

**CITY OF SEMMES, ALABAMA**  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015  
**ANNUAL FINANCIAL REPORT**



## INTRODUCTORY SECTION



CITY OF SEMMES, ALABAMA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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CITY OF SEMMES, ALABAMA

LIST OF PRINCIPAL OFFICIALS  
AS OF SEPTEMBER 30, 2015

MAYOR - JUDITH HALE

CITY COUNCIL

Howard Smith

Renee Fransen

David Baker

Jerry Shirey

Lawrence Webb

HEADS OF DEPARTMENTS

City Clerk

Brandi Michelsen

Public Works

Jason Franklin

Public Safety-Fire

Kevin Brooks





## FINANCIAL SECTION





## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the City Council  
City of Semmes, Alabama

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the City of Semmes, Alabama (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the City of Semmes, Alabama, as of September 30, 2015, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 17 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*

Management has omitted management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

*Jackson Thornton & Co. PC*

Montgomery, Alabama  
September 27, 2016



## BASIC FINANCIAL STATEMENTS

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CITY OF SEMMES, ALABAMA

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

	GOVERNMENTAL ACTIVITIES
<hr/>	
ASSETS:	
Cash and cash equivalents	\$ 5,273,570
Receivables	404,191
Capital assets not being depreciated:	
Land	1,037,150
Capital assets net of accumulated depreciation:	
Infrastructure	396,670
Buildings and improvements	1,272,338
Furniture and fixtures	24,002
Equipment	633,091
Vehicles	124,517
Total assets	<hr/> 9,165,529 <hr/>
LIABILITIES:	
Accounts payable	22,599
Other accrued liabilities	2,254
Long-term liabilities:	
Portion due or payable in one year:	
Capital leases payable	28,241
Portion due or payable after one year:	
Capital leases payable	100,643
Total liabilities	<hr/> 153,737 <hr/>
NET POSITION:	
Invested in capital assets, net	3,358,884
Restricted for:	
Capital projects	436,267
Unrestricted	<hr/> 5,216,641 <hr/>
Total net position	<hr/> \$ 9,011,792 <hr/>

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

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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

CITY OF SEMMES, ALABAMA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015

	GENERAL	TOTAL GOVERNMENTAL FUNDS
ASSETS:		
Cash and cash equivalents	\$ 5,273,570	\$ 5,273,570
Accounts receivable, net	404,191	404,191
Total assets	<u>\$ 5,677,761</u>	<u>\$ 5,677,761</u>
LIABILITIES:		
Accounts payable	\$ 22,599	\$ 22,599
Other liabilities	2,254	2,254
Total liabilities	<u>24,853</u>	<u>24,853</u>
FUND BALANCES:		
Restricted for:		
Capital improvements	436,267	436,267
Committed	1,114,186	1,114,186
Unassigned	4,102,455	4,102,455
Total fund balance	<u>5,652,908</u>	<u>5,652,908</u>
Total liabilities and fund balance	<u>\$ 5,677,761</u>	<u>\$ 5,677,761</u>

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

CITY OF SEMMES, ALABAMA

RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

Total fund balances - governmental funds	\$ 5,652,908
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Amounts reported for governmental activities in the statement of net position on page 3 are different because:

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

Land	\$ 1,037,150
Infrastructure, net of \$9,345 accumulated depreciation	396,670
Buildings and improvements, net of \$50,790	
accumulated depreciation	1,272,338
Furniture and fixtures, net of \$15,301 accumulated	
depreciation	24,002
Equipment, net of \$435,703 accumulated depreciation	633,091
Vehicles, net of \$101,512 accumulated depreciation	<u>124,517</u>

Total capital assets	3,487,768
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Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Balances at September 30, 2015 were:

Capital leases payable	<u>128,884</u>	
Total long-term liabilities		<u>(128,884)</u>
Net position of governmental activities		<u><u>\$ 9,011,792</u></u>

