

CITY OF RIVERSIDE, ALABAMA

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2016

CITY OF RIVERSIDE, ALABAMA
YEAR ENDED SEPTEMBER 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITOR'S REPORT</u>	1
 <u>BASIC FINANCIAL STATEMENTS:</u>	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Modified Cash Basis - Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet - Modified Cash Basis to the Statement of Net Position.....	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis - Governmental Funds.....	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis of Governmental Funds to the Statement of Activities.....	9
Statement of Net Position - Proprietary Fund	10
Statement of Revenues, Expenditures and Changes in Net Position - Proprietary Fund	11
Statement of Cash Flows - Proprietary Fund	12
Reconciliation of Operating Income to Net Cash Provided By Operations - Proprietary Fund	13
Index - Notes to the Financial Statements	14
Notes to the Financial Statements	15
 <u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Schedule of Changes in the Net Pension Liability - Governmental Funds	44
Schedule of Employer Contributions - Governmental Funds	46
Schedule of Changes in the Net Pension Liability - Proprietary Fund	47

(Continued)

CITY OF RIVERSIDE, ALABAMA
YEAR ENDED SEPTEMBER 30, 2016

TABLE OF CONTENTS
(CONTINUED)

	<u>Page</u>
<u>REQUIRED SUPPLEMENTARY INFORMATION - (CONTINUED):</u>	
Schedule of Employer Contributions - Proprietary Fund	49
<u>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL:</u>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	50
<u>ADDITIONAL INFORMATION:</u>	
Independent Auditor's Report on Additional Information	52
Schedule of Cash - All Funds	53
Schedule of Revenues - General and Other Governmental Funds - Cash Basis	54
Schedule of Expenditures - General and Other Governmental Funds - Cash Basis	56
Schedule of Debt Service - General Obligation Warrants, Series 2009	60
Schedule of Debt Service - Drinking Water State Revolving Fund	61
Schedule of Debt Service - County Commission	62
Schedule of Debt Service - Union State Bank - Police Cars	63

POTTER, BRYANT, & MOORE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. MOORE, C.P.A.
GEOFFREY R. BRYANT, C.P.A.

P. RAY WILSON, C.P.A.

234 AQUARIUS DRIVE, SUITE 109
BIRMINGHAM, ALABAMA 35209
TELEPHONE 205/323-5206
FAX 205/323-5021
EMAIL: INFO@PBMCPA.NET
J. ROYCE BRYANT, JR., C.P.A.
(1935 - 2004)
RAYMOND E. POTTER, C.P.A.
(1920 - 2001)

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Riverside, Alabama

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 City of Riverside, Alabama, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Riverside's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

As described in Note 1, with the exception of the proprietary fund which is prepared in accordance with accounting principles generally accepted in the United States of America, management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

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 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 an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

(Continued)

Auditor's Responsibility - (Continued)

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material aspects, the respective financial position – modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information and the business-type activities of the City of Riverside, as of September 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year ended in accordance with basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. With the exception of the proprietary fund which is prepared in accordance with accounting principles generally accepted in the United States of America, the financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that schedules of changes in the net pension liability and schedules of employer contributions on pages 44 through 49 be presented to to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

(Continued)

Required Supplementary Information - (Continued)

Management has omitted the Management's Discussion and Analysis (MD&A) and budgetary comparison 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 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 this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2017 on our consideration of the City of Riverside's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City of Riverside's internal control over financial reporting and compliance.

POTTER, BRYANT & MOORE, P.C.
Certified Public Accountants

Potter, Bryant & Moore, P.C.

Birmingham, Alabama
January 26, 2017

CITY OF RIVERSIDE, ALABAMA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 175,562.40	\$ 144,017.51	\$ 319,579.91
Receivables	0.00	88,102.38	88,102.38
Inventories	0.00	27,135.86	27,135.86
Capital Assets, Net	<u>2,646,276.64</u>	<u>1,712,118.03</u>	<u>4,358,394.67</u>
Total Assets	<u>2,821,839.04</u>	<u>1,971,373.78</u>	<u>4,793,212.82</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Contributions	0.00	9,687.00	9,687.00
Pension	<u>0.00</u>	<u>138,253.00</u>	<u>138,253.00</u>
Total Deferred Outflows of Resources	<u>0.00</u>	<u>147,940.00</u>	<u>147,940.00</u>
 Total Assets and Deferred Outflow of Resources	 <u>2,821,839.04</u>	 <u>2,119,313.78</u>	 <u>4,941,152.82</u>
<u>LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	15,746.35	56,226.21	71,972.56
Meter Deposits	0.00	63,664.39	63,664.39
General Obligation Note	232,000.00	0.00	232,000.00
Long-Term Liabilities:			
Current Portion of Long-Term Obligations	65,782.76	57,608.69	123,391.45
Noncurrent Portion of Long-Term Obligations	<u>298,572.79</u>	<u>1,379,440.03</u>	<u>1,678,012.82</u>
Total Liabilities	<u>612,101.90</u>	<u>1,556,939.32</u>	<u>2,169,041.22</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	<u>0.00</u>	<u>(9,912.33)</u>	<u>(9,912.33)</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>612,101.90</u>	 <u>1,547,026.99</u>	 <u>2,159,128.89</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	2,049,921.09	443,259.31	2,556,990.40
Restricted for:			
Capital Projects	24,600.66	25,221.22	49,821.88
Other Purposes	108,873.90	0.00	108,873.90
Unrestricted	<u>26,341.49</u>	<u>103,806.26</u>	<u>66,337.75</u>
 Total Net Position	 <u>\$2,209,737.14</u>	 <u>\$ 572,286.79</u>	 <u>\$ 2,782,023.93</u>

The accompanying notes to the financial statements are an integral part of this statement. With the exception of the business-type activity, this statement is prepared on the modified cash basis of accounting.

CITY OF RIVERSIDE, ALABAMA

STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

Functions	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 316,084.12	\$ 237,229.98	\$ 0.00	\$ 46,899.41	\$ (31,954.73)	\$ 0.00	\$ (31,954.73)
Public Safety	810,483.09	137,626.41	1,524.00	0.00	(671,332.68)	0.00	(671,332.68)
Streets & Public Works	108,480.92	0.00	0.00	15,082.22	(93,398.70)	0.00	(93,398.70)
Building Inspector	11,489.55	0.00	0.00	0.00	(11,489.55)	0.00	(11,489.55)
Interest and Fiscal Charges	<u>13,287.01</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(13,287.01)</u>	<u>0.00</u>	<u>(13,287.01)</u>
Totals	<u>1,259,824.69</u>	<u>374,856.39</u>	<u>1,524.00</u>	<u>61,981.63</u>	<u>(821,462.67)</u>	<u>0.00</u>	<u>(821,462.67)</u>
Business-Type Activities:							
Water Works	<u>591,549.90</u>	<u>581,508.92</u>	<u>1,582.36</u>	<u>0.00</u>	<u>0.00</u>	<u>(8,458.62)</u>	<u>(8,458.62)</u>
Totals	<u>\$ 1,851,374.59</u>	<u>\$ 956,365.31</u>	<u>\$ 3,106.36</u>	<u>\$ 61,981.63</u>	<u>(821,462.67)</u>	<u>(8,458.62)</u>	<u>(829,921.29)</u>
<u>General Revenues</u>							
Taxes:							
Property Taxes for General Purposes					151,555.89	0.00	151,555.89
Gasoline Taxes					27,723.26	0.00	27,723.26
Local Sales Tax					342,437.54	0.00	342,437.54
Liquor, Cigarette and Beer Tax					12,081.87	0.00	12,081.87
Other Taxes					53,993.42	0.00	53,993.42
Business Licenses					78,188.88	0.00	78,188.88
Investment Earnings					134.46	165.10	299.56
Insurance Proceeds					(776.00)	0.00	(776.00)
Lease Income					22,653.15	0.00	22,653.15
Miscellaneous					6,902.91	763.40	7,666.31
Sale of Fixed Assets					701.00	0.00	701.00
Sale of Scrap					<u>19,806.18</u>	<u>(19,806.18)</u>	<u>0.00</u>
Total General Revenues					<u>715,402.56</u>	<u>(18,877.68)</u>	<u>696,524.88</u>
Changes in Net Position					(106,060.11)	(27,336.30)	(133,396.41)
Net Position - Beginning of Year					<u>2,315,797.25</u>	<u>599,623.09</u>	<u>2,915,420.34</u>
Net Position - End of Year					<u>\$ 2,209,737.14</u>	<u>\$ 572,286.79</u>	<u>\$ 2,782,023.93</u>

The accompanying notes to the financial statements are an integral part of this statement.
With the exception of the business-type activity, this statement is prepared on the modified cash basis of accounting.

