Alabaster

FINANCIAL STATEMENTS

Year Ended September 30, 2013

REPORT FROM

TILL, HESTER, EYER & BROWN, P.C.

Certified Public Accountants

BIRMINGHAM, ALABAMA

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CITY OF ALABASTER, ALABAMA
ELECTED OFFICIALS
September 30, 2013

MAYOR	TERM OF OFFICE
Honorable Marty Handlon	October 2012 - 2016
CITY COUNCIL MEMBERS	
Scott Brakefield - Ward 6 Council President	October 2012 - 2016
Sophie Martin - Ward 1	October 2012 - 2016
Bob Hicks - Ward 2	October 2012 - 2016
Stacy Rakestraw - Ward 3	October 2012 - 2016
Rick Walters - Ward 4	October 2012 - 2016
Russell Bedsole - Ward 5	October 2012 - 2016
Tommy Ryals - Ward 7	October 2012 - 2016

TILL, HESTER, EYER, & BROWN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
MOUNTAIN BROOK CENTER, SUITE 400
2700 HIGHWAY 280 EAST
BIRMINGHAM, ALABAMA 35223
TELEPHONE (205) 871-9855
FACSIMILE (205) 871-9832

MEMBERS
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Alabaster, Alabama (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Alabaster, Alabama, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules for funding progress for the Employees' Retirement System of Alabama and Other Post-Employment Benefits on pages 4 through 12 and 45 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alabaster, Alabama's basic financial statements. The combining and individual General fund and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Jill, Hester, Eyer & Brown, P.C.

Birmingham, AL
May 15, 2014

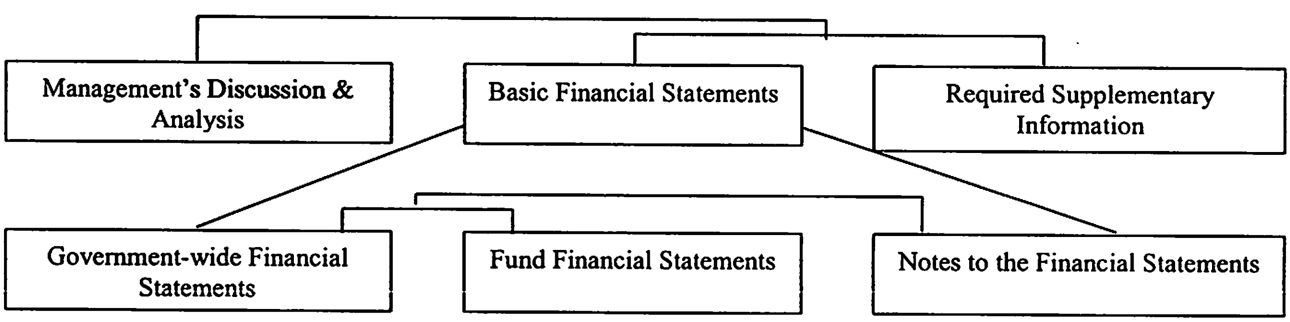
Management's Discussion and Analysis

As management of the City of Alabaster, Alabama, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Alabaster for the fiscal year ended September 30, 2013. We encourage readers to read the information presented here in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of fiscal year 2013 by $40.1 million.
- The unrestricted net position of the business-type activities are $1.9 million and may be used to meet the ongoing obligations of the business-type activities.
- The unrestricted fund balance of the governmental activities is $1.4 million and may be used to meet the ongoing obligations of the governmental activities.
- The governmental funds fund balance decreased $5.2 million during the year, bringing the total fund balance of governmental funds to $19.4 million. Of this amount, $4.8 million is restricted under laws external to the City for specific purposes, $11.2 million is nonspendable which includes $10.66 million which is for the noncurrent portion of a note receivable from the component unit of the City, $1.6 million is committed for the City's reserve account, $318 thousand is committed for the Alabaster City Schools, $47 thousand is assigned by management for specific purposes, and $1.4 million is unreserved and available to finance the activities of the governmental funds.
- The General Fund reported a fund balance of $3.5 million. The fund balance decreased by $2.6 million during the year.
- The General Fund gave the Alabaster Board of Education $6.5 million to help fund current operations.

**REQUIRED COMPONENTS OF
THE ANNUAL FINANCIAL REPORT**



OVERVIEW OF THE FINANCIAL STATEMENTS

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

<u>Government-wide Financial Statements</u>

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, public protection, public ways and facilities, and intergovernmental functions. The intergovernmental functions of the City are those activities whereby the City provides financial resources to other governmental entities.

The business-type activities of the City include the sanitary sewer and sanitation operations. Both of these activities are collectively referred to in the financial statements as those of the *primary government.*

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City maintains eleven individual governmental funds:

- General Fund, the Capital Projects Fund, and the Debt Service Fund are considered *major* funds, and information is presented separately in the *governmental funds balance sheet* and in the *governmental funds statement of revenues, expenditures, and changes in fund balances* for these funds.

- The eight other governmental funds are considered *nonmajor* governmental funds and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements found on pages 51 and 52 of this report.

The basic governmental fund financial statements can be found on pages 15 through 19 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sanitary sewer and sanitation activities.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The basic proprietary fund financial statements provide information as follows:

- The Sewer Fund and the Garbage Fund are considered major proprietary funds of the City, and information is presented separately in the *proprietary funds statement of net position* and in the *proprietary funds statement of revenues, expenses, and changes in net position* for these funds.

The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 23 through 44 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The City of Alabaster adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 45 through 50 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 51 through 54 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve as a useful indicator of a government's financial position. Overall, the City's assets exceed liabilities by $40.1 million at the close of the recent fiscal year. Of this figure, $17.2 million represents the City's total investment in capital assets (i.e. land, buildings, improvements, infrastructure and other), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, $19.6 million, represents resources that are subject to restrictions as to how they may be used. These are restrictions that are being imposed by legal requirements other than those imposed by the City Council (i.e. state or federal law).

City of Alabaster's Changes in Net Position (in thousands)

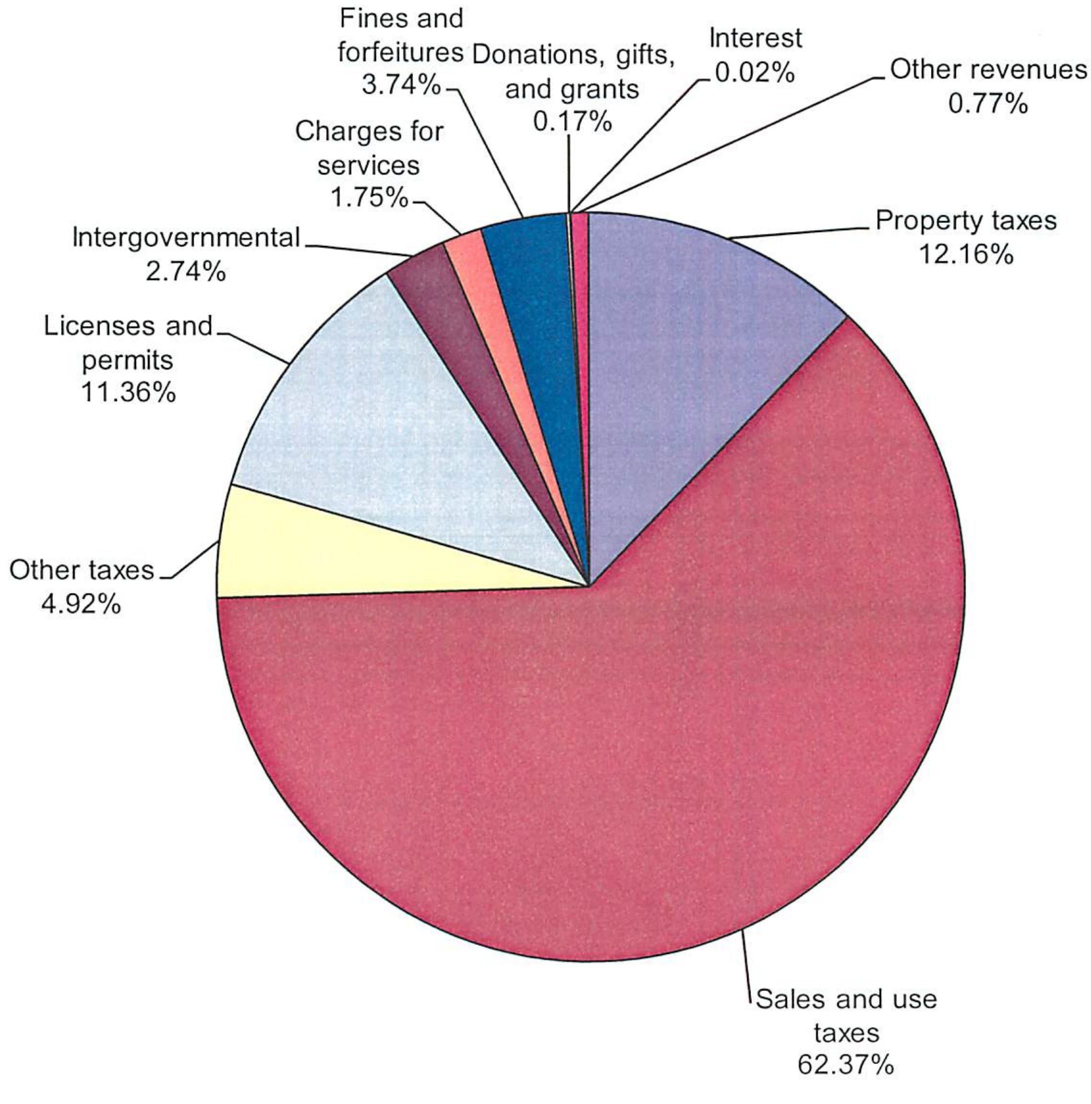
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Fees, fines and charges for services	$ 4,774	$ 5,848	$ 7,372	$ 7,205	$ 12,146	$ 13,053
Operating grants and contributions	205	230	-	-	205	230
Capital grants and contributions	712	333	-	-	712	333
General revenues:						
Property taxes	3,293	3,307	-	-	3,293	3,307
Sales and use taxes	16,896	15,619	-	-	16,896	15,619
Other taxes	1,206	1,145	-	-	1,206	1,145
Interest	6	52	105	73	111	125
Other revenue	-	-	389	77	389	77
Total revenues	27,092	26,534	7,866	7,355	34,958	33,889
Expenses:						
General government	3,584	4,151	-	-	3,584	4,151
Public protection	12,035	11,288	-	-	12,035	11,288
Public ways and facilities	5,335	5,606	-	-	5,335	5,606
Interest and fiscal agent fees	1,359	4,037	-	-	1,359	4,037
Alabaster City Schools	6,620	-	-	-	6,620	-
Sewer Fund	-	-	4,289	4,216	4,289	4,216
Garbage Fund	-	-	1,548	1,505	1,548	1,505
Total expenses	28,933	25,082	5,837	5,721	34,770	30,803
Increase (decrease) in net assets before transfers and capital contributions	(1,841)	1,452	2,029	1,634	188	3,086
Capital contributions	97	1,092	-	278	97	1,370
Transfers	889	750	(889)	(750)	-	-
Change in net position	(855)	3,294	1,140	1,162	285	4,456
Net position - beginning of year	21,088	17,794	18,733	17,571	39,821	35,365
Net position - end of year	$ 20,233	$ 21,088	$ 19,873	$ 18,733	$ 40,106	$ 39,821

