CITY OF CULLMAN, ALABAMA
BASIC FINANCIAL STATEMENTS
With Supplementary Information
September 30, 2015

CONTENTS

Independent Auditor's Report ..... Page(s) 5-7

Management's Discussion and Analysis 8-25

Basic Financial Statements:

Statement of Net Position 26-28

Statement of Activities 29-31

Balance Sheet – Governmental Funds 32-37

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 38

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 39-40

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 41-42

Balance Sheet – Proprietary Funds 43-48

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds 49-52

Statement of Cash Flows – Proprietary Funds 53-56

Schedule of Cash Flows from Operating Activities – Proprietary Funds 57-58

Notes to the Financial Statements 59-105

Required Supplementary Information:

Schedule of Changes in the Net Pension Liability 106

Schedule of Employer Contributions 107

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund 108

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – School Tax Fund (a major fund) 109

Notes to the Required Supplementary Information 110

CONTENTS - CONTINUED

Supplementary Information:

Combining Balance Sheet – General Fund 111-112

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund 113-114

Combining Balance Sheet – Nonmajor Governmental Funds 115

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 116

Combining Balance Sheet – Special Revenue Funds – Nonmajor Governmental Funds 117-118

Combining Schedule of Revenues, Expenditures, and Changes In Fund Balances – Special Revenue Funds – Nonmajor Governmental Funds 119-120

Combining Balance Sheet – Capital Project Funds – Nonmajor Governmental Funds 121-122

Combining Schedule of Revenues, Expenditures, and Changes In Fund Balances – Capital Project Funds – Nonmajor Governmental Funds 123-124

Combining Balance Sheet – Water System (Proprietary Fund) 125-126

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position – Water System (Proprietary Fund) 127-128

Combining Schedule of Cash Flows – Water System (Proprietary Fund) 129-130

Combining Schedule of Cash Flows from Operating Activities – Water System (Proprietary Fund) 131-132

Combining Balance Sheet – Parks and Recreation (Proprietary Fund) 133-136

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position – Parks and Recreation (Proprietary Fund) 137-140

Schedule of General Obligation Warrants 141-142

Schedule of Sewer General Obligation Warrants 143-144

Schedule of Water Warrant and General Obligation Warrants 145-146

Schedule of Water Revenue Bonds 147-149

CONTENTS - CONTINUED

Supplementary Information – Continued:

Schedule of Cullman City Parks and Recreation Board's Capital Lease 150

Schedule of Cullman Regional Airport Board's Loan and General Obligation Warrant 151

Schedule of School Tax Transactions 152

Statistical Data – Unaudited 153-154

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Cullman, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cullman, Alabama, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the aggregate nonmajor governmental funds of the City of Cullman, Alabama as of and for the year ended September 30, 2015, as displayed in the City's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND AICPA DIVISION FOR CPA FIRMS – ALABAMA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, as well as the aggregate nonmajor governmental funds, of the City of Cullman, Alabama, as of September 30, 2015, 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.

Change in Accounting Principle

As discussed in Note VIII to the financial statements, in the fiscal year ended September 30, 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability, the Schedule of Employer Contributions, Budgetary Comparison Information, and Notes to the Required Supplementary Information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 Cullman, Alabama's basic financial statements. The combining and individual fund financial statements and schedules and the statistical data listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the 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 fund financial statements and schedules listed in the table of contents are fairly stated in all material respects in relation to the financial statements taken as a whole.

The statistical data as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2016, on our consideration of the City of Cullman, Alabama's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cullman, Alabama's internal control over financial reporting and compliance.

Fricke, Sweatman & Miller, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Cullman, Alabama
February 17, 2016

CITY OF CULLMAN, ALABAMA

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Management's Discussion and Analysis
Concerning the Audited Financial Statements
for the Fiscal Year Ended September 30, 2015

The City of Cullman, county seat of Cullman County, is located in north central Alabama, north of Birmingham and southwest of Huntsville, Alabama. The City was founded in 1873 by Colonel John G. Cullmann as a colony designed to attract German immigrants. The City of Cullman was incorporated on March 6th, 1875, and Cullman County was created by the Alabama Legislature in 1877 from sparsely settled areas more or less separated from the adjacent counties by natural boundaries.

The City of Cullman operates under a Mayor-Council form of government. The City's elected officials consist of a full-time mayor and five part-time council members, each elected by city-wide vote to serve concurrent four-year terms.

Mayor Max A. Townson is the chief executive officer of the City of Cullman. The Mayor is responsible for the supervision of the daily operations and the officers of the City of Cullman. The Mayor, with assistance from the City Treasurer and the City Clerk, prepares the annual budget for the City of Cullman.

The Council is the legislative body and adopts all policies, procedures, and laws that govern the City of Cullman. The Council is responsible for the financial management and long term planning of the City of Cullman which includes amending and adopting the annual budget. The officers of the Council are the Council President Garlan E. Gudger, Jr. and the President Pro-tem Jenny Folsom.

Council members (for terms expiring November 7, 2016) are as follows:

Place No. 1	Andy Page	Place No. 2	Garlan E. Gudger, Jr.
Place No. 3	Johnny Cook	Place No. 4	Clint Hollingsworth
Place No. 5	Jenny Folsom		

The City Clerk, Wesley M. Moore (Interim), is appointed by the City Council. The City Clerk is responsible for preparation of the agenda and the recording of the minutes of all City Council Meetings. The City Clerk supervises the collection of the revenues for the City of Cullman. The City Clerk serves as custodian of the records and also performs the duties prescribed by law and assigned by the Mayor and Council.

The City Treasurer, Patricia Quick, is appointed by the City Council. The City Treasurer is responsible for management of funds for the City of Cullman and its financial records. The City Treasurer designates all City depositories and authorizes the issuance of payments for the lawful expenditures of City funds. The City Treasurer also performs the duties prescribed by law and assigned by the Mayor and Council.

The City Council also appoints a Police Chief, a Fire Chief, Supervisors, Superintendents, and Directors of other City Departments and other non-classified personnel. The City employs approximately 460 people (full-time and part-time) in the various departments. The City does not collectively bargain with any union or association representing City employees.

Classified employees are grouped by job title and description in various classifications, each class having the same financial relationship to the classes above and below it, and having a minimum and maximum pay spread over a finite number of steps.

The City of Cullman participates in the State of Alabama Retirement System. Contributions are made to the Retirement System by the employees and the City, with the State acting only in an administrative capacity. The City pays all of the employee's share of health insurance costs and a portion of the family coverage.

The costs of general government, streets and sanitation, public safety, as well as appropriations to various public agencies and non-profit groups, debt service for governmental purposes and most matching funds for federal and state grants are paid from the General Fund.

The Water Department, Wastewater Department, Cullman Regional Airport and Parks & Recreation Department are accounted for in enterprise funds.

FINANCIAL HIGHLIGHTS

The City's net position increased $13,672,242 over the course of this year's operation: approximately $1,237,919 increase in the net position of the governmental activities and $12,434,323 increase in the business-type activities.