CITY OF RIVERSIDE, ALABAMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ <u>148,562.80</u>	\$ <u>26,999.60</u>	\$ <u>175,562.40</u>
Total Assets	\$ <u>148,562.80</u>	\$ <u>26,999.60</u>	\$ <u>175,562.40</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable and Accrued Liabilities	\$ <u>7,710.20</u>	\$ <u>8,036.15</u>	\$ <u>15,746.35</u>
<u>Fund Balances</u>			
Restricted	114,511.11	18,963.45	133,474.56
Unassigned	<u>26,341.49</u>	<u>0.00</u>	<u>26,341.49</u>
Total Fund Balances	<u>140,852.60</u>	<u>18,963.45</u>	<u>159,816.05</u>
Total Liabilities and Fund Balances	\$ <u>148,562.80</u>	\$ <u>26,999.60</u>	\$ <u>175,562.40</u>

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

CITY OF RIVERSIDE, ALABAMA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET - MODIFIED CASH BASIS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total Fund Balance - Governmental Funds	\$ 159,816.05
---	---------------

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

Capital Assets used in governmental
activities are not financial resources
and, therefore, are not reported as assets
in governmental funds.

Cost of Capital Assets	\$ 4,558,671.33	
Accumulated Depreciation	<u>(1,912,394.69)</u>	
Total Capital Assets		2,646,276.65

Current Liabilities, including notes payable,
which are expected to be refinanced and
therefore are not reported as liabilities
in the funds. (232,000.00)

Long-term liabilities, including bonds
payable, are not due and payable in the
current period and, therefore, are not
reported as liabilities in the funds.
Interest on long-term debt is not accrued
in the funds but rather is recognized as
an expenditure when due.

Bonds and Warrants Payable	96,473.69	
General Obligation Notes	226,141.28	
Capital Lease Payable	<u>41,740.58</u>	
Total Current Liabilities		<u>(364,355.55)</u>

Total Net Position - Governmental Activities	\$ <u>2,209,737.14</u>
--	------------------------

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

CITY OF RIVERSIDE, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2016

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>			
Licenses and Taxes	\$ 643,428.80	\$ 22,552.06	\$ 665,980.86
Fines and Court Costs	10,732.56	117,899.27	128,631.83
Interest Income	120.46	14.00	134.46
Capital Improvement Grants	21,701.99	0.00	21,701.99
Other Sources	<u>307,920.48</u>	<u>9,588.78</u>	<u>317,509.26</u>
Total Revenues	<u>983,904.29</u>	<u>150,054.11</u>	<u>1,133,958.40</u>
<u>Expenditures</u>			
General Government	300,330.24	0.00	300,330.24
Public Safety	529,937.29	98,312.52	628,249.81
Streets and Public Works	63,326.50	27,947.63	91,274.13
Building Inspector	11,489.55	0.00	11,489.55
Debt Service	<u>37,419.02</u>	<u>0.00</u>	<u>37,419.02</u>
Total Expenditures	<u>942,502.60</u>	<u>126,260.15</u>	<u>1,068,762.75</u>
Excess (Deficiency) of Revenues over Expenditures	<u>41,401.69</u>	<u>23,793.96</u>	<u>65,195.65</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	28,882.22	0.00	28,882.22
Transfers Out	<u>0.00</u>	<u>(9,076.04)</u>	<u>(9,076.04)</u>
Total Other Financing Sources (Uses)	<u>28,882.22</u>	<u>(9,076.04)</u>	<u>19,806.18</u>
Net Changes in Fund Balances	70,283.91	14,717.92	85,001.83
Fund Balances - Beginning of Year	<u>70,568.69</u>	<u>4,245.53</u>	<u>74,814.22</u>
Fund Balances - End of Year	<u>\$ 140,852.60</u>	<u>\$ 18,963.45</u>	<u>\$ 159,816.05</u>

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

CITY OF RIVERSIDE, ALABAMA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

Total Net Change in Fund Balances - Governmental Funds \$ 85,001.83

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

Capital outlays to purchase or build capital assets are reported in
governmental funds as expenditures. However, in the Statement of
Activities, the cost of those assets is allocated over their estimated
useful lives as depreciation expense. This is the amount by which
depreciation expense exceeds capital outlays in the period.

Depreciation Expense (281,512.49)

Repayment of debt principal is an expenditure in the governmental funds,
but it reduces long-term liabilities in the Statement of Net Position
and does not affect the Statement of Activities.

90,450.55

Total Changes in Net Position of Governmental Activities \$ (106,060.11)

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

CITY OF RIVERSIDE, ALABAMA

STATEMENT OF NET POSITION
PROPRIETARY FUND - CITY OF RIVERSIDE WATER WORKS
SEPTEMBER 30, 2016

	<u>Amount</u>	<u>Total</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 144,017.51	
Receivables - Customers	88,102.38	
Inventories	<u>27,135.86</u>	
Total Current Assets		\$ 259,255.75
<u>Noncurrent Assets</u>		
Capital Assets, Net		<u>1,712,118.03</u>
Total Assets		<u>1,971,373.78</u>
<u>Deferred Outflows of Resources</u>		
Pension Contributions	9,687.00	
Pension	<u>138,253.00</u>	
Total Deferred Outflows of Resources		<u>147,940.00</u>
Total Assets and Deferred Outflow of Resources		<u>2,119,313.78</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts Payable and Accrued Liabilities	56,226.21	
Meter Deposits	63,664.39	
Current Portion of Long-Term Obligations	<u>57,608.69</u>	
Total Current Liabilities		177,499.29
<u>Noncurrent Liabilities</u>		
Noncurrent Portion of Long-Term Obligations		<u>1,379,440.03</u>
Total Liabilities		<u>1,556,939.32</u>
<u>Deferred Inflows of Resources</u>		
Pension		<u>(9,912.33)</u>
Total Liabilities and Deferred Inflows of Resources		<u>1,547,026.99</u>
<u>NET POSITION</u>		
Invested in Capital Assets, Net of Related Debt	443,259.31	
Restricted for:		
Capital Project	25,221.22	
Unrestricted	<u>103,806.26</u>	
Total Net Position		\$ <u>572,286.79</u>

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

CITY OF RIVERSIDE, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUND - CITY OF RIVERSIDE WATER WORKS
YEAR ENDED SEPTEMBER 30, 2016

	<u>Amount</u>	<u>Total</u>
<u>Operating Revenue</u>		
Water Revenue		\$ 581,508.92
<u>Operating Expenses</u>		
Auto and Truck Expense	\$ 10,038.69	
Bank Fees	452.65	
Depreciation Expense	78,073.40	
Dues and Memberships	5,946.25	
Emergency Services	33,980.00	
Equipment Maintenance	13,675.95	
Equipment Rental	21,153.15	
Insurance:		
Employee Health Insurance	25,656.20	
Miscellaneous Expense	1,866.93	
Non-capitalized Equipment	3,550.00	
Office Supplies and Expense	8,839.22	
Payroll Taxes	11,295.36	
Postage	6,652.21	
Professional Fees	4,450.87	
Repairs and Maintenance	2,981.56	
Retirement Expense	48,492.10	
Salaries	151,665.91	
Seminar Expense	233.60	
Telephone and Utilities	54,040.62	
Uniform Expenses	275.24	
Water Supplies	48,032.83	
Water Tank Maintenance	15,580.00	
Water Testing	<u>9,177.00</u>	
Total Operating Expenses		<u>556,109.74</u>
Operating Income		25,399.18
<u>Non-Operating Revenues (Expenses)</u>		
Grant Received	1,582.36	
Interest Income	165.10	
Miscellaneous Income	763.40	
Interest Expense and Fiscal Agent Fees	(35,440.16)	
Transfer Out	<u>(19,806.18)</u>	
Total Non-Operating Revenues (Expenses)		<u>(52,735.48)</u>
Net Income (Loss)		(27,336.30)
Retained Earnings at Beginning of Year		<u>599,623.09</u>
Retained Earnings at End of Year		<u>\$ 572,286.79</u>

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

CITY OF RIVERSIDE, ALABAMA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND - CITY OF RIVERSIDE WATER WORKS
YEAR ENDED SEPTEMBER 30, 2016

	<u>Amount</u>	<u>Total</u>
<u>Cash Flows From (Used By) Operating Activities</u>		
Receipts from Customers	\$ 575,770.54	
Payments to Suppliers	(319,120.79)	
Payments to Employees	(182,392.37)	
Receipts of Customer Deposits	<u>5,357.46</u>	
Net Cash Provided By Operating Activities		\$ 79,614.84
<u>Cash Flows From (Used By) Noncapital</u>		
- <u>Financing Activities</u>		
Grant Income	1,582.36	
Net Pension Liabilities	58,236.20	
Transfers Out	(19,806.18)	
Miscellaneous Income	<u>763.40</u>	
Net Cash From Noncapital Financing Activities		40,775.78
<u>Cash Flows From (Used By) Financing Activities</u>		
Purchase of Capital Assets	(2,466.25)	
Principal Paid on Capital Debt	(57,608.69)	
Interest Paid on Capital Debt	<u>(35,440.16)</u>	
Net Cash Provided (Used By) Operating Activities		(95,515.10)
<u>Cash Flows From (Used By) Investing Activities</u>		
Interest Income	<u>165.10</u>	
Net Cash Provided By Investment Activities		<u>165.10</u>
Net Increase (Decrease) in Cash and Cash Equivalents		25,040.62
Cash and Cash Equivalents at Beginning of Year		<u>118,976.89</u>
Cash and Cash Equivalents at End of Year		<u>\$ 144,017.51</u>

