

CITY OF FOLEY, ALABAMA



Comprehensive Annual Financial Report

for the year ended September 30, 2017



This Page Intentionally Left Blank

THE CITY OF FOLEY, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended
September 30, 2017

Prepared By: Finance Division and Administration

This Page Intentionally Left Blank

City of Foley, Alabama
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2017

	Page
INTRODUCTORY SECTION	
Letter of Transmittal - City Administrator and City Treasurer	i.
List of Elected and Appointed Officials	v.
Organizational Chart	vi.
Certificate of Achievement for Excellence in Financial Reporting.....	vii.
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
<u>Governmental Fund</u>	
Balance Sheet	16
Reconciliation of the Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balance	18
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance to the Statement of Activities	19
<u>Proprietary Fund</u>	
Statement of Net Position	20
Statement of Revenues, Expenses and Changes in Net Position	21
Statement of Cash Flows	22
Notes to the Financial Statements	23
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	54
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Public Facilities Cooperative District	55
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Public Athletic & Sports Facilities Cooperative District	56
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Public Cultural & Entertainment Facilities Cooperative District ..	57
Schedule of Changes in Net Pension Liability & Related Ratios-ERSA.....	58
Schedule of Employer Pension Contributions-ERSA.....	59
Schedule of Funding Progress.....	60
Schedule of Changes in Total Pension Liability & Related Rations-LOSAP.....	61
Notes to Required Supplementary Information	62
Other Supplementary Information	
<u>Non-Major Governmental Funds:</u>	
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	65

<i>Non-Major Special Revenue Funds</i>	
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	67
<i>Non-Major Debt Service Funds</i>	
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	69
<i>Non-Major Capital Project Funds</i>	
Combining Balance Sheet	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	71
<i>Budgetary Comparison Schedules</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – County Fire Ad Valorem Tax and State Grant Fund	72
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – State Gas Tax Fund	73
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Public Library Fund	74
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Court Corrections Fund	75
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Jail Corrections Fund	76
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Recreational Activities Fund	77
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Energy Conservation Bond Series 2013 Fund	78
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Obligation Warrant Series 2006A Fund	79
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Obligation Warrant Series 2009 Fund	80
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Obligation Warrant Series 2014 Fund	81
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Obligation Warrant Series 2015 Fund	82
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Economic Incentives Fund	83
Schedule of Construction in Progress.....	84

STATISTICAL SECTION (UNAUDITED) 85

Financial Trends

Net Position by Component	86
Changes in Net Position	87
Fund Balances – Governmental Funds	89
Changes in Fund Balances – Governmental Funds	90

Revenue Capacity

Direct and Overlapping Sales and Use Tax Rates	92
Principal Sales and Use Tax Payers	93
Revenue Indicators – General Fund	94
Ad Valorem Tax Rates	95

Debt Capacity

Legal Debt Margin	96
Ratios of Outstanding Debt by Type	98
Ratios of General Bonded Debt Outstanding	99
Direct and Overlapping Governmental Activities Debt	100

Demographic and Economic Information

Population Trends / Graduation Rates	101
Census Data	102
Comparative Unemployment Rates	103
Major Employers – Top 10 City and County	104

Operating Indicators

Full-time Employees by Function	105
Operating Indicators by Function	106
Capital Asset Statistics by Function	108

COMPLIANCE SECTION

Independent Auditors' Report on Internal control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	109
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	111
Schedule of Expenditures of Federal Awards	113
Notes to the Schedule of Expenditures of Federal Awards	114
Schedule of Findings and Questioned Costs	115

This Page Intentionally Left Blank

INTRODUCTORY SECTION

This Page Intentionally Left Blank

January 23, 2018

The Honorable John E. Koniar, Mayor
Members of the City Council
Citizens of the City of Foley, Alabama

The Comprehensive Annual Financial Report (CAFR) of the City of Foley, Alabama (the City), for the fiscal year ended September 30, 2017, is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. A comprehensive framework of internal control has been established and is updated and maintained in a manner that offers assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City, on a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

As required by State law, an annual audit of the City's financial statements is conducted in accordance with established standards. Warren Averett, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2017. The independent auditors' report is located at the front of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditors' Report located in the Financial Section of this report. The statistical section found at the end of this report provides historical financial and demographic information.

Profile of the Government

The City of Foley, Alabama, was founded in 1901 and incorporated in 1915 under the Constitution and laws of the State of Alabama. Foley is located in Baldwin County in the southernmost part of the state, just 8 miles north of the Gulf of Mexico. It currently services an estimated population of 17,806 and occupies approximately 32 square miles. The City operates under a strong council-weak mayor form of government. The council is presided over by a president who is chosen by the council members and also is a voting member of the council. All ordinances and resolutions are subject to the veto power of the mayor although the mayor's veto can be overridden by a two-thirds vote of the council.

The City provides a full range of services including general administration, police and fire protection, building inspections, licenses and permits, emergency preparedness and response, refuse collection, construction and maintenance of highways, streets and related infrastructure, recreational and leisure activities and cultural enrichment. The City evaluated various other entities within the vicinity of the City which could possibly be subject to inclusion within its financial statements under criteria established to define the reporting entity and its component units. In the Financial Section, Notes to the Financial Statements, Note A.1. discusses these entities and why they are either included or excluded from the City's financial reporting.

Budgetary Control

The annual budget serves as the City's guide to financial planning and control. On or before September first of each year, the City Administrator submits proposed budgets to the Mayor and City Council and the budgets are legally adopted by resolution prior to October first. Budgetary control is maintained at the departmental level and budgeted dollars may not be exceeded without Council approval in the following categories; personnel, capital equipment, and the sum of all remaining operational expenditures. Departmental capital purchases and new personnel positions included in the budget are subject to further justification and approval by the Mayor and/or Council prior to beginning the requisition or hiring process. With the exception of capital project appropriations that generally span multiple years, budgets for all funds lapse at the end of each fiscal year.

Multi-year planning documents for capital projects are presented with the annual budget in order to determine their impact to unrestricted cash; however, only the remaining budgets for projects approved and in progress are carried forward to the new fiscal year. To provide control over changing financial conditions, new capital projects may not commence until the City Council, by formal action, approves the project and appropriates funding.

Local Economy

Because of Foley's close proximity to Alabama's beautiful white sandy beaches, tourism plays an important role in the City's economy. According to the Alabama Department of Tourism's calendar year 2016 Economic Impact report released April 27, 2017, Baldwin County's estimated 6.3 million visitors represented 24.5 percent of all visitors to the State. Travel-related spending totaled \$4.2 billion, an increase of \$692 million from 2014, while total travel-related earnings (direct and indirect) of \$1.4 billion represented 29.6 percent of the statewide total. Baldwin County's total (direct and indirect) travel-related employment of 49,681 represented 27.66 percent of all Alabama travel-related employment.

By comparison, the 2015 Department of Tourism report showed that 76 percent of all lodging taxes in Baldwin County were collected in the second and third calendar quarters of 2015 (summer months) compared to 73 percent for the same period in 2016. With Foley's investment in sports tourism and the opening of the Creek Indian Enterprises Development Authority's Park at OWA, it is expected that the summer seasonality will continue to smooth out over time.

The City offers a vast array of shopping and dining experiences with selections from both nationally known and small town establishments. Other major employment opportunities include health care and manufacturing jobs. South Baldwin Regional Medical Center in Foley is a 112-bed facility that offers inpatient, outpatient, emergency, diagnostic and surgical care. In 2017, the hospital obtained a new hip and knee arthroplasty surgical table and received several honors and awards including; Healogics Center of Distinction Award along with the Center of Excellence Award to the Wound Care & Hyperbaric Medicine Center; Healthgrades 2017 Outstanding Patient Experience Award; and for the sixth year in a row the hospital was named one of Modern Healthcare's top 100 places to work in healthcare. UTC Aerospace Systems Foley facility was picked as one of IndustryWeek's best plants of 2016. The six plants chosen "show enviable performances across quality, safety and productivity." A ribbon cutting was held in August as UTC opened it's 80,000 square foot addition that is creating approximately 260 new jobs for Foley and bringing the company's total workforce to over 1,000. The Poarch Creek Indian's limited stay hotel and Park at Owa provided additional jobs this year. The City's unemployment rate of 3.0 percent represents a substantial decrease of 2.5 percent from the prior year and was 1.2 percent lower than the National average. The City's population has been significantly increasing and the current population of 17,806 represents an increase of 31 percent since 2008.

Due to its strong and diverse economy, the City currently maintains a Standard and Poor's rating of AA and a Moody's Investors rating of Aa3. The Credit Overview by Moody's Investors Services in their Annual Comment on Foley dated July 25, 2017, stated "the credit position for Foley is high quality, and its Aa3 rating is level with the median rating of Aa3 for US cities. Notable credit factors include a satisfactory financial position, an adequate socioeconomic profile with a moderately sized tax base, and a very burdensome debt liability with a manageable pension burden".

The general fund accounts for the day-to-day activity of the government and includes all activity not assigned to special purpose funds. Sales and use tax revenues are generated primarily by retail sales and increased by 41 percent from 2009 to 2016, another indicator of a steady recovery from the economic downturn. Effective March 1, 2017, Mayor and Council implemented a temporary 1 percent sales and use tax increase and revenues increased 37 percent from 2016 to 2017. The Council implemented a lodging tax rate increase in fiscal year 2014 in preparation of a significant increase in the number of rooms needed to accommodate the upcoming sports and entertainment developments. Lodging tax revenue is almost entirely generated by tourism. Over the past ten years, governmental fund expenditures for public safety have increased by 23 percent and for culture and recreation have increased by 93 percent as City leaders strive to provide its Citizens with cultural and leisure activities in a safe living environment.

The economic impact caused by tropical weather that occurs near the coast of the Gulf of Mexico can temporarily alter the City's economy. While major events such as Hurricane Ivan in 2004 cause significant damage to the area, the City's distance from the coast protects its buildings and infrastructure from devastating storm surges. After a tropical event, the influx of people to the City changes from tourists to storm recovery personnel, such as clean-up, construction and contractor crews. A significant amount of revenue lost from tourism is recovered by revenue generated from the sale of materials to rebuild and from recovery personnel filling hotel rooms left vacant by tourists. In preparation of these types of storm events, the City has an emergency plan in place that includes contracts for disaster debris management and removal.

Long-term financial planning and major initiatives

Unrestricted fund balance (the total of committed, assigned, and unassigned components of fund balance) in the General Fund as of year-end was \$9,268,737 representing 26.4 percent of the \$35,102,056 originally budgeted expense used to calculate the fiscal year 2017 minimum fund balance goal amount. Ending results were much more positive than the prior year's 10.5 percent where the strain from delayed private development was apparent, and well surpassed the fiscal 2017 budget projections of 11.5 percent. These positive results were achieved by implementation of a temporary sales tax increase that became effective March 1, 2017. Fund balance and the minimum fund balance goal are periodically reviewed to ensure the City is able to endure periods of economic stress. Refer to the Financial Section, Notes to the Financial Statements, for additional information on fund balance (Note A.11).

Management prepares a ten-year capital project planning document for inclusion in the annual budget, the most recent of which is published on the City's website (www.cityoffoley.org). A schedule of construction work in-progress that shows projects completed and projects under construction at the end of the fiscal year can be found just before the Statistical Section of this report. In addition to its large economic impact, the Creek Indian (OWA) project continues to capture the attention of major entertainment developers and hoteliers. Management makes projections of the potential economic impact from developments using confidential estimated revenue information and applies these estimates to financial models that span multiple years.

Relevant financial policies

The City of Foley strives to maintain an up-to-date set of comprehensive financial policies. New Governmental Accounting Standards Board (GASB) pronouncements are closely analyzed to determine any impact to the City's financial reporting requirements, and proactive steps are taken to ensure implementation guidelines are followed and deadlines are met. Refer to Note A.13. in the Financial Section for a summary of pending pronouncements and their effective dates.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits and that the valuation of the costs and benefits requires estimates and judgments by management. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Management will continue to implement policies and procedures that improve and strengthen internal controls as needed.

During the implementation of the Governmental Accounting Standards Boards (GASB) Statement No. 77, *Tax Abatement Disclosures*, it was determined that a policy should be developed to ensure receipt of adequate reports from the individual or entity receiving the tax abatement, and for the establishment of certain standards.

Awards and acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Foley, Alabama, for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

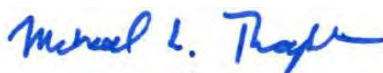
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility.

The preparation of this report would not have been possible without the expertise and commitment of the staff of the Finance Division, as well as all City Departments who practice fiscal responsibility and collect and maintain historical statistical information throughout the year. We would like to express our appreciation to all City staff that assisted and contributed to the preparation of this report. As public servants, we are fortunate to be led by a supportive and innovative Mayor and Council who strive to maintain the highest standards of accountability and transparency through financial reporting.

Respectfully submitted,

Michael Thompson

Sue Steigerwald



City Administrator



Finance Director/Treasurer

The City of Foley, Alabama
ELECTED AND APPOINTED OFFICIALS
Year Ended September 30, 2017

ELECTED OFFICIALS

Mayor	John E. Koniar
Council Member – District 1/Council President	J. Wayne Trawick
Council Member – District 2	Vera Quaites
Council Member – District 3/Council President Pro Tempore	Ralph G. Hellmich
Council Member – District 4	Cecil R. (Rick) Blackwell
Council Member – District 5	Charles J. Ebert, III

APPOINTED OFFICIALS

Administrator	Michael Thompson
Clerk	Kathryn Taylor
Assistant Administrator/HR Director	Sandra Pate
Finance Director/Treasurer	Sue Steigerwald
Fire Chief	Joseph Darby
Police Chief	David W. Wilson
Planner	Miriam Boutwell
Engineer	Chad Christian
Alternate City Clerk	Joseph A. Bouzan
Municipal Judge	Mary Murchison
Assistant Municipal Judge	Judy Newcomb



City of Foley

ORGANIZATIONAL CHART

2017





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Foley
Alabama**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

This Page Intentionally Left Blank

FINANCIAL SECTION

This Page Intentionally Left Blank

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Foley, Alabama

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Foley, Alabama (the "City"), as of and for the year ended September 30, 2017, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Foley, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and schedules related to pension and other post-employment healthcare benefits, 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 an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements, individual fund budgetary comparison schedules, schedule of construction in progress, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Warren Averett, LLC". The signature is written in a cursive, flowing style.

Foley, Alabama
January 23, 2018

This Page Intentionally Left Blank

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Foley, Alabama (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the letter of transmittal.

Financial Highlights

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows (net position) by \$105,271,817, an increase of \$5,910,557 from the prior year. A detailed explanation of the City's net position can be found in Table 1 of the Management's Discussion and Analysis (MD&A).
- The Statement of Activities shows the Primary Government received taxes and other revenue of \$45,904,804 and had expenses of \$39,994,247.
- The Statement of Revenues, Expenditures and Changes in Fund Balance shows the General fund operating revenues exceeded operating expenditures by \$9,595,928.
- As shown in Table 4, the City's governmental funds reported a combined ending fund balance of \$20,478,700, a decrease in fund balance of \$9,443,977 from the prior year.
- Table 4 also shows the General Fund closed with a fund balance of \$15,502,652 reflecting an increase of \$5,717,041 for the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to that of a private-sector business, and typically consolidate governmental and business-type activities into two columns which, added together, provide the total for the primary government entity.

The statement of net position presents information on all of the City's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities such as police, fire, sanitation, recreation and general administration) from other functions that are intended to recover all or a significant portion of their costs through

user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation and the business-type activity is a farmers' and fishermen's market. The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, the Public Facilities Cooperative District, the Public Athletic and Sports Facilities Cooperative District and the Public Cultural and Entertainment Facilities Cooperative District which are considered to be major funds. All other governmental type funds are considered "nonmajor" and are combined into a single, aggregated presentation column on the basic financial statement. Individual fund data for each of these non-major governmental funds can be found in the form of combining and individual fund statements and schedules elsewhere in this report.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City of Foley maintains a type of proprietary fund known as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for the Coastal Alabama Farmers' and Fishermen's Market, Inc, a blended component unit of the City. Blended component units are legally separate entities and are discussed further in Note A.1. - The Reporting Entity.

Notes to the Financial Statements. The notes to the financial statements are an integral part of the financial statements. They provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents a budgetary comparison schedule for the General Fund as required supplementary information. This comparison presents the originally approved budget, final budget and actual, giving the reader a quick view of revisions and amendments versus actual activity. The budgetary highlights are discussed in more detail later in the MD&A.

Other Supplementary Information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Government-wide Overall Financial Analysis

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$105,271,817 at the close of the fiscal year.

TABLE 1
SUMMARY OF STATEMENT OF NET POSITION
As of September 30

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016 (restated)	2017	2016	2017	2016
Current and other assets	\$ 23,682,524	\$ 34,293,834	\$ 280,048	\$ 238,809	\$ 23,962,572	\$ 34,532,643
Capital assets, net	164,642,040	151,626,713	8,613,132	8,658,884	173,255,172	160,285,597
Total assets	188,324,564	185,920,547	8,893,180	8,897,693	197,217,744	194,818,240
Deferred outflows of resources	3,738,043	2,926,471	-	-	3,738,043	2,926,471
Total assets and deferred outflows of resources	192,062,607	188,847,018	8,893,180	8,897,693	200,955,787	197,744,711
Current and other liabilities	3,203,824	4,371,157	68,813	54,289	3,272,637	4,425,446
Long-term debt	83,172,426	84,898,933	9,192,405	9,059,072	92,364,831	93,958,005
Total liabilities	86,376,250	89,270,090	9,261,218	9,113,361	95,637,468	98,383,451
Deferred inflow of resources	46,502	-	-	-	46,502	-
Total liabilities and deferred inflows of resources	86,422,752	89,270,090	9,261,218	9,113,361	95,683,970	98,383,451
Net position:						
Net investment in capital assets	93,824,140	90,333,519	(647,469)	(400,188)	93,176,671	89,933,331
Restricted	4,238,508	18,056,899	90,620	114,403	4,329,128	18,171,302
Unrestricted	7,577,207	(8,813,490)	188,811	70,117	7,766,018	(8,743,373)
Total net position	\$ 105,639,855	\$ 99,576,928	\$ (368,038)	\$ (215,668)	\$ 105,271,817	\$ 99,361,260

By far the largest component of the City's net position is its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate the liabilities.

A portion of the City's net position is comprised of resources that are subject to external restrictions on how they may be used. The remaining unrestricted balance may be used to meet the government's ongoing obligations to citizens and creditors. The City's overall net position increased \$5,910,557 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

TABLE 2
CHANGES IN NET POSITION
For the years ended September 30

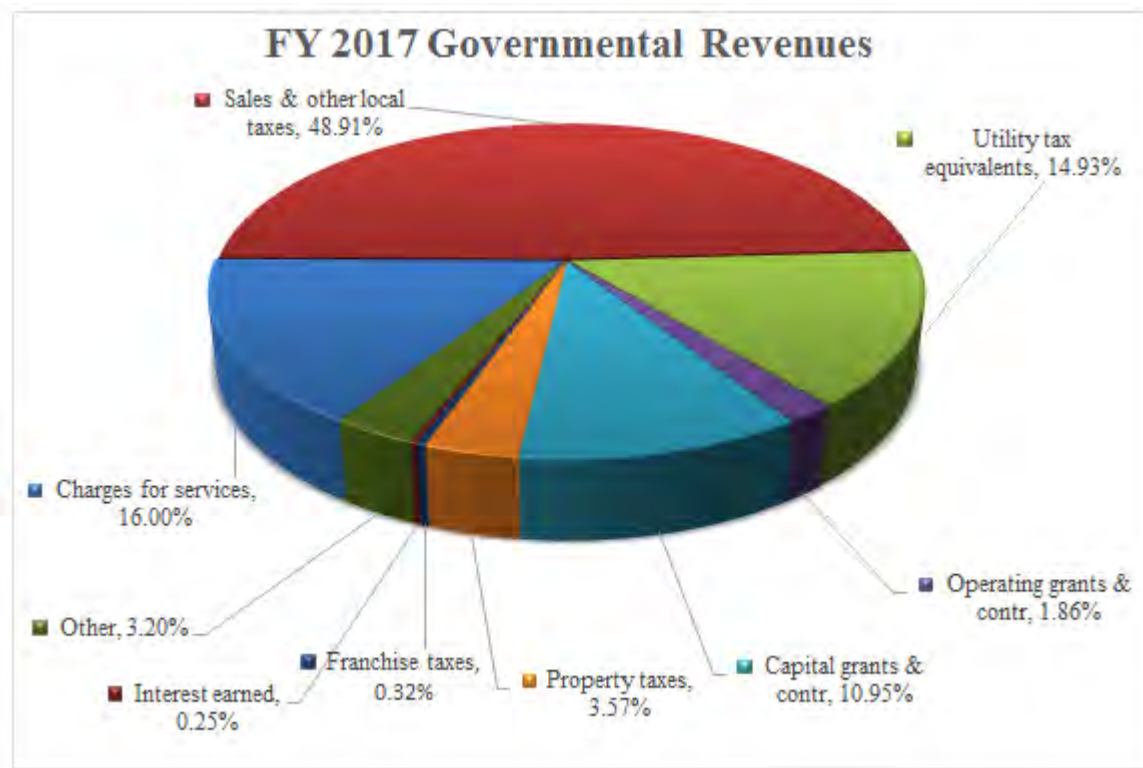
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016 (restated)	2017	2016	2017	2016
Program revenues						
Charges for service	\$ 7,283,345	\$ 6,243,007	\$ 369,006	\$ 287,686	\$ 7,652,351	\$ 6,530,693
Operating grants and contributions	845,617	546,798	22,200	-	867,817	546,798
Capital grants and contributions	4,981,652	10,043,134	-	32,712	4,981,652	10,075,846
General revenues						
Property taxes	1,625,209	1,539,905	-	-	1,625,209	1,539,905
Sales and other local taxes	22,257,234	16,365,312	-	-	22,257,234	16,365,312
Utility tax equivalents	6,796,594	6,499,737	-	-	6,796,594	6,499,737
Interest	114,659	86,185	216	215	114,875	86,400
Other	1,456,376	1,431,368	4,816	3,649	1,461,192	1,435,017
Franchise taxes	147,880	138,547	-	-	147,880	138,547
Total Revenues	45,508,566	42,893,993	396,238	324,262	45,904,804	43,218,255
Expenses						
General government	6,570,618	6,309,843	-	-	6,570,618	6,309,843
Public safety	12,492,542	12,136,287	-	-	12,492,542	12,136,287
Highways and streets	5,507,306	4,411,736	-	-	5,507,306	4,411,736
Sanitation	2,393,502	2,347,410	-	-	2,393,502	2,347,410
Culture and recreation	7,701,908	6,429,296	-	-	7,701,908	6,429,296
Economic development	2,114,470	1,318,184	-	-	2,114,470	1,318,184
Interest on long-term debt	2,620,665	3,224,877	-	-	2,620,665	3,224,877
CAFFM, Inc.	-	-	593,236	634,016	593,236	634,016
Total Expenses	39,401,011	36,177,633	593,236	634,016	39,994,247	36,811,649
Increase (decrease) in net position before transfers	6,107,555	6,716,360	(196,998)	(309,754)	5,910,557	6,406,606
Transfers	(44,628)	(59,504)	44,628	59,504	-	-
Increase (decrease) in net position	6,062,927	6,656,856	(152,370)	(250,250)	5,910,557	6,406,606
Beginning net position	99,576,928	93,349,133	(215,668)	34,582	99,361,260	93,383,715
Prior period adjustment	-	(429,061)	-	-	-	(429,061)
Ending net position	\$ 105,639,855	\$ 99,576,928	\$ (368,038)	\$ (215,668)	\$ 105,271,817	\$ 99,361,260

Governmental Activities. Governmental activities for the current year increased the City's net position by \$6,062,927. Key elements of this change are as follows:

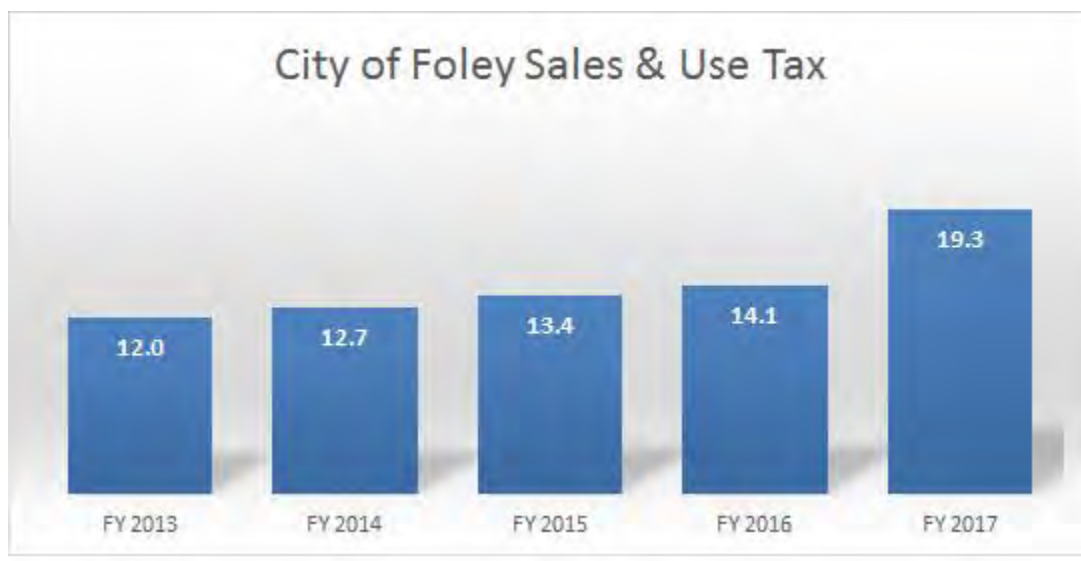
- The City passed a temporary one percent sales tax increase that contributed approximately \$4.6 million during the year.
- The City passed a three cent local gas tax that contributed approximately \$540,000 during the year.
- The increase in property tax was primarily due to recently completed construction.
- Permits issued for new construction were responsible for a majority of the increase in charges for services.

Business-Type Activities. Business type activities decreased the City's net position by \$152,370 primarily due to depreciation expense.

Governmental revenues as a percentage of total:



Sales and use taxes represent the City's primary source of unrestricted revenue and, as the graph below indicates, have been steadily recovering from the economic downturn. A significant increase occurred in FY 2017 due to a temporary tax increase.



Financial Analysis of Governmental Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting focuses on accountability rather than profitability and funds are segregated into categories in accordance with laws and regulations or specific limitations.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance represents a government's residual net resources (amount in excess of nonspendable, restricted, committed and assigned) and provides a useful measure of a government's net resources available for spending.

