

**CITY OF EVERGREEN, ALABAMA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**CITY OF EVERGREEN, ALABAMA**  
SEPTEMBER 30, 2013

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**TABLE OF CONTENTS**

**PAGE**

Independent Auditors' Report..... 1  
Financial Management Discussion and Analysis ..... 4

**FINANCIAL STATEMENTS**

Statement of Net Position ..... 12  
Statement of Activities ..... 13  
Balance Sheet – Governmental Funds ..... 14  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position..... 15  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds ..... 16  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities ..... 17  
Statement of Net Position – Proprietary Fund ..... 18  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund ..... 19  
Statement of Cash Flows – Proprietary Fund ..... 20  
Notes to Financial Statements ..... 22

**REQUIRED SUPPLEMENTARY INFORMATION**

Employees' Retirement System of Alabama – Schedule of Funding Progress..... 47  
Employees' Medical Insurance Plan of the City of Evergreen, Alabama – Schedule of  
Funding Progress ..... 48

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**CITY OF EVERGREEN, ALABAMA**  
SEPTEMBER 30, 2013

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**TABLE OF CONTENTS (Continued)**

**PAGE**

**SUPPLEMENTARY INFORMATION**

Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – General Fund .....	49
Combining Balance Sheet – Nonmajor Governmental Funds.....	50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	51
Computation of Legal Debt Margin .....	52
Computation of Direct and Overlapping Bonded Debt .....	53

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## **Independent Auditors' Report**

Honorable Mayor and Members of  
The City Council  
City of Evergreen, Alabama

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evergreen, Alabama (the City) as of and for the year ended September 30, 2013, 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 of 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 financial statement 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 49 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 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 combining and individual nonmajor fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2014 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Evergreen, Alabama's internal control over financial reporting and compliance.

*Warren Averett, LLC*

Montgomery, Alabama  
May 12, 2014

# **CITY OF EVERGREEN**

355 East Front Street, P. O. Box 229  
Evergreen, AL 36401

## **FINANCIAL MANAGEMENT DISCUSSION AND ANALYSIS ANNUAL FINANCIAL STATEMENT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

The Management's Discussion and Analysis (MD&A) offers readers of the City of Evergreen's (the City) financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2013. It is our intent that these comments provide all parties interested in the City's financial condition a better understanding of the City's operations and financial position.

The City reports its annual financial statements in a format required by the Governmental Accounting Standards Board.

### **FINANCIAL HIGHLIGHTS**

- As of September 30, 2013, the City's net position (assets minus liabilities) totaled \$14,436,559, a decrease of \$580,874 under the September 30, 2012, figure.
- Total net position of the City was comprised of the following:
  - (1) Net investment in capital assets of \$9,284,496, include property and equipment, net of accumulated depreciation, and is reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Net position of \$263,370 are restricted by constraints imposed from outside the City such as debt covenants, laws and regulations.
  - (3) Unrestricted net position of \$4,888,693 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total net position for governmental activities decreased by \$933,115, thus bringing the total down to \$10,419,854 for fiscal year 2013.
- Total net position for business-type activities increased by \$237,684, thus bringing the total to \$4,016,705 for fiscal year 2013. Included in this increase is a prior period adjustment which decreased net position by \$114,557.
- The general fund unassigned fund balance, as of September 30, 2013, was \$1,974,993, or 24.0% of total general fund expenditures.
- The City's total debt decreased by \$418,701 (2.8%) during the current fiscal 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 basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and budgetary comparison, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide our readers with an overview of the City's finances, presenting all funds in a more simplified format. This section is similar to financial reporting used by commercial entities. Government-wide statements are separated into two major categories: 1) governmental activities that are principally supported by taxes and intergovernmental revenues, and 2) business-type activities that are supported by user fees and charges. Governmental activities include administrative functions, streets, garbage, public safety, public works, recreation, community development, and the cemetery funds. The sole business-type activity of the City is the Utility Fund.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Again, this year we have added prior year information to analyze how the City's financial position has changed.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net position are reported using the accrual basis of accounting, requiring that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flow.

### **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 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 the same functions as those reported under the government-wide statement of net position and statement of activities. However, unlike the government-wide financial statements, governmental fund financial statements focus on events that produce near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the year and is a narrower focus than the government-wide financial statements.



Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare 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 reconciliation to the governmental activities column in the government-wide statements, in order to facilitate this comparison.

The City maintains budgetary controls over its operating funds. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Budgets for governmental funds are established in accordance with state law, and are adopted on a fund level. A budgetary comparison statement is provided for the general fund to demonstrate compliance with the budget. Budgetary variances for the general fund are discussed in some detail later in this section.

*Proprietary Funds* – The City maintains only one proprietary fund type, an Enterprise Fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Enterprise Fund for the City is the Utility Fund. Enterprise funds are used to report business-type activities.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The *statement of net position* provides an overview of the City's assets, liabilities and net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The City's net position totaled \$1,436,559, as of September 30, 2013. The following table reflects the condensed government-wide statement of net position:

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 5,350,524	\$ 7,944,731	\$ 3,014,753	\$ 2,696,129	\$ 8,365,277	\$ 10,640,860
Capital assets	18,149,044	16,266,642	4,762,310	5,003,135	22,911,354	21,269,777
Total Assets	<u>23,499,568</u>	<u>24,211,373</u>	<u>7,777,063</u>	<u>7,699,264</u>	<u>31,276,631</u>	<u>31,910,637</u>
Current and other liabilities	1,688,147	2,441,696	1,491,083	1,424,038	3,179,230	3,865,734
Long-term liabilities	11,391,567	10,416,708	2,269,275	2,496,205	13,660,842	12,912,913
Total Liabilities	<u>13,079,714</u>	<u>12,858,404</u>	<u>3,760,358</u>	<u>3,920,243</u>	<u>16,840,072</u>	<u>16,778,647</u>
Net assets:						
Invested in capital assets, net of related debt	6,276,367	6,487,304	2,682,034	2,859,218	8,958,401	9,346,522
Restricted	263,370	3,303,568	-	-	263,370	3,303,568
Unrestricted	3,880,117	1,562,097	1,334,671	919,803	5,214,788	2,481,900
Total Net Position	<u>\$ 10,419,854</u>	<u>\$ 11,352,969</u>	<u>\$ 4,016,705</u>	<u>\$ 3,779,021</u>	<u>\$ 14,436,559</u>	<u>\$ 15,131,990</u>

The City's total assets were \$31,276,631 as of September 30, 2013. Of this amount, \$22,911,354 is accounted for by capital assets, which includes infrastructure.

Of the remaining City assets, \$2,927,805 is accounted for in cash and cash equivalents, \$1,514,367 in accounts receivable, \$532,371 in inventory, \$1,826,106 as a note receivable, \$471,476 in restricted cash and cash equivalents, \$619,970 in restricted cash held by fiscal agent, and the remainder spread among miscellaneous assets.

At September 30, 2013, the City had outstanding liabilities of \$16,840,072, of which \$14,727,427 was long-term debt. Long-term debt includes bonds and warrants payable and capital lease obligations. Of the total amount outstanding, \$1,066,585 was due within one year, with the remainder due at various dates before 2039.

Included in current and other liabilities in the above table are \$985,369 in accounts payable and other current liabilities and \$127,524 in accrued interest payable, \$231,691 in deferred revenue and \$470,647 in customer deposits.

The largest portion of the City's net position reflects its investment in capital assets, less any outstanding related debt used to acquire those assets. The City's capital assets are used to provide services to citizens. Consequently, investments in capital assets are not available for future spending. Although the City's investment in 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 these liabilities. An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represents \$263,370 or 1.8% of total net position. The remaining \$5,214,788 or 36.1% of total net position may be used to meet the City's ongoing obligations to its citizens and creditors for all activities.