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

CITY OF RIVERSIDE, ALABAMA

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATIONS
PROPRIETARY FUND - CITY OF RIVERSIDE WATER WORKS
YEAR ENDED SEPTEMBER 30, 2016

	<u>Amount</u>	<u>Total</u>
Operating Income (Loss)		\$ 25,399.18
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operations -		
Depreciation Expense		78,073.40
Changes in Assets and Liabilities:		
Receivables	\$ (5,738.38)	
Inventories	(244.80)	
Accounts Payable and Accrued Liabilities	(3,800.92)	
Meter Deposits	<u>5,357.46</u>	
Total Changes in Assets and Liabilities		(4,426.64)
Changes in Deferred Inflows and Outflows:		
Pension Contributions	570.01	
Pension	<u>(20,001.11)</u>	
Total Changes in Deferred Inflows and Outflows		<u>(19,431.10)</u>
Net Cash Provided By Operating Activities		\$ <u>79,614.84</u>

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

CITY OF RIVERSIDE, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

INDEX

<u>Note #</u>		<u>Page</u>
1	Summary of Significant Accounting Policies	15
2	Deposits and Investments	26
3	Property Taxes	27
4	Restricted Assets	27
5	Stewardship, Compliance and Accountability	27
6	Capital Assets	28
7	Long-Term Obligations	30
8	Short-Term Debt	34
9	Interfund Transfers	34
10	Contingent Liabilities	34
11	Risk Management	34
12	Defined Benefit Pension Plan.....	35

CITY OF RIVERSIDE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Riverside, Alabama (the "City") was incorporated in 1886, under the provisions of the State of Alabama. The City operates under a mayor-council form of government and provides the following services: public safety (police and fire), streets, sanitation, health and social services, recreation, public improvements, planning and zoning, and general administrative services. The City also provides water services.

With the exception of the Proprietary Fund, the City maintains its accounting records on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accounting policies of the Proprietary Fund conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

The City's financial reporting entity is composed of the following:

Primary Government:	City of Riverside
Blended Component Unit:	City of Riverside Water Works

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, The Financial Reporting Entity.

Blended Component Unit

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City Council, or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. The blended component unit is presented below:

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Fund Included In</u>
Water Works	To finance, develop and operate the water activities of the City of Riverside. Current city council serves as governing body.	Water Works Fund

The component units do not issue separately audited component unit financial statements.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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

B. Basis of Presentation

Government-Wide Financial Statements: The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements: The fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following two criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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

B. Basis of Presentation - (Continued)

The funds of the financial reporting entity as described below:

Governmental Funds

Major Governmental Funds:

General Fund - The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Non-Major Governmental Fund Types (Other Government Funds):

The reporting entity includes the following special revenue funds, which are reported as nonmajor funds:

<u>Fund</u>	<u>Brief Description</u>
Court Fund	Accounts for revenues received and expenditures paid for services provided by the court system.
Road Fund	Accounts for gasoline excise taxes legally restricted for street improvements.
Equitable Sharing Forfeiture Fund	Accounts for revenues received and expenditures paid for services provided by the police department.
Asset Forfeiture Fund	Accounts for revenues received and expenditures paid for services provided by the police department.

Capital Project Funds - Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Funds - Debt service funds account for the accumulation of resources for, and the payment of, the City's principal and interest payments on long-term debt.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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

B. Basis of Presentation - (Continued)

Proprietary Funds

Enterprise Funds Enterprise Funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

<u>Fund</u>	<u>Brief Description</u>
Water Works Fund	Accounts for the activities of the public trust in providing water services to the public.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting for governmental activities and the accrual basis for business-type activities, as defined in item 2 below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting for governmental activities and the accrual basis for business-type activities, is used as appropriate:

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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

C. Measurement Focus and Basis of Accounting - (Continued)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and component unit activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements, proprietary fund statements, and the similar discretely presented component unit statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The business-type activities are presented using the accrual basis of accounting which is a basis of accounting generally accepted in the United States of America.

As a result, with the exception of the business-type activities, of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. Assets, Liabilities, and Equity

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments

Investments classified in the financial statements consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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

D. Assets, Liabilities, and Equity - (Continued)

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased.

Capital Assets

The City's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to September 30, 2003. Prior to September 30, 2003 governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since September 30, 2003 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000.00 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements other than buildings	10-25 years
Machinery, furniture, and equipment	3-20 years
Utility property and improvements	10-50 years
Infrastructure	25-50 years

Fund Financial Statements

In the fund financial statements, capital assets arising for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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

D. Assets, Liabilities, and Equity - (Continued)

Long-Term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Allowance for Uncollectible Accounts - Enterprise Fund

Allowance for uncollectible accounts receivable in the Enterprise Fund at September 30, 2016 is \$0.00. Accounts are closely monitored with service to delinquent accounts terminated before balances above deposits are reached.

Compensated Absences

For vacation leave and other compensated absences with similar characteristics, GASB Statement No. 16 requires the accrual of a liability as the benefits are earned by the employees if both of these conditions are met:

1. The employees' right to receive compensation is attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals. Because the cash basis of accounting is used, no liability is recorded on the financial statements.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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

D. Assets, Liabilities, and Equity - (Continued)

Net Position/Fund Equity

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following net position categories:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. Restricted net position - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the City's policy to first use restricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balances

Fund Balances are reported on the fund financial statements and are required to be classified for accounting and reporting purposes into the following fund balance categories:

Unassigned Fund Balance - Represents resources available to meet current and future years expenditures.

Committed Fund Balance - Represents amounts constrained for a specific purpose by the City. It requires action by the City council to remove or change the constraints placed on the resources. As of September 30, 2016, the City had no committed fund balance.

Assigned Fund Balance - Represents amounts constrained by the Board's intent to be used for a specific purpose, but are not restricted or committed. Intent is expressed by the City itself, or an official to which the Board has delegated the authority to assign amounts to be used for specific purposes. The action to remove or modify assignments are not as strict as for committed fund balance. As of September 30, 2016, the City had no assigned fund balance.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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

D. Assets, Liabilities and Net Position - (Continued)

Non spendable Fund Balance - Represents amounts that cannot be spent due to form such as inventories and prepaid accounts. This also includes amounts that must be maintained intact legally or contractually. The City had no nonspendable fund balances as of September 30, 2016.

Restricted/Reserved Fund Balance - Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. The City had no reserved fund balances as of September 30, 2016.

Restricted Fund Balance - Represents amount that can be spent only for specific purpose by construction, external resource providers, or through enabling legislation. Constraints are placed on the use of resources either by; externally imposed creditors, grantors, contributions, or laws or regulations of other governments; or imposed by law through constitutional provisions of enabling legislation. Restrictions of fund balances at September 30, 2016 are as follows:

General Fund:	
Capital Improvement	\$ 24,600.66
Fire Department	84,428.00
Police Department	3,803.59
Streets and Public Works	<u>1,678.86</u>
Totals	<u>\$ 114,511.11</u>
Other Governmental Funds:	
Court Fund	\$ 16,343.33
Road Fund	<u>2,620.12</u>
Total	<u>\$ 18,963.45</u>

The City's policy is to first apply restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted balances are available. The City's policy is to first apply assigned, committed and unassigned resources, respectively, when an expense is incurred for the purposes for which assigned, committed and/or unassigned balances are available.

Proprietary fund equity is classified the same as in the government-wide statements.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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

E. Revenues, Expenditures, and Expenses

Program Revenues

In the Statement of Activities modified cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General Government	Licenses and Permits
Public Safety	Fines, Operating and Capital Grants
Streets and Public Works	Garbage Collection Fees, Operating and Capital Grants
Culture and Recreation	Rental Income, Recreation Fees and Specific Donations

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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

F. Internal and Interfund Balances and Activities - (Continued)

3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.
3. Primary government and component unit activity and balances - Resource flows between the primary government (the City and City of Riverside Water Works) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

G. Use of Estimates

The preparation of financial statements in conformity with the basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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

H. Date of Management Review

Management has evaluated subsequent events through January 26, 2017 the date of which the financial statements were available to be issued.

I. Pensions

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

NOTE 2 - DEPOSITS AND INVESTMENTS:

In its 2000 Regular Session, the Alabama State Legislature enacted the Security for Alabama Enhancement (SAFE) Program (Title 41, Chapter 14A, Code of Alabama 1975, as amended) that changes the way all Alabama public deposits are collateralized. Public deposits include the funds of any covered public entity or covered public official placed on deposit in a qualified depository, including time and demand deposit accounts and certificates of deposit but excluding bonds, notes, money market mutual funds, repurchase agreements and similar investment instruments. Covered public entities include the state and its political subdivisions.