Budgeted revenues in the general fund for fiscal year 2015 were based generally on the previous year's receipts; however, budgeted revenues increased during the year due to the improving local economy. Revenues were $2,777,088 more than budgeted, while at the same time general fund expenditures were approximately $647,716 more than budgeted.

The most important source of revenue in the general fund for fiscal year 2015 are sales taxes, which produced $16,104,865 for general purposes and $3,050,273 for education. The other major sources of revenue in fiscal year 2015 were property taxes in the amount of $1,305,990 for general purposes and $3,118,741 for education; business licenses in the amount of $2,471,267; and sanitation charges in the amount of $4,571,942.

The City of Cullman receives varying percentages of four separate gross receipt or sales taxes levied in the Cullman County by separate legislative acts adopted from 1963 through 1993. The Alabama Legislature has the continuing power to change the allocation of the taxes, or to repeal any one or all of these taxes. However, the City has authority under the general laws of Alabama to levy within its corporate limits taxes substantially identical to the taxes levied by the 1963, 1975, 1981, and 1993 Acts at any regular meeting of the City Council.

The City levies a five mill ad valorem tax for General Fund purposes, a three mill school tax and a seven and one-half mill school tax. The school taxes are deposited in a special fund (School Tax Fund) and transferred to the City School System. The City Council levies a one-half percent sales tax for the educational purposes and the proceeds from this tax are also deposited in the special school tax fund and remitted to the City School System. The City School System also receives a varying percentage of a one-half percent sales tax levied in Cullman County by a legislative act adopted in 2012. The Alabama Legislature has the continuing power to change the allocation of the taxes, or to repeal any one or all of these taxes.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts—management's discussion and analysis, the basic financial statements, required supplementary information and an optional section that presents combining statements for non-major governmental funds and the water system. Major governmental funds are the general fund, the property and sales tax fund for schools (school tax fund), and debt service fund. The basic financial statements include two kinds of statements that present different views of the City.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the City's water and sewer systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds which are added together and presented in single columns in the basic financial statements.

The following summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Major Features of City of Cullman's Government-wide and Fund Financial Statements

		Fund Statements	
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (Except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary such as police, fire and public works	Activities the City operates similar to private businesses: the water and sewer systems
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expense during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position--the difference between the City's assets and liabilities--are one way to measure the City's financial health.

Increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively. In order to assess the overall health of the City, however, additional factors such as changes in property tax base, economic growth, unemployment, new and/or expanded businesses and industries, and the condition of the City's assets and infrastructure must be considered.

The government-wide financial statements of the City are divided into three categories:

Governmental activities -- Most of the City's basic services are included here, such as police, fire, public works and general administration. Property taxes, sales taxes, fees for certain services and state-shared revenues finance most of these activities.

Business-type activities -- The City charges fees to customers to cover most of the costs of certain services it provides. The City's water and sewer systems are self-sustaining. Fees help cover the costs of operating the airport, park and recreation activities and the golf course.

Component units -- The City includes the Cullman Parks and Recreation Department in its report. Although operated by a board appointed by the City Council, this component unit is important because the City is financially accountable for it.

The Utilities Board of the City of Cullman – Water Division (UBWD) is governed by a five-member board appointed by the City Council. By contract, the only customer of the UBWD is the City of Cullman. Therefore, the UBWD is included in the City's report.

Also included in the City's report is the Cullman Regional Airport Board. The Cullman Regional Airport is owned jointly by the City of Cullman and Cullman County, and operated by a board appointed by the two governments. The City and County provide local funds for capital improvements, and operating expenses in excess of revenues are paid by them on a 50-50 basis. Fifty percent of the Board's assets, liabilities, net position, revenues and expenses are reported under enterprise funds of the City.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds--not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law or by bond covenants. The City Council establishes other funds to control and manage money for particular purposes

The City of Cullman has two kinds of funds: Governmental Funds and Proprietary Funds.

Most of the City's basic services are included in **governmental funds** which focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that could be spent in the near future to finance the City's operations. Additional information is furnished in the notes to the financial statements. The City has three major funds - the general fund, school tax fund, and debt service fund.

The distribution and sale of water and the collection and disposal of wastewater for which customers are charged fees are accounted for and reported in **enterprise funds**, one type of Proprietary Fund, as are the facilities and programs, including various park and recreation activities and the municipal golf course, which are operated by the Cullman City Parks & Recreation Board, and also the Cullman Regional Airport Board.

The Sanitation Department, for which customers are charged fees, has traditionally been included in the **governmental funds.**

CONDENSED FINANCIAL STATEMENTS

The following condensed financial statements serve as indicators for management:

CONDENSED STATEMENT
CITY OF CULLMAN,
September 30,

	Governmental Activities	
	2015	2014
Current assets	$ 52,211,327	$ 50,104,209
Restricted assets	2,946,549	3,145,476
Capital assets:		
Land and other assets not depreciated	8,865,708	9,914,688
Buildings, improvements, and equipment net of depreciation	41,139,520	41,302,309
Other assets	377,049	374,761
Deferred outflows of resources	1,025,082	10,447
TOTAL ASSETS	$ 106,565,235	$ 104,851,890
Current liabilities	$ 3,066,282	$ 2,689,000
Liabilities payable from restricted assets	790,291	771,851
Long-term liabilities	30,476,136	21,502,927
TOTAL LIABILITIES	$ 34,332,709	$ 24,963,778
Deferred inflows of resources	$ 5,290,073	$ 4,461,238
Net position:		
Invested in capital assets, net of related liabilities	$ 44,636,116	$ 46,139,288
Restricted	4,441,759	4,456,630
Unrestricted	17,864,578	24,830,956
TOTAL NET POSITION	$ 66,942,453	$ 75,426,874
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 106,565,235	$ 104,851,890

OF NET POSITION
ALABAMA
2015 and 2014

Business-type Activities		Total	
2015	2014	2015	2014
$ 8,811,816	$ 7,625,743	$ 61,023,143	$ 57,729,952
36,040,557	18,935,948	38,987,106	22,081,424
100,795,181	55,297,604	109,660,889	65,212,292
97,246,742	98,323,795	138,386,262	139,626,104
452,086	460,485	829,135	835,246
1,038,891	700,500	2,063,973	710,947
$ 244,385,273	$ 181,344,075	$350,950,508	$286,195,965
$ 1,390,301	$ 1,138,386	$ 4,456,583	$ 3,827,386
10,491,285	7,524,787	11,281,576	8,296,638
132,347,495	80,967,353	162,823,631	102,470,280
$ 144,229,081	$ 89,630,526	$178,561,790	$114,594,304
$ 490,966	$ 239,870	$ 5,781,039	$ 4,701,108
$ 80,980,228	$ 73,301,705	$125,616,344	$119,440,993
1,492,699	197,136	5,934,458	4,653,766
17,192,299	17,974,838	35,056,877	42,805,794
$ 99,665,226	$ 91,473,679	$166,607,679	$166,900,553
$ 244,385,273	$ 181,344,075	$350,950,508	$286,195,965