The second statement in the government-wide statements is the *statement of activities*. The following table outlines the major components of this statement:

	Changes in Net Position					
	As of September 30					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 345,709	\$ 331,170	\$ 6,758,030	\$ 6,683,952	\$ 7,103,739	\$ 7,015,122
Operating grants and contributions	131,044	108,535	-	-	131,044	108,535
Capital grants and contributions	799,343	431,301	-	-	799,343	431,301
General revenues:						
Property taxes	291,451	286,925	-	-	291,451	286,925
Sales and use taxes	1,104,532	1,039,700	-	-	1,104,532	1,039,700
Motor fuel taxes	1,142,651	1,097,210	-	-	1,142,651	1,097,210
Alcoholic beverage taxes	53,405	53,384	-	-	53,405	53,384
Other income	324,415	572,017	-	-	324,415	572,017
Interest income	11,495	90,990	544	672	12,039	91,662
Transfers	1,185,388	1,753,205	(1,185,388)	(1,753,205)	-	-
Total revenues	5,389,433	5,764,437	5,573,186	4,931,419	10,962,619	10,695,856
Expenses:						
General government	2,098,433	1,602,677	-	-	2,098,433	1,602,677
Public safety	1,434,145	1,537,431	-	-	1,434,145	1,537,431
Public works	1,380,225	1,311,278	-	-	1,380,225	1,311,278
Civic improvement	450,600	496,759	-	-	450,600	496,759
Cultural and recreation	457,007	408,900	-	-	457,007	408,900
Interest on long-term debt	502,138	365,215	-	-	502,138	365,215
Utility fund	-	-	5,220,945	5,572,860	5,220,945	5,572,860
Total expenses	6,322,548	5,722,260	5,220,945	5,572,860	11,543,493	11,295,120
Increase (decrease) in net assets	(933,115)	42,177	352,241	(641,441)	(580,874)	(599,264)
Net position - beginning	11,352,969	11,310,792	3,779,021	4,420,462	15,131,990	15,731,254
Prior period adjustments	-	-	(114,557)	-	(114,557)	-
Net position - beginning as restated	11,352,969	11,310,792	3,664,464	4,420,462	15,017,433	15,731,254
Net position - ending	\$ 10,419,854	\$ 11,352,969	\$ 4,016,705	\$ 3,779,021	\$ 14,436,559	\$ 15,131,990

Total revenues for the City were \$10,962,619 for the year ended September 30, 2013. Governmental activities provided \$5,389,433 or 49.2% while \$5,573,186 of business-type activities revenue was provided by charges for services and interest income. The governmental activities received \$1,104,532, or 20.5% of total revenue, from sales taxes and \$1,142,651, or 21.2% of total revenue, from motor fuel taxes.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

Fund balances decreased by \$2,998,769 in the current year. The capital projects fund decreased by \$2,414,010, while other governmental funds balance decreased by \$115,300. The other governmental fund column consists of four funds combined for this report because their revenues and expenses are smaller than other funds of the City.

### **Proprietary Fund**

The fund statements for the proprietary fund look much like the business-type activities in the government-wide statements. Proprietary fund financial information is measured with the same principles used by commercial enterprises, so this information does not change from the fund statements to the government-wide statements.

### **General Fund Budgetary Highlights**

Total revenues reported for the general fund were \$4,057,110 which was an increase of \$1,696,335 or 71.9% over final budgeted revenues. The primary cause of this is as follows:

- Tax revenue was more than budgeted by \$535,442. This was due to Love's Truck Stop activity, which resulted in an increase in both sales tax and gasoline tax revenue from budgeted amounts.
- Intergovernmental revenue was more than budgeted by \$890,789. This was due to the City receiving funding reimbursements related to the Sidewalk Improvement Project and various other funding reimbursement grants.

Total general fund expenditures were \$8,208,474, which was an increase of \$4,460,897 or 119.1% over final budgeted expenditures.

- General government was more than budgeted by \$634,573. This was due primarily to various expenses which are not consecutive in nature.
- Public safety was more than budgeted by \$138,102. This was due to an increase in payroll across all departments, primarily in the police and fire protection.
- Capital outlay expenditures were more than budgeted by \$1,930,434. This was due to the City incurring expenses related to the Sidewalk Improvement Project. In addition, the City incurred capital expenditures related to the Liberty Hill and Fairview Commons projects.
- Debt service principal retirement expenditures were more than budgeted by \$1,456,540. This was due to the City paying in full, a non-obligatory finance note as well as full payment of the balance on a line of credit.

### **Capital Asset and Debt Administration**

The City's investment in capital assets for governmental and business-type activities as of September 30, 2013, was \$22,911,354 (net of accumulated depreciation). Capital asset investments include land, buildings, building improvements, machinery and equipment, net of depreciation. New additions to capital assets included improvement projects related to infrastructure, the utility system and the airport as well as the purchase of various vehicles and equipment.

At the end of the fiscal year the City had secured and bonded debt outstanding of \$14,461,995. Of this amount \$12,742,135 comprises debt backed by the full faith and credit of the City, \$1,633,412 in notes payable and \$86,448 in long-term leases. The City's long-term debt decreased \$418,701 or 2.8% from the previous year.

## **THE OUTLOOK FOR NEXT YEAR**

The City of Evergreen has continued its fiscal approach towards aggressive growth policies, which were mentioned in the previous year's economic outlook. Summarized, that aggressive growth policy dictates that the City expend its resources in revenue producing expenditures as opposed to maintenance and public works alone.

During the previous fiscal year, the City acquired marketable real estate on which it provided infrastructure to accommodate new commercial entities. While those acquisitions were broad in scope and not relegated to one geographic area, the primary focus of the City has been at the Interstate 65 exits. At the afore-mentioned exits, businesses which have located or are contractually obligated to locate, should increase the annual tax revenue of the City by 20%. In the following year it is projected, a similar increase will occur, while capital expenditure by the City will decline. For reference, please see "FY 2013, Evergreen-Conecuh Capital Improvement Cooperative District Audit" by Warren Averett.

The City of Evergreen also continues its growth policy by taking steps to modernize its administrative ability, especially those associated with the revenue producing proprietary funds (City-owned utilities). In early 2014, the City began installing radio read meters along its network. This upgrade is expected to be completed by the first quarter of 2015 and by nature of efficiency and hardware improvement, should increase proprietary revenues by 30%. Also, as part of this general utility upgrade, new accounting software is also being installed City-wide, which again; due to efficiency increases in billing alone should result in increased revenues.

While most of the improvements being made by the City are asset based, there are some auxiliary aspects of the City's growth policy. The most fiscally substantial of those aspects are the modernization of the way the City's debt is structured. Traditionally, the City has issued warrants of General Obligation when debt was issued for any reason. In the first fiscal quarter of 2014, the City refunded two general obligation warrants into revenue based debt. It is expected that in the future, the trend to issue revenue based debt by the City, especially in regard to any utility purpose will be the City's chosen course.

In summary, the economic outlook for the City of Evergreen is one where progressive approaches to revenue producing investment by the City will continue with the successful outcomes of those investments. The practical approach is to see expenditure (and the incurrence of new debt as a percentage) stay below the percentage of annual increase in new revenues. In 2015, asset values which currently are not assessed and do not appear in 2013 or current year audit, should be evident. The very same expectations should hold true for General Revenues of the City; for instance, those new tax revenues created by the City in 2014 will reflect a full fiscal cycle of increase.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for anyone with interest in the economic well-being of the City. Questions concerning any of the information provided in this report or request for additional information should be addressed to The Finance Department, 355 East Front Street, P. O. Box 229, Evergreen, Alabama, 36401.

**FINANCIAL STATEMENTS**

**CITY OF EVERGREEN, ALABAMA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,637,786	\$ 290,019	\$ 2,927,805
Receivables, net	240,921	1,273,446	1,514,367
Internal balances	22,481	(22,481)	-
Inventory	22,111	510,260	532,371
Prepaid expenses	130,222	-	130,222
Deferred debt expense, net	299,633	43,328	342,961
Loan receivable	1,826,106	-	1,826,106
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	471,476	471,476
Cash held by fiscal agent	171,264	448,705	619,969
Capital assets not being depreciated:			
Land	1,116,004	19,301	1,135,305
Construction in progress	3,005,815	-	3,005,815
Capital assets net of accumulated depreciation:			
Buildings	6,352,728	-	6,352,728
Machinery and equipment	1,478,754	473,049	1,951,803
Utility system	-	4,269,960	4,269,960
Infrastructure	6,195,743	-	6,195,743
<b>TOTAL ASSETS</b>	<b>\$ 23,499,568</b>	<b>\$ 7,777,063</b>	<b>\$ 31,276,631</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 301,012	\$ 457,320	\$ 758,332
Accrued interest payable	118,782	8,742	127,524
Other current liabilities	206,397	20,640	227,037
Deferred revenue	-	231,691	231,691
Customer deposits	-	470,647	470,647
Line of credit	297,414	-	297,414
Noncurrent liabilities:			
Due within one year	764,542	302,043	1,066,585
Due in more than one year	11,391,567	2,269,275	13,660,842
<b>TOTAL LIABILITIES</b>	<b>13,079,714</b>	<b>3,760,358</b>	<b>16,840,072</b>
<b>NET POSITION</b>			
Net investment in capital assets	6,276,367	2,682,034	8,958,401
Restricted for:			
Public safety	29,952	-	29,952
Public works	91,420	-	91,420
Capital projects	141,998	-	141,998
Unrestricted	3,880,117	1,334,671	5,214,788
<b>TOTAL NET POSITION</b>	<b>10,419,854</b>	<b>4,016,705</b>	<b>14,436,559</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 23,499,568</b>	<b>\$ 7,777,063</b>	<b>\$ 31,276,631</b>

See accompanying notes to financial statements.



