	\$ 39,134,971

**CITY OF CALERA, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

THE CITY'S FUNDS

Governmental Funds

As of the year-end, the Governmental Funds reported a combined fund balance of \$10,187,118, which is \$5,342,112 less than the beginning of the year. The General Fund experienced a net decrease of \$3,095,534, resulting primarily from a significant increase in capital outlay. The Capital Projects Fund experienced a net decrease of \$2,276,684, resulting primarily from a significant increase in capital outlay and an increase street department expenditures related to a bridge project. The Debt Service Fund experienced a net increase of \$16,465. The Other Governmental Funds experienced a net increase of \$13,641, resulting primarily from fines and forfeitures in excess of expenses.

Proprietary Funds

As of the year-end, the Proprietary Funds reported net position of \$11,781,622, which is approximately 5% more than the beginning of the year. The Natural Gas System experienced a net increase of \$273,468 after transfers of \$383,215 to the general fund. The Sewer System experienced a net increase of \$93,113 after transfers of \$142,800 from the general fund. The Garbage Fund experienced a net increase of \$217,449 after transfers of \$96,400 from the General Fund.

General Fund Budgetary Highlights

General Fund revenues exceeded budgeted revenues by \$845,854. Actual sales tax revenues exceeded budgeted sales tax revenues. Additionally, the City received several grants that were not included in the budget.

General Fund expenditures exceeded budgeted amounts by \$1,887,625 primarily due to capital outlay expenditures funded by assets on hand prior to the beginning of the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2016, the City had \$73,011,408 invested in a broad range of capital assets, including the Natural Gas System, Sewer System, land, roadways, fire and police equipment and vehicles, buildings, and park facilities. This amount represents a net increase (including additions and deductions) of \$5,367,403, or approximately 8% over last year. The City purchased various capital assets including a new fire truck, new garbage truck, and new police vehicles and performed construction work on various capital assets including a new City Hall, the Calera Sports Complex, a bridge project, and a sewer project. Additionally, the City purchased Rolling Hills Campground. These additions were offset by the retirements of assets no longer in service and by depreciation expense.

**CITY OF CALERA, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	For the year ended September 30,		For the year ended September 30,		For the year ended September 30,	
	2015	2016	2015	2016	2015	2016
Land	\$ 19,739,125	\$ 19,931,880	\$ 441,853	\$ 441,853	\$ 20,180,978	\$ 20,373,733
Construction in progress	1,809,252	1,669,997	159,461	198,336	1,968,713	1,868,333
Land improvements, net	2,874,651	2,800,737	-	-	2,874,651	2,800,737
Infrastructure, net	11,606,318	11,207,402	-	-	11,606,318	11,207,402
Systems and facilities, net	-	-	19,923,779	19,263,232	19,923,779	19,263,232
Buildings and improvements, net	8,285,814	13,689,864	25,897	23,599	8,311,711	13,713,463
Vehicles, net	1,126,059	1,424,848	242,782	406,347	1,368,841	1,831,195
Equipment, net	1,238,730	1,693,903	170,284	259,410	1,409,014	1,953,313
Total capital assets, net	\$ 46,679,949	\$ 52,418,631	\$ 20,964,056	\$ 20,592,777	\$ 67,644,005	\$ 73,011,408

Commitments

The City had contractual commitments at September 30, 2016, of approximately \$65,000 for construction projects at the new City Hall, and expansions to intersections.

The Natural Gas System has a contract with Atmos Energy Marketing, LLC requiring the Natural Gas System to purchase its natural gas requirements from Atmos. Additionally, the System has a contract with Municipal Energy Acquisition Corporation expiring in December 2018 to purchase a fixed volume of gas which varies monthly as specified by the agreement. The amount the Natural Gas System owes to Atmos Energy Marketing, LLC in accordance with the above referenced agreement is reduced each month by the amount the Natural Gas System pays Municipal Energy Acquisition Corporation. The System has a contract with Atmos Energy Marketing, LLC covering the management of the transportation and storage of natural gas.

Debt

At September 30, 2016, the City had \$42,459,960 in warrants, notes payable, and capital leases outstanding versus \$42,612,591 at September 30, 2015, a decrease of 0.4%. This decrease results primarily from the principal payments. Other obligations of the City include accrued vacation leave, holiday leave, and compensatory time, capital leases, other post-employment benefits, and the net pension liability.

**CITY OF CALERA, ALABAMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Debt

	Governmental Activities		Business-type Activities		Totals	
	For the year ended September 30,		For the year ended September 30,		For the year ended September 30,	
	2015	2016	2015	2016	2015	2016
General obligation warrants	\$ 30,575,060	\$ 29,069,826	\$ 11,163,938	\$ 10,846,109	\$ 41,738,998	\$ 39,915,935
Limited obligation warrants	338,070	279,912	-	-	338,070	279,912
Notes payable	535,523	2,216,055	-	-	535,523	2,216,055
Capital leases	-	48,058	-	-	-	48,058
Other post employment benefit payable	-	-	-	-	-	-
	2,974,681	3,570,318	-	-	2,974,681	3,570,318
Net pension liability	2,550,982	3,558,359	406,718	559,091	2,957,700	4,117,450
Compensated absences	710,400	776,300	77,800	85,700	788,200	862,000
Totals	\$ 37,684,716	\$ 39,518,828	\$ 11,648,456	\$ 11,490,900	\$ 49,333,172	\$ 51,009,728

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's Mayor, City Clerk, Finance Director, and City Council considered many factors when setting the budget for the fiscal year ending September 30, 2017. Tax rates, anticipated sales tax collections, anticipated expenditures/expenses, prior year actual revenues/expenditures, and the overall economy were some of these factors. The budget is prepared in accordance with the City's budget management policies which are designed to ensure the City maintains a financial base sufficient to sustain a consistent level of municipal services, is able to withstand local and regional economic variations, and adjusts to changes in the service requirements of the community.

One of the City's major sources of income is sales tax revenue. The City has taken a conservative approach in projecting sales tax revenues when setting the budget.

Calera's local economy consists of commercial, retail, and light industrial business. Some of Calera's largest businesses are Wal-Mart, Timberline Golf Course, Alabama Power, and various restaurants and retail shops. The City's sales tax revenue has increased in previous years due to recent commercial developments.

These indicators were taken into account when adopting the General Fund budget for fiscal year ending September 30, 2017. Projected revenues in the General Fund budget are \$15,039,963. The City expects the major sources of revenues and expenditures to remain stable in fiscal year 2017.

If these estimates are realized, the City's budgetary fund balance is expected to increase by the close of fiscal year 2017.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Clerk at the City of Calera, 7901 Highway 31, Calera, AL 35040.

**CITY OF CALERA, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Water Works Board
Assets				
Cash and cash equivalents	\$ 194,634	\$ 554,823	\$ 749,457	\$ 1,089,551
Certificates of deposit	1,945,234	-	1,945,234	627,723
Accounts receivable, net	2,695,855	1,130,989	3,826,844	735,876
Lease receivable	2,681,075	-	2,681,075	-
Receivable from Calera Water Board	209,979	-	209,979	-
Inventory	-	253,047	253,047	100,555
Restricted assets:				
Cash and cash equivalents	7,323,029	503,080	7,826,109	1,954,385
Certificates of deposit	602,214	-	602,214	-
Accounts receivable	59,868	-	59,868	-
Nondepreciable capital assets	21,601,877	640,189	22,242,066	78,497
Depreciable capital assets, net	30,816,754	19,952,588	50,769,342	16,294,600
Total Assets	68,130,519	23,034,716	91,165,235	20,881,187
Deferred Outflows of Resources				
Deferred charges on refunding	672,398	587,809	1,260,207	845,475
Pension	1,278,583	193,394	1,471,977	-
Total Deferred Outflows of Resources	1,950,981	781,203	2,732,184	845,475
Liabilities				
Accounts payable	520,579	300,549	821,128	28,086
Unearned revenue	278,384	-	278,384	-
Accrued liabilities	437,761	47,149	484,910	72,980
Payable to the City of Calera	-	-	-	209,979
Payable from restricted assets:				
Accounts payable	16,320	-	16,320	-
Accrued expenses	(48,429)	-	(48,429)	-
Deposits	14,647	80,326	94,973	133,672
Accrued interest payable	87,244	115,373	202,617	75,820
Noncurrent liabilities:				
Due within one year	804,038	42,850	846,888	54,931
Due within one year - payable from restricted assets	1,565,000	335,000	1,900,000	515,000
Due in more than one year	37,149,790	11,113,050	48,262,840	14,571,515
Total Liabilities	40,825,334	12,034,297	52,859,631	15,661,983
Deferred Inflows of Resources				
Deferred property taxes	1,902,817	-	1,902,817	-
Total Deferred Inflows of Resources	1,902,817	-	1,902,817	-
Net Position				
Net investment in capital assets	27,658,436	10,334,477	37,992,913	2,261,155
Restricted for:				
Capital projects	35,696	-	35,696	-
Debt service	747,161	307,381	1,054,542	1,560,864
Municipal court	70,142	-	70,142	-
Parks and recreation	1,305	-	1,305	-
Street improvements	15,601	-	15,601	-
Street repairs	864,166	-	864,166	-
Unrestricted	(2,039,158)	1,139,764	(899,394)	2,242,660
Total Net Position	\$ 27,353,349	\$ 11,781,622	\$ 39,134,971	\$ 6,064,679

The Notes to Financial Statements are an integral part of these statements.