The following two tables present summary information about the City's fund balances:

TABLE 3
CHANGE IN FUND BALANCES
For the Year ended September 30, 2017

Fund	Beginning Fund Balance	Increase (Decrease)	Ending Fund Balance
General Fund	\$ 9,785,611	\$ 5,717,041	\$ 15,502,652
Capital Projects Fund	1,358,838	(828,597)	530,241
Public Facilities Cooperative District	2,421,856	(6,890)	2,414,966
Public Athletic & Sports Facilities District	690,574	(479,813)	210,761
Public Cultural & Entertainment Facilities District	11,873,329	(11,798,487)	74,842
Non-Major Funds	3,792,469	(2,047,231)	1,745,238
Total	<u>\$ 29,922,677</u>	<u>\$ (9,443,977)</u>	<u>\$ 20,478,700</u>

TABLE 4
FUND BALANCE BY TYPE
For the Year ended September 30, 2017

Fund Balance Type	General Fund	Capital Projects Fund	Public Facilities Cooperative District	Public Athletic & Sports Facilities Cooperative District	Public Cultural & Entertainment Facilities Cooperative District	Non-Major Funds	Total
Nonspendable	\$ 5,822,962	\$ -	\$ 379,821	\$ -	\$ -	\$ -	\$ 6,202,783
Restricted	410,953	-	1,895,343	209,958	74,702	1,647,552	4,238,508
Committed	-	530,241	139,802	803	140	97,686	768,672
Assigned	552,434	-	-	-	-	-	552,434
Unassigned	8,716,303	-	-	-	-	-	8,716,303
Total fund balance	<u>\$ 15,502,652</u>	<u>\$ 530,241</u>	<u>\$ 2,414,966</u>	<u>\$ 210,761</u>	<u>\$ 74,842</u>	<u>\$ 1,745,238</u>	<u>\$ 20,478,700</u>

As of September 30th, the City's governmental funds reported combined fund balances of \$20,478,700, a decrease of \$9,443,977 in comparison with the prior year. Of this total, \$8,716,303 represents unassigned fund balance which is available for spending at the City's discretion. The remainder of fund balance is either nonspendable (not in spendable form), restricted (legally required to be maintained intact), committed (committed for particular purposes), or assigned (assigned for particular purposes). Refer to Note A.11. for additional information on fund balance classifications and constraints.

The General Fund, the chief operating fund of the City, closed with an increase in fund balance of \$5,717,041. Actual General Fund operations resulted in \$9,595,928 in excess revenue remaining after expenditures. Transfers from other funds generated an additional \$3,284,226, transfers to other funds of \$9,280,402 were made to service debt and to fund capital improvements, a note payable in the amount of \$300,000 was issued to fund parking lot lights at the events center, the sale of capital assets generated \$1,785,258 and \$32,031 in capital assets were leased, resulting in an ending fund balance of \$15,502,652.

The Capital Projects fund experienced a decrease of \$828,597 in fund balance. Expenditures totaling \$5,113,695 consisted of capital asset additions and construction work in progress of \$4,321,700, required maintenance to infrastructure of \$756,995, and \$35,000 in debt service payments. Grants, contributions, and charges for services totaling \$2,228,943 were recognized and cash transfers from the General Fund of \$2,056,155 to fund the remaining expenditures were received.

The Public Facilities Cooperative District experienced a decrease of \$6,890 in fund balance. Transfers from the General Fund of \$1,602,880 were received to service debt. Revenues consisting of project user fees, interest, rents, contributions and donations totaled \$1,188,038. Expenditures of \$1,610,526 included cost to service debt in the amount of \$1,603,715 for principal and interest, and \$6,811 to fund operations. The PFCD transferred \$1,142,654 in project user fees and lease income to other funds and \$44,628 in New Market Tax Credit interest rebates to CAFFM.

The Public Athletic & Sports Facilities Cooperative District experienced a decrease of \$479,813 in fund balance. Transfers from the General Fund totaling \$645,355 included \$496,680 to service debt and \$148,675 to fund operations; other revenues received consisted of interest income in the amount of \$3,901 and project user fees in the amount of \$9,613. Expenditures totaling \$1,129,072 consisted of \$496,853 in debt service, \$151,884 in operational expense, and \$480,335 in capital improvements. The PASFCD transferred \$9,610 in project user fees to the General Fund.

The Public Cultural & Entertainment Facilities Cooperative District experienced a decrease of \$11,798,487 in fund balance. Transfers from the General Fund totaling \$1,111,464 included \$921,041 to service debt, \$59,625 to fund operations and \$130,798 in capital improvements; other revenues received consisted of interest income in the amount of \$23,449 and project user fees in the amount of \$47,975. Expenditures totaling \$12,933,400 consisted of \$73,524 in operational expenditures, \$922,010 in debt service cost and \$11,937,866 in capital improvements. The PCEFCFCD transferred \$47,975 in project user fees to the General Fund.

Other Funds realized an aggregate fund balance decrease of \$2,047,231. A decrease of \$305,365 occurred in the Fire Ad Valorem Tax Fund due to a large capital purchase, a decrease of \$636,112 occurred in the State Gas Tax Fund due to a transfer of funds to the General Fund for eligible projects, while the remaining Special Revenue Funds experienced positive fund balance increases totaling \$60,744. The 2015 GO Warrant fund encountered a minor decrease of \$222 while the Series 2009 GO Warrant, the 2013 QECB, the 2014 GO Warrant, and Economic Incentive Funds encountered minor increases of \$5,531, \$182, \$1,029, and \$22,186, respectively. The 2006-A Series Debt Service fund broke even. The TIGER Grant capital project fund realized a decrease of \$1,195,254 due to prior year outstanding receivables balances that were collected and transferred to the General Fund and the CDBG grant fund encountered a minor increase of \$50.

General Fund Budgetary Highlights

Original budget compared to final budget. The original budget for General Fund revenues had a significant net increase of \$4,257,159 for an amended budget of \$37,550,270 due to a one percent increase in sales and use tax. Actual revenues of \$38,387,352 exceeded the final budget by \$837,082. The negative variance categories totaled \$160,906, with none being significant. The positive variance categories totaled \$997,988 and are attributed primarily to local taxes, licenses and permits and utility tax equivalents. Operating transfers in were originally budgeted at \$2,041,234, were increased \$1,330,629, and closed \$87,637 less than the amended budget.

The final budgeted expenditures of \$29,551,203 represents an increase of \$416,601 over the original budget of \$29,134,602. Actual results of \$28,791,424 closed \$759,779 under the final budget amount. Budgeted transfers out had an increase of \$2,070,631 and closed \$873,672 under budget. Detailed information on the General Fund Budget can be found in the Required Supplementary Information section of this report.

Capital Assets and Debt Administration

Capital Assets. Per Table 5, Capital assets net of depreciation at September 30, 2017, totaled \$164,642,040 for governmental activities and \$8,613,132 for business-type activities. Major capital asset events during the current fiscal year included the following:

- Capital machinery and equipment additions totaling \$983,663.
- Completion of multi-use sports tourism complex totaling \$13,951,855.
- Completion of the event center totaling \$15,422,267.
- Completion of pedestrian bridge and pathways totaling \$6,186,909.

The following table presents the City's capital assets at year-end:

TABLE 5
CAPITAL ASSETS
For the Year ended September 30, 2017

	Governmental Activities	Business-Type Activities	Total Primary Government
Non-depreciable assets			
Land and rights-of-way	\$ 24,367,678	\$ 885,000	\$ 25,252,678
Construction work in progress	13,606,511	-	13,606,511
Total non-depreciable assets	37,974,189	885,000	38,859,189
Depreciable assets			
Property improvements	32,558,250	1,815,016	34,373,266
Building improvements	38,841,766	6,583,114	45,424,880
Machinery and equipment	18,385,343	58,729	18,444,072
Infrastructure	105,733,573	-	105,733,573
Less: Accumulated depreciation	(68,851,081)	(728,727)	(69,579,808)
Total depreciable assets	126,667,851	7,728,132	134,395,983
Total capital assets, net of depreciation	\$ 164,642,040	\$ 8,613,132	\$ 173,255,172

Additional information on the City's capital assets can be found in Note D of this report.

Long-term Debt. As of September 30, 2017, the Primary Government had \$82,782,512 in total outstanding debt. The Series 2016 GO Warrants/Line of credit had draws of \$1,000,000 and a \$300,000 note payable were issued during the year.

Under Section 225 of the Constitution of Alabama of 1901, as amended, the present general constitutional debt limit of the City is an amount equal to 20 percent of the assessed value of the taxable property therein. However, the following, among other types of indebtedness, are not chargeable against general constitutional debt limit under existing law: {i} obligations issued for the purpose of acquiring, providing or constructing schools, water works, or sewers; {ii} obligations incurred for street or sidewalk improvements where all or a portion of the costs are to be assessed against property abutting such improvements; {iii} under certain conditions, tax anticipation notes; {iv} certain lease obligations subject to termination at the end of each fiscal year, without recourse; {v} certain obligations to make contributions towards the debt service of other public entities; {vi} and revenue securities issued for the purpose of extending, enlarging or improving water, electric, gas or sewer systems and payable solely from the revenues of one or more of such systems. Amendment No. 772 authorizes the City to use public funds for certain purposes intended to further economic development and exempts such debt from the twenty percent debt limit.

Table 6 provides a computation of the General Constitutional Debt Margin.

TABLE 6
GENERAL CONSTITUTIONAL DEBT MARGIN
For the Year ended September 30, 2017

Assessed Value (1)	\$ 298,516,052
Debt limit (20% of assessed value)	<u>59,703,210</u>
Debt applicable to limit:	
Outstanding debt of the primary government (2)	82,782,512
Less: Exempt Special Lease Obligations	(19,903,231)
Less: Exempt debt pursuant to Section 772	(28,604,075)
Less: Amount set aside for repayment of debt (3)	<u>(962,730)</u>
Total net debt applicable to limit	33,312,476
Legal Debt Margin for Fiscal Year 2017	<u>\$ 26,390,734</u>
Net debt as a percentage of debt limit	<u>55.80%</u>

(1) Assessed Value Source: Baldwin County Revenue Commissioner and Baldwin County Judge of Probate.

(2) Includes: the aggregate principal amount of general obligation warrants totaling \$24,412,101; an Annual Lease Agreement dated September 1, 2009, to fund the Public Facilities Cooperative District Revenue Bonds with a current balance of \$7,544,213; an Annual Lease Agreement dated April 13, 2016, to fund the Public Facilities Cooperative District Revenue Bonds with a current balance of \$9,785,849; a Lease Purchase Agreement dated May 1, 2013, to fund the 2013 Lease Purchase Certificates of Participation/Qualified Energy Conservation Bonds with a current balance of \$2,573,169; \$518,750 in note payables; a \$12,735,971 Funding Agreement for the Public Athletic and Sports Facilities Cooperative Districts 2015 Revenue Bonds exempt under Section 772; a \$15,868,104 Funding Agreement for the Public Cultural & Entertainment Facilities Cooperative Districts 2015 Revenue Bonds exempt under Section 772; an \$8,000,000 Funding Agreement for the New Market Tax Credits debt of the Coastal Alabama Farmers' and Fishermen's Market that is also exempt under Section 772; and a closed line of credit of the Coastal Alabama Farmers' and Fishermen's Market with a current balance of \$1,260,601.

(3) Includes amounts set aside for repayment of debt applicable to the City's 20 percent debt limit.

Amendment No. 722 of the Constitution of Alabama authorizes the counties and municipalities within the State to use public funds for certain purposes intended to further economic development. Bonds, warrants, notes and other indebtedness issued pursuant to Amendment No. 772 are (a) not subject to and exempt from the 20 percent general constitutional debt limit for government purposes, and (b) are subject to and chargeable against 50 percent of the assessed value of taxable property.

Table 7 provides a computation of the Special Constitutional Debt Margin.

TABLE 7
SPECIAL CONSTITUTIONAL DEBT MARGIN
For the Year ended September 30, 2017

Assessed Value (1)	\$ 298,516,052
Debt limit (50% of assessed value)	<u>149,258,026</u>
Debt applicable to limit:	
Funding agreement with Public Athletic and Sports Facilities Coop District	12,735,971
Funding agreement with Public Cultural & Entertainment Facilities Coop District	15,868,104
Funding agreement with Coastal Alabama Farmers' and Fishermen's Market, Inc.	9,260,601
Less: Amount set aside for repayment of debt (2)	<u>(591,767)</u>
Total net debt applicable to limit	37,272,909
Legal Debt Margin for Fiscal Year 2017	<u>\$ 111,985,117</u>
Net debt as a percentage of debt limit	<u>24.97%</u>

(1) Assessed Value Source: Baldwin County Revenue Commissioner and Baldwin County Judge of Probate.

(2) Includes amounts set aside for repayment of debt applicable to the City's 50 percent debt limit.

Additional information on the City's long-term debt can be found in Note E of this report.

Economic Factors and Next Year's Budgets and Rates

The City relies on taxes (property, sales, lodging, etc.), and fees (license, permits, etc.) for their governmental activities. The analysis of a few of these taxes contained in the Statistical Section serves as a good indicator of economic trends. Certain governmental activities (sanitation, recreational activities, etc.) require the user pay a related fee or charge associated with the service. It is important to note that although fire protection continues to be provided in both the corporate and jurisdictional limits, the taxes, fees and charges for services in the jurisdictional area are minimal in comparison to the cost to provide such services. The level of taxes, fees and charges for services have a direct bearing on the City's ability to annex land into the corporate limits and encourage retail, commercial, residential and industrial development.

The following economic factors currently affect the City and were considered in developing the 2017-18 fiscal year budget.

- The unemployment rate for Foley is currently 3.0 percent, a decrease of two and one-half percent from last year's rate. At year end, UTC had begun recruitment for 260 newly created jobs.
- Historically, the base increase of revenue ranged 3-5 percent barring significant growth factors such as large new developments. Revenues for FY18 are expected to close 4.2 percent over projections and 6.25 percent over FY17 ending budget.
- Sales tax includes an additional \$400,000 from increased development, and \$7,934,739 from the temporary one percent sales tax increase that expires September 1, 2020.
- Lodging tax is projected to increase by \$300,000 from added hotel rooms.
- The three percent gas tax enacted last year will be collected for a full twelve months in FY18.
- Grant opportunities are researched throughout the year causing grant revenues and related expenses to generally be under budgeted and amended as grants are awarded.
- General fund expenditures were budgeted \$3,404,936 higher than in FY 2017 projected close and includes a \$1.3 million increase in economic grant agreements that are offset by transfers from various Districts of the City.
- Merit increases of 3 to 5 percent are expected to cost just under \$300,000 and new positions totaling \$371,746 were approved.
- The Sports Tourism department is experiencing growth related to increased sports tourism activities and the new events center will be operational for a full year.
- Capital equipment purchases of \$1,063,000 were approved and represent an approximate \$600,000 ramp up in equipment purchases.

Requests for Information

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City of Foley's finances. Questions about the report or requests for additional financial information should be addressed to: City of Foley, Finance Director, P. O. Box 1750, Foley, Alabama 36536. This report and other financial information about the City can also be obtained by accessing the City's website at www.cityoffoley.org.

Basic Financial Statements

This Page Intentionally Left Blank

City of Foley, Alabama
STATEMENT OF NET POSITION
September 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 13,571,540	\$ 260,680	\$ 13,832,220
Receivables			
Utility tax equivalents	675,894	-	675,894
Sales and other local taxes	2,006,938	-	2,006,938
Other	716,821	17,617	734,438
Inventories	65,491	1,751	67,242
Prepaid items	695,440	-	695,440
Note receivable - NMTC	5,950,400	-	5,950,400
Capital assets			
Non-depreciable	37,974,189	885,000	38,859,189
Depreciable, net	126,667,851	7,728,132	134,395,983
Total assets	188,324,564	8,893,180	197,217,744
DEFERRED OUTFLOWS OF RESOURCES			
Employer retirement contributions	752,893	-	752,893
Differences between expected and actual experiences-ERSA	721,785	-	721,785
Net difference between projected and actual earnings on plan investments-ERSA	182,415	-	182,415
Difference from assumption changes-ERSA	1,174,432	-	1,174,432
Net difference between reacquisition price and net carrying amount of advance refunding	906,518	-	906,518
Total deferred outflows of resources	3,738,043	-	3,738,043
Total assets and deferred outflows of resources	192,062,607	8,893,180	200,955,787
LIABILITIES			
Accounts payable and other current liabilities	1,310,392	617	1,311,009
Accrued liabilities	1,830,482	-	1,830,482
Unearned revenue	62,950	-	62,950
Long-term liabilities:			
Due within one year	5,881,396	68,196	5,949,592
Due in more than one year	69,419,737	1,192,405	70,612,142
Post-employment health care obligation	1,962,498	-	1,962,498
Net pension liability - ERSA	5,523,533	-	5,523,533
Net pension liability - Volunteer Firefighter LOSAP	385,262	-	385,262
Qualified Low Income Business Loan	-	8,000,000	8,000,000
Total liabilities	86,376,250	9,261,218	95,637,468
DEFERRED INFLOWS OF RESOURCES			
Changes of assumptions - Volunteer firefighter LOSAP	46,502	-	46,502
Total liabilities and deferred inflows of resources	86,422,752	9,261,218	95,683,970
NET POSITION			
Net investment in capital assets	93,824,140	(647,469)	93,176,671
Restricted			
Debt service	3,061,057	-	3,061,057
Capital projects	2,647	-	2,647
Creditors (NMTC reserves)	150,631	90,620	241,251
Police	170,138	-	170,138
Fire	360,585	-	360,585
Court	409,469	-	409,469
Highways & Streets	83,981	-	83,981
Unrestricted	7,577,207	188,811	7,766,018
Total net position	\$ 105,639,855	\$ (368,038)	\$ 105,271,817

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

City of Foley, Alabama
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2017

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 6,570,618	\$ 2,703,584	\$ 1,650	\$ 128,040	\$ (3,737,344)	\$ -	\$ (3,737,344)
Public safety	12,492,542	1,866,349	748,412	50,000	(9,827,781)	-	(9,827,781)
Highways and streets	5,507,306	-	750	4,668,969	(837,587)	-	(837,587)
Sanitation	2,393,502	2,141,518	-	15,000	(236,984)	-	(236,984)
Culture and recreation	7,701,908	537,390	94,805	-	(7,069,713)	-	(7,069,713)
Economic development	2,114,470	34,504	-	119,643	(1,960,323)	-	(1,960,323)
Interest on long-term debt	2,620,665	-	-	-	(2,620,665)	-	(2,620,665)
Total governmental activities	39,401,011	7,283,345	845,617	4,981,652	(26,290,397)	-	(26,290,397)
Business-Type Activities:							
Coastal AL Farmers and Fishermens Mkt	\$ 593,236	\$ 369,006	\$ 22,200	\$ -	\$ -	\$ (202,030)	\$ (202,030)
Total business-type activities	593,236	369,006	22,200	-	-	(202,030)	(202,030)
Total primary government	\$ 39,994,247	\$ 7,652,351	\$ 867,817	\$ 4,981,652	(26,290,397)	(202,030)	(26,492,427)
General revenues:							
Property taxes					1,625,209	-	1,625,209
Sales and other local taxes					22,257,234	-	22,257,234
Utility tax equivalents					6,796,594	-	6,796,594
Interest					114,659	216	114,875
Other					1,456,376	4,816	1,461,192
Franchise taxes					147,880	-	147,880
Transfers					(44,628)	44,628	-
Total general revenues and transfers					32,353,324	49,660	32,402,984
Change in net position					6,062,927	(152,370)	5,910,557
Net position - beginning of year as restated					99,576,928	(215,668)	99,361,260
Net position - end of year					\$ 105,639,855	\$ (368,038)	\$ 105,271,817

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

City of Foley, Alabama
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2017

	General Fund	Capital Projects Fund	Public Facilities Cooperative District	Public Athletic & Sports Facilities Cooperative District	Public Cultural & Entertainment Facilities Cooperative District	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash investments	\$ 8,250,591	\$ -	\$ 2,007,621	\$ 943,633	\$ 628,015	\$ 1,741,680	\$ 13,571,540
Receivables							
Utility tax equivalents	675,894	-	-	-	-	-	675,894
Property and advalorem tax	117,507	-	-	-	-	15,597	133,104
Sales and other local taxes	2,006,938	-	-	-	-	-	2,006,938
Sanitation	29,848	-	-	-	-	-	29,848
Grants	318,168	94,225	-	-	-	-	412,393
Other	16,660	-	85,908	2,671	26,638	9,599	141,476
Due from other funds	112,879	-	-	-	-	-	112,879
Inventories	65,491	-	-	-	-	-	65,491
Prepaid items	186,892	508,548	-	-	-	-	695,440
Loans from other funds	5,570,579	-	-	-	-	-	5,570,579
Note receivable - NMTC	-	-	5,950,400	-	-	-	5,950,400
Total assets	<u>\$ 17,351,447</u>	<u>\$ 602,773</u>	<u>\$ 8,043,929</u>	<u>\$ 946,304</u>	<u>\$ 654,653</u>	<u>\$ 1,766,876</u>	<u>\$ 29,365,982</u>
LIABILITIES							
Accounts payable and other current liabilities	\$ 1,306,991	\$ -	\$ -	\$ -	\$ -	\$ 3,401	\$ 1,310,392
Accrued liabilities	478,854	72,532	-	725,923	553,173	-	1,830,482
Due to other funds	-	-	58,384	9,620	26,638	18,237	112,879
Unearned revenue	62,950	-	-	-	-	-	62,950
Loans to other funds	-	-	5,570,579	-	-	-	5,570,579
Total liabilities	<u>1,848,795</u>	<u>72,532</u>	<u>5,628,963</u>	<u>735,543</u>	<u>579,811</u>	<u>21,638</u>	<u>8,887,282</u>
FUND BALANCES							
Nonspendable	5,822,962	-	379,821	-	-	-	6,202,783
Restricted	410,953	-	1,895,343	209,958	74,702	1,647,552	4,238,508
Committed	-	530,241	139,802	803	140	97,686	768,672
Assigned	552,434	-	-	-	-	-	552,434
Unassigned	8,716,303	-	-	-	-	-	8,716,303
Total fund balances	<u>15,502,652</u>	<u>530,241</u>	<u>2,414,966</u>	<u>210,761</u>	<u>74,842</u>	<u>1,745,238</u>	<u>20,478,700</u>
Total liabilities and fund balances	<u>\$ 17,351,447</u>	<u>\$ 602,773</u>	<u>\$ 8,043,929</u>	<u>\$ 946,304</u>	<u>\$ 654,653</u>	<u>\$ 1,766,876</u>	<u>\$ 29,365,982</u>

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

City of Foley Alabama
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2017

Fund balances - total governmental funds		\$ 20,478,700
--	--	---------------

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

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

Governmental capital assets	233,493,121	
Less accumulated depreciation	<u>(68,851,081)</u>	164,642,040

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore are not reported in the governmental funds.	2,831,525
---	-----------

Deferred outflows are reported for the net difference between reacquisition price and net carrying amount of advanced refunding.	906,518
--	---------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Warrants and bonds payable, net of deferred premiums and discounts	(72,919,408)	
Notes payable	(518,750)	
Capital lease payables	(83,754)	
Accrued interest payable	(826,810)	
Health claims payable	(172,900)	
Post-employment healthcare obligation	(1,962,498)	
Compensated absences	(779,511)	
Net pension liability - ERSA	(5,523,533)	
Net pension liability - Volunteer firefighter LOSAP	<u>(385,262)</u>	(83,172,426)

Deferred inflows are reported for the changes in assumptions in the volunteer firefighter LOSAP.	<u>(46,502)</u>
--	-----------------

Net position of governmental activities	<u>\$ 105,639,855</u>
---	-----------------------

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

City of Foley, Alabama
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the fiscal year ended September 30, 2017

	General Fund	Capital Projects Fund	Public Facilities Cooperative District	Public Athletic & Sports Facilities Cooperative District	Public Cultural & Entertainment Facilities Cooperative District	Non-Major Governmental Funds	Total Governmental Funds
Revenues							
Property and advalorem taxes	\$ 1,452,785	\$ -	\$ -	\$ -	\$ -	\$ 172,424	\$ 1,625,209
Sales and other local taxes	22,310,123	-	-	-	-	94,991	22,405,114
Licenses and permits	3,720,477	-	-	-	-	-	3,720,477
Intergovernmental	755,328	2,173,443	-	-	-	203,543	3,132,314
Charges for services	2,219,553	-	-	-	-	351,062	2,570,615
Fines and forfeitures	544,843	-	-	-	-	101,449	646,292
Utility tax equivalents	6,796,594	-	-	-	-	-	6,796,594
Interest and rents	257,377	-	101,514	3,901	23,449	7,106	393,347
Contributions and donations	108,434	55,500	-	-	-	66,872	230,806
Other	221,838	-	1,086,524	9,613	47,975	78,924	1,444,874
Total revenues	<u>38,387,352</u>	<u>2,228,943</u>	<u>1,188,038</u>	<u>13,514</u>	<u>71,424</u>	<u>1,076,371</u>	<u>42,965,642</u>
Expenditures							
General government	5,587,374	845	6,811	-	-	41,327	5,636,357
Public safety	11,351,029	-	-	-	-	53,122	11,404,151
Highways and streets	2,341,445	756,150	-	-	-	-	3,097,595
Sanitation	2,208,683	-	-	-	-	-	2,208,683
Culture and recreation	5,551,347	-	-	151,884	73,524	317,946	6,094,701
Economic development	1,002,397	-	-	-	-	1,099,317	2,101,714
Capital outlay	711,183	4,321,700	-	480,335	11,937,866	577,763	18,028,847
Principal	30,107	35,000	1,015,000	-	305,000	2,737,435	4,122,542
Interest	7,859	-	588,715	496,853	617,010	1,045,258	2,755,695
Bond cost	-	-	-	-	-	31,995	31,995
Total expenditures	<u>28,791,424</u>	<u>5,113,695</u>	<u>1,610,526</u>	<u>1,129,072</u>	<u>12,933,400</u>	<u>5,904,163</u>	<u>55,482,280</u>
Excess (deficiency) of revenues over expenditures	<u>9,595,928</u>	<u>(2,884,752)</u>	<u>(422,488)</u>	<u>(1,115,558)</u>	<u>(12,861,976)</u>	<u>(4,827,792)</u>	<u>(12,516,638)</u>
Other financing sources (uses)							
Transfers in	3,284,226	2,056,155	1,602,880	645,355	1,111,464	3,864,548	12,564,628
Transfers out	(9,280,402)	-	(1,187,282)	(9,610)	(47,975)	(2,083,987)	(12,609,256)
Issuance of bonded debt	-	-	-	-	-	1,000,000	1,000,000
Issuance of other debt	300,000	-	-	-	-	-	300,000
Capital leases	32,031	-	-	-	-	-	32,031
Sale of capital assets	1,785,258	-	-	-	-	-	1,785,258
Total other financing sources (uses)	<u>(3,878,887)</u>	<u>2,056,155</u>	<u>415,598</u>	<u>635,745</u>	<u>1,063,489</u>	<u>2,780,561</u>	<u>3,072,661</u>
Net change in fund balances	<u>5,717,041</u>	<u>(828,597)</u>	<u>(6,890)</u>	<u>(479,813)</u>	<u>(11,798,487)</u>	<u>(2,047,231)</u>	<u>(9,443,977)</u>
Fund balances, beginning of year	<u>9,785,611</u>	<u>1,358,838</u>	<u>2,421,856</u>	<u>690,574</u>	<u>11,873,329</u>	<u>3,792,469</u>	<u>29,922,677</u>
Fund balances, end of year	<u>\$ 15,502,652</u>	<u>\$ 530,241</u>	<u>\$ 2,414,966</u>	<u>\$ 210,761</u>	<u>\$ 74,842</u>	<u>\$ 1,745,238</u>	<u>\$ 20,478,700</u>

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

City of Foley, Alabama
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2017

Net change in fund balance - Governmental Funds	\$ (9,443,977)
---	----------------

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 are capitalized and depreciated over their estimated useful lives.