**Net (Expense) Revenue and  
Changes in Net Position  
Primary Government**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,753,465)	\$ -	\$ (1,753,465)
(1,326,860)	-	(1,326,860)
(560,027)	-	(560,027)
(446,955)	-	(446,955)
(457,007)	-	(457,007)
(502,138)	-	(502,138)
<u>(5,046,452)</u>	<u>-</u>	<u>(5,046,452)</u>
-	1,537,085	1,537,085
<u>(5,046,452)</u>	<u>1,537,085</u>	<u>(3,509,367)</u>
291,451	-	291,451
1,104,532	-	1,104,532
1,142,651	-	1,142,651
53,405	-	53,405
11,495	544	12,039
324,415	-	324,415
1,185,388	(1,185,388)	-
<u>4,113,337</u>	<u>(1,184,844)</u>	<u>2,928,493</u>
<u>(933,115)</u>	<u>352,241</u>	<u>(580,874)</u>
11,352,969	3,779,021	15,131,990
-	(114,557)	(114,557)
<u>11,352,969</u>	<u>3,664,464</u>	<u>15,017,433</u>
<u>\$ 10,419,854</u>	<u>\$ 4,016,705</u>	<u>\$ 14,436,559</u>

See accompanying notes to financial statements.

# CITY OF EVERGREEN, ALABAMA

## BALANCE SHEET

### GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,487,796	\$ -	\$ -	\$ 149,990	\$ 2,637,786
Receivables - taxes	173,080	-	-	11,850	184,930
Receivables - other	55,991	-	-	-	55,991
Prepaid expenses	130,222	-	-	-	130,222
Due from other funds	22,481	-	-	-	22,481
Inventory	22,111	-	-	-	22,111
Note receivable	1,826,106	-	-	-	1,826,106
Restricted assets:					
Cash held by fiscal agent	141,998	29,266	-	-	171,264
<b>TOTAL ASSETS</b>	<u>\$ 4,859,785</u>	<u>\$ 29,266</u>	<u>\$ -</u>	<u>\$ 161,840</u>	<u>\$ 5,050,891</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 260,544	\$ -	\$ -	\$ 40,468	\$ 301,012
Other current liabilities	206,397	-	-	-	206,397
Line of credit	297,414	-	-	-	297,414
<b>TOTAL LIABILITIES</b>	<u>764,355</u>	<u>-</u>	<u>-</u>	<u>40,468</u>	<u>804,823</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	22,111	-	-	-	22,111
Prepaid expenses	130,222	-	-	-	130,222
Note receivable	1,826,106	-	-	-	1,826,106
Restricted:					
Public safety	-	-	-	29,952	29,952
Public works	-	-	-	91,420	91,420
Capital projects	141,998	29,266	-	-	171,264
Unassigned	1,974,993	-	-	-	1,974,993
<b>TOTAL FUND BALANCES</b>	<u>4,095,430</u>	<u>29,266</u>	<u>-</u>	<u>121,372</u>	<u>4,246,068</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,859,785</u>	<u>\$ 29,266</u>	<u>\$ -</u>	<u>\$ 161,840</u>	<u>\$ 5,050,891</u>

See accompanying notes to financial statements.

**CITY OF EVERGREEN, ALABAMA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

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Differences in amounts reported for governmental activities in the Statement of Net Position.

Total fund balances - governmental funds		\$ 4,246,068
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		18,149,044
Deferred debt expenses are allocated over their estimated useful lives and are shown net of amortization expense as an asset in the Statement of Net Position.		299,633
Long-term liabilities, including bonds payable, and accrued interest are not due and payable in the current period and, therefore, are not reported in the governmental funds. Balances at September 30, 2013, were:		
Bonds, leases and notes payable	\$ (11,933,015)	
Unamortized net discounts	57,534	
Accrued interest	(118,782)	
Compensated absences	(62,850)	
Postemployment benefits other than pensions	(217,778)	
Total long-term liabilities		<u>(12,274,891)</u>
Net position of governmental activities		<u>\$ 10,419,854</u>

See accompanying notes to financial statements.

**CITY OF EVERGREEN, ALABAMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	General Fund	Capital Projects	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 2,459,442	\$ -	\$ -	\$ 136,566	\$ 2,596,008
Licenses and permits	258,226	-	-	10,174	268,400
Intergovernmental	910,989	-	-	-	910,989
Fines and forfeitures	107,285	-	-	-	107,285
Other revenues	309,868	-	-	-	309,868
Interest	11,300	196	-	-	11,496
Total revenues	<u>4,057,110</u>	<u>196</u>	<u>-</u>	<u>146,740</u>	<u>4,204,046</u>
<b>EXPENDITURES</b>					
Current operations:					
General government	2,011,873	-	-	-	2,011,873
Public safety	1,241,279	-	-	208	1,241,487
Public works	871,130	-	-	129,702	1,000,832
Civic improvement	329,699	-	-	-	329,699
Cultural and recreation	367,519	-	-	-	367,519
Capital outlay	1,930,434	712,420	-	-	2,642,854
Debt service:					
Principal retirement	1,328,863	-	440,000	9,310	1,778,173
Interest charges	127,677	-	374,389	1,177	503,243
Total expenditures	<u>8,208,474</u>	<u>712,420</u>	<u>814,389</u>	<u>140,397</u>	<u>9,875,680</u>
Deficiency of revenues under expenditures	<u>(4,151,364)</u>	<u>(712,224)</u>	<u>(814,389)</u>	<u>6,343</u>	<u>(5,671,634)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	3,778,864	-	813,292	826	4,592,982
Transfers out	(1,705,808)	(1,701,786)	-	-	(3,407,594)
Proceeds from notes payable	1,487,477	-	-	-	1,487,477
Total other financing sources (uses)	<u>3,560,533</u>	<u>(1,701,786)</u>	<u>813,292</u>	<u>826</u>	<u>2,672,865</u>
Net change in fund balances	<u>(590,831)</u>	<u>(2,414,010)</u>	<u>(1,097)</u>	<u>7,169</u>	<u>(2,998,769)</u>
<b>FUND BALANCES - BEGINNING</b>	<u>4,686,261</u>	<u>2,443,276</u>	<u>1,097</u>	<u>114,203</u>	<u>7,244,837</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 4,095,430</u>	<u>\$ 29,266</u>	<u>\$ -</u>	<u>\$ 121,372</u>	<u>\$ 4,246,068</u>

See accompanying notes to financial statements.

# CITY OF EVERGREEN, ALABAMA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2013

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Differences in amounts reported for Governmental Activities in the Statement of Activities.

Net change in fund balances - total governmental funds		\$ (2,998,769)
Capital outlays, reported as expenditures in governmental funds, is shown as capital assets in the Statement of Net Position.		2,642,856
Depreciation expense on governmental capital assets included in the governmental activities in the Statement of Activities.		(760,454)
Loan proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position.		(1,487,477)
Repayment of long-term debt is reported as an expenditure in governmental funds, but a reduction of long-term liabilities in the Statement of Net Position.		
General obligation bonds and warrants	\$ 460,570	
Notes payable	1,290,392	
Capital leases	27,211	
Total repayments	<u>1,778,173</u>	1,778,173
Governmental funds report the effect of issuance costs, premiums and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Amortization		(31,967)
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.		
Compensated absences	(11,608)	
Accrued interest	1,105	
Postemployment benefits other than pensions	(64,974)	
Additional expenses	<u>(75,477)</u>	(75,477)
Change in net assets of governmental activities		<u>\$ (933,115)</u>

See accompanying notes to financial statements.

**CITY OF EVERGREEN, ALABAMA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2013**

	<u>Utility Fund</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 290,019
Receivables, net	1,273,446
Inventory	510,260
Bond issue cost	43,328
Restricted assets:	
Cash and cash equivalents	471,476
Cash held by fiscal agent	448,705
Total current assets	<u>3,037,234</u>
<b>CAPITAL ASSETS</b>	
Land	19,301
Machinery and equipment	1,456,223
Utility system	12,209,132
Less accumulated depreciation	<u>(8,922,346)</u>
Total capital assets, net of accumulated depreciation	<u>4,762,310</u>
<b>TOTAL ASSETS</b>	<u>7,799,544</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	457,320
Other liabilities	20,640
Accrued interest payable	8,742
Due to other funds	22,481
Deferred revenue	231,691
Compensated absences	42,337
Bonds and leases payable	259,706
Customer deposits	470,647
Total current liabilities	<u>1,513,564</u>
<b>NONCURRENT LIABILITIES</b>	
Bonds and leases payable	<u>2,269,275</u>
<b>TOTAL LIABILITIES</b>	<u>3,782,839</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	2,682,034
Unassigned	1,334,671
<b>TOTAL NET POSITION</b>	<u>\$ 4,016,705</u>

See accompanying notes to financial statements.