**CITY OF CALERA, ALABAMA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2016**

Program Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Fees, Fines, & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Water Works Board
					Governmental Activities	Business-type Activities	Total	
Governmental Activities:								
General administration	1,589,336	1,907,679	1,000	219,613	538,956	-	538,956	-
Street	1,585,843	-	58,415	80,698	(1,446,730)	-	(1,446,730)	-
Mechanic	175,015	-	-	-	(175,015)	-	(175,015)	-
Planning and zoning	61,482	825	-	-	(60,657)	-	(60,657)	-
Engineering	512,707	-	-	-	(512,707)	-	(512,707)	-
Inspections	265,895	177,433	-	-	(88,462)	-	(88,462)	-
Building maintenance	314,376	-	-	-	(314,376)	-	(314,376)	-
Police	3,274,469	88,449	29,853	-	(3,156,167)	-	(3,156,167)	-
Fire and rescue	4,161,268	49,033	25,931	26,987	(4,059,317)	-	(4,059,317)	-
Library	395,870	12,522	11,066	-	(372,282)	-	(372,282)	-
Parks and recreation	1,560,773	206,260	1,794	-	(1,352,719)	-	(1,352,719)	-
Senior center	96,046	-	9,174	-	(86,872)	-	(86,872)	-
Rolling hills	82,854	77,092	-	-	(5,762)	-	(5,762)	-
Donations	17,000	-	-	-	(17,000)	-	(17,000)	-
Municipal court	303,638	406,431	-	-	102,793	-	102,793	-
Interest and fiscal charges	1,236,171	-	-	-	(1,236,171)	-	(1,236,171)	-
Total Governmental Activities	<u>15,632,743</u>	<u>2,925,724</u>	<u>137,233</u>	<u>327,298</u>	<u>(12,242,488)</u>	<u>-</u>	<u>(12,242,488)</u>	<u>-</u>
Business-type Activities:								
Natural Gas System	2,308,253	2,964,539	-	-	-	656,286	656,286	-
Sewer System	3,189,357	3,139,432	-	-	-	(49,925)	(49,925)	-
Other Proprietary Funds	688,970	810,008	-	-	-	121,038	121,038	-
Total Business-type Activities	<u>6,186,580</u>	<u>6,913,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>727,399</u>	<u>727,399</u>	<u>-</u>
Total Primary Government	<u>21,819,323</u>	<u>9,839,703</u>	<u>137,233</u>	<u>327,298</u>	<u>(12,242,488)</u>	<u>727,399</u>	<u>(11,515,089)</u>	<u>-</u>
Component Unit:								
Calera Water Works Board	3,156,655	3,644,295	-	-	-	-	-	487,640
Total Component Unit	<u>3,156,655</u>	<u>3,644,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>487,640</u>
General Revenues:								
Taxes:								
Sales					9,199,653	-	9,199,653	-
Property					1,875,146	-	1,875,146	-
Other					267,649	-	267,649	-
Interest earnings					35,639	646	36,285	2,040
Lease income					49,453	-	49,453	-
Other income					14,421	-	14,421	-
Gain (loss) on disposal of capital assets					(10,000)	-	(10,000)	-
Transfers					144,015	(144,015)	-	-
Total general revenues and transfers					<u>11,575,976</u>	<u>(143,369)</u>	<u>11,432,607</u>	<u>2,040</u>
Change in net position					(666,512)	584,030	(82,482)	489,680
Net position - beginning					28,019,861	11,197,592	39,217,453	5,574,999
Net position - ending					<u>\$ 27,353,349</u>	<u>\$ 11,781,622</u>	<u>\$ 39,134,971</u>	<u>\$ 6,064,679</u>

The Notes to Financial Statements are an integral part of these statements.

**CITY OF CALERA, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 194,634	\$ -	\$ -	\$ -	\$ 194,634
Certificates of deposit	1,945,234	-	-	-	1,945,234
Accounts receivable	2,695,855	-	-	-	2,695,855
Due from other funds	48,269	-	-	-	48,269
Receivable from Calera Water Works	209,979	-	-	-	209,979
Restricted assets:					
Cash	6,299	6,181,258	834,405	301,067	7,323,029
Certificates of deposit	602,214	-	-	-	602,214
Accounts receivable	11,607	48,261	-	-	59,868
Total Assets	\$ 5,714,091	\$ 6,229,519	\$ 834,405	\$ 301,067	\$ 13,079,082
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 520,579	\$ -	\$ -	\$ -	\$ 520,579
Accrued liabilities	437,761	-	-	-	437,761
Payable from restricted assets:					
Accounts payable	-	12,565	-	3,755	16,320
Accrued expenses	-	-	-	(48,429)	(48,429)
Due to other funds	-	48,269	-	-	48,269
Deposits	1,000	-	-	13,647	14,647
Total Liabilities	959,340	60,834	-	(31,027)	989,147
Deferred Inflows of Resources:					
Deferred property taxes	1,902,817	-	-	-	1,902,817
Total Deferred Inflows of Resources	1,902,817	-	-	-	1,902,817
Fund Balances:					
Restricted for:					
Capital projects	-	6,168,685	-	-	6,168,685
Debt service	-	-	834,405	-	834,405
Municipal court	-	-	-	70,142	70,142
Parks and recreation	1,305	-	-	-	1,305
Street improvements	15,601	-	-	261,952	277,553
Street repairs	602,214	-	-	-	602,214
Committed to:					
Purchase of sign	45,000	-	-	-	45,000
Unassigned:	2,187,814	-	-	-	2,187,814
Total Fund Balances	2,851,934	6,168,685	834,405	332,094	10,187,118
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,714,091	\$ 6,229,519	\$ 834,405	\$ 301,067	\$ 13,079,082

The Notes to Financial Statements are an integral part of these statements.

**CITY OF CALERA, ALABAMA
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

Fund Balances - Total Governmental Funds \$ 10,187,118

Amounts reported for governmental activities in the Statement of Net Position are different because:

Lease receivable reported in governmental activities is not collectible in the current period and, therefore, is not reported in the governmental funds. Unearned revenue related to future lease income reduces net position reported in governmental activities but is not reported in the governmental funds.

Lease receivable	2,681,075	
Less: Unearned revenue related to lease receivable	<u>(278,384)</u>	2,402,691

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Governmental capital assets	67,444,930	
Less: accumulated depreciation	<u>(15,026,299)</u>	52,418,631

Interest payable reported in the governmental activities is not payable from current resources and, therefore, is not reported in the governmental funds.	(87,244)
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Employer pension contributions subsequent to the measurement date	1,278,583
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Net pension liability is not due and payable in the current period and therefore, not reported in the governmental funds balance sheet.	(3,558,359)
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Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds, but are reported in the Statement of Net Position:

General obligation warrants	(29,095,000)	
Discounts (premiums)	25,174	
Deferred charges on refunding	672,398	
Limited obligation warrants	(279,912)	
Notes payable	(2,216,055)	
Capital lease	(48,058)	
Other post employment benefits payable	(3,570,318)	
Compensated absences	<u>(776,300)</u>	<u>(35,288,071)</u>

Net Position of Governmental Activities	\$ <u><u>27,353,349</u></u>
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CITY OF CALERA, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Operating Revenues:					
Taxes:					
Sales	\$ 9,199,653	\$ -	\$ -	\$ -	\$ 9,199,653
Property	1,875,146	-	-	-	1,875,146
Motor vehicle / gas	54,269	-	-	53,415	107,684
Other	213,380	-	-	-	213,380
Licenses and permits	1,990,301	-	-	-	1,990,301
Fines and forfeitures	-	-	-	406,431	406,431
Charges for services	476,610	-	-	-	476,610
Interest	28,377	4,998	590	1,674	35,639
Other	397,218	80,698	-	-	477,916
Total Revenues	14,234,954	85,696	590	461,520	14,782,760
Expenditures:					
Current:					
General administration	926,615	-	-	-	926,615
Street	644,519	528,000	-	-	1,172,519
Mechanic	172,117	-	-	-	172,117
Planning and zoning	62,038	-	-	-	62,038
Engineering	502,249	-	-	-	502,249
Inspections	242,738	-	-	-	242,738
Building maintenance	308,119	-	-	-	308,119
Police	3,099,669	-	-	-	3,099,669
Fire and rescue	3,917,869	-	-	-	3,917,869
Library	324,487	-	-	-	324,487
Parks and recreation	1,283,702	-	-	-	1,283,702
Senior center	74,922	-	-	-	74,922
Rolling hills	61,888	-	-	-	61,888
Donations	17,000	-	-	-	17,000
Municipal court	-	-	-	305,671	305,671
Debt Service:					
Principal	127,627	14,498	1,505,000	-	1,647,125
Interest and fiscal charges	19,193	2,917	1,118,717	-	1,140,827
Capital outlay	5,157,953	1,912,742	-	-	7,070,695
Total Expenditures	16,942,705	2,458,157	2,623,717	305,671	22,330,250
Excess of Revenues over Expenditures	(2,707,751)	(2,372,461)	(2,623,127)	155,849	(7,547,490)

The Notes to Financial Statements are an integral part of these statements.

CITY OF CALERA, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):					
Proceeds from debt	1,750,000	-	-	-	1,750,000
Proceeds from capital lease	298,863	-	-	-	298,863
Proceeds from sale of asset	12,500	-	-	-	12,500
Transfers (to)/from Capital projects fund	(95,321)	95,321	-	-	-
Transfers (to)/from Debt service fund	(2,639,592)	-	2,639,592	-	-
Transfers (to)/from Other governmental funds	142,208	-	-	(142,208)	-
Transfers (to)/from Natural gas system	382,759	456	-	-	383,215
Transfers (to)/from Sewer system	(142,800)	-	-	-	(142,800)
Transfers (to)/from Other proprietary funds	(96,400)	-	-	-	(96,400)
Total Other Financing Sources (Uses)	(387,783)	95,777	2,639,592	(142,208)	2,205,378
Net Change in Fund Balances	(3,095,534)	(2,276,684)	16,465	13,641	(5,342,112)
Fund Balances, Beginning	5,947,468	8,445,369	817,940	318,453	15,529,230
Fund Balances, Ending	\$ 2,851,934	\$ 6,168,685	\$ 834,405	\$ 332,094	\$ 10,187,118

The Notes to Financial Statements are an integral part of these statements.

CITY OF CALERA, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES- GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (5,342,112)

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 depreciated over their estimated useful lives:

Expenditures for capital assets	7,070,695	
Less current year depreciation	<u>(1,372,071)</u>	5,698,624

Proceeds of \$12,500 from the sale of capital assets are reported as revenue in the governmental funds. However, the net book value of the capital assets, \$22,500, is removed from the capital asset accounts in the Statement of Net Position and offset against the sales proceeds resulting in a loss in the Statement of Activities of \$10,000. (22,500)

The proceeds from a capital lease are reported as revenue in the governmental funds. However, the lease is reported as a sale of a capital asset in the Statement of Net Position and unearned revenue related to the transaction is amortized over the life of the lease and reported as lease income in the Statement of Activities.