Governmental Activities

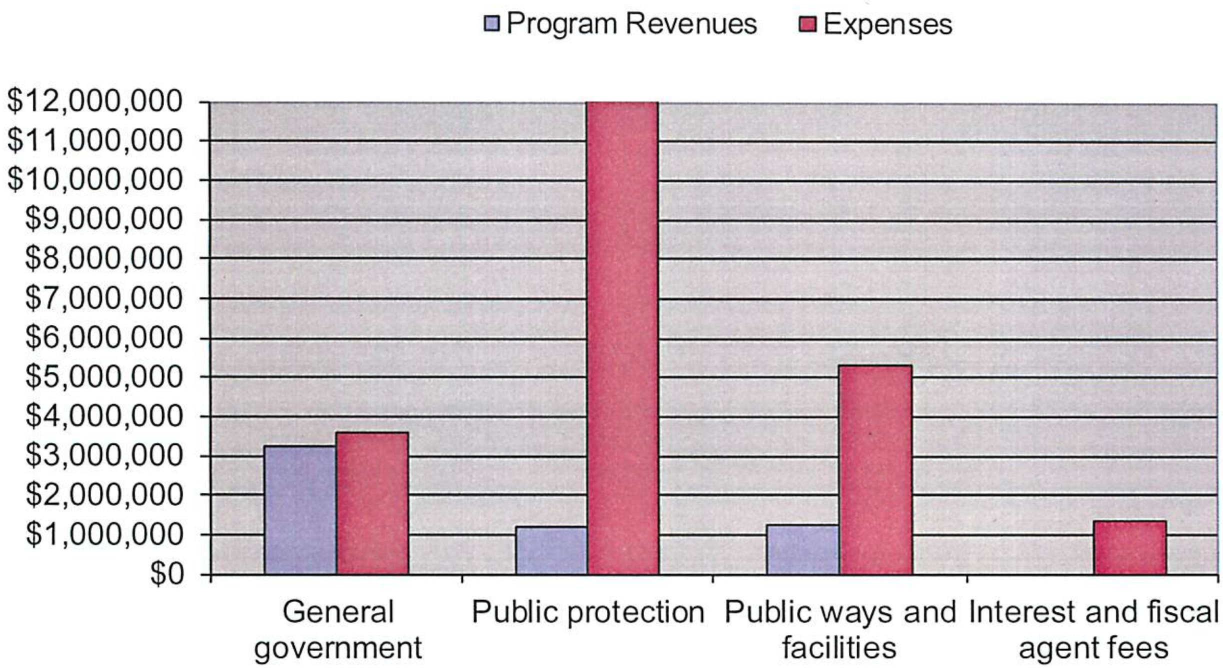
The City's governmental activities rely heavily on property taxes and sales taxes to support governmental operations. Property taxes provided 12.15% and sales taxes provided 62.37% of the City's total governmental revenues. Sales tax revenue increased by 8.18% from 2012. It should be noted that program revenues covered 27.16% of governmental operating expenses and the government's taxpayers and the City's other general revenues covered 80.33% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

The most significant governmental expense for the City is providing public protection services such as fire and police protection. This comprised 41.6% of the total governmental expenses. Public protection expenses increased by $747 thousand, or 6.62%, from 2012. The second largest cost incurred by the City for governmental activities is public ways and facilities, which is 18.44% of total governmental expenses, a decrease of 4.83% from 2012. Public ways and facilities include services such as parks and recreation, library and public works. Expenses for public ways and facilities are offset by charges for services, operating grants and contributions and capital grants and contributions, which totaled $408 thousand, $134 thousand and $712 thousand, respectively. The charges for services include registration and program fees. The total cost of all governmental activities increased by $3.9 million, while revenues increased by $558 thousand.

Revenue by Source - Governmental Activities



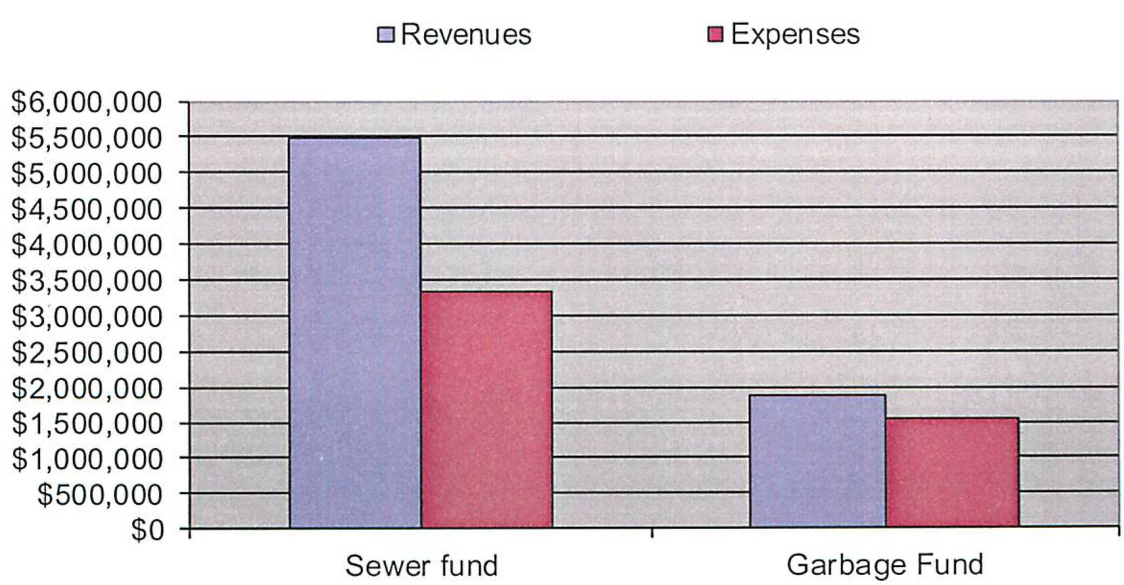
Program Revenues and Expenses - Governmental Activities



Business-Type Activities

The cost of all proprietary (business-type) activities was $5.8 million, which is an increase of 2.03% from 2012. The amount paid by users of the sewer and garbage services was $7.4 million, which is an increase of 2.32% from 2012. Within the total business type activities of the City, these activities reported an operating income of $1.14 million, which is a decrease of 1.89%.

Revenues and Expenses before Transfers and Capital Contributions



As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The combined fund balance of the City's governmental funds decreased $5.2 million in 2013 and the total balance as of September 30, 2013, was $19.4 million. Of this amount, $1.4 million consists of unrestricted fund balance, which is generally available for spending at the City's discretion. Nonspendable fund balance was $11.2 million and fund balance that is designated for particular purposes, generally specified in council ordinances, totaled $1.9 million. The remainder of the total fund balance is $4.8 million, which is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service and other purposes, or must be spent for specific purposes in the future as required by legal constraints.

Total revenues were $27 million, an increase of 2.1% from 2012. Sales tax revenue increased by $1.28 million or 8.18%.

Proprietary funds. The focus of the City's proprietary funds (enterprise) is to provide the same type of information as found in the government-wide financial statements, but in greater detail.

Unrestricted net position of the Sewer Fund and Garbage Fund were $1.57 million and $297 thousand, respectively. The total growth in net position for the Sewer fund and Garbage fund was $1.06 million and $85 thousand respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Alabaster's business-type activities.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

The Mayor and City Council approve a formal budget for the General Fund on the modified accrual basis of accounting. The other governmental funds do not have a formal budget. See required supplementary information on pages 45 through 46 for budget to actual comparisons for the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities as of September 30, 2013, totals $83 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, infrastructure, sewer plant and equipment. For further information on capital assets see Note D in the notes to the financial statements.

City of Alabaster's Capital Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 17,294	$ 17,294	$ 246	$ 246	$ 17,540	$ 17,540
Furniture and equipment	3,920	3,424	396	279	4,316	3,703
Trucks and automobiles	5,514	5,384	624	526	6,138	5,910
Sewer plant and lines	-	-	45,626	45,143	45,626	45,143
Buildings, infrastructure and improvements	31,925	31,543	-	-	31,925	31,543
Construction in progress	5,342	1,097	-	88	5,342	1,185
	63,995	58,742	46,892	46,282	110,887	105,024
Accumulated depreciation	(14,913)	(13,965)	(13,049)	(12,017)	(27,962)	(25,982)
Total	$ 49,082	$ 44,777	$ 33,843	$ 34,265	$ 82,925	$ 79,042

Long-Term Debt

General obligation warrants are secured by the full faith and credit of the City and payable from the proceeds of various taxes. The City continues to maintain a high bond rating from Moody's Investors Service (Aa3). Refer to Note F to the financial statements for additional information on long-term debt.

ECONOMIC CONDITIONS AFFECTING THE CITY

For the fiscal year ending September 30, 2013, the City of Alabaster completed another successful year. The City realized an increase in core taxes and fees, i.e. sales/use, business license and property tax compared to previous fiscal period. Compared to the state and federal benchmarks for unemployment, foreclosures and overall reductions in tax revenues, the city performed above average in this respect.