CONDENSED STATEMENT
CITY OF CULLMAN,
For the year ended September 30,

	Governmental Activities	
	2015	2014
Program Revenues:		
Charges for services	$ 8,539,383	$ 8,251,359
Operating grants and contributions	668,393	710,734
Capital grants and contributions	320,900	522,028
General Revenues:		
Property taxes	4,424,731	4,433,218
Sales taxes	19,155,138	17,667,367
Other taxes	1,771,323	1,582,076
City Board of Education - debt service payments	94,246	479,219
Unrestricted investment earnings	65,224	70,256
Other	2,054,049	1,769,934
TOTAL REVENUES	$ 37,093,387	$ 35,486,191
Expenses:		
General government	$ 5,343,045	$ 6,437,853
Public safety	9,725,148	9,722,438
Highways and streets	2,872,586	2,809,241
Sanitation	4,505,057	4,178,298
Health and social services	938,441	885,601
Culture and recreation	233,792	232,455
Education	6,364,581	6,249,120
Conservation	69,595	58,315
Interest on long-term debt	267,494	299,520
Sewer	-	-
Water	-	-
Parks and Recreation	-	-
Gymnastics	-	-
Golf course	-	-
Wellness and Aquatic Center	-	-
Airport	-	-
TOTAL EXPENSES	$ 30,319,739	$ 30,872,841
INCREASE IN NET POSITION BEFORE TRANSFERS	$ 6,773,648	$ 4,613,350
Intergovernmental transfers	(1,245,588)	-
Transfers	(4,290,141)	(4,861,582)
INCREASE (DECREASE) IN NET POSITION	$ 1,237,919	$ (248,232)
Net position at October 1, as previously reported	$ 75,426,874	$ 77,959,709
(Deduct) adjustment for the cumulative effect on prior years for implementation of GASB 68, *Accounting and Financial Reporting for Pensions* (Note VIII)	$ (9,722,340)	$ -
(Deduct) adjustment for the cumulative effect on prior years of retroactive application of bond issuance costs to be expensed	-	(34,153)
Prior period adjustment for land transferred in previous years for industrial purpose	-	(2,250,450)
Net position at October 1, as restated	$ 65,704,534	$ 75,675,106
NET POSITION AT END OF YEAR	$ 66,942,453	$ 75,426,874

OF ACTIVITIES
ALABAMA
2015 and 2014

Business-type Activities		Total	
2015	2014	2015	2014
$ 24,373,446	$ 21,913,977	$ 32,912,829	$ 30,165,336
-	(5,900)	668,393	704,834
5,098,698	2,434,073	5,419,598	2,956,101
-	-	4,424,731	4,433,218
-	-	19,155,138	17,667,367
239,538	196,526	2,010,861	1,778,602
-	-	94,246	479,219
22,724	42,687	87,948	112,943
21,668	381,770	2,075,717	2,151,704
$ 29,756,074	$ 24,963,133	$ 66,849,461	$ 60,449,324
$ -	$ -	$ 5,343,045	$ 6,437,853
-	-	9,725,148	9,722,438
-	-	2,872,586	2,809,241
-	-	4,505,057	4,178,298
-	-	938,441	885,601
-	-	233,792	232,455
-	-	6,364,581	6,249,120
-	-	69,595	58,315
-	-	267,494	299,520
5,281,499	5,146,973	5,281,499	5,146,973
7,012,386	6,603,944	7,012,386	6,603,944
3,623,171	3,459,239	3,623,171	3,459,239
528,844	574,087	528,844	574,087
885,352	859,606	885,352	859,606
3,607,989	3,577,634	3,607,989	3,577,634
672,651	735,010	672,651	735,010
$ 21,611,892	$ 20,956,493	$ 51,931,631	$ 51,829,334
$ 8,144,182	$ 4,006,640	$ 14,917,830	$ 8,619,990
-	-	(1,245,588)	-
4,290,141	4,861,582	-	-
$ 12,434,323	$ 8,868,222	$ 13,672,242	$ 8,619,990
$ 91,473,679	$ 83,608,110	$166,900,553	$161,567,819
$ (4,242,776)	$ -	$ (13,965,116)	$ -
-	(1,002,653)	-	(1,036,806)
-	-	-	(2,250,450)
$ 87,230,903	$ 82,605,457	$152,935,437	$158,280,563
$ 99,665,226	$ 91,473,679	$166,607,679	$166,900,553

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City of Cullman completed the year, its general fund reported a combined fund balance of $25,594,857, as compared with the previous year's balance of $24,422,031. The revenues of the general fund increased by $2,178,653 (7.9%) due to an increase in sales tax, business licenses, and building permits. The expenditures of the general fund decreased by $927,417 (3.7%) due to a decrease in capital outlay. The funds appropriated for the Cullman City Parks and Recreation Board are reflected in "Other Financing Uses" as a transfer to the proprietary Cullman City Parks and Recreation Board.

The total net position for the City of Cullman increased by $13,672,242 due to an increases in tax revenues, charges for services, and federal grants. The City's financial position significantly increased. The total net position of the City of Cullman was adjusted by $13,965,116 due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions* (See Note VIII) for additional information.

The City has pledged $900,000 to the Cullman Regional Medical Center (CRMC) Foundations' Refresh-A-Room Campaign. The City is giving CRMC $180,000 per year for five years. As of September 30, 2015, the City had expended $540,000 towards the pledge.

The City has entered into an infrastructure grant agreement with Exit 310, LLC for reimbursements of certain public infrastructures costs for Highway 157 and St. Joseph Street not to exceed $1,100,000. As of September 30, 2015, the City has incurred $550,000 in costs under the agreement.

The City has entered into a special economic development agreement with MRP Cullman, LLC. Under the agreement, the City will make the following economic development payments for the project area:

a) From September 1, 2013 through August 31, 2016, the City shall pay the developer one-half (1/2) of the sales tax received from existing project businesses collected.

b) From the period beginning on the first to occur of (i) the date on which the first new project business opens for business in the project area or (ii) September 1, 2015 and ending on the seventh anniversary of the date on which the period begins, the City shall pay the developer one-half (1/2) of the sales tax received from new project businesses collected in the minimum quarterly amount of $45,250.

c) On February 1 in each from 2014 through 2023, the City shall pay the developer all of the property tax proceeds received for the project area.

d) The City also funded public infrastructure improvements, of general public benefit, along U.S. Highway 31 simultaneously with the re-development of the project at a total upfront cost of $175,000.

e) The total commitment of the City is not to exceed $6,000,000. As of September 30, 2015, the City's total commitment incurred is $2,276,293.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council does not amend the annual budget of the City of Cullman to reflect actual year ending amounts. Over the course of the year the budget was revised several times by the City Council and Treasurer:

1) To move budgeted amounts from one line item to another to accurately reflect the category to which the expenditure was charged;
2) During the year where increases or decreases in the cost of various items made it necessary to adjust the budget, or where the City Council found it necessary or expedient to approve an expenditure which was not contemplated when the budget was adopted.
3) Increases in appropriations to prevent budget overruns.