Expenditures for capital assets	18,028,847	
Less current year depreciation	(5,659,099)	
Loss on disposal of capital assets	<u>(1,897,342)</u>	10,472,406

Contributions of capital assets are not reported as income in governmental funds.	2,542,924
---	-----------

Current year employer contributions to the pension plan are reported as expenditures in the governmental funds but are reported as deferred outflows in the statement of net position.	752,893
--	---------

The issuance of long-term debt provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position.	(1,332,035)
---	-------------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	4,122,542
--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of current year bond discount/premium	157,553	
Amortization of current year deferred outflow/advanced refunding	(72,041)	
Changes in accrued interest payable	159,166	
Changes in self-insured health plan unpaid claims	(17,700)	
Changes in post-employment health care obligation	(288,350)	
Changes in compensated absences	<u>(37,993)</u>	(99,365)

Pension expense in the statement of activities takes into consideration the change in the net pension liability and related deferred inflows and outflows - ERSA.	(949,758)
---	-----------

Pension expense in the statement of activities takes into consideration the change in the net pension liability and related deferred inflows and outflows - Volunteer firefighter - LOSAP.	<u>(2,703)</u>
--	----------------

Change in net position of governmental activities	<u>\$ 6,062,927</u>
---	---------------------

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

City of Foley, Alabama
PROPRIETARY FUND
STATEMENT OF NET POSITION
September 30, 2017

	Coastal Alabama Farmers' & Fishermen's Market, Inc.
ASSETS	
Current assets	
Cash	\$ 260,680
Receivables	17,017
Inventories	1,751
Prepaid items	600
Total current assets	<u>280,048</u>
Capital assets	
Non-depreciable	885,000
Depreciable assets, net	<u>7,728,132</u>
Total capital assets	<u>8,613,132</u>
Total assets	<u><u>\$ 8,893,180</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 617
Total current liabilities	<u>617</u>
Non-current liabilities	
Qualified Low Income Business Loan	8,000,000
Note payable	<u>1,260,601</u>
Total non-current liabilities	<u>9,260,601</u>
Total liabilities	<u>9,261,218</u>
NET POSITION	
Net investment in capital assets	(647,469)
Creditors (NMTC Reserves)	90,620
Unrestricted	<u>188,811</u>
Total net position	<u>(368,038)</u>
Total liabilities and net position	<u><u>\$ 8,893,180</u></u>

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

City of Foley, Alabama
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the fiscal year ended September 30, 2017

	Coastal Alabama Farmers' & Fishermen's Market, Inc.
Operating revenues:	
Charges for services	\$ 371,151
Intergovernmental	22,200
Other	2,671
Total operating revenues	<u>396,022</u>
Operating expenses:	
Legal and professional	19,367
Insurance	58,623
Utilities	27,671
Maintenance	21,647
Advertising	36,510
Contracted services	40,519
Miscellaneous	3,879
Depreciation	262,853
Total operating expenses	<u>471,069</u>
Operating income (loss)	(75,047)
Non-operating revenues (expenses):	
Interest expense	(122,167)
Interest income	216
Total non-operating expenses, net	<u>(121,951)</u>
Transfers in	44,628
Change in net position	(152,370)
Net position, beginning of year	<u>(215,668)</u>
Net position, end of year	<u><u>\$ (368,038)</u></u>

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

City of Foley, Alabama
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the fiscal year ended September 30, 2017

	Coastal Alabama Farmers' & Fishermen's Market, Inc.
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from leases and other operating activities	\$ 377,950
Payments to suppliers	(210,381)
Net cash provided (used) by operating activities	<u>167,569</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Payments of borrowings from other funds from prior year	(47,985)
Transfers in	44,628
Net cash provided (used) by non-capital financing activities	<u>(3,357)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(217,101)
Proceeds from note payable	240,928
Principal paid on note payable	(39,399)
Interest paid on note payable	(122,167)
Net cash used in capital and related financing activities	<u>(137,739)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	216
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,689
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>233,991</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 260,680</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (75,047)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	262,853
Decrease (increase) in assets	
Accounts receivable	(13,166)
Inventory	(1,384)
Increase (decrease) in liabilities	
Accounts payable	(781)
Unearned revenue	(4,906)
Net cash used by operating activities	<u><u>\$ 167,569</u></u>

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

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies.

1. The Reporting Entity

The City of Foley is an Alabama municipal corporation (government) governed by an elected mayor and five-member council. As required by GASB, the accompanying financial statements present the government and its component units, (1) entities for which the government is considered financially accountable or (2) the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if City officials appoint a voting majority of the organizations governing body and are able to either impose their will on that organization, or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

Blended component units are, in substance, part of the primary government's operations even though they are legally separate entities. Component units are included in the reporting entity financial statement using the blending method in any of these circumstances: a). The component unit's governing body is substantively the same as the governing body of the primary government *and* there is a financial benefit or burden relationship *or* management of the primary government has operational responsibility for the component unit, b). The component unit provides services entirely, or almost entirely, to the primary government *or* exclusively, or almost exclusively, benefits the primary government, c). The component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the primary government, d). The component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member, with certain exceptions. Otherwise, the organization is a discretely presented component unit and its data is reported together with, but separately from the data of the City in the government-wide financial statements. The City has no discretely presented component units to report.

Blended Component Units. The City of Foley Public Facilities Cooperative District (PFCD) was incorporated in 2009 as a capital improvement district under the provisions of Chapter 99B of Title 11, Code of Alabama, 1975, and the City appoints a voting majority of its board members. The purpose of the District is to acquire, construct and install various capital improvements within the City and to aid the City in its economic development efforts through its ability to finance eligible projects under the authority of Chapter 99B. The District issued approximately \$23.3 million of bonds and transferred the net proceeds to the City in exchange for various capital projects and properties from the City, including City Hall, the Public Library, street and drainage projects, etc. Simultaneous with the transfer of assets to the District, the City leased-back the subject properties and projects from the District under an annual lease agreement requiring annual payments equal to 100 percent of the debt service on the District's bonds. The annual lease renews automatically each year, through the year ending September 30, 2030 (final maturity of the bonds), unless the City adopts a resolution expressing its intent to not renew. Upon final maturity of the bonds, the properties revert back to the City.

Coastal Alabama Farmers' and Fishermen's Market, Inc. (CAFFM) was formed in 2013 under the leadership of the City and the PFCD, which is blended with the City's financial statements as described above. CAFFM is a legally separate nonprofit entity under the provisions of IRS Code 501(c)(3) and is engaged in business-type activities (enterprise fund) related to operations of a farmers' and fishermen's market and ownership of multiple

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

properties that will ultimately be funded from user charges and rents. The PFCD is the sole member of CAFFM and appoints a voting majority of its Board members, which consists entirely of City Officials, and has the ability to significantly influence the activities of CAFFM. CAFFM is a blended component unit because its governing body is substantively the same as the City, a financial benefit or burden relationship exists, and the City is responsible for management of CAFFM's operations. CAFFM serves as a project entity to benefit from financing provided by new market tax credits.

The Public Athletic and Sports Facilities Cooperative District (PASFCD) and the Public Cultural and Entertainment Facilities Cooperative District (PCEFCFCD) were formed in 2013 under the provisions of Chapter 99B of Title 11, Code of Alabama, 1975. The City appoints a voting majority of their board members and has the ability to significantly influence their activities. The districts are presented as blended component units (special revenue funds) because their debts are expected to be repaid almost entirely with City resources which will experience a positive financial impact from tourism created by these facilities. The facilities of both districts are managed and operated by City staff.

Other Entities. Excluded from the financial statements are the following boards, for which a lack of influence, control and dependency exist: the Utilities Board of the City of Foley, the Medical Clinic Board, and the Industrial Development Board. These boards are governed by their own boards of directors, prepare and adopt annual operating budgets which are not influenced by the City, have the authority to issue debt securities which are not an obligation of the City (nor secured by City revenues), and must self-fund any operating deficits which may occur.

2. Government-wide and fund financial statements

Financial reporting requirements include a management's discussion and analysis, basic financial statements consisting of government-wide and fund financial statements, required supplementary information, and other supplementary information.

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide statement of net position is presented on a consolidated basis on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (general government, public safety, highways and streets, etc.) that are otherwise being supported by general revenues (property taxes, sales taxes, fines, permit and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, which must be directly associated with the function (general government, public safety, highways and streets, etc.). Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants and contributions column includes operating specific and discretionary (either operating or capital) grants while the capital grants and contributions column reflects capital-specific grants. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

3. Measurement Focus, Basis of Accounting, and Financial Statements Presentation

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are budgeted and presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered susceptible to accrual and are recognized as revenue of the current fiscal period. Only the portion of special assessments collectible within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

The following two broad classifications are used to categorize the fund types used by the City:

Governmental Funds. Governmental funds focus on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) and not net income. The following is a description of the major governmental funds of the City:

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

The *Capital Projects Fund* is used to account for financial resources for the acquisition or construction of major capital items.

The *Public Facilities Cooperative District Fund* is the District's primary fund (special revenue) and is used to account for the user fees charged by the District and for financial resources to benefit economic development projects of the Cooperative District.

The *Public Athletic and Sports Facilities Cooperative District Fund* is the District's primary fund (special revenue) and is used to record all financial activity including capital construction and debt service. It is established for the purpose of increasing tourism and boosting the economy by hosting and promoting outdoor sporting events.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

The *Public Cultural and Entertainment Facilities Cooperative District Fund* is the District's primary fund (special revenue) and is used to record all financial activity including capital construction and debt service. It is established for the purpose of increasing tourism and boosting the economy by hosting and promoting indoor sporting events, conferences and trade shows.

Proprietary Funds. Proprietary funds focus on the determination of net income, changes in net position, financial position, and cash flows. The City's proprietary fund is an enterprise fund, as fees are charged to external users for services. The following is a description of the City's major proprietary fund:

The *Coastal Alabama Farmers' and Fishermen's Market, Inc. Fund* is established to account for the user fees and charges by the farmers' and fishermen's market, for property rents, and for financial resources provided by new markets tax credits.

Additionally, the City reports the following fund types:

Governmental funds:

Special Revenue Funds: These funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Debt Service Funds: These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt.

Capital Project Fund: Capital project funds account for financial resources designated to construct or acquire capital assets and major capital improvements.

Changes in Funds. The TIGER Infrastructure Fund is a capital project fund created to record the transactions for the construction of the pedestrian walking paths and a pedestrian bridge that was funded through a TIGER Grant. This project was completed during the year and the fund is closed.

The Community Development Block Grant (CDBG) infrastructure fund was created this year to record the transactions of grant funded capital drainage improvements.

4. Property Tax Revenue Recognition

Ad valorem taxes (based on assessments of property values by the Baldwin County Tax Assessor) are levied by the City and collected by the Baldwin County Tax Collector and remitted to the City on a monthly basis. The County's property tax calendar requires the Tax Assessor to assess and attach taxes as enforceable liens on property as of September 30th. Taxes are due October 1st through December 31st. Property taxes not paid by January 1st are considered delinquent. All amounts remitted to the City within the bill paying period are included in revenue. Taxes collected within the fiscal year but remitted to the City after the fiscal year-end are accrued in both the government-wide and fund financial statements.

5. Cash and Investments

Cash includes demand deposits as well as all highly liquid investments with a maturity of three months or less when purchased. Certificates of deposits are typically issued for periods of less than one year. State statutes authorize the City to invest in deposit accounts and certificates of deposits with banks, in direct obligations of the United States Treasury Department, and obligations of certain other federal agencies. Investments are stated at fair value. The unrealized gain or loss on investments is reflected in investment income.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

6. Prepaid Items

Payments to vendors for services that will benefit periods beyond September 30th are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

7. Inventories

Inventories consist of materials and supplies held for consumption and miscellaneous merchandise items that are being held for resale. Inventory of materials and supplies is stated at cost and inventory held for resale is reported at lower of cost or market.

8. Capital Assets

Capital assets, which include land, buildings, improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as those assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of five years. The threshold for capitalization was increased from \$1,000 effective October 1, 2014, by adoption of a comprehensive Capital Asset Management Policies and Procedures Manual that also established a \$100,000 threshold for easements.

Expenditures for capital assets acquired or constructed are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Donated capital assets are valued at their estimated acquisition value on the date donated. Public domains (rights-of-way and easements) have been capitalized using actual and estimated historical costs of such assets that were acquired by the City. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	20 - 40 years
Improvements (Building and Property)	7 - 30 years
Infrastructure (Drainage, Streets, Bridges, Sidewalks, etc.)	10 - 50 years
Infrastructure (Sewer)	75 years
Machinery and equipment	5 - 20 years
Automobiles and equipment	5 - 15 years
Office equipment	5 - 10 years

In the fund financial statements, capital assets are accounted for as capital outlay expenditures upon acquisition.

9. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In the event of termination, an employee is paid for accumulated vacation not to exceed 160 hours, or in the case of law enforcement officers and firefighters, not to exceed 190 hours. Employees are paid for overtime accumulated and unpaid to the date of termination not to exceed 80 hours, or in the case of law enforcement officers and firefighters, not to exceed 160 hours. Employees are not entitled to be paid for accumulated sick pay benefits upon termination.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Vacation, sick pay, and overtime are accrued in accordance with GASB Statement No. 16. Unpaid compensated absences are recorded as a liability when the benefits are earned in the government-wide financial statements. Expenditures are recognized in governmental funds when payments are made to employees.

10. Pension Plan

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.

During the year ended September 30, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements create disclosure and reporting requirements that may or may not be consistent with the basis used for funding the plan. As a result, a net pension liability equal to the difference between the actuarial present value of projected benefits to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position was recognized. Additionally, pension expense and deferred outflows of resources and deferred inflows of resources were recognized from changes in the components of the net pension liability. See note L for more information.

11. Net Position and Fund Balances

In the government-wide and enterprise fund financial statements, the difference between the City's total assets and total liabilities represents net position. Net position is displayed as three components:

- *Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* – Consists of net position with constraints placed on their use by external groups such as creditors, grantors, contributors, or laws or regulations of other governments.
- *Unrestricted net position* – Represents the net position available for future operations.

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

- *Non-spendable fund balance*—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- *Restricted fund balance*—Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

- *Committed fund balance*—Amounts that can be used only for the specific purposes determined by an Ordinance, the City's highest level of decision-making authority (the City Council).
- *Assigned fund balance*—Amounts that are constrained by the City's expressed intent to use resources for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council has the authority to assign amounts intended to be used for specific purposes.
- *Unassigned fund balance*—All amounts not included in other spendable classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount. In all other funds, unassigned is limited to negative residual fund balance (if any).

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, the policy of the City is to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts be reduced first, followed by assigned amounts and then unassigned amounts.

It is the City's goal to maintain a minimum unrestricted fund balance in the general fund equal to 25 percent of the originally budgeted operational expenditures and debt service obligations, less one time expenditures greater than \$500,000 and expenditures that are offset by transfers in or other financing sources, as a safeguard against financial demands caused by major natural disasters or other unforeseen events. The current year budgeted amount subject to the calculation was \$35,102,056 resulting in a 25 percent fund balance goal of \$8,775,514. The actual ending unrestricted fund balance of \$9,268,737 exceeds the goal by \$493,223.

12. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from these estimates.

13. Recently Issued Accounting Principles

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension Plans*, was issued to address new accounting and financial reporting for OPEB that is provided to the employees of the state and local government employers. The requirements of this Statement are effective for fiscal year 2018. The City is currently evaluating the impact this standard may have on its financial statements.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, was issued to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*, for pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for fiscal year 2017. This Statement is not applicable to the City.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, was issued to improve financial reporting by clarifying the financial statement presentation requirements for certain component units, not-for-profit corporations in which the primary government is the sole corporate member, and amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The requirements of this Statement are effective for fiscal year 2017. The City currently blends the financial information of Coastal Alabama Farmers' and Fishermen's Market, Inc., the only not-for-profit corporation for which one of the City's blended public boards is the sole corporate member.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, was issued to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for fiscal year 2018. The City currently does not have any split-interest agreements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued to establish accounting and financial reporting for certain asset retirement obligations. The requirements of this statement are effective for fiscal year 2019. The City is currently evaluating the impact this standard may have on its financial statements.

GASB Statement No. 84, *Fiduciary Activities*, was issued to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for fiscal year 2020. The City currently does not have any fiduciary activities.

GASB Statement No. 85, *Omnibus 2017*, was issued to address practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for fiscal year 2018. The City is currently evaluating the impact this standard may have on its financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this statement are effective for fiscal year 2018. The City is currently evaluating the impact this standard may have on its financial statements.

GASB Statement No. 87, *Leases*, was issued to improve accounting and financial reporting for leases by governments. The requirements of this statement are effective for fiscal year 2021. The City is currently evaluating the impact this standard may have on its financial statements.

NOTE B. CASH AND INVESTMENTS

The City manages custodial credit risk, which is the risk that in the event of a bank failure deposits may not be returned, by approving, by resolution, all banks or other financial institutions utilized as depositories for the City's public funds. Prior to approval, each proposed depository must provide evidence of its designation by the Alabama State Treasurer as a qualified public depository (QPD) under the Security of Alabama Funds Enhancement Act (SAFE). The City Treasurer or their designee verify, annually at a minimum, that banks are continuing to participate in the SAFE Program. Under this mandatory program, each QPD is required to hold collateral for all of its public deposits on a pooled basis in a custody account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim would be filed with the State Treasurer who would use the SAFE pool collateral or other means to reimburse the loss. In certain circumstances, deposits are covered by the Federal Deposit Insurance Corporation (FDIC) or otherwise invested or collateralized.

At September 30, 2017, the Primary Government's reported amount of deposits were \$13,828,740. Public fund deposits held by QPD's totaled \$9,074,878, with actual bank balances of \$9,419,568, and consisted entirely of deposits with financial institutions in checking, money market accounts, and certificates of deposit. The amount reported and on deposit that was 100 percent federally invested by Bond Trustees in debt service reserve accounts was \$3,370,661 and the amount of bond proceeds collateralized at 105 percent above the FDIC insured amount was \$971,990. As a condition of a New Markets Tax Credit transaction, the Public Facilities Cooperative District is required to maintain \$150,000, plus accumulated interest, with the lending bank that is not an Alabama QPD

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

but is insured up to \$250,000 by FDIC. Coastal Alabama Farmers' and Fishermen's Market, Inc., a not-for-profit and the City's only proprietary fund, does not qualify for participation in the public funds SAFE Program. With the exception of loan proceeds drawn from a lending bank to pay construction costs, CAFFM did not exceed the FDIC \$250,000 insured amount with any other banks during the year.

NOTE C. UTILITY TAX EQUIVALENTS

Monthly tax equivalent payments are made to the City by the Utilities Board of the City of Foley based on a percentage of the retained earnings of the Utilities Board. The annual tax equivalent rate for fiscal year 2017 was 4.25% and resulted in revenues of \$6,796,594.

NOTE D. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2017:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 24,697,615	\$ 44,991	\$ (374,928)	\$ -	\$ 24,367,678
Construction in progress	36,391,577	16,260,230	-	(39,045,296)	13,606,511
Total capital assets not being depreciated	61,089,192	16,305,221	(374,928)	(39,045,296)	37,974,189
Capital assets being depreciated:					
Property improvements	19,062,010	-	(204,439)	13,700,679	32,558,250
Building improvements	23,919,124	29,872	(1,050,959)	15,943,729	38,841,766
Machinery & equipment	17,325,000	983,663	(551,643)	628,323	18,385,343
Infrastructure	94,291,972	3,253,012	(583,976)	8,772,565	105,733,573
Total capital assets being depreciated	154,598,106	4,266,547	(2,391,017)	39,045,296	195,518,932
Less accumulated depreciation:					
Property improvements	(5,864,108)	(1,071,761)	58,305	-	(6,877,564)
Building improvements	(7,797,451)	(745,602)	169,074	-	(8,373,979)
Machinery & equipment	(11,753,358)	(1,265,004)	540,316	-	(12,478,046)
Infrastructure	(38,645,668)	(2,576,733)	100,909	-	(41,121,492)
Total accumulated depreciation	(64,060,585)	(5,659,100)	868,604	-	(68,851,081)
Total capital assets being depreciated, net	90,537,521	(1,392,553)	(1,522,413)	39,045,296	126,667,851
Governmental activities, net	\$ 151,626,713	\$ 14,912,668	\$ (1,897,341)	\$ -	\$ 164,642,040
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 885,000	\$ -	\$ -	\$ -	\$ 885,000
Construction in progress	1,028,696	217,101	-	(1,245,797)	-
Total capital assets not being depreciated	1,913,696	217,101	-	(1,245,797)	885,000
Capital assets being depreciated:					
Property improvements	569,219	-	-	1,245,797	1,815,016
Building improvements	6,583,114	-	-	-	6,583,114
Moveable equipment	58,729	-	-	-	58,729
Total capital assets being depreciated	7,211,062	-	-	1,245,797	8,456,859
Less accumulated depreciation:					
Property improvements	(64,037)	(69,987)	-	-	(134,024)
Building improvements	(395,312)	(187,972)	-	-	(583,284)
Moveable equipment	(6,525)	(4,894)	-	-	(11,419)
Total accumulated depreciation	(465,874)	(262,853)	-	-	(728,727)
Total capital assets being depreciated, net	6,745,188	(262,853)	-	1,245,797	7,728,132
Business-type activities, net	\$ 8,658,884	\$ (45,752)	\$ -	\$ -	\$ 8,613,132

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Depreciation expense was charged to governmental and business-type activities as follows:

Governmental activities	
General Government	\$ 576,872
Public Safety	973,561
Highways & Streets	2,363,965
Sanitation	169,071
Culture-Recreation	1,566,231
Economic Development	9,400
Total depreciation expense - governmental activities	<u>\$ 5,659,100</u>
Business-type activities	
Coastal Alabama Farmers' and Fishermen's Market, Inc.	<u>\$ 262,853</u>

NOTE E. LONG-TERM DEBT

The City's outstanding debt and obligations at year end are as follows:

General Obligation Warrant, Series 2006A. In 2006, the City issued \$11,460,000 Series 2006A General Obligation Warrants to fund the purchase of police and fire equipment, library expansion costs, purchase land for future expansion, and other infrastructure projects within the City.

General Obligation Warrants, Series 2009. In 2009, the City issued \$3,615,000 Series 2009 General Obligation Warrants to fund infrastructure improvements around the City and to refund the City's 1999 General Obligation Warrants.

Lease Purchase Certificates of Participation, Series 2013 (Qualified Energy Conservation Bond-Direct Pay). In 2013, the City entered into a contract with an Energy Service Company (ESCO) to administer a guaranteed savings energy efficiency project to be funded through the Qualified Energy Conservation Bond (QECB) process, a low-cost federal loan program administered by the State. The bonds are in the form of \$2,975,000 federally taxable certificates of participation and are payable in accordance with an Annual Appropriation Lease Agreement, of which the rental payments constitute a full faith and credit general obligation of the City. The Lease Purchase Agreement provides that the City may determine not to appropriate funds necessary to make such rental payments, or any other payments under the agreement, in any fiscal year and thereby terminate its obligations from and after such fiscal year, with no recourse to the City thereafter. The City has no legal obligation to appropriate funds under the Lease Purchase Agreement in any year.

General Obligation Warrants, Series 2014. In 2014, the City issued \$16,805,000 Series 2014 General Obligation Warrants to fund the acquisition, construction, and installation of capital improvements to certain public facilities within the City including pedestrian and intersection improvements, bike paths, a five field ball park, an environmental interpretive centre, fire station and road extensions resurfacing and improvements.

General Obligation Warrants, Series 2014-CB. In 2014, the City issued \$1,200,000 Taxable Series 2014-CB General Obligation Warrants to fund economic incentive projects including opening new retail stores in the City.

General Obligation Warrants, Series 2015. In 2015, the City issued \$3,440,000 Series 2015 General Obligation Warrants to assist the Public Athletic and Sports Facilities Cooperative District in funding a 16 multi-use field complex with amenities.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

General Obligation Warrant, Series 2016. In 2016, the City issued its \$1,500,000 Taxable Series 2016 General Obligation Warrant to evidence its \$1,500,000 closed-end multiple advance loan with a bank to be used for economic incentives. Pursuant to the Economic Development Amendment, the City entered into a Project Agreement with ROHR, Inc., also known as UTC Aerospace Systems, a unit of United Technologies Corp., to provide \$1,500,000 in incentives to be used for the expansion of its existing aerospace manufacturing facility to aid in the creation of 260 new jobs. As of September 30, 2017, \$1,000,000 had been drawn on the loan. The loan bears "interest only" through November, 2017, at which time monthly principal and interest payments will be due through maturity in November, 2020.

Energy Loan. In 2014, the City received an interest free loan of \$350,000 through the low-cost energy loan program from the Energy Division of the Alabama Department of Economic and Community Affairs (ADECA) to fund energy efficiency improvement projects within the City. The loan is secured by the City's irrevocable letter of credit with an annual interest rate of 1.25%. In September 2017, the letter of credit matured and was replaced with a letter of credit of \$224,583 with a maturity date in August 2018.

Note Payable. In 2017, the City entered into a note payable with Riviera Utilities for construction in aid in the amount of \$300,000 to fund the cost of parking lot lights at the newly constructed events center.

Public Facilities Cooperative District Revenue Bonds, Series 2009. In 2009, the Public Facilities Cooperative District (a blended component unit of the City) issued \$23,335,000 in revenue bonds. The Bonds are special obligations of the District payable solely from revenues derived by the District from facilities financed by the proceeds of the Bonds (the "Project"), including without limitation payments to be made under a Lease Agreement by the District to the City with respect to the Project. The Lease Agreement provides that (i) for each year in which the Lease Agreement is in effect, the City shall pay rentals for the account of the District at such times and in such amounts as shall be sufficient to pay the principal of and interest on the Bonds when due and any amounts required to be paid into the reserve fund for the Bonds, (ii) the obligations of the City under the Lease Agreement shall be general obligations of the City, and (iii) the City may terminate the Lease Agreement as of September 30 of any year without penalty, and without acceleration or advancement of maturity or due date of any principal of or interest on the Bonds or amount payable under the Lease Agreement, and without recourse against the City for the payment of any amount which would otherwise become due under the Lease Agreement in any year subsequent to such termination of the Lease Agreement. The Bonds and the obligations of the City under the Lease Agreement are not chargeable against the constitutional debt limit of the City.

Public Facilities Cooperative District Revenue Bonds, Series 2016. On April 28, 2016 the, City of Foley Public Facilities Cooperative District issued \$9,165,000 of Series 2016 Revenue Bonds with interest rates ranging from 1 percent to 4 percent in order to advance refund \$8,830,000 of outstanding Series 2009 Revenue Bonds with rates ranging from 4 percent to 5 percent.

