



**THE CITY OF  
FOLEY, ALABAMA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For The Fiscal Year Ended  
September 30, 2016**

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**THE CITY OF FOLEY, ALABAMA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended**

**September 30, 2016**

**Prepared By: Finance Division and Administration**

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**City of Foley, Alabama**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Year Ended September 30, 2016**

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# INTRODUCTORY SECTION

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March 21, 2017

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, 2016, 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, 2016. 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. Foley is located in Baldwin County in the southern most part of the state, just 8 miles north of the Gulf of Mexico. It currently services an estimated population of 17,315 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 a proposed budget 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 2015 Economic Impact report published April 20, 2016, Baldwin County's estimated 6.1 million visitors represented 24 percent of all visitors to the State. Travel-related spending totaled \$3.9 billion, an increase of \$711 million from 2013, while total travel-related earnings (direct and indirect) of \$1.3 billion represented 29 percent of the statewide total. Baldwin County's total (direct and indirect) travel-related employment of 48,243 represented 27 percent of all Alabama travel-related employment.

The Department of Tourism report also shows that 76 percent of all lodging taxes in Baldwin County were collected in the second and third calendar quarters of 2015 which is indicative of a summer beach tourist destination. The City invested in sports tourism as a means to smooth the seasonality of tourism and recently began operation of sixteen state-of-the-art, multi-purpose sports fields and construction of an events center for indoor sports, concerts and other events. These two facilities will be located adjacent to the Creek Indian Enterprises Development Authority's five-hundred plus acre theme park, RV park, hotel, restaurant, dining and retail shop venue (recently unveiled as OWA), creating a premier year-round sports and entertainment destination.

The City offers a vast array of shopping and dining experiences with selections from both nationally known and small town establishments. Other 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 with over 650 healthcare professionals. UTC Aerospace Systems is expanding its footprint in Foley by adding a manufacturing and nacelle assembly facility with a primary function of supporting the Airbus A320. The expansion will add 260 new jobs, bringing UTC's approximate employment count to 1,060. The City's unemployment rate of 5.5 percent represents a small increase from the prior year and a decrease of 3.7 from the height of the economic downturn in 2009. The City's unemployment rate is typically lower than that of the State. The sports and entertainment developments currently under construction will spur tourism and it is expected that

unemployment will decline. The City's population has been significantly increasing and the current population of 17,315 represents an increase of 33 percent since 2007.

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. Moody's Investors Services Credit Overview of the City dated November 30, 2016, noted; "a very healthy financial position, and an elevated debt liability with a small pension burden. It also reflects an adequate socioeconomic profile with a sound tax base".

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 have increased by 41 percent since 2009, another indicator of a steady recovery from the economic downturn. 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 45 percent and culture and recreation by 106 percent as the City strives to provide its Citizens with cultural and leisure activities in a safe living environment. The Library Journal rates U.S. public libraries based on selected per capita output measures and the Foley Public Library received a 5-star rating and ranked at the top of the index of ten libraries across the nation within the same expenditure range. Foley Sports Tourism Complex was voted as one of SportsEvents Media Group, 2017 Readers' Choice Award winners who readers vote as "...willing to go above and beyond typical service levels to help sports event planners produce outstanding events that participants, their families and spectators will want to experience again and again". The Foley Police Department was the first in Baldwin County to establish a Critical Incident Team (CIT) and to obtain Mental Health First Aid (MHFA) certification. BackgroundChecks.org, a site devoted to public safety and open government, named Foley as one of the 25 safest cities in Alabama in 2016, an achievement that is a result of city government, police, and residents working together to ensure that Foley is safe. The Foley Fire Department has a current ISO Public Protection Class Rating of 3/8B.

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, 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 and contractor crews. A significant amount of revenue lost from tourism is recovered by revenue generated from the sale of building materials 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 \$3,694,629 representing 10.5 percent of the \$35,090,383 originally budgeted operational expense and debt service obligations used to calculate the minimum fund balance goal amount. Fund balance and the minimum fund balance goal are periodically reviewed to ensure the City is able to endure periods of economic stress. Delayed private development related to sports tourism resulted in reserves falling below the 25 percent desired minimum set by the policy. In order to replenish reserves within the established time frames, a temporary sales tax increase is being implemented and

becomes effective March 1, 2017. Refer to the Financial Section, Notes to the Financial Statements, for additional information on fund balance (Note A.11) and the sales tax increase (Note R.)

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](http://www.cityoffoley.org)). A schedule of construction work in-progress can be found just before the Statistical Section of this report that shows projects completed and projects under construction at the end of the fiscal year. 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, and management will continue to implement policies and procedures that improve and strengthen internal controls.

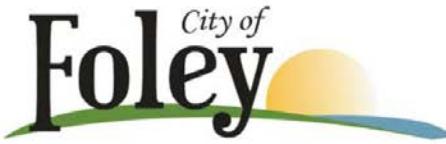
The Financial Accounting Standards Board (FASB) established principles for lease accounting in its Statement 13, Accounting for Leases, and its numerous amendments. These statements specify the appropriate accounting for leases through their classification as either capital or operating. Governmental Accounting Standards Board (GASB) codification provides that FASB 13 should be used as the guideline for accounting and financial reporting of lease agreements, except for operating leases with scheduled rent increases. Scheduled rent increases are increases that are fixed by contract. The City adopted a Capital & Operating Lease Policy on April 20, 2016.

#### 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, 2015. This was the third 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 for another certificate.

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Foley, Alabama 36536



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[www.cityoffoley.org](http://www.cityoffoley.org)

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 lead 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

A handwritten signature in blue ink that reads "Michael L. Thompson".

City Administrator

Sue Steigerwald

A handwritten signature in blue ink that reads "Sue Steigerwald".

Finance Director/Treasurer

The City of Foley, Alabama  
**ELECTED AND APPOINTED OFFICIALS**  
Year Ended September 30, 2016

**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**

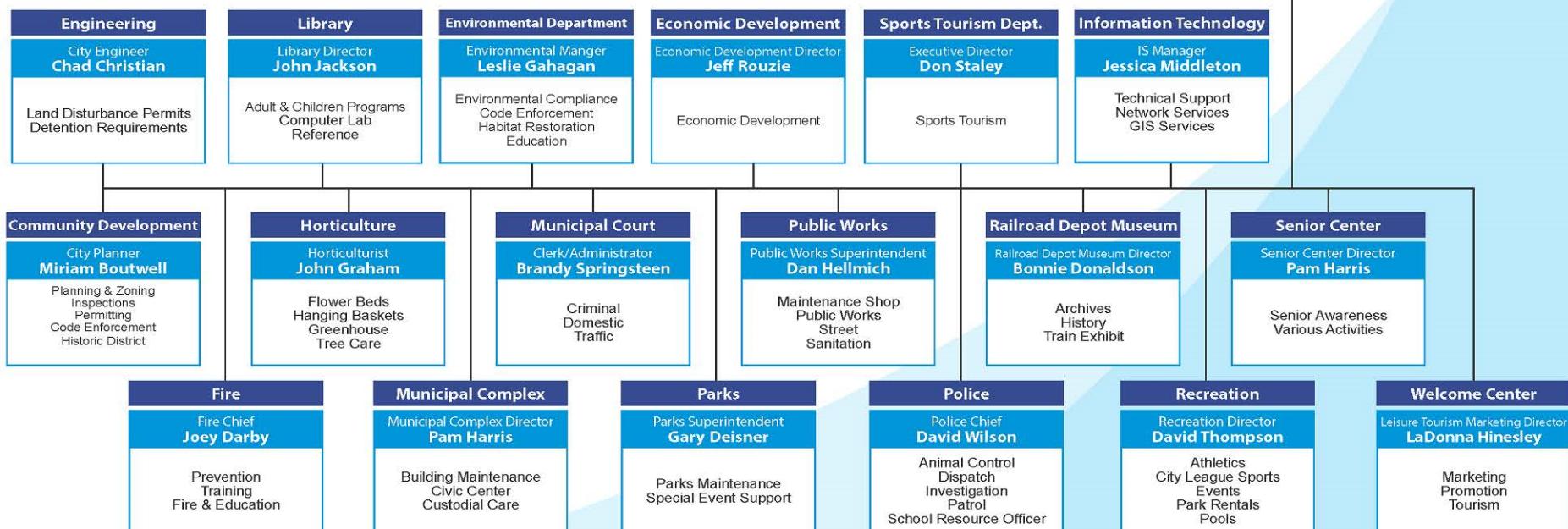
Administrator	Michael Thompson
Clerk	Victoria Southern
Assistant Administrator/HR Director	Sandra Pate
Finance Director/Treasurer	Sue Steigerwald
Fire Chief	Joseph Darby
Police Chief	David W. Wilson
Planner	Miriam Boutwell
Engineer	Chad Christian
Alternate City Clerk	Joseph A. Bouzan
Municipal Judge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



# **City of Foley**

## ORGANIZATIONAL CHART

# **2016**



# Citizens

**Mayor and City Council**

**Mayor  
John E. Koniar**

**Council**  
J. Wayne Trawick, Council President (D - 1)  
Vera J. Quaites (D - 2)  
Ralph G. Hellmich, President Pro Temp (D - 3)  
C. Rick Blackwell (D - 4) Charles J. Ebert III (D - 5)

#### **General Government**

**City Administrator - Mike Thompson**  
**Asst. City Admin/HR Director - Sandra Pate**  
**City Clerk - Vickey Southern**  
**Finance Director - Sue Steigerwald**  
**Revenue Officer - Meg Hellmich**



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, 2015**

A handwritten signature in black ink, appearing to read "Jeffrey P. Evans".

Executive Director/CEO

## FINANCIAL SECTION

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## 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the 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 March 21, 2017 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.

*Warren Averett, LLC*

Foley, Alabama  
March 21, 2017

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## **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, 2016. 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 \$99,790,321, an increase of \$6,406,606 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 \$43,218,255 and had expenses of \$36,811,649.
- The Statement of Revenues, Expenditures and Changes in Fund Balance shows the General fund operating revenues exceeded operating expenditures by \$2,988,002.
- As shown in Table 4, the City's governmental funds reported a combined ending fund balance of \$29,922,677, a decrease in fund balance of \$6,068,668 from the prior year's ending fund balance.
- Table 4 also shows the General Fund closed with a fund balance of \$9,785,611 reflecting a decrease of \$3,620,309 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 \$99,790,321 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 34,293,834	\$ 40,117,154	\$ 238,809	\$ 221,945	\$ 34,532,643	\$ 40,339,099
Capital assets, net	151,626,713	125,542,199	8,658,884	7,851,515	160,285,597	133,393,714
Total assets	185,920,547	165,659,353	8,897,693	8,073,460	194,818,240	173,732,813
Deferred outflows of resources	2,926,471	745,009	-	-	2,926,471	745,009
Total assets and deferred outflows of resources	188,847,018	166,404,362	8,897,693	8,073,460	197,744,711	174,477,822
Current and other liabilities	4,371,157	4,125,809	54,289	38,878	4,425,446	4,164,687
Long-term debt	84,469,872	68,365,082	9,059,072	8,000,000	93,528,944	76,365,082
Total liabilities	88,841,029	72,490,891	9,113,361	8,038,878	97,954,390	80,529,769
Deferred inflows of resources	-	564,338	-	-	-	564,338
Total liabilities and deferred inflows of resources	88,841,029	73,055,229	9,113,361	8,038,878	97,954,390	81,094,107
Net position:						
Net investment in capital assets	90,333,519	80,055,857	(400,188)	(148,485)	89,933,331	79,907,372
Restricted	18,056,899	20,180,965	114,403	138,188	18,171,302	20,319,153
Unrestricted	(8,384,429)	(6,887,689)	70,117	44,879	(8,314,312)	(6,842,810)
Total net position	\$ 100,005,989	\$ 93,349,133	\$ (215,668)	\$ 34,582	\$ 99,790,321	\$ 93,383,715

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 is reporting a negative unrestricted net position for the year. The City's overall net position increased \$6,406,606 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

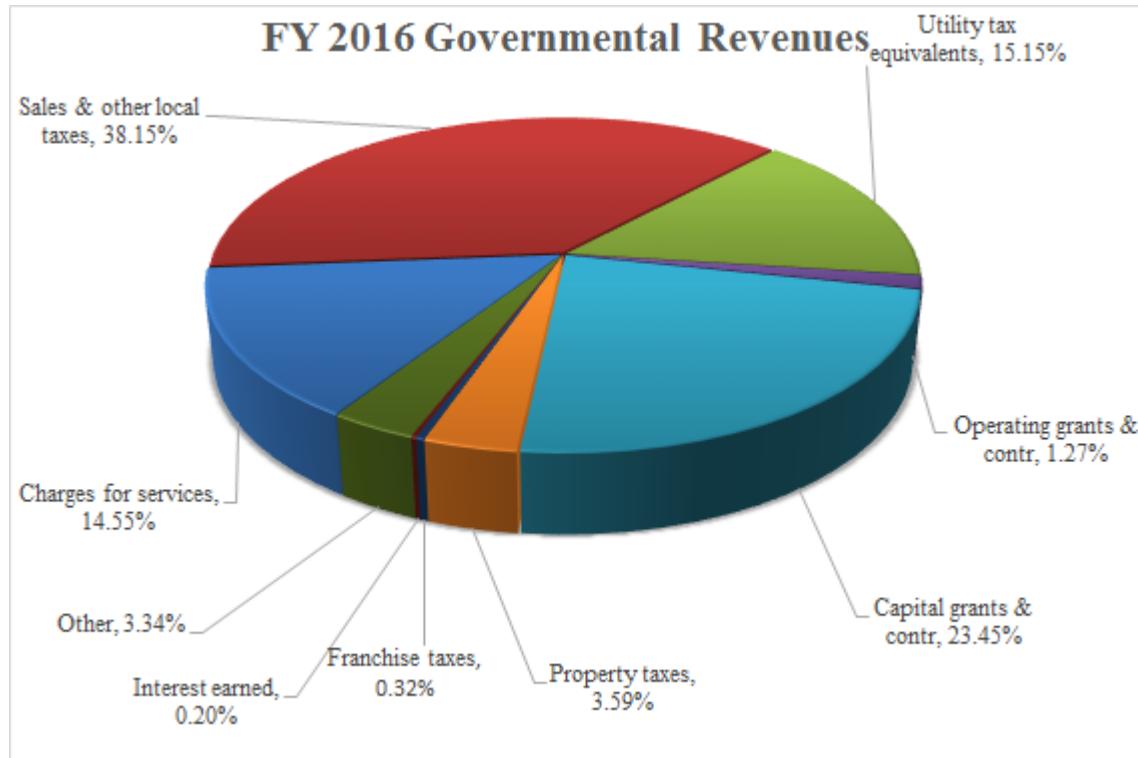
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for service	\$ 6,243,007	\$ 5,773,588	\$ 287,686	\$ 175,809	\$ 6,530,693	\$ 5,949,397
Operating grants and contributions	546,798	214,638	-	35,288	546,798	249,926
Capital grants and contributions	10,043,134	4,472,663	32,712	-	10,075,846	4,472,663
General revenues						
Property taxes	1,539,905	1,435,035	-	-	1,539,905	1,435,035
Sales and other local taxes	16,365,312	15,463,721	-	-	16,365,312	15,463,721
Utility tax equivalents	6,499,737	6,311,582	-	-	6,499,737	6,311,582
Interest	86,185	90,813	215	468	86,400	91,281
Other	1,431,368	1,330,343	3,649	173	1,435,017	1,330,516
Loss on sale of capital assets	-	(18,410)	-	-	-	(18,410)
Franchise taxes	138,547	151,124	-	-	138,547	151,124
Total Revenues	42,893,993	35,225,097	324,262	211,738	43,218,255	35,436,835
Expenses						
General government	6,309,843	6,351,158	-	-	6,309,843	6,351,158
Public safety	12,136,287	10,963,166	-	-	12,136,287	10,963,166
Highways and streets	4,411,736	4,971,443	-	-	4,411,736	4,971,443
Sanitation	2,347,410	2,480,994	-	-	2,347,410	2,480,994
Culture and recreation	6,429,296	6,013,840	-	-	6,429,296	6,013,840
Economic development	1,318,184	4,848,999	-	-	1,318,184	4,848,999
Interest on long-term debt	3,224,877	2,372,127	-	-	3,224,877	2,372,127
CAFFM, Inc.	-	-	634,016	533,629	634,016	533,629
Total Expenses	36,177,633	38,001,727	634,016	533,629	36,811,649	38,535,356
Increase (decrease) in net position before transfers	6,716,360	(2,776,630)	(309,754)	(321,891)	6,406,606	(3,098,521)
Transfers	(59,504)	(228,817)	59,504	228,817	-	-
Increase (decrease) in net position	6,656,856	(3,005,447)	(250,250)	(93,074)	6,406,606	(3,098,521)
Beginning net position	93,349,133	96,354,580	34,582	127,656	93,383,715	96,482,236
Ending net position	\$ 100,005,989	\$ 93,349,133	\$ (215,668)	\$ 34,582	\$ 99,790,321	\$ 93,383,715

**Governmental Activities.** Governmental activities for the current year increased the City's net position by \$6,656,856. Key elements of this change are as follows:

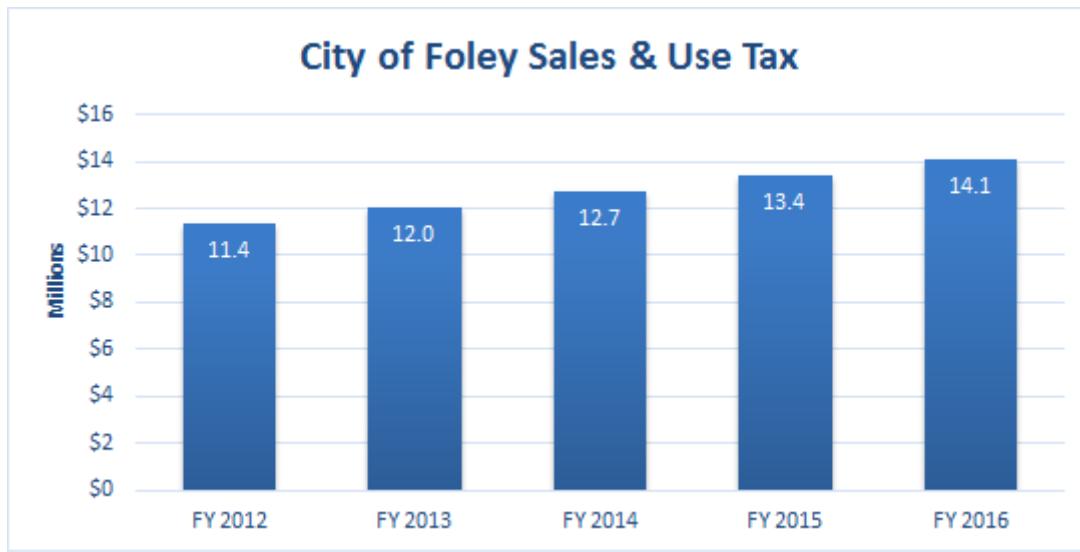
- Increase in grant funding for projects and operating cost of \$5.9 million.
- Increase in property, sales and other local taxes and permits.