The expenditures for the Sanitation Department were $243,874 more than the budgeted amount due to an unexpected increase in the landfill fees.

The revenues and expenditures in the school tax fund were not increased to actual amounts. The expenditures were $769,151 in excess of the budgeted amount, and the revenues were $747,747 in excess of the budgeted amount. All the revenues in the school tax fund are distributed to the City Board of Education.

CAPITAL ASSETS

The capital assets of the City are reported at actual or estimated historic cost. The capital assets are depreciated on a straight-line basis over the estimated useful life.

Governmental Activities:
As of October 2012, the City received a grant award in the amount of $400,221 from the Federal Emergency Management Agency (FEMA) for a community safe room. The City is to provide a match of 25 percent of the total costs of the project. As of September 30, 2015, the City had earned $230,981 in revenues on the grant.

As of July 2013, the State of Alabama awarded Alabama Transportation Rehabilitation and Improvement Program (ATRIP) grant money to Cullman County, which has to be allocated to various projects within Cullman County. Of the award, the City has currently been allocated the following amounts:

- ✓ $1,390,497 for the bridge and realignment on Convent Road Northeast and Larkwood Drive over Eightmile Creek. The City expects to provide $347,624 in matching funds.

- ✓ $1,634,704 for the raising of the road surface approximately 8 feet of elevation, installation of a new pre-cast concrete arch culvert, and associated site grading and resurfacing of approximately 1,200 feet of roadway on Eva Road over Bridge Creek. The City expects to provide $408,676 in matching funds.

The City will not receive the actual funding agreements for these projects until all estimates have been finalized. However, these amounts are on the list of selected projects found on the Alabama Department of Transportation (ALDOT) website.

As of July 2015, the City received a Staffing for Adequate Fire and Emergency Response (SAFER) grant in the amount of $1,137,816 from the Federal Emergency Management Agency (FEMA) to hire additional firefighters for the City during the period from March 18, 2016 through March 17, 2018. The City is not required to provide a match for this grant. As of September 30, 2015, the City had not incurred any costs related to this grant.

As of October 2014, the City approved for the fire department to purchase a 2014 E-One Pumper from Sunbelt Fire in the amount of $502,775. The truck was received in October 2015.

As of September 15, 2015, the City received a grant in the amount of $120,000 for the St. Joseph Street project. The grant requires a match of $100,000. As of September 30, 2015, the City had not earned any revenues from the grant.

As of September 28, 2015, the City awarded a contract to Powe General Contractors in the amount of $238,010 for the extension of St. Joseph Street. No costs had been incurred on this contract as of September 30, 2015. As of October 2015, the City increased this contract by $16,362 for modifications to the storm drainage to be constructed.

The City has a contract with New World Systems in the amount of $127,000 plus an estimated $40,000 for travel reimbursements for the upgrade of the City's accounting system. As of September 30, 2015, the City had incurred a total cost of $14,904 on the contract, including travel reimbursements.

The City awarded the following contracts for traffic signals:

Vendor	Description of Items/Contracts Awarded	Contract Amount	Cost Incurred Through 9-30-2015
Shoals Electric Company, Inc.	Traffic signal at the intersection of 3rd Avenue, SE and 4th Street, SE	$46,000	$ -0-
Shoals Electric Company, Inc.	Traffic light at Eva Road and 13th Street, NE	55,500	$ -0-
Shoals Electric Company, Inc.	Traffic light at 2nd Avenue, SE and 4th Street, SE	92,600	$ -0-

Business-Type Activities:

Governmental Activities, Sewer System, and Water System – Shared Commitments:

The City of Cullman received a Community Development Block Grant in the amount of $450,000 from the Alabama Department of Economic and Community Affairs for the Brunner Street Neighborhood Improvement Project. The grant requires a match of $299,597. The Governmental Activities' estimated portion of the grant is 40.99 percent. The Sewer Fund's estimated portion of the grant is 34.32 percent. The Water Fund's estimated portion of this grant is 24.69 percent. As of September 30, 2015, the Governmental Activities has not requested any grant revenues; the Sewer Fund has requested $110,395 in grant revenues and provided a match of $25,624; and the Water Fund has requested $2,469 in grant revenues and provided a match of $18,908.

The City of Cullman awarded a contract to Apel Machine & Supply Co., Inc. in the amount of $716,368 for the Brunner Street Neighborhood Improvement project. The Governmental Activities' estimated portion of the contract is 41.23 percent. The Sewer Fund's estimated portion of the contract is 30.52 percent. The Water Fund's estimated portion of this contract is 28.25 percent. As of September 30, 2015, the Governmental Activities had incurred $61,841 (includes retainage of $6,145) on this project; the Sewer Fund had incurred $118,891 (includes retainage of $11,928) on this project; and the Water Fund had not incurred any costs on this project.

The City awarded a contract to Community Consultants, Inc. in the amount of $45,000 to administer the grant from the Alabama Department of Economic and Community Affairs for the Brunner Street Neighborhood Improvement Project. The Governmental Activities' estimated portion of the contract is 40.99 percent. The Sewer Fund's estimated portion of the contract is 34.32 percent. The Water Fund's estimated portion of this contract is 24.69 percent. As of September 30, 2015, the Governmental Activities had incurred $4,099 on this contract; the Sewer Fund had incurred $3,432 on this contract; and the Water Fund had incurred $2,469 on this contract.

The City awarded a contract to St. John & Associates, Inc. in the amount of $74,987 for engineering services for the Brunner Street Neighborhood Improvement Project. The Governmental Activities' estimated portion of the contract is 41.23 percent. The Sewer Fund's estimated portion of the contract is 30.52 percent. The Water Fund's estimated portion of this contract is 28.25 percent. As of September 30, 2015, the Governmental Activities had incurred $20,869 on this contract; the Sewer Fund had incurred $15,448 on this contract; and the Water Fund had incurred $14,299 on this contract.

Sewer System:

A contract was awarded to Community Consultants, Inc. in the amount of $130,000 for the CDBG Disaster Recovery Project. As of September 30, 2015, the Sewer Fund had incurred costs of $117,000 associated with this contract.

A contract was awarded to St. John & Associates, Inc. in the amount of $612,611 for engineering services in connection with the CDBG Disaster Recovery Project also known as the Eight Mile Creek Sewer Line Replacement Project. As of September 30, 2015, the Sewer Fund had incurred costs of $584,063 on the contract.

A contract was awarded to Cleary Construction, Inc. in the amount of $4,476,331 in connection with the CDBG Disaster Recovery Project. As of September 30, 2015, the Sewer Fund had incurred costs of $4,474,299 on the contract, which includes retainage of $111,909.

A contract was awarded to Apel Machine Inc. in the amount of $1,852,989 in connection with the CDBG Disaster Recovery Project. As of September 30, 2015, the Sewer Fund had incurred costs of $1,334,965 on the contract, which includes retainage of $92,649.