In the past, the bank pledged collateral directly to each public entity. Under SAFE, which is mandatory, each qualified public depository (QPD) is required to hold collateral for all of its public deposits on a pooled basis in a custody account (SAFE Custody Account) established for the State Treasurer as SAFE administrator.

In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer, who would use the SAFE pool collateral or other means to reimburse the loss. All deposits of the City of Riverside as of September 30, 2016 are held in a certified qualified public depository.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 3 - PROPERTY TAXES:

The City's property tax is levied each October 1st on the assessed value listed as of the prior September 30th for all real and business property located in the City. Taxes are due October 1st and become delinquent by January 1st following the October 1st levy date.

NOTE 4 - RESTRICTED ASSETS:

The amounts of restricted assets are composed of amounts held by the Water Works for utility deposits (refunded upon termination of service or applied to final bill) of \$63,664.39.

NOTE 5 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

The City Council adopts an annual budget for each fiscal year beginning October 1st and ending September 30th. The budgets include proposed expenditures and the means of financing them.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 6 - CAPITAL ASSETS:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ <u>399,041.80</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>399,041.80</u>
Total Capital Assets Not Being Depreciated	<u>399,041.80</u>	<u>0.00</u>	<u>0.00</u>	<u>399,041.80</u>
Capital Assets Being Depreciated:				
Buildings	468,044.11	0.00	0.00	468,044.11
Improvements	52,124.84	0.00	0.00	52,124.84
Infrastructure	1,461,009.29	0.00	0.00	1,461,009.29
Land Improvements - Exhaustible	248,759.69	0.00	0.00	248,759.69
Furniture and Equipment	741,621.24	0.00	0.00	741,621.24
Vehicles	<u>1,249,252.36</u>	<u>0.00</u>	<u>61,182.00</u>	<u>1,188,070.36</u>
Total Capital Asset Being Depreciated	<u>4,220,811.53</u>	<u>0.00</u>	<u>61,182.00</u>	<u>4,159,629.53</u>
Less Accumulated Depreciation For:				
Buildings	153,148.93	10,723.33	0.00	163,872.26
Improvements	33,248.02	1,301.85	0.00	34,549.87
Infrastructure	30,631.16	48,700.31	0.00	79,331.47
Land Improvements - Exhaustible	42,289.12	4,975.19	0.00	47,264.31
Furniture and Equipment	410,711.61	84,508.21	0.00	495,219.82
Vehicles	<u>1,022,035.36</u>	<u>131,303.60</u>	<u>61,182.00</u>	<u>1,092,156.96</u>
Total Accumulated Depreciation	<u>1,692,064.20</u>	<u>281,512.49</u>	<u>61,182.00</u>	<u>1,912,394.69</u>
Total Capital Assets Being Depreciated, Net	<u>2,528,747.33</u>	<u>(281,512.49)</u>	<u>0.00</u>	<u>2,247,234.84</u>
Total Governmental Activities Capital Assets, Net	\$ <u>2,927,789.13</u>	\$ <u>(281,512.49)</u>	\$ <u>0.00</u>	\$ <u>2,646,276.64</u>

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 6 - CAPITAL ASSETS - (CONTINUED):

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement/ Reclassifications</u>	<u>Ending Balance</u>
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 4,331.75	\$ 0.00	\$ 0.00	\$ 4,331.75
Construction in Progress	<u>1,157,441.68</u>	<u>2,466.25</u>	<u>1,159,907.83</u>	<u>0.00</u>
Total Capital Assets Not Being Depreciated	<u>1,161,773.43</u>	<u>2,466.25</u>	<u>1,158,907.93</u>	<u>4,331.75</u>
Capital Assets Being Depreciated:				
Utility Property and Improvements	1,668,061.82	1,159,907.93	0.00	2,827,969.75
Furniture and Equipment	157,531.96	0.00	0.00	157,531.96
Vehicles	<u>83,611.87</u>	<u>0.00</u>	<u>0.00</u>	<u>83,611.87</u>
Total Capital Asset Being Depreciated	<u>1,909,205.65</u>	<u>1,159,907.93</u>	<u>0.00</u>	<u>3,069,113.58</u>
Less Accumulated Depreciation For:				
Utility Property and Improvements	1,048,001.57	74,145.73	0.00	1,122,147.30
Furniture and Equipment	151,640.46	3,927.67	0.00	155,568.13
Vehicles	<u>83,611.87</u>	<u>0.00</u>	<u>0.00</u>	<u>83,611.87</u>
Total Accumulated Depreciation	<u>1,283,253.90</u>	<u>78,073.40</u>	<u>0.00</u>	<u>1,361,327.30</u>
Total Capital Assets Being Depreciated, Net	<u>625,951.75</u>	<u>1,081,834.53</u>	<u>0.00</u>	<u>1,707,786.28</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 1,787,725.18</u>	<u>\$ 1,084,300.78</u>	<u>\$ 1,159,907.93</u>	<u>\$ 1,712,118.03</u>

Depreciation Expense Was Charged to Governmental Functions as Follows -

Governmental Activities:

General Government	\$ 15,753.88
Public Safety	201,050.83
Streets & Public Works	<u>64,707.78</u>
Total Governmental Activities Depreciation Expense	<u>\$ 281,512.49</u>

Business-Type Activities:

Water Works	<u>\$ 78,073.40</u>
-------------	---------------------

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - LONG-TERM OBLIGATIONS:

The reporting entity's long-term debt arising from cash transactions is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

As of September 30, 2016, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

General Obligation Warrants - Series 2009

In October, 2009, the City issued General Obligation Warrants, Series 2009 with a total principal obligation of \$460,000.00 for the purpose of capital improvements and refunding current General Obligation Warrants and Notes Payable. The interest rate on the 2009 warrants ranges from 4.000% to 5.125%. A Warrant Fund Account was established at Regions Bank for the payment of principal and interest on the warrants. The warrants were issued on behalf of the City of Riverside and the City of Riverside Water Department. Warrants in the amount of \$285,000.00 are accounted for in the governmental funds since general revenues will be used to make payments to the Warrant Fund.

Business-Type Activities

As of September 30, 2016, the long-term debt, arising from cash transactions, payable from business-type activity resources consisted of the following:

General Obligation Warrants - Series 2009

In October, 2009, the City issued General Obligation Warrants, Series 2009 with a total principal obligation of \$460,000.00 for the purpose of capital improvements and refunding current General Obligation Warrants and Notes Payable. The interest rate on the 2009 warrants ranges from 4.000% to 5.125%. A Warrant Fund Account was established at Regions Bank for the payment of principal and interest on the warrants. The warrants were issued on behalf of the City of Riverside and the City of Riverside Water Department. Warrants in the amount of \$175,000.00 are accounted for in the proprietary fund since water department revenues will be used to make payments to the Warrant Fund.

Drinking Water State Revolving Fund

In February, 2015, the City was awarded a State Revolving Fund Loan by the Alabama Water Pollution Control Authority with the total principal obligation of \$1,230,000.00, for the purpose of meter replacement and well replacement. The interest rate is 2.45%. The loan was obtained by the City of Riverside on behalf of the City of Riverside Water Department.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - LONG-TERM OBLIGATIONS - (CONTINUED):

A. Long-Term Obligation Activity

Long-term liability obligations for the year ended September 30, 2016, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds and Notes Payable -					
General Obligation Warrants - 2009	\$ 238,532.59	\$ 0.00	\$ 12,391.31	\$ 226,141.28	\$ 12,391.31
Note Payable - County Commission	80,389.97	0.00	11,740.70	68,649.27	15,826.38
Note Payable - Union State Bank	<u>46,641.97</u>	<u>0.00</u>	<u>18,817.55</u>	<u>27,824.42</u>	<u>19,495.44</u>
Total Bonds and Note Payable	<u>365,564.53</u>	<u>0.00</u>	<u>42,949.56</u>	<u>322,614.97</u>	<u>47,713.13</u>
Other Liabilities -					
Capital Lease - Kubota Mower	4,622.87	0.00	4,622.87	0.00	0.00
Capital Lease - Versa Boom Mower	<u>59,073.46</u>	<u>0.00</u>	<u>17,332.88</u>	<u>41,740.58</u>	<u>18,069.63</u>
Total Other Liabilities	<u>63,696.33</u>	<u>0.00</u>	<u>21,955.75</u>	<u>41,740.58</u>	<u>18,069.63</u>
Totals	<u>\$ 429,260.86</u>	<u>\$ 0.00</u>	<u>\$ 64,905.31</u>	<u>\$ 364,355.55</u>	<u>\$ 65,782.76</u>
Business-Type Activities:					
General Obligation Warrants - 2009	\$ 146,467.41	\$ 0.00	\$ 7,608.69	\$ 138,858.72	\$ 7,608.69
Drinking Water State Revolving Fund	<u>1,180,000.00</u>	<u>0.00</u>	<u>50,000.00</u>	<u>1,130,000.00</u>	<u>50,000.00</u>
Total Business-Type Activities	<u>1,326,467.51</u>	<u>0.00</u>	<u>57,608.69</u>	<u>1,268,858.72</u>	<u>57,608.69</u>
Other Liabilities:					
Pension	<u>0.00</u>	<u>168,190.00</u>	<u>0.00</u>	<u>168,190.00</u>	<u>0.00</u>
Totals	<u>\$ 1,326,467.41</u>	<u>\$ 168,190.00</u>	<u>\$ 57,608.69</u>	<u>\$ 1,437,048.72</u>	<u>\$ 57,608.69</u>