**Business-Type Activities.** Business type activities decreased the City's net position by \$250,250 primarily due to depreciation expense and closing cost amortization.

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, are steadily recovering from the economic downturn.



### 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, 2016

	Beginning Fund Balance	Increase (Decrease)	Ending Fund Balance
General Fund	\$ 13,405,920	\$ (3,620,309)	\$ 9,785,611
Capital Projects Fund	2,397,599	(1,038,761)	1,358,838
Public Facilities Cooperative District	2,469,675	(47,819)	2,421,856
Public Athletic & Sports Facilities District	10,784,090	(10,093,516)	690,574
Public Cultural & Entertainment Facilities District	(527,469)	12,400,798	11,873,329
Non-Major Funds	7,461,530	(3,669,061)	3,792,469
Total	<u>\$ 35,991,345</u>	<u>\$ (6,068,668)</u>	<u>\$ 29,922,677</u>

**TABLE 4**  
**FUND BALANCE BY TYPE**  
For the Year ended September 30, 2016

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
						Public Athletic & Sports Facilities Cooperative District	Public Cultural & Entertainment Facilities Cooperative District	
Nonspendable	\$ 5,770,035	\$ -	\$ 379,821	\$ -	\$ -	\$ 437,940	\$ 6,587,796	
Restricted	320,947	-	1,885,394	690,574	11,873,329	3,286,655	18,056,899	
Committed	-	1,358,838	156,641	-	-	89,960	1,605,439	
Assigned	546,767	-	-	-	-	-	-	546,767
Unassigned	3,147,862	-	-	-	-	(22,086)	3,125,776	
Total fund balance	<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>	

As of September 30th, the City's governmental funds reported combined fund balances of \$29,922,677, a decrease of \$6,068,668 in comparison with the prior year. Of this total, \$3,125,776 represents unassigned fund balance which is available for spending at the City's discretion. The remainder of the 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 a decrease in fund balance of \$3,620,309. Actual General Fund operations resulted in \$2,988,002 in excess revenue remaining after expenditures. Transfers from other funds generated an additional \$1,617,521, transfers to other funds of \$8,322,767 were made to service debt and to fund capital improvements, and \$96,935 in capital assets were leased, resulting in an ending fund balance of \$9,785,611.

The Capital Projects fund experienced a decrease of \$1,038,761 in fund balance. Expenditures totaling \$11,796,074 consisted of capital asset additions and construction work in progress of \$11,614,249, required maintenance to infrastructure of \$146,825 and \$35,000 in debt service payments. Grants, contributions, and charges for services totaling \$5,961,744 were recognized and cash transfers from other funds of \$4,795,569 to fund the remaining expenditures were received. The total transfers in consisted of \$300,080 from the General Fund and \$4,495,489 of bond proceeds from the Series 2014 GO Warrant Fund.

The Public Facilities Cooperative District experienced a decrease of \$47,819 in fund balance. Transfers from the General Fund of \$1,623,217 were received to service debt and fund operations. Revenues consisting of project user fees, interest, rents, contributions and donations totaled \$1,277,505. Expenditures of \$1,826,301 included cost to service debt in the amount of \$1,677,041 for principal and interest, bond issue cost of \$142,477 and \$6,783 to fund operations. The PFCD transferred \$1,202,920 in project user fees and lease income to other funds and \$59,503 in New Market Tax Credit interest rebates to CAFFM. Bonds in the amount of \$9,165,000 were issued to advance refund a portion of the outstanding debt and \$9,810,412 were placed in an irrevocable trust with an escrow agent.

The Public Athletic & Sports Facilities Cooperative District experienced a decrease of \$10,093,516 in fund balance. Transfers from the General Fund totaling \$601,014 included \$501,533 to service debt and \$99,481 to fund operations; other revenues received consisted of interest income in the amount of \$4,559. Expenditures totaling \$10,699,089 consisted of \$478,911 in debt service, \$113,493 in operational expense, and \$10,106,685 in capital improvements.

The Public Cultural & Entertainment Facilities Cooperative District experienced an increase of \$12,400,798 in fund balance. Expenditures totaling \$4,477,626 consisted of \$229,444 in bond cost, \$91,545 in operational expenditures, \$209,098 in debt service cost and \$3,947,539 in capital improvements. Transfers from the General Fund of \$639,405 were made to service debt and assist with operations. Bonds in the amount of \$15,285,000 were issued to fund capital improvements.

Other Funds realized an aggregate fund balance decrease of \$3,669,061. A decrease of \$176,251 occurred in the Recreational Activities Fund due to a transfer of excess funds to the General Fund, a decrease of \$4,820,965 occurred in the 2014 GO Warrant Debt Service fund due to transfer of bond proceeds to the capital projects fund, and a decrease of \$22,086 in the Economic Incentive fund for legal fees paid. The remaining Special Revenue Funds experienced positive fund balance increases totaling \$330,165. The Series 2009 GO Warrant, the 2013 QECB and the 2015 GO Warrant funds encountered minor increases of \$397, \$11,262 and \$9,519, respectively. The 2006-A Series Debt Service fund broke even, and the TIGER Grant capital project fund realized an increase of \$998,898.

### **General Fund Budgetary Highlights**

***Original budget compared to final budget.*** The original budget for General Fund revenues had an insignificant net increase of \$182,836 for an amended budget of \$33,359,396. Actual revenues of \$30,740,880 fell short of the amended budget by \$2,618,516. The negative variance categories totaled \$2,712,766 and were primarily caused by delays in large developments that affected permit revenues, a delay in grant funding, and a delay in the sale of \$1.3 million of assets. The positive variance categories totaled \$94,250 and are attributed primarily to local taxes, property taxes and fines and forfeitures. Operating transfers in were originally budgeted at \$2,156,371 and were increased \$172,931 due to increased transfers from Recreational Activities fund and the 2014 GO Warrant fund. Transfers in closed short by \$711,781, primarily due to deferring a transfer from the gas tax fund for a resurfacing project that was delayed.

The final budgeted expenditures of \$28,830,111 represents an increase of \$139,345 over the original budget of \$28,690,766. Actual results of \$27,752,878 closed \$1,077,233 under the final budget amount. The budget for transfers out had an insignificant decrease of \$18,664. 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, 2016, totaled \$151,626,713 for governmental activities and \$8,658,884 for business-type activities. Major capital asset events during the current fiscal year included the following:

- Capital machinery and equipment additions totaling \$1,279,342.
- Completion of parks and recreation property improvements totaling \$4,756,888.
- Completion of a new fire station totaling \$1,004,572.
- Total projects under construction at the end of the fiscal year had reached \$36,391,577, an increase of \$20,840,783 from the prior year.

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

TABLE 5  
CAPITAL ASSETS  
For the Year ended September 30, 2016

	Governmental Activities	Business-Type Activities	Total Primary Government
Non-depreciable assets			
Land and rights-of-way	\$ 24,697,615	\$ 885,000	\$ 25,582,615
Construction work in progress	<u>36,391,577</u>	<u>1,028,696</u>	<u>37,420,273</u>
Total non-depreciable assets	<u>61,089,192</u>	<u>1,913,696</u>	<u>63,002,888</u>
Depreciable assets			
Property improvements	19,062,010	569,219	19,631,229
Building improvements	23,919,124	6,583,114	30,502,238
Machinery and equipment	17,325,000	58,729	17,383,729
Infrastructure	94,291,972	-	94,291,972
Less: Accumulated depreciation	<u>(64,060,585)</u>	<u>(465,874)</u>	<u>(64,526,459)</u>
Total depreciable assets	<u>90,537,521</u>	<u>6,745,188</u>	<u>97,282,709</u>
Total capital assets, net of depreciation	<u>\$ 151,626,713</u>	<u>\$ 8,658,884</u>	<u>\$ 160,285,597</u>

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

**Long-term Debt.** As of September 30, 2016, the Primary Government had \$85,529,047 in total outstanding debt. The Public Cultural & Entertainment Facilities Cooperative District Series 2015 Revenue Bonds of \$15,285,000 were issued during the year and Public Facilities Cooperative District 2016 Revenue Bonds of \$9,165,000 were issued to refund a portion of the 2009 Revenue bonds.

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, 2016

Assessed Value (1)	\$ 334,750,604
Debt limit (20% of assessed value)	<u>66,950,121</u>
Debt applicable to limit:	
Outstanding debt of the primary government (2)	85,529,047
Less: Exempt Special Lease Obligations	(21,069,879)
Less: Exempt debt pursuant to Section 772	(28,931,090)
Less: Amount set aside for repayment of debt (3)	(956,344)
Total net debt applicable to limit	<u>34,571,734</u>
Legal Debt Margin for Fiscal Year 2016	<u>\$ 32,378,387</u>
Net debt as a percentage of debt limit	<u>51.64%</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 \$26,133,427; an Annual Lease Agreement dated September 1, 2009, to fund the Public Facilities Cooperative District Revenue Bonds with a current balance of \$8,506,414; an Annual Lease Agreement dated April 13, 2016, to fund the Public Facilities Cooperative District Revenue Bonds with a current balance of \$9,898,222; 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 \$2,665,242; a \$253,750 note payable; \$81,829 in capital leases for copier leases; a \$12,726,427 Funding Agreement for the Public Athletic and Sports Facilities Cooperative Districts 2015 Revenue Bonds exempt under Section 772; a \$16,204,663 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 \$1,059,072.

(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, 2016

Assessed Value (1)	\$ 334,750,604
Debt limit (50% of assessed value)	<u>167,375,302</u>
Debt applicable to limit:	
Funding agreement with Public Athletic and Sports Facilities Coop District	12,726,427
Funding agreement with Public Cultural & Entertainment Facilities Coop	16,204,663
District	
Funding agreement with Coastal Alabama Farmers' and Fishermen's Market, Inc.	8,000,000
Less: Amount set aside for repayment of debt (2)	(591,201)
Total net debt applicable to limit	<u>36,339,889</u>
Legal Debt Margin for Fiscal Year 2016	<u>\$ 131,035,413</u>
Net debt as a percentage of debt limit	<u>21.71%</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 2016-17 fiscal year budget.

- The unemployment rate for Foley is currently 5.5 percent, an increase of three tenths of a percent from last year's rate. Current developments should result in a decrease in upcoming years.
- A substantial increase in license and permits was projected based on additional businesses that will be under construction in fiscal year 2017, many of which are the projects that were delayed in 2015 and 2016 as discussed earlier in this report.
- A projected 5.5 percent increase in sales and use tax revenue.
- Interest rates were predicted to remain low throughout the year, however rates are currently beginning to improve.
- A substantial increase in lodging taxes was projected based on the expectation of completed hotels in the City and an increase in tourism.
- Merit increases of 3 to 5 percent and new positions, totaling \$456,456 were approved.
- The Sports Tourism department is experiencing growth related to increased sports tourism activities, the opening of the multi-use fields and the upcoming event center operation.
- Capital equipment purchases of \$591,071 were approved.
- The sale of a building for approximately \$1,200,000 was budgeted.
- The City Council adopted an Ordinance imposing a local gas tax of three present per gallon within the corporate limits and one and one-half percent outside of the corporate limits, effective December 1, 2016.

### **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](http://www.cityoffoley.org).

## **Basic Financial Statements**

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**City of Foley, Alabama**  
**STATEMENT OF NET POSITION**  
**September 30, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 22,679,087	\$ 233,991	\$ 22,913,078
Receivables			
Utility tax equivalents	646,464	-	646,464
Sales and other local taxes	1,245,882	-	1,245,882
Other	2,210,860	4,451	2,215,311
Inventories	57,558	367	57,925
Prepaid items	1,503,583	-	1,503,583
Note receivable - NMTC	5,950,400	-	5,950,400
Capital assets			
Non-depreciable	61,089,192	1,913,696	63,002,888
Depreciable, net	90,537,521	6,745,188	97,282,709
<b>Total assets</b>	<u>185,920,547</u>	<u>8,897,693</u>	<u>194,818,240</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Employer retirement contributions	748,050	-	748,050
Differences between expected and actual experiences	505,928	-	505,928
Net difference between projected and actual earnings on plan investments	693,934	-	693,934
Net difference between reacquisition price and net carrying amount of advance refunding	978,559	-	978,559
<b>Total deferred outflows of resources</b>	<u>2,926,471</u>	<u>-</u>	<u>2,926,471</u>
<b>Total assets and deferred outflows of resources</b>	<u>188,847,018</u>	<u>8,897,693</u>	<u>197,744,711</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	3,623,361	1,398	3,624,759
Accrued liabilities	699,431	-	699,431
Unearned revenue	96,350	4,906	101,256
Internal balances	(47,985)	47,985	-
Long-term liabilities:			
Due within one year	5,555,716	-	5,555,716
Due in more than one year	72,796,953	1,059,072	73,856,025
Post-employment health care obligation	1,674,148	-	1,674,148
Net pension liability	4,443,055	-	4,443,055
Qualified Low Income Business Loan	-	8,000,000	8,000,000
<b>Total liabilities</b>	<u>88,841,029</u>	<u>9,113,361</u>	<u>97,954,390</u>
<b>NET POSITION</b>			
Net investment in capital assets	90,333,519	(400,188)	89,933,331
Restricted			
Debt service	3,353,850	-	3,353,850
Capital projects	13,167,956	-	13,167,956
Creditors (NMTC reserves)	150,407	114,403	264,810
Police	105,338	-	105,338
Fire	228,010	-	228,010
Court	331,245	-	331,245
Highways & Streets	720,093	-	720,093
Unrestricted	(8,384,429)	70,117	(8,314,312)
<b>Total net position</b>	<u>\$ 100,005,989</u>	<u>\$ (215,668)</u>	<u>\$ 99,790,321</u>

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, 2016**

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 6,309,843	\$ 2,233,406	\$ 1,700	\$ 890,215	\$ (3,184,522)	\$ -	\$ (3,184,522)
Public safety	12,136,287	1,281,186	477,625	20,000	(10,357,476)	-	(10,357,476)
Highways and streets	4,411,736	-	6,422	9,132,919	4,727,605	-	4,727,605
Sanitation	2,347,410	2,055,611	-	-	(291,799)	-	(291,799)
Culture and recreation	6,429,296	505,226	61,051	-	(5,863,019)	-	(5,863,019)
Economic development	1,318,184	167,578	-	-	(1,150,606)	-	(1,150,606)
Interest on long-term debt	3,224,877	-	-	-	(3,224,877)	-	(3,224,877)
Total governmental activities	<u>36,177,633</u>	<u>6,243,007</u>	<u>546,798</u>	<u>10,043,134</u>	<u>(19,344,694)</u>	<u>-</u>	<u>(19,344,694)</u>
Business-Type Activities:							
Coastal AL Farmers and Fishermens Mkt	\$ 634,016	\$ 287,686	\$ -	\$ 32,712	\$ -	\$ (313,618)	\$ (313,618)
Total business-type activities	<u>634,016</u>	<u>287,686</u>	<u>-</u>	<u>32,712</u>	<u>-</u>	<u>(313,618)</u>	<u>(313,618)</u>
Total primary government	<u><u>\$ 36,811,649</u></u>	<u><u>\$ 6,530,693</u></u>	<u><u>\$ 546,798</u></u>	<u><u>\$ 10,075,846</u></u>	<u><u>(19,344,694)</u></u>	<u><u>(313,618)</u></u>	<u><u>(19,658,312)</u></u>
General revenues:							
Property taxes					1,539,905	-	1,539,905
Sales and other local taxes					16,365,312	-	16,365,312
Utility tax equivalents					6,499,737	-	6,499,737
Interest					86,185	215	86,400
Other					1,431,368	3,649	1,435,017
Franchise taxes					138,547	-	138,547
Transfers					(59,504)	59,504	-
Total general revenues and transfers					<u>26,001,550</u>	<u>63,368</u>	<u>26,064,918</u>
Change in net position					6,656,856	(250,250)	6,406,606
Net position - beginning of year					<u>93,349,133</u>	<u>34,582</u>	<u>93,383,715</u>
Net position - end of year					<u><u>\$ 100,005,989</u></u>	<u><u>\$ (215,668)</u></u>	<u><u>\$ 99,790,321</u></u>