A contract was awarded to Goodwyn, Mills & Cawood for engineering services related to Wastewater Treatment Plant Improvement for the Digester and Trickler in the amount not to exceed $235,668. As of September 30, 2015, the Sewer Fund had incurred costs of $176,515 on the contract.

A contract was awarded to Mark Johnson Construction, LLC in the amount of $3,809,954 for improvements to the Cullman Wastewater Treatment Plant for the Digester and Trickler. As of September 30, 2015, the Sewer Fund had incurred costs of $1,713,941 on the contract, which includes retainage of $85,697.

In December of 2013, the Sewer Fund was awarded a Tornadoes of 2011 Supplemental Disaster Recovery Grant through the Alabama Department of Economic and Community Affairs (ADECA) in the amount of $5.72 million. These funds are to be used to assist in replacing the severely damaged sewer collector main which extends along Eight Mile Creek. As of September 30, 2015, the Sewer Fund had incurred costs of $6,665,603 associated with this project.

The City of Cullman completed the relocation of a 6 inch sewer main at County Road 222 and Interstate 65 on September 30, 2015 in the amount of $365,234.

Water System:

A. The Utilities Board of the City of Cullman – Water Division (Board)

The Board has awarded a contract to ASI Constructors, Inc. for the Duck River Reservoir Phase II Dam and Raw Water Intake Project in the amount of $51,675,713. As of September 30, 2015, the Board had incurred $41,113,656 on the contract, which includes retainage of $2,012,683.

The Board has awarded a contract to CH2M Hill Engineers, Inc. for professional engineering services for the design and services during construction for Phase II of the Duck River Water Supply Project in the amount of $7,250,000. As of September 30, 2015, the Board had incurred $6,485,034 on the contract.

The Board has awarded a contract to Manning Construction, LLC for the Duck River Reservoir County Road 1651 Improvements in the amount of $1,140,191. As of September 30, 2015, the Board had incurred $659,926 on the contract, which includes retainage of $28,505.

The Board has awarded a contract to William Preston York for the Duck River Recreational Trail II in the amount of $149,912. As of September 30, 2015, the Board had incurred $95,179 on the contract, which includes retainage of $3,748. As of November 2015, the contract was increased to $222,782 to construct an additional 3 miles of trail for the same unit price submitted with the original contract.

The Board has awarded a contract to Goodwyn, Mills and Cawood, Inc. for the Cullman Water Treatment Plant Improvements Project 1 in the amount of $487,000. As of September 30, 2015, the Board had incurred $213,400 on the contract.

The Board has awarded a contract to St. John and Associates, Inc. based on per diem rates for professional engineering services for the Duck River projects. The estimated cost of the contract is $1,575,000. As of September 30, 2015, the Board has incurred $558,623 on the contract.

The City of Cullman has received a grant in the amount of $100,000 from the Alabama Department of Economic and Community Affairs (ADECA) for recreational trails around the Duck River Reservoir. The Board has agreed to provide a match of $122,782 for the grant. As of September 30, 2015, costs of $103,321 have been incurred on the grant and the Board has provided $54,106 in matching funds.

The Cullman County Commission has received a grant in the amount of $100,000 from ADECA for South Foot Bridge at the Duck River Reservoir. The Board has agreed to provide a match of $85,000 for the grant. As of September 30, 2015, no costs have been incurred on the grant.

The Board has received a grant in the amount of $100,000 from ADECA for a North Foot Bridge at the Duck River Reservoir. The Board is to provide a match of $41,483 for the grant. As of September 30, 2015, no costs have been incurred on the grant.

The Board awarded a contract to Carcel & G, LLC in the amount of $305,063 for the Duck River Reservoir Cul-de-sac Development project including a boat launch site. As of September 30, 2015, the Board had not incurred any costs on the project.

B. Water Fund

In September 2015, the City completed the relocation of a major water line at County Road 222 and Interstate 65 in the amount of 547,851.

In September 2015, the City purchased a 2016 Kenworth Dump Truck from Kenworth of Birmingham, Inc. in the amount of $113,328.

Cullman City Parks and Recreation Board (Board)

The Board completed the Master Plan for Phase I and II of The Connected Park and started the construction of the first phase with the completion of the umpire/bathrooms/storage building and pavilion in the amount of $350,531.

The gymnastics building roof was completed within the first quarter of the budget year in the amount of $142,309. The exterior of the gymnastic building has been repainted. The Board installed a commercial AC unit within the Cheer Building and constructed a dividing wall between the training gym space and lobby building in the amount of $51,214.

The Cullman Civic Center underwent a complete interior renovation in the amount of $181,999. Along with the reconstruction, the Civic Center also updated furniture and technology to increase the function and appeal of the space in the amount of $58,183.

The Cullman Wellness and Aquatics Center repurposed storage space and a large meeting room to better accommodate Camp Cullman and Group Fitness Training in the amount of $16,234. The waterpark also received much needed additions including the construction of new 40 feet tall drop waterslide in the amount of $286,427.

Cullman Regional Airport Board (Airport)

The Airport awarded a contract in the amount of $94,279 to Goodwyn, Mills and Cawood for the Taxiway Rehabilitation Construction. As of September 30, 2015, $13,485 in costs had been incurred on the project.

The Airport awarded a contract in the amount of $418,625 to Civicon, LLC for the South Taxiway Realignment at the Cullman Regional Airport. As of September 30, 2015, no costs had been incurred on the project. As of December 2015, the Airport and Civicon, LLC mutually agreed to terminate the contract for the South Taxiway Realignment at the Cullman Regional Airport due to several weather delays. The project is scheduled to be rebid.

LONG-TERM DEBT

Governmental Activities:

Normal payments for principal and interest required for the various warrant issues was the only activity in the Long-Term Debt.

Business-Type Activities:

Sewer System:

The City of Cullman issued a General Obligation Sewer Warrant Series 2015-CWSRF-DL dated February 15, 2015 in the amount of $3,970,000 with a fixed interest rate of 2.25% for various improvements at the Wastewater Treatment Plant.

Water System:

A. The Utilities Board of the City of Cullman – Water Division (Board)

On March 12th, 2015, the Utilities Board of the City of Cullman issued a $42,110,000 Water Revenue Bonds (Series 2015-A) and a $7,800,000 Water Revenue Bonds (Series 2015-B) to complete the Duck River Dam and Reservoir. The pipeline from Duck River Dam to the Water Treatment Plant will be funded by State Revolving Loan program.

B. Water Fund

Normal payments for principal and interest required for the various warrant issues was the only activity in the Long-Term Debt.

Cullman City Parks and Recreation Board (Board):

Normal payments for principal and interest required for the various warrant issues was the only activity in the Long-Term Debt.

Cullman Regional Airport Board (Airport):

Normal payments for principal and interest required for the various warrant issues was the only activity in the Long-Term Debt.

CURRENT EVENTS

Governmental Activities

As of October 2015, the City awarded a contract with St. John & Associates, Inc. for professional services related to the Eva Road Bridge Replacement in the amount of $57,500.