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - LONG-TERM OBLIGATIONS - (CONTINUED):

B. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2016, are as follows:

Fiscal Year Ending September 30,	Capital Debt Obligations		
	Principal	Interest	Total
2017	\$ 105,321.82	\$ 46,503.96	\$ 151,825.78
2018	94,354.33	43,682.39	138,036.72
2019	96,226.82	41,320.75	137,547.57
2020	96,430.82	38,769.25	135,200.07
2021	84,139.90	35,972.95	120,112.85
2022-2026	445,000.00	137,790.00	582,790.00
2027-2031	445,000.00	59,517.50	504,517.50
2032-2034	<u>225,000.00</u>	<u>8,268.75</u>	<u>233,268.75</u>
Totals	<u>\$ 1,591,473.69</u>	<u>\$ 411,825.55</u>	<u>\$ 2,003,299.34</u>

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 7 - LONG-TERM OBLIGATIONS - (CONTINUED):

C. Lease Obligations

Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of a boom mower. This lease equipment qualified as a capital lease for accounting purposes (title transfers at the end of the lease terms) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The following is an analysis of equipment leased under capital lease as of September 30, 2016:

	<u>General Fixed Assets</u>
Equipment	\$ <u>87,722.80</u>

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at September 30, 2016:

<u>Fiscal Year Ending September 30,</u>	<u>General Long-Term Debt</u>
2017	\$ 19,467.48
2018	19,467.48
2019	<u>4,866.87</u>
Totals	43,801.83
Less: Amount Representing Interest	<u>2,061.25</u>
Present Value of Future Minimum Lease Payments	\$ <u>41,740.58</u>

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 8 - SHORT-TERM DEBT

On May 18, 2014, the City issued a \$120,000.00 temporary General Obligation Note. This note was issued for the purpose of acquiring land.

Short-term activity for the year ended September 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repaid</u>	<u>General Balance</u>
Temporary General Obligation Note	\$ 120,000.00	\$ 0.00	\$ 0.00	\$ 120,000.00
Line of Credit	<u>137,545.24</u>	<u>0.00</u>	<u>25,545.24</u>	<u>112,000.00</u>
Total	<u>\$257,545.24</u>	<u>\$ 0.00</u>	<u>\$ 25,545.24</u>	<u>\$232,000.00</u>

NOTE 9 - INTERFUND TRANSACTIONS:

Interfund Transfers

Transfers between funds for the years ended September 30, 2016 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Non-Maj or Governmental Fund</u>	<u>Total</u>
General Fund	\$ 0.00	\$ 0.00	\$ 0.00
Non-Maj or - Governmental Funds	9,076.04	0.00	9,076.04
Water Funds	<u>19,806.18</u>	<u>0.00</u>	<u>19,806.18</u>
Total	<u>\$ 28,882.22</u>	<u>\$ 0.00</u>	<u>\$ 28,882.22</u>

NOTE 10 - CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds or the general fund. 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.

NOTE 11 - RISK MANAGEMENT:

The City is exposed to various risks of losses related to torts; thefts of damage to, destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of the above risks of loss. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 12 - DEFINED BENEFIT PENSION PLAN:

The City participates in a defined benefit pension plan. The employees of both the City and the Water works Fund are covered under the plan. As a result, the required disclosures are allocated between the two based on employee contributions and pensionable wages.

General Information About the Pension Plan

A. Plan Description

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

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

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

B. Benefits Provided

State Law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED):

General Information About the Pension Plan - (Continued)

B. Benefits Provided - (Continued)

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

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

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

The ERS serves approximately 846 local participating employers. These participating employers include 287 cities, 65 counties, and 494 other public entities. The ERS membership included approximately 84,393 participants. As of September 30, 2015, membership consisted of:

Retirees and beneficiaries	
currently receiving benefits	22,211
Terminated employees entitled to	
but not yet receiving benefits	1,353
Terminated employees not entitled	
to a benefit	5,451
Active Members	<u>55,378</u>
Total	<u>84,393</u>

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

General Information About the Pension Plan - (Continued)

C. Contributions

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan.

For the year ended September 30, 2016, the City's active employee contribution rate was: 5% of covered employee payroll for regular Tier 1 employees; 6.00% of covered employee payroll for FLC Tier 1 employees; 6.00% of covered employee payroll for regular employees and 6.00% of covered employee payroll for FLC Tier 2 employees. The City's average contribution rate to fund the normal and accrued liability costs was 7.24% of covered employee payroll.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

General Information About the Pension Plan - (Continued)

C. Contributions - (Continued)

For the year ended September 30, 2016, the Water Works Fund's active employee contribution rate was: 5.00% of covered employee payroll for regular Tier 1 employees; 6.00% of covered employee payroll for FLC Tier 2 employees. The Water Works Fund's average contribution rate to fund the normal and accrued liability costs was 6.51% of covered employee payroll.

The City's contractually required contribution rate for the year ended September 30, 2016 was 8.33% of pensionable pay for Tier 1 employees and 4.90% of pensionable pay for Tier 2 employees. The Water Works Fund's required contribution rate for the year ended September 30, 2016 was 8.33% of pensionable pay for Tier 1 employees and 4.90% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2014, a percent of the annual pensionable payroll the actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension fund from the City and the Water Works Fund were \$28,423.33 and \$9,687.00, respectively, for the year ended September 30, 2016.

D. Net Pension Liability

The net pension liability for the City and Water Works Fund measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as September 30, 2013 rolled forward to September 30, 2015 using standard roll-forward techniques as shown in the following table:

	<u>City</u>	<u>Water Works Fund</u>
Total Pension Liability as of September 30, 2014	\$ 901,297	\$ 371,002
Entry Age Normal Cost for October 1, 2014 - September 30, 2015	\$ 41,852	\$ 16,805
Actual Benefit Payments and Refunds for October 1, 2014 - September 30, 2015	\$ (61,781)	\$ (24,808)
Total Pension Liability as of September 30, 2015	\$ 958,007	\$ 384,680

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

General Information About the Pension Plan - (Continued)

E. Actuarial Assumptions

The total pension liability in the September 30, 2012 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	3.75% - 7.25%
Investment Rate of Return*	8.00%

*Net of pension plan investment expense.

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

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

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

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

*Includes assumed rate of inflation of 2.50%.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

General Information About the Pension Plan - (Continued)

F. Discount Rate

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

G. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
<u>City:</u>			
Balances at September 30, 2014	\$ 901,296	\$ 970,045	\$ (68,749)
Changes for the year:			
Service Cost	41,852	-0-	41,852
Interest	70,151	-0-	70,151
Differences between expected and actual experience	352,729	-0-	352,729
Contributions - Employer	-0-	26,049	(26,049)
Contributions - Employee	-0-	21,848	(21,848)
Net Investment Income	-0-	11,021	(11,021)
Benefit payments, including Refunds of employee Contributions	(61,781)	(61,781)	-0-
Administrative Expense	-0-	-0-	-0-
Transfers Among Employers	-0-	(81,795)	81,795
Net Changes	402,951	(84,658)	(487,609)
Balances at September 30, 2015	\$ 1,304,247	\$ 885,387	\$ (418,860)

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

General Information About the Pension Plan - (Continued)

G. Changes in Net Pension Liability - (Continued):

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
<u>Water Works Fund</u>			
Balances at September 30, 2014	\$ 371,003	\$ 399,302	\$ (28,299)
Changes for the year:			
Service Cost	16,805	-0-	16,805
Interest	28,169	-0-	28,169
Differences between expected and actual experience	141,635	-0-	141,635
Contributions - Employer	-0-	10,460	(10,460)
Contributions - Employee	-0-	8,773	(8,773)
Net Investment Income	-0-	4,425	(4,425)
Benefit payments, including Refunds of employee Contributions	(24,808)	(24,808)	-0-
Administrative Expense	-0-	-0-	-0-
Transfers Among Employers	-0-	(33,538)	33,538
Net Changes	161,801	(34,688)	196,489
Balances at September 30, 2015	\$ 532,804	\$ 364,614	\$ 168,190

H. Sensitivity of the Net Pension Liability to Changes In The Discount Rate.

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

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increases (9.00%)
City's Net Pension Liability (Asset)	\$ 606,261	\$ 418,860	\$ 263,429
Water Works Fund's Net Pension Liability (Asset)	\$ 243,439	\$ 168,190	\$ 105,778

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2015. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2015. The auditor's report dated June 3, 2016 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-nh.gov.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

General Information About the Pension Plan - (Continued)