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

**City of Foley, Alabama**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**September 30, 2016**

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	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
<b>ASSETS</b>							
Cash and cash investments	\$ 3,591,286	\$ -	\$ 2,074,081	\$ 1,543,219	\$ 13,302,500	\$ 2,168,001	\$ 22,679,087
Receivables							
Utility tax equivalents	646,464	-	-	-	-	-	646,464
Property and advalorem tax	107,692	-	-	-	-	13,209	120,901
Sales and other local taxes	1,245,882	-	-	-	-	-	1,245,882
Sanitation	21,609	-	-	-	-	-	21,609
Grants	31,636	534,974	-	-	-	1,382,960	1,949,570
Other	21,259	-	87,313	1,714	-	8,494	118,780
Due from other funds	173,413	-	-	-	-	-	173,413
Inventories	57,558	-	-	-	-	-	57,558
Prepaid items	141,897	923,746	-	-	-	437,940	1,503,583
Loans from other funds	5,570,579	-	-	-	-	-	5,570,579
Note receivable - NMTC	-	-	5,950,400	-	-	-	5,950,400
<b>Total assets</b>	<b>\$ 11,609,275</b>	<b>\$ 1,458,720</b>	<b>\$ 8,111,794</b>	<b>\$ 1,544,933</b>	<b>\$ 13,302,500</b>	<b>\$ 4,010,604</b>	<b>\$ 40,037,826</b>
<b>LIABILITIES</b>							
Accounts payable and other current liabilities	\$ 1,273,979	\$ 60,135	\$ -	\$ 805,636	\$ 1,349,036	\$ 134,575	\$ 3,623,361
Accrued liabilities	453,335	39,747	-	48,723	80,135	77,491	699,431
Due to other funds	-	-	119,359	-	-	6,069	125,428
Unearned revenue	96,350	-	-	-	-	-	96,350
Loans to other funds	-	-	5,570,579	-	-	-	5,570,579
<b>Total liabilities</b>	<b>1,823,664</b>	<b>99,882</b>	<b>5,689,938</b>	<b>854,359</b>	<b>1,429,171</b>	<b>218,135</b>	<b>10,115,149</b>
<b>FUND BALANCES</b>							
Nonspendable	5,770,035	-	379,821	-	-	437,940	6,587,796
Restricted	320,947	-	1,885,394	690,574	11,873,329	3,286,655	18,056,899
Committed	-	1,358,838	156,641	-	-	89,960	1,605,439
Assigned	546,767	-	-	-	-	-	546,767
Unassigned	3,147,862	-	-	-	-	(22,086)	3,125,776
<b>Total fund balances</b>	<b>9,785,611</b>	<b>1,358,838</b>	<b>2,421,856</b>	<b>690,574</b>	<b>11,873,329</b>	<b>3,792,469</b>	<b>29,922,677</b>
<b>Total liabilities and fund balances</b>	<b>\$ 11,609,275</b>	<b>\$ 1,458,720</b>	<b>\$ 8,111,794</b>	<b>\$ 1,544,933</b>	<b>\$ 13,302,500</b>	<b>\$ 4,010,604</b>	<b>\$ 40,037,826</b>

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, 2016**

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Fund balances - total governmental funds	\$ 29,922,677
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	215,687,298
Less accumulated depreciation	(64,060,585)      151,626,713
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore are not reported in the governmental funds.	1,947,912
Deferred outflows are reported for the net difference between reacquisition price and net carrying amount of advanced refunding	978,559
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	(76,134,396)
Notes payable	(253,750)
Capital lease payables	(81,829)
Accrued interest payable	(985,976)
Health claims payable	(155,200)
Post-employment health care obligation	(1,674,148)
Compensated absences	(741,518)
Net pension liability	(4,443,055)      (84,469,872)
Net position of governmental activities	<u>\$ 100,005,989</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, 2016**

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	General Fund	Capital Projects Fund	Public Facilities Cooperative District	Athletic & Sports Facilities Cooperative District	Entertainment Facilities Cooperative District	Non-Major Governmental Funds	Total Governmental funds
<b>Revenues</b>							
Property and advalorem taxes	\$ 1,381,515	\$ -	\$ -	\$ -	\$ -	\$ 158,390	\$ 1,539,905
Sales and other local taxes	16,397,290	-	-	-	-	93,915	16,491,205
Licenses and permits	2,705,953	-	-	-	-	-	2,705,953
Intergovernmental	436,987	5,955,942	-	-	-	2,842,177	9,235,106
Charges for services	2,131,268	-	-	-	-	383,300	2,514,568
Fines and forfeitures	538,914	-	-	-	-	103,062	641,976
Utility tax equivalents	6,499,737	-	-	-	-	-	6,499,737
Interest and rents	254,990	-	184,215	4,559	7,255	4,617	455,636
Contributions and donations	91,014	5,802	-	-	-	18,046	114,862
Other	303,212	-	1,093,290	-	-	81,748	1,478,250
<b>Total revenues</b>	<b>30,740,880</b>	<b>5,961,744</b>	<b>1,277,505</b>	<b>4,559</b>	<b>7,255</b>	<b>3,685,255</b>	<b>41,677,198</b>
<b>Expenditures</b>							
General government	5,356,257	-	6,783	-	-	34,242	5,397,282
Public safety	11,184,064	-	-	-	-	54,696	11,238,760
Highways and streets	2,196,296	146,825	-	-	-	-	2,343,121
Sanitation	2,132,864	-	-	-	-	-	2,132,864
Culture and recreation	5,025,072	-	-	113,493	91,545	308,845	5,538,955
Economic development	1,068,446	-	-	-	-	246,016	1,314,462
Capital outlay	769,700	11,614,249	-	10,106,685	3,947,539	3,135,173	29,573,346
Principal	15,106	35,000	1,043,785	-	-	2,660,452	3,754,343
Interest	5,073	-	633,256	478,911	209,098	1,125,718	2,452,056
Bond cost	-	-	142,477	-	229,444	38,134	410,055
<b>Total expenditures</b>	<b>27,752,878</b>	<b>11,796,074</b>	<b>1,826,301</b>	<b>10,699,089</b>	<b>4,477,626</b>	<b>7,603,276</b>	<b>64,155,244</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,988,002</b>	<b>(5,834,330)</b>	<b>(548,796)</b>	<b>(10,694,530)</b>	<b>(4,470,371)</b>	<b>(3,918,021)</b>	<b>(22,478,046)</b>
<b>Other financing sources (uses)</b>							
Transfers in	1,617,521	4,795,569	1,623,217	601,014	639,405	5,366,708	14,643,434
Transfers out	(8,322,767)	-	(1,262,423)	-	-	(5,117,748)	(14,702,938)
Issuance of bonded debt	-	-	9,165,000	-	15,285,000	-	24,450,000
Bond premium	-	-	785,595	-	946,764	-	1,732,359
Payment to refunded escrow	-	-	(9,810,412)	-	-	-	(9,810,412)
Capital Leases	96,935	-	-	-	-	-	96,935
<b>Total other financing sources (uses)</b>	<b>(6,608,311)</b>	<b>4,795,569</b>	<b>500,977</b>	<b>601,014</b>	<b>16,871,169</b>	<b>248,960</b>	<b>16,409,378</b>
<b>Net change in fund balances</b>	<b>(3,620,309)</b>	<b>(1,038,761)</b>	<b>(47,819)</b>	<b>(10,093,516)</b>	<b>12,400,798</b>	<b>(3,669,061)</b>	<b>(6,068,668)</b>
<b>Fund balances, beginning of year</b>	<b>13,405,920</b>	<b>2,397,599</b>	<b>2,469,675</b>	<b>10,784,090</b>	<b>(527,469)</b>	<b>7,461,530</b>	<b>35,991,345</b>
<b>Fund balances, end of year</b>	<b>\$ 9,785,611</b>	<b>\$ 1,358,838</b>	<b>\$ 2,421,856</b>	<b>\$ 690,574</b>	<b>\$ 11,873,329</b>	<b>\$ 3,792,469</b>	<b>\$ 29,922,677</b>

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, 2016**

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Net change in fund balance - Governmental Funds	\$ (6,068,668)
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	29,573,346
Less current year depreciation	(4,594,866)
Loss on disposal of capital assets	<u>(157,634)</u>
	24,820,846
Contributions of capital assets are not reported as income in governmental funds.	1,263,669
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.	748,050
Net difference between reacquisition price and net carrying amount of advanced refunding are not reported as expenditures in the governmental funds but are reported as deferred outflows in the statement of net position.	1,008,576
The issuance of long-term debt provides current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position.	(24,546,935)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	12,465,557
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	244,213
Amortization of current year deferred outflow/advanced refunding	(30,017)
Additions to premiums	(1,732,359)
Changes in accrued interest payable	(362,766)
Changes in self-insured health plan unpaid claims	10,700
Changes in post-employment health care obligations	(324,464)
Changes in compensated absences	<u>(30,680)</u>
	(2,225,373)
Pension expense in the statement of activities takes into consideration the change in the net pension liability and related deferred inflows and outflows	<u>(808,866)</u>
Change in net position of governmental activities	\$ 6,656,856

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

**City of Foley, Alabama**  
**PROPRIETARY FUND**  
**STATEMENT OF NET POSITION**  
**September 30, 2016**

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		Coastal Alabama Farmers' & Fishermen's Market, Inc.
<b>ASSETS</b>		
Current assets		
Cash	\$ 233,991	
Receivables	3,851	
Inventories	367	
Prepaid items	600	
Total current assets	<u>238,809</u>	
Capital assets		
Non-depreciable	1,913,696	
Depreciable assets, net	6,745,188	
Total capital assets	<u>8,658,884</u>	
<b>Total assets</b>	<u>\$ 8,897,693</u>	
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 1,398	
Unearned revenue	4,906	
Due to other funds	47,985	
Total current liabilities	<u>54,289</u>	
Non-current liabilities		
Qualified Low Income Business Loan	8,000,000	
Note payable	<u>1,059,072</u>	
<b>Total liabilities</b>	<u>9,113,361</u>	
<b>NET POSITION</b>		
Net investment in capital assets	(400,188)	
Creditors (NMTTC Reserves)	114,403	
Unrestricted	70,117	
<b>Total net position</b>	<u>(215,668)</u>	
<b>Total liabilities and net position</b>	<u>\$ 8,897,693</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, 2016**

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	Coastal Alabama Farmers' & Fishermen's Market, Inc.
<b>Operating revenues:</b>	
Charges for services	\$ 287,686
Intergovernmental	32,712
Other	<u>3,649</u>
<b>Total operating revenues</b>	<u>324,047</u>
<b>Operating expenses:</b>	
Legal and professional	47,649
Insurance	65,986
Utilities	29,589
Maintenance	74,864
Advertising	33,650
Contracted services	62,409
Miscellaneous	3,578
Depreciation	<u>221,327</u>
<b>Total operating expenses</b>	<u>539,052</u>
<b>Operating income (loss)</b>	<u>(215,005)</u>
<b>Non-operating revenues (expenses):</b>	
Interest expense	(94,964)
Interest income	<u>215</u>
<b>Total non-operating expenses, net</b>	<u>(94,749)</u>
Transfers in	<u>59,504</u>
<b>Change in net position</b>	<u>(250,250)</u>
<b>Net position, beginning of year</b>	<u>34,582</u>
<b>Net position, end of year</b>	<u>\$ (215,668)</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, 2016**

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		Coastal Alabama Farmers' & Fishermen's Market, Inc.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments from leases and other operating activities	\$ 338,353	
Payments to suppliers	<u>(316,209)</u>	
<b>Net cash provided (used) by operating activities</b>	<u>22,144</u>	
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Borrowings from other funds	9,106	
Transfers in	<u>59,504</u>	
<b>Net cash provided (used) by non-capital financing activities</b>	<u>68,610</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(1,028,695)	
Proceeds from note payable	1,059,072	
Interest paid on note payable	<u>(94,964)</u>	
<b>Net cash used in capital and related financing activities</b>	<u>(64,587)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>215</u>	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>26,382</u>	
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>207,609</u>	
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 233,991</u>	
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (215,005)	
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	221,327	
Decrease (increase) in assets		
Accounts receivable	9,400	
Inventory	118	
Increase (decrease) in liabilities		
Accounts payable	1,398	
Unearned revenue	<u>4,906</u>	
<b>Net cash used by operating activities</b>	<u>\$ 22,144</u>	

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

**City of Foley, Alabama**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016**

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**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 Governmental Accounting Standards Board (GASB) Statement No. 61, the accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Component units are included in the reporting entity because of the significance of their operational relationship with the primary government. 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. Lastly, even if the primary government is not financially accountable, an organization should be included if its exclusion would render the reporting entity's financial statements incomplete or misleading.

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. 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.

**City of Foley, Alabama**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016**

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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 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 (PCEFCD) 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.

**City of Foley, Alabama**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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### **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 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.

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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.

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.

#### **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**  
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## **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.

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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.

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- *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 services, 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 \$35,090,383 resulting in a 25 percent fund balance goal of \$8,772,596. The actual ending unrestricted fund balance of \$3,694,629 represented 10.5 percent and fell short of the goal by \$8,077,968. According to policy, the shortage is to be recovered within five years and City officials have taken temporary tax increase measures to ensure the timeline is met. See note R. for additional information.

## **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. 72, *Fair Value Measurement and Application*, was issued to require fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The requirements for this statement are effective for fiscal year 2016. The City does not hold any assets (investments) or liabilities subject to fair value measurement.

GASB Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets that are not Within the Scope of GASB Statement No. 68*, is effective for fiscal year 2016. The City does not have pension assets that are not covered by GASB Statement No. 68.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans (OPEB)*, was issued to establish new accounting and financial reporting requirements for governments whose employees are provided with OPEB. The requirements of GASB Statement No. 74 are effective for fiscal year 2017. The City is currently evaluating the impact this standard may have on its financial statements.

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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. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued to identify the hierarchy of generally accepted accounting principles. The requirements of this Statement are effective immediately and were applied retroactively resulting in no significant impact to the financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures*, was issued to improve financial reporting by giving users of the financial statements essential information that is not consistently or comprehensively reported to the public at the present. The requirements of GASB Statement No. 77 are effective for fiscal year 2017. 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 will not be applicable to the City.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, was issued to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of this Statement are effective for fiscal year 2016. The City currently has no external investment pools to report.

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.

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. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and no. 73*, was issued to address certain issues that have been raised with respect to Statements No. 67 *Financial Reporting for Pension Plans*, No. 68 *Accounting and Financial Report for Pensions*, and No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for fiscal year 2017. The City is currently evaluating the impact this standard may have on its financial statements.

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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.

**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, 2016, the Primary Government's reported amount of deposits were \$22,909,396. Public fund deposits held by QPD's totaled \$4,918,061, with actual bank balances of \$5,443,788, 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 \$3,353,803 and the amount of bond proceeds collateralized at 105 percent above the FDIC insured amount was \$14,253,631. 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 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 proceed draws made from a lending bank to pay construction costs, CAFFM did not exceed the FDIC \$250,000 insured amount with any of its 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 2016 was 4.25% and resulted in revenues of \$6,499,737.

**City of Foley, Alabama**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE D. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended September 30, 2016:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$ 24,349,596	\$ 419,550	\$ (71,531)	\$ -	\$ 24,697,615
Construction in progress	15,550,794	27,996,462	-	(7,155,679)	36,391,577
Total capital assets not being depreciated	<u>39,900,390</u>	<u>28,416,012</u>	<u>(71,531)</u>	<u>(7,155,679)</u>	<u>61,089,192</u>
Capital assets being depreciated:					
Property improvements	14,261,000	44,123	-	4,756,887	19,062,010
Building improvements	22,902,021	12,533	-	1,004,570	23,919,124
Machinery & equipment	16,641,969	1,279,342	(596,311)	-	17,325,000
Infrastructure	91,812,746	1,085,004	-	1,394,222	94,291,972
Total capital assets being depreciated	<u>145,617,736</u>	<u>2,421,002</u>	<u>(596,311)</u>	<u>7,155,679</u>	<u>154,598,106</u>
Less accumulated depreciation:					
Property improvements	(5,334,510)	(529,598)	-	-	(5,864,108)
Building improvements	(7,134,482)	(662,969)	-	-	(7,797,451)
Machinery & equipment	(11,103,574)	(1,159,993)	510,209	-	(11,753,358)
Infrastructure	(36,403,361)	(2,242,307)	-	-	(38,645,668)
Total accumulated depreciation	<u>(59,975,927)</u>	<u>(4,594,867)</u>	<u>510,209</u>	<u>-</u>	<u>(64,060,585)</u>
Total capital assets being depreciated, net	<u>85,641,809</u>	<u>(2,173,865)</u>	<u>(86,102)</u>	<u>7,155,679</u>	<u>90,537,521</u>
<b>Governmental activities, net</b>	<b><u>\$ 125,542,199</u></b>	<b><u>\$ 26,242,147</u></b>	<b><u>\$ (157,633)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 151,626,713</u></b>
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 885,000	\$ -	\$ -	\$ -	\$ 885,000
Construction in progress	-	1,028,696	-	-	1,028,696
Total capital assets not being depreciated	<u>885,000</u>	<u>1,028,696</u>	<u>-</u>	<u>-</u>	<u>1,913,696</u>
Capital assets being depreciated:					
Property improvements	569,219	-	-	-	569,219
Building improvements	6,583,114	-	-	-	6,583,114
Moveable equipment	58,729	-	-	-	58,729
Total capital assets being depreciated	<u>7,211,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,211,062</u>
Less accumulated depreciation:					
Property improvements	(35,576)	(28,461)	-	-	(64,037)
Building improvements	(207,340)	(187,972)	-	-	(395,312)
Moveable equipment	(1,631)	(4,894)	-	-	(6,525)
Total accumulated depreciation	<u>(244,547)</u>	<u>(221,327)</u>	<u>-</u>	<u>-</u>	<u>(465,874)</u>
Total capital assets being depreciated, net	<u>6,966,515</u>	<u>(221,327)</u>	<u>-</u>	<u>-</u>	<u>6,745,188</u>
<b>Business-type activities, net</b>	<b><u>\$ 7,851,515</u></b>	<b><u>\$ 807,369</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,658,884</u></b>

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

<b>Governmental activities</b>	
General Government	\$ 568,560
Public Safety	873,964
Highways & Streets	2,075,162
Sanitation	212,947
Culture-Recreation	857,170
Economic Development	7,064
Total depreciation expense - governmental activities	<u>\$ 4,594,867</u>
<b>Business-type activities</b>	
Coastal Alabama Farmers' and Fishermen's Market	<u>\$ 221,327</u>

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**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.

***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 District completed the advance refunding to reduce its total debt service payments over the next 15 years by \$876,916 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$704,926.

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.

***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.

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***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 (QEBCB) 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 center, 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.

***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 2016, the letter of credit matured and was replaced with a letter of credit of \$262,500 with a maturity date in September 2017.

***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 (PFCD) 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 PFCD 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 PFCD.

In connection with the PFCD leverage loan, the PFCD 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 PFCD 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, PFCD can exercise a "call" option to purchase the interest, as valued by an independent appraiser.