As of November 2015, the City awarded a contract to Goodwyn, Mills & Cawood for professional engineering services related to the design and construction of Fire Station No. 3 in the amount of $163,000.

As of December 2015, the City approved to purchase 3.97+/- acres from Merchants Bank in the amount of $325,000. This property is to be used for the construction of Fire Station No. 3.

As of January 2016, the City approved the issuance of $19,640,000 in General Obligation Warrants. The warrants will be used to refund the 2007 General Obligation Warrants and provide an additional $3,500,000 for capital improvements.

The following expenditures were approved subsequent to year end:

Date	Vendor	Description of Items/Contracts Awarded	Amount
November 2015	Ingram Equipment Company, LLC	Sanitation Roll Off Truck	$163,764
November 2015	Wastequip, LLC	60 Front Loading Sanitation Containers	$55,000
November 2015	Ingram Equipment Company, LLC	Front Loading Garbage Truck	$250,000
November 2015	Donohoo Chevrolet, LLC	Six 2016 Chevrolet Tahoes	$176,496
December 2015	Donohoo Chevrolet, LLC	2016 Chevrolet Tahoe	$35,796
December 2015	Sunbelt Fire	12 Sets of Protective Equipment	$47,906

Business-Type Activities

Sewer System:

The City of Cullman was awarded a General Obligation Warrant, Series 2015B – CWSRF - DL, dated October 1, 2015, original principal of $3,470,000; due in annual principal installments ranging from $140,000 to $210,000 through 2035, with interest at 2.20% due February 15 and August 15 of each year.

A contract was awarded to CDG Engineering for engineering services related to Wastewater Treatment Plant Improvements (Lift Station) in the amount of $210,000 effective October 1, 2015.

On November 23, 2015, the City of Cullman received an additional $269,728 in Tornadoes of 2011 Supplemental Disaster Recovery Grant funds from the Alabama Department of Economic and Community Affairs for the Eightmile Creek Disaster Recovery Project.

On December 25, 2015, the City of Cullman experienced a flood which damaged the Waste Water Treatment Plant. Estimated damages were in the amount of $2,550,000. As of the date of this report, the Sewer Fund is still assessing damages and exploring alternatives for funding of repairs.

On February, 2016, the City of Cullman approved change order No. 2 and 3 to Mark Johnson Construction for Waste Water Treatment Plant improvements in the amount of $206,822.

The following expenditures were approved subsequent to year end:

Date	Vendor	Description of Items/Contracts Awarded	Amount
November 2015	Eckenrod Ford Lincoln of Cullman, Inc.	One Ton Four Wheel Drive Single Cab Truck	$44,305
November 2015	Eckenrod Ford Lincoln of Cullman, Inc.	½ Ton Four Wheel Drive Crew Cab Truck	$32,575

Water System:

A. The Utilities Board of the City of Cullman – Water Division (Board)

As of October 2015, the Board agreed to authorize up to an additional $700,000 of engineering services from CH2M Hill Engineers, Inc. for the design and services during construction of the Duck River Water Supply Project.

B. Water Fund

The City Council approved the following expenditures subsequent to year end:

Date	Vendor	Description of Items/Contracts Awarded	Amount
October 2015	Warrior Tractor & Equipment Company, Inc.	Two John Deere Backhoes	$181,703
October 2015	Warrior Tractor & Equipment Company, Inc.	Rubber Tire loader	166,541
November 2015	Bobcat of Huntsville, Inc.	Two Compact Track Loaders	185,520
November 2015	Bobcat of Huntsville, Inc.	Two Compact Excavators	91,148
January 2016	Mitch Smith Chevrolet, Inc.	One Ton Heavy Duty Crew Cab Four Wheel Drive Truck	38,722
January 2016	Mitch Smith Chevrolet, Inc.	Four ½ Ton Heavy Duty Crew Cab Four Wheel Drive Trucks	143,334

As of December 2015, the City awarded a contract to Goodwyn, Mills and Cawood for professional services related to the design and construction of the Water Department Facility in the amount of $111,000.

Cullman City Parks and Recreation Board (Board):

In December 2015, the City Council authorized the Board to make the emergency purchase of two PoolPak units at the Cullman Wellness and Aquatics Center from PoolPak International, LLC in the amount not to exceed $276,690.

Cullman Regional Airport Board (Airport):

In December 2015, the Board and Civicon, LLC agreed to mutually terminate the contract for the South Taxiway Realignment at the Cullman Regional Airport due to several weather delays. The Board was scheduled the rebid of this project.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability and stewardship of the money it receives. Separate audited financial statements for the Sewer Fund, Water Fund, Cullman Regional Airport Board, and Cullman City Parks & Recreation Board are available upon request. If you have questions about this report or need additional financial information, contact the City Clerk Wesley M. Moore (Interim) at 204 Second Avenue NE, Cullman, AL 35055. Telephone: (256) 775-7109 or Fax (256) 775-7132. E-mail Address - wmoore@cullmancity.org.

CITY OF CULLMAN, ALABAMA
STATEMENT OF NET POSITION
September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash equivalents	$ 19,426,916	$ 19,805,314	$ 39,232,230
Certificates of deposit	8,701,126	404,000	9,105,126
Interest receivable	6,904	226	7,130
Accounts receivable (net)	428,719	1,122,702	1,551,421
Assessments receivable (net)	21,400	-	21,400
Interfund balances	14,495,026	(14,495,026)	-
Due from other governmental units:			
Cullman Power Board	279,394	871,231	1,150,625
Other	8,442,158	411,688	8,853,846
Inventories	80,173	478,238	558,411
Prepaids	329,511	213,443	542,954
TOTAL CURRENT ASSETS	$ 52,211,327	$ 8,811,816	$ 61,023,143
Restricted assets:			
Cash equivalents	$ 685,931	$ 32,903,495	$ 33,589,426
State revolving funds receivable	-	3,125,302	3,125,302
OPEB funds held by the Cullman Power Board	-	11,760	11,760
Advances to other governments	2,260,618	-	2,260,618
TOTAL RESTRICTED ASSETS	$ 2,946,549	$ 36,040,557	$ 38,987,106
Capital assets:			
Land and other assets not being depreciated	$ 8,865,708	$100,795,181	$109,660,889
Buildings, improvements, and equipment, net of depreciation	41,139,520	97,246,742	138,386,262
TOTAL CAPITAL ASSETS	$ 50,005,228	$198,041,923	$248,047,151
Other assets:			
Deposits	$ -	$ 910	$ 910
Insurance deposit	113,307	-	113,307
Assessments receivable - noncurrent	263,742	451,176	714,918
TOTAL OTHER ASSETS	$ 377,049	$ 452,086	$ 829,135
Deferred Outflows of Resources:			
Unamortized loss on refunding	$ 6,529	$ 587,732	$ 594,261
Deferred outflows of resources - pension	1,018,553	451,159	1,469,712
DEFERRED OUTFLOWS OF RESOURCES	$ 1,025,082	$ 1,038,891	$ 2,063,973
TOTAL ASSETS	$106,565,235	$244,385,273	$350,950,508