The net proceeds of \$9,810,412 (which included a premium of \$785,595 and a payment of \$140,183 for underwriting and issuance cost), plus an additional \$118,784 of sinking fund monies were used to purchase government securities totaling \$9,929,196. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2009 Series Refunded Bonds. As a result, the 2009 Series Refunded Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,008,576. The difference is reported in the accompanying financial statements as a deferred outflow of resources and is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the new debt.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Public Athletic and Sports Facilities Cooperative District, Revenue Bonds Series 2015. In 2015, the Public Athletic & Sports Facilities Cooperative District (a blended component unit of the City) issued \$13,000,000 in revenue bonds. The Bonds are limited obligations of the District payable solely from and secured by a pledge of (i) the moneys payable by the City of Foley, Alabama (the "City") pursuant to the Funding Agreement, dated as of May 1, 2015, by the City, the District and the Trustee; (ii) certain revenues derived by the District for such purpose from the Project; and (iii) moneys on deposit in the funds created under the Indenture. The Funding Agreement is a full faith and credit general obligation of the City and will provide for payments by the City on dates and in amounts sufficient to provide for the payment of the debt service on the bonds when due for payment.

Public Cultural and Entertainment Facilities Cooperative District, Revenue Bonds Series 2015. In December 2015, the Public Cultural & Entertainment Facilities Cooperative District (a blended component unit of the City) issued \$15,285,000 in revenue bonds. The Bonds are limited obligations of the District payable solely from and secured by a pledge of (i) the moneys payable by the City of Foley, Alabama (the "City") pursuant to the Funding Agreement, dated as of December 1, 2015, by the City, the District and the Trustee; (ii) certain revenues derived by the District for such purpose from the Project; and (iii) moneys on deposit in the funds created under the Indenture. The Funding Agreement is a full faith and credit general obligation of the City and will provide for payments by the City on dates and in amounts sufficient to provide for the payment of the debt service on the bonds when due for payment.

Coastal Alabama Farmers' and Fishermen's Market, Inc., Qualified Low Income Business Loan. In 2014, the City and its blended component units (the Public Facilities Cooperative District (PFCF) and the newly formed Coastal Alabama Farmers' and Fishermen's Market, Inc. (CAFFM)) engaged in various transactions to ultimately secure proceeds from four 1.045% interest rate loans totaling \$8,000,000 for CAFFM, which qualifies as a qualified active low-income community business (QALICB) under provisions of the Federal New Markets Tax Credit Program. The 1.045% loans are payable by CAFFM to Pacesetter CDE X, LLC (Pacesetter) and collateralized by the assets of the fund.

The PFCF participated in the transaction by serving as the leverage lender by making a \$5,950,400 loan at a rate of 1.0 percent to the Chase NMTC CAFFM Investment Fund, LLC (Investment Fund). The Investment Fund also received an equity contribution of \$2,589,600 from Chase Community Equity, LLC (CCE-LLC) an outside "tax credit investor" owning 100% of the Investment Fund. After paying a sub-allocation fee of \$540,000, the Investment Fund, which owns 99.99% of Pacesetter, made Qualifying Equity Investments totaling \$8,000,000 to Pacesetter, to fund Pacesetter's four loans to CAFFM.

CAFFM will make quarterly "interest only" payments for seven years (through June 1, 2021) after which time quarterly principal and interest payments will be due until final maturity in 2043. The payments by CAFFM to Pacesetter will be distributed to the Investment Fund to pay debt service on the leverage loan to PFCF.

In connection with the PFCF leverage loan, the PFCF entered into an "Investment Fund Put/Call Agreement" with CCE-LLC which allows CCE-LLC to "put" its 100% ownership interest in the Investment Fund to PFCF at the end of the seven-year tax compliance period in 2021 for a purchase price of \$1,000, plus any transfer or closing costs. In the event the put is not exercised, PFCF can exercise a "call" option to purchase the interest, as valued by an independent appraiser.

The General Fund also has notes receivable totaling \$5,570,579 from the PFCF in connection with the transaction related to properties transferred to the PFCF.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Notes Receivable and Payable at September 30, 2017 were as follows:

Notes Receivable	Balance	Maturity Date	Interest Rate
General Fund	\$5,570,579	2043	1.3443%
PFCF	\$5,950,400	2043	1.0000%

Notes Payable	Balance	Maturity Date	Interest Rate
PFCF	\$5,570,579	2043	1.3444%
CAFFM – Four loans	\$8,000,000	2043	1.0450%

Coastal Alabama Farmers' and Fishermen's Market, Inc., Closed Line of Credit Agreement and Promissory Note. In 2016, CAFFM entered into a \$1,400,000 Closed Line of Credit Agreement and Promissory Note with United Bank with such funds being available for draw through January 2017, at an interest rate of 2.94 percent per annum. Beginning February 1, 2017, and continuing for 180 months through January 31, 2032, the outstanding principal balance is subject to a fixed rate of interest of 3.60 percent. Principal and interest payments began February 2017, however, CAFFM may prepay the principal at any time without penalty. The transaction is backed by the City of Foley's execution and delivery of a Funding Agreement or Pledge Agreement with respect to the unconditional obligation of the City to repay the debt in the event of nonpayment by the CAFFM.

The warrants, bonds and notes payable as of September 30, 2017, were as follows:

Governmental Activities

\$11,460,000 Series 2006A, General Obligation Warrants; due in semi-annual installments from \$280,000 to \$510,000 plus monthly interest at .9%; final maturity in 2020.	\$ 3,390,000
\$3,615,000 Series 2009, General Obligation Warrants; due in annual installments from \$50,000 to \$360,000 plus semi-annual interest varying from 2.0% to 4.25%; final maturity in 2030.	1,365,000
\$2,975,000 Series 2013, Qualified Energy Conservation Bond; due in semi-annual installments from \$75,000 to \$235,000; plus semi-annual interest varying from 1.2% to 4.2%; final maturity in 2033.	2,620,000
\$16,805,000 Series 2014, General Obligation Warrants; due in annual installments from \$305,000 to \$1,050,000 plus semi-annual interest varying from 2% to 4%; final maturity in 2039.	13,950,000
\$1,200,000 Series 2014-CB, General Obligation Warrants; due in monthly installments of \$18,583, which includes monthly interest with an effective rate of 3%; final maturity in 2021.	732,028
\$3,440,000 Series 2015, General Obligation Warrants, due in annual installments from \$285,000 to \$410,000 plus semi-annual interest of 5%; final maturity in 2025.	2,865,000
\$1,500,000 Series 2016, General Obligation Warrants, Closed Line of Credit with Merchant & Marine Bank; funds are available for draw through November 2017 with monthly interest payments of 2.00% of the outstanding balance; principal and interest payments in the amount of \$42,981 begin monthly in December 2017 with an interest rate of 2.00%; final maturity in 2032.	1,000,000

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

\$350,000 Non-interest Bearing Note Payable; due in monthly installments of \$2,917; final maturity in 2024.	218,750
\$300,000 Note payable with Riviera Utilities, due in monthly installments of \$6,188, which includes monthly interest with an effective rate of 8.73%; final maturity in 2022.	300,000
\$23,335,000 Public Facilities Cooperative District Series 2009, Revenue Bonds; due in annual installments from \$820,000 to \$1,595,000 plus semi-annual interest varying from 3.7% to 4.5%; final maturity in 2027.	7,465,000
\$9,165,000 Public Facilities Cooperative District Series 2016 Revenue Bonds; due in annual installments from \$60,000 to \$1,540,000 plus semi-annual interest varying from 2% to 4%; final maturity in 2030.	9,105,000
\$13,000,000 Public Athletic & Sports Facilities Cooperative District Series 2015 Revenue Bonds, due in annual installments from \$60,000 to \$910,000 plus semi-annual interest varying from 3% to 4%; final maturity in 2045.	13,000,000
\$15,285,000 Public Cultural & Entertainment Facilities Cooperative District Series 2015 Revenue Bonds, due in annual installments from \$305,000 to \$875,000 plus semi-annual interest varying from 2% to 5%; final maturity in 2045.	<u>14,980,000</u>
Total Governmental Activities	<u>70,990,778</u>
Business-Type Activities	
\$8,000,000 Qualified Low Income Business Loan; due in quarterly installments from \$78,963 to \$99,603 plus quarterly interest at 1.045%; interest only payment at 1.045% are due quarterly for the first seven years; final maturity in 2043.	8,000,000
\$1,400,000 Closed Line of Credit with United Bank; funds are available for draw through January 2017 with monthly interest payments of 2.94% of the outstanding balance; principal and interest payments begin monthly in February 2017 with an interest rate of 3.60%; final maturity in 2032.	<u>1,260,601</u>
Total Business-Type Activities	<u>9,260,601</u>
Grand Total Long-Term Debt	<u><u>\$ 80,251,379</u></u>

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

The principal maturities and related interest requirements for the warrants, bonds, and notes payable for the next five fiscal years and thereafter are as follows:

Warrants, Bonds and Notes Payable:

Governmental Activities			
Fiscal Year Ending September 30,	Principal	Interest	Total
2018	\$ 4,536,814	\$ 2,677,414	\$ 7,214,228
2019	4,739,071	2,537,505	7,276,576
2020	4,583,323	2,384,117	6,967,440
2021	3,831,941	2,208,559	6,040,500
2022	2,680,879	2,063,296	4,744,175
2023 to 2027	14,683,750	8,642,631	23,326,381
2028 to 2032	14,135,000	5,833,644	19,968,644
2033 to 2037	8,720,000	3,740,974	12,460,974
2038 to 2042	7,950,000	2,132,426	10,082,426
2043 to 2047	5,130,000	467,296	5,597,296
Total Governmental Activities	<u>\$ 70,990,778</u>	<u>\$ 32,687,862</u>	<u>\$ 103,678,640</u>
Business Type Activities			
Fiscal Year Ending September 30,	Principal	Interest	Total
2018	\$ 68,196	\$ 127,698	\$ 195,894
2019	70,692	125,202	195,894
2020	73,279	122,614	195,893
2021	154,925	119,932	274,857
2022	396,396	115,079	511,475
2022 to 2027	2,079,453	479,259	2,558,712
2028 to 2032	2,183,109	305,761	2,488,870
2033 to 2037	1,820,799	176,472	1,997,271
2038 to 2042	1,918,330	78,942	1,997,272
2043 to 2047	495,422	3,891	499,313
Total Business-Type Activities	<u>\$ 9,260,601</u>	<u>\$ 1,654,850</u>	<u>\$ 10,915,451</u>

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Changes in long-term debt for the year were as follows:

	Principal Balance 10/1/2016	Additions	Reductions	Principal Balance 9/30/2017	Due Within One Year
Governmental Activities					
2006 General Oblig Warrants	\$ 4,270,000	\$ -	\$ (880,000)	\$ 3,390,000	\$ 920,000
2009 General Oblig Warrants	1,705,000	-	(340,000)	1,365,000	350,000
2013 Qualified Energy Conservation Bond	2,715,000	-	(95,000)	2,620,000	95,000
2014 General Oblig Warrant	14,890,000	-	(940,000)	13,950,000	960,000
2014-CB GO Warrant McKenzie	924,463	-	(192,435)	732,028	199,986
2015 GO Warrant	3,155,000	-	(290,000)	2,865,000	305,000
2016 GO-UTC Line of Credit	-	1,000,000	-	1,000,000	271,791
ADECA ESCO Funding	253,750	-	(35,000)	218,750	35,000
2017 Riviera Utilities - Event center parking lights	-	300,000	-	300,000	50,037
2009 PFCD Revenue Bonds	8,420,000	-	(955,000)	7,465,000	980,000
2016 PFCD Revenue Bonds	9,165,000	-	(60,000)	9,105,000	60,000
2015 PASFCD Revenue Bond Series	13,000,000	-	-	13,000,000	-
2015 PCEFCD Revenue Bond Series	15,285,000	-	(305,000)	14,980,000	310,000
Bond premiums	2,947,083	-	(171,000)	2,776,083	-
Bond discounts	(342,150)	-	13,447	(328,703)	-
Total Warrants, Bonds, and loans, net	76,388,146	1,300,000	(4,249,988)	73,438,158	4,536,814
Capital leases	81,829	32,031	(30,106)	83,754	33,067
Interest	985,976	2,617,228	(2,776,394)	826,810	826,810
Health claims payable	155,200	3,063,504	(3,045,804)	172,900	172,900
Compensated absences	741,518	803,130	(765,137)	779,511	311,805
Post employment health care obligation	1,674,148	412,375	(124,025)	1,962,498	-
Net pension liability-ERSA	4,443,055	3,943,082	(2,862,604)	5,523,533	-
Net pension liability-Volunteer firefighter-LOSAP	429,061	-	(43,799)	385,262	-
Long-term liabilities from gov activities	\$ 84,898,933	\$ 12,171,350	\$ (13,897,857)	\$ 83,172,426	\$ 5,881,396
Business-Type Activities					
Qualified low income business loan	\$ 8,000,000	\$ -	\$ -	\$ 8,000,000	\$ -
United Bank Loan	1,059,072	240,928	(39,399)	1,260,601	68,196
Long-term liabilities from bus-type activities	9,059,072	240,928	(39,399)	9,260,601	68,196
Grand Total Long-Term Liabilities	<u>\$ 93,958,005</u>	<u>\$ 12,412,278</u>	<u>\$ (13,937,256)</u>	<u>\$ 92,433,027</u>	<u>\$ 5,949,592</u>

The General Fund generally liquidates the net other post-employment health care obligation, claims and judgments, and compensated absences for governmental activities.

NOTE F. CAPITAL LEASE OBLIGATION

During 2017, the City entered into a non-cancelable lease agreement for certain office equipment totaling \$32,031. The lease qualifies as a capital lease for accounting purposes and is recorded at the present value of the future minimum lease payments at the inception of the lease. The leased equipment is amortized on a straight line basis over 5 years.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

At September 30, 2017, all leased equipment had a cost of \$128,966 and accumulated amortization of \$49,143. Amortization of leased assets is included in depreciation expense. Future minimum lease payments together with the present value of the minimum lease payments are as follows:

Year ended September 30:		
2018	\$	38,606
2019		34,462
2020		12,304
2021		7,669
2022		639
Total Minimum lease payments		93,680
Amount representing interest expense		9,926
Present value of minimum lease payments	\$	83,754

NOTE G. INTERFUND RECEIVABLES AND PAYABLES

The following is a detailed listing of interfund receivables and payables shown in the combined balance sheet:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 112,879	\$ -
Public Facilities Cooperative District	-	58,384
Public Athletic & Sports Facilities Cooperative District	-	9,620
Public Cultural & Entertainment Facilities Cooperative District	-	26,638
Non-Major Funds	-	18,237
Total	<u>\$ 112,879</u>	<u>\$ 112,879</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE H. INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2017, were as follows:

Fund	Transfers to Other Funds	Transfers From Other Funds
General Fund	\$ 9,280,402	\$ 3,284,226
Capital Projects Fund	-	2,056,155
Public Facilities Cooperative District Fund	1,187,282	1,602,880
Public Athletic & Sports Facilities Cooperative District Fund	9,610	645,355
Public Cultural & Entertainment Facilities Cooperative District Fund	47,975	1,111,464
Coastal Alabama Farmers' & Fishermen's Market Fund	-	44,628
All Non-Major Funds	2,083,987	3,864,548
Total	<u>\$ 12,609,256</u>	<u>\$ 12,609,256</u>

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE I. FUND BALANCE CONSTRAINTS

The constraints on fund balance as listed in aggregate in the governmental funds balance sheet are detailed according to balance classification and fund.

	General Fund	Capital Projects Fund	Public Facilities Coop District	Public Athletic & Sports Facilities Coop District	Public Cultural & Entertainment Facilities Coop District	Non-Major Funds	Total
Fund Balances:							
Non-Spendable							
Inventory	\$ 65,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,491
Long-term note receivable	5,570,579	-	379,821	-	-	-	5,950,400
Prepaid items	186,892	-	-	-	-	-	186,892
Total Non-Spendable	5,822,962	-	379,821	-	-	-	6,202,783
Restricted:							
Debt service reserves	-	-	1,744,712	207,361	74,702	1,034,282	3,061,057
Capital projects	-	-	-	2,597	-	50	2,647
Creditors (NMTC Reserves)	-	-	150,631	-	-	-	150,631
Police	50,513	-	-	-	-	119,625	170,138
Fire	-	-	-	-	-	360,585	360,585
Court	360,440	-	-	-	-	49,029	409,469
Highways and streets	-	-	-	-	-	83,981	83,981
Total Restricted	410,953	-	1,895,343	209,958	74,702	1,647,552	4,238,508
Committed:							
Economic development	-	-	139,802	803	140	-	140,745
Capital projects	-	530,241	-	-	-	-	530,241
Culture and recreation	-	-	-	-	-	97,686	97,686
Total Committed	-	530,241	139,802	803	140	97,686	768,672
Assigned:							
Culture and recreation	39,141	-	-	-	-	-	39,141
Future budget shortfalls	513,293	-	-	-	-	-	513,293
Total Assigned	552,434	-	-	-	-	-	552,434
Unassigned:	8,716,303	-	-	-	-	-	8,716,303
Total Fund Balances	<u>\$ 15,502,652</u>	<u>\$ 530,241</u>	<u>\$ 2,414,966</u>	<u>\$ 210,761</u>	<u>\$ 74,842</u>	<u>\$ 1,745,238</u>	<u>\$ 20,478,700</u>

NOTE J. LEASES

City of Foley:

The City has lease arrangements that are considered immaterial or are related to economic development and therefore are not subject to GASB 72 and fair value measurement each year.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Public Facilities Cooperative District of the City of Foley:

Lessor - Wolf Bay Lodge, Inc. occupied a City owned facility under a fifteen (15) year lease with annual rental revenues of \$124,048 that were set to expire in June 2025. Wolf Bay Lodge exercised their right to early payoff of the lease in December, 2016, and paid the City \$1,195,113 for the facility.

The purpose of the lease was to stimulate economic development, as opposed to returning a profit, and therefore was not an investment subject to GASB 72 and fair value measurement.

Coastal Alabama Farmers' and Fishermen's Market, Inc.:

Lessor - Gulf Coast Produce occupies approximately 20,000 square feet in the CAFFM Wholesale Distribution Building, also known as the Peavey Building. The monthly lease is based on a tiered price per square foot plus \$1,000 for insurance and common area maintenance (CAM). Insurance and common area maintenance are capped at \$12,000 per year for years 1-10. *For years 11-20, the tenant's share of the actual cost of insurance and common area maintenance are to be recovered.

Initial Term	Price Per Square Foot	Monthly Base Rent	Monthly Ins/CAM	Annual Amount
Lease Years 1-2	\$5.00	\$ 8,333.00	\$1,000.00	\$112,000.00
Lease Years 3-5	\$6.54	\$10,900.00	\$1,000.00	\$142,800.00
Lease Years 6-10	\$7.04	\$11,733.00	\$1,000.00	\$152,800.00
First Option Period - Lease Years 11-15	\$7.54	\$12,567.00	\$1,000.00	* \$162,800.00
Second Option Period - Lease Years 16-20	\$7.92	\$13,200.00	\$1,000.00	* \$170,400.00

Lessor - Forland Family Market occupies 5,980 square feet in the Retail Building located next to the Farmers' and Fishermen's Market. The monthly lease is based on a tiered price per square foot plus \$.50 per square foot for insurance during years 1-7 and \$1.00 per square foot for common area maintenance (CAM) for years 1-7. *There is a ten percent cap from the previous year's amount charged for insurance and common area maintenance in year's 8-20.

Initial Term	Price Per Square Foot	Monthly Base Rent	Monthly Ins/CAM	Annual Amount
Lease Years 1-3	\$6.50	\$3,239.17	\$747.50	\$47,840.00
Lease Years 4-7	\$7.00	\$3,488.33	\$747.50	\$50,830.00
Lease Years 8-10	\$8.00	\$3,737.50	\$747.50	\$53,820.00
Lease Years 11-15	\$8.00	\$3,986.67	\$747.50	* \$56,810.00
Lease Years 16-20	\$8.50	\$4,235.84	\$747.50	* \$59,800.00

Lessor - Moe's Original BBQ of Foley occupies 3,510 square feet in the Retail Building located next to the Farmers' and Fishermen's Market. The monthly lease is based on a tiered price per square foot plus \$.50 per square foot for insurance and \$1.00 per square foot for common area maintenance (CAM) for years 1-7. *There is a ten percent cap from the previous years amount charged for insurance and common area maintenance in years 8-15.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Initial Term	Price Per Square Foot	Monthly Base Rent	Monthly Ins/CAM	Annual Amount
Lease Years 1-3	\$11.00	\$3,217.50	\$438.75	\$43,875.00
Lease Years 4-7	\$12.00	\$3,510.00	\$438.75	\$47,385.00
Lease Years 8-10	\$13.44	\$3,931.20	\$438.75 *	\$52,439.40
First Option Period - Lease Years 11-15	\$14.88	\$4,352.40	\$438.75 *	\$57,493.80

Lessor- Bon Secour Valley, Inc. is currently occupying 10,000 square feet in the Peavey Building for \$1,250 per month. When build out is complete, they will increase their footprint to approximately 40,000 square feet. At the tenant's request, the CAFFM Board granted a six month extension to the start date of lease payments on the additional 30,000 square feet through a lease amendment. The amendment allows one six-month extension. The monthly lease is based on a tiered price per square foot plus \$6,000 per year for insurance and \$6,000 per year for common area maintenance (CAM) for years 1 through 6. The tenant is paying CAFFM approximately \$9,948 per month as repayment for tenant build out costs totaling \$1.3M at 3.6 percent for fifteen years. *There is a twelve percent cap from the previous year's amount charged for common area maintenance in years 7-15.

Initial Term	Price Per Square Foot	Monthly Base Rent	Monthly Ins/CAM	Monthly Additional Improvement Rent	Annual Amount
Lease Years 1-3	\$1.50	\$ 5,000.00	\$1,000.00	\$9,947.50	\$191,370.00
Lease Years 4-6	\$2.75	\$ 9,166.67	\$1,000.00	\$9,947.50	\$241,370.00
Lease Years 7-10	\$3.00	\$10,000.00	\$1,000.00	\$9,947.50 *	\$251,370.00
Lease Years 11-15	\$3.50	\$11,666.67	\$1,000.00	\$9,947.50 *	\$271,370.00

Returns above the cost to maintain the facilities being leased by CAFFM are reinvested to achieve the purpose of the non-profit; to provide a regular forum for members of the community to learn about sustainable farming and fishing practices, organic food growth and preparation and other projects for education of the community. These leases are not investments that are subject to GASB 72 and fair value measurement each year.

NOTE K. RISK MANAGEMENT AND SELF-INSURED HEALTH INSURANCE

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance to cover these risks. During the year the City had no significant reductions in its commercial insurance coverage from the prior year. In addition, there have been no settlements that exceeded the City's insurance coverage in any of the past three fiscal years.

Beginning in January 2009, the City established a self-funded health plan for its employees. A third-party administrator is responsible for the approval, processing, and payment of claims. The City is responsible for a monthly administrative fee. The City pays 100 percent of employee and covered dependent(s) health, vision, hearing, prescription drugs, and dental claims cost at no premium cost to the employee. Employees who elect family coverage are required to pay a portion of the premium. Claims paid by the City are charged to the various departments where each employee works. Medical claims exceeding \$50,000 per covered individual, per year, are covered through a private insurance carrier.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Liabilities for unpaid claims are based on recommendations by third-party administrators. Changes in the balance of claims liabilities, including provision for incurred but not reported (IBNR) claims, are as follows:

	2017	2016
Unpaid claims, beginning of year	\$ 155,200	\$ 165,900
Incurred claims, including change in IBNR provision	3,063,504	2,929,821
Claims payments	(3,045,804)	(2,940,521)
Unpaid claims, end of year	<u>\$ 172,900</u>	<u>\$ 155,200</u>

NOTE L . PENSION PLAN - EMPLOYEE RETIREMENT SYSTEMS OF ALABAMA

General Information about the Pension Plan

Plan description. The City participates in the Employees' Retirement System of Alabama (ERSA), an agent multiple employer plan, that was established 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. Assets of the ERS are pooled for investment purposes. However, separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of its employees only. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees, including the Governor, State Treasurer, State Personnel Director and State Director of Finance as ex officio members, three vested members of ERS appointed by the Governor, and six members of ERS elected by members.

The Plan had approximately 85,875 participants from approximately 906 local participating employers as of September 20, 2016, and 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 Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in post-retirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. The Legislature of Alabama has authority to amend the plan and grants the City authority to accept or reject cost-of-living adjustments to retirees. During its 2012 Session, the Legislature created a Tier 2 plan for all employees hired on or after January 1, 2013, with all employees hired before that date being referred to as Tier 1 members. Membership is mandatory for covered or eligible City employees and substantially all employees are members of ERS.

Tier 1 employees who retire after age 60 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. 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 1 retirees are allowed 2.0125 percent of their average final compensation (highest 3 of the last 10 years) for each year of service.

Tier 2 employees are eligible for retirement after age 62 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 retirees are allowed 1.65 percent of their average final compensation (highest 5 of the last 10 years) for each year of service.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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

	<u>Number</u>
Retired Members or Their Beneficiaries Currently Receiving Benefits	47
Vested Inactive Members	2
Non-vested Inactive Members	10
Active Members	<u>296</u>
Total	355

Contributions. Tier 1 covered members of the ERS contribute 5 percent of earnable compensation with the exception of certified law enforcement, correctional officers and firefighters who contribute 6 percent. Tier 2 covered members contribute 6 percent of earnable compensation with the exception of certified law enforcement, correctional officers, and firefighters who contribute 7 percent of earnable compensation. The ERS establishes employer rates based on 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, 2017, the City's covered payroll was \$13,630,907. The City's active employee contribution rate was 5.6 percent of covered payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 5.2 percent of covered payroll.

The City's contractually required contribution rate for the year ended September 30, 2017, was 6.65 percent of pensionable pay for Tier 1 employees, and 3.70 percent of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2015, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$752,893 for the year ended September 30, 2017.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2015, rolled forward to September 30, 2016, using standard roll-forward techniques.

Actuarial assumptions. The total pension liability in the September 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.25% - 5.00%
Investment rate of return*	7.75 percent

*Net of pension plan investment expense

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Mortality rates for ERS were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125 percent at all ages for males and 120 percent for females at ages on and after age 78. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Mortality Table Projected with Scale BB to 2020 with an adjustment of 130 percent at all ages for females.

The actuarial assumptions used in the September 30, 2015, valuation were based on the results of an actuarial experience study for the period October 1, 2010 - September 30, 2015.

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	17.0%	4.4%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stocks	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.50%
Cash Equivalents	3.0%	1.50%
Total	100.00%	

* includes assumed rate of inflation of 2.50 percent.

Discount rate. The discount rate used to measure the total pension liability was the long term rate of return, 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the rates currently in effect and that employer contributions will be made in accordance with the funding policy adopted by the Board of Control. Projected future benefit payments for all current plan members were projected for all years.

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 and a municipal bond rate was not used in determining the discount rate.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2015	\$ 25,464,305	\$ 21,021,250	\$ 4,443,055
Changes for the year:			
Service cost	1,048,239	-	1,048,239
Interest	2,003,407	-	2,003,407
Changes of assumptions	1,333,139	-	1,333,139
Differences between expected and actual experience	327,070	-	327,070
Contributions - employer	-	748,050	(748,050)
Contributions - employee	-	707,521	(707,521)
Net investment income	-	2,175,806	(2,175,806)
Benefit payments, including refunds of employee contributions	(843,438)	(843,438)	-
Administrative expense	-	-	-
Transfers among Employers	74,665	74,665	-
Net changes	3,943,082	2,862,604	1,080,478
Balances at September 30, 2016	\$ 29,407,387	\$ 23,883,854	\$ 5,523,533

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 7.75 percent, 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Current Rate 7.75%	1% Increase 8.75%
City's net pension liability (asset)	\$ 9,541,049	\$ 5,523,533	\$ 2,166,977

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, 2016. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2016. The auditor's report dated March 27, 2017, 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.