**CITY OF EVERGREEN, ALABAMA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Utility Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Electric revenues	\$ 5,373,651
Garbage revenues	305,692
Sewer revenues	406,367
Water revenues	611,368
Miscellaneous revenue	60,952
Total operating revenues	<u>6,758,030</u>
<b>OPERATING EXPENSES</b>	
Personnel, operations and maintenance, utilities:	
Electric expenses	3,498,677
Garbage expenses	285,949
Sewer expenses	337,564
Water expenses	387,962
Depreciation and amortization	361,105
Administrative costs	235,400
Total operating expenses	<u>5,106,657</u>
<b>OPERATING INCOME</b>	<u>1,651,373</u>
<b>NONOPERATING REVENUES (EXPENSE)</b>	
Interest income	544
Interest expense	(114,288)
Total nonoperating revenues (expense)	<u>(113,744)</u>
Income before transfers	1,537,629
Transfers in	891,690
Transfers out	(2,077,078)
Change in net assets	<u>352,241</u>
<b>TOTAL NET POSITION - BEGINNING</b>	3,779,021
Prior period adjustments	(114,557)
<b>TOTAL NET POSITION - RESTATED</b>	<u>3,664,464</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 4,016,705</u>

See accompanying notes to financial statements.

**CITY OF EVERGREEN, ALABAMA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u><b>Utility Fund</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 6,666,152
Payments to suppliers for goods and services	(3,884,150)
Payments to employees for services	<u>(904,829)</u>
Net cash provided by operating activities	<u>1,877,173</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash payments to other funds	<u>(1,180,930)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(111,359)
Principal payments on capital debt	(203,654)
Interest paid on capital debt	<u>(115,545)</u>
Net cash used by capital and related financing activities	<u>(430,558)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	<u>544</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	266,229
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>943,971</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,210,200</u></u>
<b>DISPLAYED ON THE STATEMENT OF NET POSITION AS:</b>	
Cash and cash equivalents	\$ 290,019
Restricted assets:	
Cash and cash equivalents	471,476
Cash held by fiscal agent	<u>448,705</u>
	<u><u>\$ 1,210,200</u></u>

See accompanying notes to financial statements.



**CITY OF EVERGREEN, ALABAMA**  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

	<u>Utility Fund</u>
Operating income	\$ 1,651,373
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	361,105
Increase in accounts receivable	(122,026)
Decrease in inventory	(58,305)
Increase in accounts payable	(1,699)
Increase in other liabilities	46,725
Net cash provided by operating activities	<u>\$ 1,877,173</u>

See accompanying notes to financial statements.

# CITY OF EVERGREEN, ALABAMA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Reporting Entity*

The City of Evergreen (the City) was incorporated under the laws of the State of Alabama in 1873 and operates under an elected Mayor-Council form of government as required by State of Alabama Legislative Act No. 73-618 approved August 28, 1973. The City provides the following services: public safety (police and fire), highways and streets, sanitation and utilities (water, electric and sewer), health and social services, public improvements, planning and zoning, recreation and general administrative services. The City provides library, public housing and education services through separate operating boards recognized as separate legal entities and, accordingly, those boards' financial statements and information are not included herein.

#### *Government-Wide and Fund Financial Statements*

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between governmental and business-type activities. Government-wide financial statements are comprised of the statement of net position and the statement of activities and reports information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. The exception to this is interfund services provided and used which are eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that help support all functions of government and contribute to the change in the net position for the fiscal year.

The fund financial statements follow and report additional and detailed information about operations for major funds individually and nonmajor funds in the aggregate for governmental funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

# CITY OF EVERGREEN, ALABAMA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year received or when an enforceable legal claim exists, whichever comes first. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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, considered to be sixty days for property taxes and ninety days for all other revenue. 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.

The City reports the following major governmental funds:

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

**Capital Projects** – Accounts for the acquisition and construction of a variety of public works projects as well as the cost of various City capital spending projects.

**Debt Service** – Accounts for the resources accumulated and payments made for principal and interest payments on City debt.

The City reports the following major enterprise fund:

**Utility Fund** – Accounts for water, sanitary sewer and electric services provided to residents of the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# CITY OF EVERGREEN, ALABAMA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

#### *Stewardship, Compliance, and Accountability*

An annual budget is adopted for the City's general fund. Under state law, the Mayor submits the annual budget to the Council for consideration and approval no later than October 1. Such budget is based on expected expenditures by program and estimated resources by source. The budget is prepared using the modified accrual basis of accounting. Revisions to the budget must be approved by the Council. All annual appropriations lapse at fiscal year-end.

#### *Management Estimates and Assumptions*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from estimates used.

#### *Assets, Liabilities, and Equity*

##### **Cash and Cash Equivalents**

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

##### **Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the noncurrent portion of inter-fund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of any applicable allowance for uncollectibles.

# CITY OF EVERGREEN, ALABAMA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Liabilities, and Equity (Continued)*

##### **Receivables and Payables (Continued)**

Property taxes are assessed on October 1 and levied on the subsequent October 1 for the fiscal year beginning on the levy date, at which time a lien is attached. These taxes are due and payable on October 1 (levy date) and delinquent after December 31 in each year (except with respect to motor vehicles, which have varying due dates), after which a penalty and interest are required to be charged. If real property taxes are not paid by the June 15 following the due date, a tax sale is required to be held. Revenue is recognized in the year when the taxes are levied and collected. The taxes are collected by the Conecuh County tax collector and remitted to the City net of a collection fee ranging from 1 to 5 percent for different taxes.

##### **Inventories and Prepaid Items**

Inventories are valued at cost using the first-in first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. An equivalent fund balance is reserved for inventories indicating that it does not constitute "available expendable resources" even though it is a component of net current assets. Inventories are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Fuel	\$ 13,597	\$ 1,664	\$ 15,261
Materials and supplies	8,514	508,596	517,110
Totals	<u>\$ 22,111</u>	<u>\$ 510,260</u>	<u>\$ 532,371</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### **Restricted Assets**

Certain proceeds from the City's Series 2006-A Special Obligation Bonds, Series 2007 Electrical Revenue Warrants, the Series 2009 General Obligation Warrants and the Series 2012-A and 2012-B General Obligation Warrants, as well as certain resources set aside for their repayment, are classified as restricted on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

# CITY OF EVERGREEN, ALABAMA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Liabilities, and Equity (Continued)*

##### **Restricted Assets (Continued)**

Meter deposits received from customers are restricted in the statement of net position because they are maintained in a separate bank account and their use is limited.

##### **Capital Assets**

Capital assets, purchased or constructed, are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than two years. The City did not report infrastructure acquired prior to October 1, 2001.

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-40 years
Improvements	20-40 years
Equipment	5-10 years
Vehicles	5-10 years
Utility system	10-40 years
Infrastructure	10-40 years

##### **Compensated Absences**

The City allows employees to accumulate vacation and sick leave up to certain limits for use in subsequent periods.

##### **Deferred Outflow/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City did not have any items that qualified for reporting in this category.

# CITY OF EVERGREEN, ALABAMA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Liabilities, and Equity (Continued)*

##### **Deferred Outflow/Inflows of Resources (Continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City did not have any items that qualified for reporting in this category.

##### **Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### **Lease Obligations**

Capital lease obligations are stated at the original fair market value of leased assets capitalized, less payments since the inception of the lease discounted at the implicit rate of interest in the lease. Also, in the year an asset is acquired by capital lease, the expenditure for the asset and the offsetting amount of the financing source are reflected in the fund financial statements in the statement of revenues, expenditures, and changes in fund balances. Capital lease obligations of proprietary funds and governmental activities in the government-wide financial statements and the cost of assets so acquired are reflected in the accounts of those funds and statements.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Assets, Liabilities, and Equity (Continued)*

**Fund Equity**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable** - This classification includes amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - This classification includes amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** - This classification includes amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

**Assigned** - This classification includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only the City Council may assign amounts for specific purposes.

**Unassigned** - This classification includes all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.



**CITY OF EVERGREEN, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**2. CASH AND CASH EQUIVALENTS**

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk.

As of September 30, 2013, none of the City's bank balance of \$4,508,865 was exposed to custodial credit risk. All of the City's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) and the Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program is a multiple financial collateral pool administered by the State Treasurer according to State of Alabama statute.