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

The City reports its Financial Statements on the modified cash basis of accounting and does not report deferred outflows of resources and deferred inflows of resources. If the City had reported the deferred outflows of resources and deferred inflows of resources, then for the year ended September 30, 2016, the City would have recognized pension expense of \$24,143. At September 30, 2016, the City would give reported deferred outflows of resources and deferred inflows of resources related to pension of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ 312,186
Changes of assumptions	-0-	-0-
Net Difference between projected and actual earnings on pension plan investments	-0-	32,121
Employer contributions subsequent to the measurement date	<u>28,354</u>	<u>-0-</u>
Total	\$ <u>28,354</u>	\$ <u>344,307</u>

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

Year Ended September 30:

2017	\$ 47,031
2018	\$ 47,031
2019	\$ 47,030
2020	\$ 53,202
2021	\$ 40,543
Thereafter	\$109,470

For the year ended September 30, 2016 the Water Works Fund recognized pension expense of \$48,492. At September 30, 2016, the Water Works Fund reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ 125,355
Changes of assumptions	-0-	-0-
Net Difference between projected and actual earnings on pension plan investments	-0-	12,898
Employer contributions subsequent to the measurement date	<u>9,687</u>	<u>-0-</u>
Total	\$ <u>9,687</u>	\$ <u>138,253</u>

(Continued)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (CONTINUED):

General Information About the Pension Plan - (Continued)

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - (Continued)

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

Year Ended September 30:

2017	\$18,885
2018	\$18,885
2019	\$18,884
2020	\$21,363
2021	\$16,280
Thereafter	\$43,956

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVERSIDE, ALABAMA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
GOVERNMENTAL FUNDS
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Total Pension Liability</u>										
Service Cost	\$ 41,852	\$ 26,605	*	*	*	*	*	*	*	*
Interest	70,151	66,665								
Changes of Benefit Terms	-0-	-0-								
Differences between expected and actual experience	352,729	-0-								
Changes in Assumptions	-0-	-0-								
Benefit payments, including refunds of Employee Contributions	<u>(61,781)</u>	<u>(50,565)</u>								
Net Change in Total Pension Liability	402,951	42,705								
Total Pension Liability - Beginning	<u>901,296</u>	<u>858,591</u>								
Total Pension Liability - Ending (a)	<u>\$1,304,247</u>	<u>\$ 901,296</u>								
<u>Plan Fiduciary Net Position</u>										
Contributions - Employer	\$ 26,049	\$ 24,143								
Contributions - Member	21,848	19,419								
Net Investment Income	11,021	91,928								
Benefit Payments, Including Refunds of Employer Contributions	(61,781)	(50,565)								
Transfers Among Employers	<u>(81,795)</u>	<u>230,959</u>								
Net Change in Plan Fiduciary Net Position	(84,658)	315,884								
Plan Net Position - Beginning	<u>970,045</u>	<u>654,161</u>								
Plan Net Position - Ending (b)	<u>\$ 885,387</u>	<u>\$ 970,045</u>								

(Continued)

CITY OF RIVERSIDE, ALABAMA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
GOVERNMENTAL FUNDS
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Plan Fiduciary Net Position - (Continued)</u>										
Net Position Liability (Asset) – Ending (a)-(b)	\$ 418,860	(68,749)	*	*	*	*	*	*	*	*
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.88%	107.63%								
Covered-Employee Payroll #	357,037	224,188								
Net Pension Liability (Asset) – as a Percentage of Covered Employee Payroll	111.68%	(30.67%)								

- Employer's covered payroll during the measurement period is the total covered payroll. For FY2016, the measurement period is October 1, 2014 to September 30, 2015. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll for FY2016.

*Information not available

See Paragraph on Required Supplementary Information in the Independent Auditor's Report.

CITY OF RIVERSIDE, ALABAMA

SCHEDULE OF EMPLOYER CONTRIBUTIONS

GOVERNMENTAL FUNDS

LAST 10 FISCAL YEARS ENDING SEPTEMBER 30, 2015

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially Determined Contribution	\$ 28,354	\$ 28,018	*	*	*	*	*	*	*	*
Contributions in Relation to the Actuarially Determined Contribution*	28,354	28,018								
Contribution Deficiency (Excess)	\$ <u>-0-</u>	\$ <u>-0-</u>								
Covered – Employee Payroll	391,453	375,036								
Contributions as a Percentage of Covered – Employee Payroll	7.24%	7.47%								

*Information not available

Notes to Schedule

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

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent Closed
Remaining Amortization Period	25 years
Asset Valuation Method	Five Year Smoothed Market
Inflation	3.00%
Salary Increases	3.75% - 7.25%, Including Inflation
Investment Rate of Return	8.00%, Net of Pension Plan Investment Expense, Including Inflation

See Paragraph on Required Supplementary Information in the Independent Auditor's Report.

CITY OF RIVERSIDE, ALABAMA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
PROPRIETARY FUND - WATER WORKS FUND
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30, 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>Total Pension Liability</u>										
Service Cost	\$ 16,805	\$ 10,953		*	*	*	*	*	*	*
Interest	28,169	27,441								
Changes of Benefit Terms	-0-	-0-								
Differences between expected and actual experience	141,635	-0-								
Changes in Assumptions	-0-	-0-								
Benefit payments, including refunds of Employee Contributions	<u>(24,808)</u>	<u>(20,814)</u>								
Net Change in Total Pension Liability	161,801	17,580								
Total Pension Liability - Beginning	<u>371,003</u>	<u>353,423</u>								
Total Pension Liability - Ending (a)	<u>\$ 532,804</u>	<u>\$ 371,003</u>								
<u>Plan Fiduciary Net Position</u>										
Contributions - Employer	\$ 10,460	\$ 9,938								
Contributions - Member	8,773	7,994								
Net Investment Income	4,425	37,840								
Benefit Payments, Including Refunds of Employer Contributions	(24,808)	(20,814)								
Transfers Among Employers	<u>(33,538)</u>	<u>95,070</u>								
Net Change in Plan Fiduciary Net Position	(34,688)	130,028								
Plan Net Position - Beginning	<u>399,302</u>	<u>269,274</u>								
Plan Net Position - Ending (b)	<u>\$ 364,614</u>	<u>\$ 399,302</u>								

(Continued)

CITY OF RIVERSIDE, ALABAMA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
PROPRIETARY FUND - WATER WORKS FUND
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30, 2015

	<u>2015</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Plan Fiduciary Net Position - (Continued)</u>										
Net Position Liability (Asset) - Ending (a)-(b)	\$ 168,190	\$ (28,299)	*	*	*	*	*	*	*	*
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.43%	107.63%								
Covered-Employee Payroll#	139,634	112,620								
Net Pension Liability (Asset) - as a Percentage of Covered Employee Payroll	120.45%	(25.13%)								

- Employer's covered payroll during the measurement period is the total covered payroll. For FY2016, the measurement period is October 1, 2014 to September 30, 2015. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll for FY2016.

*Information not available

See Paragraph on Required Supplementary Information in the Independent Auditor's Report.

CITY OF RIVERSIDE, ALABAMA

SCHEDULE OF EMPLOYER CONTRIBUTIONS

PROPRIETARY FUNDS

LAST 10 FISCAL YEARS ENDING SEPTEMBER 30, 2015

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially Determined Contribution	\$ 9,687	\$ 10,257	*	*	*	*	*	*	*	*
Contributions in Relation to the Actuarially Determined Contribution*	<u>9,687</u>	<u>10,257</u>								
Contribution Deficiency (Excess)	\$ <u>-0-</u>	\$ <u>-0-</u>								
Covered – Employee Payroll	148,786	139,634								
Contributions as a Percentage of Covered – Employee Payroll	6.51%	7.35%								

*Information not available

Notes to Schedule

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

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent Closed
Remaining Amortization Period	25 years
Asset Valuation Method	Five Year Smoothed Market
Inflation	3.00%
Salary Increases	3.75% - 7.25%, Including Inflation
Investment Rate of Return	8.00%, Net of Pension Plan Investment Expense, Including Inflation

See Paragraph on Required Supplementary Information in the Auditor's Report.

POTTER, BRYANT, & MOORE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. MOORE, C.P.A.
GEOFFREY R. BRYANT, C.P.A.

P. RAY WILSON, C.P.A.

234 AQUARIUS DRIVE, SUITE 109
BIRMINGHAM, ALABAMA 35209
TELEPHONE 205/323-5206
FAX 205/323-5021
EMAIL: INFO@PBMCPA.NET
J. ROYCE BRYANT, JR., C.P.A.
(1935 - 2004)
RAYMOND E. POTTER, C.P.A.
(1920 - 2001)

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

To the Honorable Mayor and Members of the City Council
City of Riverside, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information to City of Riverside, Alabama, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise City of Riverside's basic financial statements, and have issued our report thereon dated January 26 2017.

Internal Control Over Financial Reporting

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

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

(Continued)

Internal Control Over Financial Reporting - (Continued)

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Riverside financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

POTTER, BRYANT & MOORE, P.C.
Certified Public Accountants

Potter, Bryant & Moore, P.C.