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

For the year ended September 30, 2017, the City recognized pension expenditures of \$752,893 in the fund level financial statements, and pension expense of \$949,758 in the government-wide financial statements. The deferred outflows of resources related to the pension plan, totaling \$752,893 resulting from the City's contributions to the plan subsequent to the measurement date (September 30, 2016), will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 721,783	\$ -
Changes in assumptions	1,174,432	-
Net difference between projected and actual earnings on plan investments	182,415	-
Employer contributions subsequent to measurement date	752,893	-
Totals	<u>\$ 2,831,523</u>	<u>\$ -</u>

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

Year ended September 30:	
2018	\$ 314,805
2019	314,807
2020	455,889
2021	176,594
2022	269,920
Thereafter	546,617

NOTE M. POST-EMPLOYMENT HEALTH CARE BENEFITS

1. Plan Description

The City of Foley Health Care Plan is a single-employer self-funded defined benefit health care plan administered by the City of Foley. The City subsidizes retiree medical, vision, and dental coverage by paying claims in excess of retiree contributions. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made as of October 1, 2015. Membership in the plan consisted of 8 retired and 277 active employees at October 1, 2015. The Plan does not issue stand-alone financial reports.

Under the City's Health Care Plan, a retired employee who draws a monthly retirement check may elect to continue coverage in the Plan if the retiree has 25 years of service, regardless of age, or the retiree has 10 years of service and is 60 or more years in age, or has been determined to be disabled by the Social Security Administration or the Retirement System of Alabama. Coverage is also offered to eligible retirees' dependents. Retirees reimburse the City for 100 percent of the premium rate set by the City for health, vision, and dental coverage. Pre-Medicare retirees pay the blended premium rate, while Medicare-eligible retirees are offered a C-Plus Plan rate with Blue Cross Blue Shield of Alabama.

2. Funding Policy

The contribution requirements of plan members are established and may be amended by the City of Foley. The City's required contribution is based on projected pay-as-you-go financing requirements.

3. Annual Other Post-Employment Benefit Cost

The cost of post-employment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. Accordingly, the City recognizes the cost of post-employment healthcare in the year when employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Because the City adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

For 2017, the City's annual other post-employment benefit (OPEB) cost was calculated based on the annual required contribution of the employer (ARC), which was determined as part of the October 1, 2015, actuarial valuation using the projected unit credit cost method. The actuarial assumptions included (a) 4.0 percent discount rate and (b) projected medical cost increases ranging from 7.0 percent in 2016 to 5.0 percent in 2019 and beyond. The discount rate includes an inflation component of 3.0 percent and reflects the fact that no assets are set aside within the City of Foley that are legally held exclusively for retiree health benefits. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the year ended September 30, 2017:

Annual required contribution (a)	\$	398,449
Interest on net OPEB obligation		66,966
Amortization of prior year net OPEB Obligation		(53,040)
Annual OPEB Cost		412,375
Expected Net OPEB Contributions		(124,025)
Increase in net OPEB obligation		288,350
Net OPEB obligation - beginning of year		1,674,148
Net OPEB obligation - end of year	\$	1,962,498

(a) Includes service normal cost of \$271,114 plus amortized unfunded actuarial accrued liability cost of \$127,335.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the most recent three years were:

THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2015	\$ 312,859	5.43%	\$ 1,349,684
9/30/2016	\$ 409,675	27.52%	\$ 1,647,148
9/30/2017	\$ 412,375	30.08%	\$ 1,962,498

The funded status of the OPEB plan as of October 1, 2015, the most recent actuarial valuation date is as follows:

Actuarial Value of Assets	Actuarial Accrued Liability - Projected Unit Credit	Unfunded Actuarial Accrued Liability	Covered Payroll	UAAL as a Percentage of Covered Payroll
\$ -	\$ 3,849,613	\$ 3,849,613	\$ 12,315,887	31.26%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE N. DEFERRED COMPENSATION PLANS

Employees of the City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457. There are two plans available to all eligible employees of the City. Under the plans, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

One plan is administered by the Employees' Retirement System of Alabama as fiduciary and the other plan is administered by Great West Retirement Services as fiduciary. Under the terms of an IRS Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts are held by the financial institution, until paid or made available to the employees or beneficiaries.

NOTE O. VOLUNTEER FIREFIGHTER LOSAP

Plan Description. The City sponsors a single employer Length of Service Awards Program (LOSAP) that provides a retirement benefit, disability benefit, and pre-entitlement death benefit policy for volunteer firefighters. The plan was established by the City in 1994 and is managed by Volunteer Firemen's Insurance Services. Benefit terms were established and may be amended by the City.

Benefits provided. Retirement benefits for LOSAP members are available after the member reaches the entitlement age of 65 and completion of one year of active service with the City. The member will receive a monthly income for life with a guarantee of at least 120 monthly payments payable to the participant or his designated beneficiary. The monthly amount payable ranges between a minimum amount of \$100 and a maximum amount of \$300. Disability benefits are available for active members that become totally and

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

permanently disabled from any cause prior to the entitlement age. Pre-entitlement death benefit for each active and qualified member is the greater of \$10,000 or the present value of the members accrued benefit.

The plan had 35 participants as of the plan year ended June 30, 2016, consisting of 11 active, 22 vested-terminated, and 2 retired participants.

Total Pension Liability. There are no assets accumulated in a trust that meets the criteria to permit a netting of assets against the liability. The City's total pension liability was measured as of June 30, 2017, determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard roll-forward techniques.

Actuarial assumptions. The total pension liability as of June 30, 2016, rolled forward to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	0.00%
Salary increases	Not applicable
Investment rate of return	3.56% percent, net of pension plan investment expense, including inflation
Mortality	No pre-retirement mortality; post retirement RP2000MF with improvement
Retirement	First eligible
Turnover	T5
Disability	None

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2016 actuarial valuation report.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at July 1, 2016	\$ 429,061	\$ -	\$ 429,061
Changes for the year:			
Service cost	9,209	-	9,209
Interest	15,147	-	15,147
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(58,127)	-	(58,127)
Benefit payment and expenses	(10,028)	-	(10,028)
Net Changes	(43,799)	-	(43,799)
Balances at July 1, 2017	\$ 385,262	\$ -	\$ 385,262

Sensitivity of the total pension liability to changes in the discount rate. The following table represents the City's total pension liability calculated using the discount rate of 3.56 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.56 percent) or 1-percentage point higher (4.56 percent) than the current rate:

	1% Decrease 2.56%	Current Rate 3.56%	1% Increase 4.56%
City's total pension liability	\$ 412,611	\$ 385,262	\$ 357,306

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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

For the year ended September 30, 2017, the City recognized pension expenditures of \$13,654 in the fund level financial statements, and pension expense of \$16,357 in the government-wide financial statements. At June 30, 2017, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	46,502
Total	\$ -	\$ 46,502

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

Year ended September 30:		
2018	\$	(11,625)
2019		(11,625)
2020		(11,625)
2021		(11,625)
2022		-
Thereafter		-

NOTE P. TAX ABATEMENTS

From time-to-time the City enters into economic development agreements to entice new businesses to locate in Foley or facilitate the expansion of existing businesses in order to create jobs, stimulate the economy and increase the tax base. These incentive agreements are authorized by Amendment 772 of the Constitution of Alabama and are normally for the abatement of property taxes for a set period of time or the abatement of sales and use tax on construction materials and equipment purchases. The City has not made any commitments as part of the agreements other than to reduce taxes. The City has chosen to disclose information about all of its tax abatement agreements individually.

Effective July 5, 2016, the City entered into a Tax Abatement Agreement with Foley Holdings LLC and its affiliates', granted under Chapter 9B Title 40 of the Code of Alabama 1975, as a tourism destination attraction project. The following taxes are abated for the project under the agreement: (1) all state and local noneducational property taxes (as defined), and (2) all construction-related transaction taxes (as defined), except those local construction-related transaction taxes levied for educational purposes or for capital improvements for education. In return, Foley Holdings LLC promises to build a new multi-year project as a tourism destination attraction, resulting in an increase in the sales and lodging tax base and an increase in available jobs. To meet the requirements of GASB Statement 77, the Baldwin County Probate Judge will provide the property taxes abated by the City each year. Although the agreement does not require Foley Holdings to submit reports of construction-related costs to the City of Foley, the Baldwin County Revenue Commissioner's Office has provided those amounts from the monthly educational tax returns and to the City. Below is a summary of taxes abated by the City's agreements:

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Company	Abatement Began	FY 2017 Ad-Valorem	Total Ad-Valorem	FY 2017 Sales & Use	Total Sales & Use
Foley Holdings LLC	2017	17,479	17,479	1,325,482	1,325,482

The Industrial Development Board (IDB) grants abatements under Chapter 9B of Title 40 of the Code of Alabama 1975, for economic development projects within the City which benefit the City and its citizens by creating new jobs and increasing the property tax base. The following taxes are abated for projects under the IDB's agreements: (1) all state and local noneducational property taxes (as defined), and (2) all construction-related transaction taxes (as defined), except those local construction-related transaction taxes levied for educational purposes or for capital improvements for education. To meet the requirements of GASB Statement 77, the Baldwin County Probate Judge has provided the amount of property taxes abated by the City each year. Although the agreements do not require businesses to submit reports of construction-related costs to the City of Foley, the Baldwin County Revenue Commissioner's Office has provided those amounts from the monthly educational tax returns to the City. Below is a summary of taxes abated by the IDB:

Company	Abatement Began	FY 2017 Ad-Valorem	Total Ad-Valorem	FY 2017 Sales & Use	Total Sales & Use
North Alabama Property Leasing, Inc	2006	\$ 125	\$ 3,786	\$ -	\$ -
Glass, Inc	2007	689	6,131	-	-
Vulcan, Inc	2007	14,040	100,108	-	-
Ascend Performance Materials	2011	1,602	12,718	-	-
Bon Secour Valley, LLC	2016	3,550	3,550	14,108	19,295
Rohr, Inc (UTC)	2016	3,056	3,056	113,566	121,130
Totals abated by the IDB		\$ 23,062	\$ 129,349	\$ 127,674	\$ 140,425

NOTE Q. COMMITMENTS AND CONTINGENCIES

The City's Capital Projects Fund had various capital improvement projects in progress at September 30, 2017. In addition, the City has commitments and plans for additional major capital projects for the fiscal year September 30, 2018, and the projected cost of these projects is estimated by management to be approximately \$9.4 million. The City expects to receive partial funding of approximately \$4.2 million for these projects from third parties in the form of grants and joint participation reimbursements in 2018.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. City management believes such disallowances, if any, would not be material to the financial statements of the City.

NOTE R. ECONOMIC DEPENDENCY

The City's main revenue sources are derived primarily from sales tax on retail businesses, charges for services such as waste removal, and utility tax equivalents (Note C). The revenues are collected on a monthly basis.

NOTE S. PRIOR PERIOD ADJUSTMENT

Effective October 1, 2016, the City implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement No. 68*, by recording a prior period adjustment in the amount of \$429,061 for the net pension liability - Volunteer Firefighter LOSAP as of October 1, 2016.

City of Foley, Alabama
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE T. SUBSEQUENT EVENTS

The City has evaluated events and transactions that occurred between September 30, 2017, and January 23, 2018, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

At the end of last fiscal year, the Public Athletic and Sports Facilities Cooperative District of the City of Foley was involved in mediation with a contractor who was hired to construct sixteen multi-use sports fields in the City. In May, 2017, the contractor filed its claims in arbitration for approximately \$1.7 million and the District filed its counterclaims seeking approximately \$3.2 million, which increase daily due to liquidated damages, interest, attorneys' fees, and costs. Based on the assessment by the District's attorney, there is a moderate likelihood of an unfavorable outcome and final arbitration scheduled to take place in January, 2019. There is approximately \$720,000 accrued in the City's financial statements in the event of an unfavorably outcome.

In June 2017, the Public Cultural and Entertainment Facilities Cooperative District received a request to mediate certain disputes under a contract for the construction of an events center in the City. The parties were unable to resolve their disputes in August and the contractor filed its claims in arbitration in November seeking approximately \$574,000. The District has since filed its counter claims for approximately \$643,000, which increase daily due to liquidated damages, additional interest, attorneys' fees, and costs. Based on the assessment by the District's attorney, there is a moderate likelihood of an unfavorable outcome. A final arbitration hearing has not yet been scheduled.

REQUIRED SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

City of Foley, Alabama
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and advalorem taxes	\$ 1,455,600	\$ 1,455,600	\$ 1,452,785	\$ (2,815)
Sales and other local taxes	17,772,484	21,846,434	22,310,123	463,689
Licenses and permits	3,431,715	3,431,715	3,720,477	288,762
Intergovernmental	763,680	793,180	755,328	(37,852)
Charges for services	2,274,125	2,274,875	2,220,303	(54,572)
Fines and forfeitures	495,900	495,900	544,843	48,943
Utility tax equivalents	6,600,000	6,600,000	6,796,594	196,594
Interest and rents	254,442	285,842	257,377	(28,465)
Contributions and donations	73,350	134,909	107,684	(27,225)
Other	171,815	231,815	221,838	(9,977)
Total revenues	<u>33,293,111</u>	<u>37,550,270</u>	<u>38,387,352</u>	<u>837,082</u>
Expenditures				
Personnel	20,144,823	20,477,396	20,172,160	305,236
Operating	8,398,699	8,543,083	7,870,115	672,968
Capital Outlay	591,080	492,444	711,183	(218,739)
Principal	-	29,569	30,107	(538)
Interest	-	8,711	7,859	852
Total expenditures	<u>29,134,602</u>	<u>29,551,203</u>	<u>28,791,424</u>	<u>759,779</u>
Excess (deficiency) of revenues over expenditures	<u>4,158,509</u>	<u>7,999,067</u>	<u>9,595,928</u>	<u>1,596,861</u>
Other financing sources (uses)				
Transfers in	2,041,234	3,371,863	3,284,226	(87,637)
Transfers out	(8,083,443)	(10,154,074)	(9,280,402)	873,672
Issuance of other debt	-	-	300,000	300,000
Capital leases	-	32,031	32,031	-
Proceeds from sale of assets	1,860,000	1,860,000	1,785,258	(74,742)
Total other financing sources (uses)	<u>(4,182,209)</u>	<u>(4,890,180)</u>	<u>(3,878,887)</u>	<u>1,011,293</u>
Net change in fund balance	<u>(23,700)</u>	<u>3,108,887</u>	<u>5,717,041</u>	<u>2,608,154</u>
Fund balances, beginning of year	<u>13,405,920</u>	<u>13,405,920</u>	<u>9,785,611</u>	<u>(3,620,309)</u>
Fund balances, end of year	<u>\$ 13,382,220</u>	<u>\$ 16,514,807</u>	<u>\$ 15,502,652</u>	<u>\$ (1,012,155)</u>

See the accompanying notes to required supplemental information.

City of Foley, Alabama
PUBLIC FACILITIES COOPERATIVE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest and rents	\$ 60,004	\$ 60,004	\$ 101,514	\$ 41,510
Other	1,141,234	1,171,969	1,086,524	(85,445)
Total revenues	1,201,238	1,231,973	1,188,038	(43,935)
Expenditures				
General government	6,850	6,850	6,811	39
Principal	1,015,000	1,015,000	1,015,000	-
Interest	586,715	586,715	588,715	(2,000)
Total expenditures	1,608,565	1,608,565	1,610,526	(1,961)
Excess (deficiency) of revenues over (under) expenditures	(407,327)	(376,592)	(422,488)	(45,896)
Other financing sources (uses)				
Transfers in	1,703,361	1,703,361	1,602,880	(100,481)
Transfers out	(1,185,862)	(1,216,597)	(1,187,282)	29,315
Total other financing sources (uses)	517,499	486,764	415,598	(71,166)
Net change in fund balances	110,172	110,172	(6,890)	(117,062)
Fund balances, beginning of year	2,469,675	2,469,675	2,421,856	(47,819)
Fund balances, end of year	\$ 2,579,847	\$ 2,579,847	\$ 2,414,966	\$ (164,881)

See accompanying notes to required supplemental information.

City of Foley, Alabama
PUBLIC ATHLETIC & SPORTS FACILITIES COOPERATIVE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest and rents	\$ 1,500	\$ 1,500	\$ 3,901	\$ 2,401
Other	-	-	9,613	9,613
Total revenues	1,500	1,500	13,514	12,014
Expenditures				
Culture and recreation	-	-	151,884	(151,884)
Capital outlay	-	496,786	480,335	16,451
Interest	496,853	496,853	496,853	-
Total expenditures	496,853	993,639	1,129,072	(135,433)
Excess (deficiency) of revenues over (under) expenditures	(495,353)	(992,139)	(1,115,558)	(123,419)
Other financing sources (uses)				
Transfers in	496,853	496,853	645,355	148,502
Transfers out	-	-	(9,610)	(9,610)
Total other financing sources (uses)	496,853	496,853	635,745	138,892
Net change in fund balances	1,500	(495,286)	(479,813)	15,473
Fund balances, beginning of year	10,784,090	10,784,090	690,574	(10,093,516)
Fund balances, end of year	\$ 10,785,590	\$ 10,288,804	\$ 210,761	\$ (10,078,043)

See accompanying notes to required supplemental information.

City of Foley, Alabama
PUBLIC CULTURAL & ENTERTAINMENT FACILITIES COOPERATIVE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest and rents	\$ 3,500	\$ 3,500	\$ 23,449	\$ 19,949
Other	100,000	100,000	47,975	(52,025)
Total revenues	103,500	103,500	71,424	(32,076)
Expenditures				
Culture and recreation	-	-	73,524	(73,524)
Capital outlay	-	11,762,661	11,937,866	(175,205)
Principal	305,000	305,000	305,000	-
Interest	617,010	617,010	617,010	-
Total expenditures	922,010	12,684,671	12,933,400	(248,729)
Excess (deficiency) of revenues over (under) expenditures	(818,510)	(12,581,171)	(12,861,976)	(280,805)
Other financing sources (uses)				
Transfers in	921,552	1,052,350	1,111,464	59,114
Transfers out	(100,000)	(100,000)	(47,975)	52,025
Total other financing sources (uses)	821,552	952,350	1,063,489	111,139
Net change in fund balances	3,042	(11,628,821)	(11,798,487)	(169,666)
Fund balances, beginning of year	(527,469)	(527,469)	11,873,329	12,400,798
Fund balances, end of year	\$ (524,427)	\$ (12,156,290)	\$ 74,842	\$ 12,231,132

See accompanying notes to required supplemental information.

CITY OF FOLEY, ALABAMA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
EMPLOYEE RETIREMENT SYSTEM OF ALABAMA
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30*

	Fiscal Year									
	2016 *	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service Cost	\$ 1,048,239	\$ 1,015,471	\$ 973,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	2,003,407	1,796,095	1,640,644	-	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	327,070	578,204	-	-	-	-	-	-	-	-
Changes in assumptions	1,333,139	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(843,438)	(753,298)	(588,391)	-	-	-	-	-	-	-
Transfer among employers	74,665	-	-	-	-	-	-	-	-	-
Net change in total pension liability	3,943,082	2,636,472	2,025,591	-	-	-	-	-	-	-
Total pension liability - beginning	25,464,305	22,827,833	20,802,242	-	-	-	-	-	-	-
Total pension liability - ending (a)	\$ 29,407,387	\$ 25,464,305	\$ 22,827,833	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position										
Contributions - employer	748,050	745,009	707,717	-	-	-	-	-	-	-
Contributions - member	707,521	717,586	628,506	-	-	-	-	-	-	-
Net investment income	2,175,806	243,153	2,116,749	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(843,438)	(753,298)	(588,391)	-	-	-	-	-	-	-
Transfers among employers	74,665	(144,035)	161,202	-	-	-	-	-	-	-
Net change in fiduciary net position	2,862,604	808,415	3,025,783	-	-	-	-	-	-	-
Plan net position - beginning	21,021,250	20,212,835	17,187,052	-	-	-	-	-	-	-
Plan net position - ending (b)	\$ 23,883,854	\$ 21,021,250	\$ 20,212,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability (asset) - ending (a)-(b)	\$ 5,523,533	\$ 4,443,055	\$ 2,614,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total pension liability	81.22%	82.55%	88.54%	-	-	-	-	-	-	-
Covered payroll *	\$ 13,630,907	\$ 12,819,969	\$ 11,045,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability (asset) as a percentage of covered payroll	40.52%	34.66%	23.67%	-	-	-	-	-	-	-

*Employer's covered payroll during the measurement period is the total covered payroll. For FY 2017 the measurement period is October 1, 2015 - September 30, 2016.
GASB issued a statement "Pension Issues" in March, 2016 to redefine covered payroll in FY 2017.

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

See accompanying notes to required supplemental information.

**CITY OF FOLEY, ALABAMA
REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEE RETIREMENT SYSTEM OF ALABAMA
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30***

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution*	\$ 752,893	\$ 748,050	\$ 745,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution*	752,893	748,050	745,009	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll**	\$ 13,630,907	\$ 12,819,969	\$ 11,792,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	5.52%	5.84%	6.32%	-	-	-	-	-	-	-

Notes to Schedule

Actuarially determined contributions 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 2017 were based on the September 30, 2014 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2016 to September 30, 2017:

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

* 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 statements.

** Employer's covered payroll for FY 2017 is the total covered payroll for the 12 month period of the underlying financial statements.

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

See accompanying notes to required supplemental information.

**CITY OF FOLEY, ALABAMA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

TREND INFORMATION
POST-EMPLOYMENT HEALTH CARE BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b - a) / c)
10/1/2011	\$ -	\$ 1,971,477	\$ 1,971,477	-	\$ 9,663,709	20.40%
10/1/2013	\$ -	\$ 2,525,097	\$ 2,525,097	-	\$ 11,026,921	22.90%
10/1/2015	\$ -	\$ 3,849,613	\$ 3,849,613	-	\$ 12,315,887	31.26%

See accompanying notes to required supplemental information.

CITY OF FOLEY, ALABAMA
REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS
VOLUNTEER FIREFIGHTER LENGTH OF SERVICE AWARDS PROGRAM
LAST 10 FISCAL YEARS ENDED SEPTEMBER 30*

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total pension liability										
Service cost	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	15,000	-	-	-	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	-	-	-	-
Changes in assumptions	(58,000)	-	-	-	-	-	-	-	-	-
Payments for benefits and admin. expenses	(10,000)	-	-	-	-	-	-	-	-	-
Net change in total pension liability	(44,000)	-	-	-	-	-	-	-	-	-
Total pension liability - beginning	429,000	-	-	-	-	-	-	-	-	-
Total pension liability - ending (a)	<u>\$ 385,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total pension liability	<u>\$ 385,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position as a percentage of total pension liability	0.00%									
Covered-employee payroll	n/a									
Pension liability as a percentage of covered-employee payroll	n/a									
Expected average remaining service years for all participants	5									

Notes to Schedule:

Benefit changes: None.

Changes of assumptions: None.

There are no assets accumulated in a trust that meets GASB Statement No. 73, paragraph 4, to pay related benefits.

See accompanying notes to required supplemental information.

City of Foley, Alabama
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2017

NOTE A - BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During the months of June and July, Administration meets with each Director to discuss a proposed budget for their department for the fiscal year commencing the following October 1.
2. Administration then drafts budgets for the General Fund, which include proposed expenditures and the means of financing them.
3. On or before September 1, a proposed budget is submitted to the Mayor and City Council. Prior to October 1, the budgets are legally enacted through passage of a resolution.
4. The City Council may amend the budget through resolution as needed.
5. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP) and in accordance with Alabama law.
6. With the exception of construction work in progress, appropriations lapse at the end of each fiscal year.

This Page Intentionally Left Blank

OTHER SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

Non-major Governmental Funds

Special Revenue Funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes

Fire Department Ad Valorem – A county-wide one and one-half mill ad valorem tax is assessed and equally distributed to qualifying county volunteer fire departments, municipal fire departments, and volunteer municipal fire departments. The proceeds are restricted to the acquisition of fire trucks, fire stations, fire equipment, communications, fire training, fire vehicle and station insurance and repair, oil, gas, hydrants, and utilities.

State Gasoline Tax – State-shared fuel taxes and Inspection Fees are received and their use is restricted by both constitutional and statutory limitations.

Library Fund – The primary revenues are State Grants which are restricted, donations from Citizens which are restricted, and fines and related revenues which are committed to library purposes and controlled by a Board elected by Council.

Court Corrections Fund –In accordance with State Law, Ordinance 524-96 establishes a special court fee upon conviction to be used exclusively for the operation and maintenance of the municipal court complex and includes such expenses as salaries, office machines, and repairs.

Jail Corrections Fund –In accordance with State Law, Ordinance 524-96 establishes a special court fee upon conviction to be used exclusively for the operation and maintenance of the municipal jail and includes such expenses as salaries, office machines, and repairs.

Recreational Activities Fund – Includes revenues and expenses that are a direct result of programs offered, as well as net operations of on premise concessions.

Debt Service Funds are used to account for the accumulation of resources to be used for payment of principal and interest on general long-term debt.

Capital Project Funds account for various types of financial resources to be used for acquiring or constructing capital facilities.

TIGER Grant Infrastructure Fund – to record transactions related to grant funded transportation projects.

Community Development Block Grant (CDBG) Infrastructure Fund – to record transactions related to a grant funded sewer project.