Even in these challenging financial times, our City has continued to recruit, retain and backfill retail and industrial space. In the 2013 budget year we had several industrial, healthcare and retail employers open their doors which brought hundreds of jobs to the City and surrounding areas. There were also several small retail establishments that backfilled vacant retail real estate. Both the north and south Promenades continue to stay close to 100 percent occupancy. With the continued success and expansion of both Shelby Baptist and other health care providers, the City of Alabaster continues to boast a large concentration of excellent health care providers and specialists. A special emphasis district is planned for FY14 to create even more awareness and growth within the healthcare segment of the local economy.

The City refinanced debt to take advantage of lower fixed rates, reducing cash flow requirements for debt service. This allowed the City to continue to position itself to best serve the needs of our residents and stakeholders. As the City plans for the future, it is clear that leadership must continue to make difficult decisions at every level. Being excluded from federal or state assistance, brings certain fiscal challenges only local municipalities can fully appreciate. Therefore the continued improvements to internal processes and systems become even more important as the City strives to increasingly utilize fewer employees to work in more efficient ways. The City has taken formative steps to increase infrastructure to allow for more growth and opportunity along SR119, CR26, CR263.

In fiscal year 2014, Alabaster continues to aggressively market for retail and industrial growth. Dick's Sporting Goods will complete its' 50,000 square foot store in April 2014. The City meets regularly with retail and hotel developers as they decide on their near term plans to expand in the region. There is still a distinct possibility of adding an additional 300,000 sq ft of major retail facilities near the existing Promenade shopping centers. This is in the very early stages but is encouraging during this economic downturn. The outlook for Alabaster is bright and we have every reason to believe it will continue to be a vibrant community that contributes greatly to the surrounding communities, county and state at large.

CONTACTING THE CITY

This financial report is designed with a general overview of the City's finances and to demonstrate accountability for the money it receives from taxpayers, customers, and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Alabaster City Hall, 201 1st Street North, Alabaster, Alabama 35007, by calling (205) 664-6800, or by sending an email to cityhall@cityofalabaster.com.

CITY OF ALABASTER, ALABAMA
STATEMENT OF NET POSITION
September 30, 2013

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	$ 1,471,295	$ 1,171,081	$ 2,642,376	$ 76,660
Receivables	599,098	563,150	1,162,248	-
Due from Water Board	4,723	659,771	664,494	-
Prepaid expenses	528,139	-	528,139	-
Restricted assets:				
Cash and cash equivalents	7,719,444	4,591,690	12,311,134	-
Due from governmental entity:				
Commercial Development Authority (CDA)	10,660,000	-	10,660,000	-
Capital assets				
Land and construction in progress	22,636,518	245,770	22,882,288	8,940,062
Other assets, net of accumulated depreciation	26,445,889	33,597,544	60,043,433	3,566,667
Total assets	70,065,106	40,829,006	110,894,112	12,583,389
LIABILITIES				
Accounts payable	1,180,885	227,197	1,408,082	-
Accrued payroll and related liabilities	265,566	17,460	283,026	-
Accrued interest	446,650	235,201	681,851	-
Municipal Court cash bonds posted	100,049	-	100,049	-
Subdivision cash bonds posted	28,575	-	28,575	-
Due to governmental entity:				
City of Alabaster	-	-	-	10,660,000
Noncurrent liabilities:				
Due within 1 year	2,240,281	1,547,108	3,787,389	-
Due in more than 1 year	43,977,138	18,928,547	62,905,685	-
Net other post employment benefit liability	1,592,725	-	1,592,725	-
Total liabilities	49,831,869	20,955,513	70,787,382	10,660,000
NET POSITION				
Invested in capital assets, net of related debt	3,786,510	13,414,609	17,201,119	1,846,729
Restricted for:				
Debt service	1,299,857	728,324	2,028,181	-
Capital projects	2,085,426	3,863,367	5,948,793	76,660
Public protection	614,933	-	614,933	-
Noncurrent receivables (CDA)	10,660,000	-	10,660,000	-
Infrastructure maintenance	377,736	-	377,736	-
Unrestricted	1,408,775	1,867,193	3,275,968	-
Total net position	$ 20,233,237	$ 19,873,493	$ 40,106,730	$ 1,923,389

The accompanying notes are an integral part of these statements.

CITY OF ALABASTER, ALABAMA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
Activities	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
Governmental Activities:								
General government	$ 3,583,735	$ 3,227,970	$ 10,609	$ -	$ (345,156)	$ -	$ (345,156)	$ -
Public protection	12,034,649	1,137,176	60,482	-	(10,836,991)	-	(10,836,991)	-
Public ways and facilities	5,334,909	408,707	133,991	711,620	(4,080,591)	-	(4,080,591)	(84,540)
Interest and fiscal agent fees	1,358,997	-	-	-	(1,358,997)	-	(1,358,997)	-
Alabaster City Schools	6,619,587	-	-	-	(6,619,587)	-	(6,619,587)	-
Total governmental activities	28,931,877	4,773,853	205,082	711,620	(23,241,322)	-	(23,241,322)	(84,540)
Business-type Activities:								
Sewer Fund	4,289,091	5,489,372	-	-	-	1,200,281	1,200,281	-
Garbage Fund	1,547,622	1,882,424	-	-	-	334,802	334,802	-
Total business-type activities	5,836,713	7,371,796	-	-	-	1,535,083	1,535,083	-
Total Primary Government	$ 34,768,590	$ 12,145,649	$ 205,082	$ 711,620	$ (23,241,322)	$ 1,535,083	$ (21,706,239)	$ (84,540)
Component Unit	$ -	$ 10,000	$ -	$ -	$ -	$ -	$ -	$ 10,000

	Governmental Activities	Business-Type Activities	Total	Component Unit
General revenues:				
Taxes:				
Property taxes	$ 3,292,999	$ -	$ 3,292,999	$ -
Sales and use taxes	16,896,082	-	16,896,082	-
Other taxes	1,205,557	-	1,205,557	-
Interest	5,399	104,928	110,327	48
Other revenue	-	389,449	389,449	-
Fair market value of property contributed to City	97,463	-	97,463	-
Transfers	889,000	(889,000)	-	-
Total general revenues and transfers	22,386,500	(394,623)	21,991,877	48
Change in net position	(854,822)	1,140,460	285,638	(74,492)
Net position, beginning	21,088,059	18,733,033	39,821,092	1,997,881
Net position, ending	$ 20,233,237	$ 19,873,493	$ 40,106,730	$ 1,923,389

The accompanying notes are an integral part of these statements.

CITY OF ALABASTER, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2013

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,471,295	$ -	$ -	$ -	$ 1,471,295
Receivables	599,098	-	-	-	599,098
Due from Water Board	4,723	-	-	-	4,723
Due from governmental entity:					
Commercial Development Authority (CDA)	-	10,660,000	-	-	10,660,000
Prepaid expenditures	-	528,139	-	-	528,139
Restricted assets:					
Cash and cash equivalents	2,355,763	2,628,178	1,746,507	988,996	7,719,444
Total assets	$ 4,430,879	$ 13,816,317	$ 1,746,507	$ 988,996	$ 20,982,699
LIABILITIES					
Accounts payable and accrued expenses	$ 570,407	$ 599,219	$ -	$ 11,259	$ 1,180,885
Accrued payroll and related liabilities	265,566	-	-	-	265,566
Municipal Court cash bonds posted	100,049	-	-	-	100,049
Subdivision cash bonds posted	-	-	-	28,575	28,575
Total liabilities	936,022	599,219	-	39,834	1,575,075
FUND BALANCE					
Nonspendable:					
Note receivable (CDA)	-	10,660,000	-	-	10,660,000
Prepaid expenses	-	528,139	-	-	528,139
Restricted for:					
Debt service	-	-	1,746,507	-	1,746,507
Capital improvements	-	2,028,959	-	56,467	2,085,426
Library	-	-	-	(25)	(25)
Public protection	99,949	-	-	514,984	614,933
Infrastructure maintenance	-	-	-	377,736	377,736
Committed:					
Alabaster Reserve Account	1,620,094	-	-	-	1,620,094
Alabaster City Schools	317,662	-	-	-	317,662
Assigned for:					
Library	46,786	-	-	-	46,786
Unrestricted	1,410,366	-	-	-	1,410,366
Total fund balance	3,494,857	13,217,098	1,746,507	949,162	19,407,624
Total liabilities and fund balance	$ 4,430,879	$ 13,816,317	$ 1,746,507	$ 988,996	$ 20,982,699

The accompanying notes are an integral part of these statements.

CITY OF ALABASTER, ALABAMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2013

Total fund balance - governmental funds	$	19,407,624
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities that are not financial resources and are not reported in the funds (Note D).		49,082,407
Long-term liabilities of governmental funds, including warrants payable, net OPEB liability and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds (Note B).		(48,256,794)
Net position of governmental activities	$	20,233,237

The accompanying notes are an integral part of these statements.

CITY OF ALABASTER, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2013

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 3,292,999	$ -	$ -	$ -	$ 3,292,999
Sales and use taxes	16,896,082	-	-	-	16,896,082
Other taxes	1,205,557	-	-	126,630	1,332,187
Licenses and permits	3,078,733	-	-	-	3,078,733
Intergovernmental	58,396	684,444	-	-	742,840
Charges for services	472,870	-	-	-	472,870
Fines and forfeitures	852,160	-	-	162,304	1,014,464
Donations, gifts and grants	18,220	-	-	26,926	45,146
Interest	135	4,021	143	1,099	5,398
Other revenues	209,870	-	-	-	209,870
Total revenues	26,085,022	688,465	143	316,959	27,090,589
EXPENDITURES					
General government	2,865,565	-	-	-	2,865,565
Public protection	11,796,101	-	-	60,328	11,856,429
Public ways and facilities	4,619,502	64,774	-	55,989	4,740,265
Alabaster City Schools					
Payments to the Alabaster Board of Education	6,492,064	-	-	-	6,492,064
Payments to the schools	90,805	-	-	-	90,805
Other payments	36,719	-	-	-	36,719
Debt service					
Debt retirement	-	-	1,987,108	-	1,987,108
Interest and fiscal agent fees	-	-	1,284,953	-	1,284,953
Bond issuance cost	-	7,500	-	-	7,500
Capital projects construction and outlay	-	5,131,319	-	-	5,131,319
Total expenditures	25,900,756	5,203,593	3,272,061	116,317	34,492,727

The accompanying notes are an integral part of these statements.