Birmingham, Alabama
January 26, 2017

ADDITIONAL INFORMATION

POTTER, BRYANT, & MOORE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. MOORE, C.P.A.
GEOFFREY R. BRYANT, C.P.A.

P. RAY WILSON, C.P.A.

234 AQUARIUS DRIVE, SUITE 109
BIRMINGHAM, ALABAMA 35209
TELEPHONE 205/323-5206
FAX 205/323-5021
EMAIL: INFO@PBMCPA.NET
J. ROYCE BRYANT, JR., C.P.A.
(1935 - 2004)
RAYMOND E. POTTER, C.P.A.
(1920 - 2001)

INDEPENDENT'S AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Honorable Mayor and Members of the City Council
City of Riverside, Alabama

Our audit is conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Riverside's basic financial statements. The additional information contained on pages 53 through 63 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

POTTER, BRYANT & MOORE, P.C.
Certified Public Accountants

Potter, Bryant & Moore, P.C.

Birmingham, Alabama
January 26, 2017

SCHEDULE 1CITY OF RIVERSIDE, ALABAMASCHEDULE OF CASH - ALL FUNDSSEPTEMBER 30, 2016

	<u>Checki ng Accounts</u>	<u>Money Market Accounts</u>	<u>Savi ngs</u>	<u>Total</u>
<u>General Fund</u>				
General Fund Checking	\$ 20,697.09	\$ 0.00	\$ 0.00	\$ 20,697.09
\$.04 Cent Gasoline Tax	0.00	439.50	0.00	439.50
\$.07 Cent Gasoline Tax	0.00	471.50	0.00	471.50
Asset Forfeiture Account	0.00	1,863.23	0.00	1,863.23
Capital Improvement Fund	0.00	24,600.66	0.00	24,600.66
Credit Card Checking Account	13,354.60	0.00	0.00	13,354.60
Equitable Sharing Forfeiture Account	0.00	0.00	1,940.36	1,940.26
Fire Fund Checking	84,428.00	0.00	0.00	84,428.00
WSRF 2014 Loan Fund	767.86	0.00	0.00	767.86
<u>Special Revenue Fund</u>				
Cash Bond Account	3,720.00	0.00	0.00	3,720.00
Court Corrections Checking	0.00	14.36	0.00	14.36
Intercept Fund	0.00	100.00	0.00	100.00
Municipal Court	20,545.12	0.00	0.00	20,545.12
Road Fund Checking	2,620.12	0.00	0.00	2,620.12
<u>Proprietary Fund</u>				
Water Fund Checking	83,596.51	0.00	0.00	83,596.51
Water Testing Deposits and Extensions	0.00	0.00	35,199.78	35,199.78
WSRF State Fund	<u>25,221.22</u>	<u>0.00</u>	<u>0.00</u>	<u>25,221.22</u>
Totals	<u>\$ 254,950.52</u>	<u>\$ 27,489.25</u>	<u>\$ 37,140.14</u>	<u>\$ 319,579.91</u>

CITY OF RIVERSIDE, ALABAMA

SCHEDULE OF REVENUES - GENERAL AND OTHER GOVERNMENTAL FUNDS - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2016

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<u>Licenses, Taxes and Fees</u>			
\$.02 Gasoline Tax	\$ 0.00	\$ 7,155.74	\$ 7,155.74
\$.04 Gasoline Tax	0.00	4,155.76	4,155.76
\$.05 Gasoline Tax	0.00	2,048.00	2,048.00
\$.07 Gasoline Tax	7,195.62	7,168.14	14,363.76
Cable Tax	5,088.76	0.00	5,088.76
Licenses and Permits	78,188.88	0.00	78,188.88
Liquor, Cigarette and Beer Taxes	12,081.87	0.00	12,081.87
Lodgings Tax	40,320.32	0.00	40,320.32
Manufactured Homes Tax	14.00	0.00	14.00
Motor Vehicle Licenses	6,545.92	558.01	7,103.93
Petroleum Fees	0.00	1,159.90	1,159.90
Property Taxes	151,555.89	0.00	151,555.89
Excise Tax	0.00	306.51	306.51
Sales Taxes	<u>342,437.54</u>	<u>0.00</u>	<u>342,437.54</u>
Total Licenses, Taxes and Fees	<u>643,428.80</u>	<u>22,552.06</u>	<u>665,980.86</u>
<u>Fines and Court Cost Collections</u>	<u>10,732.56</u>	<u>117,899.27</u>	<u>128,631.83</u>
<u>Interest Income</u>	<u>120.46</u>	<u>14.00</u>	<u>134.46</u>
<u>Capital Improvements Grant</u>	<u>21,701.99</u>	<u>0.00</u>	<u>21,701.99</u>

(Continued)

SCHEDULE OF REVENUES - GENERAL AND OTHER GOVERNMENTAL FUNDS - CASH BASIS - (CONTINUED)

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<u>Other Revenues</u>			
Animal Ordinance Revenues	\$ 50.00	\$ 0.00	\$ 50.00
Boat House Rent	1,000.00	0.00	1,000.00
Boat Launch Fees	7,388.32	0.00	7,388.32
Election Fee	150.00	0.00	150.00
Equipment Rental	21,153.15	0.00	21,153.15
FEMA Grant	7,138.86	7,943.36	15,082.22
Fire Department Fees	137,626.41	0.00	137,626.41
Gasoline Sales	101,009.83	0.00	101,009.83
Grant Income	25,197.42	0.00	25,197.42
Insurance Proceeds	(776.00)	0.00	(776.00)
Miscellaneous Revenue	5,257.49	1,645.42	6,902.91
Police Income	1,524.00	0.00	1,524.00
Sale of Fixed Assets	701.00	0.00	701.00
Shelter Deposits	<u>500.00</u>	<u>0.00</u>	<u>500.00</u>
Total Other Revenues	<u>307,920.48</u>	<u>9,588.78</u>	<u>317,509.26</u>
 Total Revenues	 <u>\$ 983,904.29</u>	 <u>\$ 150,054.11</u>	 <u>\$ 1,133,958.40</u>

CITY OF RIVERSIDE, ALABAMA

SCHEDULE OF EXPENDITURES - GENERAL AND OTHER GOVERNMENTAL FUNDS - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2016

	General Fund	Other Governmental Fund	Total Governmental Funds
<u>General Government</u>			
Animal Control	\$ 4,228.20	\$ 0.00	\$ 4,228.20
Bank Fees	1,261.88	0.00	1,261.88
Dues	11,940.33	0.00	11,940.33
Insurance:			
Employee Health Insurance	17,482.96	0.00	17,482.96
General Liability and Fidelity Bonds	77,257.94	0.00	77,257.94
Marina - Credit Card Charges	4,887.26	0.00	4,887.26
Marina - Gasoline	67,344.04	0.00	67,344.04
Miscellaneous Expense	533.61	0.00	533.61
Office Supplies and Expense	7,374.85	0.00	7,374.85
Park Expense	10,498.14	0.00	10,498.14
Payroll Taxes	9,508.42	0.00	9,508.42
Professional Fees	9,233.15	0.00	9,233.15
Repairs and Maintenance	1,712.61	0.00	1,712.61
Retirement Expense	3,016.95	0.00	3,016.95
Salaries - Administrative	49,609.00	0.00	49,609.00
Seminars Expense	6,554.06	0.00	6,554.06
Telephone Expense	3,483.06	0.00	3,483.06
Utilities	14,403.78	0.00	14,403.78
Total General Government	<u>\$ 300,330.24</u>	<u>\$ 0.00</u>	<u>\$ 300,330.24</u>

SCHEDULE OF EXPENDITURES - GENERAL AND OTHER GOVERNMENTAL FUNDS - CASH

BASIS - (CONTINUED)

	General Fund	Other Governmental Fund	Total Governmental Funds
<u>Public Safety</u>			
Police Department:			
Auto Expense	\$ 27,937.48	\$ 0.00	\$ 27,937.48
Dues	250.00	0.00	250.00
Equipment Expense - Non-Capitalized	10,656.74	0.00	10,656.74
Loan Payments - Principal	18,817.55	0.00	18,817.55
Loan Payments - Interest	1,349.41	0.00	1,349.41
Payroll Taxes	19,413.49	0.00	19,413.49
Retirement Expense	14,814.52	0.00	14,814.52
Salaries	244,762.80	0.00	244,762.80
Supplies	2,241.06	0.00	2,241.06
Travel	1,988.63	0.00	1,988.63
Uniforms	1,361.28	0.00	1,361.28
Total Police Department	<u>343,592.96</u>	<u>0.00</u>	<u>343,592.96</u>
Fire Department:			
FEMA Grant - Non-Capitalized Equipment	1,490.74	0.00	1,490.74
Office Expenses	1,757.43	0.00	1,757.43
Payroll Taxes	9,521.46	0.00	9,521.46
Repairs and Maintenance	6,881.08	0.00	6,881.08
Retirement Expense	11,536.00	0.00	11,536.00
Salaries	139,318.71	0.00	139,318.71
Supplies	1,014.80	0.00	1,014.80
Telephone Expense	625.10	0.00	625.10
Uniform	554.76	0.00	554.76
Utilities	4,048.78	0.00	4,048.78
Vehicle Expense	5,765.67	0.00	5,765.67
Total Fire Department	<u>182,514.53</u>	<u>0.00</u>	<u>182,514.53</u>