**3. RECEIVABLES**

Receivables as of September 30, 2013, for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Utility Fund</b>	<b>Total</b>
Taxes	\$ 173,080	\$ 11,850	\$ -	\$ 184,930
Accounts	28,563	-	1,805,664	1,834,227
Intergovernmental	26,346	-	-	26,346
Interest	1,082	-	-	1,082
	<u>229,071</u>	<u>11,850</u>	<u>1,805,664</u>	<u>2,046,585</u>
Less allowance for uncollectible accounts	-	-	(532,218)	(532,218)
Total receivables	<u>\$ 229,071</u>	<u>\$ 11,850</u>	<u>\$ 1,273,446</u>	<u>\$ 1,514,367</u>

**CITY OF EVERGREEN, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2013, was as follows:

***Primary Government***

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,116,004	\$ -	\$ -	\$ -	\$ 1,116,004
Construction in progress	2,424,880	1,500,203	-	(919,268)	3,005,815
Total capital assets, not being depreciated	<u>3,540,884</u>	<u>1,500,203</u>	<u>-</u>	<u>(919,268)</u>	<u>4,121,819</u>
Capital assets, being depreciated:					
Buildings	7,572,702	1,010,285	-	648,122	9,231,109
Machinery and equipment	3,888,434	87,513	(160,697)	-	3,815,250
Infrastructure	8,388,117	44,855	-	271,146	8,704,118
Total capital assets, being depreciated	<u>19,849,253</u>	<u>1,142,653</u>	<u>(160,697)</u>	<u>919,268</u>	<u>21,750,477</u>
Less accumulated depreciation for:					
Buildings	2,656,904	221,477	-	-	2,878,381
Machinery and equipment	2,189,591	307,602	(160,697)	-	2,336,496
Infrastructure	2,277,000	231,375	-	-	2,508,375
Total accumulated depreciation	<u>7,123,495</u>	<u>760,454</u>	<u>(160,697)</u>	<u>-</u>	<u>7,723,252</u>
Total capital assets, being depreciated, net	<u>12,725,758</u>	<u>382,199</u>	<u>-</u>	<u>919,268</u>	<u>14,027,225</u>
Governmental activities capital assets, net	<u>\$ 16,266,642</u>	<u>\$ 1,882,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,149,044</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>		<u>Ending Balance</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 19,301	\$ -	\$ -		\$ 19,301
Capital assets, being depreciated:					
Machinery and equipment	1,442,341	75,110	(61,228)		1,456,223
Infrastructure	12,172,883	36,249	-		12,209,132
Total capital assets, being depreciated	<u>13,615,224</u>	<u>111,359</u>	<u>(61,228)</u>		<u>13,665,355</u>
Less accumulated depreciation for:					
Machinery and equipment	961,281	83,121	(61,228)		983,174
Infrastructure	7,670,109	269,063	-		7,939,172
Total accumulated depreciation	<u>8,631,390</u>	<u>352,184</u>	<u>(61,228)</u>		<u>8,922,346</u>
Total capital assets, being depreciated, net	<u>4,983,834</u>	<u>(240,825)</u>	<u>-</u>		<u>4,743,009</u>
Business-type activities capital assets, net	<u>\$ 5,003,135</u>	<u>\$ (240,825)</u>	<u>\$ -</u>		<u>\$ 4,762,310</u>

**CITY OF EVERGREEN, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**4. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

General government	\$ 39,408
Public safety	158,189
Public works	364,267
Civic improvement	119,316
Cultural and recreation	<u>79,274</u>

Total depreciation expense – governmental activities \$ 760,454

**Business-type Activities** \$ 352,184

**5. INTERFUND BALANCES**

Interfund balances are generally used to meet cash demands necessary to pay operating expenditures. Except for amounts due from Enterprise and Internal Service Funds, these amounts should be repaid during the next fiscal year. The composition of interfund balances as of September 30, 2013, is shown below.

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Utility Fund	<u>\$ 22,481</u>

**Interfund Transfers:**

<u>Transfer Out</u>	<u>Transfer In</u>				<u>Total</u>
	<u>General</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Utility Fund</u>	
General	\$ -	\$ 813,292	\$ 826	\$ 81,690	\$ 895,808
Capital Project Fund	1,701,786	-	-	-	1,701,786
Utility Fund	2,077,078	-	-	-	2,077,078
Totals	<u>\$ 3,778,864</u>	<u>\$ 813,292</u>	<u>\$ 826</u>	<u>\$ 81,690</u>	<u>\$ 4,674,672</u>

Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, and to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**CITY OF EVERGREEN, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**6. LONG-TERM DEBT**

Long-term debt activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds and warrants	\$ 10,742,705	\$ -	\$ (460,570)	\$ 10,282,135	\$ 476,427
Less deferred amounts:					
For issuance discounts	(60,664)	-	3,132	(57,532)	-
Total general obligation bonds and warrants payable	10,682,041	-	(457,438)	10,224,603	476,427
Notes payable	1,402,108	1,487,477	(1,290,393)	1,599,192	196,772
Capital leases	78,898	-	(27,211)	51,687	28,493
Compensated absences	51,242	62,850	(51,242)	62,850	62,850
Postemployment benefits other than pensions	152,804	69,293	(4,320)	217,777	-
Governmental activity long-term liabilities	12,367,093	1,619,620	(1,830,604)	12,156,109	764,542
<b>Business-type activities:</b>					
Revenue warrants	2,680,000	-	(220,000)	2,460,000	230,000
Notes payable	-	39,600	(5,380)	34,220	15,506
Capital leases	52,635	-	(17,874)	34,761	14,200
Compensated absences	46,400	42,337	(46,400)	42,337	42,337
Business-type activity long-term liabilities	2,779,035	81,937	(289,654)	2,571,318	302,043
Total long-term debt	<u>\$ 15,146,128</u>	<u>\$ 1,701,557</u>	<u>\$ (2,120,258)</u>	<u>\$ 14,727,427</u>	<u>\$ 1,066,585</u>

Long-term debt payable at September 30, 2013, is comprised of the following:

***General City Bonds and Warrants***

The City issues general obligation bonds and warrants to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The current outstanding balances are as follows:

Series 2001 General Obligation Water System Warrants, interest at 3.85%	\$ 435,000
Series 2002 General Obligation Sewer System Warrants, interest at 3.50%	420,000
Series 2006-A Special Obligation Bonds, interest at 3.65% to 4.15%	1,600,000
Series 2009 General Obligation Warrants, interest at 2.0% to 4.62%	2,090,000
Series 2009-A USDA General Obligation Warrants, interest at 4.125%	634,612
Series 2009-B USDA General Obligation Warrants, interest at 4.25%	307,523
Series 2012-A General Obligation Warrants, interest at 1.25%	1,640,000
Series 2012-B General Obligation Warrants, interest at 3.50%	<u>3,155,000</u>
 Total bonds and warrants	 <u>\$ 10,282,135</u>

**CITY OF EVERGREEN, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**6. LONG-TERM DEBT (Continued)**

The annual debt service requirements to maturity, including principal and interest, for General City bonds and warrants as of September 30, 2013, are as follows:

Year Ending September 30:	<u>Principal</u>	<u>Interest</u>
2014	\$ 476,427	\$ 405,862
2015	492,321	391,399
2016	508,251	376,091
2017	529,220	358,403
2018	555,230	338,934
2019-2023	2,632,826	1,358,602
2024-2028	2,420,179	862,548
2029-2033	2,374,863	311,477
2034-2038	254,478	45,697
2039	<u>38,340</u>	<u>2,439</u>
Total	<u>\$ 10,282,135</u>	<u>\$ 4,451,452</u>

***Revenue Warrants***

The City has issued revenue warrants to provide for the acquisition and construction of electrical system improvements. The current outstanding balances are as follows:

Series 2007 Electrical Revenue Warrants, interest at 4.125% to 5%	<u>\$ 2,460,000</u>
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The annual debt service requirements to maturity, including principal and interest, for revenue warrants as of September 30, 2013, are as follows:

Year Ending September 30:	<u>Principal</u>	<u>Interest</u>
2014	\$ 230,000	\$ 103,222
2015	240,000	94,367
2016	250,000	84,767
2017	260,000	74,642
2018	275,000	50,642
2019-2023	<u>1,205,000</u>	<u>139,329</u>
Total	<u>\$ 2,460,000</u>	<u>\$ 546,969</u>

**CITY OF EVERGREEN, ALABAMA**  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2013

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**6. LONG-TERM DEBT (Continued)**

*Notes Payable*

The City has received funding from local banks to provide for the acquisition of capital assets and various infrastructure projects. The current outstanding balances are as follows:

**Governmental Activities**

Note payable with BB&T used to fund costs related to police cars. The note has an interest rate of 2.87% and matures on March 2, 2016.	\$ 70,176
Note payable with BB&T used to fund costs related to a garbage truck. The note has an interest rate of 2.67% and matures on October 13, 2016.	68,928
Note payable with BB&T used to fund costs related to a fire truck. The note has an interest rate of 3.03% and matures February 14, 2022.	115,514
Note payable with Bancorp used to fund costs related to a sewer camera. The note has an interest rate of 2.24% and matures on May 20, 2017.	68,577
Note payable with Bancorp used to fund costs related to track loader. The note has an interest rate of 2.24% and matures on August 25, 2017.	98,278
Note payable with BB&T used to fund costs related to rescue equipment. The note has an interest rate of 2.41% and matures on April 12, 2017.	39,540
Note payable with BB&T used to fund costs related to a backhoe. The note has an interest rate of 2.41% and matures on April 12, 2017.	57,941
Note payable with BB&T used to fund costs related to three police cars. The note has an interest rate of 2.41% and matures on June 8, 2017.	66,331
Note payable with Bank of Evergreen used to fund costs related to the Shrimp Basket building. The note has an interest rate of 5.00% and matures on March 12, 2018.	971,658
Note payable with BB&T used to fund costs related to three pickup trucks. The note has an interest rate of 2.21% and matures on February 29, 2016.	<u>42,249</u>
Total	<u>\$ 1,599,192</u>

**CITY OF EVERGREEN, ALABAMA**  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2013

**6. LONG-TERM DEBT (Continued)**

*Notes Payable (Continued)*

**Business-type Activities**

Note payable with BB&T used to fund costs related to a dump truck. The note has an interest rate of 1.95% and matures on April 11, 2015.	\$ 18,282
Note payable with BB&T used to fund costs related to a pickup truck. The note has an interest rate of 2.27% and matures on July 15, 2017.	<u>15,938</u>
Total	<u>\$ 34,220</u>

The annual debt service requirements to maturity, including principal and interest, for notes payable as of September 30, 2013, are as follows:

Year Ending September 30:	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 196,772	\$ 59,591	\$ 15,506	\$ 574
2015	200,092	56,273	10,918	276
2016	177,630	50,701	4,212	133
2017	120,655	45,938	3,584	36
2018	852,864	25,885	-	-
2019-2022	<u>51,179</u>	<u>2,829</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,599,192</u>	<u>\$ 241,217</u>	<u>\$ 34,220</u>	<u>\$ 1,019</u>

**Capital Leases**

The City has entered into lease agreements as lessee for financing the acquisition of property and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 135,152
Less accumulated depreciation	<u>43,924</u>
Total	<u>\$ 91,228</u>

**CITY OF EVERGREEN, ALABAMA**  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2013

**6. LONG-TERM DEBT (Continued)**

*Capital Leases (Continued)*

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, were as follows:

	<b>Governmental Activities</b>
Year ending September 30:	
2014	\$ 30,317
2015	23,690
Total minimum lease payments	54,007
Less amount representing interest	2,320
Present value of minimum lease payments	<u>\$ 51,687</u>
<u>Asset</u>	<b>Business-type Activities</b>
Machinery and equipment	\$ 82,706
Less accumulated depreciation	24,123
Total	<u>\$ 58,583</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, were as follows:

	<b>Business-type Activities</b>
Year ending September 30:	
2014	\$ 14,900
2015	17,997
2016	3,000
Total minimum lease payments	35,897
Less amount representing interest	1,136
Present value of minimum lease payments	<u>\$ 34,761</u>



**7. EMPLOYEES' RETIREMENT PLAN**

*Employee Pension Plan*

The City has a defined contribution benefit pension plan covering substantially all employees. The pension plan is funded as required by applicable statutes, ordinances, or as a percentage of eligible salaries and/or based upon actuarial valuations. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. The plan is an agent multiple-employer retirement plan. The agent for the plan is the Employees' Retirement System of Alabama.

*Plan Description*

The Employees' Retirement System of Alabama (ERS) is an agent multiple-employer public employee retirement system. The ERS was established on October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for state employees, state police, and, on an elective basis, all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operations of the ERS is vested in the ERS Board of Control. Authority to amend the plan rests with the Legislature of Alabama.

Substantially all employees are members of the ERS. Membership is mandatory for covered or eligible employees of the City of Evergreen. The ERS provides retirement benefits as well as death and disability benefits as established by state law. The retirement benefits are established by Title 36, Chapter 27 of Alabama State Law and must be amended by statute. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service, regardless of age (30 years of service for those units that have not elected 25 years retirement). Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The two methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under the formula method, upon service retirement, a member receives a retirement allowance equal to 2.0125% of the member's average final compensation (best three of last ten years) multiplied by the number of years of creditable service. At retirement, a member receives one additional year of creditable service in determining the retirement allowance for each five years of service as a full-time certified firefighter, police officer, or correctional officer. Disability benefits are calculated in the same manner as regular retirement benefits. A pre-retirement death benefit in the amount of the annual salary for the fiscal year preceding death is provided to plan members.

The Retirement System of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Retirement System of Alabama. That report may be obtained by writing to The Retirement System of Alabama, 135 South Union Street Montgomery, Alabama 36130-2150.

**7. EMPLOYEES' RETIREMENT PLAN (Continued)**

***Contributions Required and Contributions Made***

The actuary has computed, as of the date of the latest actuarial valuation (September 30, 2012), the estimated present value of benefits payable to retired members, beneficiaries, and active members. The actuarial valuation is prepared using the entry age method. The present value of all expected benefits payable to the present group of members and beneficiaries is calculated by adding the present value of the expected benefits payable to the active members to the present value of the expected future payments to retired members and beneficiaries.

As required by statute, the ERS funding policy provides for employer contributions at actuarially determined rates, expressed as a percent of annual covered payroll, in amounts sufficient to accumulate assets to pay benefits when due. The employer contributions required to support the benefits of each system are determined following a level funding approach and consist of a normal contribution, an accrued liability contribution, a pre-retirement death benefit contribution, and a portion to finance administrative costs.

The required contribution rate is 5% for regular members and 6% for certified law enforcement, correctional officers, and firefighters. For the fiscal year ended September 30, 2013, the required employer contribution rate was 9.99% of annual covered compensation.

***Annual Pension Cost***

**1. Current-Year Contribution Information**

For the year ended September 30, 2013, the City's annual pension cost contributed by employees was \$122,967 and the City contributed \$204,413, or a total of \$327,380. Contributions were made in accordance with actuarially determined contribution requirements through an actuarial valuation performed at September 30, 2012.

**2. Actuarial Assumptions and Methods**

Valuation date	September 30, 2012
Actuarial cost method	Entry Age
Asset valuation method	5-Year Smoothed Market*
Amortization method	Level Percent Open
Remaining amortization period	24 years
Period closed/open	Open
Actuarial assumptions:	
Investment rate of return	8%*
Projected salary increases	3.75% - 7.25%*
Cost of living increases	None

\*Includes inflation at 3.00%.

**CITY OF EVERGREEN, ALABAMA**  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2013

**7. EMPLOYEES' RETIREMENT PLAN (Continued)**

*Annual Pension Cost (Continued)*

**2. Actuarial Assumptions and Methods (Continued)**

In accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, a pension liability of \$0 was calculated at the transition date. Trend information for the most current valuation year and the two preceding years is as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
9/30/2010	\$ 145,883	100.0%	\$ -
9/30/2011	174,085	100.0%	-
9/30/2012	181,862	100.0%	-

**3. Funding Status**

The funding status of the plan as of the most recent actuarial valuation is as follows:

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>(b-a)/c UAL as a Percentage of Payroll</u>
9/30/12*	\$ 4,732,877	\$ 6,683,813	\$ 1,950,936	70.8%	\$ 2,094,689	93.1%

\*Reflects the impact of Act 2011-676, which increases the member contribution rates by 2.25% beginning October 1, 2011, and by an additional 0.25% beginning October 1, 2012. Also reflects changes to interest smoothing methodology.

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

**8. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City protects against risks of loss through the purchase of insurance from Alabama Municipal Insurance Corporation and the Municipal Worker's Compensation program.

**9. CONTINGENT LIABILITIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits whose outcome is not presently determinable. In the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description*

The City of Evergreen administers a single employer defined benefit healthcare plan for employees of the City. The plan provides 50% of the cost of the healthcare insurance premiums for qualified retirees who have a minimum of 25 creditable years of service with the City and have not reached the age of 65. The plan does not issue a publicly available financial report. At September 30, 2013, the plan had approximately 54 active participants and 2 retired members.

*Funding Policy*

Based on the terms of the plan, the cost of healthcare insurance premiums for retired participants is paid at a rate of 50% of the rate currently paid for active full-time employees. Currently the City pays 70% for active full-time employees. Only retirees who have accumulated 25 creditable years of service with the City and have not reached the age of 65 are eligible. No benefits are allowed for dependents of the retiree.