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

CITY OF SEMMES, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	GENERAL	TOTAL GOVERNMENTAL FUNDS
REVENUES:		
Taxes	\$ 5,186,837	\$ 5,186,837
Licenses and permits	336,978	336,978
Fines and forfeitures	28,521	28,521
Intergovernmental revenues	26,978	26,978
Interest income	6,007	6,007
Other	30,835	30,835
Total revenues	<u>5,616,156</u>	<u>5,616,156</u>
EXPENDITURES:		
Current:		
General governmental	654,087	654,087
Public safety	2,006,872	2,006,872
Public works	937,371	937,371
Planning	76,606	76,606
Parks and recreation	37,586	37,586
Capital outlay	492,639	492,639
Debt service:		
Principal retirement	23,396	23,396
Interest charges	3,185	3,185
Total expenditures	<u>4,231,742</u>	<u>4,231,742</u>
Excess of revenue over expenditures	<u>1,384,414</u>	<u>1,384,414</u>
OTHER FINANCING SOURCES:		
Proceeds from sale of capital assets	25,500	25,500
Total other financing sources	<u>25,500</u>	<u>25,500</u>
NET CHANGE IN FUND BALANCE	<u>1,409,914</u>	<u>1,409,914</u>
FUND BALANCE - BEGINNING	<u>4,242,994</u>	<u>4,242,994</u>
FUND BALANCE - ENDING	<u>\$ 5,652,908</u>	<u>\$ 5,652,908</u>

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

CITY OF SEMMES, ALABAMA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balance - total governmental funds \$ 1,409,914

Differences in amounts reported for governmental activities  
in the statement of activities on page 4.

Capital outlay, reported as expenditures in governmental  
funds shown as capital assets in the statement of net assets  
in accordance with the City's capitalization policy. 492,639

Depreciation expense on governmental capital assets  
included in the governmental activities in the statement of  
activities. (260,087)

The net effect of transactions involving the sale, disposal  
and transfer of capital assets is to decrease net position in  
the statement of net position. (21,447)

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 assets:

Capital leases \$ 23,396

Total repayments 23,396

Change in net position of governmental activities \$ 1,644,415

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

CITY OF SEMMES, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting entity - The City of Semmes, Alabama (the City) was incorporated in Mobile County on May 2, 2011. The City operates under a Mayor-Council form of government. The City's major operations include general administrative service, public safety, public works, planning, and parks and recreation.

B. Government-wide and fund financial statements - The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the City. The City does not have any business-type activities; therefore, none will be reflected in the financial statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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. All governmental funds of the City have been classified as major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

The City reports the following major governmental fund:

*General Fund* - This is the City's operating fund. It accounts for all financial resources of the general government.

C. Measurement focus, basis of accounting, and financial statement presentation - *Government-wide financial statements* - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF SEMMES, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

*Governmental fund financial statements* - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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, which is considered to be 90 days. There are no ad valorem taxes levied by the City of Semmes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Stewardship, compliance, and accountability - The City adopts a budget for the general fund. The budget for the general fund is adopted on the cash basis that differs from accounting principles generally accepted in the United States of America (GAAP). Reconciliation of revenues and expenditures reported in accordance with GAAP and those presented in accordance with the Non-GAAP budgetary basis is shown in the supplementary schedule comparing budget to actual information.

For the year ended September 30, 2015, two general fund functional expenditure categories (the legal level of budgetary control) exceeded appropriations. The excess was due to additional capital outlay that was not budgeted and was funded by general operating revenues.

E. 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.

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

G. Receivables - Accounts receivable include amounts for taxes, licenses, permits, etc. that are measurable and available to pay liabilities of the current period but have not been received as of the financial statement date.

H. Lease obligations - Capital lease obligations are stated at the original fair 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.



CITY OF SEMMES, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

I. 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. 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:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>
Infrastructure	50 years
Buildings and improvements	40 years
Furniture and fixtures	5 - 20 years
Equipment	5 - 20 years
Vehicles	5 years

J. Fund balance - In accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies government fund balances as follows:

Nonspendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form, or for legal or contractual requirements.

Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - Includes fund balance amounts that can be used only for the specific purposes that are internally imposed by formal action of the government's highest level of decision making authority. Commitments may be modified or rescinded by the government taking the same formal action that imposed the constraint initially. Committed balances have been created by formal action of the City Council by passage of ordinances, which is an action that is deemed equivalent as a binding constraint.

Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund.

CITY OF SEMMES, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City considers committed, then assigned amounts to have been spent when an expenditure is incurred for purposes for which the amounts of unrestricted fund balance is available.

K. Deferred outflows of resources - Decreases in net assets that relate to future periods are reported as deferred outflows of resources in a separate section of the government-wide statement of net position and or governmental fund balance sheet. The City did not have any resources during the year ended September 30, 2015 that qualify as deferred outflows.

L. Deferred inflows of resources - Increases in net assets that apply to a future period(s) are reported as deferred inflows of resources in a separate section of the government-wide statement of net position and or governmental fund balance sheet. The City did not have any resources during the year ended September 30, 2015 that qualify as deferred inflows.

M. Concentration - The City has outsourced the collection of its sales tax and business license revenues to a third party.

Also, approximately \$2,100,000 is received from one taxpayer for sales and use taxes.

NOTE 2 - CASH AND CASH EQUIVALENTS:

As of September 30, 2015, none of the City's bank balances are 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 institution collateral pool administered by the State Treasurer according to the State of Alabama statute.

NOTE 3 - RECEIVABLES:

Receivables as of September 30, 2015 are considered fully collectible and are recorded at net realizable value as follows:

	GENERAL FUND	TOTAL
Taxes	\$ 392,206	\$ 392,206
Intergovernmental	441	441
Other	11,544	11,544
Total receivables	<u>\$ 404,191</u>	<u>\$ 404,191</u>

CITY OF SEMMES, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2015, was as follows:

	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,037,150			\$ 1,037,150
Construction in progress	368,017		\$ 368,017	
Total capital assets, not being depreciated	<u>1,405,167</u>		<u>368,017</u>	<u>1,037,150</u>
Capital assets, being depreciated:				
Infrastructure	312,486	\$ 93,529		406,015
Buildings and improvements	743,586	579,542		1,323,128
Furniture and fixtures	39,303			39,303
Equipment	947,928	159,858	38,992	1,068,794
Vehicles	198,304	27,725		226,029
Total capital assets being depreciated	<u>2,241,607</u>	<u>860,654</u>	<u>38,992</u>	<u>3,063,269</u>
Less accumulated depreciation for:				
Infrastructure	6,272	3,073		9,345
Buildings and improvements	34,255	16,535		50,790
Furniture and fixtures	9,618	5,683		15,301
Equipment	255,681	197,569	17,547	435,703
Vehicles	64,285	37,227		101,512
Total accumulated depreciation	<u>370,111</u>	<u>260,087</u>	<u>17,547</u>	<u>612,651</u>
Total capital assets, being depreciated, net	<u>1,871,496</u>	<u>600,567</u>	<u>21,445</u>	<u>2,450,618</u>
Governmental activity capital assets, net	<u>\$ 3,276,663</u>	<u>\$ 600,567</u>	<u>\$ 389,462</u>	<u>\$ 3,487,768</u>

CITY OF SEMMES, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
General government	\$ 19,332
Public safety	126,572
Public works	107,937
Planning	298
Parks and recreation	5,948
Total	<u>\$ 260,087</u>

NOTE 5 - LONG-TERM LIABILITIES:

The City has entered into lease agreements as lessee for financing the acquisition of property and equipment. The 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.