Continued)

SCHEDULE OF EXPENDITURES - GENERAL AND OTHER GOVERNMENTAL FUNDS - CASH

BASIS - (CONTINUED)

	General Fund	Other Governmental Fund	Total Governmental Funds
Court and Corrections:			
Bank Fees	\$ 0.00	\$ 132.00	\$ 132.00
Emergency Services	0.00	9,359.00	9,359.00
Indigent Defense	0.00	5,740.00	5,740.00
Jail Expense	0.00	5,362.50	5,362.50
Judges Expense	0.00	5,569.20	5,569.20
Office and Computer Expenses	0.00	3,456.48	3,456.48
Other Court Costs	0.00	27,469.34	27,469.34
Payroll Taxes	0.00	330.92	330.92
Refunds	0.00	550.00	550.00
Restitution Expense	0.00	1,063.38	1,063.38
Retirement Expense	0.00	201.52	201.52
Salaries	0.00	4,050.00	4,050.00
Seminars Expense	0.00	455.29	455.29
State Funds	<u>0.00</u>	<u>34,572.89</u>	<u>34,572.89</u>
Total Court and Corrections	<u>0.00</u>	<u>98,312.52</u>	<u>98,312.52</u>
Rescue Squad:			
Rescue Squad Expense	<u>3,829.80</u>	<u>0.00</u>	<u>3,829.80</u>
Total Public Safety	<u>\$ 529,937.29</u>	<u>\$ 98,312.52</u>	<u>\$ 628,249.81</u>
<u>Streets and Public Works</u>			
Street Department:			
Lease Payments - Principal	\$ 21,955.75	\$ 0.00	\$ 21,955.75
Lease Payments - Interest	2,441.98	0.00	2,441.98
Line of Credit - Principal	25,545.24	0.00	25,545.24
Line of Credit - Interest	7,445.56	0.00	7,445.56
Street Paving and Resurfacing	5,937.97	13,216.01	19,153.98
Utilities	<u>0.00</u>	<u>14,731.62</u>	<u>14,731.62</u>
Total Streets and Public Works	<u>\$ 63,326.50</u>	<u>\$ 27,947.63</u>	<u>\$ 91,274.13</u>

(Continued)

SCHEDULE OF EXPENDITURES - GENERAL AND OTHER GOVERNMENTAL FUNDS - CASH
 BASIS - (CONTINUED)

	General Fund	Other Governmental Fund	Total Governmental Funds
<u>Building Inspector</u>			
Payroll Taxes	\$ 818.57	\$ 0.00	\$ 818.57
Salaries	10,440.28	0.00	10,440.28
Retirement Expense	<u>230.70</u>	<u>0.00</u>	<u>230.70</u>
Total Building Inspector	<u>\$ 11,489.55</u>	<u>\$ 0.00</u>	<u>\$ 11,489.55</u>
<u>Debt Service</u>			
Bond Escrow Fees	\$ 936.88	\$ 0.00	\$ 936.88
Principal Payments	24,132.01	0.00	24,132.01
Interest Payments	<u>12,350.13</u>	<u>0.00</u>	<u>12,350.13</u>
Total Debt Service	<u>\$ 37,419.02</u>	<u>\$ 0.00</u>	<u>\$ 37,419.02</u>

CITY OF RIVERSIDE, ALABAMA

SCHEDULE OF DEBT SERVICE
GENERAL OBLIGATION WARRANTS, SERIES 2009
SEPTEMBER 30, 2016

<u>Year</u>	<u>Due March 1, Interest</u>	<u>Due September 1,</u>			<u>Total Debt Service</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2017	\$ 8,987.50	\$ 20,000.00	\$ 8,987.50	\$ 28,987.50	\$ 37,975.00
2018	8,587.50	20,000.00	8,587.50	28,587.50	37,175.00
2019	8,187.50	25,000.00	8,187.50	33,187.50	41,375.00
2020	7,687.50	25,000.00	7,687.50	32,687.50	40,375.00
2021	7,046.88	25,000.00	7,046.87	32,046.87	39,093.75
2022	6,406.25	25,000.00	6,406.25	31,406.25	37,812.50
2023	5,765.63	30,000.00	5,765.62	35,765.62	41,531.25
2024	4,996.88	30,000.00	4,996.87	34,996.87	39,993.75
2025	4,228.13	30,000.00	4,228.12	34,228.12	38,456.25
2026	3,459.38	30,000.00	3,459.37	33,459.37	36,918.75
2027	2,690.63	35,000.00	2,690.62	37,690.62	40,381.25
2028	1,793.75	35,000.00	1,793.75	36,793.75	38,587.50
2029	<u>896.88</u>	<u>35,000.00</u>	<u>896.87</u>	<u>35,896.87</u>	<u>36,793.75</u>
	<u>\$ 70,734.41</u>	<u>\$ 365,000.00</u>	<u>\$ 70,734.34</u>	<u>\$ 435,734.34</u>	<u>\$ 506,468.75</u>

CITY OF RIVERSIDE, ALABAMA
SCHEDULE OF DEBT SERVICE
DRINKING WATER STATE REVOLVING FUND
SEPTEMBER 30, 2016

<u>Year</u>	<u>Due February 15,</u>			<u>Due</u>	<u>Total</u>
	<u>Princi pal</u>	<u>Interest</u>	<u>Total</u>	<u>August 15,</u>	
				<u>Total</u>	<u>Debt Servi ce</u>
2017	\$ 50,000.00	\$ 13,842.50	\$ 63,842.50	\$ 13,230.00	\$ 77,072.50
2018	50,000.00	13,230.00	63,230.00	12,617.50	75,847.50
2019	55,000.00	12,617.50	67,617.50	11,943.75	79,561.25
2020	55,000.00	11,943.75	66,943.75	11,270.00	78,213.75
2021	55,000.00	11,270.00	66,270.00	10,596.25	76,866.25
2022	55,000.00	10,596.25	65,596.25	9,922.50	75,518.75
2023	60,000.00	9,922.50	69,922.50	9,187.50	79,110.00
2024	60,000.00	9,187.50	69,187.50	8,452.50	77,640.00
2025	60,000.00	8,452.50	68,452.50	7,717.50	76,170.00
2026	65,000.00	7,717.50	72,717.50	6,921.25	79,638.75
2027	65,000.00	6,921.25	71,921.25	6,125.00	78,046.25
2028	65,000.00	6,125.00	71,125.00	5,328.75	76,453.75
2029	70,000.00	5,328.75	75,328.75	4,471.25	79,800.00
2030	70,000.00	4,471.25	74,471.25	3,613.75	78,085.00
2031	70,000.00	3,613.75	73,613.75	2,756.25	76,370.00
2032	75,000.00	2,756.25	77,756.25	1,837.50	79,593.75
2033	75,000.00	1,837.50	76,837.50	918.75	77,756.25
2034	<u>75,000.00</u>	<u>918.75</u>	<u>75,918.75</u>	<u>0.00</u>	<u>75,918.75</u>
	<u>\$ 1,130,000.00</u>	<u>\$140,752.50</u>	<u>\$1,270,752.50</u>	<u>\$ 126,910.00</u>	<u>\$ 1,397,662.50</u>

CITY OF RIVERSIDE, ALABAMASCHEDULE OF DEBT SERVICE
COUNTY COMMISSION
SEPTEMBER 30, 2016

<u>Year</u>	<u>Pr i n c i p a l</u>	<u>I n t e r e s t</u>	<u>Total</u> <u>Debt Servi ce</u>
2017	\$ 15,826.38	\$ 784.94	\$ 16,611.32
2018	16,025.35	585.97	16,611.32
2019	16,226.82	384.50	16,611.32
2020	16,430.82	180.50	16,611.32
2021	<u>4,139.90</u>	<u>12.95</u>	<u>4,152.85</u>
Total	<u>\$ 68,649.27</u>	<u>\$ 1,948.86</u>	<u>\$ 70,598.13</u>

CITY OF RIVERSIDE, ALABAMASCHEDULE OF DEBT SERVICE
UNION STATE BANK - POLICE CARS
SEPTEMBER 30, 2016

<u>Year</u>	<u>Pr i n c i p a l</u>	<u>I n t e r e s t</u>	<u>Total Debt Servi ce</u>
2017	\$ 19,495.44	\$ 671.52	\$ 20,166.96
2018	<u>8,328.98</u>	<u>73.92</u>	<u>8,402.90</u>
Total	<u>\$ 27,824.42</u>	<u>\$ 745.44</u>	<u>\$ 28,569.86</u>