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

Notes Receivable and Payable at September 30, 2016 were as follows:

<u>Notes Receivable</u>	<u>Balance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
General Fund	\$5,570,579	2043	1.3443%
PFCD	\$5,950,400	2043	1.0000%
<u>Notes Payable</u>	<u>Balance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
PFCD	\$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 22, 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 begin 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.

***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.

***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.

***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

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aid in the creation of 260 new jobs. As of September 30, 2016, no amounts 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.

The warrants, bonds and notes payable as of September 30, 2016, 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 3.9%; final maturity in 2020.	\$ 4,270,000
\$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.	1,705,000
\$2,975,000 Series 2013 Qualified Energy Conservation Bonds; due in semi-annual installments from \$75,000 to \$235,000 plus semi-annual interest varying from 1.2% to 4.25%; final maturity in 2033.	2,715,000
\$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.	14,890,000
\$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.	8,420,000
\$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 3.6%; final maturity in 2021.	924,463
\$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.	3,155,000
\$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.	15,285,000
\$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	9,165,000
\$350,000 Non-interest Bearing Note Payable; due in monthly installments of \$2,917; final maturity in 2024	253,750
<b>Total Governmental Activities</b>	<b>73,783,213</b>

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**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 payments 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 February, 2017, with an interest rate of 3.60%; final maturity in 2032.	1,059,072
<b>Total Business-Type Activities</b>	<b>9,059,072</b>
<b>Grand Total Long-Term Debt</b>	<b>\$ 82,842,285</b>

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		Principal	Interest	Total
Fiscal Year Ending	September 30,			
2017		\$ 4,092,925	\$ 2,758,027	\$ 6,850,952
2018		4,214,986	2,635,227	6,850,213
2019		4,352,306	2,506,303	6,858,609
2020		4,184,893	2,364,580	6,549,473
2021		3,709,353	2,199,116	5,908,469
2022 to 2026		14,143,750	9,184,688	23,328,438
2027 to 2031		15,255,000	6,390,919	21,645,919
2032 to 2036		9,125,000	4,086,778	13,211,778
2037 to 2041		8,005,000	2,446,575	10,451,575
2042 to 2046		6,700,000	767,950	7,467,950
<b>Total Governmental Activities</b>		<b>\$ 73,783,213</b>	<b>\$ 35,340,163</b>	<b>\$ 109,123,376</b>

Business-Type Activities		Principal	Interest	Total
Fiscal Year Ending	September 30,			
2017		\$ 35,945	\$ 123,738	\$ 159,683
2018		55,557	124,306	179,863
2019		57,590	122,002	179,592
2020		59,698	119,614	179,312
2021		140,846	119,138	259,984
2022 to 2026		1,968,412	501,191	2,469,603
2027 to 2031		2,123,312	337,239	2,460,551
2032 to 2036		1,832,160	195,633	2,027,793
2037 to 2041		1,898,413	98,856	1,997,269
2042 to 2046		887,139	11,634	898,773
<b>Total Business-Type Activities</b>		<b>\$ 9,059,072</b>	<b>\$ 1,753,351</b>	<b>\$ 10,812,423</b>

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

	Principal Balance 10/1/2015	Additions	Reductions	Principal Balance 9/30/2016	Due Within One Year
<b>Governmental Activities</b>					
2006 General Oblig Warrants	\$ 5,110,000	\$ -	\$ (840,000)	\$ 4,270,000	\$ 880,000
2009 General Oblig Warrants	2,040,000	-	(335,000)	1,705,000	340,000
2009 PFCD Revenue Bonds	18,175,000	-	(9,755,000)	8,420,000	955,000
2013 Qualified Energy Conservation Bonds	2,805,000	-	(90,000)	2,715,000	95,000
2014 General Oblig Warrants	15,815,000	-	(925,000)	14,890,000	940,000
2014 General Oblig Warrants - CB	1,109,915	-	(185,452)	924,463	192,925
2015 PASFCDF Revenue Bonds	13,000,000	-	-	13,000,000	-
2015 General Oblig Warrants	3,440,000	-	(285,000)	3,155,000	290,000
2015 PCEFCD Revenue Bonds	-	15,285,000	-	15,285,000	305,000
2016 PFCD Revenue Bonds	-	9,165,000	-	9,165,000	60,000
ADECA ESCO Funding	288,750	-	(35,000)	253,750	35,000
Bond premiums	1,472,383	1,732,359	(257,659)	2,947,083	-
Bond discounts	(355,596)	-	13,446	(342,150)	-
Total warrants, bonds, and loans, net	62,900,452	26,182,359	(12,694,665)	76,388,146	4,092,925
Capital leases	-	96,935	(15,106)	81,829	25,008
Accrued interest	623,210	2,809,750	(2,446,984)	985,976	985,976
Health claims payable	165,900	2,929,821	(2,940,521)	155,200	155,200
Post-employment health care obligation	1,349,684	409,675	(85,211)	1,674,148	-
Compensated absences	710,838	721,361	(690,681)	741,518	296,607
Pension liability	2,614,998	2,636,472	(808,415)	4,443,055	-
Long-term liabilities from governmental activities	<u>\$ 68,365,082</u>	<u>\$ 35,786,373</u>	<u>\$ (19,681,583)</u>	<u>\$ 84,469,872</u>	<u>\$ 5,555,716</u>
<b>Business-Type Activities</b>					
Qualified low income business loan	\$ 8,000,000	\$ -	\$ -	\$ 8,000,000	\$ -
Closed line of credit	-	1,059,072	-	1,059,072	-
Long-term liabilities from business-type activities	<u>\$ 8,000,000</u>	<u>\$ 1,059,072</u>	<u>\$ -</u>	<u>\$ 9,059,072</u>	<u>\$ -</u>
<b>Grand Total Long-Term Liabilities</b>	<b><u>\$ 76,365,082</u></b>	<b><u>\$ 36,845,445</u></b>	<b><u>\$ (19,681,583)</u></b>	<b><u>\$ 93,528,944</u></b>	<b><u>\$ 5,555,716</u></b>

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

#### **NOTE F. CAPITAL LEASE OBLIGATION**

During 2016, the City entered into a non-cancelable lease agreement for certain office equipment totaling \$96,935. The leases qualify 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. At September 30, 2016, the leased equipment had a cost of \$96,935, and accumulated amortization of \$16,682. 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:	
2017	\$ 30,936
2018	30,936
2019	26,418
2020	4,635
<b>Total Minimum lease payments</b>	<b>92,925</b>
Amount representing interest expense	11,096
<b>Present value of minimum lease payments</b>	<b>\$ 81,829</b>

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**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	\$ 173,413	\$ -
Public Facilities Cooperative District Fund	-	119,359
Coastal Alabama Farmers' & Fishermen's Market, Inc.	-	47,985
Non-Major Funds	-	6,069
Total	<u>\$ 173,413</u>	<u>\$ 173,413</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, 2016, were as follows:

Fund	Transfers to Other Funds	Transfers From Other Funds
General Fund	\$ 8,322,767	\$ 1,617,521
Capital Projects Fund	-	4,795,569
Public Facilities Cooperative District Fund	1,262,423	1,623,217
Public Athletic & Sports Facilities Cooperative District Fund	-	601,014
Public Cultural & Entertainment Facilities Cooperative District Fund	-	639,405
Coastal Alabama Farmers' & Fishermen's Market Fund	-	59,504
All Non-Major Funds	5,117,748	5,366,708
Total	<u>\$ 14,702,938</u>	<u>\$ 14,702,938</u>

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.

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**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
<b>Fund Balances:</b>							
<b>Non-Spendable</b>							
Inventory	\$ 57,559	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,559
Long-term note receivable	5,570,579	-	379,821	-	-	-	5,950,400
Prepaid items	141,897	-	-	-	-	437,940	579,837
<b>Total Non-Spendable</b>	<b>5,770,035</b>		<b>379,821</b>			<b>437,940</b>	<b>6,587,796</b>
<b>Restricted:</b>							
Debt service reserves	-	-	1,734,987	207,025	384,176	1,027,662	3,353,850
Capital projects	-	-	-	483,549	11,489,153	1,195,256	13,167,958
Creditors (NMTC Reserves)	-	-	150,407	-	-	-	150,407
Police	26,728	-	-	-	-	78,609	105,337
Fire	-	-	-	-	-	228,010	228,010
Court	294,219	-	-	-	-	37,025	331,244
Highways and streets	-	-	-	-	-	720,093	720,093
<b>Total Restricted</b>	<b>320,947</b>		<b>1,885,394</b>	<b>690,574</b>	<b>11,873,329</b>	<b>3,286,655</b>	<b>18,056,899</b>
<b>Committed:</b>							
Economic development	-	-	156,641	-	-	-	156,641
Capital projects	-	1,358,838	-	-	-	-	1,358,838
Culture and recreation	-	-	-	-	-	89,960	89,960
<b>Total Committed</b>	<b>-</b>	<b>1,358,838</b>	<b>156,641</b>			<b>89,960</b>	<b>1,605,439</b>
<b>Assigned:</b>							
Culture and recreation	36,293	-	-	-	-	-	36,293
Future budget shortfalls	510,474	-	-	-	-	-	510,474
<b>Total Assigned</b>	<b>546,767</b>						<b>546,767</b>
<b>Unassigned:</b>							
<b>Total Fund Balances</b>	<b>\$ 9,785,611</b>	<b>\$ 1,358,838</b>	<b>\$ 2,421,856</b>	<b>\$ 690,574</b>	<b>\$ 11,873,329</b>	<b>\$ 3,792,469</b>	<b>\$ 29,922,677</b>

**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.

**Public Facilities Cooperative District of the City of Foley:**

**Lessor -** Wolf Bay Lodge, Inc. occupies a City owned facility under a fifteen (15) year lease with annual rental revenues of \$124,048 that expires in June 2025. See note R for more information.

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

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**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 tenants share of the actual cost of insurance and common area maintenance are to be recovered.

<b>Initial Term</b>	<b>Price Per Square Foot</b>	<b>Monthly Base Rent</b>	<b>Monthly Ins/CAM</b>	<b>Annual Amount</b>
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
<b>First Option Period - Lease Years 11-15</b>	<b>\$7.54</b>	<b>\$12,567.00</b>	<b>\$1,000.00</b>	<b>* \$162,800.00</b>
<b>Second Option Period - Lease Years 16-20</b>	<b>\$7.92</b>	<b>\$13,200.00</b>	<b>\$1,000.00</b>	<b>* \$170,400.00</b>

**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 years amount charged for insurance and common area maintenance in years 8-20.

<b>Initial Term</b>	<b>Price Per Square Foot</b>	<b>Monthly Base Rent</b>	<b>Monthly Ins/CAM</b>	<b>Annual Amount</b>
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.

<b>Initial Term</b>	<b>Price Per Square Foot</b>	<b>Monthly Base Rent</b>	<b>Monthly Ins/CAM</b>	<b>Annual Amount</b>
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
<b>First Option Period - Lease Years 11-15</b>	<b>\$14.88</b>	<b>\$4,352.40</b>	<b>\$438.75</b>	<b>* \$57,493.80</b>

**Lessor -** Bon Secour Valley, Inc. is currently occupying 10,000 square feet in the Peavey Building for \$1,250.00 per month. When build out is complete, they will increase their footprint to approximately 40,000 square feet. The monthly lease is based on a tiered price per square foot plus \$6,000 per year for insurance and \$6,000.00 per year for common area maintenance (CAM) for years 1 through 6. The tenant will pay CAFFM \$9,947.50 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 years amount charged for common area maintenance in years 7-15.

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<b>Initial Term</b>	<b>Price Per Square Foot</b>	<b>Monthly Base Rent</b>	<b>Monthly Ins/CAM</b>	<b>Monthly Additional Improvement Rent</b>	<b>Annual Amount</b>
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 are 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.

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:

	<b>2016</b>	<b>2015</b>
Unpaid claims, beginning of year	\$ 165,900	\$ 183,294
Incurred claims, including change in IBNR provision	2,929,821	2,377,365
Claims payments	(2,940,521)	(2,394,759)
Unpaid claims, end of year	<u>\$ 155,200</u>	<u>\$ 165,900</u>

#### **NOTE L. PENSION PLAN**

##### **General Information about the Pension Plan**

**Plan description.** The City participates in the Employees' Retirement System of Alabama (ERS), 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. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the 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](http://www.rsa-al.gov).

**City of Foley, Alabama**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016**

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**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% of their average final compensation (highest 5 of the last 10 years) for each year of service.

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.

	Number
Retired Members or Their Beneficiaries Currently Receiving Benefits	43
Vested Inactive Members	2
Non-vested Inactive Members	6
Active Members	<u>274</u>
Total	<u>325</u>

**Contributions.** Tier 1 employees contribute 5 percent of pensionable payroll while certified law enforcement, correctional officers and firefighters contribute 6 percent. Tier 2 employee contribution rates are 6 percent for employees and 7 percent for certified law enforcement, correctional officers and firefighters. 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, 2016, the City's covered payroll was \$12,819,969. The City's active employee contribution rate was 5.5 percent of covered payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 5.8 percent of covered payroll.

The City's contractually required contribution rate for the year ended September 30, 2016, was 6.62% of pensionable pay for Tier 1 employees, and 3.86% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$748,050 for the year ended September 30, 2016.

**City of Foley, Alabama**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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### **Net Pension Liability**

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

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

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

\*Net of pension plan investment expense

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

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

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

	Target Allocation	Long-Term Expected Rate of Return *
Fixed Income	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stocks	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	<u>100.00%</u>	

\* includes assumed rate of inflation of 2.50%.

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

**City of Foley, Alabama**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016**

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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.

**Changes in Net Pension Liability:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net (b)	Net Pension Liability (a)-(b)
Balances at 9/30/2014	\$ 22,827,833	\$ 20,212,835	\$ 2,614,998
Changes for the year:			
Service cost	1,015,471	-	1,015,471
Interest	1,796,095	-	1,796,095
Changes of assumptions	-	-	-
Differences between expected and actual experience	578,204	-	578,204
Contributions - employer	-	745,009	(745,009)
Contributions - employee	-	717,586	(717,586)
Net investment income	-	243,153	(243,153)
Benefit payments, including refunds of employee contributions	(753,298)	(753,298)	-
Administrative expense	-	-	-
Transfers among Employers	-	(144,035)	144,035
Net changes	2,636,472	808,415	1,828,057
Balances at September 30, 2015	<u>\$ 25,464,305</u>	<u>\$ 21,021,250</u>	<u>\$ 4,443,055</u>

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

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
City's net pension liability (asset)	\$ 7,956,859	\$ 4,443,055	\$ 1,505,878

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2015. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2015. The auditor's report dated October 17, 2016 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://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, 2016, the City recognized pension expenditures of \$748,050 in the fund level financial statements, and pension expense of \$808,866 in the government-wide financial statements. The deferred outflows of resources related to the pension plan, totaling \$748,050 resulting from the City's contributions to the plan subsequent to the measurement date (September 30, 2015), will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. 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, 2016**

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	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 505,928	\$ -
Changes in assumptions	- -	-
Net difference between projected and actual earnings on plan investments	693,934	-
Employer contributions subsequent to measurement date	748,050	-
<b>Totals</b>	<b>\$ 1,947,912</b>	<b>\$ -</b>

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

<b>Year ended September 30:</b>		
2017	\$ 958,538	
2018	210,488	
2019	210,490	
2020	351,572	
2021	72,276	
Thereafter	144,548	
<b>Total</b>	<b>\$ 1,947,912</b>	

## **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 years old, 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% 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.

**City of Foley, Alabama**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016**

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### **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.

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 2016, 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% discount rate and (b) projected medical cost increases ranging from 7.0% in 2016 to 5.0% in 2019 and beyond. The discount rate includes an inflation component of 3.0% 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, 2016:

Annual required contribution (a)	\$	398,449
Interest on net OPEB obligation		53,987
Amortization of prior year net OPEB Obligation		(42,761)
Annual OPEB Cost		409,675
Expected Net OPEB Contributions		(112,734)
Increase in net OPEB obligation		296,941
Net OPEB obligation - beginning of year		1,349,684
Net OPEB obligation - end of year	\$	1,646,625

(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, 2016**

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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
9/30/2014	\$ 310,470	-	\$ 1,053,817
9/30/2015	\$ 312,859	5.43%	\$ 1,349,684
9/30/2016	\$ 409,675	27.52%	\$ 1,646,625

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	AAL as a Percentage of Covered Payroll
\$ -	\$ 3,849,613	\$ 3,849,613	\$ 12,315,887	-

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. LENGTH OF SERVICE AWARDS PROGRAM**

The City sponsors a length of service awards program (established in 1994) for the City's volunteer firemen that provides a retirement benefit upon a participant reaching age 65 in the form of a specified payment for the life of the participant with a guarantee of at least 120 monthly payments payable to the participant and his designated beneficiary. A life insurance benefit is also provided. The monthly amount payable ranges between a minimum amount of \$100 and a maximum amount of \$300. The City's obligation to pay benefits is considered unfunded and unsecured although the City may set aside assets or purchase an annuity or life insurance contract to discharge all or part of its obligations under the plan. Any assets set aside or annuities or life insurance contracts remain in the name of the City and no trust for the benefit of participants is deemed created. The plan had 35 participants as of the plan year ended June 30, 2016. Due to immateriality of amounts related to the plan, the City has elected not to apply the provisions of GASB 45 to the plan.

**City of Foley, Alabama**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016**

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**NOTE P. COMMITMENTS AND CONTINGENCIES**

The City's Capital Projects Fund had various capital improvement projects in progress at September 30, 2016. In addition, the City has commitments and plans for additional major capital projects for the fiscal year September 30, 2017, and the projected cost of these projects is estimated by management to be approximately \$7.5 million. The City expects to receive partial funding of approximately \$4.9 million for these projects from third parties in the form of grants and joint participation reimbursements in 2017.

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 Q. 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 R. SUBSEQUENT EVENTS**

The City has evaluated events and transactions that occurred between September 30, 2016, and March 21, 2017, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Effective March 1, 2017, the City Council adopted an Ordinance that levied a temporary increase of sales and use tax on the sale of retail tangible personal property within the corporate limits of the City in an amount equal to one cent of the gross proceeds of sales and one half cent of the gross proceeds of sales for business within the police jurisdiction but outside of the corporate limits. This temporary tax will automatically expire and terminate on August 31, 2020.