City of Foley, Alabama
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
ASSETS				
Cash	\$ 707,348	\$ 1,034,282	\$ 50	\$ 1,741,680
Receivables				
Property and advalorem tax	15,597	-	-	15,597
Other	9,599	-	-	9,599
Total assets	<u>\$ 732,544</u>	<u>\$ 1,034,282</u>	<u>\$ 50</u>	<u>\$ 1,766,876</u>
LIABILITIES				
Accounts payable	\$ 3,401	\$ -	\$ -	\$ 3,401
Due to other funds	18,237	-	-	18,237
Total liabilities	<u>21,638</u>	<u>-</u>	<u>-</u>	<u>21,638</u>
FUND BALANCES				
Restricted	613,220	1,034,282	50	1,647,552
Committed	97,686	-	-	97,686
Total fund balances	<u>710,906</u>	<u>1,034,282</u>	<u>50</u>	<u>1,745,238</u>
Total liabilities and fund balances	<u>\$ 732,544</u>	<u>\$ 1,034,282</u>	<u>\$ 50</u>	<u>\$ 1,766,876</u>

City of Foley, Alabama
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the fiscal year ended September 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
Revenues				
Property and advalorem taxes	\$ 172,424	\$ -	\$ -	\$ 172,424
Sales and other local taxes	94,991	-	-	94,991
Intergovernmental	35,158	-	168,385	203,543
Charges for services	351,062	-	-	351,062
Fines and forfeitures	101,449	-	-	101,449
Interest and rents	2,817	4,289	-	7,106
Contributions and donations	25,472	-	41,400	66,872
Other	-	78,924	-	78,924
Total revenues	<u>783,373</u>	<u>83,213</u>	<u>209,785</u>	<u>1,076,371</u>
Expenditures				
Current:				
General government	41,327	-	-	41,327
Public safety	53,122	-	-	53,122
Culture and recreation	317,946	-	-	317,946
Economic development	-	1,099,317	-	1,099,317
Capital outlay	465,120	-	112,643	577,763
Debt service:				
Principal	-	2,737,435	-	2,737,435
Interest	-	1,045,258	-	1,045,258
Bond cost	-	31,995	-	31,995
Total expenditures	<u>877,515</u>	<u>4,914,005</u>	<u>112,643</u>	<u>5,904,163</u>
Excess (deficiency) of revenues over expenditures	<u>(94,142)</u>	<u>(4,830,792)</u>	<u>97,142</u>	<u>(4,827,792)</u>
Other financing sources (uses)				
Transfers in	5,000	3,859,498	50	3,864,548
Transfers out	(791,591)	-	(1,292,396)	(2,083,987)
Issuance of bonded debt	-	1,000,000	-	1,000,000
Total other financing sources (uses)	<u>(786,591)</u>	<u>4,859,498</u>	<u>(1,292,346)</u>	<u>2,780,561</u>
Net change in fund balances	<u>(880,733)</u>	<u>28,706</u>	<u>(1,195,204)</u>	<u>(2,047,231)</u>
Fund balances, beginning of year	<u>1,591,639</u>	<u>1,005,576</u>	<u>1,195,254</u>	<u>3,792,469</u>
Fund balances, end of year	<u>\$ 710,906</u>	<u>\$ 1,034,282</u>	<u>\$ 50</u>	<u>\$ 1,745,238</u>

City of Foley, Alabama
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2017

	County Fire Ad Valorem Tax	State Gasoline Tax	Public Library	Court Corrections	Jail Corrections	Recreational Activities	Total
ASSETS							
Cash and cash investments	\$ 352,352	\$ 78,722	\$ 77,344	\$ 50,519	\$ 119,911	\$ 28,500	\$ 707,348
Receivables							
Property and advalorem tax	15,597	-	-	-	-	-	15,597
Other	-	8,660	-	-	929	10	9,599
Total assets	<u>\$ 367,949</u>	<u>\$ 87,382</u>	<u>\$ 77,344</u>	<u>\$ 50,519</u>	<u>\$ 120,840</u>	<u>\$ 28,510</u>	<u>\$ 732,544</u>
LIABILITIES							
Accounts payable	\$ -	\$ 3,401	\$ -	\$ -	\$ -	\$ -	\$ 3,401
Due to other funds	7,364	-	-	1,490	1,215	8,168	18,237
Total liabilities	<u>7,364</u>	<u>3,401</u>	<u>-</u>	<u>1,490</u>	<u>1,215</u>	<u>8,168</u>	<u>21,638</u>
FUND BALANCES							
Restricted	360,585	83,981	-	49,029	119,625	-	613,220
Committed	-	-	77,344	-	-	20,342	97,686
Total fund balances	<u>360,585</u>	<u>83,981</u>	<u>77,344</u>	<u>49,029</u>	<u>119,625</u>	<u>20,342</u>	<u>710,906</u>
Total liabilities and fund balances	<u>\$ 367,949</u>	<u>\$ 87,382</u>	<u>\$ 77,344</u>	<u>\$ 50,519</u>	<u>\$ 120,840</u>	<u>\$ 28,510</u>	<u>\$ 732,544</u>

City of Foley, Alabama
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the fiscal year ended September 30, 2017

	County Fire Ad Valorem Tax	State Gasoline Tax	Public Library	Court Corrections	Jail Corrections	Recreational Activities	Total
Revenues							
Property and advalorem taxes	\$ 172,424	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,424
Sales and other local taxes	-	94,991	-	-	-	-	94,991
Intergovernmental	-	-	35,158	-	-	-	35,158
Charges for services	-	-	9,640	-	7,348	334,074	351,062
Fines and forfeitures	-	-	12,724	53,235	35,490	-	101,449
Interest and rents	752	1,553	195	95	222	-	2,817
Contributions and donations	-	-	25,472	-	-	-	25,472
Total revenues	<u>173,176</u>	<u>96,544</u>	<u>83,189</u>	<u>53,330</u>	<u>43,060</u>	<u>334,074</u>	<u>783,373</u>
Expenditures							
Current:							
General government	-	-	-	41,327	-	-	41,327
Public safety	18,421	32,656	-	-	2,045	-	53,122
Culture and recreation	-	-	76,478	-	-	241,468	317,946
Capital outlay	465,120	-	-	-	-	-	465,120
Total expenditures	<u>483,541</u>	<u>32,656</u>	<u>76,478</u>	<u>41,327</u>	<u>2,045</u>	<u>241,468</u>	<u>877,515</u>
Net change in fund balances	<u>(310,365)</u>	<u>63,888</u>	<u>6,711</u>	<u>12,003</u>	<u>41,015</u>	<u>92,606</u>	<u>(94,142)</u>
Other financing sources:							
Transfers in	5,000	-	-	-	-	-	5,000
Transfers out	-	(700,000)	-	-	-	(91,591)	(791,591)
Total other financing sources	<u>5,000</u>	<u>(700,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,591)</u>	<u>(786,591)</u>
Excess (deficiency) of revenues over expenditures	<u>(305,365)</u>	<u>(636,112)</u>	<u>6,711</u>	<u>12,003</u>	<u>41,015</u>	<u>1,015</u>	<u>(880,733)</u>
Fund balances, beginning of year	<u>665,950</u>	<u>720,093</u>	<u>70,633</u>	<u>37,026</u>	<u>78,610</u>	<u>19,327</u>	<u>1,591,639</u>
Fund balances, end of year	<u>\$ 360,585</u>	<u>\$ 83,981</u>	<u>\$ 77,344</u>	<u>\$ 49,029</u>	<u>\$ 119,625</u>	<u>\$ 20,342</u>	<u>\$ 710,906</u>

City of Foley, Alabama
NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 2017

	Energy Conservation Bonds Series 2013	General Obligation Warrants Series 2009	General Obligation Warrants Series 2014	General Obligation Warrants Series 2015	Economic Incentives Fund	Total
ASSETS						
Cash	\$ 71,452	\$ 275,990	\$ 499,601	\$ 187,139	\$ 100	\$ 1,034,282
Total assets	<u>\$ 71,452</u>	<u>\$ 275,990</u>	<u>\$ 499,601</u>	<u>\$ 187,139</u>	<u>\$ 100</u>	<u>\$ 1,034,282</u>
FUND BALANCE						
Restricted	\$ 71,452	\$ 275,990	\$ 499,601	\$ 187,139	\$ 100	\$ 1,034,282
Total fund balances	<u>71,452</u>	<u>275,990</u>	<u>499,601</u>	<u>187,139</u>	<u>100</u>	<u>1,034,282</u>
Total liabilities and fund balances	<u>\$ 71,452</u>	<u>\$ 275,990</u>	<u>\$ 499,601</u>	<u>\$ 187,139</u>	<u>\$ 100</u>	<u>\$ 1,034,282</u>

City of Foley, Alabama
NON-MAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the fiscal year ended September 30, 2017

	Energy Conservation Bonds Series 2013	General Obligation Warrants Series 2006A	General Obligation Warrants Series 2009	General Obligation Warrants Series 2014	General Obligation Warrants Series 2015	Economic Incentives Fund	Totals
Revenues							
Interest and rents	\$ 240	\$ -	\$ 723	\$ 2,574	\$ 752	\$ -	\$ 4,289
Other	78,924	-	-	-	-	-	78,924
Total revenues	79,164	-	723	2,574	752	-	83,213
Expenditures							
Current							
Economic development	-	-	-	-	-	1,099,317	1,099,317
Debt service:							
Principal	95,000	880,000	340,000	940,000	290,000	192,435	2,737,435
Interest	99,880	146,044	56,488	554,529	157,750	30,567	1,045,258
Bond cost	-	31,995	-	-	-	-	31,995
Total expenditures	194,880	1,058,039	396,488	1,494,529	447,750	1,322,319	4,914,005
Excess (deficiency) of revenues over expenditures	(115,716)	(1,058,039)	(395,765)	(1,491,955)	(446,998)	(1,322,319)	(4,830,792)
Other financing sources (uses)							
Transfers in	115,898	1,058,039	401,296	1,492,984	446,776	344,505	3,859,498
Bond issuance	-	-	-	-	-	1,000,000	1,000,000
Total other financing sources (uses)	115,898	1,058,039	401,296	1,492,984	446,776	1,344,505	4,859,498
Net change in fund balances	182	-	5,531	1,029	(222)	22,186	28,706
Fund balances, beginning of year	71,270	-	270,459	498,572	187,361	(22,086)	1,005,576
Fund balances, end of year	\$ 71,452	\$ -	\$ 275,990	\$ 499,601	\$ 187,139	\$ 100	\$ 1,034,282

City of Foley, Alabama
NON-MAJOR CAPITAL PROJECT FUND
BALANCE SHEET
September 30, 2017

	<u>CDBG Grant Fund</u>
ASSETS	
Cash	\$ 50
Total assets	<u>\$ 50</u>
FUND BALANCES	
Restricted	\$ 50
Total fund balances	<u>50</u>
Total liabilities and fund balances	<u>\$ 50</u>

City of Foley, Alabama
NON-MAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the fiscal year ended September 30, 2017

	TIGER Grant Fund	CDBG Grant Fund	Total Non-Major Capital Project Funds
Revenues			
Intergovernmental	\$ 153,385	\$ 15,000	\$ 168,385
Contributions and donations	41,400	-	41,400
Total revenues	<u>194,785</u>	<u>15,000</u>	<u>209,785</u>
Expenditures			
Current			
Capital outlay	97,643	15,000	112,643
Total expenditures	<u>97,643</u>	<u>15,000</u>	<u>112,643</u>
Excess (deficiency) of revenues over expenditures	<u>97,142</u>	<u>-</u>	<u>97,142</u>
Other financing sources (uses)			
Transfers in	-	50	50
Transfers out	(1,292,396)	-	(1,292,396)
Total other financing sources (uses)	<u>(1,292,396)</u>	<u>50</u>	<u>(1,292,346)</u>
Net change in fund balances	(1,195,254)	50	(1,195,204)
Fund balances, beginning of year	1,195,254	-	1,195,254
Fund balances, end of year	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 50</u>

City of Foley, Alabama
COUNTY FIRE AD VALOREM TAX
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amount			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and advalorem taxes	\$ 168,000	\$ 168,000	\$ 172,424	\$ 4,424
Interest and rents	650	650	752	102
Total revenues	<u>168,650</u>	<u>168,650</u>	<u>173,176</u>	<u>4,526</u>
Expenditures				
Public safety	54,500	54,500	18,421	36,079
Capital outlay	31,000	465,640	465,120	520
Total expenditures	<u>85,500</u>	<u>520,140</u>	<u>483,541</u>	<u>36,599</u>
Excess (deficiency) of revenues over (under) expenditures	<u>83,150</u>	<u>(351,490)</u>	<u>(310,365)</u>	<u>41,125</u>
Other financing sources (uses)				
Transfers in	-	-	5,000	5,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Net change in fund balances	83,150	(351,490)	(305,365)	46,125
Fund balances, beginning of year	442,444	442,444	665,950	223,506
Fund balances, end of year	<u>\$ 525,594</u>	<u>\$ 90,954</u>	<u>\$ 360,585</u>	<u>\$ 269,631</u>

City of Foley, Alabama
STATE GASOLINE TAX
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amount			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Sales and other local taxes	\$ 97,280	\$ 97,280	\$ 94,991	\$ (2,289)
Interest and rents	500	500	1,553	1,053
Total revenues	<u>97,780</u>	<u>97,780</u>	<u>96,544</u>	<u>(1,236)</u>
Expenditures				
Public safety	30,000	30,000	32,656	(2,656)
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>32,656</u>	<u>7,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>57,780</u>	<u>57,780</u>	<u>63,888</u>	<u>6,108</u>
Other financing sources (uses)				
Transfers out	(700,000)	(700,000)	(700,000)	-
Total other financing sources (uses)	<u>(700,000)</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
Net change in fund balances	<u>(642,220)</u>	<u>(642,220)</u>	<u>(636,112)</u>	<u>6,108</u>
Fund balances, beginning of year	<u>673,365</u>	<u>673,365</u>	<u>720,093</u>	<u>46,728</u>
Fund balances, end of year	<u>\$ 31,145</u>	<u>\$ 31,145</u>	<u>\$ 83,981</u>	<u>\$ 52,836</u>

City of Foley, Alabama
PUBLIC LIBRARY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amount			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 32,900	\$ 32,900	\$ 35,158	\$ 2,258
Charges for services	8,285	8,285	9,640	1,355
Fines and forfeitures	12,000	12,000	12,724	724
Interest and rents	218	218	195	(23)
Contributions and donations	22,200	25,200	25,472	272
Other	200	200	-	(200)
Total revenues	<u>75,803</u>	<u>78,803</u>	<u>83,189</u>	<u>4,386</u>
Expenditures				
Culture and recreation	98,110	101,110	76,478	24,632
Total expenditures	<u>98,110</u>	<u>101,110</u>	<u>76,478</u>	<u>24,632</u>
Net change in fund balances	(22,307)	(22,307)	6,711	29,018
Fund balances, beginning of year	70,493	70,493	70,633	140
Fund balances, end of year	<u>\$ 48,186</u>	<u>\$ 48,186</u>	<u>\$ 77,344</u>	<u>\$ 29,158</u>

City of Foley, Alabama
COURT CORRECTIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amount			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Fines and forfeitures	\$ 46,500	\$ 46,500	\$ 53,235	\$ 6,735
Interest and rents	60	60	95	35
Total revenues	<u>46,560</u>	<u>46,560</u>	<u>53,330</u>	<u>6,770</u>
Expenditures				
General government	42,650	42,650	41,327	1,323
Total expenditures	<u>42,650</u>	<u>42,650</u>	<u>41,327</u>	<u>1,323</u>
Net change in fund balances	3,910	3,910	12,003	8,093
Fund balances, beginning of year	17,671	17,671	37,026	19,355
Fund balances, end of year	<u>\$ 21,581</u>	<u>\$ 21,581</u>	<u>\$ 49,029</u>	<u>\$ 27,448</u>

City of Foley, Alabama
JAIL CORRECTIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amount			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services	\$ 5,200	\$ 5,200	\$ 7,348	\$ 2,148
Fines and forfeitures	32,250	32,250	35,490	3,240
Interest and rents	100	100	222	122
Total revenues	<u>37,550</u>	<u>37,550</u>	<u>43,060</u>	<u>5,510</u>
Expenditures				
Public safety	-	3,920	2,045	1,875
Total expenditures	<u>-</u>	<u>3,920</u>	<u>2,045</u>	<u>1,875</u>
Net change in fund balances	37,550	33,630	41,015	7,385
Fund balances, beginning of year	38,174	38,174	78,610	40,436
Fund balances, end of year	<u>\$ 75,724</u>	<u>\$ 71,804</u>	<u>\$ 119,625</u>	<u>\$ 47,821</u>

City of Foley, Alabama
RECREATIONAL ACTIVITIES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amount			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services	\$ 331,990	\$ 331,990	\$ 334,074	\$ 2,084
Fines and forfeitures	26,750	26,750	-	(26,750)
Contributions and donations	7,150	7,150	-	(7,150)
Total revenues	<u>365,890</u>	<u>365,890</u>	<u>334,074</u>	<u>(31,816)</u>
Expenditures				
Culture and recreation	266,913	266,913	241,468	25,445
Total expenditures	<u>266,913</u>	<u>266,913</u>	<u>241,468</u>	<u>25,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>98,977</u>	<u>98,977</u>	<u>92,606</u>	<u>(6,371)</u>
Other financing sources (uses)				
Transfers out	(100,000)	(100,000)	(91,591)	8,409
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(91,591)</u>	<u>8,409</u>
Net change in fund balances	<u>(1,023)</u>	<u>(1,023)</u>	<u>1,015</u>	<u>2,038</u>
Fund balances, beginning of year	<u>195,578</u>	<u>195,578</u>	<u>19,327</u>	<u>(176,251)</u>
Fund balances, end of year	<u>\$ 194,555</u>	<u>\$ 194,555</u>	<u>\$ 20,342</u>	<u>\$ (174,213)</u>

City of Foley, Alabama
ENERGY CONSERVATION BONDS SERIES 2013
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest and rents	\$ 24	\$ 24	\$ 240	\$ 216
Other	79,009	79,009	78,924	(85)
Total revenues	<u>79,033</u>	<u>79,033</u>	<u>79,164</u>	<u>131</u>
Expenditures				
Principal	95,000	95,000	95,000	-
Interest	100,150	100,150	99,880	270
Total expenditures	<u>195,150</u>	<u>195,150</u>	<u>194,880</u>	<u>270</u>
Excess (deficiency) of revenues over expenditures	<u>(116,117)</u>	<u>(116,117)</u>	<u>(115,716)</u>	<u>401</u>
Other financing sources (uses)				
Transfers in	111,350	111,350	115,898	4,548
Total other financing sources (uses)	<u>111,350</u>	<u>111,350</u>	<u>115,898</u>	<u>4,548</u>
Net change in fund balances	(4,767)	(4,767)	182	4,949
Fund balances, beginning of year	60,008	60,008	71,270	11,262
Fund balances, end of year	<u>\$ 55,241</u>	<u>\$ 55,241</u>	<u>\$ 71,452</u>	<u>\$ 16,211</u>

City of Foley, Alabama
GENERAL OBLIGATION WARRANTS SERIES 2006A
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Expenditures				
Principal	\$ 880,000	\$ 880,000	\$ 880,000	\$ -
Interest	146,044	146,044	146,044	-
Bond cost	31,996	31,996	31,995	1
Total expenditures	<u>1,058,040</u>	<u>1,058,040</u>	<u>1,058,039</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>(1,058,040)</u>	<u>(1,058,040)</u>	<u>(1,058,039)</u>	<u>1</u>
Other financing sources (uses)				
Transfers in	1,058,040	1,058,040	1,058,039	(1)
Total other financing sources (uses)	<u>1,058,040</u>	<u>1,058,040</u>	<u>1,058,039</u>	<u>(1)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Foley, Alabama
GENERAL OBLIGATION WARRANTS SERIES 2009
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest and rents	\$ 18	\$ 18	\$ 723	\$ 705
Total revenues	<u>18</u>	<u>18</u>	<u>723</u>	<u>705</u>
Expenditures				
Principal	340,000	340,000	340,000	-
Interest	56,488	56,488	56,488	-
Total expenditures	<u>396,488</u>	<u>396,488</u>	<u>396,488</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(396,470)</u>	<u>(396,470)</u>	<u>(395,765)</u>	<u>705</u>
Other financing sources (uses)				
Transfers in	401,331	401,331	401,296	(35)
Total other financing sources (uses)	<u>401,331</u>	<u>401,331</u>	<u>401,296</u>	<u>(35)</u>
Net change in fund balances	4,861	4,861	5,531	670
Fund balances, beginning of year	270,062	270,062	270,459	397
Fund balances, end of year	<u>\$ 274,923</u>	<u>\$ 274,923</u>	<u>\$ 275,990</u>	<u>\$ 1,067</u>

City of Foley, Alabama
GENERAL OBLIGATION WARRANTS SERIES 2014
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest and rents	\$ 100	\$ 100	\$ 2,574	\$ 2,474
Total revenues	<u>100</u>	<u>100</u>	<u>2,574</u>	<u>2,474</u>
Expenditures				
Principal	940,000	940,000	940,000	-
Interest	554,529	554,529	554,529	-
Total expenditures	<u>1,494,529</u>	<u>1,494,529</u>	<u>1,494,529</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,494,429)</u>	<u>(1,494,429)</u>	<u>(1,491,955)</u>	<u>2,474</u>
Other financing sources (uses)				
Transfers in	1,494,929	1,494,929	1,492,984	(1,945)
Total other financing sources (uses)	<u>1,494,929</u>	<u>1,494,929</u>	<u>1,492,984</u>	<u>(1,945)</u>
Net change in fund balances	500	500	1,029	529
Fund balances, beginning of year	5,319,537	5,319,537	498,572	(4,820,965)
Fund balances, end of year	<u>\$ 5,320,037</u>	<u>\$ 5,320,037</u>	<u>\$ 499,601</u>	<u>\$ (4,820,436)</u>

City of Foley, Alabama
GENERAL OBLIGATION WARRANTS SERIES 2015
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest and rents	\$ 170	\$ 170	\$ 752	\$ 582
Total revenues	<u>170</u>	<u>170</u>	<u>752</u>	<u>582</u>
Expenditures				
Principal	290,000	290,000	290,000	-
Interest	157,750	157,750	157,750	-
Total expenditures	<u>447,750</u>	<u>447,750</u>	<u>447,750</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(447,580)</u>	<u>(447,580)</u>	<u>(446,998)</u>	<u>582</u>
Other financing sources (uses)				
Transfers in	447,958	447,958	446,776	(1,182)
Total other financing sources (uses)	<u>447,958</u>	<u>447,958</u>	<u>446,776</u>	<u>(1,182)</u>
Net change in fund balances	378	378	(222)	(600)
Fund balances, beginning of year	177,842	177,842	187,361	9,519
Fund balances, end of year	<u>\$ 178,220</u>	<u>\$ 178,220</u>	<u>\$ 187,139</u>	<u>\$ 8,919</u>

City of Foley, Alabama
ECONOMIC INCENTIVES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Expenditures				
Economic development	\$ 516,333	\$ 1,016,333	\$ 1,099,317	\$ (82,984)
Principal	192,925	192,925	192,435	490
Interest	30,077	30,077	30,567	(490)
Total expenditures	<u>739,335</u>	<u>1,239,335</u>	<u>1,322,319</u>	<u>(82,984)</u>
Excess (deficiency) of revenues over expenditures	<u>(739,335)</u>	<u>(1,239,335)</u>	<u>(1,322,319)</u>	<u>(82,984)</u>
Other financing sources (uses)				
Transfers in	239,335	239,335	344,505	105,170
Issuance of bonded debt	500,000	1,000,000	1,000,000	-
Total other financing sources (uses)	<u>739,335</u>	<u>1,239,335</u>	<u>1,344,505</u>	<u>105,170</u>
Net change in fund balances	-	-	22,186	22,186
Fund balances, beginning of year	-	-	(22,086)	(22,086)
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>

City of Foley, Alabama
SCHEDULE OF CONSTRUCTION IN PROGRESS
As of September 30, 2017

	Balance 9/30/2016	Additions	Transfers and Adjustments	Balance 9/30/2017
GOVERNMENTAL ACTIVITIES				
Stored Materials - Recreation	\$ 22,680	\$ -	\$ -	-
Drainage Improvements (Capital Adds)				22,680
North Oak at West Berry	8,226	64	8,290	-
Woodbridge	-	4,800	-	-
Wayfinding Signs	50,827	1,275	52,102	4,800
ATRIP - Southeast Quad Trans Improvements	10,480,775	2,075,990	-	-
County Road 20 - County Participation	297,919	34,243	332,162	12,556,765
ATRIP III - Fern Extension	437,998	65,116	-	-
TAP SE Bike Path Extension	76,366	324,948	401,314	503,114
Streetscape - Phase V	7,938	20,199	28,137	-
Trolley - SE Quad	306,453	496,581	803,034	-
GCNP Interpretive Centre	1,431,236	720	1,431,956	-
P.Homes Rd - Extend to Wolf Bay Drive	134,745	204,392	-	-
Aaronville Park Improvements	396	13,928	14,324	339,137
Gateway Signs	27,742	2,071	-	-
GCNP-ADA Walking Trail	2,051	114,112	116,163	29,813
Keller Road Bridge	-	77,632	-	-
Shade Structure-Multi-Use Fields	35,247	23,800	59,047	77,632
Parsh Lakes Buffer	4,500	233,236	237,736	-
Tanger Drainage Easement	3,700	-	-	-
East Pride Blvd Access Project	-	396	-	3,700
Event Center Landscaping	-	47,601	-	396
Mel Roberts Tennis Courts	-	5,873	-	47,601
Tiger Project				5,873
Local Match	1,363,429	21,748	1,385,177	-
L1: Roadway Plans	1,737,570	38,683	1,776,253	-
L2: Shared Paths	1,438,001	3,734	1,441,735	-
L3: Pedestrian Bridge	1,550,266	33,478	1,583,744	-
CDBG Sewer Rehab - Southeast Quadrant	-	15,000	-	-
Ball Fields & Amenities	13,471,520	480,335	13,951,855	15,000
Event Center	3,501,992	11,920,275	15,422,267	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 32,889,585	\$ 4,339,955	\$ 23,623,029	\$ 13,606,511
BUSINESS-TYPE ACTIVITIES				
Renovation - Warehouse Building	\$ 1,028,696	\$ 217,101	\$ 1,245,797	\$ -
TOTAL BUSINESS-TYPE ACTIVITIES	\$ -	\$ -	\$ -	\$ -

**STATISTICAL SECTION
(UNAUDITED)**

This Page Intentionally Left Blank

STATISTICAL SECTION

(UNAUDITED)

The following statistical tables, which are an integral part of the City of Foley's comprehensive annual financial report, offer detailed information to assist the reader in understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial well-being. In the event historical data was unavailable, the data is omitted and replaced with an asterisk (*).

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information

These schedules provide the reader with an understanding of the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs.

CITY OF FOLEY, ALABAMA
Net Position by Component
Last Ten Fiscal Years
(accrued basis of accounting)

	Fiscal Year									
	2017	2016 *	2015	2014 *	2013	2012	2011	2010	2009	2008
Governmental Activities										
Net invested in capital assets	\$ 93,824,140	\$ 90,333,519	\$ 80,055,857	\$ 78,082,591	\$ 79,689,446	\$ 74,620,554	\$ 73,424,176	\$ 71,349,370	\$ 70,220,525	\$ 83,483,126
Restricted For:										
Capital projects	2,647	13,167,956	15,616,156	14,928,095	2,053,111	32,216	224,533	2,490,792	1,282,530	1,326,925
Debt service	3,061,057	3,353,850	2,995,047	2,470,037	216,014	2,054,798	2,139,764	2,135,444	2,064,217	259,234
Other purposes	1,174,804	1,535,093	1,569,762	1,257,448	882,049	1,027,208	1,199,126	-	-	-
Unrestricted	7,577,207	-881,349	(6,887,689)	2,523,882	14,980,428	18,903,373	19,452,311	20,625,628	20,855,210	9,948,924
Total governmental activities net position	<u>\$ 105,639,855</u>	<u>\$ 99,576,928</u>	<u>\$ 93,349,133</u>	<u>\$ 99,262,053</u>	<u>\$ 97,821,048</u>	<u>\$ 96,638,149</u>	<u>\$ 96,439,910</u>	<u>\$ 96,601,234</u>	<u>\$ 94,422,482</u>	<u>\$ 95,018,209</u>
Business-Type Activities										
Net invested in capital assets	\$ (647,469)	\$ (400,188)	\$ (148,485)	\$ (671,802)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted For:										
Capital projects	-	-	-	1,004,916	-	-	-	-	-	-
Debt service	-	-	-	162,037	-	-	-	-	-	-
Other purposes	90,620	114,403	138,188	-	-	-	-	-	-	-
Unrestricted	188,811	70,117	44,879	(367,495)	-	-	-	-	-	-
Total business-type activities net position	<u>\$ (368,038)</u>	<u>\$ (215,668)</u>	<u>\$ 34,582</u>	<u>\$ 127,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government										
Net invested in capital assets	\$ 93,176,671	\$ 89,933,331	\$ 79,907,372	\$ 77,410,789	\$ 79,689,446	\$ 74,620,554	\$ 73,424,176	\$ 71,349,370	\$ 70,220,525	\$ 83,483,126
Restricted For:										
Capital projects	2,647	13,167,956	15,616,156	15,933,011	2,053,111	32,216	224,533	2,490,792	1,282,530	1,326,925
Debt service	3,061,057	3,353,850	2,995,047	2,632,074	216,014	2,054,798	2,139,764	2,135,444	2,064,217	259,234
Other purposes	1,265,424	1,649,496	1,707,950	1,257,448	882,049	1,027,208	1,199,126	-	-	-
Unrestricted	7,766,018	(8,743,373)	(6,842,810)	2,156,387	14,980,428	18,903,373	19,452,311	20,625,628	20,855,210	9,948,924
Total primary government net position	<u>\$ 105,271,817</u>	<u>\$ 99,361,260</u>	<u>\$ 93,383,715</u>	<u>\$ 99,389,709</u>	<u>\$ 97,821,048</u>	<u>\$ 96,638,149</u>	<u>\$ 96,439,910</u>	<u>\$ 96,601,234</u>	<u>\$ 94,422,482</u>	<u>\$ 95,018,209</u>

Sources: City Finance Division
* Amounts are restated.