The employer contributes \$343 for active participants and requires monthly contributions of \$145 from active participants.

Total member contributions were \$162,616 for active participants and \$6,196 for retirees.

**CITY OF EVERGREEN, ALABAMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

*Annual OPEB Cost and Net OPEB Obligation*

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the unit credit actuarial cost method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Annual required contribution	\$ 58,532
Interest on net OPEB obligation	<u>10,761</u>
Annual OPEB cost	69,293
Contributions made	<u>(4,320)</u>
Increase in net OPEB obligation	64,973
Net OPEB obligation – beginning of year	<u>152,804</u>
Net OPEB obligation – end of year	<u>\$ 217,777</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the previous two years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2011	\$ 52,814	7.5%	\$ 95,770
9/30/2012	63,181	7.5%	152,804
9/30/2013	69,293	7.5%	217,777

*Funded Status and Funding Progress*

As of October 1, 2012, the actuarial accrued liability for benefits was \$394,985 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,094,689 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 18.9%.

**10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

***Funded Status and Funding Progress (Continued)***

The projection of future benefit payments for an ongoing plan involves 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 healthcare 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 schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

***Retirement age for active employees*** – Active employees are assumed to retire at the age in which they have obtained 25 creditable years of service and have not reached the age of 65.

***Marital status*** – The City of Evergreen provides medical insurance coverage for retirees but not for dependents.

***Mortality*** – Life expectancies at the calculation date are based on the most recent mortality tables published by the National Center for Health Statistics Website. The calculation of postemployment health insurance coverage for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

***Turnover*** – The probability that an employee will remain employed until the assumed retirement age was determined using nongroup-specific age-based turnover data.

***Healthcare cost trend rate*** – The expected rate of increase in healthcare insurance premiums is based on the most recent projections as of the calculation date made by the Office of the Actuary at the Centers for Medicare & Medicaid Services, as published in National Health Care Expenditure Projections: 2009-2019, published in January 2010 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)).

***Health insurance premiums*** – 2011 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

**10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

*Methods and Assumptions (Continued)*

*Discount rate* – 4% per annum, compounded annually, if unfunded.

The Unit Cost Actuarial Cost Method was utilized in computing actuarial liabilities and costs. The unfunded actuarial accrued liability is being amortized over the maximum permissible period under GASB Statement Number 45 which is 30 years. The remaining amortization period at September 30, 2013, was 26 years.

**11. RELATED ORGANIZATIONS**

The City Council is responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations do not extend beyond making appointments. The City Council appoints the members of the Evergreen Planning Commission, the Evergreen Board of Adjustments, the Evergreen Housing Authority, the Evergreen Industrial Development Board and the Evergreen and Conecuh County Library Board.

**12. JOINT VENTURE**

During the year ended September 30, 2006, the City along with the Conecuh County Commission (the County) entered into an agreement to form the Conecuh Region Capital Improvement Cooperative District (the CR District) for the purposes of developing, promoting and supporting economic development projects within Conecuh County, Alabama. This District has a Board of Directors comprised of a total of four members, with two members being appointed by the County and two members being appointed by the City.

The CR District issued special obligation bonds, series 2006-A in the amount of \$2,135,000 and series 2006-B, in the amount of \$2,145,000. The City entered into an agreement with the District which obligates the City to budget and appropriate sufficient funds each fiscal year to make all required debt service payments of the series 2006-A bonds. Therefore, the balance of the series-A bonds in the amount of \$1,600,000 has been recorded as a liability at September 30, 2013.

**13. JOINTLY GOVERNED ORGANIZATIONS**

The City in conjunction with the City of Monroeville, Alabama created the South Alabama Gas District, whose board is composed of two appointments from each municipality. In addition to these four members, a fifth member is appointed on a rotating basis from four municipalities participating in the gas district. South Alabama Gas District was incorporated under the provisions of the State of Alabama to provide natural gas and propane services in Conecuh, Monroe, Escambia, Clark, Butler, Covington, Wilcox, Washington, Mobile, Baldwin and Choctaw counties Alabama. During 2012, the City received \$164,464, from the South Alabama Gas District, in the form of a franchise tax and distribution of profits.

# **CITY OF EVERGREEN, ALABAMA**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

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### **13. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

The Cities of Evergreen and Jackson, Alabama incorporated the Lower Alabama Gas District. The two cities formed the gas district in order to establish a public corporation that could acquire and secure reliable and adequate long-term supplies of gas for ultimate delivery to residential, commercial, institutional and industrial consumers in and around areas served by South Alabama Gas District

### **14. RELATED PARTY TRANSACTIONS**

In November 2012, the City purchased land which was the future site of the economic development project known as Liberty Hill. Subsequently, the City entered into an agreement with the Evergreen Conecuh Capital Improvement Cooperative District (EC District) where the City would sell the Liberty Hill land, at the original purchase price of \$2,312,241. The EC District would also reimburse the City for any costs related to the Liberty Hill project that occurred in fiscal year 2013. During fiscal year 2013, the City incurred \$463,038 in costs related to the Liberty Hill project. As of September 30, 2013, the City had received payments from the EC District totaling \$949,173. The remaining balance of \$1,826,106 is recorded as a loan receivable at September 30, 2013.

### **15. FUNDING AGREEMENT**

On June 1, 2013, the EC District, a public corporation, issued the Series 2013-A Revenue Bonds and the Series 2013-B Revenue Bonds (Federally Taxable) in the amount of \$5,300,000 and \$3,700,000, respectively. The proceeds of these bonds were to be used to acquire the Liberty Hill land from the City (See Note 14), and fund capital improvements on such property.

Simultaneously the EC District entered into separate funding agreements with Conecuh County (County) and the City. The funding agreement with the County states that the County will pledge sales tax equaling 1% on all sales within the EC District. The agreement also states that the County will pay the lesser of one half the debt service on the above mentioned bonds or the pledged portion of the County sales tax proceeds. The funding agreement with the City stated that the City will pay the difference between the total debt services on the above mentioned bonds and the amount paid by the County.

The City also entered into a separate agreement with the EC District pledging sales tax equaling 2% on all sales within the EC District. These funds are for the purpose of funding the operations of the EC District and future economic development projects.

### **16. PRIOR PERIOD ADJUSTMENTS**

The beginning net assets of the Utility Fund have been restated by \$114,557 to correct the overstatement of accounts receivable in the prior year.



**CITY OF EVERGREEN, ALABAMA**  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

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**17. SUBSEQUENT EVENTS**

Subsequent to year-end, the City issued the following general obligation warrants:

Water and Sewer Revenue Warrants Series 2013

Amount – \$2,570,000

Maturity – 2033

Interest Rate Range – 2.00% - 4.35%

Purpose – Constructing Capital Improvements; Refunding of the General Obligation Water System Warrant, Series 2001-SRF and the General Obligation Sewer Warrant, Series 2002-SRF, including issuance costs.

**18. EFFECT OF NEW PRONOUNCEMENTS**

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

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognized as outflows of resources or inflows of resources. Requirements of this Statement are effective for financial statements whose fiscal year begins after December 15, 2012.

GASB Statement No. 66, *Technical Corrections - 2012*. The objective of this Statement is to improve accounting and financial reporting for government reporting by resolving conflicting guidance that resulted from the issuance of Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Requirements of this Statement are effective for financial statements whose fiscal year begins after December 15, 2012.

Statement No. 67, *Financial Reporting of Pension Plans*. The objective of this Statement is to improve financial reporting of government pension plans. Requirements of this Statement are effective for financial statements whose fiscal year begins after June 15, 2013.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting of government pensions. Also, it improves information provided by government employers about financial support for pensions that is provided by other entities. Requirements of this Statement are effective for financial statements whose fiscal year begins after June 15, 2014.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement will improve accounting for mergers and acquisitions among state and local governments by providing guidance specific to the situations and circumstances encountered within the governmental environment. Requirements of this Statement are effective for financial statements whose fiscal year begins after December 15, 2013.

**CITY OF EVERGREEN, ALABAMA**  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

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**18. EFFECT OF NEW PRONOUNCEMENTS (Continued)**

GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. This Statement requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement requires a government that has issued an obligation guaranteed in a non-exchange transaction to report the obligation until legally released as an obligor. This Statement specifies the information required to be disclosed by governments that extend non-exchange financial guarantees, effective for reporting periods beginning after June 15, 2013.

GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to Measurement Date*. The objective of this Statement is to address an issue regarding application of transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Requirements of this Statement are effective for financial statements whose fiscal year begins after June 15, 2014.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF EVERGREEN, ALABAMA**  
**EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA**  
**SCHEDULE OF FUNDING PROGRESS**

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b> January 1	<b>Actuarial Value of Assets</b> ( a )	<b>Actuarial Liability (AAL) - Entry Age</b> ( b )	<b>Unfunded AAL (UAAL)</b> ( b-a )	<b>Funded Ratio</b> ( a/b )	<b>Covered Payroll</b> ( c )	<b>UAAL as a Percentage of Covered Payroll</b> [( b-a )/c]
09/30/02	\$ 4,454,134	\$ 4,136,300	\$ (317,834)	107.7%	\$ 1,712,997	-18.6%
09/30/03	4,562,682	4,495,673	(67,009)	101.5%	1,781,211	-3.8%
09/30/04	4,681,207	4,589,428	(91,779)	102.0%	1,701,834	-5.4%
09/30/05	4,841,708	5,263,547	421,839	92.0%	1,747,346	24.1%
09/30/06	4,999,442	5,648,349	648,907	88.5%	1,920,050	33.8%
09/30/07	5,169,186	5,940,459	771,273	87.0%	1,827,767	42.2%
09/30/08	5,189,435	6,144,130	954,695	84.5%	1,914,163	49.9%
09/30/09	5,100,687	6,576,132	1,475,445	77.6%	1,833,653	80.5%
09/30/10*	5,030,481	6,866,277	1,835,796	73.3%	2,045,490	89.7%
09/30/11**	4,893,024	7,080,355	2,187,331	69.1%	2,137,254	102.3%
09/30/12***	4,732,877	6,683,813	1,950,936	70.8%	2,094,689	93.1%

\* Reflects the impact of Act 2011-27, which closes the DROP program to new applicants after March 24, 2011.

\*\* Reflects changes in actuarial assumptions.

\*\*\* Reflects the impact of Act 2011-676, which increases the member contribution rates by 2.25% beginning October 1, 2011 and by an additional 0.25% beginning October 1, 2012. Reflects changes in interest smoothing technology.

**CITY OF EVERGREEN, ALABAMA**

**EMPLOYEES' MEDICAL INSURANCE PLAN OF THE CITY OF EVERGREEN, ALABAMA  
SCHEDULE OF FUNDING PROGRESS**

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**SCHEDULE OF FUNDING PROGRESS**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets ( a )</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age ( b )</b>	<b>Unfunded AAL (UAAL) ( b-a )</b>	<b>Funded Ratio ( a/b )</b>	<b>Covered Payroll ( c )</b>	<b>UAAL as a Percentage of Covered Payroll [( b-a )/c]</b>
09/30/08	*	*	*	*	*	*
09/30/09	\$ -	\$ 408,934	\$ 408,934	0.0%	\$ 2,110,589	19.4%
09/30/10	-	408,934	408,934	0.0%	2,335,430	17.5%
09/30/11	-	394,985	394,985	0.0%	2,403,193	16.4%
09/30/12	-	394,985	394,985	0.0%	2,094,689	18.9%

\* Information not available.

**SUPPLEMENTARY INFORMATION**

# CITY OF EVERGREEN, ALABAMA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL – GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,924,000	\$ 1,924,000	\$ 2,459,442	\$ 535,442
Licenses and permits	220,000	220,000	258,226	38,226
Intergovernmental	20,200	20,200	910,989	890,789
Fines and forfeitures	80,000	80,000	107,285	27,285
Other revenues	116,575	116,575	309,868	193,293
Interest	-	-	11,300	11,300
Total revenues	<u>2,360,775</u>	<u>2,360,775</u>	<u>4,057,110</u>	<u>1,696,335</u>
<b>EXPENDITURES</b>				
Current operations:				
General government	1,377,300	1,377,300	2,011,873	(634,573)
Public safety:				
Police	993,000	993,000	1,080,937	(87,937)
Fire	50,177	50,177	56,296	(6,119)
Court	60,000	60,000	104,046	(44,046)
Public works:				
Street and sanitation	635,000	635,000	745,059	(110,059)
Other	83,700	83,700	126,071	(42,371)
Civic improvement:				
Airport	80,000	80,000	80,997	(997)
Economic development	150,000	150,000	248,702	(98,702)
Cultural and recreation	300,900	300,900	367,519	(66,619)
Capital outlay	17,500	17,500	1,930,434	(1,912,934)
Debt service:				
Principal retirement	-	-	1,328,863	(1,328,863)
Interest charges	-	-	127,677	(127,677)
Total expenditures	<u>3,747,577</u>	<u>3,747,577</u>	<u>8,208,474</u>	<u>(4,460,897)</u>
Deficiency of revenues under expenditures	<u>(1,386,802)</u>	<u>(1,386,802)</u>	<u>(4,151,364)</u>	<u>(2,764,562)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,020,000	2,020,000	3,778,864	1,758,864
Transfers out	(553,960)	(553,960)	(1,705,808)	(1,151,848)
Proceeds from issuance of bonds	-	-	1,487,477	1,487,477
Total other financing sources (uses)	<u>1,466,040</u>	<u>1,466,040</u>	<u>3,560,533</u>	<u>2,094,493</u>
Net change in fund balances	79,238	79,238	(590,831)	(670,069)
<b>FUND BALANCES - BEGINNING</b>	<u>4,686,261</u>	<u>4,686,261</u>	<u>4,686,261</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 4,765,499</u>	<u>\$ 4,765,499</u>	<u>\$ 4,095,430</u>	<u>\$ (670,069)</u>

**CITY OF EVERGREEN, ALABAMA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>State Gas Tax Fund</u>	<u>Gas Tax Fund</u>	<u>Fire Department Tax Fund</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 103,714	\$ 16,324	\$ 29,952	\$ 149,990
Receivables - taxes	<u>6,636</u>	<u>5,214</u>	<u>-</u>	<u>11,850</u>
<b>TOTAL ASSETS</b>	<u>\$ 110,350</u>	<u>\$ 21,538</u>	<u>\$ 29,952</u>	<u>\$ 161,840</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 34,672</u>	<u>\$ 5,796</u>	<u>\$ -</u>	<u>\$ 40,468</u>
<b>FUND BALANCES</b>				
Restricted for:				
Public safety	-	-	29,952	29,952
Public works	<u>75,678</u>	<u>15,742</u>	<u>-</u>	<u>91,420</u>
<b>TOTAL FUND BALANCES</b>	<u>75,678</u>	<u>15,742</u>	<u>29,952</u>	<u>121,372</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 110,350</u>	<u>\$ 21,538</u>	<u>\$ 29,952</u>	<u>\$ 161,840</u>



**CITY OF EVERGREEN, ALABAMA**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue			Total Nonmajor Governmental Funds
	State Gas Tax Fund	Gas Tax Fund	Fire Department Tax Fund	
<b>REVENUES</b>				
Taxes	\$ 62,591	\$ 57,018	\$ 16,957	\$ 136,566
Licenses and permits	10,174	-	-	10,174
Total revenues	<u>72,765</u>	<u>57,018</u>	<u>16,957</u>	<u>146,740</u>
<b>EXPENDITURES</b>				
Current operations:				
Public safety	-	-	208	208
Public works	86,908	42,794	-	129,702
Debt service:				
Principal retirement	-	-	9,310	9,310
Interest charges	-	-	1,177	1,177
Total expenditures	<u>86,908</u>	<u>42,794</u>	<u>10,695</u>	<u>140,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,143)</u>	<u>14,224</u>	<u>6,262</u>	<u>6,343</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	826	-	826
Net change in fund balances	<u>(14,143)</u>	<u>15,050</u>	<u>6,262</u>	<u>7,169</u>
<b>FUND BALANCES - BEGINNING</b>	<u>89,821</u>	<u>692</u>	<u>23,690</u>	<u>114,203</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 75,678</u>	<u>\$ 15,742</u>	<u>\$ 29,952</u>	<u>\$ 121,372</u>

**CITY OF EVERGREEN, ALABAMA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**SEPTEMBER 30, 2013**

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Assessed Value		<u>\$ 36,602,500</u>
Legal Debt Margin		
Debt Limitation - 20 Percent of Assessed Value		\$ 7,320,500
Debt Applicable to Limitation:		
Long-term Bonded Debt Including Capital Leases	\$ 14,956,346	
Less: Debt attributable to the improvement of electric systems and payable from the revenues of such systems	(2,680,000)	
Less: Debt associated with Amendment 772	<u>(5,821,658)</u>	
Total Debt Applicable to Limitation		<u>6,454,688</u>
Legal Debt Margin		<u>\$ 865,812</u>

Sources: Assessed value data provided by the Conecuh County Revenue Commission.

**CITY OF EVERGREEN, ALABAMA**  
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
 SEPTEMBER 30, 2013

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
<b>Direct</b>			
City of Evergreen:			
General obligations including capital leases	<u>\$ 14,956,346</u>	100.00%	<u>\$ 14,956,346</u>