The Public Athletic and Sports Facilities Cooperative District of the City of Foley is involved in mediation with a contractor who is under a design-build contract to construct sixteen multi-use sports fields in the City. Claims range from approximate \$1.76 million owed to the contractor to \$1.68 million owed to the District. This matter is still pending and is expected to go into arbitration. There is a \$722,714 accrual in the City's financial statements for expected payments under the contract and management does not expect settlement of this dispute to exceed the accrued amount.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**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, 2016**

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	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property and advalorem taxes	\$ 1,368,000	\$ 1,368,000	\$ 1,381,515	\$ 13,515
Sales and other local taxes	16,354,948	16,354,948	16,397,290	42,342
Licenses and permits	3,371,070	3,371,070	2,705,953	(665,117)
Intergovernmental	666,676	764,991	436,987	(328,004)
Charges for services	2,153,477	2,148,277	2,131,268	(17,009)
Fines and forfeitures	503,019	503,019	538,914	35,895
Utility tax equivalents	6,499,737	6,499,737	6,499,737	-
Interest and rents	252,492	252,492	254,990	2,498
Contributions and donations	53,167	112,822	91,014	(21,808)
Other	1,953,974	1,984,040	303,212	(1,680,828)
<b>Total revenues</b>	<u>33,176,560</u>	<u>33,359,396</u>	<u>30,740,880</u>	<u>(2,618,516)</u>
<b>Expenditures</b>				
Personnel	19,430,476	19,467,139	19,167,597	299,542
Operating	8,380,790	8,470,835	7,795,402	675,433
Capital Outlay	879,500	892,137	769,700	122,437
Principal	-	-	15,106	(15,106)
Interest	-	-	5,073	(5,073)
<b>Total expenditures</b>	<u>28,690,766</u>	<u>28,830,111</u>	<u>27,752,878</u>	<u>1,077,233</u>
Excess (deficiency) of revenues over expenditures	<u>4,485,794</u>	<u>4,529,285</u>	<u>2,988,002</u>	<u>(1,541,283)</u>
<b>Other financing sources (uses)</b>				
Transfers in	2,156,371	2,329,302	1,617,521	(711,781)
Transfers out	(9,147,200)	(9,128,536)	(8,322,767)	805,769
Capital Leases	-	-	96,935	96,935
<b>Total other financing sources (uses)</b>	<u>(6,990,829)</u>	<u>(6,799,234)</u>	<u>(6,608,311)</u>	<u>190,923</u>
<b>Net change in fund balance</b>	<u>(2,505,035)</u>	<u>(2,269,949)</u>	<u>(3,620,309)</u>	<u>(1,350,360)</u>
<b>Fund balances, beginning of year</b>	<u>13,405,920</u>	<u>13,405,920</u>	<u>13,405,920</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 10,900,885</u>	<u>\$ 11,135,971</u>	<u>\$ 9,785,611</u>	<u>\$ (1,350,360)</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, 2016**

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	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest and rents	\$ 60,104	\$ 60,104	\$ 184,215	\$ 124,111
Other	1,305,200	1,305,200	1,093,290	(211,910)
Total revenues	<u>1,365,304</u>	<u>1,365,304</u>	<u>1,277,505</u>	<u>(87,799)</u>
<b>Expenditures</b>				
General government	7,450	87,644	6,783	80,861
Principal	925,000	1,388,067	1,043,785	344,282
Interest	737,428	737,428	633,256	104,172
Bond cost	-	62,283	142,477	(80,194)
Total expenditures	<u>1,669,878</u>	<u>2,275,422</u>	<u>1,826,301</u>	<u>449,121</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(304,574)</b>	<b>(910,118)</b>	<b>(548,796)</b>	<b>361,322</b>
<b>Other financing sources (uses)</b>				
Transfers in	1,662,428	1,662,428	1,623,217	(39,211)
Transfers out	(1,364,704)	(1,364,704)	(1,262,423)	102,281
Issuance of bonded debt	-	9,165,000	9,165,000	-
Bond premium	-	785,595	785,595	-
Payment to refunded escrow	-	(9,466,130)	(9,810,412)	(344,282)
Total other financing sources (uses)	<u>297,724</u>	<u>782,189</u>	<u>500,977</u>	<u>(281,212)</u>
<b>Net change in fund balances</b>	<b>(6,850)</b>	<b>(127,929)</b>	<b>(47,819)</b>	<b>80,110</b>
<b>Fund balances, beginning of year</b>	<b>2,469,675</b>	<b>2,469,675</b>	<b>2,469,675</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 2,462,825</b>	<b>\$ 2,341,746</b>	<b>\$ 2,421,856</b>	<b>\$ 80,110</b>

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, 2016**

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	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Charges for services	\$ 15,000	\$ -	\$ -	\$ -
Interest and rents	2,000	2,000	4,559	2,559
Contributions and donations	15,000	-	-	-
Total revenues	<u>32,000</u>	<u>2,000</u>	<u>4,559</u>	<u>2,559</u>
<b>Expenditures</b>				
Culture and recreation	172,500	98,771	113,493	(14,722)
Capital outlay	10,857,271	10,603,471	10,106,685	496,786
Interest	478,911	478,911	478,911	-
Total expenditures	<u>11,508,682</u>	<u>11,181,153</u>	<u>10,699,089</u>	<u>482,064</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(11,476,682)</b>	<b>(11,179,153)</b>	<b>(10,694,530)</b>	<b>484,623</b>
<b>Other financing sources (uses)</b>				
Transfers in	569,045	530,528	601,014	70,486
Total other financing sources (uses)	<u>569,045</u>	<u>530,528</u>	<u>601,014</u>	<u>70,486</u>
<b>Net change in fund balances</b>	<b>(10,907,637)</b>	<b>(10,648,625)</b>	<b>(10,093,516)</b>	<b>555,109</b>
<b>Fund balances, beginning of year</b>	<b>10,784,090</b>	<b>10,784,090</b>	<b>10,784,090</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ (123,547)</b>	<b>\$ 135,465</b>	<b>\$ 690,574</b>	<b>\$ 555,109</b>

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, 2016**

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	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Interest and rents	\$ -	\$ 6,400	\$ 7,255	\$ 855
Total revenues	-	6,400	7,255	855
<b>Expenditures</b>				
General government	-	2,761	-	2,761
Culture and recreation	75,000	75,000	91,545	(16,545)
Capital outlay	-	15,579,401	3,947,539	11,631,862
Interest	487,500	487,500	209,098	278,402
Bond cost	-	229,444	229,444	-
Total expenditures	562,500	16,374,106	4,477,626	11,896,480
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(562,500)</b>	<b>(16,367,706)</b>	<b>(4,470,371)</b>	<b>11,897,335</b>
<b>Other financing sources (uses)</b>				
Transfers in	562,500	562,500	639,405	76,905
Issuance of bonded debt	-	15,285,000	15,285,000	-
Bond premium	-	946,764	946,764	-
Total other financing sources (uses)	562,500	16,794,264	16,871,169	76,905
<b>Net change in fund balances</b>	<b>-</b>	<b>426,558</b>	<b>12,400,798</b>	<b>11,974,240</b>
<b>Fund balances, beginning of year</b>	<b>(527,469)</b>	<b>(527,469)</b>	<b>(527,469)</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ (527,469)</b>	<b>\$ (100,911)</b>	<b>\$ 11,873,329</b>	<b>\$ 11,974,240</b>

See accompanying notes to required supplemental information.

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

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	Fiscal Year										
	2015*	2014	2013	2012	2011	2010	2009	2008	2007	2006	
<b>Total Pension Liability</b>											
Service Cost	\$ 1,015,471	\$ 973,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Interest	1,796,095	1,640,644	-	-	-	-	-	-	-	-	
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-	
Differences between expected and actual experience	578,204	-	-	-	-	-	-	-	-	-	
Changes in assumptions	-	-	-	-	-	-	-	-	-	-	
Benefit payments, including refunds of employee contributions	(753,298)	(588,391)	-	-	-	-	-	-	-	-	
<b>Net change in total pension liability</b>	<b>2,636,472</b>	<b>2,025,591</b>	<b>-</b>								
<b>Total pension liability - beginning</b>	<b>22,827,833</b>	<b>20,802,242</b>	<b>-</b>								
<b>Total pension liability - ending (a)</b>	<b>\$ 25,464,305</b>	<b>\$ 22,827,833</b>	<b>\$ -</b>								
<b>Plan fiduciary net position</b>											
Contributions - employer	745,009	707,717	-	-	-	-	-	-	-	-	
Contributions - member	717,586	628,506	-	-	-	-	-	-	-	-	
Net investment income	243,153	2,116,749	-	-	-	-	-	-	-	-	
Benefit payments, including refunds of employee contributions	(753,298)	(588,391)	-	-	-	-	-	-	-	-	
Transfers among employers	(144,035)	161,202	-	-	-	-	-	-	-	-	
<b>Net change in fiduciary net position</b>	<b>808,415</b>	<b>3,025,783</b>	<b>-</b>								
<b>Plan net position - beginning</b>	<b>20,212,835</b>	<b>17,187,052</b>	<b>-</b>								
<b>Plan net position - ending (b)</b>	<b>\$ 21,021,250</b>	<b>\$ 20,212,835</b>	<b>\$ -</b>								
<b>Net pension liability (asset) - ending (a)-(b)</b>	<b>\$ 4,443,055</b>	<b>\$ 2,614,998</b>	<b>\$ -</b>								
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>82.55%</b>	<b>88.54%</b>	<b>-</b>								
<b>Covered payroll</b>	<b>\$ 12,819,969</b>	<b>\$ 11,045,473</b>	<b>\$ -</b>								
<b>Net pension liability (asset) as a percentage of covered payroll</b>	<b>34.66%</b>	<b>23.67%</b>	<b>-</b>								

\*Employer's covered payroll during the measurement period is the total covered payroll. For FY 2016 the measurement period is October 1, 2014 - September 30, 2015.

GASB issued a statement "Pension Issues" in March, 2016 to redefine covered payroll in FY 2016.

\*\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, 2015 is the implementation year for this requirement.

See accompanying notes to required supplemental information.

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

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	Fiscal Year											
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007		
Actuarially determined contribution*	\$ 748,050	\$ 745,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution*	748,050	745,009	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll**	\$ 12,819,969	\$ 11,792,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	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 2016 were based on the September 30, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2015 to September 30, 2016\*:

<i>Actuarial cost method</i>	<i>Entry Age</i>
<i>Amortization method</i>	<i>Level percent closed</i>
<i>Remaining amortization period</i>	<i>14 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 2016 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, 2015 is the implementation year for this requirement.

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, 2016**

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**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**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2016**

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**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.

## **OTHER SUPPLEMENTARY INFORMATION**

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## **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.

**City of Foley, Alabama**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**September 30, 2016**

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	Special Revenue Funds	Debt Service Funds	TIGER Grant Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>				
Cash	\$ 1,140,239	\$ 1,027,762	\$ -	\$ 2,168,001
Receivables				
Property and advalorem tax	13,209	-	-	13,209
Grants	-	-	1,382,960	1,382,960
Other	8,494	-	-	8,494
Prepaid items	437,940	-	-	437,940
<b>Total assets</b>	<b>\$ 1,599,882</b>	<b>\$ 1,027,762</b>	<b>\$ 1,382,960</b>	<b>\$ 4,010,604</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,174	\$ 22,186	\$ 110,215	\$ 134,575
Accrued liabilities	-	-	77,491	77,491
Due to other funds	6,069	-	-	6,069
<b>Total liabilities</b>	<b>\$ 8,243</b>	<b>\$ 22,186</b>	<b>\$ 187,706</b>	<b>\$ 218,135</b>
<b>FUND BALANCES</b>				
Nonspendable	437,940	-	-	437,940
Restricted	1,063,739	1,027,662	1,195,254	3,286,655
Committed	89,960	-	-	89,960
Unassigned	-	(22,086)	-	(22,086)
<b>Total fund balances</b>	<b>\$ 1,591,639</b>	<b>\$ 1,005,576</b>	<b>\$ 1,195,254</b>	<b>\$ 3,792,469</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,599,882</b>	<b>\$ 1,027,762</b>	<b>\$ 1,382,960</b>	<b>\$ 4,010,604</b>

**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, 2016**

	Special Revenue Funds	Debt Service Funds	TIGER Grant Fund	Total Non-Major Governmental Funds
<b>Revenues</b>				
Property and advalorem taxes	\$ 158,390	\$ -	\$ -	\$ 158,390
Sales and other local taxes	93,915	-	-	93,915
Intergovernmental	18,654	-	2,823,523	2,842,177
Charges for services	383,300	-	-	383,300
Fines and forfeitures	103,062	-	-	103,062
Interest and rents	2,636	1,981	-	4,617
Contributions and donations	18,046	-	-	18,046
Other	-	81,748	-	81,748
<b>Total revenues</b>	<b>778,003</b>	<b>83,729</b>	<b>2,823,523</b>	<b>3,685,255</b>
<b>Expenditures</b>				
Current:				
General government	34,242	-	-	34,242
Public safety	54,696	-	-	54,696
Culture and recreation	308,845	-	-	308,845
Economic development	-	246,016	-	246,016
Capital outlay	30,000	-	3,105,173	3,135,173
Debt service:				
Principal	-	2,660,452	-	2,660,452
Interest	-	1,125,718	-	1,125,718
Bond cost	-	38,134	-	38,134
<b>Total expenditures</b>	<b>427,783</b>	<b>4,070,320</b>	<b>3,105,173</b>	<b>7,603,276</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>350,220</b>	<b>(3,986,591)</b>	<b>(281,650)</b>	<b>(3,918,021)</b>
<b>Other financing sources (uses)</b>				
Transfers in	100,000	3,986,160	1,280,548	5,366,708
Transfers out	(296,306)	(4,821,442)	-	(5,117,748)
<b>Total other financing sources (uses)</b>	<b>(196,306)</b>	<b>(835,282)</b>	<b>1,280,548</b>	<b>248,960</b>
<b>Net change in fund balances</b>	<b>153,914</b>	<b>(4,821,873)</b>	<b>998,898</b>	<b>(3,669,061)</b>
<b>Fund balances, beginning of year</b>	<b>1,437,725</b>	<b>5,827,449</b>	<b>196,356</b>	<b>7,461,530</b>
<b>Fund balances, end of year</b>	<b>\$ 1,591,639</b>	<b>\$ 1,005,576</b>	<b>\$ 1,195,254</b>	<b>\$ 3,792,469</b>

**City of Foley, Alabama**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**September 30, 2016**

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	County Fire Ad Valorem Tax	State Gasoline Tax	Public Library	Court Corrections	Jail Corrections	Recreational Activities	Total
<b>ASSETS</b>							
Cash and cash investments	\$ 219,495	\$ 713,894	\$ 70,633	\$ 37,039	\$ 78,489	\$ 20,689	\$ 1,140,239
Receivables							
Property and advalorem tax	13,209	-	-	-	-	-	13,209
Other	-	8,373	-	-	121	-	8,494
Prepaid items	437,940	-	-	-	-	-	437,940
<b>Total assets</b>	<b>\$ 670,644</b>	<b>\$ 722,267</b>	<b>\$ 70,633</b>	<b>\$ 37,039</b>	<b>\$ 78,610</b>	<b>\$ 20,689</b>	<b>\$ 1,599,882</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 2,174	\$ -	\$ -	\$ -	\$ -	\$ 2,174
Due to other funds	\$ 4,694	-	-	13	-	1,362	6,069
<b>Total liabilities</b>	<b>\$ 4,694</b>	<b>\$ 2,174</b>	<b>\$ -</b>	<b>13</b>	<b>-</b>	<b>1,362</b>	<b>\$ 8,243</b>
<b>FUND BALANCES</b>							
Nonspendable	437,940	-	-	-	-	-	437,940
Restricted	228,010	720,093	-	37,026	78,610	-	1,063,739
Committed	-	-	70,633	-	-	19,327	89,960
<b>Total fund balances</b>	<b>665,950</b>	<b>720,093</b>	<b>70,633</b>	<b>37,026</b>	<b>78,610</b>	<b>19,327</b>	<b>1,591,639</b>
<b>Total liabilities and fund balances</b>	<b>\$ 670,644</b>	<b>\$ 722,267</b>	<b>\$ 70,633</b>	<b>\$ 37,039</b>	<b>\$ 78,610</b>	<b>\$ 20,689</b>	<b>\$ 1,599,882</b>

**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, 2016**

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	County Fire Ad Valorem Tax	State Gasoline Tax	Public Library	Court Corrections	Jail Corrections	Recreational Activities	Total
<b>Revenues</b>							
Property and advalorem taxes	\$ 158,390	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,390
Sales and other local taxes	-	93,915	-	-	-	-	93,915
Intergovernmental	-	-	18,654	-	-	-	18,654
Charges for services	-	-	10,026	-	4,617	368,657	383,300
Fines and forfeitures	-	-	13,827	53,541	35,694	-	103,062
Interest and rents	823	1,602	30	56	125	-	2,636
Contributions and donations	200	-	17,846	-	-	-	18,046
<b>Total revenues</b>	<b>159,413</b>	<b>95,517</b>	<b>60,383</b>	<b>53,597</b>	<b>40,436</b>	<b>368,657</b>	<b>778,003</b>
<b>Expenditures</b>							
Current:							
General government	-	-	-	34,242	-	-	34,242
Public safety	5,907	48,789	-	-	-	-	54,696
Culture and recreation	-	-	60,243	-	-	248,602	308,845
Capital outlay	30,000	-	-	-	-	-	30,000
<b>Total expenditures</b>	<b>35,907</b>	<b>48,789</b>	<b>60,243</b>	<b>34,242</b>	<b>-</b>	<b>248,602</b>	<b>427,783</b>
<b>Net change in fund balances</b>	<b>123,506</b>	<b>46,728</b>	<b>140</b>	<b>19,355</b>	<b>40,436</b>	<b>120,055</b>	<b>350,220</b>
<b>Other financing sources:</b>							
Transfers in	100,000	-	-	-	-	-	100,000
Transfers out	-	-	-	-	-	(296,306)	(296,306)
<b>Total other financing sources</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(296,306)</b>	<b>(196,306)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>223,506</b>	<b>46,728</b>	<b>140</b>	<b>19,355</b>	<b>40,436</b>	<b>(176,251)</b>	<b>153,914</b>
<b>Fund balances, beginning of year</b>	<b>442,444</b>	<b>673,365</b>	<b>70,493</b>	<b>17,671</b>	<b>38,174</b>	<b>195,578</b>	<b>1,437,725</b>
<b>Fund balances, end of year</b>	<b>\$ 665,950</b>	<b>\$ 720,093</b>	<b>\$ 70,633</b>	<b>\$ 37,026</b>	<b>\$ 78,610</b>	<b>\$ 19,327</b>	<b>\$ 1,591,639</b>