CITY OF FOLEY, ALABAMA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014 ****	2013	2012	2011	2010	2009	2008
Program/Function Activities										
Governmental Activities:										
General government	\$ 6,570,618	\$ 6,309,843	\$ 6,351,158	\$ 5,757,555	\$ 5,942,056	\$ 5,096,176	\$ 4,829,325	\$ 4,655,034	\$ 4,376,197	\$ 4,821,188
Public safety	12,492,542	12,136,287	10,963,166	10,590,907	10,275,397	9,885,873	9,302,294	9,354,764	9,659,939	10,127,234
Highways and streets	5,507,306	4,411,736	4,971,443	4,673,639	3,948,204	5,087,068	4,603,813	4,366,671	3,873,200	5,666,906
Sanitation	2,393,502	2,347,410	2,480,994	2,423,834	2,251,707	2,107,324	2,114,831	2,145,550	2,111,691	1,993,048
Culture and recreation	7,701,908	6,429,296	6,013,840	5,224,762	4,858,407	4,924,916	4,448,209	3,945,381	3,831,500	3,478,166
Conservation	-	-	-	-	-	454	56,513	95,055	205,670	51,170
Economic development	2,114,470	1,318,184	4,848,999	2,558,559	728,321	658,281	1,447,843	23,543	53,652	-
Interest on long-term debt	2,620,665	3,224,877	2,372,127	1,688,961	1,451,189	1,305,944	1,508,543	1,508,248	818,086	1,135,307
Total Governmental Activities Expense	39,401,011	36,177,633	38,001,727	32,918,217	29,455,281	29,066,036	28,311,371	26,094,246	24,929,935	27,273,019
Business-Type Activities										
CAFFM, Inc.	593,236	634,016	533,629	162,428	-	-	-	-	-	-
Public Athletic & Sports Facilities Co-op District	-	-	-	62,167	-	-	-	-	-	-
Public Culture & Entmnt. Facilities Co-op District	-	-	-	79,201	-	-	-	-	-	-
Total Business-Type Activities Expense	\$ 593,236	\$ 634,016	\$ 533,629	\$ 303,796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Primary Government Expense	\$ 39,994,247	\$ 36,811,649	\$ 38,535,356	\$ 33,222,013	\$ 29,455,281	\$ 29,066,036	\$ 28,311,371	\$ 26,094,246	\$ 24,929,935	\$ 27,273,019
Program/Function Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 2,703,584	\$ 2,233,406	\$ 2,192,351	\$ 2,244,206	\$ 1,856,195	\$ 1,853,314	\$ 1,779,374	\$ 1,849,968	\$ 1,584,909	\$ 1,791,144
Public safety	1,866,349	1,281,186	962,562	1,133,814	1,064,732	960,788	884,572	863,965	745,660	1,251,150
Sanitation	2,141,518	2,055,611	1,976,435	1,931,964	1,808,916	1,796,008	1,855,851	1,855,747	1,789,450	1,486,092
Culture and recreation	537,390	505,226	396,177	354,414	305,071	331,143	313,223	329,990	249,624	172,354
Economic development	34,504	167,578	246,063	137,993	13,891	-	-	-	-	-
Operating grants and contributions	845,617	546,798	214,638	651,106	310,730	384,454	374,068	623,528	378,942	331,819
Capital Grants and Contributions	4,981,652	10,043,134	4,472,663	1,791,993	999,501	208,547	604,582	2,087,502	172,830	3,293,999
Total Program Revenues - Government Activities	\$ 13,110,614	\$ 16,832,939	\$ 10,460,889	\$ 8,245,490	\$ 6,359,036	\$ 5,548,145	\$ 5,811,670	\$ 7,610,700	\$ 4,921,415	\$ 8,326,558
Program/Function Revenues										
Business-Type Activities:										
Charges for services	\$ 369,006	\$ 287,686	\$ 175,809	\$ 5,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	22,200	-	35,288	-	-	-	-	-	-	-
Capital Grants and Contributions	-	32,712	-	-	-	-	-	-	-	-
Total Program Revenues - Business-Type Activities	\$ 391,206	\$ 320,398	\$ 211,097	\$ 5,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Primary Government Program Revenues	\$ 13,501,820	\$ 17,153,337	\$ 10,671,986	\$ 8,251,125	\$ 6,359,036	\$ 5,548,145	\$ 5,811,670	\$ 7,610,700	\$ 4,921,415	\$ 8,326,558

CITY OF FOLEY, ALABAMA
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014 ****	2013	2012	2011	2010	2009	2008
Total Net (Expense)/Revenue										
Governmental Activities	\$ (26,290,397)	\$ (19,344,694)	\$ (27,540,838)	\$ (24,814,095)	\$ (23,096,245)	\$ (23,517,891)	\$ (22,499,701)	\$ (18,483,546)	\$ (20,008,520)	\$ (18,946,461)
Business-Type Activities:	(202,030)	(313,618)	(322,532)	(156,793)	-	-	-	-	-	-
Total Primary Government Net (Expense)/Rev.	\$ (26,492,427)	\$ (19,658,312)	\$ (27,863,370)	\$ (24,970,888)	\$ (23,096,245)	\$ (23,517,891)	\$ (22,499,701)	\$ (18,483,546)	\$ (20,008,520)	\$ (18,946,461)
General Revenues										
Governmental Activities										
Property taxes	\$ 1,625,209	\$ 1,539,905	\$ 1,539,905	\$ 1,435,035	\$ 1,351,037	\$ 1,367,446	\$ 1,391,305	\$ 1,473,779	\$ 1,580,706	\$ 1,636,721
Sales and other local taxes	22,257,234	16,365,312	16,365,312	15,463,721	14,687,639	13,773,921	12,875,117	12,274,297	11,261,438	11,562,037
Utility tax equivalents	6,796,594	6,499,737	6,499,737	6,311,582	6,200,232	6,285,978	6,232,079	5,927,604	5,554,632	5,298,496
Fines and forfeitures *	-	-	-	-	-	29,272	7,756	44,047	13,873	5,899
Contributed capital	-	-	-	-	-	872,174	845,998	1,571,669	152,146	836,315
Interest **	114,659	86,185	86,185	90,813	37,378	420,101	434,278	278,230	449,832	453,370
Other	1,456,376	1,431,368	1,431,368	1,330,343	1,226,186	1,354,889	1,709,261	791,933	1,578,858	266,330
Loss on discontinuation of projects	-	-	-	-	-	-	-	(36,418)	-	(670,347)
Gain on sale of capital assets	-	-	-	(18,410)	2,871,828	116,824	220,336	13,236	70,813	23,972
Franchise taxes ***	147,880	138,547	138,547	151,124	139,652	-	-	-	-	-
Other financing sources	-	-	-	-	25,000	58,539	-	-	-	-
Transfers	(44,628)	(59,504)	(59,504)	(228,817)	(425,220)	-	-	-	-	-
Total general revenues - Government Activities	\$ 32,353,324	\$ 26,001,550	\$ 26,001,550	\$ 24,535,391	\$ 26,113,732	\$ 24,279,144	\$ 23,716,130	\$ 22,338,377	\$ 20,662,298	\$ 19,412,793
General Revenues										
Business-Type Activities										
Interest	\$ 216	\$ 215	\$ 215	\$ 468	\$ 556	\$ -	\$ -	\$ -	\$ -	\$ -
Other	4,816	3,649	3,649	173	41	-	-	-	-	-
Transfers	44,628	59,504	59,504	228,817	425,220	-	-	-	-	-
Total gen. rev. - Business-Type Activities	\$ 49,660	\$ 63,368	\$ 63,368	\$ 229,458	\$ 425,817	\$ -	\$ -	\$ -	\$ -	\$ -
Total Primary Gvnmt. General Revenues	\$ 32,402,984	\$ 26,064,918	\$ 26,064,918	\$ 24,764,849	\$ 26,539,549	\$ 24,279,144	\$ 23,716,130	\$ 22,338,377	\$ 20,662,298	\$ 19,412,793
Changes in Net Position										
Governmental Activities	\$ 6,062,927	\$ 6,656,856	\$ (1,539,288)	\$ (278,704)	\$ 3,017,487	\$ 761,253	\$ 1,216,429	\$ 3,854,831	\$ 653,778	\$ 466,332
Business-Type Activities	(152,370)	(250,250)	(259,164)	72,665	425,817	-	-	-	-	-
Total Primary Government	\$ 5,910,557	\$ 6,406,606	\$ (1,798,452)	\$ (206,039)	\$ 3,443,304	\$ 761,253	\$ 1,216,429	\$ 3,854,831	\$ 653,778	\$ 466,332

Source: City Finance Division

* Beginning Fiscal Year 2014, Fines and Forfeitures are reported as part of the charges for services category of program revenue in the function or activity that generates them.

** Prior to Fiscal Year 2014, Interest and Rents were reported together. Beginning Fiscal Year 2014, Rental Income is reported as a program revenue of the function that generates the revenue.

*** Beginning Fiscal Year 2014, Riviera Utilities Franchise Fees are reported separately. Prior to Fiscal Year 2014 Riviera Utilities Franchise Fees were reported with Utility Tax Equivalents.

**** Fiscal Year 2014 was restated due to a change in fund type made in 2015 to the Public Athletic & Sports Facilities Cooperative District and the Public Cultural & Entertainment Facilities Cooperative District.

CITY OF FOLEY, ALABAMA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Nonspendable	\$ 5,822,962	\$ 5,770,035	\$ 5,731,817	\$ 5,723,897	\$ 170,835	\$ 152,144	\$ 178,211	\$ -	\$ -	\$ -
Restricted	410,953	320,947	247,851	173,317	102,037	132,028	257,992	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	552,434	546,767	3,050,258	4,952,810	5,456,967	2,957,039	3,221,132	-	-	-
Unassigned	8,716,303	3,147,862	4,375,994	8,996,305	10,862,662	16,921,540	16,889,069	-	-	-
Reserved:										
Inventory	-	-	-	-	-	-	-	57,544	58,874	71,735
Unreserved:										
Designated	-	-	-	-	-	-	-	-	-	1,517,450
Undesignated	-	-	-	-	-	-	-	22,033,976	22,052,604	9,456,021
Total General Fund	<u>\$ 15,502,652</u>	<u>\$ 9,785,611</u>	<u>\$ 13,405,920</u>	<u>\$ 19,846,329</u>	<u>\$ 16,592,501</u>	<u>\$ 20,162,751</u>	<u>\$ 20,546,404</u>	<u>\$ 22,091,520</u>	<u>\$ 22,111,478</u>	<u>\$ 11,045,206</u>
All other Governmental Funds										
Nonspendable	\$ 379,821	\$ 817,761	\$ 379,821	\$ 379,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,827,555	17,735,952	19,933,114	18,482,263	3,049,137	2,982,194	3,305,431	-	-	-
Committed	768,672	1,605,439	2,799,959	757,663	542,442	100,590	124,988	-	-	-
Assigned	-	-	-	-	50	77,547	75,561	-	-	-
Unassigned	-	(22,086)	(527,469)	(599)	(343,318)	(4,633)	-	-	-	-
Reserved For:										
Debt service	-	-	-	-	-	-	-	2,135,444	2,064,217	259,234
Current and future projects	-	-	-	-	-	-	-	2,490,792	1,282,530	1,326,925
Unreserved:										
Undesignated	-	-	-	-	-	-	-	53,557	-	-
Total all Other Gvnmt. Funds	<u>\$ 4,976,048</u>	<u>\$ 20,137,066</u>	<u>\$ 22,585,425</u>	<u>\$ 19,619,148</u>	<u>\$ 3,248,311</u>	<u>\$ 3,155,698</u>	<u>\$ 3,505,980</u>	<u>\$ 4,679,793</u>	<u>\$ 3,346,747</u>	<u>\$ 1,586,159</u>
Total Governmental Funds	<u>\$ 20,478,700</u>	<u>\$ 29,922,677</u>	<u>\$ 35,991,345</u>	<u>\$ 39,465,477</u>	<u>\$ 19,840,812</u>	<u>\$ 23,318,449</u>	<u>\$ 24,052,384</u>	<u>\$ 26,771,313</u>	<u>\$ 25,458,225</u>	<u>\$ 12,631,365</u>

GASB Statement No. 54 changed fund balance classification and was implemented with fiscal year 2011. Fund balance data prior to 2011 is presented under the prior classifications.

Source: City Finance Division

CITY OF FOLEY, ALABAMA
Changes In Fund Balances Of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Property and advalorem taxes \$	1,625,209	\$ 1,539,905	\$ 1,435,035	\$ 1,351,038	\$ 1,367,446	\$ 1,391,305	\$ 1,473,778	\$ 1,580,706	\$ 1,636,721	\$ 1,510,085
Sales and other local taxes	22,405,114	16,491,205	15,614,845	14,827,291	13,773,922	12,875,117	12,274,296	11,261,438	11,562,037	12,496,358
Licenses and permits	3,720,477	2,705,953	2,401,064	2,365,083	2,141,591	2,053,479	1,839,187	1,973,380	1,678,497	2,281,267
Intergovernmental	3,132,314	9,235,106	4,153,301	1,822,855	932,314	498,353	947,587	2,619,573	518,846	1,001,263
Charges for services	2,570,615	2,514,568	2,365,893	2,247,929	2,187,877	2,051,189	2,083,810	2,049,536	1,943,030	1,621,989
Fines and forfeitures	646,292	641,976	555,808	564,146	644,568	672,115	735,231	672,165	594,842	678,446
Utility tax equivalents	6,796,594	6,499,737	6,311,582	6,200,232	6,285,978	6,232,079	5,927,604	5,554,632	5,298,496	4,928,220
Interest *	114,659	86185	90,812	37,377	483,850	445,778	438,520	471,800	404,562	1,001,010
Contributions and donations	230,806	114,862	134,064	624,885	735,208	96,962	69,533	101,973	31,427	2,624,475
Other **	1,444,874	1,478,250	1,363,673	1,185,873	1,101,634	1,893,067	972,291	1,786,802	462,968	164,094
Rental income *	278,688	369451	438,312	404,869	-	-	-	-	-	-
Total Revenues	42,965,642	41,677,198	34,864,389	31,631,578	29,654,388	28,209,444	26,761,837	28,072,005	24,131,426	28,307,207
Expenditures										
Current:										
General government	5,636,357	5,397,282	5,626,814	4,982,869	4,663,354	4,384,589	4,268,268	4,109,502	3,953,205	4,433,919
Public safety	11,404,151	11,238,760	10,380,906	9,889,322	9,564,621	9,242,297	8,646,059	8,598,227	8,764,638	9,254,421
Highways and streets	3,097,595	2,343,121	2,673,944	2,387,351	1,695,247	2,550,240	2,323,934	1,915,217	1,628,451	3,591,581
Sanitation	2,208,683	2,132,864	2,281,302	2,223,182	2,091,835	1,940,438	1,927,347	1,951,442	1,902,036	1,827,207
Culture and recreation	6,094,701	5,538,955	5,376,674	4,533,285	4,105,478	3,961,657	3,720,295	3,422,585	3,323,491	3,152,444
Conservation	-	-	-	-	-	454	56,513	95,055	205,670	51,170
Economic development	2,101,714	1,314,462	4,802,908	2,550,772	728,321	658,281	1,447,843	23,543	53,652	-
Debt Service:										
Principal	4,122,542	3,754,343	3,225,085	2,066,250	1,931,913	2,384,546	4,076,271	4,265,206	13,953,217	1,585,000
Interest	2,755,695	2,452,056	1,710,650	1,230,586	1,228,135	1,254,104	1,336,228	1,392,778	729,321	1,057,185
Bond issuance cost	31,995	410,055	289,474	293,614	146,349	59,932	109,254	132,529	590,900	78,122
Capital Outlay	18,028,847	29,573,346	18,303,234	6,615,097	10,037,379	2,842,330	2,723,409	4,737,455	7,349,934	11,846,841
Total Expenditures	55,482,280	64,155,244	54,670,991	36,772,328	36,192,632	29,278,868	30,635,421	30,643,539	42,454,515	36,877,890
Excess (deficiency) of revenues over expenditures	\$ (12,516,638)	\$ (22,478,046)	\$ (19,806,602)	\$ (5,140,750)	\$ (6,538,244)	\$ (1,069,424)	\$ (3,873,584)	\$ (2,571,534)	\$ (18,323,089)	\$ (8,570,683)

CITY OF FOLEY, ALABAMA
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Other financing sources (uses)										
Transfers in	12,564,628	14,643,434	29,967,659	18,322,813	11,226,821	6,895,495	7,428,202	9,734,829	50,581,940	23,552,673
Transfers out	(12,609,256)	(14,702,938)	(30,240,031)	(18,748,033)	(11,226,821)	(6,895,495)	(7,428,202)	(9,734,829)	(50,581,940)	(23,552,673)
Issuance of loan debt	300,000	-	-	375,000	2,975,000	-	1,124,312	3,744,646	30,835,000	-
Bond premium	-	1,732,359	451,138	862,733	-	-	-	-	-	-
Bond discount	-	-	(286,296)	-	(58,539)	-	-	-	-	-
Payment to refunded bond escrow	-	(9,810,412)	-	-	-	-	-	31,423	263,900	-
Capital leases	32,031	96,935	-	-	-	-	-	-	-	187,195
Proceeds from sale of assets **	1,785,258	-	-	5,947,904	144,144	335,489	30,343	108,553	51,049	139,532
Issuance of bonded debt	1,000,000	24,450,000	16,440,000	18,005,000	-	-	-	-	-	-
Total other financing sources (uses)	<u>3,072,661</u>	<u>16,409,378</u>	<u>16,332,470</u>	<u>24,765,417</u>	<u>3,060,605</u>	<u>335,489</u>	<u>1,154,655</u>	<u>3,884,622</u>	<u>31,149,949</u>	<u>326,727</u>
Net change in fund balances	<u>\$ (9,443,977)</u>	<u>\$ (6,068,668)</u>	<u>\$ (3,474,132)</u>	<u>\$ (3,474,132)</u>	<u>\$ 19,624,667</u>	<u>\$ (3,477,639)</u>	<u>\$ (733,935)</u>	<u>\$ (2,718,929)</u>	<u>\$ 1,313,088</u>	<u>\$ 12,826,860</u>
Debt service as a percentage of noncapital expenditures	18.4 %	17.9 %	13.6 %	13.6 %	10.9 %	12.1 %	13.8 %	19.4 %	21.8 %	41.8 %

* Prior to Fiscal Year 2014, Interest and Rents were reported together. Beginning Fiscal Year 2014, Rental Income is reported as a program revenue of the function that generates the revenue.

** Beginning Fiscal Year 2015, non-material proceeds from sale of assets are reported under "Other".

CITY OF FOLEY, ALABAMA
Direct and Overlapping Sales and Use Tax Rates
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Baldwin County	State of Alabama	Total Sales Tax Rate
2017	3.0%	3.0%	4.0%	10.0%
2016	2.0%	3.0%	4.0%	9.0%
2015	2.0%	3.0%	4.0%	9.0%
2014	2.0%	3.0%	4.0%	9.0%
2013	2.0%	3.0%	4.0%	9.0%
2012	2.0%	3.0%	4.0%	9.0%
2011	2.0%	3.0%	4.0%	9.0%
2010	2.0%	3.0%	4.0%	9.0%
2009	2.0%	2.0%	4.0%	9.0%
2008	2.0%	2.0%	4.0%	9.0%

Source: State of Alabama Department of Revenue

Effective march 1, 2017, the City increased sales and use tax to 3%. Increased rate is effective until August 31, 2020.

CITY OF FOLEY, ALABAMA
Principal Sales and Use Taxpayers
Last Ten Years

Year	[1] Gross Sales	[1] Remitted By Top 25 Taxpayers	[1] Total Sales & Use Tax Collected	Percent of Total Tax
2017	\$ 1,258,511,522	\$ 8,014,166	\$ 19,581,316	40.93%
2016	\$ 1,187,232,141	\$ 6,224,812	\$ 14,962,812	41.60%
2015	\$ 1,112,243,887	\$ 5,998,110	\$ 14,315,191	41.90%
2014	\$ 1,082,812,154	\$ 5,812,173	\$ 13,561,596	42.86%
2013	\$ 1,026,614,367	\$ 5,331,864	\$ 12,592,353	42.34%
2012	\$ 969,489,913	\$ 5,170,378	\$ 11,977,441	43.17%
2011	\$ 908,628,529	\$ 4,950,568	\$ 11,346,755	43.63%
2010	*	*	*	*
2009	*	*	*	*
2008	*	*	*	*

[1] Beginning 2016, the State of Alabama reports the information by fiscal year, net of fees, on a non accrual basis. Years 2011 - 2015 are reported on a calendar year (information available beginning 2011).

Source: State of Alabama Department of Revenue

Note: State law prohibits the disclosure of specific taxpayer information.

CITY OF FOLEY, ALABAMA
Revenue Indicators - General Fund
Last Ten Years

Sales and Other Local Taxes

Fiscal Year Ended September 30,	[1] [2] Sales & Use Tax	[3] Lodging Tax	Rental Tax	Beer, Wine & Liquor Tax	Local [4] Gas Tax	Cigarette & Tobacco Tax	Other Local Tax	Total
2017	\$ 19,280,693	\$ 1,073,626	\$ 280,922	\$ 505,229	\$ 543,511	\$ 229,298	\$ 396,844	\$ 22,310,123
2016	\$ 14,100,815	\$ 947,769	\$ 242,378	\$ 500,065	\$ -	\$ 224,593	\$ 381,670	\$ 16,397,290
2015	\$ 13,428,794	\$ 842,600	\$ 214,152	\$ 487,707	\$ -	\$ 223,166	\$ 327,235	\$ 15,523,654
2014	\$ 12,699,430	\$ 762,915	\$ 213,921	\$ 463,604	\$ -	\$ 220,821	\$ 466,600	\$ 14,827,291
2013	\$ 12,023,754	\$ 372,655	\$ 210,237	\$ 440,682	\$ -	\$ 230,945	\$ 495,649	\$ 13,773,922
2012	\$ 11,397,278	\$ 347,104	\$ 202,374	\$ 439,594	\$ -	\$ 231,045	\$ 257,722	\$ 12,875,117
2011	\$ 10,959,261	\$ 311,008	\$ 171,182	\$ 444,150	\$ -	\$ 239,438	\$ 149,257	\$ 12,274,296
2010	\$ 10,075,681	\$ 285,465	\$ 169,959	\$ 424,777	\$ -	\$ 220,957	\$ 84,599	\$ 11,261,438
2009	\$ 10,015,279	\$ 282,274	\$ 203,249	\$ 473,522	\$ -	\$ 225,671	\$ 362,042	\$ 11,562,037
2008	\$ 11,076,204	\$ 320,971	\$ 237,204	\$ 455,997	\$ -	\$ 212,170	\$ 193,812	\$ 12,496,358

License and Permits

Fiscal Year Ended September 30,	Business License	Building Permits	Other License & Permits	Total
2017	\$ 2,504,014	\$ 1,006,892	\$ 209,571	\$ 3,720,477
2016	\$ 2,055,464	\$ 508,997	\$ 141,492	\$ 2,705,953
2015	\$ 1,995,807	\$ 357,150	\$ 48,107	\$ 2,401,064
2014	\$ 1,876,595	\$ 418,289	\$ 70,199	\$ 2,365,083
2013	\$ 1,753,106	\$ 346,193	\$ 42,292	\$ 2,141,591
2012	\$ 1,737,099	\$ 259,340	\$ 57,040	\$ 2,053,479
2011	\$ 1,636,442	\$ 160,109	\$ 42,636	\$ 1,839,187
2010	\$ 1,731,743	\$ 199,640	\$ 41,997	\$ 1,973,380
2009	\$ 1,499,493	\$ 137,648	\$ 41,356	\$ 1,678,497
2008	\$ 1,681,006	\$ 453,332	\$ 146,929	\$ 2,281,267

Utility Tax Equivalents [5]

Fiscal Year Ended September 30,	Applicable Percentage	Total Amount Collected
2017	4.25%	\$ 6,796,594
2016	4.25%	\$ 6,499,737
2015	4.25%	\$ 6,311,582
2014	4.25%	\$ 6,200,232
2013	4.25%	\$ 6,285,978
2012	4.25%	\$ 6,232,079
2011	4.25%	\$ 5,927,604
2010	4.25%	\$ 5,554,632
2009	4.25%	\$ 5,298,496
2008	4.25%	\$ 4,928,220

[1] In March 2007 the sales tax rate was increased from 1% to 2%.

[2] In March 2017 the sales tax rate was increased to 3%. Increase is effective until August 31, 2020.

[3] In October 2013 the lodging tax rate was increased from 4% to 7%.

[4] In December 2016 a 3% local gas tax was established.

[5] Tax equivalent payments are made monthly to the City by Riviera Utilities based on a percentage of retained earnings of the previous year. Riviera Utilities provides water, sanitary sewer, electric, natural gas and some cable television services in the City and in other incorporated and unincorporated areas in Baldwin County, Alabama.