Proceeds from capital leases	(298,863)	
Lease income	<u>49,453</u>	(249,410)

Debt proceeds are reported as financing sources in governmental funds. However, the debt proceeds increase liabilities in the Statement of Net Position and do not affect the Statement of Activities. (1,750,000)

Repayment of debt principal is reported as an expenditure in governmental funds. However, the principal payments reduce liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities. 1,647,125

The effect of the net increase (decrease) in deferred outflows of resources 731,783

Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of costs		(100,545)
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The following expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Net increase in compensated absences		(65,900)
Net increase in other post employment benefit payable		(595,637)
Net increase in net pension liability		(1,007,377)
Change in accrued interest expense		5,200

The effect of the net (increase) decrease in the deferred inflows of resources 384,237

Change in Net Position of Governmental Funds \$ (666,512)

CITY OF CALERA, ALABAMA
STATEMENT OF PROPRIETARY FUND NET POSITION
September 30, 2016

	Natural Gas System	Sewer System	Other Proprietary Fund	Total Proprietary Funds
Assets				
Current:				
Cash	\$ 259,962	\$ 197,671	\$ 97,190	\$ 554,823
Accounts receivable, net	607,488	435,558	87,943	1,130,989
Inventory	215,144	37,903	-	253,047
Total Current Assets	1,082,594	671,132	185,133	1,938,859
Noncurrent:				
Restricted cash and cash equivalents	80,326	422,754	-	503,080
Nondepreciable assets	78,403	561,786	-	640,189
Depreciable capital assets, net	2,994,484	16,627,207	330,897	19,952,588
Total Noncurrent Assets	3,153,213	17,611,747	330,897	21,095,857
Total Assets	4,235,807	18,282,879	516,030	23,034,716
Deferred Outflows of Resources				
Deferred charges on refunding	-	587,809	-	587,809
Pension	68,672	84,498	40,224	193,394
Total Deferred Outflows of Resources	68,672	672,307	40,224	781,203
Liabilities				
Current:				
Accounts payable	249,389	37,603	13,557	300,549
Accrued expenses	15,375	22,001	9,773	47,149
Compensated absences, current portion	9,700	28,450	4,700	42,850
Payable from restricted assets:				
Customer deposits	80,326	-	-	80,326
Accrued interest payable	-	115,373	-	115,373
Current portion of long-term debt	-	335,000	-	335,000
Total Current Liabilities	354,790	538,427	28,030	921,247
Noncurrent:				
Compensated absences, net of current portion	9,700	28,450	4,700	42,850
Long-term debt, net of current portion	196,527	10,754,608	119,065	11,070,200
Total Noncurrent Liabilities	206,227	10,783,058	123,765	11,113,050
Total Liabilities	561,017	11,321,485	151,795	12,034,297
Net Position				
Net investment in capital assets	3,072,887	6,930,693	330,897	10,334,477
Unrestricted	670,575	395,627	73,562	1,139,764
Restricted for debt service	-	307,381	-	307,381
Total Net Position	\$ 3,743,462	\$ 7,633,701	\$ 404,459	\$ 11,781,622

The Notes to Financial Statements are an integral part of these statements.

CITY OF CALERA, ALABAMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PROPRIETARY FUND NET POSITION
September 30, 2016

	Natural Gas System	Sewer System	Other Proprietary Fund	Total Proprietary Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating Revenues				
Utility receipts	\$ 2,939,571	\$ 2,540,932	\$ 810,008	\$ 6,290,511
Fees	1,750	598,500	-	600,250
Miscellaneous	23,218	-	-	23,218
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Operating Revenues	2,964,539	3,139,432	810,008	6,913,979
Operating Expenses				
Gas purchases	1,238,192	-	-	1,238,192
Personnel services	659,196	825,233	376,710	1,861,139
Supplies expense	122,655	521,000	45,907	689,562
Repairs and maintenance	48,598	185,626	34,133	268,357
Depreciation	127,550	638,351	71,243	837,144
Administrative expenses	86,788	617,673	27,650	732,111
Outside services	25,274	62,436	133,327	221,037
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Operating Expenses	2,308,253	2,850,319	688,970	5,847,542
Operating Income	<u>656,286</u>	<u>289,113</u>	<u>121,038</u>	<u>1,066,437</u>
Non Operating Revenues (Expenses)				
Interest income	397	238	11	646
Interest expense	-	(338,138)	-	(338,138)
Trustee fees	-	(900)	-	(900)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Non Operating Revenues (Expenses)	<u>397</u>	<u>(338,800)</u>	<u>11</u>	<u>(338,392)</u>
Income (Loss) Before Interfund Operating Transfers	656,683	(49,687)	121,049	728,045
Interfund Transfers	<u>(383,215)</u>	<u>142,800</u>	<u>96,400</u>	<u>(144,015)</u>
Change in Net Position	273,468	93,113	217,449	584,030
Net Position, Beginning of Year	<u>3,469,994</u>	<u>7,540,588</u>	<u>187,010</u>	<u>11,197,592</u>
Net Position, End of Year	<u>\$ 3,743,462</u>	<u>\$ 7,633,701</u>	<u>\$ 404,459</u>	<u>\$ 11,781,622</u>

CITY OF CALERA, ALABAMA
STATEMENT OF PROPRIETARY FUND CASH FLOWS
September 30, 2016

	Natural Gas System	Sewer System	Other Proprietary Fund	Total Proprietary Funds
Cash Flows from Operating Activities				
Cash received from customers	\$ 2,728,539	\$ 3,114,572	\$ 810,497	\$ 6,653,608
Cash paid to employees	(652,559)	(828,794)	(381,229)	(1,862,582)
Cash paid to suppliers for goods and services	(1,466,088)	(1,485,735)	(248,553)	(3,200,376)
Net Cash Provided by Operating Activities	609,892	800,043	180,715	1,590,650
Cash Flows from Noncapital Financing Activities				
Transfers (to) / from other funds	(392,100)	142,800	96,400	(152,900)
Net Cash Provided (Used) by Noncapital Financing Activities	(392,100)	142,800	96,400	(152,900)
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of property, plant, and equipment	(38,569)	(202,396)	(224,901)	(465,866)
Principal payments on debt	-	(325,000)	-	(325,000)
Interest payments on debt	-	(280,248)	-	(280,248)
Trustee fees	-	(900)	-	(900)
Transfers (to) / from other funds	8,885	-	-	8,885
Net Cash Used by Capital and Related Financing Activities	(29,684)	(808,544)	(224,901)	(1,063,129)
Cash Flows from Investing Activities				
Interest on cash and investments	397	238	11	646
Net Cash Provided by Investing Activities	397	238	11	646
Net Increase in Cash and Cash Equivalents	188,505	134,537	52,225	375,267
Cash and Cash Equivalents at Beginning of Year	151,783	485,888	44,965	682,636
Cash and Cash Equivalents at End of Year	\$ 340,288	\$ 620,425	\$ 97,190	\$ 1,057,903

The Notes to Financial Statements are an integral part of these statements.

CITY OF CALERA, ALABAMA
STATEMENT OF PROPRIETARY FUND CASH FLOWS
September 30, 2016

Reconciliation of Cash and Cash Equivalents to Statement of Net Position

	Natural Gas System	Sewer System	Other Proprietary Fund	Total Proprietary Funds
Operating income	\$ 656,286	\$ 289,113	\$ 121,038	\$ 1,066,437
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	127,550	638,351	71,243	837,144
(Increase) decrease in:				
Accounts receivable	(235,130)	(24,861)	491	(259,500)
Inventory	13,548	4,095	-	17,643
Deferred Outflows	(39,769)	(51,150)	(23,347)	(114,266)
Increase (decrease) in:				
Accounts payable	44,972	(103,096)	(7,535)	(65,659)
Customer deposits	(870)	-	-	(870)
Compensated absences	4,300	3,800	(200)	7,900
Accrued expenses	6,350	3,863	496	10,709
Deferred Inflows	(21,452)	(26,649)	(13,160)	(61,261)
Net pension liability	54,107	66,577	31,689	152,373
Net Cash Provided by Operating Activities	<u>\$ 609,892</u>	<u>\$ 800,043</u>	<u>\$ 180,715</u>	<u>\$ 1,590,650</u>

Noncash Investing, Capital, and Financing Activities

Calera Sewer System had amortization of warrant discounts of \$7,235, amortization of warrant premiums of \$64, and amortization of deferred charges on refunding of \$53,433.

Reconciliation of Cash and Cash Equivalents to Statement of Net Position

Cash and cash equivalents on the Statement of Cash Flows are composed of the following balances from the Statement of Proprietary Fund Net Position:

	Natural Gas System	Sewer System	Other Proprietary Fund	Total Proprietary Funds
Cash	\$ 259,962	\$ 197,671	\$ 97,190	\$ 554,823
Restricted cash	80,326	422,754	-	503,080
Cash and cash equivalents	<u>\$ 340,288</u>	<u>\$ 620,425</u>	<u>\$ 97,190</u>	<u>\$ 1,057,903</u>

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of Calera (the "City"), an Alabama Municipal Corporation, was incorporated in 1893. The governing body is an elected Mayor and a six member elected City Council.

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The more significant of the City's accounting policies are described below.

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Calera has the following component unit:

The Water Works Board of the City of Calera, Alabama

The Water Works Board of the City of Calera, Alabama (the Board) was created by the City of Calera, Alabama (the City) to provide water services to the City and surrounding communities. The Board is governed by a five member group appointed by the Calera City Council. The Board is a discretely presented component unit and is reported in a separate column in the government wide financial statements to emphasize that it is separate from the primary government. Complete financials are available by contacting the Board.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for services.

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

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Fund Types:

Governmental funds are those through which general governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

The City reports the following major governmental funds:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds) financed from general obligation bond proceeds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Additionally, the City reports the following other governmental funds:

Nonmajor Special Revenue Funds

The Municipal Court Fund and Gas Tax Funds are used to account for the proceeds of specific revenue resources that are legally restricted or designated to expenditures for specified purposes.

Proprietary Fund Types:

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income and changes in net position, financial position, and cash flows. All assets and liabilities are included on the Statement of Net Position.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City reports the following major proprietary funds:

Natural Gas System

The Natural Gas System is used to account for the provision of gas services to the residents and businesses of the City. Activities of the fund include administration, operations, and maintenance of the gas system, and billing and collection activities.

Sewer System

The Sewer System is used to account for the provision of sewer services to the residents and businesses of the City. Activities of the fund include administration, operations and maintenance of the sewer system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for sewer debt.

Additionally, the City reports the following other proprietary fund:

Garbage Fund

The Garbage Fund is used to account for the provision of garbage services primarily to the residents of the City. Activities of the fund include administration and billing and collections of fees related to the garbage services provided.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board pronouncements, in which case, Governmental Accounting Standards Board prevails.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all transactions and events that affect the total economic resources during the period are reported. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred, regardless of the timing of related cash inflows and outflows.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes and sales taxes as available if they are collected within 60 days after year end. The revenues susceptible to accrual are property taxes, sales taxes, and charges for services. All other Governmental Fund type revenues are recognized when received. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term liabilities, which are recorded as fund liabilities when due, and compensated absences, which are recorded when payable from current available financial resources.

Cash

For purposes of the cash flow statement, the City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with original maturities of three months or less.