**City of Foley, Alabama**  
**NON-MAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**September 30, 2016**

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	Energy Conservation Bonds Series 2013	General Obligation Warrants Series 2009	General Obligation Warrants Series 2014	General Obligation Warrants Series 2015	Economic Incentives Fund	Total
<b>ASSETS</b>						
Cash	\$ 71,270	\$ 270,459	\$ 498,572	\$ 187,361	\$ 100	\$ 1,027,762
<b>Total assets</b>	<b>\$ 71,270</b>	<b>\$ 270,459</b>	<b>\$ 498,572</b>	<b>\$ 187,361</b>	<b>\$ 100</b>	<b>\$ 1,027,762</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 22,186	\$ 22,186
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,186</b>	<b>22,186</b>
<b>FUND BALANCE</b>						
Restricted	71,270	270,459	498,572	187,361	-	1,027,662
Unassigned	-	-	-	-	(22,086)	(22,086)
<b>Total fund balances</b>	<b>71,270</b>	<b>270,459</b>	<b>498,572</b>	<b>187,361</b>	<b>(22,086)</b>	<b>1,005,576</b>
<b>Total liabilities and fund balances</b>	<b>\$ 71,270</b>	<b>\$ 270,459</b>	<b>\$ 498,572</b>	<b>\$ 187,361</b>	<b>\$ 100</b>	<b>\$ 1,027,762</b>

**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, 2016**

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	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
<b>Revenues</b>							
Interest and rents	\$ 37	\$ -	\$ 20	\$ 1,797	\$ 127	\$ -	\$ 1,981
Other	81,748	-	-	-	-	-	81,748
<b>Total revenues</b>	<b>81,785</b>	<b>-</b>	<b>20</b>	<b>1,797</b>	<b>127</b>	<b>-</b>	<b>83,729</b>
<b>Expenditures</b>							
Current							
Economic development	-	-	-	-	-	246,016	246,016
Debt service:							
Principal	90,000	840,000	335,000	925,000	285,000	185,452	2,660,452
Interest	101,268	179,584	68,500	573,029	165,788	37,549	1,125,718
Bond cost	-	38,134	-	-	-	-	38,134
<b>Total expenditures</b>	<b>191,268</b>	<b>1,057,718</b>	<b>403,500</b>	<b>1,498,029</b>	<b>450,788</b>	<b>469,017</b>	<b>4,070,320</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(109,483)</b>	<b>(1,057,718)</b>	<b>(403,480)</b>	<b>(1,496,232)</b>	<b>(450,661)</b>	<b>(469,017)</b>	<b>(3,986,591)</b>
<b>Other financing sources (uses)</b>							
Transfers in	120,745	1,057,718	403,877	1,496,709	460,180	446,931	3,986,160
Transfers out	-	-	-	(4,821,442)	-	-	(4,821,442)
<b>Total other financing sources (uses)</b>	<b>120,745</b>	<b>1,057,718</b>	<b>403,877</b>	<b>(3,324,733)</b>	<b>460,180</b>	<b>446,931</b>	<b>(835,282)</b>
<b>Net change in fund balances</b>	<b>11,262</b>	<b>-</b>	<b>397</b>	<b>(4,820,965)</b>	<b>9,519</b>	<b>(22,086)</b>	<b>(4,821,873)</b>
<b>Fund balances, beginning of year</b>	<b>60,008</b>	<b>-</b>	<b>270,062</b>	<b>5,319,537</b>	<b>177,842</b>	<b>-</b>	<b>5,827,449</b>
<b>Fund balances, end of year</b>	<b>\$ 71,270</b>	<b>\$ -</b>	<b>\$ 270,459</b>	<b>\$ 498,572</b>	<b>\$ 187,361</b>	<b>\$ (22,086)</b>	<b>\$ 1,005,576</b>

**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, 2016**

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	Budgeted Amount			Variance with Final Budget -	
	Original	Final	Actual	Positive	(Negative)
<b>Revenues</b>					
Property and advalorem taxes	\$ 148,000	\$ 148,000	\$ 158,390	\$ 10,390	
Interest and rents	-	-	823	823	
Contributions and donations	-	-	200	200	
<b>Total revenues</b>	<b>148,000</b>	<b>148,000</b>	<b>159,413</b>	<b>11,413</b>	
<b>Expenditures</b>					
Public safety	50,500	50,500	5,907	44,593	
Capital outlay	470,000	470,000	30,000	440,000	
<b>Total expenditures</b>	<b>520,500</b>	<b>520,500</b>	<b>35,907</b>	<b>484,593</b>	
Excess (deficiency) of revenues over (under) expenditures	(372,500)	(372,500)	123,506	496,006	
<b>Other financing sources (uses)</b>					
Transfers in	100,000	100,000	100,000	-	
<b>Total other financing sources (uses)</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>(272,500)</b>	<b>(272,500)</b>	<b>223,506</b>	<b>496,006</b>	
<b>Fund balances, beginning of year</b>	<b>442,444</b>	<b>442,444</b>	<b>442,444</b>	<b>-</b>	
<b>Fund balances, end of year</b>	<b>\$ 169,944</b>	<b>\$ 169,944</b>	<b>\$ 665,950</b>	<b>\$ 496,006</b>	

**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, 2016**

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	<u>Budgeted Amount</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Sales and other local taxes	\$ 91,400	\$ 91,400	\$ 93,915	\$ 2,515
Interest and rents	500	500	1,602	1,102
<b>Total revenues</b>	<u>91,900</u>	<u>91,900</u>	<u>95,517</u>	<u>3,617</u>
<b>Expenditures</b>				
Public safety	-	46,000	48,789	(2,789)
Capital outlay	25,000	-	-	-
<b>Total expenditures</b>	<u>25,000</u>	<u>46,000</u>	<u>48,789</u>	<u>(2,789)</u>
Excess (deficiency) of revenues over (under) expenditures	66,900	45,900	46,728	828
<b>Other financing sources (uses)</b>				
Transfers out	(612,500)	(612,500)	-	612,500
<b>Total other financing sources (uses)</b>	<u>(612,500)</u>	<u>(612,500)</u>	<u>-</u>	<u>612,500</u>
<b>Net change in fund balances</b>	(545,600)	(566,600)	46,728	613,328
<b>Fund balances, beginning of year</b>	673,365	673,365	673,365	-
<b>Fund balances, end of year</b>	<u>\$ 127,765</u>	<u>\$ 106,765</u>	<u>\$ 720,093</u>	<u>\$ 613,328</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, 2016**

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	<u>Budgeted Amount</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$ 12,000	\$ 18,000	\$ 18,654	\$ 654
Charges for services	8,285	8,285	10,026	1,741
Fines and forfeitures	12,000	12,000	13,827	1,827
Interest and rents	-	-	30	30
Contributions and donations	20,700	27,200	17,846	(9,354)
Other	175	2,175	-	(2,175)
<b>Total revenues</b>	<b>53,160</b>	<b>67,660</b>	<b>60,383</b>	<b>(7,277)</b>
<b>Expenditures</b>				
Culture and recreation	77,993	92,493	60,243	32,250
<b>Total expenditures</b>	<b>77,993</b>	<b>92,493</b>	<b>60,243</b>	<b>32,250</b>
<b>Net change in fund balances</b>	<b>(24,833)</b>	<b>(24,833)</b>	<b>140</b>	<b>24,973</b>
<b>Fund balances, beginning of year</b>	<b>70,493</b>	<b>70,493</b>	<b>70,493</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 45,660</b>	<b>\$ 45,660</b>	<b>\$ 70,633</b>	<b>\$ 24,973</b>

**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, 2016**

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	Budgeted Amount			Variance with Final Budget -	
	Original	Final	Actual	Positive	(Negative)
<b>Revenues</b>					
Fines and forfeitures	\$ 43,800	\$ 43,800	\$ 53,541	\$ 9,741	
Interest and rents	-	-	56	56	
<b>Total revenues</b>	<b>43,800</b>	<b>43,800</b>	<b>53,597</b>	<b>9,797</b>	
<b>Expenditures</b>					
General government	39,752	39,752	34,242	5,510	
<b>Total expenditures</b>	<b>39,752</b>	<b>39,752</b>	<b>34,242</b>	<b>5,510</b>	
<b>Net change in fund balances</b>	<b>4,048</b>	<b>4,048</b>	<b>19,355</b>	<b>15,307</b>	
<b>Fund balances, beginning of year</b>	<b>17,671</b>	<b>17,671</b>	<b>17,671</b>	<b>-</b>	
<b>Fund balances, end of year</b>	<b>\$ 21,719</b>	<b>\$ 21,719</b>	<b>\$ 37,026</b>	<b>\$ 15,307</b>	

**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, 2016**

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	<u>Budgeted Amount</u>			Variance with Final Budget -	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive	(Negative)
<b>Revenues</b>					
Charges for services	\$ -	\$ 5,200	\$ 4,617	\$ (583)	
Fines and forfeitures	\$ 30,000	\$ 30,000	\$ 35,694	\$ 5,694	
Interest and rents	-	-	125	125	
<b>Total revenues</b>	<b>\$ 30,000</b>	<b>\$ 35,200</b>	<b>\$ 40,436</b>	<b>\$ 5,236</b>	
<b>Net change in fund balances</b>	<b>30,000</b>	<b>35,200</b>	<b>40,436</b>	<b>\$ 5,236</b>	
<b>Fund balances, beginning of year</b>	<b>38,174</b>	<b>38,174</b>	<b>38,174</b>	<b>-</b>	
<b>Fund balances, end of year</b>	<b>\$ 68,174</b>	<b>\$ 73,374</b>	<b>\$ 78,610</b>	<b>\$ 5,236</b>	

**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, 2016**

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	Budgeted Amount			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Charges for services	\$ 309,490	\$ 355,490	\$ 368,657	\$ 13,167
<b>Total revenues</b>	<u>309,490</u>	<u>355,490</u>	<u>368,657</u>	<u>13,167</u>
<b>Expenditures</b>				
Culture and recreation	252,350	267,350	248,602	18,748
<b>Total expenditures</b>	<u>252,350</u>	<u>267,350</u>	<u>248,602</u>	<u>18,748</u>
Excess (deficiency) of revenues over (under) expenditures	57,140	88,140	120,055	31,915
<b>Other financing sources (uses)</b>				
Transfers out	(238,671)	(293,306)	(296,306)	(3,000)
<b>Total other financing sources (uses)</b>	<u>(238,671)</u>	<u>(293,306)</u>	<u>(296,306)</u>	<u>(3,000)</u>
<b>Net change in fund balances</b>	(181,531)	(205,166)	(176,251)	28,915
<b>Fund balances, beginning of year</b>	195,578	195,578	195,578	-
<b>Fund balances, end of year</b>	<u>\$ 14,047</u>	<u>\$ (9,588)</u>	<u>\$ 19,327</u>	<u>\$ 28,915</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, 2016**

	Budgeted Amounts			Variance with Final Budget -	
	Original	Final	Actual	Positive	(Negative)
<b>Revenues</b>					
Interest and rents	\$ -	\$ -	\$ 37	\$ 37	
Other	-	-	81,748	81,748	
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>81,785</b>	<b>81,785</b>	
<b>Expenditures</b>					
Principal	90,000	90,000	90,000		-
Interest	101,268	101,268	101,268		-
<b>Total expenditures</b>	<b>191,268</b>	<b>191,268</b>	<b>191,268</b>	<b></b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(191,268)</b>	<b>(191,268)</b>	<b>(109,483)</b>	<b>81,785</b>	
<b>Other financing sources (uses)</b>					
Transfers in	107,140	107,140	120,745	13,605	
<b>Total other financing sources (uses)</b>	<b>107,140</b>	<b>107,140</b>	<b>120,745</b>	<b>13,605</b>	
<b>Net change in fund balances</b>	<b>(84,128)</b>	<b>(84,128)</b>	<b>11,262</b>	<b>95,390</b>	
<b>Fund balances, beginning of year</b>	<b>60,008</b>	<b>60,008</b>	<b>60,008</b>	<b>-</b>	
<b>Fund balances, end of year</b>	<b>\$ (24,120)</b>	<b>\$ (24,120)</b>	<b>\$ 71,270</b>	<b>\$ 95,390</b>	

**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, 2016**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Expenditures</b>				
Principal	\$ 840,000	\$ 840,000	\$ 840,000	-
Interest	179,584	179,584	179,584	-
Bond cost	38,135	38,135	38,134	1
<b>Total expenditures</b>	<b>1,057,719</b>	<b>1,057,719</b>	<b>1,057,718</b>	<b>1</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,057,719)</b>	<b>(1,057,719)</b>	<b>(1,057,718)</b>	<b>1</b>
<b>Other financing sources (uses)</b>				
Transfers in	1,057,719	1,057,719	1,057,718	(1)
<b>Total other financing sources (uses)</b>	<b>1,057,719</b>	<b>1,057,719</b>	<b>1,057,718</b>	<b>(1)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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, 2016**

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	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Interest and rents	\$ 20	\$ 20	\$ 20	\$ -
<b>Total revenues</b>	<u>20</u>	<u>20</u>	<u>20</u>	<u>-</u>
<b>Expenditures</b>				
Principal	335,000	335,000	335,000	-
Interest	65,800	65,800	68,500	(2,700)
<b>Total expenditures</b>	<u>400,800</u>	<u>400,800</u>	<u>403,500</u>	<u>(2,700)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(400,780)</b>	<b>(400,780)</b>	<b>(403,480)</b>	<b>(2,700)</b>
<b>Other financing sources (uses)</b>				
Transfers in	403,900	403,900	403,877	(23)
<b>Total other financing sources (uses)</b>	<u>403,900</u>	<u>403,900</u>	<u>403,877</u>	<u>(23)</u>
<b>Net change in fund balances</b>	<b>3,120</b>	<b>3,120</b>	<b>397</b>	<b>(2,723)</b>
<b>Fund balances, beginning of year</b>	<b>270,062</b>	<b>270,062</b>	<b>270,062</b>	<b>-</b>
<b>Fund balances, end of year</b>	<u>\$ 273,182</u>	<u>\$ 273,182</u>	<u>\$ 270,459</u>	<u>\$ (2,723)</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, 2016**

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	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Interest and rents	\$ 9,300	\$ 9,300	\$ 1,797	\$ (7,503)
<b>Total revenues</b>	<b>\$ 9,300</b>	<b>\$ 9,300</b>	<b>\$ 1,797</b>	<b>\$ (7,503)</b>
<b>Expenditures</b>				
Principal	925,000	925,000	925,000	-
Interest	573,029	573,029	573,029	-
<b>Total expenditures</b>	<b>1,498,029</b>	<b>1,498,029</b>	<b>1,498,029</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,488,729)</b>	<b>(1,488,729)</b>	<b>(1,496,232)</b>	<b>(7,503)</b>
<b>Other financing sources (uses)</b>				
Transfers in	1,496,862	1,496,862	1,496,709	(153)
Transfers out	(1,314,299)	(4,821,442)	(4,821,442)	-
<b>Total other financing sources (uses)</b>	<b>182,563</b>	<b>(3,324,580)</b>	<b>(3,324,733)</b>	<b>(153)</b>
<b>Net change in fund balances</b>	<b>(1,306,166)</b>	<b>(4,813,309)</b>	<b>(4,820,965)</b>	<b>(7,656)</b>
<b>Fund balances, beginning of year</b>	<b>5,319,537</b>	<b>5,319,537</b>	<b>5,319,537</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 4,013,371</b>	<b>\$ 506,228</b>	<b>\$ 498,572</b>	<b>\$ (7,656)</b>

**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, 2016**

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	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Interest and rents	\$ -	\$ -	\$ 127	\$ 127
<b>Total revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 127</b>	<b>\$ 127</b>
<b>Expenditures</b>				
Principal	285,000	285,000	285,000	-
Interest	165,789	165,789	165,788	1
<b>Total expenditures</b>	<b>450,789</b>	<b>450,789</b>	<b>450,788</b>	<b>1</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(450,789)</b>	<b>(450,789)</b>	<b>(450,661)</b>	<b>128</b>
<b>Other financing sources (uses)</b>				
Transfers in	459,520	459,520	460,180	660
<b>Total other financing sources (uses)</b>	<b>459,520</b>	<b>459,520</b>	<b>460,180</b>	<b>660</b>
<b>Net change in fund balances</b>	<b>8,731</b>	<b>8,731</b>	<b>9,519</b>	<b>788</b>
<b>Fund balances, beginning of year</b>	<b>177,842</b>	<b>177,842</b>	<b>177,842</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 186,573</b>	<b>\$ 186,573</b>	<b>\$ 187,361</b>	<b>\$ 788</b>

**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, 2016**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Expenditures</b>				
Economic development	\$ 769,179	\$ 1,269,179	\$ 246,016	\$ 1,023,163
Principal	186,113	186,113	185,452	661
Interest	36,888	36,888	37,549	(661)
<b>Total expenditures</b>	<b>992,180</b>	<b>1,492,180</b>	<b>469,017</b>	<b>1,023,163</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(992,180)</b>	<b>(1,492,180)</b>	<b>(469,017)</b>	<b>1,023,163</b>
<b>Other financing sources (uses)</b>				
Transfers in	991,639	991,639	446,931	(544,708)
Issuance of bonded debt	-	500,000	-	(500,000)
<b>Total other financing sources (uses)</b>	<b>991,639</b>	<b>1,491,639</b>	<b>446,931</b>	<b>(1,044,708)</b>
<b>Net change in fund balances</b>	<b>(541)</b>	<b>(541)</b>	<b>(22,086)</b>	<b>(21,545)</b>
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ (541)</b>	<b>\$ (541)</b>	<b>\$ (22,086)</b>	<b>\$ (21,545)</b>