CITY OF ALABASTER, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2013

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	$ 184,266	$ (4,515,128)	$ (3,271,918)	$ 200,642	$ (7,402,138)
OTHER FINANCING SOURCES (USES)					
Bonds issued	-	1,300,000	-	-	1,300,000
Transfers in	889,000	-	3,624,913	-	4,513,913
Transfers (out)	(3,624,913)	-	-	-	(3,624,913)
Total other financing sources (uses)	(2,735,913)	1,300,000	3,624,913	-	2,189,000
Net change in fund balance	(2,551,647)	(3,215,128)	352,995	200,642	(5,213,138)
Fund balance, beginning	6,046,504	16,432,226	1,393,512	748,520	24,620,762
Fund balance, ending	$ 3,494,857	$ 13,217,098	$ 1,746,507	$ 949,162	$ 19,407,624

The accompanying notes are an integral part of these statements.

CITY OF ALABASTER, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

Net change in fund balances - total governmental funds	$	(5,213,138)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		5,642,257
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds (Note D).		(1,337,287)
For governmental funds, the issuance of long-term debt provides current financial resources and the repayment of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt, accrued interest and related items (Note B).		144,073
Other expenses reported in the Statement of Activities that do not require current financial resources (Note B).		(90,727)
Net change in net position of governmental activities	$	(854,822)

The accompanying notes are an integral part of these statements.

CITY OF ALABASTER, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2013

	Business-type Activities -- Enterprise Funds		
	Sewer Fund	Garbage Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,070,989	$ 100,092	$ 1,171,081
Receivables	413,358	149,792	563,150
Due from Water Board	488,860	170,911	659,771
Restricted assets:			
Cash and cash equivalents	4,591,690	-	4,591,690
Total current assets	6,564,897	420,795	6,985,692
Noncurrent assets:			
Capital assets, net	33,762,390	80,924	33,843,314
Total assets	40,327,287	501,719	40,829,006
LIABILITIES			
Current liabilities:			
Accounts payable	103,418	123,779	227,197
Accrued payroll and related liabilities	17,460	-	17,460
Accrued interest	235,201	-	235,201
Compensated absences	982	-	982
Note payable	-	46,126	46,126
Bonds payable	1,500,000	-	1,500,000
Total current liabilities	1,857,061	169,905	2,026,966
Noncurrent liabilities:			
Compensated absences	45,969	-	45,969
Notes payable	-	3,562	3,562
Bonds (net of issue costs and discounts)	18,879,016	-	18,879,016
Total noncurrent liabilities	18,924,985	3,562	18,928,547
Total liabilities	20,782,046	173,467	20,955,513
NET POSITION			
Invested in capital assets, net of related debt	13,383,373	31,236	13,414,609
Restricted for:			
Debt service	728,324	-	728,324
Capital projects	3,863,366	-	3,863,366
Unrestricted	1,570,178	297,016	1,867,194
Total net position	$ 19,545,241	$ 328,252	$ 19,873,493

The accompanying notes are an integral part of these statements.

CITY OF ALABASTER, ALABAMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2013

	Business-type Activities -- Enterprise Funds		
	Sewer Fund	Garbage Fund	Total
OPERATING REVENUE			
Charges for services	$ 5,489,372	$ 1,882,424	$ 7,371,796
Total operating revenue	5,489,372	1,882,424	7,371,796
OPERATING EXPENSES			
Administration, operations, and maintenance	2,346,759	1,509,050	3,855,809
Depreciation and amortization	974,114	35,996	1,010,110
Total operating expenses	3,320,873	1,545,046	4,865,919
Operating income	2,168,499	337,378	2,505,877
NONOPERATING REVENUES (EXPENSE)			
Reimbursements	449	-	449
Bond termination fee	389,000	-	389,000
Interest income	104,928	-	104,928
Interest expense	(968,218)	(2,576)	(970,794)
Total nonoperating revenue (expense)	(473,841)	(2,576)	(476,417)
Income before contributions and transfers	1,694,658	334,802	2,029,460
TRANSFERS OUT	(639,000)	(250,000)	(889,000)
Changes in net position	1,055,658	84,802	1,140,460
Total net position, beginning	18,489,583	243,450	18,733,033
Total net position, ending	$ 19,545,241	$ 328,252	$ 19,873,493

The accompanying notes are an integral part of these statements.

CITY OF ALABASTER, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2013

	Business-type Activities -- Enterprise Funds		
	Sewer Fund	Garbage Fund	Total
OPERATING ACTIVITIES			
Receipts from customers	$ 5,422,732	$ 1,861,278	$ 7,284,010
Payments to suppliers for services	(1,482,173)	(1,504,873)	(2,987,046)
Payments to employees for services	(847,807)	-	(847,807)
Internal activity - payments to other funds	(1,563)	-	(1,563)
Net cash provided by operating activities	3,091,189	356,405	3,447,594
NONCAPITAL FINANCING ACTIVITIES			
Reimbursements	449	-	449
Transfers out	(639,000)	(250,000)	(889,000)
Net cash (used) by noncapital financing activities	(638,551)	(250,000)	(888,551)
CAPITAL AND RELATED FINANCING ACTIVITIES			
Bond termination fee	389,000	-	389,000
Acquisition and construction of capital assets	(567,360)	-	(567,360)
Debt issuance costs	(148,787)	-	(148,787)
Bond premiums	238,338	-	238,338
Proceeds from issuing warrants	16,920,000	-	16,920,000
Advance refunding of 2004 Series C Revenue Warrants	(15,657,061)	-	(15,657,061)
Principal payments on warrants	(1,335,000)	-	(1,335,000)
Principal payments on notes payable	-	(44,552)	(44,552)
Interest paid	(922,710)	(2,576)	(925,286)
Net cash (used) by capital and related financing activities	(1,083,580)	(47,128)	(1,130,708)
INVESTING ACTIVITIES			
Interest received	104,928	-	104,928
Net cash provided by investing activities	104,928	-	104,928
Net increase in cash and cash equivalents	1,473,986	59,277	1,533,263
Cash and cash equivalents, beginning of year	4,188,693	40,815	4,229,508
Cash and cash equivalents, end of year	$ 5,662,679	$ 100,092	$ 5,762,771
Operating income	$ 2,168,499	$ 337,378	$ 2,505,877
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	974,114	35,996	1,010,110
Change in assets and liabilities:			
(Increase) in accounts receivable	(66,640)	(21,146)	(87,786)
Increase in accounts payable	10,767	4,177	14,944
Increase in accrued payroll and related liabilities	4,449	-	4,449
Net cash provided by operating activities	$ 3,091,189	$ 356,405	$ 3,447,594
SUPPLEMENTAL INFORMATION			
Noncash Activities			
Acquisition of capital assets	$ 727,244	$ -	$ 727,244
Assets transferred from construction in progress	(117,000)	-	(117,000)
Assets transferred from General Fund	(42,884)	-	(42,884)
Cash paid for capital assets	$ 567,360	$ -	$ 567,360
Reconciliation of total cash and cash equivalents:			
Cash and cash equivalents	$ 1,070,989	$ 100,092	$ 1,171,081
Restricted assets - cash and cash equivalents	4,591,690	-	4,591,690
	$ 5,662,679	$ 100,092	$ 5,762,771

The accompanying notes are an integral part of these statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below.

The Reporting Entity

The City of Alabaster, Alabama (the "City") is a municipal organization incorporated under the Constitution and the laws of the State of Alabama. The City operates under a Council - Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture - recreation, public improvements, planning and zoning, and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The discretely presented component unit has a September 30 year end.

Discretely Presented Component Unit

- *Commercial Development Authority (CDA)* - The CDA was created by Act of the Alabama Legislature to acquire, own, and lease projects for the purpose of promoting trade and commerce by inducing commercial enterprises to locate new facilities in the City and expand existing facilities in the City. The City has no control or influence over the entity's operations; however, the CDA owes the City $10.66 million. The CDA is governed by a five-member board appointed by the City Council. The CDA is presented as a governmental fund.

Government-wide and Fund Financial Statements

Financial information of the City, the primary government, and its component unit is presented as follows:

- *Management's discussion and analysis* introduces the basic financial statements and provides an analytical overview of the City's financial activities.

- *Basic Financial Statements*: Government-wide financial statements consist of a statement of net position and a statement of activities.

    These statements report the activities of the primary government and its component unit. Governmental activities are reported separately from business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues whereas business-type activities are normally supported by fees and charges for services and are usually intended by management to be financially self-sustaining.

    The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes and other items, are presented as general revenues.

- *Fund financial statements* consist of a series of statements focusing on information about the City's major governmental and enterprise funds. Separate financial statements are presented for the governmental and proprietary funds.

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

Property taxes (if levied), city-levied other taxes, licenses, fines and forfeitures, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The Capital Projects Fund of the City accounts for the cost of constructing a variety of public works projects and related debt service, and the cost of various City departments' capital spending activities. Financing is provided by general obligation debt and interest revenue.

The Debt Service Fund of the City accounts for the servicing of most long-term debt not being financed by Proprietary Funds.

The City reports the following major enterprise funds:

The Sewer Fund accounts for the operation of the City's sanitary sewer services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

The Garbage Fund accounts for the operation of the City's solid waste and sanitation program, a self-supporting activity, which provides for the collection and disposal of solid waste on a user charge basis to residents and businesses located in Alabaster.

Nonmajor funds are aggregated and presented in a single column. The City's nonmajor funds are comprised of special revenue funds and a capital projects fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Deposits

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

Receivables and Payables

All outstanding balances between funds are reported as "internal balances." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Noncurrent portions of long-term receivables due to Governmental Funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent current assets. Recognition of Governmental Fund type revenues represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term loan note receivables are offset by fund balance reserve accounts.

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

Prepaid expenditures

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

Restricted Assets

The use of certain assets is restricted pursuant to debt covenants or other externally-imposed restrictions. The amount of these assets is reported as restricted net position in the basic financial statements. Restricted assets generally consist of the following: (1) resources set aside for the repayment of long-term debt pursuant to debt covenants and state law are "restricted for debt service," (2) the unexpended portion of debt proceeds that are restricted for use in construction are "restricted for capital projects," and (3) resources restricted for specific purposes pursuant to state and federal law are "restricted for other."

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets tangible in nature, with an initial cost of more than $5,000 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of business-type activities is reflected in the capitalized value of the asset constructed.