Restricted Assets

The use of restricted assets is limited by legal requirements or restrictions imposed externally by creditors or contributors. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted, as they are needed.

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts is provided based on historical evidence.

Inventory

Inventory consists of supplies for the Natural Gas System and Sewer System as well as natural gas held in storage for the Natural Gas System. Inventory is recorded at the lower of cost or market, determined by first in, first out method. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, which consists of the City's streets and roads, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets, including infrastructure, are valued at historical costs or estimated historical costs, if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Interest expense during the construction periods is capitalized as part of the costs of the assets.

Assets capitalized have an original cost of \$3,000 or more and five years or more of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

System and Facilities	30-40 Years
Buildings and Improvements	30-40 Years
Machinery and Equipment	5-25 Years
Infrastructure	25-50 Years

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Depreciation is provided in the proprietary funds in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This 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 reports deferred outflows of resources related to deferred charges on refunding and deferred charges related to the pension liability. Deferred charges on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt in the statement of activities. A deferred outflow related to the pension liability results from pension contributions related to normal and accrued employer liability subsequent to the measurement date.

Interfund Operating Transfers, Receivables, and Payables

During the normal course of operations, the City has numerous transactions between funds to provide services, construct assets, and service debt. These receivables and payables are classified as "Due to/from other funds," as they are all short-term in nature. These amounts have been eliminated on the government-wide financial statements except for those amounts outstanding between the general fund and business type activities.

Routine transfers of resources between City funds that are not intended to be repaid are classified separately from revenues and expenditures. Such interfund operating transfers are identified as "Interfund operating transfers in/(out)" in the accompanying financial statements.

Compensated Absences

The City's vacation policy states that eligible employees can earn vacation leave which, if unused, is paid upon termination of employment. Vacation leave is earned at graduated rates based on the employee's length of service. An employee may carry forward a limited amount of vacation leave from one calendar year to the next. Any amount of vacation leave earned by an employee in excess of the limit but not used by the end of the calendar year is forfeited.

The City's compensatory time policy allows employees to accrue compensatory time in lieu of monetary overtime compensation for hours worked in excess of a normal week. Compensatory time is granted at a rate of one and one half hours of compensatory time for each hour of overtime worked. An employee may accrue a limited amount of compensatory time. All compensatory time earned is immediately 100% vested.

The City's holiday leave policy permits certain City employees to accrue holiday leave for hours worked on holidays observed by the City. An employee who resigns or retires in good standing shall be paid for all holiday leave accrued.

The City accrues liabilities for vacation leave, compensatory time, and holiday leave in the amount that will be owed to employees upon termination of service.

The accrued amounts of vacation leave, compensatory time, and holiday leave are recorded as noncurrent liabilities, net of current portion in proprietary funds. The accrued amounts of vacation leave, holiday leave, and compensatory time earned by employees whose salaries are charged to the General Fund and Other Governmental Funds are recorded as noncurrent liabilities in the government-wide financial statements.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Noncurrent Liabilities

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Warrant premiums and discounts are deferred and amortized over the life of the warrants using the warrants outstanding method. Warrants payable are recorded net of the applicable warrant premiums and discounts.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes 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 then. The City currently reports deferred inflows of resources related to property taxes reported as receivables before the period for which they are levied and deferred inflows of resources related to the pension liability resulting from the net difference between projected and actual earnings on plan investments. The difference between projected and actual earnings on plan investments is amortized over five years beginning with the year in which the difference occurred.

Fund Balance

Fund balances are classified as follows:

- Nonspendable - amounts that are not in spendable form or are required to be maintained intact.
- Restricted - 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 - 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.
- Assigned - 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 - amounts that are available for any purpose.

It is the City's policy to use restricted balances first, followed by committed resources, assigned resources, and finally unassigned resources, as needed. The City Council adopted a minimum fund balance policy for the General Fund. The policy requires the General Fund maintain a minimum unassigned fund balance of no less than 10% of annual operating expenditures.

Use of Estimates

In preparing these financial statements, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property Tax Calendar

The City of Calera's ad valorem property taxes are collected and remitted to the City by Shelby County. Taxes are levied annually on October 1, based on a lien date of the prior October 1. The taxes are due on December 31, following the levy.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

All of the City's demand deposits, time deposits, and certificates of deposit are insured and collateralized in accordance with the Security for Alabama Funds Enhancement (SAFE) Program, which is encompassed in Title 41, Chapter 14A, Code of Alabama 1975, as amended, which is a multiple financial institutions collateral pool. The statute provides for assessments against the members of the pool on a pro rata basis in the event that the collateral pool is insufficient to cover the losses of a member financial institution that fails. As such, all deposits covered by this collateral pool are considered to be fully insured.

Debt service funds and bond proceeds held in escrow totaling \$7,438,418 are invested by banks' trust departments in U.S. Government Securities and are not subject to collateralization requirements.

Investments

The City has an investment policy, the objective of which is to minimize credit rate and interest rate risk. The policy addresses risks as follows:

Credit Risk (Custodial Credit Risk and Concentration of Credit Risk)

The City minimizes Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities authorized in Alabama Code section 19-3-120; and qualifying the institutions, brokers/dealers, intermediaries and advisors with which the City does business.

The City minimizes Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from one type of security or issuer is minimized.

Investment Rate Risk

The City minimizes Interest Rate Risk, which is the risk that the market value of securities in the portfolio may fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity schedule in accordance with the City's cash requirements.

Foreign Currency Risk

The City is not authorized to invest in investments which have this type of risk.

State statutes authorize the City to invest in obligations of the U.S. Treasury, certain U.S. corporate equities, State of Alabama obligations, county obligations, and other municipal obligations, as well as bank certificates of deposit and bank public funds investment accounts.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 3 - RECEIVABLES AND PAYABLES

Receivables at September 30, 2016 consist of the following:

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit
Taxes:				
Sales	\$ 752,262	\$ -	\$ 752,262	\$ -
Property	1,886,006	-	1,886,006	-
Motor vehicle/gas	42,047	-	42,047	-
Customers	-	1,139,524	1,139,524	742,676
Other	154,179	-	154,179	-
Gross Receivables	<u>2,834,494</u>	<u>1,139,524</u>	<u>3,974,018</u>	<u>742,676</u>
Less: Allowance for uncollectibles	(78,771)	(8,535)	(87,306)	(6,800)
Net Receivables	<u>\$ 2,755,723</u>	<u>\$ 1,130,989</u>	<u>\$ 3,886,712</u>	<u>\$ 735,876</u>

Payables at September 30, 2016 consist of the following:

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit
Trade payables	\$ 226,276	\$ 300,549	\$ 526,825	\$ 26,020
Capital assets payables	<u>310,623</u>	<u>-</u>	<u>310,623</u>	<u>2,066</u>
	<u>\$ 536,899</u>	<u>\$ 300,549</u>	<u>\$ 837,448</u>	<u>\$ 28,086</u>

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 4 - CAPITAL ASSETS

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

Primary Government:

	<u>Balance</u> <u>October 1</u>	<u>Additions/</u> <u>Completions</u>	<u>Retirements/</u> <u>Adjustments</u>	<u>Balance</u> <u>September 30</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 19,739,125	\$ 202,755	\$ (10,000)	\$ 19,931,880
Construction in progress	1,809,252	844,563	(983,818)	1,669,997
Total capital assets not being depreciated	<u>21,548,377</u>	<u>1,047,318</u>	<u>(993,818)</u>	<u>21,601,877</u>
Capital assets being depreciated				
Land improvements	2,956,643	-	-	2,956,643
Infrastructure	17,187,134	22,650	-	17,209,784
Buildings and improvements	10,910,959	5,748,648	(10,000)	16,649,607
Vehicles	3,575,983	592,791	(13,531)	4,155,243
Equipment	4,193,042	705,664	(26,930)	4,871,776
Total capital assets being depreciated	<u>38,823,761</u>	<u>7,069,753</u>	<u>(50,461)</u>	<u>45,843,053</u>
Less accumulated depreciation for:				
Land improvements	81,992	73,914	-	155,906
Infrastructure	5,580,816	421,566	-	6,002,382
Buildings and improvements	2,625,145	334,598	-	2,959,743
Vehicles	2,449,924	294,002	(13,531)	2,730,395
Equipment	2,954,312	247,991	(24,430)	3,177,873
Total accumulated depreciation	<u>13,692,189</u>	<u>1,372,071</u>	<u>(37,961)</u>	<u>15,026,299</u>
Total capital assets, being depreciated, net	<u>25,131,572</u>	<u>5,697,682</u>	<u>(12,500)</u>	<u>30,816,754</u>
Governmental activities capital assets, net	<u>\$ 46,679,949</u>	<u>\$ 6,745,000</u>	<u>\$ (1,006,318)</u>	<u>\$ 52,418,631</u>

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 4 - CAPITAL ASSETS – CONTINUED

	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
<i><u>Business-type activities</u></i>				
Capital assets not being depreciated				
Land	\$ 441,853	\$ -	\$ -	\$ 441,853
Construction in progress	159,461	38,875	-	198,336
Total capital assets not being depreciated	<u>601,314</u>	<u>38,875</u>	<u>-</u>	<u>640,189</u>
Capital assets, being depreciated				
System and facilities	28,987,027	24,359	-	29,011,386
Buildings and improvements	112,633	-	-	112,633
Vehicles	1,250,366	258,793	-	1,509,159
Equipment	1,048,668	143,839	-	1,192,507
Total capital assets being depreciated	<u>31,398,694</u>	<u>426,991</u>	<u>-</u>	<u>31,825,685</u>
Less accumulated depreciation for:				
System and facilities	9,063,248	684,906	-	9,748,154
Buildings and improvements	86,736	2,298	-	89,034
Vehicles	1,007,584	95,228	-	1,102,812
Equipment	878,384	54,713	-	933,097
Total accumulated depreciation	<u>11,035,952</u>	<u>837,145</u>	<u>-</u>	<u>11,873,097</u>
Total capital assets, being depreciated, net	<u>20,362,742</u>	<u>(410,154)</u>	<u>-</u>	<u>19,952,588</u>
Business-type activities capital assets, net	<u>\$ 20,964,056</u>	<u>\$ (371,279)</u>	<u>\$ -</u>	<u>\$ 20,592,777</u>

Depreciation expense was charged as a direct expense to programs of the primary government as follows:

Governmental Activities:

General administration	\$ 73,836
Street	416,401
Mechanic	5,835
Engineering	13,488
Inspections	23,607
Building maintenance	6,171
Police	165,960
Fire and rescue	276,864
Library	73,287
Parks and recreation	273,210
Senior center	22,399
Rolling hills	21,013
Total Depreciation Expense- Governmental Activities	<u>\$ 1,372,071</u>