(Continued)

CITY OF CULLMAN, ALABAMA
STATEMENT OF NET POSITION - CONTINUED
September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current liabilites:			
Accounts payable	$ 2,006,493	$ 562,324	$ 2,568,817
Utility tax payable	-	35,862	35,862
Accrued interest payable	12,803	152,850	165,653
Due to other governmental units:			
Cullman Power Board	-	22,079	22,079
Other	100,751	198,411	299,162
Accrued payroll	286,121	142,548	428,669
Current maturities on long-term debt	148,920	88,741	237,661
Estimated compensated absences - current portion	511,194	187,486	698,680
TOTAL CURRENT LIABILITIES	$ 3,066,282	$ 1,390,301	$ 4,456,583
Liabilities payable from restricted assets:			
Accounts payable	$ -	$ 4,057,597	$ 4,057,597
Accrued interest payable	52,931	384,256	437,187
Police evidence	17,360	-	17,360
Other postemployment benefits	-	1,256	1,256
Current maturities on long-term debt	720,000	6,048,176	6,768,176
TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS	$ 790,291	$ 10,491,285	$ 11,281,576
Long-term liabilities:			
Warrants/bonds payable	$ 19,906,176	$128,081,057	$147,987,233
Unamortized debt discount	(30,886)	(755,755)	(786,641)
Unamortized debt premium	-	155,496	155,496
Net pension liability	9,827,971	4,276,594	14,104,565
Estimated compensated absences	772,875	590,103	1,362,978
TOTAL LONG-TERM LIABILITIES	$ 30,476,136	$132,347,495	$162,823,631
TOTAL LIABILITIES	$ 34,332,709	$144,229,081	$178,561,790

(Continued)

CITY OF CULLMAN, ALABAMA
STATEMENT OF NET POSITION - CONTINUED
September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION - CONTINUED			
Deferred Inflows of Resources:			
Unearned revenue	$ 4,520,710	$ 152,680	$ 4,673,390
Deferred inflows of resources - pension	769,363	338,286	1,107,649
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 5,290,073	$ 490,966	$ 5,781,039
Net position:			
Invested in capital assets, net of related liabilities	$ 44,636,116	$ 80,980,228	$125,616,344
Restricted for:			
Debt service and capital activity	2,460,798	1,473,061	3,933,859
Municipal Court equipment and training	57,956	-	57,956
Fiduciary	8,438	-	8,438
Trees	8,538	-	8,538
Realty improvements and Ingle Park	15,302	-	15,302
Highways and streets	1,177,407	-	1,177,407
Parks and recreation/tournaments	-	19,638	19,638
Jail/Correction facilities/Court complex	354,949	-	354,949
Municipal Court	95,759	-	95,759
Industrial development and recreation	143,121	-	143,121
Education	18,583	-	18,583
Nonspendable - Endowment	100,908	-	100,908
Unrestricted	17,864,578	17,192,299	35,056,877
TOTAL NET POSITION	$ 66,942,453	$ 99,665,226	$166,607,679
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$106,565,235	$244,385,273	$350,950,508

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

CITY OF
STATEMENT OF
Year ended

Functions/Programs:	Expenses
Primary government:	
Governmental activities:	
General government:	
Administrative	$ 4,592,578
Building and housing	478,981
Garage	271,486
Public safety:	
Police	5,188,365
Fire	3,609,682
Traffic maintenance	261,992
Dispatch and miscellaneous	665,109
Highways and streets	2,872,586
Sanitation	4,505,057
Health and social services	938,441
Culture and recreation	233,792
Education	6,364,581
Conservation	69,595
Interest on long-term debt	267,494
TOTAL GOVERNMENTAL ACTIVITIES	$ 30,319,739
Business-type activities:	
Sewer	$ 5,281,499
Water	7,012,386
Parks and recreation	3,623,171
Gymnastics	528,844
Golf course	885,352
Wellness and Aquatic Center	3,607,989
Airport	672,651
TOTAL BUSINESS-TYPE ACTIVITIES	$ 21,611,892
TOTAL PRIMARY GOVERNMENT	$ 51,931,631

(Continued)

CULLMAN, ALABAMA
ACTIVITIES
September 30, 2015

Program Revenues			
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
$ 2,977,785	$ -	$ 303,886	$ (1,310,907)
352,254	-	-	(126,727)
-	-	-	(271,486)
270,292	76,179	-	(4,841,894)
-	-	-	(3,609,682)
5,151	-	-	(256,841)
-	108,478	-	(556,631)
315,944	455,236	17,014	(2,084,392)
4,592,888	-	-	87,831
-	-	-	(938,441)
16,710	28,500	-	(188,582)
8,359	-	-	(6,356,222)
-	-	-	(69,595)
-	-	-	(267,494)
$ 8,539,383	$ 668,393	$ 320,900	$(20,791,063)
$ 6,605,427	$ -	$ 4,583,394	$ 5,907,322
12,746,096	-	493,065	6,226,775
1,138,716	-	-	(2,484,455)
407,772	-	-	(121,072)
463,184	-	-	(422,168)
2,613,297	-	-	(994,692)
398,954	-	22,239	(251,458)
$ 24,373,446	$ -	$ 5,098,698	$ 7,860,252
$ 32,912,829	$ 668,393	$ 5,419,598	$(12,930,811)

CITY OF CULLMAN, ALABAMA
STATEMENT OF ACTIVITIES - CONTINUED
Year ended September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net income (expense)	$(20,791,063)	$ 7,860,252	$ (12,930,811)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	$ 1,305,990	$ -	$ 1,305,990
Property taxes, levied for education	3,118,741	-	3,118,741
Sales taxes, levied for general purposes	16,104,865	-	16,104,865
Sales taxes, levied for education	3,050,273	-	3,050,273
Tobacco taxes	144,275	-	144,275
Lodging taxes	-	239,538	239,538
Rent taxes	507,884	-	507,884
Beverage/liquor taxes	885,817	-	885,817
Other taxes	233,347	-	233,347
City Board of Education for debt service payments	94,246	-	94,246
Unrestricted investment earnings	65,224	22,724	87,948
Sale of capital assets	(8,940)	19,292	10,352
Insurance recoveries	19,609	2,376	21,985
Miscellaneous	2,043,380	-	2,043,380
Intergovernmental transfers:			
Industrial Development Board	(1,233,386)	-	(1,233,386)
Other	(12,202)	-	(12,202)
Transfers - internal activities	(4,290,141)	4,290,141	-
TOTAL GENERAL REVENUES AND TRANSFERS	$ 22,028,982	$ 4,574,071	$ 26,603,053
CHANGE IN NET POSITION	$ 1,237,919	$ 12,434,323	$ 13,672,242
Net position at beginning of year, as previously reported	$ 75,426,874	$ 91,473,679	$ 166,900,553
(Deduct) adjustment for the cumulative effect on prior years for implementation of GASB 68, *Accounting and Financial Reporting for Pensions* (Note VIII)	(9,722,340)	(4,242,776)	(13,965,116)
Net position at beginning of year, as restated	$ 65,704,534	$ 87,230,903	$ 152,935,437
Net position at end of year	$ 66,942,453	$ 99,665,226	$ 166,607,679