Property, plant and equipment of the component unit are recorded using the same policy as the City.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings	40 years
Sidewalks and streets	50 years
Improvements:	
Pumping stations	50 years
Outfall lines	50 years
Land improvements	20 years
Furniture and equipment	5-16 years
Drainage systems	50 years

Compensated absences

All full-time employees of the City accumulate vacation (annual leave) and holiday time during the calendar year. On January 1 of each year vacation hours in excess of 320 are forfeited. Employees are encouraged to use all accumulated vacation as soon as possible after it is earned. At September 30, 2013, vacation in excess of 320 hours is accrued as a current liability in all funds since most employees would be expected to use the leave currently instead of forfeiting these amounts. Accumulated vacation and holiday time up to 320 hours is considered to be, and is accrued, as a long-term liability.

Eligible employees earn sick leave at the rate of one work day for each month of service. Sick leave earned during the calendar year but not used may be accumulated up to a maximum of 120 days. Sick leave earned in excess of the maximum shall be held in a special reserve and may be granted as supplementary sick leave in accordance with the City's Civil Service Act. Accumulated sick leave is forfeited upon termination or retirement.

Long-term Obligations

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

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

Fund Balances - Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable fund balance - amounts that are not in a spendable form, or they are legally or contractually required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 15). As discussed in Note A, restricted funds are used first as appropriate. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council or the finance committee has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between total fund balance - governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities of governmental funds, including warrants payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $48,256,794 difference are as follows:

Bonds payable	$	46,184,292
Less: Bond issue costs		(264,916)
Less: Bond discounts		(712,349)
Add: Bond premiums		63,223
Note payable		25,647
Accrued interest payable		446,650
Compensated absences		921,522
Net other post employment benefit liability		1,592,725
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental funds	$	48,256,794

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and net change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $5,642,257 difference are as follows:

Capital outlay	$	5,687,615
Book value of disposed assets		(45,358)
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	$	5,642,257

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources and the repayment of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued whereas, these amounts are deferred and amortized in the Statement of Activities." The details of this $144,073 difference is as follows:

Bonds issued	$	1,300,000
Deferral of bond issuance costs		(7,500)
Principal payments on general obligation debt		(1,885,708)
Principal payments on note payable		(101,400)
Amortization of bond issuance costs, discounts and premiums		72,974
Accrued interest		74,042
Net other post employment benefit liability		403,519
Net adjustments to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	$	(144,073)

Another element of the reconciliation is a difference of $90,727 that represents compensated absences. This difference is explained as "other expenses reported in the Statement of Activities that do not require current financial resources."

NOTE C - DEPOSITS AND INVESTMENTS

The City does not have a formal written investment policy; however, state law limits the kinds of investments that Alabama municipalities can make to: (1) accounts and certificates of deposits with banks or savings associations that are qualified public depositories; (2) direct obligations of the U.S. Department of the Treasury and certain federal agencies (collectively referred in this note as "USTO"); (3) certain qualified obligations of any state and their agencies; and (4) common trust funds, collective investment funds maintained by qualified institutions, or any registered mutual funds, all of which must hold a prescribed amount of obligations meeting the requirements of 1-3 above.

At year-end, the government did not have any investment balances.

Custodial credit risk - Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has a policy that all of its deposits be insured by federal depository insurance or the Security for Alabama Funds Enhancement, or SAFE program. The SAFE program is administered by the State Treasurer according to State of Alabama statute, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law.

NOTE D - CAPITAL ASSETS

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

Governmental activities:	Balance September 30, 2012	Additions/ Transfers-in	Deletions/ Transfers-out	Balance September 30, 2013
Capital assets, not being depreciated:				
Land	$ 17,294,233	$ -	$ -	$ 17,294,233
Construction in progress	1,097,349	4,551,336	(306,400)	5,342,285
Total capital assets, not being depreciated	18,391,582	4,551,336	(306,400)	22,636,518
Capital assets, being depreciated:				
Infrastructure	21,493,661	97,463	-	21,591,124
Buildings	3,998,726	-	-	3,998,726
Building improvements	1,515,267	43,050	-	1,558,317
Communication equipment	62,558	-	-	62,558
Computer equipment	346,492	70,675	-	417,167
Furniture and fitting	66,802	-	-	66,802
Heavy trucks	2,892,233	328,511	(169,035)	3,051,709
Land improvements	4,535,649	241,094	-	4,776,743
Library collection	1,825,097	95,156	-	1,920,253
Light trucks	930,293	184,203	(21,133)	1,093,363
Motor vehicles	1,561,357	-	(192,580)	1,368,777
Plant and equipment	926,196	76,127	(9,944)	992,379
Software	196,145	264,766	-	460,911
Total capital assets, being depreciated	40,350,476	1,401,045	(392,692)	41,358,829
Less accumulated depreciation for:				
Infrastructure	2,768,456	430,200	-	3,198,656
Buildings	1,117,819	98,818	-	1,216,637
Building improvements	925,690	48,974	-	974,664
Communication equipment	57,141	1,121	-	58,262
Computer equipment	234,371	35,198	-	269,569
Furniture and fitting	27,524	6,680	-	34,204
Heavy trucks	2,782,250	111,306	(169,035)	2,724,521
Land improvements	1,648,427	214,400	-	1,862,827
Library collection	1,502,727	90,955	-	1,593,682
Light trucks	876,666	44,119	(21,133)	899,652
Motor vehicles	1,251,805	124,592	(192,580)	1,183,817
Plant and equipment	575,600	75,075	(6,220)	644,455
Software	196,145	55,849	-	251,994
Total accumulated depreciation	13,964,621	1,337,287	(388,968)	14,912,940
Total capital assets, being depreciated, net	26,385,855	63,758	(3,724)	26,445,889
Governmental activities capital assets, net	$ 44,777,437	$ 4,615,094	$ (310,124)	$ 49,082,407

Business-type activities:		Balance September 30, 2012		Additions/ Transfers-in		Deletions/ Transfers-out		Balance September 30, 2013
Capital assets, not being depreciated:								
Land	$	245,770	$	-	$	-	$	245,770
Construction in progress		87,750		29,250		(117,000)		-
Total capital assets, not being depreciated		333,520		29,250		(117,000)		245,770
Capital assets, being depreciated:								
Computer equipment		18,000		-		-		18,000
Heavy trucks		278,333		97,914		-		376,247
Light trucks		248,230		-		-		248,230
Plant equipment		261,263		-		-		261,263
Sewer plant and lines		45,142,844		483,082		-		45,625,926
Software		-		117,000		-		117,000
Total capital assets, being depreciated		45,948,670		697,996		-		46,646,666
Less accumulated depreciation for:								
Computer equipment		18,000		-		-		18,000
Heavy trucks		161,414		80,941		-		242,355
Light trucks		248,229		1		-		248,230
Plant equipment		231,117		15,466		-		246,583
Sewer plant and lines		11,358,380		902,988		-		12,261,368
Software		-		32,586		-		32,586
Total accumulated depreciation		12,017,140		1,031,982		-		13,049,122
Total capital assets, being depreciated, net		33,931,530		(333,986)		-		33,597,544
Business-type activities capital assets, net	$	34,265,050	$	(304,736)	$	(117,000)	$	33,843,314

During the year ended September 30, 2013, the General Fund transferred a backhoe with a cost of $42,884 and a net book value of $0 to the Sewer Fund.

Depreciation expense for all depreciable assets is charged to functions/programs of the primary government as follows:

Governmental activities:		
General Government:		
Administrative	$ 183,637	$ 183,637
Public Protection:		
Police	203,609	
Municipal Court	1,628	
Fire	134,915	340,152
Public Ways and Facilities:		
Library	130,974	
Public Works	334,758	
Park and Recreation	347,766	813,498
		$ 1,337,287
Business-type activities:		
Sewer Fund		$ 953,101
Garbage Fund		$ 35,996

Activity for the discretely presented component unit, CDA, for the year ended September 30, 2013, was as follows:

Governmental activities:	Balance September 30, 2012	Additions/ Transfers-in	Deletions/ Transfers-out	Balance September 30, 2013
Capital assets, not being depreciated:				
Land	$ 8,940,062	$ -	$ -	$ 8,940,062
Total capital assets, not being depreciated	8,940,062	-	-	8,940,062
Capital assets, being depreciated:				
Infrastructure	4,000,000	-	-	4,000,000
Total capital assets, being depreciated	4,000,000	-	-	4,000,000
Less accumulated depreciation for:				
Infrastructure	353,333	80,000	-	433,333
Total capital assets, being depreciated, net	3,646,667	(80,000)	-	3,566,667
Commercial Development Authority capital assets, net	$ 12,586,729	$ (80,000)	$ -	$ 12,506,729

Depreciation expense for all depreciable assets is charged to functions/programs of the discretely presented component unit. Depreciation expense was $80,000 for the year ended September 30, 2013.

NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2013, is as follows:

Transfers In/Out:		
Transfers Out:		
From General Fund to Debt Service Fund	$	3,624,913
From Sewer Fund (an enterprise fund) to General Fund		639,000
From Garbage Fund (an enterprise fund) to General Fund		250,000
	$	4,513,913
Transfers In:		
To Debt Service Fund from General Fund	$	3,624,913
To General Fund from		
Sewer Fund (an enterprise fund)		639,000
Garbage Fund (an enterprise fund)		250,000
	$	4,513,913

In the fund financial statements, total transfers out of $3,624,913 are less than total transfers in of $4,513,913 because during the year the Sewer Fund and Garbage Fund, enterprise funds, transferred $889,000 to the General Fund. These transfers are shown in the Proprietary Funds, but not shown in the Governmental Funds financial statements.

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations.

NOTE F - LONG-TERM DEBT

General Obligation Warrants

The City issues general obligation ("G.O.") Warrants, which are a direct obligation and pledge of the full faith and credit of the City, for the following purposes:

a. For the acquisition and construction of major capital facilities.
b. To refund other G.O. Warrants.

Source of Repayment of Long-Term Debt

Repayment of the City's long-term debt is generally provided for as follows:

Type of Debt	Paid From	Resources Provided By
Governmental Activities:		
G.O. Warrants	Debt Service Fund	General Fund
Note payable	Debt Service Fund	General Fund
Business-Type Activities:		
G.O. Warrants (sewer)	Sewer Fund	Sewer Fund
Note payable	Garbage Fund	Garbage Fund

Refundings

The City has issued refunding warrants to provide for the advanced refunding of other debt. For advance refunded warrants, the City uses the refunding warrant proceeds to purchase U.S. government securities that are placed in an irrevocable trust for the purpose of funding debt service requirements of the refunded warrants. As a result, the refunded warrants are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. Any resulting gain or loss is deferred and amortized over the lesser of the remaining life of the refunded or refunding warrants.