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 4 - CAPITAL ASSETS – CONTINUED

Business Type Activities:

Natural Gas System	\$ 127,550
Sewer System	638,352
Other Proprietary Funds	<u>71,243</u>
Total Depreciation Expense- Business-type Activities	<u>\$ 837,145</u>

<u>Component Unit</u>	<u>Balance October 1</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Balance September 30</u>
Capital assets not being depreciated				
Land	\$ 11,485	\$ -	\$ -	\$ 11,485
Construction in progress	93,143	6,553	(32,684)	67,012
Total capital assets not being depreciated	<u>104,628</u>	<u>6,553</u>	<u>(32,684)</u>	<u>78,497</u>
Capital assets being depreciated				
System and facilities	22,182,212	157,312	-	22,339,524
Buildings and improvements	61,492	-	-	61,492
Vehicles	323,567	-	(8,329)	315,238
Equipment	1,210,507	62,667	-	1,273,174
Total capital assets being depreciated	<u>23,777,778</u>	<u>219,979</u>	<u>(8,329)</u>	<u>23,989,428</u>
Less accumulated depreciation for:				
System and facilities	5,708,619	515,257	-	6,223,876
Buildings and improvements	12,554	1,537	-	14,091
Vehicles	279,613	16,003	(8,329)	287,287
Equipment	1,145,323	24,251	-	1,169,574
Total accumulated depreciation	<u>7,146,109</u>	<u>557,048</u>	<u>(8,329)</u>	<u>7,694,828</u>
Total capital assets, being depreciated, net	<u>16,631,669</u>	<u>(337,069)</u>	<u>-</u>	<u>16,294,600</u>
Water Works Board capital assets, net	<u>\$ 16,736,297</u>	<u>\$ (330,516)</u>	<u>\$ (32,684)</u>	<u>\$ 16,373,097</u>

Depreciation expense charged to the component unit for the year ended September 30, 2016, was \$557,048.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 - LONG-TERM DEBT

Primary Government:

Warrants payable at September 30, 2016, are comprised of the following issues:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Series 2007 General Obligation Warrants, dated February 22, 2007, due in semi-annual installments through May 20, 2022, bearing interest rates averaging 3.81%.	\$ 735,000	\$ -
Series 2007 Limited Obligation Warrants, dated September 13, 2007, due in semi-annual installments through March 31, 2018, bearing an interest rate of 3.83%.	279,912	-
2008 Q2 772 General Obligation Warrants, dated March 18, 2008, due in semi-annual installments through May 20, 2033, bearing an interest rate of 3.68%.	1,250,000	-
2008 Q2 REG General Obligation Warrants, dated March 18, 2008, due in semi-annual installments through May 20, 2033, bearing an interest rate of 3.68%.	1,670,000	-
2008 Q2 LEASE General Obligation Warrants, dated March 18, 2008, due in semi-annual installments through November 20, 2020, bearing an interest rate of 3.12%.	70,000	-
2008 Taxable General Obligation Warrants, dated September 1, 2008, due in semi-annual installments through September 1, 2028, bearing interest rates of 6.25% to 7.50%. (less: unamortized discounts of \$3,102).	951,898	-
2009 Q2 772CA General Obligation Warrants, dated August 31, 2009, due in semi-annual installments through May 20, 2038, bearing an interest rate of 3.51%.	7,655,000	-
Series 2012-A General Obligation Warrants, dated October 1, 2012, due in semi-annual installments through December 1, 2024, bearing interest rates of 1.15% to 3.0%. (plus: unamortized premiums of \$27,921).	3,937,921	-
Series 2014 General Obligation Warrants, dated February 1, 2014, due in semi-annual installments through February 1, 2034, bearing interest rates of 1.5% to 3.65%. (less: unamortized discounts of \$27,667).	9,172,333	-
2014-B Taxable General Obligation Warrants, dated August 1, 2014, due in semi-annual installments through September 1, 2028, bearing interest rates of 0.65% to 3.7%. (less: unamortized discounts of \$22,326).	3,627,674	-
Series 2013-A General Obligation Warrants, dated February 1, 2013, due in semi-annual installments through November 1, 2031, bearing interest rates of 1.3% to 2.7%. (less: unamortized discounts of \$32,420).	-	2,972,580
Series 2013-B General Obligation Warrants, dated February 1, 2013, due in semi-annual installments through November 1, 2041, bearing interest rates of 1.3% to 3.5%. (less: unamortized discounts of \$47,178).	-	6,337,822
Series 2013-C General Obligation Warrants, dated February 1, 2013, due in semi-annual installments through November 1, 2032, bearing interest rates of 0.4% to 3.0%. (plus unamortized premiums of \$707).	-	1,535,707
Total Warrants Payable	\$ 29,349,738	\$ 10,846,109

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 - LONG-TERM DEBT – CONTINUED

Notes payable at September 30, 2016, are comprised of the following issues:

	<u>Governmental Activities</u>
Note payable to private entity dated August 1, 2016, monthly payments of \$11,261, including interest at 2%, maturing in August 2031.	\$ 1,741,655
Note payable to individual dated October 10, 2014, monthly payments of \$4,007, including interest at 2%, maturing in February 2026.	474,400
Total Notes Payable	\$ <u><u>2,216,055</u></u>

A summary of long-term liability activity for the year ended September 30, 2016 is as follows:

	Balance October 1, 2015	Issues or Additions	Payments or Expenditures	Balance September 30, 2016	Due within one year
<i><u>Governmental Type Activities</u></i>					
General obligation warrants, net	\$ 30,600,000	\$ -	\$ 1,505,000	\$ 29,095,000	\$ 1,565,000
Less deferred amounts:					
Issuance premium (discount)	(24,940)	-	234	(25,174)	-
Total General obligation warrants	30,575,060	-	1,505,234	29,069,826	1,565,000
Limited obligation warrants	338,070	-	58,158	279,912	255,254
Notes payable	535,523	1,750,000	69,468	2,216,055	140,177
Capital lease	-	62,556	14,498	48,058	20,457
Other post employment benefit payable	2,974,681	733,365	137,728	3,570,318	-
Net pension liability	2,550,982	2,180,594	1,173,217	3,558,359	-
Compensated absences	710,400	672,033	606,133	776,300	388,150
Total Governmental Activities	\$ <u><u>37,684,716</u></u>	\$ <u><u>5,398,548</u></u>	\$ <u><u>3,564,436</u></u>	\$ <u><u>39,518,828</u></u>	\$ <u><u>2,369,038</u></u>
<i><u>Business-type Activities</u></i>					
General obligation warrants, net	\$ 11,250,000	\$ -	\$ 325,000	\$ 10,925,000	\$ 335,000
Less deferred amounts:					
Issuance premium (discount)	(86,062)	-	(7,171)	(78,891)	-
Total General obligation warrants	11,163,938	-	317,829	10,846,109	335,000
Net pension liability	406,718	329,831	177,458	559,091	-
Compensated absences	77,800	126,083	118,183	85,700	42,850
Total Business-type Activities	\$ <u><u>11,648,456</u></u>	\$ <u><u>455,914</u></u>	\$ <u><u>613,470</u></u>	\$ <u><u>11,490,900</u></u>	\$ <u><u>377,850</u></u>

For governmental activities, general obligation warrants are liquidated by the Debt Service Fund, while limited obligation warrants, capital leases, other post-employment benefits payable and compensated absences are liquidated by the General Fund.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 - LONG-TERM DEBT - CONTINUED

The annual aggregate maturities for the years subsequent to September 30, 2016 are as follows:

Year Ending September 30,	Governmental Activities			
	General Obligation Warrants		Limited Obligation Warrants	
	Principal	Interest	Principal	Interest
2017	\$ 1,565,000	\$ 927,212	\$ 255,254	\$ 3,637
2018	1,605,000	874,579	24,658	944
2019	1,670,000	823,791	-	-
2020	1,735,000	772,057	-	-
2021	1,765,000	716,603	-	-
2022-2026	8,555,000	2,854,756	-	-
2027-2031	6,455,000	1,619,005	-	-
2032-2036	4,670,000	552,952	-	-
2037-2041	1,075,000	47,736	-	-
	<u>\$ 29,095,000</u>	<u>\$ 9,188,691</u>	<u>\$ 279,912</u>	<u>\$ 4,581</u>

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Notes Payable		General Obligation Warrants	
	Principal	Interest	Principal	Interest
2017	\$ 140,177	\$ 43,041	\$ 335,000	\$ 273,824
2018	143,006	40,211	335,000	267,299
2019	145,893	37,325	345,000	261,339
2020	148,837	34,380	350,000	255,126
2021	151,842	31,376	355,000	248,785
2022-2026	806,437	109,651	2,205,000	1,135,017
2027-2031	679,863	32,640	3,270,000	793,406
2032-2036	-	-	1,825,000	449,618
2037-2041	-	-	1,560,000	200,538
2042-2046	-	-	345,000	6,038
	<u>\$ 2,216,055</u>	<u>\$ 328,624</u>	<u>\$ 10,925,000</u>	<u>\$ 3,890,990</u>

Interest costs incurred in enterprise funds during construction are capitalized, net of interest income from the proceeds of tax-exempt debt, as part of the cost of the related assets. During the fiscal year ended September 30, 2016, the Sewer System incurred total interest costs of \$338,138. Of this amount, none was capitalized as a component of capital assets constructed during the year, and \$338,138 was charged to expense.