**City of Foley, Alabama**  
**SCHEDULE OF CONSTRUCTION IN PROGRESS**  
**As of September 30, 2016**

	Balance 9/30/2015	Additions	Transfers and Adjustments	Balance 9/30/2016
<b>GOVERNMENTAL ACTIVITIES</b>				
Stored Materials - Recreation	\$ 22,680	\$ -	\$ -	\$ 22,680
North Oak @ West Berry Drainage Improvements	\$ -	\$ 8,226	\$ -	\$ 8,226
Wayfinding Signs	\$ 47,354	\$ 3,473	\$ -	\$ 50,827
FBEIP - concept plan/access road design	\$ 69,827	\$ -	\$ 69,827	\$ -
Fire Station - SE Quadrant	\$ 964,691	\$ 39,881	\$ 1,004,572	\$ -
ATRIP - SE Quad Trans Improvements:	\$ 3,643,614	\$ 6,837,161	\$ -	\$ 10,480,775
Soccer Field Construction	\$ 409,198	\$ 37,239	\$ 446,437	\$ -
ATRIP II/Baldwin Co grant-City participate	\$ 297,919	\$ -	\$ -	\$ 297,919
Airport - Runway 36 Relocate (const)	\$ 374,241	\$ 718	\$ 374,959	\$ -
ATRIP III - Fern Extension	\$ 432,365	\$ 5,633	\$ -	\$ 437,998
TAP SE Bike Path Extension	\$ 75,370	\$ 996	\$ -	\$ 76,366
Dog Park/Overflow Parking	\$ 211,232	\$ 190,426	\$ 401,658	\$ -
Streetscape - Phase V	\$ 7,938	\$ -	\$ -	\$ 7,938
Trolley - SE Quad	\$ 20,350	\$ 286,103	\$ -	\$ 306,453
Drainage Impr - N Pine & W Fern	\$ 17,136	\$ 312,432	\$ 329,568	\$ -
GCNP Interpretive Centre	\$ 168,885	\$ 1,262,351	\$ -	\$ 1,431,236
5-Plex Complex Phase II	\$ 2,289,730	\$ 1,619,063	\$ 3,908,793	\$ -
Airport Drainage Project	\$ 44,580	\$ 575,286	\$ 619,866	\$ -
P.Homes Rd - Extend to Wolf Bay Drive	\$ 80,771	\$ 53,974	\$ -	\$ 134,745
Aaronville Park Improvements	\$ 396	\$ -	\$ -	\$ 396
Gateway Signs	\$ 3,800	\$ 23,942	\$ -	\$ 27,742
GCNP-ADA Walking Trail	\$ -	\$ 2,051	\$ -	\$ 2,051
Shade Structure-Multi-Use Fields	\$ -	\$ 35,247	\$ -	\$ 35,247
Parish Lakes Buffer	\$ -	\$ 4,500	\$ -	\$ 4,500
Tanger Drainage Easement	\$ -	\$ 3,700	\$ -	\$ 3,700
TIGER Project				
Local Match	\$ 1,153,964	\$ 209,465	\$ -	\$ 1,363,429
L1: Roadway Plans	\$ 1,671,520	\$ 66,050	\$ -	\$ 1,737,570
L2: Shared Paths	\$ 36,219	\$ 1,401,782	\$ -	\$ 1,438,001
L3: Pedestrian Bridge	\$ 122,390	\$ 1,427,876	\$ -	\$ 1,550,266
Ball Fields & Amenities	\$ 3,354,384	\$ 10,106,685	\$ -	\$ 13,461,069
Event Center	\$ 30,241	\$ 3,482,202	\$ -	\$ 3,512,443
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 15,550,795</b>	<b>\$ 27,996,462</b>	<b>\$ 7,155,680</b>	<b>\$ 36,391,577</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Renovation - Warehouse Building	\$ -	\$ 1,028,696	\$ -	\$ 1,028,696
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ -</b>	<b>\$ 1,028,696</b>	<b>\$ -</b>	<b>\$ 1,028,696</b>

**STATISTICAL SECTION  
(UNAUDITED)**

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# **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										
	2016	2015	2014 *	2013	2012	2011	2010	2009	2008	2007	
<b>Governmental Activities</b>											
Net invested in capital assets	\$ 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	\$ 81,916,637	
Restricted For:											
Capital projects	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	1,187,813	
Debt service	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	261,394	
Other purposes	1,535,093	1,569,762	1,257,448	882,049	1,027,208	1,199,126	-	-	-	-	
Unrestricted	(8,384,429)	(6,887,689)	(383,591)	14,980,428	18,903,373	19,452,311	20,625,628	20,855,210	9,948,924	6,490,926	
Total governmental activities net position	<u>\$ 100,005,989</u>	<u>\$ 93,349,133</u>	<u>\$ 96,354,580</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>	<u>\$ 89,856,770</u>	
<b>Business-Type Activities</b>											
Net invested in capital assets	\$ (400,188)	\$ (148,485)	\$ (671,802)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Restricted For:											
Capital projects	-	-	1,004,916	-	-	-	-	-	-	-	
Debt service	-	-	162,037	-	-	-	-	-	-	-	
Other purposes	114,403	138,188	-	-	-	-	-	-	-	-	
Unrestricted	70,117	44,879	(367,495)	-	-	-	-	-	-	-	
Total business-type activities net position	<u>\$ (215,668)</u>	<u>\$ 34,582</u>	<u>\$ 127,656</u>	<u>\$ -</u>							
<b>Primary Government</b>											
Net invested in capital assets	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	81,916,637	
Restricted For:											
Capital projects	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	1,187,813	
Debt service	\$ 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	\$ 261,394	
Other purposes	1,649,496	1,707,950	1,257,448	882,049	1,027,208	1,199,126	-	-	-	-	
Unrestricted	(8,314,312)	(6,842,810)	(751,086)	14,980,428	18,903,373	19,452,311	20,625,628	20,855,210	9,948,924	6,490,926	
Total primary government net position	<u>\$ 99,790,321</u>	<u>\$ 93,383,715</u>	<u>\$ 96,482,236</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>	<u>\$ 89,856,770</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									
	2016	2015	2014 ****	2013	2012	2011	2010	2009	2008	2007
<b>Program/Function Activities</b>										
Governmental Activities:										
General government	\$ 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	\$ 4,488,236
Public safety	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	8,343,844
Highways and streets	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	2,809,366
Sanitation	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	1,734,747
Culture and recreation	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	3,845,069
Conservation	-	-	-	-	454	56,513	95,055	205,670	51,170	486,213
Economic development	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	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	1,235,459
Total Governmental Activities Expense	<u>36,177,633</u>	<u>38,001,727</u>	<u>32,918,217</u>	<u>29,455,281</u>	<u>29,066,036</u>	<u>28,311,371</u>	<u>26,094,246</u>	<u>24,929,935</u>	<u>27,273,019</u>	<u>22,942,934</u>
Business-Type Activities										
CAFFM, Inc.	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	<u>\$ 634,016</u>	<u>\$ 533,629</u>	<u>\$ 303,796</u>	<u>\$ -</u>						
Total Primary Government Expense	<u>\$ 36,811,649</u>	<u>\$ 38,535,356</u>	<u>\$ 33,222,013</u>	<u>\$ 29,455,281</u>	<u>\$ 29,066,036</u>	<u>\$ 28,311,371</u>	<u>\$ 26,094,246</u>	<u>\$ 24,929,935</u>	<u>\$ 27,273,019</u>	<u>\$ 22,942,934</u>
<b>Program/Function Revenues</b>										
Governmental Activities:										
Charges for services										
General government	\$ 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	\$ 1,786,313
Public safety	1,281,186	962,562	1,133,814	1,064,732	960,788	884,572	863,965	745,660	1,251,150	1,694,477
Sanitation	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	1,379,165
Culture and recreation	505,226	396,177	354,414	305,071	331,143	313,223	329,990	249,624	172,354	165,171
Economic development	167,578	246,063	137,993	13,891	13,891	-	-	-	-	-
Operating grants and contributions	546,798	214,638	651,106	310,730	384,454	374,068	623,528	378,942	331,819	668,212
Capital Grants and Contributions	10,043,134	4,472,663	1,791,993	999,501	208,547	604,582	2,087,502	172,830	3,293,999	549,482
Total Program Revenues - Government Activities	<u>\$ 16,832,939</u>	<u>\$ 10,460,889</u>	<u>\$ 8,245,490</u>	<u>\$ 6,359,036</u>	<u>\$ 5,548,145</u>	<u>\$ 5,811,670</u>	<u>\$ 7,610,700</u>	<u>\$ 4,921,415</u>	<u>\$ 8,326,558</u>	<u>\$ 6,242,820</u>
Program/Function Revenues										
Business-Type Activities:										
Charges for services	\$ 287,686	\$ 175,809	\$ 5,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	-	35,288	-	-	-	-	-	-	-	-
Capital Grants and Contributions	32,712	-	-	-	-	-	-	-	-	-
Total Program Revenues - Business-Type Activities	<u>\$ 320,398</u>	<u>\$ 211,097</u>	<u>\$ 5,635</u>	<u>\$ -</u>						
Total Primary Government Program Revenues	<u>\$ 17,153,337</u>	<u>\$ 10,671,986</u>	<u>\$ 8,251,125</u>	<u>\$ 6,359,036</u>	<u>\$ 5,548,145</u>	<u>\$ 5,811,670</u>	<u>\$ 7,610,700</u>	<u>\$ 4,921,415</u>	<u>\$ 8,326,558</u>	<u>\$ 6,242,820</u>

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

	Fiscal Year									
	2016	2015	2014 ****	2013	2012	2011	2010	2009	2008	2007
Total Net (Expense)/Revenue										
Governmental Activities	\$ (19,344,694)	\$ (27,540,838)	\$ (24,672,727)	\$ (23,096,245)	\$ (23,517,891)	\$ (22,499,701)	\$ (18,483,546)	\$ (20,008,520)	\$ (18,946,461)	\$ (16,700,114)
Business-Type Activities:	(313,618)	(322,532)	(298,161)	-	-	-	-	-	-	-
Total Primary Government Net (Expense)/Rev.	<u>\$ (19,658,312)</u>	<u>\$ (27,863,370)</u>	<u>\$ (24,970,888)</u>	<u>\$ (23,096,245)</u>	<u>\$ (23,517,891)</u>	<u>\$ (22,499,701)</u>	<u>\$ (18,483,546)</u>	<u>\$ (20,008,520)</u>	<u>\$ (18,946,461)</u>	<u>\$ (16,700,114)</u>
General Revenues										
Governmental Activities										
Property taxes	\$ 1,539,905	\$ 1,435,035	\$ 1,351,037	\$ 1,367,446	\$ 1,391,305	\$ 1,473,779	\$ 1,580,706	\$ 1,636,721	\$ 1,510,085	\$ 1,244,320
Sales and other local taxes	16,365,312	15,463,721	14,687,639	13,773,921	12,875,117	12,274,297	11,261,438	11,562,037	12,496,358	11,528,160
Utility tax equivalents	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	4,373,209
Fines and forfeitures *	-	-	-	29,272	7,756	44,047	13,873	5,899	42,292	3,753
Contributed capital	-	-	-	872,174	845,998	1,571,669	152,146	836,315	2,760,367	10,556,354
Interest **	86,185	90,813	37,378	420,101	434,278	278,230	449,832	453,370	1,428,871	1,274,810
Other	1,431,368	1,330,343	1,226,186	1,354,889	1,709,261	791,933	1,578,858	266,330	(33,280)	15,597
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	68,961	399,046
Franchise taxes ***	138,547	151,124	139,652	-	-	-	-	-	-	-
Other financing sources	-	-	25,000	58,539	-	-	-	-	-	-
Transfers	(59,504)	(228,817)	(425,220)	-	-	-	-	-	-	-
Total general revenues - Government Activities	<u>\$ 26,001,550</u>	<u>\$ 24,535,391</u>	<u>\$ 26,113,732</u>	<u>\$ 24,279,144</u>	<u>\$ 23,716,130</u>	<u>\$ 22,338,377</u>	<u>\$ 20,662,298</u>	<u>\$ 19,412,793</u>	<u>\$ 23,201,874</u>	<u>\$ 29,395,249</u>
General Revenues										
Business-Type Activities										
Interest	\$ 215	\$ 468	\$ 556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	3,649	173	41	-	-	-	-	-	-	-
Transfers	59,504	228,817	425,220	-	-	-	-	-	-	-
Total gen. rev. - Business-Type Activities	<u>\$ 63,368</u>	<u>\$ 229,458</u>	<u>\$ 425,817</u>	<u>\$ -</u>						
Total Primary Gvnmnt. General Revenues	<u>\$ 26,064,918</u>	<u>\$ 24,764,849</u>	<u>\$ 26,539,549</u>	<u>\$ 24,279,144</u>	<u>\$ 23,716,130</u>	<u>\$ 22,338,377</u>	<u>\$ 20,662,298</u>	<u>\$ 19,412,793</u>	<u>\$ 23,201,874</u>	<u>\$ 29,395,249</u>
Changes in Net Position										
Governmental Activities	\$ 6,656,856	\$ (3,005,447)	\$ 1,441,005	\$ 1,182,899	\$ 198,239	\$ (161,324)	\$ 2,178,752	\$ (595,727)	\$ 4,255,413	\$ 12,695,135
Business-Type Activities	(250,250)	(93,074)	127,656	-	-	-	-	-	-	-
Total Primary Government	<u>\$ 6,406,606</u>	<u>\$ (3,098,521)</u>	<u>\$ 1,568,661</u>	<u>\$ 1,182,899</u>	<u>\$ 198,239</u>	<u>\$ (161,324)</u>	<u>\$ 2,178,752</u>	<u>\$ (595,727)</u>	<u>\$ 4,255,413</u>	<u>\$ 12,695,135</u>

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Nonspendable	\$ 5,770,035	\$ 5,731,817	\$ 5,723,897	\$ 170,835	\$ 152,144	\$ 178,211	\$ -	\$ -	\$ -	\$ -
Restricted	320,947	247,851	173,317	102,037	132,028	257,992	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	546,767	3,050,258	4,952,810	5,456,967	2,957,039	3,221,132	-	-	-	-
Unassigned	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	61,529
Unreserved:										
Designated	-	-	-	-	-	-	-	-	1,517,450	1,517,450
Undesignated	-	-	-	-	-	-	22,033,976	22,052,604	9,456,021	6,592,640
Total General Fund	<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>	<u>\$ 8,171,619</u>
All other Governmental Funds										
Nonspendable	\$ 817,761	\$ 379,821	\$ 379,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	17,735,952	19,933,114	18,482,263	3,049,137	2,982,194	3,305,431	-	-	-	-
Committed	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	261,394
Current and future projects	-	-	-	-	-	-	2,490,792	1,282,530	1,326,925	11,536,284
Unreserved:										
Undesignated	-	-	-	-	-	53,557	-	-	-	-
Total all Other Gvnmt. Funds	<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>\$ 3,559,537</u>	<u>\$ 4,626,236</u>	<u>\$ 3,346,747</u>	<u>\$ 1,586,159</u>	<u>\$ 11,797,678</u>
Total Governmental Funds	<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>\$ 24,105,941</u>	<u>\$ 26,717,756</u>	<u>\$ 25,458,225</u>	<u>\$ 12,631,365</u>	<u>\$ 19,969,297</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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues</b>										
Property and advalorem taxes	\$ 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	\$ 1,244,320
Sales and other local taxes	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	11,528,160
Licenses and permits	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	2,775,986
Intergovernmental	9,235,106	4,153,301	1,822,855	932,314	498,353	947,587	2,619,573	518,846	1,001,263	1,141,599
Charges for services	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	1,522,799
Fines and forfeitures	641,976	555,808	564,146	644,568	672,115	735,231	672,165	594,842	678,446	551,774
Utility tax equivalents	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	4,373,209
Interest *	86,185	90,812	37,377	483,850	445,778	438,520	471,800	404,562	1,001,010	1,529,184
Sewer Assessments	-	-	-	-	-	-	-	-	-	-
Contributions and donations	114,862	134,064	624,885	735,208	96,962	69,533	101,973	31,427	2,624,475	73,807
Other **	1,478,250	1,363,673	1,185,873	1,101,634	1,893,067	972,291	1,786,802	462,968	164,094	234,170
Rental income *	369,451	438,312	404,869	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>41,677,198</b>	<b>34,864,389</b>	<b>31,631,578</b>	<b>29,654,388</b>	<b>28,209,444</b>	<b>26,761,837</b>	<b>28,072,005</b>	<b>24,131,426</b>	<b>28,307,207</b>	<b>24,975,008</b>
<b>Expenditures</b>										
Current:										
General government	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	4,163,526
Public safety	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	7,756,039
Highways and streets	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	1,118,753
Sanitation	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	1,591,600
Culture and recreation	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	2,692,755
Conservation	-	-	-	-	454	56,513	95,055	205,670	51,170	488,984
Economic development	1,314,462	4,802,908	2,550,772	728,321	658,281	1,447,843	23,543	53,652	-	-
Debt Service:										
Principal	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	950,000
Interest	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	1,153,323
Bond issuance cost	410,055	289,474	293,614	146,349	59,932	109,254	132,529	590,900	78,122	82,136
Capital Outlay	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	10,256,374
<b>Total Expenditures</b>	<b>64,155,244</b>	<b>54,670,991</b>	<b>36,772,328</b>	<b>36,192,632</b>	<b>29,278,868</b>	<b>30,635,421</b>	<b>30,643,539</b>	<b>42,454,515</b>	<b>36,877,890</b>	<b>30,253,490</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (22,478,046)</b>	<b>\$ (19,806,602)</b>	<b>\$ (5,140,750)</b>	<b>\$ (6,538,244)</b>	<b>\$ (1,069,424)</b>	<b>\$ (3,873,584)</b>	<b>\$ (2,571,534)</b>	<b>\$ (18,323,089)</b>	<b>\$ (8,570,683)</b>	<b>\$ (5,278,482)</b>