Refunding Warrants			Refunded Warrants				
Fiscal Year	Series	Face Amount	Series	Refunded Amount	Outstanding 09/30/13	Debt Service Savings	Economic Gain/(Loss)
PRIMARY GOVERNMENT							
Governmental Activities							
2012	A & B	$ 12,385,000	2004-B	$ 10,500,000	$ 10,500,000	$ 184,142	$ 739,584
2012	C	$ 12,310,000	2005-A	$ 10,535,000	$ 10,035,000	$ (260,457)	$ 241,381

Business-Type Activities

In April 2013, the Sewer Fund issued G.O. Warrants Series 2013-B that advance refunded the Revenue Warrants 2004-C, which had an outstanding principal balance of $14,990,000 at the time of the advanced refunding. The Revenue Warrants 2004-C will be called in April 2014.

Outstanding Debt

The amount of debt outstanding at September 30, 2013, and information related to it was as follows:

Series		Original Amount	Final Maturity	Interest Rates (%)		Ending Balance		Amount Due Within One Year
PRIMARY GOVERNMENT								
Governmental Activities:								
G.O. Warrants								
2005-B	$	555,000	04/01/25	4.00% - 4.45%	$	415,000	$	25,000
2010-A		7,780,000	09/01/26	2.00% - 5.80%		6,935,000		440,000
2010-B		3,055,000	09/01/29	4.00% - 4.25%		3,055,000		-
2011-A		1,220,000	01/01/18	1.50% - 2.40%		920,000		180,000
2011-B		4,915,000	09/01/25	2.00% - 3.25%		4,715,000		440,000
2012-A		2,410,000	04/01/18	1.35% - 2.50%		2,370,000		45,000
2012-B		9,975,000	04/01/24	2.00% - 2.55%		9,840,000		155,000
2012-C		12,310,000	04/01/28	0.75% - 3.90%		11,560,000		605,000
2012-D		5,205,000	04/01/33	3.125% - 3.625%		5,205,000		-
2013		1,300,000	10/01/17	1.96%		1,169,292		251,046
		48,725,000				46,184,292		2,141,046
Note payable		300,000	12/31/13	1.87%		25,647		25,647
Total governmental activities		49,025,000				46,209,939		2,166,693
Business-Type Activities:								
G.O. Warrants								
2009		7,575,000	09/01/20	2.00% - 4.00%		5,740,000		700,000
2013-B		16,920,000	04/01/29	2.25% - 3.70%		16,920,000		800,000
		24,495,000				22,660,000		1,500,000
Note Payable		215,934	10/31/14	3.49%		49,688		46,126
Total business-type activities		24,710,934				22,709,688		1,546,126
Total Primary Government	$	73,735,934			$	68,919,627	$	3,712,819

Subsequent Event

Subsequent to September 30, 2013, the City entered into a capital lease agreement to purchase ten police vehicles for a total cost of $ 400,000.

Future Debt Service

The City's future debt service requirements on its outstanding warrants, notes and bonds as of September 30, 2013 are shown below. There is $1,746,507 available in the Debt Service Fund and $728,324 available in the Sewer Fund to service the G.O. Warrants.

PRIMARY GOVERNMENT

	G.O. Warrants		Note Payable	
Governmental Activities:	Principal	Interest	Principal	Interest
2014	$ 2,141,046	$ 1,398,315	$ 25,647	$ 80
2015	2,380,991	1,358,389	-	-
2016	2,561,033	1,313,573	-	-
2017	2,721,174	1,256,515	-	-
2018	2,640,048	1,192,964	-	-
2019-2023	16,480,000	4,804,557	-	-
2024-2028	11,750,000	2,122,401	-	-
2029-2033	5,510,000	512,182	-	-
	$ 46,184,292	$ 13,958,896	$ 25,647	$ 80

	G.O. Warrants		Note Payable	
Business-Type Activities:	Principal	Interest	Principal	Interest
2014	$ 1,500,000	$ 702,958	$ 46,126	$ 1,001
2015	1,600,000	659,708	3,562	10
2016	1,645,000	611,708	-	-
2017	1,700,000	560,496	-	-
2018	1,750,000	509,496	-	-
2019-2023	7,210,000	1,698,364	-	-
2024-2028	5,950,000	827,263	-	-
2029	1,305,000	48,285	-	-
	$ 22,660,000	$ 5,618,278	$ 49,688	$ 1,011

Changes in long-term liabilities

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

PRIMARY GOVERNMENT	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation warrants	$ 46,770,000	$ 1,300,000	$ (1,885,708)	$ 46,184,292	$ 2,141,046
Less amounts deferred for:					
Issue discounts, premiums and costs, net	979,516	7,500	(72,974)	914,042	-
Total general obligation warrants	45,790,484	1,292,500	(1,812,734)	45,270,250	2,141,046
Note payable	127,047	-	(101,400)	25,647	25,647
Compensated absences	830,795	572,921	(482,194)	921,522	73,588
Governmental activities long-term liabilities	46,748,326	1,865,421	(2,396,328)	46,217,419	2,240,281

The City's General Fund is generally responsible for liquidating the liability for compensated absences since most of the activities affecting that liability occur with General Fund departments.

Business-Type activities:	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year
General obligation warrants	6,430,000	16,920,000	(690,000)	22,660,000	1,500,000
Sewer revenue warrants	15,635,000	-	(15,635,000)	-	-
Subtotal	22,065,000	16,920,000	(16,325,000)	22,660,000	1,500,000
Less amounts deferred for:					
Issue premiums, discounts & costs, net	475,228	148,787	(623,254)	761	-
Refunding losses	1,431,341	1,030,964	(182,082)	2,280,223	-
Total warrants	20,158,431	15,740,249	(15,519,664)	20,379,016	1,500,000
Note payable	94,240	-	(44,552)	49,688	46,126
Compensated absences	46,783	42,164	(41,996)	46,951	982
Business-type activities long-term liabilities	20,299,454	15,782,413	(15,606,212)	20,475,655	1,547,108
Total long-term liabilities	$ 67,047,780	$ 17,647,834	$ (18,002,540)	$ 66,693,074	$ 3,787,389

Arbitrage Compliance

As an issuer of tax-exempt obligations, the City must comply with Section 148 of the Internal Revenue Code whereby arbitrage on tax-exempt warrants, if any, is rebated to the IRS. The City is in compliance with Section 148 requirements.

NOTE G - LEASE OBLIGATIONS

The City was not obligated on any significant operating leases as of September 30, 2013.

NOTE H - DEFINED BENEFIT PENSION PLAN

Plan Description

The City is affiliated with the Employees' Retirement System of Alabama (the "System"), an agent multiple-employer public employee retirement system, that acts as a common investment and administrative agent for the various state agencies and departments.

Substantially all employees are members of the System. Membership is mandatory for covered or eligible employees of the City. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death is provided to plan members.

The Employees' Retirement System of Alabama was established as of October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for State employees, State police, and on an elective basis to all cities, counties, towns and quasi-public organizations. The responsibility for general administration and operation of the System is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the Commission authority to accept or reject various Cost-of-Living-Adjustments (COLAs) granted to retirees.

During the 2012 regular session of the Alabama Legislature, Act 2012-377 was enacted which created a new defined benefit plan tier for employees with no previous creditable retirement service hired on or after January 1, 2013 (Tier 2 employees). Employees hired prior to January 1, 2013 or with previous creditable retirement service are considered Tier 1 employees. The City is required to contribute the remaining amounts necessary to fund the System, using the actuarial basis specified by law. The contribution requirements of plan members are established and may be amended by the Employees' Retirement System of Alabama.

Tier 1 system members who are state correction officers, certified full-time fire fighters, and certified full-time law enforcement officers are required to contribute 6% of their annual covered salary. Other Tier 1 system members are required to contribute 5% of their annual covered salary. During fiscal year 2013, the City contributed 8.38% of the Tier 1 employees' annual covered payroll to the System.

Tier 2 system members who are state correction officers, certified full-time fire fighters, and certified full-time law enforcement officers are required to contribute 7% of their annual covered salary. Other Tier 2 system members are required to contribute 6% of their annual covered salary. During fiscal year 2013, the City contributed 6.08% of the Tier 2 employees' annual covered payroll to the System.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to The Retirement Systems of Alabama, P.O. Box 302150, Montgomery, Alabama 36130-2150 or by calling (334) 832-4140.

Funding Policy and Annual Pension Cost

The total contribution to the System for the year ended September 30, 2013, was $1,626,307. This contribution was made in accordance with actuarially determined requirements computed through an actuarial valuation. The employer contributions during fiscal year 2013 totaled $974,512 and the employee contributions totaled $651,795. The required contribution was determined as part of the September 30, 2012, actuarial valuation using the entry age actuarial cost method.

Trend Information

The trend information provided by the Retirement Systems of Alabama is for the period ended September 30, 2012, the most recent actuarial valuation date.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligations (NPO)
9/30/2010	$ 860,756	100%	$ -
9/30/2011	$ 936,514	100%	$ -
9/30/2012	$ 892,976	100%	$ -

As of the most recent actuarial valuation date, funding progress on the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9/30/2012 [1]	$ 19,841,329	$ 28,135,368	$ 8,294,039	70.5%	$ 10,680,244	77.7%

* The actuarial value of asets was set equal to the market value of assets as of September 30, 2012.

[1] Reflects changes to interest smoothing methodology

Actuarial Assumptions

Valuation date	9/30/12
Actuarial cost method	Entry Age
Amortization method	Level percent open
Remaining amortization period	24 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Ultimate investment rate of return (includes inflation at 3.00%)	8.00%
Projected salary increases (includes inflation at 3.00%)	3.75 - 7.25%
Cost-of-living adjustments	None

Required Supplementary Information

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing and decreasing over time relative to the actuarial accrued liability for benefits.

NOTE I - POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The City of Alabaster's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by a retirement system whose eligibility provisions are as follows: 10 years of consecutive service and attainment of age 60; or, 25 years of service at any age. Complete plan provisions are included in the official plan documents.