In prior years the City refunded the Series 2006 General Obligation Warrants and Series 2008 Taxable General Obligation Warrants. The refunded warrants are considered to be defeased and the liability has been removed from the financial statements. At September 30, 2016, \$7,110,000 of the defeased bonds remained outstanding.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 - LONG-TERM DEBT - CONTINUED

Component Unit:

Notes payable at September 30, 2016, are comprised of the following:

Note payable to Central State Bank for meter reading software, dated December 3, 2013. Monthly payment of \$4,826, including interest at 2.95%, using the simple interest method, maturing in December 2018, secured by equipment. \$ 125,800

Water Revenue Bonds payable at September 30, 2016, are comprised of the following issues:

2012 Water Revenue Bonds, dated July 1, 2012, due in semi-annual installments through February 1, 2036, bearing interest rates of 2.0% to 3.75%. (less unamortized discounts of \$105,731).	8,659,269
2012-A Water Revenue Bonds, dated November 1, 2012, due in semi-annual installments through February 1, 2026, bearing interest rates of 1.70% to 2.40% (less: unamortized discounts of \$2,918.)	3,057,082
2016-A Water Revenue Bonds, dated February 1, 2016, due in semi-annual installments through February 1, 2038, bearing interest rates of 3% to 4%. (less unamortized premiums of \$102,754).	1,897,754
2016-B Water Revenue Bonds, dated February 1, 2016, due in semi-annual installments through February 1, 2023, bearing interest rates of 2.0% to 3.1%. (less unamortized premiums of \$1,541).	1,401,541
	\$ 15,015,646

A summary of long-term liability activity for the year ended September 30, 2016, is as follows:

	Balance October 1, 2015	Issues or Additions	Payments or Expenditures	Balance September 30, 2016	Due within one year
Revenue bonds payable	\$ 15,140,000	\$ 3,195,000	\$ (3,315,000)	\$ 15,020,000	\$ 515,000
Less deferred amounts:					
Issuance premium (discount)	(138,392)	108,004	26,034	(4,354)	-
Total revenue bonds	15,001,608	3,303,004	(3,288,966)	15,015,646	515,000
Notes payable	179,136	-	(53,336)	125,800	54,931
	\$ 15,180,744	\$ 3,303,004	\$ (3,342,302)	\$ 15,141,446	\$ 569,931

The total interest incurred for the year ended September 30, 2016, was \$559,817. Of this amount, none was capitalized as a component of the cost of capital assets constructed during the year and \$559,817 was charged to expense.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 - LONG-TERM DEBT – CONTINUED

On February 1, 2016 the Board issued Series 2016-A and 2016-B Water Revenue Refunding Bonds in the amount of \$3,195,000 to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of series 2009 Water Revenue Bonds in the amount of \$2,840,000. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$146,442. This amount is being netted against the new debt and amortized over the remaining life of the new debt, which is equivalent to the life of the old debt. This advance refunding was undertaken to reduce total debt service payments over the next twenty-two years by \$4,474 and resulted in an economic gain of \$238,650. At September 30, 2016, \$2,840,000 of the defeased bonds remained outstanding.

The annual requirements to service the Board's debt obligations at September 30, 2016, are as follows:

Year Ending September 30,	Revenue Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2017	\$ 515,000	\$ 450,031	\$ 54,931	\$ 2,975
2018	520,000	440,219	56,574	1,333
2019	535,000	429,700	14,295	71
2020	550,000	418,459	-	-
2021	570,000	406,253	-	-
2022-2026	2,945,000	1,817,470	-	-
2027-2031	3,565,000	1,365,776	-	-
2032-2036	4,210,000	714,787	-	-
2037-2041	1,610,000	65,000	-	-
	<u>\$ 15,020,000</u>	<u>\$ 6,107,695</u>	<u>\$ 125,800</u>	<u>\$ 4,379</u>

NOTE 6 - CAPITAL LEASES

Capital lease agreements in which the City is the lessee:

The government has entered into lease agreements for financing the acquisition of equipment for the sports complex. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments at the inception date. The assets acquired through the capital leases are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 62,556
Less: Accumulated depreciation	(6,702)
Total	<u>\$ 55,854</u>

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

Year Ending September 30,	
2017	\$ 22,970
2018	22,970
2019	5,843
Total minimum lease payments	51,783
Less: amount representing interest	(3,725)
Present value of minimum lease payments	<u>\$ 48,058</u>

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 - CAPITAL LEASES - CONTINUED

Capital lease agreement in which the City is the lessor:

The City leases approximately twenty acres of land under a direct financing lease that expires in 2028. The lease agreement contains a bargain purchase option at the end of the lease term. The components of the City's investment in the direct financing lease at September 30, 2016 are as follows:

		<u>Governmental</u> <u>Activities</u>
Minimum lease payment receivable	\$	2,681,075
Less: unearned income		(278,384)
Net investment in direct financing lease	\$	<u>2,402,691</u>

Unearned income is amortized to lease income by the interest method using a constant periodic rate over the lease term.

The following is a schedule, by year, of total minimum lease payments receivable under direct financing leases as of September 30, 2016:

Year Ending September 30,		
2017	\$	284,861
2018		269,813
2019		253,713
2020		235,950
2021		216,738
Thereafter		1,420,000
Total minimum lease payments	\$	<u>2,681,075</u>

NOTE 7 - OPERATING LEASES

Operating lease agreements in which the City is the lessee:

The City is the lessee in a number of operating leases, and with the exception of the non-cancelable operating leases described below, these leases have cancellation provisions and are subject to annual appropriations. For the year ended September 30, 2016, lease expenditures for all types of operating leases were \$54,962.

The City leases various office equipment under non-cancelable operating leases in which the City is the lessee. Future minimum lease payments for noncancelable operating leases with original terms of one year or longer are approximately \$30,000 in 2017 and 2018.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 8 - PENSION PLAN

Summary of Significant Accounting Policies

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

Plan Description

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

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

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a) Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a District, county, or a public agency each of whom is an active beneficiary of ERS.
 - b) Two vested active state employees.
 - c) Two vested active employees of an employer participating in ERS pursuant to §36-27-6.

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 8 - PENSION PLAN – CONTINUED

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

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

The ERS serves approximately 876 local participating employers. These participating employers include 294 cities, 65 counties, and 517 other public entities. The ERS membership includes approximately 84,000 participants. As of September 30, 2016, membership consisted of:

Retirees and beneficiaries currently receiving benefits	22,211
Terminated employees entitled to but not yet receiving benefits	1,353
Terminated employees not entitled to a benefit	5,451
Active members	55,164
Post-DROP participants still in active service	214
Total	84,393

Contributions

Tier 1 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) contributed 5% of earnable compensation to the TRS and ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, Tier 1 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, Tier 1 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) are required by statute to contribute 7.50% of earnable compensation. Tier 1 certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, Tier 1 certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, Tier 1 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. Tier 1 State Police members of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members. The City has not elected to increase contribution for its employees.

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

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 8 - PENSION PLAN – CONTINUED

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2016, firefighters, correctional officers, and law enforcement officers hired before January 1, 2013 are required to contribute 6% of their annual covered salary, while remaining employees hired before January 1, 2013 are required to contribute 5% of their annual covered salary. Firefighters, correctional offices, and law enforcement officers hired on or after January 1, 2013 are required to contribute 7% of their annual salary, while remaining employees hired on or after January 1, 2013 are required to contribute 6% of their annual covered salary. The City's average contribution rate to fund the normal and accrued liability costs was 7.35% of covered payroll for Tier 1 employees and 4.34% of covered employee payroll for Tier 2 employees.

The City's contractually required contribution rate for the year ended September 30, 2016 was 7.72% of pensionable pay for Tier 1 employees, and 4.71% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were \$647,447 for the year ended September 30, 2016.

Net Pension Liability

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

Total Pension Liability as of September 30, 2014 (a)	\$	19,195,021
Entry Age Normal Cost for October 1, 2014--September 30, 2015 (b)		712,903
Actual Benefit Payments and Refunds for October 1, 2014-- September 30, 2015 (c)		(540,980)
Total Pension Liability as of September 30, 2015 [(a) x (1.08)] + (b) - [c x (1.04)]	\$	20,880,906

Actuarial Assumptions

The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

*Net of pension plan investment expense

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 8 - PENSION PLAN – CONTINUED

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

The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

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

	Target Allocation	Long -Term Expected Rate of Return*
Fixed Income	25.00%	5.00%
Domestic Large Cap Equity	34.00%	9.00%
Domestic Mid Cap Equity	8.00%	12.00%
Domestic Small Cap Equity	3.00%	15.00%
International Developed Equity	15.00%	11.00%
Emerging Market Equity	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash Equivalents	2.00%	1.50%
	100.00%	

*Includes assumed rate of inflation of 2.50%

Discount Rate

The discount rate used to measure the total pension liability was the long term rate of return, 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 8 - PENSION PLAN – CONTINUED

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
	(a)	(b)	(a)-(b)
Balances at October 1	\$ 18,911,461	\$ 15,953,761	\$ 2,957,700
Changes for the year:			
Service cost	712,903	-	712,903
Interest	1,491,278	-	1,491,278
Difference between expected and actual experience	306,244	-	306,244
Contributions - employer	-	596,414	(596,414)
Contributions - employee	-	471,981	(471,981)
Net investment income	-	192,930	(192,930)
Benefit payments, including refunds of employee contributions	(540,980)	(540,980)	-
Transfers among employers	-	89,350	(89,350)
Net Changes	1,969,445	809,695	1,159,750
Balances at September 30	\$ 20,880,906	\$ 16,763,456	\$ 4,117,450

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the City's net pension liability calculated using the discount rate of 8%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increases (9.00%)
City's net pension liability	\$7,341,223	\$4,117,450	\$1,453,630

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2015. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2015. The auditor's report dated October 17, 2016 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 8 - PENSION PLAN – CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the District recognized pension expense of \$515,654. At September 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 272,217	\$ -
Net difference between projected and actual earnings on pension plan investments	552,313	-
Employer contributions subsequent to the measurement date	647,447	-
Total	<u>\$ 1,471,977</u>	<u>\$ -</u>

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

Year Ended September 30,	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 791,708	\$ -
2018	144,261	-
2019	144,263	-
2020	255,636	-
2021	34,027	-
Thereafter	102,082	-
Total	<u>\$ 1,471,977</u>	<u>\$ -</u>

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

The City has adopted a post-employment health insurance policy which allows qualifying retired employees and their surviving spouse to continue health insurance coverage under a plan designated by the State Employees Insurance Board (SEIB). Eligible individuals will be allowed to subscribe to health insurance through the City for either the employee only or for the employee and family. The City assumes responsibility for the premium up to a limited amount.

A description of the post employment medical benefit plan is as follows:

Plan Description

The City of Calera's medical benefits are provided through a comprehensive self-insured medical benefit plan.

Medical benefits are provided to employees upon actual retirement. The earliest retirement eligibility provisions are as follows: age 55 and 25 years of service; or, age 60 and 10 years of service. For employees hired on or after January 1, 2013, the retirement eligibility is age 62 and 10 years of service.

Contribution Rates

Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy

Until 2010, the City of Calera recognized the cost of providing post-employment medical benefits (the City of Calera's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2016 the City of Calera's portion of health care funding cost for retired employees totaled \$137,728.