Capital lease activities for the year ended September 30, 2015, were as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Governmental activities:					
Capital leases	\$ 152,280		\$ 23,396	\$ 128,884	\$ 28,241
Total governmental activity long-term liabilities	<u>\$ 152,280</u>	<u>\$ -</u>	<u>\$ 23,396</u>	<u>\$ 128,884</u>	<u>\$ 28,241</u>

The assets acquired through capital leases are as follows:

<u>ASSET</u>	
Equipment	\$ 180,320
Less: accumulated depreciation	<u>76,333</u>
Total	<u>\$ 103,987</u>

CITY OF SEMMES, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015, were as follows:

Year ending September 30:

2016	\$ 31,248
2017	28,996
2018	<u>75,098</u>
Total minimum lease payments	135,342
Less amount representing interest	<u>6,458</u>
Present value of minimum lease payments	<u><u>\$ 128,884</u></u>

Operating lease - The City is obligated under an operating lease for the City Hall and Council Chambers through April 2019. The lease is for \$1,550 per month and was renewed in April 2016 to \$2,500 per month. Total rental expense for this operating lease is \$16,500 for the year ended September 30, 2015.

The future minimum rentals on noncancelable lease payments as of September 30, 2015 are:

Year ending September 30:

2016	\$ 24,000
2017	30,000
2018	30,000
2019	<u>17,500</u>
	<u><u>\$ 101,500</u></u>

NOTE 6 - RELATED PARTIES:

Key officials of the City and the local Volunteer Fire Department are related through marriage. In 2015, the City Council approved \$300,000 in grants to the VFD (Resolution 2015-11). The City Council also approved \$40,000 for dedicated dispatch services (Resolution 2015-023).

The City supports various clubs, parks, and auxiliaries. Certain council member spouses are members of the Semmes Woman's Club and the Semmes Heritage Park. In 2015, the City paid approximately \$6,000 and \$2,000, respectively, to the Semmes Woman's Club and Semmes Heritage Park.

CITY OF SEMMES, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

NOTE 7 - 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 has general liability insurance and workers compensation insurance through a commercial insurance carrier. The City also purchases commercial insurance for other risks of loss, including property and casualty insurance. Settled claims resulting from these claims have not exceeded commercial insurance coverage in any of the past three years.

NOTE 8 - 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. It is the opinion of the City that such disallowances, if any, would be immaterial.

NOTE 9 - EFFECT OF NEW PRONOUNCEMENTS:

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

GASB Statement No. 72, Fair Value Measurements, was established to define fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. The provisions of GASB 72 are effective for financial statement periods beginning after June 15, 2015. This standard will be adopted during the year ended September 30, 2016. The impact of the new standard has not been determined.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was established to reduce the GAAP hierarchy to two categories of authoritative GAAP. The provisions of GASB 76 are effective for financial statement periods beginning after June 15, 2015. This standard will be adopted during the year ended September 30, 2016. The impact of the new standard is not expected to have a material effect on the financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION





CITY OF SEMMES, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGET	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES:			
Taxes	\$4,284,100	\$ 5,101,672	\$ 817,572
Licenses and permits	295,000	336,978	41,978
Fines and forfeitures	14,550	28,521	13,971
Intergovernmental revenues	27,000	26,779	(221)
Interest income	6,800	6,007	(793)
Other	9,200	30,835	21,635
Total revenues	<u>4,636,650</u>	<u>5,530,792</u>	<u>894,142</u>
EXPENDITURES:			
Current operations:			
General government	672,052	694,287	(22,235)
Public safety	2,124,684	2,239,899	(115,215)
Public works	1,326,229	1,088,534	237,695
Planning	231,594	76,606	154,988
Parks and recreation	86,900	131,116	(44,216)
Total expenditures	<u>4,441,459</u>	<u>4,230,442</u>	<u>211,017</u>
Excess of revenue over expenditures	<u>195,191</u>	<u>1,300,350</u>	
Net change in fund balances, budgetary basis	<u>195,191</u>	<u>1,300,350</u>	
ADD (DEDUCT) OTHER RECONCILING ITEMS TO ADJUST FROM BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS:			
Change in accounts receivable		96,908	
Change in prepaid expenses		(66,599)	
Change in accounts payable		78,768	
Change in other accrued liabilities		487	
Total		<u>109,564</u>	
NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS		1,409,914	
BEGINNING FUND BALANCE		<u>4,242,994</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 5,652,908</u>	

See Independent Auditor's Report.