Contribution Rates

Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents. The following is a monthly premium cost sharing for retirees and the City for FY 2012 as determined by the City Council of the City of Alabaster:

	City		Retiree		Total	
Family	$	479	$	954	$	1,433
Single	$	479	$	300	$	779
Single Medicare	$	-	$	376	$	376

Fund Policy

Until Fiscal Year Ending September 30, 2010, the City of Alabaster recognized the cost of providing post-employment medical benefits (the City of Alabaster's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective with the Fiscal Year beginning October 1, 2009, the City of Alabaster implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs.

In Fiscal Year Ending September 30, 2013, the City of Alabaster's portion of health care funding cost for retired employees totaled $51,253. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the table on the following page.

Annual Required Contribution

The City of Alabaster's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning October 1, 2012 is $474,996, as set forth below:

		Medical
Normal cost	$	262,605
30-year UAL amortization amount		212,391
Annual required contribution (ARC)	$	474,996

Net Post-employment Benefit Obligation (Asset)

The table below shows the City of Alabaster's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending September 30, 2013:

Beginning Net OPEB Obligation October 1, 2012	$	1,189,206
Annual required contribution		474,996
Interest on prior year Net OPEB Obligation		47,568
Amortization of prior year Net OPEB Obligation		(67,436)
Total Annual OPEB Cost		455,128
Contribution		-
Expected Net OPEB contributions		(51,609)
Change in Net OPEB Obligation		403,519
Ending Net OPEB Obligation September 30, 2013	$	1,592,725

The following table shows the City of Alabaster's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits liability:

Post-Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
Medical	September 30, 2013	$455,128	11.34%	$1,592,725

Funded Status and Funding Progress

In the fiscal year ending September 30, 2013, the City of Alabaster made no contributions to its post-employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of September 30, 2013, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was $3,653,691, which is defined as that portion, as determined by a particular actuarial cost method (the City of Alabaster uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2012/2013, the entire actuarial accrued liability of $3,653,691 was unfunded.

Actuarial Accrued Liability (AAL)	$	3,653,691
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	3,653,691
Funded Ratio		0.00%
Covered Payroll (active plan members)	$	11,727,562
UAAL as a percentage of covered payroll		31.15%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Alabaster and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Alabaster and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Alabaster and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method

The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets

Since the OPEB obligation has not yet been funded, there are no assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

Turnover Rate

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 5%. The rates for each age are below:

Age	Percent Turnover
18 - 25	10.0%
26 - 40	6.0%
41 - 54	4.0%
55+	3.0%

Post-employment Benefit Plan Eligibility Requirements

Based on past experience, it has been assumed that entitlement to benefits will commence three years after initial retirement eligibility. Medical benefits are provided to employees upon actual retirement. The employees are covered by a retirement system whose eligibility provisions are as follows: 10 years of consecutive service and attainment of age 60; or, 25 years of service at any age.

Investment Return Assumption (Discount Rate)

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded and not expected to be funded in the near future, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate

The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2009 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays for the unblended single employee rate after retirement, but only until age 65, Medicare eligibility at which time employer payment ceases.

NOTE J - RELATED PARTY TRANSACTIONS

The Alabaster Water Board bills and collects customers' monthly sewer and garbage fees for the City at no charge, in lieu of the Alabaster Water Board paying the City a franchise tax. The Board owed the City $659,771 at September 30, 2013, for those fees collected during the month of September.

During the year ended September 30, 2013, the City received a total of $7,034,435 in sewer and garbage fees collected by the Water Board.

The Alabaster Water Board also purchases fuel from the City. The Board owed the City $4,723 at September 30, 2013, for fuel purchased. During the year ended September 30, 2013, the Water Board paid the City $48,056 for the purchase of fuel.

At September 30, 2013, the Commercial Development Authority (CDA) owed the Capital Projects Fund $10,660,000. The purpose of the loan was to enable the CDA to purchase land and fulfill contractual obligations. The note is non-interest bearing and is not expected to be received in the near-term.

In September 2013, the City entered into a lease agreement with the Alabaster Board of Education (BOE). The agreement is a cancellable operating lease at a rate of $3,800 per month through June 2016 for office space located inside the City Administration building. The City received $3,800 from the BOE according to the terms of this lease agreement during the year ended September 30, 2013.

NOTE K - COMMITMENTS AND CONTINGENCIES

In December 2006, the City entered into an agreement with Alabaster Shadow, LLC. According to the agreement, the City has proposed the issuance of $10.08 million Limited Obligation Sales Tax Warrants, for the purpose of providing funds with which to make a grant to Alabaster Shadow, LLC (the Company), which will enable the Company to purchase, acquire and/or improve a parcel or parcels of land in the City located adjacent to or near the Colonial Promenade in Alabaster and to construct, acquire and install certain capital improvements and equipment thereon suitable for use as one or more retail facilities. The purpose of the proposed issuance of the Warrant and the Economic Development Grant is the promotion of economic development of the City in accordance with the economic development goals and objectives of the City. The Warrant matures in twenty years or less from the date of its issuance, will not bear any interest, and will evidence indebtedness that will be a limited obligation of the City payable solely from 75% of sales tax revenues paid to the City from businesses conducted or located on the Project Land.

In March 2007, the City entered into an agreement with Volkert & Associates, Inc. for program management services for the new City Center. The total contract is for $461,538 and as of September 30, 2013, the City has a remaining commitment of $253,106 under the agreement with Volkert & Associates, Inc.

The City has entered into an agreement with Tunell-Spangler-Walsh & Associates for planning and design services for the new City Center. The total contract is for $269,000 and as of September 30, 2013, the City has a remaining commitment of $114,163 under the agreement with Tunell-Spangler-Walsh & Associates.

The City has entered into an agreement with Blalock Building Company for the construction of the new Administration Building for the City. The total contract is for $3,938,059 and as of September 30, 2013, the City has a remaining commitment of $70,792 under the agreement with Blalock Building Company.

NOTE L - RISK MANAGEMENT

The City is a defendant in numerous lawsuits and has been notified of numerous claims against it arising from alleged negligence related to motor vehicles and other matters related to the normal operations of a municipality. The City believes that any liability resulting from such lawsuits and claims will be covered adequately by the liability insurance and funds of the City which will be available to discharge such liability without impairing its ability to perform any of its other obligations.

NOTE M - ECONOMIC DEPENDENCY

The City is economically dependent on a small number of principal taxpayers. Sales and use tax revenue accounted for 62.37% of total governmental fund-type revenues for the year ended September 30, 2013. Sales and use tax revenues received from one (1) major taxpayer accounted for 15.41% of the total sales and use tax collected city-wide. In addition, business license revenues received from one (1) major company accounted for 41.53% of the total business license revenues collected city-wide.

NOTE N - LINE OF CREDIT

The City has a line of credit with a local financial institution for $1,250,000 as of September 30, 2013 and it bears interest at the rate of 1.75%. Interest payments are due monthly. In February 2014, the line of credit was increased to $2,500,000 with an expiration date of March 2016. The City has drawn $1.5 million on the line of credit subsequent to September 30, 2013 and loaned it to the CDA. The CDA used approximately $1.3 million for the purchase of land and related expenses.

NOTE O - SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through May 15, 2014, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALABASTER, ALABAMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
Year Ended September 30, 2013

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Property taxes	$ 3,350,000	$ 3,350,000	$ 3,292,999	$ (57,001)
Sales and use taxes	13,000,000	13,000,000	16,896,082	3,896,082
Other taxes	1,169,700	1,169,700	1,205,557	35,857
Licenses and permits	3,236,100	3,236,100	3,078,733	(157,367)
Intergovernmental	16,000	16,000	58,396	42,396
Charges for services	477,200	477,200	472,870	(4,330)
Fines and forfeitures	867,050	867,050	852,160	(14,890)
Donations, gifts and grants	19,500	19,500	18,220	(1,280)
Interest	1,000	1,000	135	(865)
Other revenues	677,790	677,790	209,870	(467,920)
Total revenues	22,814,340	22,814,340	26,085,022	3,270,682
EXPENDITURES				
General Government				
Administrative	1,357,698	1,357,698	1,646,223	(288,525)
Building	603,312	603,312	413,629	189,683
Revenue	258,357	258,357	290,403	(32,046)
Personnel	190,343	190,343	181,076	9,267
Elected Officials	316,841	316,841	258,830	58,011
Newsletter	75,000	75,000	75,404	(404)
Total general government	2,801,551	2,801,551	2,865,565	(64,014)
Public Protection				
Police	6,474,092	6,474,092	6,751,682	(277,590)
Municipal Court	415,412	415,412	464,631	(49,219)
Fire	4,767,482	4,767,482	4,579,788	187,694
Total public protection	11,656,986	11,656,986	11,796,101	(139,115)

The accompanying notes are an integral part of these statements.

CITY OF ALABASTER, ALABAMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
Year Ended September 30, 2013

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
Public Ways and Facilities				
Library	$ 777,104	$ 777,104	$ 740,428	$ 36,676
Public Works	1,672,588	1,672,588	1,574,586	98,002
Park and Recreation	2,349,839	2,349,839	2,304,488	45,351
Total public ways and facilities	4,799,531	4,799,531	4,619,502	180,029
Alabaster City Schools				
Payments to the Alabaster Board of Education	-	-	6,492,064	(6,492,064)
Payments to the schools	100,000	100,000	90,805	9,195
Other payments	-	-	36,719	(36,719)
	100,000	100,000	6,619,588	(6,519,588)
Total expenditures	19,358,068	19,358,068	25,900,756	(6,542,688)
Excess of revenues over expenditures	3,456,272	3,456,272	184,266	(3,272,006)
OTHER FINANCING SOURCES (USES)				
Transfers in	700,000	700,000	889,000	189,000
Transfers (out)	(3,577,414)	(3,577,414)	(3,624,913)	(47,499)
Total other financing sources (uses)	(2,877,414)	(2,877,414)	(2,735,913)	141,501
Net change in fund balance	$ 578,858	$ 578,858	(2,551,647)	$ (3,130,505)
Fund balance, beginning			6,046,504	
Fund balance, ending			$ 3,494,857	

The accompanying notes are an integral part of these statements.