CITY OF FOLEY, ALABAMA
Ad Valorem Tax Information
Last Five Years Rates and Values, Current Year Taxpayers, and Last Ten Years of Revenue

Ad Valorem Tax Rates

Fiscal Year End September 30,

	2017	2016	2015	2014	2013
State of Alabama	6.5 mills	6.5 mills	6.5 mills	6.5 mills	6.5 mills
City of Foley	5.0 mills	5.0 mills	5.0 mills	5.0 mills	5.0 mills
Baldwin County:					
General	5.0 mills	5.0 mills	5.0 mills	5.0 mills	5.0 mills
Health	0.5 mills	0.5 mills	0.5 mills	0.5 mills	0.5 mills
Schools	9.0 mills	9.0 mills	9.0 mills	9.0 mills	9.0 mills
Road and Bridges	2.5 mills	2.5 mills	2.5 mills	2.5 mills	2.5 mills
Special School District	3.0 mills	3.0 mills	3.0 mills	3.0 mills	3.0 mills
Fire	1.5 mills	1.5 mills	1.5 mills	1.5 mills	1.5 mills
Total	33.0 mills	33.0 mills	33.0 mills	33.0 mills	33.0 mills

Assessed Value of Taxable Property

Fiscal Year Ended September 30,

Tax Year Ending September 30,	Class I Property Utilities Assessed Value	Class II All Unclassified Real and Personal Property Assessed Value	Class III Agricultural, Forest , Residential and Historic Property Assessed Value	Class IV Motor Vehicles Assessed Value	Total Assessed Value
2017	6,171,680	186,060,320	73,319,120	32,964,932	298,516,052
2016	6,434,720	176,276,280	68,957,500	33,046,224	284,714,724
2015	6,471,580	171,625,260	65,306,000	29,489,500	272,892,340
2014	5,966,920	155,378,740	58,101,160	27,689,740	247,136,560
2013	6,068,000	146,036,660	52,702,160	26,225,420	231,032,240

Largest Ad Valorem Taxpayers

Fiscal Year End September 30, 2017

Taxpayer	City Tax	Net Assessed Value of Taxable Property
Coroc/Riviera LLC	80,610.30	16,122,060
Aerostructures-RHOR	19,856.50	3,971,300
Gulf Telephone Company	19,716.10	3,946,580
Wal-Mart Real Estate Business Trust	11,832.00	2,366,400
CHS Properties Inc	11,699.10	2,341,420
Park Place (Foley) Owner LLC	11,115.40	2,223,080
Foley Square LLC	10,932.50	2,186,500
Baldwin Co Electric Membership	10,425.60	2,085,120
Sovran Acquisition LP	9,996.00	1,999,200
McKenzie Village LLC	7,479.60	1,495,920

Ad Valorem tax revenues of the City that were available for deposit in the General Fund for the fiscal years indicated

Fiscal Year Ended September 30,	Total Amount Collected [1]
2017	\$ 1,452,785
2016	\$ 1,381,515
2015	\$ 1,278,966
2014	\$ 1,202,353
2013	\$ 1,212,071
2012	\$ 1,238,022
2011	\$ 1,308,484
2010	\$ 1,400,475
2009	\$ 1,442,709
2008	\$ 1,328,695

[1] The total amount collected includes automobile license and registration fees in approximate amounts increasing in each fiscal year from approximately \$47,000 in 2008 to \$58,000 in 2017.

CITY OF FOLEY, ALABAMA
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Constitutional Debt Limit	\$ 59,703,210	\$ 66,950,121	\$ 54,578,468	\$ 49,471,878	\$ 47,088,128	\$ 45,265,820	\$ 47,954,395	\$ 50,642,448	\$ 57,116,168	\$ 60,316,916
Net debt applicable to limit	33,312,476	34,571,734	28,064,115	24,807,808	7,281,888	8,200,842	9,577,793	11,684,547	11,403,649	19,895,842
Legal debt margin	<u>\$ 26,390,734</u>	<u>\$ 32,378,387</u>	<u>\$ 26,514,353</u>	<u>\$ 24,664,070</u>	<u>\$ 39,806,240</u>	<u>\$ 37,064,978</u>	<u>\$ 38,376,602</u>	<u>\$ 38,957,901</u>	<u>\$ 45,712,519</u>	<u>\$ 40,421,074</u>
Net debt as a percentage of debt limit	55.80%	51.64%	51.42%	50.15%	15.46%	18.12%	19.97%	23.07%	19.97%	32.99%

CITY OF FOLEY
Legal Debt Margin Information (continued)
Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2012	2011	2010	2009	2008	2007
Special Constitutional Debt Limit	\$ 149,258,026	\$ 167,375,302	\$ 136,446,170	\$ 123,679,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net debt applicable to limit	37,272,909	36,339,889	18,729,186	8,000,000	-	-	-	-	-	-
Legal debt margin	<u>\$ 111,985,117</u>	<u>\$ 131,035,413</u>	<u>\$ 117,716,984</u>	<u>\$ 115,679,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net debt as a percentage of debt limit	24.97%	21.71%	13.73%	6.47%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

CITY OF FOLEY, ALABAMA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation Warrants	Federally Taxable 2013 Qualified Energy Conservation Bonds	Notes Payable	Capital Leases	Total General Obligation Debt	Special Revenue Bonds	Total Governmental Activities	Business- Type Activities of Coastal Alabama Farmers' and Fishermen's Market, Inc.	Notes Payable	Total Primary Government	Total Debt as a Percentage of Personal Income	Total Debt Per Capita
2017	\$ 24,412,101	\$ 2,573,169	\$ 518,750	\$ 83,754	\$ 27,587,774	\$ 45,934,137	\$ 73,521,911	\$ 8,000,000	\$ 1,260,601	\$ 82,782,512	19.27%	\$ 4,129
2016	26,133,427	2,665,242	253,750	81,829	29,134,248	47,335,727	76,469,975	8,000,000	1,059,072	85,529,047	21.67%	4,416
2015	28,782,770	2,752,315	288,750	-	31,823,835	31,076,616	62,900,451	8,000,000	-	70,900,451	17.27%	3,742
2014	27,135,531	2,844,388	323,750	-	30,303,669	19,272,927	49,576,596	8,000,000	-	57,576,596	16.14%	3,087
2013	9,335,000	2,975,000	-	-	12,310,000	19,945,000	32,255,000	-	-	32,255,000	8.57%	2,039
2012	10,370,000	-	-	41,913	10,411,913	20,800,000	31,211,913	-	-	31,211,913	8.37%	2,026
2011	11,875,000	-	-	81,459	11,956,459	21,640,000	33,596,459	-	-	33,596,459	9.30%	2,229
2010	12,940,000	-	1,029,646	118,772	14,088,418	22,460,000	36,548,418	-	-	36,548,418	10.78%	2,500
2009	12,680,000	-	900,000	153,978	13,733,978	23,335,000	37,068,978	-	-	37,068,978	11.69%	2,615
2008	13,600,000	-	6,400,000	187,195	20,187,195	-	20,187,195	-	-	20,187,195	6.28%	1,484

CITY OF FOLEY, ALABAMA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended September 30	[1] General Obligation Bonds	[2] Less: Amounts Available in Debt Service Funds	Total	[3] [4] Percentage of Estimated Actual Taxable Value of Property	[4] Per Capita
2017	\$ 27,587,774	\$ 1,034,002	\$ 26,553,772	8.90%	\$ 1,491
2016	29,134,248	1,027,614	28,106,634	9.87%	1,623
2015	31,823,835	1,007,351	30,816,484	11.29%	1,833
2014	30,303,669	666,562	29,637,107	11.99%	1,845
2013	12,310,000	249,962	12,060,038	5.22%	762
2012	10,411,913	251,463	10,160,450	4.50%	660
2011	11,956,459	336,288	11,620,171	4.97%	771
2010	14,088,418	250,702	13,837,716	5.21%	947
2009	13,733,978	261,748	13,472,230	4.81%	950
2008	20,187,195	259,234	19,927,961	7.38%	1,465

Fiscal Year Ended September 30	[5] Special Revenue Bonds	[2] Less: Amounts Available in Debt Service Funds	Total	[3] [4] Percentage of Estimated Actual Taxable Value of Property	[4] Per Capita
2017	\$ 45,934,137	\$ 2,336,479	\$ 43,597,658	14.60%	\$ 2,448
2016	47,335,727	2,326,189	45,009,538	15.81%	2,599
2015	31,076,616	1,987,698	29,088,918	10.66%	1,731
2014	19,272,927	1,803,475	17,469,452	7.07%	1,088
2013	19,945,000	1,803,150	18,141,850	7.85%	1,147
2012	20,800,000	1,803,334	18,996,666	8.41%	1,233
2011	21,640,000	1,803,477	19,836,523	8.48%	1,316
2010	22,460,000	1,884,743	20,575,257	7.75%	1,408
2009	23,335,000	1,802,471	21,532,529	7.68%	1,519
2008	-	-	-	0.00%	-

*Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] Includes general bonded debt.

[2] Amount restricted for debt service principal payments.

[3] Total assessed property value data can be found in the Statistical Section - Schedule of Ad Valorem Information.

[4] Population data can be found in the Statistical Section – Schedule of Population Trends.

[5] Includes special revenue debt.

CITY OF FOLEY, ALABAMA
Direct and Overlapping Governmental Activities Debt
As of September 30, 2017

<u>Governmental Unit</u>	Debt Outstanding	[1] Estimated Percentage Applicable	Amount Applicable to Primary Government
Baldwin County	\$ 102,959,812	0.063094	\$ 6,496,141
Baldwin County Board of Education	160,198,218	0.063094	10,107,538
Subtotal, overlapping debt			16,603,679
City of Foley, Alabama, direct debt			\$ 73,521,911
Total direct and overlapping debt			<u>\$ 90,125,590</u>

Source: Outstanding debt provided by each governmental unit.

[1] The Baldwin County Revenue Commission's appraisals are done a year in arrears, meaning appraisals are based on the property the way it was on October 1st of the previous year (2017 property appraisals are based on the property as it was on August 1, 2016). The percentage above represents the net assessed value of property in the City of Foley (265,551,120) to net assessed value of property in Baldwin County (\$4,208,820,840).

CITY OF FOLEY, ALABAMA
Population Trends / Graduation Rates

Year	City of Foley		Baldwin County	
	Population [1]	Rate of Growth	Population [2]	Rate of Growth
2017	17,806	2.8%	208,563	0.8%
2016	17,315	3.0%	206,915	2.7%
2015	16,809	4.7%	201,397	0.6%
2014	16,060	1.5%	200,111	2.3%
2013	15,820	2.7%	195,540	2.6%
2012	15,402	5.4%	190,561	4.6%
2010	14,618	3.1%	182,265	85.5%
2009	14,174	4.2%	*	*
2008	13,600	4.3%	*	*
2007	13,035	71.7%	*	*
2000	7,590	53.7%	140,415	42.9%
1990	4,937	23.3%	98,280	25.1%
1980	4,003	18.9%	78,556	32.3%
1970	3,368	16.6%	59,382	21.0%
1960	2,889	122.1%	49,088	19.7%
1950	1,301	N.A.	40,997	N.A.

Year	Enrollment [3]	Graduation Rate [4]
2017	4,312	79%
2016	4,379	78%
2015	3,636	75%
2014	4,050	75%
2013	3,764	74%
2012	3,768	66%
2010	3,426	88%
2009	3,262	*
2008	3,240	*
2007	3,039	*
2000	*	*
1990	*	*
1980	*	*

Sources:

[1] Effective 2013, source is City of Foley GIS estimate. Prior years and census years source is US Census Bureau

[2] 2017 source is US Census Bureau 2016 estimates as of July 1, 2016.

[3] 2016 & 2015 Alabama State Department of Education, 2014 Homefacts, 2013 schooldigger.com (as of December)

[4] Alabama State Department of Education. Census years, Census of Population and Housing.

* Indicates data not available.

CITY OF FOLEY, ALABAMA
Census Data

Year	City of Foley		Baldwin County		State of Alabama	
	Median Family Income	Per Capital Income	Median Family Income	Per Capital Income	Median Family Income	Per Capital Income
2017	\$ 52,264	\$ 24,126	\$ 62,271	\$ 27,317	\$ 55,341	\$ 24,091
2016	\$ 51,834	\$ 22,794	\$ 60,864	\$ 26,766	\$ 54,362	\$ 23,680
2010	\$ 50,854	\$ 22,967	\$ 58,429	\$ 26,469	\$ 52,863	\$ 22,984
2000	\$ 38,427	\$ 19,364	\$ 47,028	\$ 20,826	\$ 41,657	\$ 18,189
1990	\$ 23,717	\$ 9,498	\$ 30,199	\$ 13,306	\$ 28,688	\$ 15,723
1980	\$ 16,234	\$ 5,598	\$ 16,917	\$ 7,192	\$ 16,353	\$ 7,836

	1980	1990	2000	2010	2016 [2]
Total Housing Units	1,427	2,127	3,468	7,359	8,744
Total occupied Units	1,336	1,897	3,126	6,165	7,022
Total Owner Occupied Units	941	1,230	2,083	3,850	4,620
Median Value of Owner occupied Units	\$ 35,700	\$ 54,800	\$ 97,900	\$ 171,800	\$ 156,800

Sources: U.S. Census Bureau

Information provided is the most current as provided by the U.S. Census Bureau.

2009-2013 American Community Survey

CITY OF FOLEY, ALABAMA
Comparative Unemployment Rates
Last Ten Fiscal Years

Fiscal Year	[1] Foley	[1] Baldwin County	[1] Alabama	[2] U.S. National Average
[3] 2017	3.0%	3.0%	3.8%	4.2%
2016	5.5%	5.5%	6.0%	4.6%
2015	5.2%	5.2%	6.0%	5.0%
2014	5.3%	6.1%	6.8%	6.2%
2013	5.7%	6.7%	7.2%	7.4%
2012	6.4%	7.5%	8.0%	8.1%
2011	7.9%	9.0%	9.7%	8.9%
2010	8.1%	10.0%	10.5%	9.6%
2009	9.4%	8.7%	9.8%	9.3%
2008	4.3%	4.1%	5.0%	5.8%

Sources:

[1] Homefacts

[2] Alabama Department of Labor

[3] 2017 - US Department of Labor

CITY OF FOLEY, ALABAMA
Principal Employers - Top 10 City & County
Current year compared to eight years prior

Industry	Product	2017			2009*		
		Approximate Employment	Rank	Percentage of Total Employment	Approximate Employment	Rank	Percentage of Total Employment
<i>Major Employers - City of Foley</i>							
Tanger Outlet Center	Retail-Mall	1,500	1	25.9%	1,350	1	n/a
UTC Aerospace Systems (Goodrich)	Aerospace	1,000	2	17.2%	556	4	n/a
South Baldwin Regional Medical Center	Medical Care	1,000	3	17.2%	650	3	n/a
Vulcan, Inc	Manufacturing	320	4	5.5%	208	7	n/a
City of Foley	Government	305	5	5.3%	250	6	n/a
Riviera Utilities	Utilities	275	6	4.7%	211	8	n/a
Starr Laundry	Laundry services	200	7	3.4%		n/a	n/a
Diversicare	Medical Care	147	8	2.5%	175	10	n/a
Baldwin County Annex	Government	150	9	2.6%	n/a	n/a	n/a
Ascend Performance Materials	Manufacturing	125	10	2.2%	n/a	n/a	n/a
Packard Hughes Interconnect	Electronic parts	n/a	n/a	n/a	725	2	n/a
Wal-Mart Super Center (Foley)	General Retail	n/a	n/a	n/a	326	5	n/a
<i>Major Employers - Baldwin County - Outside of the City of Foley</i>							
Baldwin County Board of Education	Public Education	3,851	1	4.7%	3,428	1	4.6%
Wal-Mart Super Centers	General Retail	1,750	2	2.1%	1,715	2	2.3%
Thomas Hospital	Medical Care	1,000	3	1.2%	1,100	4	1.5%
Marriott Grand Hotel	Hotel & Country Club	800	4	1.0%	590	6	0.8%
Baldwin County Commission	Government	656	5	0.8%	475	7	0.6%
SH Enterprises	Real Estate	659	6	0.8%	n/a	n/a	0.0%
Standard Furniture	Home Furnishings	500	7	0.6%	1,400	3	1.9%
Mercy Medical	Medical Care	550	8	0.7%	425	9	0.6%
Brett-Robinson	Real Estate	550	9	0.7%	n/a	n/a	0.0%
Columbia Southern University	Higher Education	450	10	0.5%	n/a	n/a	0.0%
DBT America	Belt Conveyor equipment	n/a	n/a	n/a	750	5	1.0%
Meyer Real Estate	Real Estate	n/a	n/a	n/a	450	8	0.6%
Citation	Aluminum castings	n/a	n/a	n/a	365	10	0.5%

Source: Employment from South Baldwin Chamber of Commerce and total employed from US Census Bureau and University of Alabama.

* 2009 employers are provided because 2006 information was not available. Total employment in Foley for 2009 is also unavailable.

CITY OF FOLEY, ALABAMA
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Function/Department	Full-time Employees as of 9/30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
General Government Administration	19	19	18	20	19	18	17	17	17	17
Public Works	2	2	2	2	2	2	2	2	3	3
Municipal Complex	8	8	8	8	6	8	8	8	7	8
Municipal Court	6	6	5	5	5	5	5	5	5	4
Vehicle Maintenance Shop	4	4	4	4	4	4	4	4	4	4
Information & Technology	5	5	3	-	-	-	-	-	-	-
Public Safety										
Police	92	92	92	92	87	88	87	84	85	89
Fire	32	32	23	22	22	19	19	18	19	15
Community Development/Inspections	8	8	8	8	8	8	8	8	8	12
Environmental	3	3	2	2	1	1	1	1	1	1
Highways and Streets										
Street Department	26	26	26	21	21	21	21	21	20	21
Engineering Department	4	4	4	4	3	3	3	3	3	3
Sanitation	17	17	17	20	21	20	19	19	22	22
Culture and Recreation										
Parks Department	12	12	13	13	13	14	16	16	17	17
Library	11	11	11	11	12	11	10	10	10	10
Senior Center	3	3	3	3	3	3	3	3	3	3
Recreation	11	11	9	8	7	7	6	6	4	3
Visitors Center/Marketing	2	2	2	2	2	1	1	1	1	-
Horticulture	5	5	5	5	3	3	-	-	-	-
Sports Tourism	10	7	2	2	-	-	-	-	-	-
Economic Development	2	2	2	2	2	1	1	1	1	-
Total	282	279	259	254	241	237	231	227	230	232

Source: Human Resources Division

CITY OF FOLEY, ALABAMA
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>General Government:</u>										
Business License Issued	3,350	3,168	2,980	3,006	2,868	2,764	2,638	2,520	2,529	2,801
<u>Public Safety:</u>										
Police-number of arrests	2,165	2,063	1,775	1,461	1,493	1,867	1,721	1,820	1,681	1,775
Police-number of traffic cases filed	4,447	4,660	3,799	3,824	3,685	4,758	5,537	5,951	4,204	5,644
Police-calls for service	65,627	64,076	61,886	55,847	58,249	50,776	49,008	47,764	47,682	47,245
Fire-number of emergency responses (2)	1,481	1,493	1,284	1,273	1,035	939	1,150	1,078	950	1,061
Fire-number of inspections (2)	3,722	3,207	3,074	2,775	2,222	2,238	1,844	258	965	1,598
Fire-number of public relation/education contacts (2)	10,956	6,788	4,063	3,538	7,569	5,676	8,715	4,825	4,031	*
CDD-number of building inspections (1)	11,199	7,858	6,322	5,971	5,296	3,824	2,827	3,294	3,022	5,997
CDD-number of building permits (1)	2,402	1,947	1,433	1,479	1,441	1,024	877	860	903	1,328
<u>Sanitation:</u>										
Tons collected and disposed:										
Refuse	6,810	6,656	5,955	6,214	6,284	6,772	*	*	*	*
Recyclables	531	523	455	393	311	335	420	*	*	*
Number of households served	6,402	6,131	5,951	5,813	5,694	5,180	5,087	4,950	4,957	4,966
Number of commercial/special accounts served	359	322	365	358	364	309	307	309	327	379
Number of contracted commercial dumpster accounts served	379	366	341	331	288	269	261	248	260	258
<u>Culture and Recreation</u>										
<i>Recreation Department:</i>										
Youth Programs Offered	7	7	7	6	6	6	6	6	6	6
Youth Program Participants	1,552	1,654	1,570	1,479	1,215	1,144	1,103	1,028	1,002	903
Tournaments Held	27	27	30	26	20	15	9	6	4	*
<i>Senior Center:</i>										
Number of members (1)	770	616	605	608	600	568	549	559	584	614
Number of senior/community programs	48	47	49	43	45	*	33	*	*	*
Number of senior program participants	21,538	20,312	19,625	19,663	18,679	*	16,751	*	*	*
<i>Library</i>										
Total items circulated	1,008,400	787,517	761,601	825,599	531,622	478,261	446,879	406,829	256,667	217,407
Patron visits	415,870	560,351	562,261	593,458	518,734	412,653	351,872	273,052	291,353	241,525
Volumes in collection	83,225	81,881	72,470	80,069	79,335	77,159	72,223	65,896	61,616	48,749
Program Attendance	19,858	17,502	15,550	14,807	10,395	10,182	8,023	6,908	6,522	6,181
<i>Visitors Center - Total visits</i>										
Patron visits (3)	5,837	5,559	6,294	10,287	11,788	9,700	8,579	2,503	2,331	1,873
Website hits	77,951	80,445	61,634	45,294	*	*	*	*	*	*
<i>Horticulture</i>										
Tree City Program - trees planted	2,804	498	124	27	70	75	75	2	29	48
Plants - grown and planted	22,300	22,500	22,000	23,000	*	*	*	*	*	*

CITY OF FOLEY, ALABAMA
Operating Indicators by Function (Continued)
Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<i>Environmental</i>										
Explore & Observe Programs offered	25	25	24	*	*	*	*	*	*	*
Explore & Observe Programs attendance	1,000	500	336	*	*	*	*	*	*	*
Field Trips/Camps/Workshops offered	47	26	33	*	*	*	*	*	*	*
Field Trips/Camps/Workshops attendance	3,725	1,216	940	*	*	*	*	*	*	*
Events booked	21	15	8	*	*	*	*	*	*	*
Events attendance	12,000	7,524	1,287	*	*	*	*	*	*	*
<i>Sports Tourism</i>										
Events booked	36	44	13	1	*	*	*	*	*	*
Events attendance	18,357	18,000	6,000	50	*	*	*	*	*	*

* 2013 was the first year of CAFR presentation and information was not readily available for all operating indicators

(1) Years prior to 2011 are presented by calendar year and 2011 forward by fiscal year

(2) Presented by calendar year

(3) The visitor center had one location until 2010, two locations from 2011 to 2014, and one location 2015 forward.

Sources: Various City Departments

CITY OF FOLEY, ALABAMA
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Number of general government buildings	15	15	16	16	16	13	13	13	13	12
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of fire stations	3	3	3	3	3	3	3	3	3	3
Highways and Streets:										
Miles of streets	153	148	147	146	145	*	*	*	*	*
Number of street lights	2,874	2,849	2,841	2,827	2,822	*	*	*	*	*
Miles of sidewalks	37	35	30	15	14	*	*	*	*	*
Sanitation:										
Number of garbage trucks	7	7	7	8	6	5	5	6	6	6
Number of recycle trucks	1	1	2	2	2	2	2	2	1	1
Culture and Recreation										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of museums	1	1	1	1	1	1	1	1	1	1
Number of senior activity centers	1	1	1	1	1	1	1	1	1	1
Number of parks	13	14	13	13	10	10	9	9	9	9
Number of visitor centers	1	1	1	2	2	2	2	1	1	1

Source: Various City departments

* 2013 was the first of CAFR presentation and information was not readily available for all operating indicators

COMPLIANCE SECTION

This Page Intentionally Left Blank

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and
Members of the City Council
City of Foley, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Foley, Alabama ("the City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 23, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Warren Averett, LLC". The signature is written in a cursive, flowing style.

Foley, Alabama
January 23, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and
Members of the City Council
City of Foley, Alabama

Report on Compliance for the Major Federal Program

We have audited City of Foley, Alabama ("the City")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2017. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, City of Foley, Alabama complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2017.

Report on Internal Control over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 23, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Foley, Alabama
January 23, 2018

CITY OF FOLEY, ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2017

Grantor and Program Title	Federal CFDA Number	Contract / Grant Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
Direct Programs:					
Farmer's Market Promotion Program	10.168	14-FMPPX-AL-0004			27,701
U.S. DEPARTMENT OF COMMERCE					
Passed Through From: Alabama Department of Conversation and Natural Resources, State Lands Division					
Coastal Zone Management Administration Awards	11.419	FOLEY-CZM-306a-16-1			50,000
Rural Business Development Grant	10.769	01-002-636001263			119,643
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Direct Programs:					
Water Protection Grants to the State	66.202	00D34515			1,638
U.S. DEPARTMENT OF HOMELAND SECURITY					
Direct Programs					
Staffing for Adequate Fire and Emergency Responses	97.083	EMW-2014-FH-00919-002			598,169
Assistance to Firefighters	97.044	EMW-2015-FO-06139			90,715
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed Through From: Alabama Department of Economic and Community Affairs					
Community Development Block (CDBG)	14.228	LR-CM-PF-16-010			15,000
U.S. DEPARTMENT OF INTERIOR					
Passed Through From: Alabama Historical Commission					
Historic Preservation Fund Grants-in-Aid	15.904	AL-16-031			4,500
U.S. DEPARTMENT OF JUSTICE					
Direct Programs					
Federal Equitable Sharing Funds	16.922	ESD-15-FBI-005358			8,275
Passed Through From: Baldwin County Drug Task Force					
Mobile Safe Streets Task Force	16.809	281D-MO-A6033973			5,439
Joint Law Enforcement Operations	16.111	OCDETF SE-ALS-109(H)			1,109
U.S. DEPARTMENT OF TRANSPORTATION					
Direct Programs					
TIGER Discretionary Grants	20.933	FHWA FY13 TIGER GRANT NO. 15			153,385
Passed Through from: Alabama Department of Transportation					
Airport Improvements	20.106	3-01-0031-015-2107			78,675
Federal-Aid Highway Program	20.205	ATRIP #02-03-31			1,660,792
Federal-Aid Highway Program	20.205	TAPAA-TA13(931)			259,959
	20.205	Total			1,920,751
Passed Through from: ADECA & South Alabama Regional Highway Safety Office					
Selective Traffic Enforcement Program (STEP)	20.600	17-SP-PT-002			16,732
Hot Spot Impaired Driving Program	20.616	17-HD-M5-002			16,736
Click it or Ticket	20.616	17-SP-PT-006			3,003
Drive Sober Labor Day Campaign	20.616	16-HD-M5-007			1,028
	20.616	Total			20,767
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 3,112,499

This Page Intentionally Left Blank

CITY OF FOLEY, ALABAMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

1. BASIS OF PRESENTATION

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Since the schedule presents only a select portion of the operations of the City of the Foley, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Foley.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Foley under programs of the federal government for the year ended September 30, 2017. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. The City of Foley did not elect to utilize the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

This Page Intentionally Left Blank

CITY OF FOLEY, ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified Opinion
Internal control over financial reporting:	
Material weakness(es) identified?	___ yes <input checked="" type="checkbox"/> no
Significant deficiency (ies) identified that are not considered to be material weakness(es)?	___ yes <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	___ yes <input checked="" type="checkbox"/> no

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	___ yes <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes <input checked="" type="checkbox"/> none reported
Type of auditors' report issued on compliance for major programs:	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	___ yes <input checked="" type="checkbox"/> no

IDENTIFICATION OF MAJOR PROGRAM

U. S. Department of Transportation – Federal-Aid Highway Program	CFDA #20.205
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes ___ no

CITY OF FOLEY, ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
SEPTEMBER 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no findings which were required to be reported in accordance with government auditing standards generally accepted in the United States of America.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no audit findings required to be reported in accordance with the Uniform Guidance.