Effective October 1, 2009, the City of Calera implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution

The City of Calera's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

Normal cost	\$	391,757
30-year UAL amortization amount		394,648
Annual required contribution (ARC)	\$	<u>786,405</u>

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) - CONTINUED

Net Post-employment Benefit Obligation

The table below shows the City of Calera's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending September 30:

Beginning Net OPEB Obligation	\$ 2,974,681
Annual required contribution	786,405
Interest on Net OPEB Obligation	118,986
ARC Adjustment	<u>(172,026)</u>
OPEB Cost	733,365
Current year retiree premium	<u>(137,728)</u>
Change in Net OPEB Obligation	<u>595,637</u>
Ending Net OPEB Obligation	<u><u>\$ 3,570,318</u></u>

The following table shows the City of Calera's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability.

<u>Three Year Trend Info</u>			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
September 30, 2016	\$733,365	18.78%	\$3,570,318
September 30, 2015	\$713,568	17.87%	\$2,974,681
September 30, 2014	\$694,768	17.00%	\$2,388,639

Funded Status and Funding Progress

In 2016, the City of Calera made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the October 1, 2013 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year September 30, 2016 was \$7,097,224 which is defined as that portion, as determined by a particular actuarial cost method (the City of Calera uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

Actuarial Accrued Liability (AAL)	\$ 7,097,224
Actuarial Value of Plan Assets (AVP)	-
Unfunded Act. Accrued Liability (UAAL)	<u><u>\$ 7,097,224</u></u>

Funded Ratio (AVP/AAL) 0%

Covered Payroll (active plan members)	\$ 8,713,161
UAAL as a percentage of covered payroll	81.45%

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) - CONTINUED

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Calera and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Calera and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Calera and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method

The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets

There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50 will be used.

Turnover Rate

An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

Post employment Benefit Plan Eligibility Requirements

It is assumed that entitlement to benefits will commence upon actual retirement, which in turn has been assumed to be a five year delay after the earliest eligibility as set forth in the foregoing section entitled "Plan Description". Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate)

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) - CONTINUED

Health Care Cost Trend Rate

The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. After retirement, the employer pays 80% and the retiree 20% of the "local government rates" as set forth in the census data provided by administrative staff. These rates were "unblended" as required by GASB for the OPEB valuation.

Inflation Rate

Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases

This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases

The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

The following is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	<u>2014</u>	<u>2015</u>	<u>2016</u>
OPEB Cost	\$ 694,768	\$ 713,568	\$ 733,365
Contribution	-	-	-
Retiree premium	118,080	127,526	137,728
Total contribution and premium	<u>118,080</u>	<u>127,526</u>	<u>137,728</u>
Change in net OPEB obligation	<u>\$ 576,688</u>	<u>\$ 586,042</u>	<u>\$ 595,637</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	17.00%	17.87%	18.78%

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 10 - INTERFUND TRANSFERS

Interfund payables and receivables at September 30, 2016, were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 48,269	\$ -
Capital Projects Fund	-	48,269
	\$ 48,269	\$ 48,269
Total	\$ 48,269	\$ 48,269

Interfund payables and receivables resulted from capital project invoices liquidated from the general fund's cash accounts and subsequently reimbursed from capital project cash accounts.

Interfund transfers during the year ended September 30, 2016, were as follows:

	Transfers In					
	General Fund	Capital Projects Fund	Debt Service Fund	Sewer System	Other Proprietary	
Transfers Out						
General Fund	\$ -	\$ 95,321	\$ 2,639,592	\$ 142,800	\$ 96,400	\$ 2,974,113
Other Governmental Funds	142,208	-	-	-	-	142,208
Natural Gas System	382,759	456	-	-	-	383,215
Total	\$ 524,967	\$ 95,777	\$ 2,639,592	\$ 142,800	\$ 96,400	\$ 3,499,536

Transfers from the general fund to the debt service fund resulted from the accumulation of resources for future principal and interest payments on general long term debt. Transfers from the general fund to the capital projects fund resulted from labor on capital projects. Transfers from the other governmental funds and proprietary funds to the general fund and from the general fund to proprietary funds are made to cover cash flow needs and are in accordance with the normal course of the City's operations.

NOTE 11- RELATED PARTY TRANSACTIONS

Significant transactions between the primary government and the Water Works Board of the City of Calera (the Board), a component unit, are as follows:

The City of Calera provides employees to the Board, and the Board is responsible for reimbursing the City for the actual expenses incurred for those employees. The Board accrues liabilities for vacation leave, compensatory time, and holiday leave in the amount that will be owed to the City when the accrued benefits are paid to the employees by the City, at which time the Board must reimburse the City for the expenses.

At September 30, 2016, the Board owed the City of Calera \$209,979 resulting from expenses paid for the Board by the City.

The Board leases space at City Hall and the City Shop Building from the City of Calera. Rent charged during the year ended September 30, 2016, was \$14,000.

CITY OF CALERA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 12 - COMMITMENTS

The City had contractual commitments at September 30, 2016, of approximately \$65,000 for construction projects at the new City Hall, and expansions to intersections.

The Natural Gas System has a contract with Atmos Energy Marketing, LLC requiring the Natural Gas System to purchase its natural gas requirements from Atmos. Additionally, the System has a contract with Municipal Energy Acquisition Corporation expiring in December 2018 to purchase a fixed volume of gas which varies monthly as specified by the agreement. The amount the Natural Gas System owes to Atmos Energy Marketing, LLC in accordance with the above referenced agreement is reduced each month by the amount the Natural Gas System pays Municipal Energy Acquisition Corporation. The System has a contract with Atmos Energy Marketing, LLC covering the management of the transportation and storage of natural gas.

NOTE 13 - CONTINGENCIES

The City is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcomes cannot be predicted with certainty. In the opinion of the City's General Counsel, these actions when finally adjudicated will not have a material adverse effect on the financial position of the City.

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; and natural disaster for which the City carries commercial insurance.

NOTE 15 - MAJOR CUSTOMERS

Approximately 56% of the City's business license revenues were generated by one business. Approximately 26% of the revenues of the natural gas system were generated by one industrial customer.

CITY OF CALERA, ALABAMA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
September 30, 2016

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service cost	\$ 712,903	\$ 645,451
Interest	1,491,278	1,372,619
Differences between expected and actual experience	306,244	-
Benefit payments, including refunds of employee contributions	<u>(540,980)</u>	<u>(528,688)</u>
Net Change in total pension liability	1,969,445	1,489,382
Total pension liability - beginning	<u>18,911,461</u>	<u>17,422,079</u>
Total pension liability - ending (a)	<u><u>20,880,906</u></u>	<u><u>18,911,461</u></u>
Plan Fiduciary Net Position		
Contributions - employer	596,414	595,063
Contributions - member	471,981	466,495
Net investment income	192,930	1,672,131
Benefit payments, including refunds of employee contributions	(540,980)	(528,688)
Transfers among employers	<u>89,350</u>	<u>148,812</u>
Net change in plan fiduciary net position	809,695	2,353,813
Plan net position - beginning	<u>15,953,761</u>	<u>13,599,948</u>
Plan net position - ending (b)	<u><u>16,763,456</u></u>	<u><u>15,953,761</u></u>
Net pension liability (asset) - ending (a) - (b)	4,117,450	2,957,700
Plan fiduciary net position as a percentage of the total pension liability	80.28%	84.36%
Covered-employee payroll	8,649,068	8,159,280
Net pension liability (asset) as a percentage of covered-employee payroll	47.61%	36.25%

*Only two years of historical data was available for presentation at September 30, 2016

**CITY OF CALERA, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
September 30, 2016**

	2016	2015
Actuarially determined contribution**	\$ 647,448	\$ 625,928
Contributions in relation to the actuarially determined contribution**	647,448	625,928
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll***	\$ 8,834,384	\$ 8,649,068
Contributions as a percentage of covered-employee payroll	7.33%	7.24%

**The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement

***Employer's covered-payroll for fiscal year 2016 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

Actuarially determined contribution rates are calculated as of September, 30 three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2016 were based on the September 30, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	15 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75 - 7.25%
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

*Only two years of historical data were available for presentation at September 30, 2016.

**CITY OF CALERA, ALABAMA
SCHEDULE OF FUNDING PROGRESS
September 30, 2016**

City of Calera Other Post Employment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/ c)
10/1/2010	\$ -	\$ 4,544,152	\$ 4,544,152	0.0%	\$ 6,953,806	65.3%
10/1/2011	\$ -	\$ 4,725,918	\$ 4,725,918	0.0%	\$ 5,846,276	80.8%
10/1/2012	\$ -	\$ 4,914,955	\$ 4,914,955	0.0%	\$ 6,045,608	81.3%
10/1/2013	\$ -	\$ 6,561,782	\$ 6,561,782	0.0%	\$ 6,573,443	99.8%
10/1/2014	\$ -	\$ 6,824,254	\$ 6,824,254	0.0%	\$ 8,418,791	81.1%
10/1/2015	\$ -	\$ 7,097,224	\$ 7,097,224	0.0%	\$ 8,834,384	80.3%

For information regarding assumptions and amortization methods, see Note 9.

CITY OF CALERA, ALABAMA
BUDGETARY COMPARISON SCHEDULE- GENERAL FUND
September 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Operating Revenues:				
Taxes:				
Sales	\$ 8,738,000	\$ 8,738,000	\$ 9,199,653	\$ 461,653
Property	1,800,000	1,800,000	1,875,146	75,146
Motor vehicle / gas	85,500	85,500	54,269	(31,231)
Other	183,000	183,000	213,380	30,380
Licenses and permits	1,964,000	1,964,000	1,990,301	26,301
Charges for services	424,100	424,100	476,610	52,510
Interest	15,000	15,000	28,377	13,377
Other	179,500	179,500	397,218	217,718
Total Revenues	13,389,100	13,389,100	14,234,954	845,854
Expenditures:				
Current:				
General administration	1,099,371	1,101,621	926,615	(175,006)
Street	793,827	793,827	644,519	(149,308)
Mechanic	195,335	195,335	172,117	(23,218)
Planning and zoning	65,247	65,247	62,038	(3,209)
Engineering	511,146	511,146	502,249	(8,897)
Inspections	320,519	320,519	242,738	(77,781)
Building maintenance	422,135	422,135	308,119	(114,016)
Police	3,438,725	3,515,630	3,099,669	(415,961)
Fire and rescue	4,231,854	4,262,114	3,917,869	(344,245)
Library	369,514	369,514	324,487	(45,027)
Parks and recreation	1,363,596	1,359,096	1,283,702	(75,394)
Senior center	91,617	98,617	74,922	(23,695)
Rolling hills	-	-	61,888	61,888
Donations	35,500	35,500	17,000	(18,500)
Debt Service:				
Principal	321,208	321,208	127,627	(193,581)
Interest and fiscal charges	-	-	19,193	19,193
Capital outlay	1,683,669	1,621,683	5,157,953	3,536,270
Total Expenditures	14,943,263	14,993,192	16,942,705	1,949,513
Excess (Deficiency) of Revenues over Expenditures	(1,554,163)	(1,604,092)	(2,707,751)	(1,103,659)
Other Financing Sources (Uses):				
Proceeds from debt	-	-	1,750,000	1,750,000
Proceeds from capital lease	298,863	298,863	298,863	-
Proceeds from disposition of capital assets	25,000	25,000	12,500	(12,500)
Transfers (to)/from Capital Projects Fund	-	-	(95,321)	(95,321)
Transfers (to)/from Debt Service Fund	-	-	(2,639,592)	(2,639,592)
Transfers (to)/from Other Governmental Funds	(80,000)	(80,000)	142,208	222,208
Transfers (to)/from Natural Gas System	-	-	382,759	382,759
Transfers (to)/from Sewer System	-	-	(142,800)	(142,800)
Transfers (to)/from Other Proprietary Funds	-	-	(96,400)	(96,400)
Total Other Financing Sources (Uses)	243,863	243,863	(387,783)	(631,646)
Net Change in Fund Balance	\$ (1,310,300)	\$ (1,360,229)	\$ (3,095,534)	\$ (1,735,305)

Notes to Required Supplementary Information - Budgetary Comparisons

Excess of Actual Expenditures over Budgeted Expenditures- For the year ended September 30, 2016, actual expenditures in the General Fund exceeded budgeted expenditures by \$1,949,513 largely due to capital outlay expenditures funded with assets on hand.