CITY OF ALABASTER, ALABAMA
SCHEDULE OF FUNDING PROGRESS
EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA
September 30, 2013

Schedule of Funding Progess

Actuarial Valuation Date		Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
09/30/07		$ 14,397,206	$ 19,710,152	$ 5,312,946	73.0%	$ 10,692,789	49.7%
09/30/08		$ 15,876,205	$ 22,121,946	$ 6,245,741	71.8%	$ 11,322,932	55.2%
09/30/09		$ 16,935,900	$ 24,299,469	$ 7,363,569	69.7%	$ 10,549,603	69.8%
09/30/10	2	$ 17,857,707	$ 28,333,469	$ 10,475,762	63.0%	$ 11,703,274	89.5%
09/30/11	1	$ 18,762,355	$ 28,867,166	$ 10,104,811	65.0%	$ 11,704,066	86.3%
09/30/12	3	$ 19,841,329	$ 28,135,368	$ 8,294,039	70.5%	$ 10,680,244	77.7%

* Market value of assets was set equal to the market value of assets as of September 30, 2012.

1 Reflects changes in actuarial assumptions
2 Reflects the impact of Act 2011-27, which closes the DROP program to new applicants after March 24, 2011
3 Reflects changes to interest smoothing methodology

The information presented in the above required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the Notes to the Financial Statements.

Actuarial Information

Valuation date	9/30/12
Actuarial cost method	Entry age
Amortization method	Level percent open
Remaining amortization period	24 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Ultimate investment rate of return (includes inflation at 3.00%)	8.00%
Projected salary increases (includes inflation at 3.00%)	3.75 - 7.25%
Cost-of-living adjustments	None

The accompanying notes are an integral part of these statements.

CITY OF ALABASTER, ALABAMA
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS
September 30, 2013

Schedule of Funding Progess

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/10	$ -	$ 3,107,352	$ 3,107,352	0.0%	$ 12,034,461	25.82%
10/01/11	$ -	$ 3,467,382	$ 3,467,382	0.0%	$ 11,556,239	30.00%
10/01/12	$ -	$ 3,653,691	$ 3,653,691	0.0%	$ 11,727,562	31.15%

Schedule of Funding Progess

	09/30/11	09/30/12	09/30/13
OPEB Cost	$ 430,878	$ 456,569	$ 455,128
Contribution	-	-	-
Retiree premium	34,488	50,196	51,609
Total contribution and premium	34,488	50,196	51,609
Change in net OPEB obligation	$ 396,390	$ 406,373	$ 403,519
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	8.00%	10.99%	11.34%

The accompanying notes are an integral part of these statements.

CITY OF ALABASTER, ALABAMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013

NOTE A - BUDGETARY INFORMATION

The annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following describes the budgeted and non-budgeted funds:

Annually-Budgeted Governmental Funds
- General Fund

Governmental Funds Not Annually-Budgeted
- Capital Projects Fund
- Subdivision Capital Projects Fund
- Debt Service Fund
- Special Revenue Funds:
  - Four Cent Gas Tax Fund
  - Seven Cent Gas Tax Fund
  - Corrections Fund
  - Drug Seizure Fund
  - Municipal Training Fund
  - Library State Aid Fund
  - Municipal Judicial Fund

The City follows these procedures in establishing the budgetary data reflected in the required supplementary information:

1. Instructions and budget work papers are distributed to departments and a revenue estimate for the following fiscal year is prepared.

2. Departments return copies of completed budget requests forms to the budget staff.

3. The Mayor and budget staff begin individual departmental reviews and prepare recommended changes to the departmental budgets.

4. The Mayor submits recommended departmental changes to individual departments affected with a copy to the City Council Finance Committee.

5. Departments incorporate recommended budget changes and update budget schedules.

6. The Mayor's recommended budget is finalized for submission to the City Council.

7. The Mayor presents the proposed budget to the City Council.

8. The City Council takes final action for approval of the operating budget by the beginning date of the fiscal year.

The annual budget is prepared by fund, department and object. The Mayor or appointed City staff is authorized to make budget transfers by object within each department. Transfers of appropriations between departments or between funds require approval of the City Council. The legal level of budgetary control is by department. The original and final/amended budget amounts are reflected in the required supplementary information.

CITY OF ALABASTER, ALABAMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013

The following represents expenditures in excess of appropriations of the following amounts by department for the fiscal year ended September 30, 2013:

General Government	
Administrative	$ 288,525
Revenue	32,046
Newsletter	404
Public Protection	
Police	277,590
Municipal Court	49,219
Alabaster City Schools	
Payments to the Alabaster Board of Education	6,492,064
Other payments	36,719
Transfers out	47,499

The excess expenditures were provided by available fund balance in the General Fund.

SUPPLEMENTARY INFORMATION

CITY OF ALABASTER, ALABAMA
COMBINING BALANCE SHEET
GENERAL FUND
September 30, 2013

	General Fund	Education Fund	Total General Fund
ASSETS			
Cash and cash equivalents	$ 1,471,295	$ -	$ 1,471,295
Receivables	599,098	-	599,098
Due from Water Board	4,723	-	4,723
Restricted assets:			
Cash and cash equivalents	2,038,101	317,662	2,355,763
Total assets	$ 4,113,217	$ 317,662	$ 4,430,879
LIABILITIES			
Accounts payable and accrued expenses	$ 570,407	$ -	$ 570,407
Accrued payroll and related liabilities	265,566	-	265,566
Municipal Court cash bonds posted	100,049	-	100,049
Total liabilities	936,022	-	936,022
FUND BALANCE			
Restricted for:			
Public protection	99,949	-	99,949
Committed:			
Alabaster Reserve Account	1,620,094	-	1,620,094
Alabaster City Schools	-	317,662	317,662
Assigned for:			
Library	46,786	-	46,786
Unrestricted	1,410,366	-	1,410,366
Total fund balance	3,177,195	317,662	3,494,857
Total liabilities and fund balance	$ 4,113,217	$ 317,662	$ 4,430,879

CITY OF ALABASTER, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND
For the Year Ended September 30, 2013

	General Fund	Education Fund	Total General Fund
REVENUES			
Property taxes	$ 3,292,999	$ -	$ 3,292,999
Sales and use taxes	13,084,620	3,811,462	16,896,082
Other taxes	1,205,557	-	1,205,557
Licenses and permits	3,078,733	-	3,078,733
Intergovernmental	58,396	-	58,396
Charges for services	472,870	-	472,870
Fines and forfeitures	852,160	-	852,160
Donations, gifts and grants	18,220	-	18,220
Interest	135	-	135
Other revenues	209,870	-	209,870
Total revenues	22,273,560	3,811,462	26,085,022
EXPENDITURES			
General government	2,865,565	-	2,865,565
Public protection	11,796,101	-	11,796,101
Public ways and facilities	4,619,502	-	4,619,502
Alabaster City Schools			
Payments to the Alabaster Board of Education	-	6,492,064	6,492,064
Payments to the schools	90,805	-	90,805
Other payments	223	36,496	36,719
Total expenditures	19,372,196	6,528,560	25,900,756
Excess (deficiency) of revenues over expenditures	2,901,364	(2,717,098)	184,266
OTHER FINANCING SOURCES (USES)			
Transfers in	889,000	-	889,000
Transfers (out)	(3,624,913)	-	(3,624,913)
Total other financing sources (uses)	(2,735,913)	-	(2,735,913)
Net change in fund balance	165,451	(2,717,098)	(2,551,647)
Fund balance, beginning	3,011,744	3,034,760	6,046,504
Fund balance, ending	$ 3,177,195	$ 317,662	$ 3,494,857

CITY OF ALABASTER, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

	Gas Tax Fund (7 cent)	Gas Tax Fund (4 cent)	Corrections Fund	Drug Seizure Fund	Municipal Training Fund	Library State Aid Fund	Municipal Judicial Fund	Subdivision Capital Projects Fund	Total
ASSETS									
Restricted cash	$ 217,872	$ 159,864	$ 329,640	$ 97,251	$ 58,911	$ 6,522	$ 33,894	$ 85,042	$ 988,996
Total assets	$ 217,872	$ 159,864	$ 329,640	$ 97,251	$ 58,911	$ 6,522	$ 33,894	$ 85,042	$ 988,996
LIABILITIES									
Accounts payable and accrued expenses	$ -	$ -	$ 4,712	$ -	$ -	$ 6,547	$ -	$ -	$ 11,259
Subdivision cash bonds posted	-	-	-	-	-	-	-	28,575	28,575
Total liabilities	-	-	4,712	-	-	6,547	-	28,575	39,834
FUND BALANCES									
Restricted for:									
Capital improvements	-	-	-	-	-	-	-	56,467	56,467
Library	-	-	-	-	-	(25)	-	-	(25)
Public protection	-	-	324,928	97,251	58,911	-	33,894	-	514,984
Infrastructure maintenance	217,872	159,864	-	-	-	-	-	-	377,736
Total fund balance	217,872	159,864	324,928	97,251	58,911	(25)	33,894	56,467	949,162
Total liabilities and fund balance	$ 217,872	$ 159,864	$ 329,640	$ 97,251	$ 58,911	$ 6,522	$ 33,894	$ 85,042	$ 988,996

CITY OF ALABASTER, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2013

	Gas Tax Fund (7 cent)	Gas Tax Fund (4 cent)	Corrections Fund	Drug Seizure Fund	Municipal Training Fund	Library State Aid Fund	Municipal Judicial Fund	Subdivision Capital Projects Fund	Total
REVENUES									
Other taxes	$ 71,039	$ 55,591	$ -	$ -	$ -	$ -	$ -	$ -	$ 126,630
Fines and forfeitures	-	-	127,875	-	6,159	-	28,270	-	162,304
Donations, gifts and grants	-	-	-	-	-	26,926	-	-	26,926
Interest	2	11	1	-	5	-	-	1,080	1,099
Total revenues	71,041	55,602	127,876	-	6,164	26,926	28,270	1,080	316,959
EXPENDITURES									
Public protection	-	-	54,678	-	5,650	-	-	-	60,328
Public ways and facilities	6,019	23,019	-	-	-	26,951	-	-	55,989
Total expenditures	6,019	23,019	54,678	-	5,650	26,951	-	-	116,317
Net change in fund balance	65,022	32,583	73,198	-	514	(25)	28,270	1,080	200,642
Fund balance, beginning	152,850	127,281	251,730	97,251	58,397	-	5,624	55,387	748,520
Fund balance, ending	$ 217,872	$ 159,864	$ 324,928	$ 97,251	$ 58,911	$ (25)	$ 33,894	$ 56,467	$ 949,162