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Other financing sources (uses)										
Transfers in	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	11,950,663
Transfers out	(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)	(11,950,663)
Issuance of loan debt	-	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	-	-	-	-	-	-	-	-	187,195	-
Proceeds from sale of assets **	96,935	-	5,947,904	144,144	335,489	30,343	108,553	51,049	139,532	409,368
Issuance of bonded debt	24,450,000	16,440,000	18,005,000	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>	<u>409,368</u>
Special Items	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ (6,068,668)</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>	<u>\$ (8,243,956)</u>	<u>\$ (4,869,114)</u>
Debt service as a percentage of noncapital expenditures	17.9 %	13.6 %	10.9 %	12.1 %	13.8 %	19.4 %	21.8 %	41.8 %	10.6 %	10.5 %

\* 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 City Direct Rate	Baldwin County	State of Alabama	Total Sales Tax Rate
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%
2007	2.0%	2.0%	4.0%	9.0%

Source: State of Alabama Department of Revenue

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
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	*	*	*	*
2007	*	*	*	*

[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] Sales & Use Tax	[2] Lodging Tax	Rental Tax	Beer, Wine & Liquor Tax	Cigarette & Tobacco Tax	Other Local Tax	Total
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
2007	\$ 10,000,952	\$ 351,906	\$ 135,367	\$ 498,099	\$ 230,060	\$ 311,776	\$ 11,528,160

**License and Permits**

Fiscal Year Ended September 30,	Business License	Building Permits	Other License & Permits	Total
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
2007	\$ 1,690,266	\$ 785,762	\$ 299,958	\$ 2,775,986

**Utility Tax Equivalents [3]**

Fiscal Year Ended September 30,	Applicable Percentage	Total Amount Collected
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
2007	4.25%	\$ 4,373,209

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

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

[3] 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,

	2016	2015	2014	2013	2012
State of Alabama	6.5 mills				
City of Foley	5.0 mills				
Baldwin County:					
General	5.0 mills				
Health	0.5 mills				
Schools	9.0 mills				
Road and Bridges	2.5 mills				
Special School District	3.0 mills				
Fire	1.5 mills				
Total	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
2016	6,434,720	211,557,760	83,711,900	33,046,224	334,750,604
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
2012	6,492,720	143,502,360	52,007,960	23,853,020	225,856,060

**FY 2016 Largest Ad Valorem Taxpayers**

Fiscal Year End September 30, 2016

Taxpayer	City Tax	Net Assessed Value of Taxable Property
Coroc/Riviera LLC (Tanger)	77,526.50	15,505,300
Aerostructures-RHOR (UTC)	20,159.69	4,031,920
Gulf Telephone Company	20,125.00	4,880,380
Wal-Mart Real Estate Business Trust	12,312.20	2,462,440
Baldwin Co Electric Membership	11,347.30	2,269,460
CHS Properties Inc	11,147.60	2,231,120
Emerald SC LLC	8,429.30	1,685,860
Sovran Acquisition LP	8,018.20	1,603,640
McKenzie Village LLC	7,642.60	1,528,520
Rohr Industries Inc.	7,616.00	1,523,200

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]
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
2007	\$ 1,088,870

[1] The total amount collected includes automobile license and registration fees in approximate amounts increasing in each fiscal year from approximately \$45,000 in 2007 to \$57,000 in 2016.

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Constitutional Debt Limit	\$ 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	\$ 58,350,152
Net debt applicable to limit	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	21,268,404
Legal debt margin	32,378,387	26,514,353	24,664,070	39,806,240	37,064,978	38,376,602	38,957,901	45,712,519	40,421,074	37,081,748
Net debt as a percentage of debt limit	51.64%	51.42%	50.15%	15.46%	18.12%	19.97%	23.07%	19.97%	32.99%	36.45%

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Special Constitutional Debt Limit	\$ 167,375,302	\$ 136,446,170	\$ 123,679,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net debt applicable to limit	36,339,889	18,729,186	8,000,000	-	-	-	-	-	-	-
Legal debt margin	131,035,413	117,716,984	115,679,696	-	-	-	-	-	-	-
Net debt as a percentage of debt limit	21.71%	13.73%	6.47%	0.00 %	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	Federally Taxable - 2013						Business-Type Activities of Coastal Alabama			Total Debt as a Percentage of Personal Income		Total Debt Per Capita
	General Obligation Warrants	Energy Conservation Bonds	Special Revenue Bonds	Notes Payable	Capital Leases	Total Governmental Activities	Farmers' and Fishermen's Market, Inc.	Notes Payable	Total Primary Government	Percentage of Personal Income		
2016	\$ 26,133,427	\$ 2,665,242	\$ 47,335,727	\$ 253,750	\$ 81,829	\$ 76,469,975	8,000,000	1,059,072	\$ 85,529,047	14.79%	3,229	
2015	28,782,770	2,752,315	31,076,616	288,750	-	62,900,451	8,000,000	-	70,900,451	17.27%	2,656	
2014	27,135,531	2,844,388	19,272,927	323,750	-	49,576,596	8,000,000	-	57,576,596	16.14%	3,087	
2013	9,335,000	2,975,000	19,945,000	-	-	32,255,000	-	-	32,255,000	8.57%	2,039	
2012	10,370,000	-	20,800,000	-	41,913	31,211,913	-	-	31,211,913	8.37%	2,026	
2011	11,875,000	-	21,640,000	-	81,459	33,596,459	-	-	33,596,459	9.30%	2,229	
2010	12,940,000	-	22,460,000	1,029,646	118,772	36,548,418	-	-	36,548,418	10.78%	2,500	
2009	12,680,000	-	23,335,000	900,000	153,978	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	6.28%	1,484	
2007	14,485,000	-	-	7,100,000	-	21,585,000	-	-	21,585,000	6.91%	1,656	

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

Fiscal Year Ended September 30	[1] General Obligation and Revenue Bonds	[2] Less: Amounts Available in Debt Service Funds	Total	[3] [4] Percentage of Estimated Actual Taxable Value of Property	[4] Per Capita
2016	\$ 76,469,975	\$ 3,353,803	\$ 73,116,172	21.84%	\$ 3,088
2015	62,900,451	2,995,103	59,905,348	21.95%	2,606
2014	49,576,596	2,470,038	47,106,558	21.45%	2,933
2013	32,255,000	2,054,798	30,200,202	14.92%	1,961
2012	31,211,913	2,139,764	29,072,149	13.69%	1,929
2011	33,596,459	1,967,868	31,628,591	13.52%	2,164
2010	36,548,418	2,064,224	34,484,194	12.99%	2,433
2009	37,068,978	259,234	36,809,744	13.14%	2,707
2008	20,187,195	261,394	19,925,801	7.38%	1,529
2007	21,585,000	252,262	21,332,738	11.01%	1,720

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

[1] Includes general bonded and special revenue 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.

**CITY OF FOLEY, ALABAMA**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2016**

<u>Governmental Unit</u>	Debt Outstanding	[1] Estimated Percentage Applicable	Amount Applicable to Primary Government
Baldwin County	\$ 111,391,714	6.48%	7,217,404
Baldwin County Board of Education	\$ 155,737,999	6.48%	<u>10,090,734</u>
Subtotal, overlapping debt			17,308,138
City of Foley, Alabama, direct debt			\$ 76,469,975
Total direct and overlapping debt			<u>\$ 93,778,113</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 (2016 property appraisals are based on the property as it was on August 1, 2015). The percentage above represents the net assessed value of property in the City of Foley (\$301,704,380) to net assessed value of property in Baldwin County (\$4,656,434,100).

**CITY OF FOLEY, ALABAMA**  
 Population Trends / Graduation Rates

<b>Year</b>	<b>City of Foley</b>		<b>Baldwin County</b>	
	<b>Population [1]</b>	<b>Rate of Growth</b>	<b>Population</b>	<b>Rate of Growth</b>
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	2.2%	190,561	2.1%
2011	15,075	3.1%	186,694	2.4%
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.

<b>Year</b>	<b>Enrollment [2]</b>	<b>Graduation Rate [3]</b>
2016	4,312	78%
2015	3,636	75%
2014	4,050	75%
2013	3,764	74%
2012	3,768	66%
2011	3,608	67%
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] 2016 & 2015 Alabama State Department of Education, 2014 Homefacts, 2013 schooldigger.com (as of December)

[3] 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
2013	\$ 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	2013
Total Housing Units	1,427	2,127	3,468	7,359	7,212
Total occupied Units	1,336	1,897	3,126	6,165	6,104
Total Owner Occupied Units	941	1,230	2,083	3,850	3,636
Median Value of Owner occupied Units	\$ 35,700	\$ 54,800	\$ 97,900	\$ 171,800	\$ 162,600

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
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%
2007	2.8%	2.7%	3.4%	4.6%

Sources:

[1] Homefacts

[2] Alabama Department of Labor

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

Industry	Product	Approximate Employment	2016		2009*		Percentage of Total Employment	
			Rank	Percentage of Total Employment	Rank	Percentage of Total Employment		
<i>Major Employers - City of Foley</i>								
Tanger Outlet Center	Retail-Mall	1500	1	25.9%		1350	1	n/a
UTC Aerospace Systems (Goodrich)	Aerospace	1000	2	17.2%		556	4	n/a
South Baldwin Regional Medical Center	Medical Care	1000	3	17.2%		650	3	n/a
Vulcan, Inc	Manufacturing	320	4	5.5%		208	7	n/a
City of Foley	Government	304	5	5.2%		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
Golden Living Center	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	3851	1	4.7%		3428	1	4.6%
Wal-Mart Super Centers	General Retail	1750	2	2.1%		1715	2	2.3%
Thomas Hospital	Medical Care	860	3	1.0%		1100	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%		1400	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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
General Government Administration	19	18	20	19	18	17	17	17	17	17
Public Works	2	2	2	2	2	2	2	3	3	3
Municipal Complex	8	8	8	6	8	8	8	7	8	10
Municipal Court	6	5	5	5	5	5	5	5	4	4
Vehicle Maintenance Shop	4	4	4	4	4	4	4	4	4	4
Information & Technology	5	3	-	-	-	-	-	-	-	-
Public Safety										
Police	92	92	92	87	88	87	84	85	89	76
Fire	32	23	22	22	19	19	18	19	15	16
Community Development/Inspections	8	8	8	8	8	8	8	8	12	12
Environmental	3	2	2	1	1	1	1	1	1	1
Highways and Streets										
Street Department	26	26	21	21	21	21	21	20	21	21
Engineering Department	4	4	4	3	3	3	3	3	3	3
Sanitation	17	17	20	21	20	19	19	22	22	22
Culture and Recreation										
Parks Department	12	13	13	13	14	16	16	17	17	15
Library	11	11	11	12	11	10	10	10	10	10
Senior Center	3	3	3	3	3	3	3	3	3	2
Recreation	11	9	8	7	7	6	6	4	3	3
Visitors Center/Marketing	2	2	2	2	1	1	1	1	-	-
Horticulture	5	5	5	3	3	-	-	-	-	-
Sports Tourism	7	2	2	-	-	-	-	-	-	-
Economic Development	2	2	2	2	1	1	1	1	-	-
Total	279	259	254	241	237	231	227	230	232	219

Source: Human Resources Division

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Government:</b>										
Business License Issued	3,168	2,980	3,006	2,868	2,764	2,638	2,520	2,529	2,801	2,968
<b>Public Safety:</b>										
Police-number of arrests	2,063	1,775	1,461	1,493	1,867	1,721	1,820	1,681	1,775	2,097
Police-number of traffic cases filed	4,660	3,799	3,824	3,685	4,758	5,537	5,951	4,204	5,644	5,197
Police-calls for service	64,076	61,886	55,847	58,249	50,776	49,008	47,764	47,682	47,245	*
Fire-number of emergency responses (2)	1,493	1,284	1,273	1,035	939	1,150	1,078	950	1,061	*
Fire-number of inspections (2)	3,207	3,074	2,775	2,222	2,238	1,844	258	965	1,598	*
Fire-number of public relation/education contacts (2)	6,788	4,063	3,538	7,569	5,676	8,715	4,825	4,031	*	*
CDD-number of building inspections (1)	7,858	6,322	5,971	5,296	3,824	2,827	3,294	3,022	5,997	10,110
CDD-number of building permits (1)	1,947	1,433	1,479	1,441	1,024	877	860	903	1,328	2,239
<b>Sanitation:</b>										
Tons collected and disposed:										
Refuse	6,656	5,955	6,214	6,284	6,772	*	*	*	*	*
Recyclables	523	455	393	311	335	420	*	*	*	*
Number of households served	6,131	5,951	5,813	5,694	5,180	5,087	4,950	4,957	4,966	4,725
Number of commercial/special accounts served	322	365	358	364	309	307	309	327	379	386
Number of contracted commerical dumpster accounts served	366	341	331	288	269	261	248	260	258	239
<b>Culture and Recreation:</b>										
<i>Recreation Department:</i>										
Youth Programs Offered	7	7	6	6	6	6	6	6	6	6
Youth Program Participants	1,654	1,570	1,479	1,215	1,144	1,103	1,028	1,002	903	808
Tournaments Held	27	30	26	20	15	9	6	4	*	*
<i>Senior Center:</i>										
Number of members (1)	616	605	608	600	568	549	559	584	614	540
Number of senior/community programs	47	49	43	45	*	33	*	*	*	*
Number of senior program participants	20,312	19,625	19,663	18,679	*	16,751	*	*	*	*
<b>Library</b>										
Total items circulated	787,517	761,601	825,599	531,622	478,261	446,879	406,829	256,667	217,407	187,731
Patron visits	560,351	562,261	593,458	518,734	412,653	351,872	273,052	291,353	241,525	n/a
Volumes in collection	81,881	72,470	80,069	79,335	77,159	72,223	65,896	61,616	48,749	45,125
Program Attendance	17,502	15,550	14,807	10,395	10,182	8,023	6,908	6,522	6,181	5,002
<b>Visitors Center - Total visits</b>										
Patron visits (3)	5,559	6,294	10,287	11,788	9,700	8,579	2,503	2,331	1,873	2,724
Website hits	80,445	61,634	45,294	*	*	*	*	*	*	*
<b>Horticulture</b>										
Tree City Program - trees planted	498	124	27	70	75	75	2	29	48	200
Plants - grown and planted	22,500	22,000	23,000	*	*	*	*	*	*	*

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<i>Environmental</i>										
Explore & Observe Programs offered	25	24	*	*	*	*	*	*	*	*
Explore & Observe Programs attendance	500	336	*	*	*	*	*	*	*	*
Field Trips/Camps/Workshops offered	26	33	*	*	*	*	*	*	*	*
Field Trips/Camps/Workshops attendance	1,216	940	*	*	*	*	*	*	*	*
Events booked	15	8	*	*	*	*	*	*	*	*
Events attendance	7,524	1,287	*	*	*	*	*	*	*	*
<i>Sports Tourism</i>										
Events booked	44	13	1	*	*	*	*	*	*	*
Events attendance	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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:										
Number of general government buildings	15	16	16	16	13	13	13	13	12	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	148	147	146	145	*	*	*	*	*	*
Number of street lights	2,849	2,841	2,827	2,822	*	*	*	*	*	*
Miles of sidewalks	35	30	15	14	*	*	*	*	*	*
Sanitation:										
Number of garbage trucks	7	7	8	6	5	5	6	6	6	6
Number of recycle trucks	1	2	2	2	2	2	2	1	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	14	13	13	10	10	9	9	9	9	8
Number of visitor centers	1	1	2	2	2	2	1	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**

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**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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 21, 2017.

**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.

*Warren Averett, LLC*

Foley, Alabama  
March 21, 2017

## 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 Each 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, 2016. 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 Each 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, 2016.

### 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 21, 2017, 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.

*Warren Averett, LLC*

Foley, Alabama  
March 21, 2017

**CITY OF FOLEY, ALABAMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended September 30, 2016**

Grantor and Program Title	Federal CFDA Number	Contract / Grant Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
Direct Programs:					
Farmer's Market Promotion Program	10.168	14-FMPPX-AL-0004			27,212
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>					
Direct Programs:					
Water Protection Grants to the State	66.202	00D34515			2,462
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>					
Direct Programs					
Staffing for Adequate Fire and Emergency Responses	97.083	EMW-2014-FH-00919-002			368,034
<b>U.S. DEPARTMENT OF INTERIOR</b>					
Passed Through From : Alabama Historical Commission					
Historic Preservation Fund Grants-in-Aid	15.904	AL-16-031			4,500
<b>U.S. DEPARTMENT OF JUSTICE</b>					
Passed Through From : Baldwin County Drug Task Force					
High Intensity Drug Trafficking Area Task Force	16.809	281D-MO-36048-SF-15			2,807
Joint Law Enforcement Operations	16.111	OCDETF SE-ALS-109(H)			4,533
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
Direct Programs					
TIGER Discretionary Grants	20.933	FHWA FY13 TIGER GRANT NO. 15			2,823,523
Passed Through from : Alabama Department of Transportation					
Airport Improvements	20.106	3-01-0031-011-2013			718
Airport Improvements	20.106	3-01-0031-013-2015			124,626
Airport Improvements	20.106	3-01-0031-014-2016			318,438
20.106 Total					<u>443,782</u>
Federal-Aid Highway Program	20.205	ATRIP #02-03-31			5,465,277
Passed through ADECA & South Alabama Regional Highway Safety Office					
Selective Traffic Enforcement Program	20.600	15-SP-PT-004			16,812
<b>U.S. DEPARTMENT OF TREASURY</b>					
Direct Programs					
Federal Equitable Sharing Funds	21.000	Treasury Funds			428
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>					
					<u><u>\$ 9,159,370</u></u>

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**CITY OF FOLEY, ALABAMA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**SEPTEMBER 30, 2016**

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**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 assets, or cash flows of the City of Foley.

**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, 2016. 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.

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**CITY OF FOLEY, ALABAMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<input type="checkbox"/> 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	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no	

**IDENTIFICATION OF MAJOR PROGRAMS**

U. S. Department of Transportation – Federal-Aid Highway Program	CFDA #20.205
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Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
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**CITY OF FOLEY, ALABAMA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**SEPTEMBER 30, 2016**

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**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.