**CITY OF CALERA, ALABAMA
SELECTED REVENUE DATA (UNAUDITED)
September 30, 2016**

Sales Tax Revenue		Ad Valorem Tax Revenue	
Fiscal Year Ended September 30,		Fiscal Year Ended September 30,	
<u>Sales Tax Revenues</u>		<u>Total Collected</u>	
2016	\$ <u>9,199,653</u>	2016	\$ <u>1,875,146</u>
<u>License and Permit Revenues</u>		<u>The Natural Gas System</u>	
Fiscal Year Ended September 30,		Fiscal Year Ended September 30, 2016	
<u>Total Amount Collected</u>		<u>Number of</u>	<u>Gas Sold</u>
		<u>Customers</u>	
2016	\$ <u>1,990,301</u>	<u>2,480</u>	\$ <u>2,828,836</u>

Largest Ad Valorem Taxpayers

Fiscal Year Ended September 30, 2016

<u>Tax Payer</u>	<u>City Tax</u>	<u>Net Assessed Value of Taxable Property</u>
LHOIST NORTH AMERICA OF ALABAMA	\$ 330,631	\$ 43,139,520
GLIDEWELL SPECIALTIES FOUNDRY	\$ 46,168	\$ 6,533,700
ALABAMA POWER COMPANY	\$ 43,505	\$ 4,350,460
CALERA 3280 LLC, O'BRIEN LLC, DIXON LLC	\$ 39,483	\$ 3,948,320
LUMPKIN EDWIN B JR	\$ 29,502	\$ 2,950,180
SYSCO FOOD SERVICES OF CENTRAL AL INC	\$ 29,462	\$ 2,946,160
LANDMARK AT LANCASTER PLACE LP	\$ 27,182	\$ 2,718,220
ALABAMA BECKNELL INVESTORS LLC	\$ 21,810	\$ 2,181,020
WALMART REAL ESTATE BUSINESS TRUST	\$ 21,200	\$ 2,119,960
BLUELINE RENTAL	\$ 18,475	\$ 1,847,460

Assessed Value of Taxable Property

Fiscal Year Ended September 30,

<u>Tax Year</u>	<u>Total Assessed Value</u>
2016	\$ <u>179,942,380</u>

Property Taxes Levied

Fiscal Year Ended September 30, 2016

State of Alabama	6.5
City of Calera	10
Shelby County	16
General	5
Road and Bridge	2.5
County School	14
County School District No. 2	0
Total Mills	54

**CITY OF CALERA, ALABAMA
SELECTED DEBT RATIOS (UNAUDITED)
September 30, 2016**

Certain Debt Ratios (Statement of Debt to Net Assessed Value, Debt to True Value and Debt Per Capita)

Fiscal Year Ended September 30,

	<u>Population</u>	<u>Net Assessed Value</u>	<u>Outstanding General Obligation Debt</u>	<u>Ratio of Outstanding Debt to Assessed Value</u>	<u>Outstanding Debt per Capita</u>
2016	13,706	\$ 179,942,380	\$ 41,076,212	22.83%	\$ 2,997

Computation of Constitutional Debt Margin

Fiscal Year Ended September 30, 2016

Net assessed value of taxable property, including motor vehicles, after exemptions	\$	<u>179,942,380</u>
General Debt limit (20% of net assessed value)	\$	<u>35,988,476</u>
Outstanding general obligation debt	\$	<u>41,076,212</u>
Outstanding general obligation debt chargeable against debt limit	\$	<u>29,871,300</u>
General constitutional debt margin	\$	<u>6,117,176</u>

CITY OF CALERA, ALABAMA
SCHEDULE OF OUTSTANDING DEBT (UNAUDITED)
September 30, 2016

General Obligation Indebtedness

Fiscal Year Ended September 30, 2016

<u>Indebtedness and Date Incurred</u>	<u>Principal Amount Outstanding</u>
Series 2007 G/O Warrants	\$ 735,000
2008 Q2 772 G/O Warrants	\$ 1,250,000
2008 Q2 REG G/O Warrants	\$ 1,670,000
2008 Q2 Lease G/O Warrants	\$ 70,000
2008 Taxable G/O Warrants	\$ 955,000
2009 Q2 772CA G/O Warrants	\$ 7,655,000
2012-A G/O Warrants	\$ 3,910,000
2013-A G/O Warrants	\$ 3,005,000
2013-B G/O Warrants	\$ 6,385,000
2013-C G/O Warrants	\$ 1,535,000
2014 G/O Warrants	\$ 9,200,000
2014 Taxable G/O Series 2014-B	\$ 3,650,000
Total Outstanding Indebtedness	\$ 40,020,000

General Obligation Bank Loans

Fiscal Year Ended September 30, 2016

	<u>Principal Outstanding</u>
Note Payable to Private Entity	\$ 1,741,655
Note Payable to Individual	\$ 474,400
Total	\$ 2,216,055

Economic Development Obligations under Constitutional Amendment No. 772

Fiscal Year Ended September 30, 2016

<u>Series</u>	
Series 2007 Limited Obligation Warrants	\$ 279,912

CITY OF CALERA, ALABAMA
SCHEDULE OF ANNUAL DEBT SERVICE (UNAUDITED)
September 30, 2016

Scheduled Annual Debt Service of the City

	Series 2007	Series 2007 L/O	Series 2008 AMF-A	Series 2008 AMF-B	Series 2008 AMF-C	Series 2008	Series 2009	Series 2012-A	Series 2013-A	Series 2013-B	Series 2013-C	Series 2014	Series 2014-B	Total - Debt Service
2017	\$ 136,257	\$ 258,891	\$ 95,387	\$ 130,597	\$ 22,028	\$ 283,125	\$ 466,936	\$ 474,093	\$ 96,463	\$ 354,413	\$ 157,949	\$ 676,445	\$ 207,345	\$ 3,359,927
2018	137,035	25,602	93,547	128,021	11,482	283,075	469,828	471,943	96,138	350,713	155,449	679,195	205,455	3,107,480
2019	137,526	-	101,584	130,430	11,170	281,975	472,369	473,378	95,813	352,628	157,899	676,795	208,565	3,100,130
2020	137,922	-	99,376	132,563	20,780	284,213	474,559	472,988	95,384	354,443	155,299	678,586	206,071	3,112,183
2021	138,033	-	97,168	129,619	10,156	-	481,399	476,424	94,853	351,030	157,902	675,228	473,578	3,085,388
2022	138,048	-	94,960	131,659	-	-	482,711	473,765	94,322	352,943	160,510	675,653	473,540	3,078,111
2023	-	-	102,629	133,424	-	-	483,673	475,195	93,791	354,421	157,745	674,728	477,290	2,952,896
2024	-	-	100,053	130,112	-	-	489,196	475,635	93,259	355,425	159,644	677,565	475,200	2,956,090
2025	-	-	97,477	131,785	-	-	494,280	475,288	92,758	351,094	161,231	679,170	477,200	2,960,283
2026	-	-	99,886	133,181	-	-	498,750	-	551,980	351,444	9,450	679,613	478,090	2,802,394
2027	-	-	102,019	134,486	-	-	502,782	-	530,918	351,495	9,450	678,848	478,040	2,788,036
2028	-	-	99,075	135,515	-	-	506,199	-	534,519	351,293	9,450	676,964	477,020	2,790,034
2029	-	-	101,115	131,467	-	-	509,177	-	532,329	350,746	9,450	678,974	-	2,313,258
2030	-	-	102,880	137,296	-	-	516,541	-	322,204	354,871	9,450	674,988	-	2,118,229
2031	-	-	99,568	132,880	-	-	523,203	-	334,126	353,656	9,450	674,973	-	2,127,855
2032	-	-	106,133	138,341	-	-	529,163	-	182,430	352,065	73,475	678,424	-	2,060,031
2033	-	-	102,453	143,527	-	-	534,421	-	-	355,115	253,750	679,400	-	2,068,666
2034	-	-	-	-	-	-	538,977	-	-	352,764	-	678,300	-	1,570,041
2035	-	-	-	-	-	-	542,831	-	-	354,519	-	-	-	897,350
2036	-	-	-	-	-	-	550,983	-	-	350,500	-	-	-	901,483
2037	-	-	-	-	-	-	558,170	-	-	351,238	-	-	-	909,407
2038	-	-	-	-	-	-	564,567	-	-	351,275	-	-	-	915,842
2039	-	-	-	-	-	-	-	-	-	350,600	-	-	-	350,600
2040	-	-	-	-	-	-	-	-	-	354,488	-	-	-	354,488
2041	-	-	-	-	-	-	-	-	-	352,938	-	-	-	352,938
2042	-	-	-	-	-	-	-	-	-	351,038	-	-	-	351,038
2043	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 824,821	\$ 284,493	\$ 1,695,311	\$ 2,264,903	\$ 75,616	\$ 1,132,388	\$ 11,190,712	\$ 4,268,706	\$ 3,841,286	\$ 9,167,150	\$ 1,807,552	\$ 12,193,843	\$ 4,637,394	\$ 53,384,174

See independent auditor's report