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

CITY OF CULLMAN,
BALANCE SHEET -
September 30,

	General	School Tax
ASSETS		
Cash equivalents	$ 15,661,410	$ 18,583
Certificates of deposit	8,600,218	-
Receivables (net of allowance for uncollectibles):		
Accounts	428,691	-
Assessments	285,142	-
Interest	6,901	-
Interfund receivables	10,205	-
Due from other governmental units:		
Cullman Power Board	279,394	-
Other	4,487,966	3,723,845
Inventories	80,173	-
Prepaid insurance	322,024	-
Prepaid taxes	7,487	-
Interfund receivables - long-term	191,029	-
Restricted assets:		
Cash equivalents	25,978	-
Advances to other governmental units	-	-
Interfund receivables - long-term	-	-
Insurance deposit	113,307	-
TOTAL ASSETS	$ 30,499,925	$ 3,742,428

(Continued)

ALABAMA
GOVERNMENTAL FUNDS
2015

Debt Service	Other Governmental Funds	Total Governmental Funds
$ -	$ 3,746,923	$ 19,426,916
-	100,908	8,701,126
28	-	428,719
-	-	285,142
-	3	6,904
-	4,742	14,947
-	-	279,394
-	230,347	8,442,158
-	-	80,173
-	-	322,024
-	-	7,487
-	-	191,029
659,953	-	685,931
2,260,618	-	2,260,618
14,434,726	-	14,434,726
-	-	113,307
$ 17,355,325	$ 4,082,923	$ 55,680,601

CITY OF CULLMAN,
BALANCE SHEET -
September 30,

	General	School Tax
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable:		
Trade	$ 992,183	$ 530,704
Contractors	-	-
Accrued liabilities	37,421	-
Accrued payroll	286,121	-
Interfund payables	56,842	-
Due to other governmental units	100,751	-
Interfund payables - long-term	-	-
Restricted liabilities - Police evidence	17,360	-
Estimated liability for compensated absences	198,070	-
TOTAL LIABILITIES	$ 1,688,748	$ 530,704
Deferred Inflows of Resources:		
Deferred revenues	$ 3,216,320	$ 3,456,146

(Continued)

ALABAMA
GOVERNMENTAL FUNDS - CONTINUED
2015

Debt Service	Other Governmental Funds	Total Governmental Funds
$ -	$ 227,702	$ 1,750,589
-	218,483	218,483
-	-	37,421
-	-	286,121
-	-	56,842
-	-	100,751
-	88,834	88,834
-	-	17,360
-	-	198,070
$ -	$ 535,019	$ 2,754,471
$ -	$ 15,274	$ 6,687,740

CITY OF CULLMAN,
BALANCE SHEET -
September 30,

	General	School Tax
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES - CONTINUED		
Fund Balances (Deficit):		
Nonspendable:		
Inventory	$ 80,173	$ -
Interfund receivables - long-term	191,029	-
Prepaid expenditures and insurance deposit	442,818	-
Advances to other governmental units	-	-
Permanent fund principal	-	-
Restricted for:		
Municipal Court equipment and training	57,956	-
Fiduciary	8,438	-
Trees	8,583	-
Debt service	-	-
Realty improvements and Ingle Park	-	-
Highways and streets	-	-
Capital improvements	-	-
Jail/correction facilities	-	-
Municipal Court	-	-
Industrial development/recreation	-	-
Committed for:		
Landfill improvements	500,074	-
Assigned:		
Realty improvements	56,072	-
Capital projects	-	-
Unassigned (deficit)	24,249,714	(244,422)
TOTAL FUND BALANCES (DEFICIT)	$ 25,594,857	$ (244,422)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 30,499,925	$ 3,742,428

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

ALABAMA
GOVERNMENTAL FUNDS - CONTINUED
2015

Debt Service	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 80,173
14,434,754	-	14,625,783
-	-	442,818
2,260,618	-	2,260,618
-	100,908	100,908
-	-	57,956
-	-	8,438
-	-	8,583
659,953	-	659,953
-	15,302	15,302
-	1,177,407	1,177,407
-	304,540	304,540
-	354,949	354,949
-	95,759	95,759
-	143,121	143,121
-	-	500,074
-	-	56,072
-	1,340,644	1,340,644
-	-	24,005,292
$ 17,355,325	$ 3,532,630	$ 46,238,390
$ 17,355,325	$ 4,082,923	$ 55,680,601

CITY OF CULLMAN, ALABAMA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2015

Total fund balances - total governmental funds (page 37)		$ 46,238,390
Amounts reported for governmental activities in the statement of net position (pages 26-27) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets	$ 73,674,586	
Accumulated depreciation	(23,669,358)	50,005,228
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds		2,167,030
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position. In addition, the deferred interest on refunding, the deferred discounts, and the deferred premium are expenditures and revenues at the fund level, but are deferred and amortized in the statement of net position.		
Balances at September 30, 2015, were:		
General Obligation Warrants	$(20,775,096)	
Less unamortized loss on refunding	6,529	
Less unamortized discounts	30,886	
Accrued interest	(65,734)	
Net Pension Liability	(9,827,971)	
Less deferred outflows of resources - pension	1,018,553	
Plus deferred inflows of resources - pension	(769,363)	
Compensated absences	(1,085,999)	(31,468,195)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES (PAGE 28)		$ 66,942,453

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

CITY OF CULLMAN,
STATEMENT OF REVENUES,
FUND BALANCES -
Year ended

	General	School Tax
Revenues:		
Taxes	$ 19,231,065	$ 6,147,610
Licenses and permits	3,264,287	-
Intergovernmental revenues	2,017,055	-
Charges for services	4,947,839	-
Fines and forfeits	232,692	-
Miscellaneous revenues:		
Interest revenue	$ 63,759	$ 137
Miscellaneous	98,145	-
TOTAL MISCELLANEOUS REVENUES	$ 161,904	$ 137
TOTAL REVENUES	$ 29,854,842	$ 6,147,747
Expenditures:		
Current:		
General government	$ 5,154,106	$ -
Public safety	9,275,834	-
Highways and streets	2,068,436	-
Sanitation	4,252,270	-
Health and social services	938,441	-
Culture and recreation	225,088	-
Education	154,332	6,169,151
Conservation	56,987	-
Capital outlay	1,661,850	-
Debt service:		
Principal retirement	65,000	-
Interest and fiscal charges	7,370	-
TOTAL EXPENDITURES	$ 23,859,714	$ 6,169,151
REVENUES OVER (UNDER) EXPENDITURES	$ 5,995,128	$ (21,404)
Other financing sources (uses):		
Capital contributions	$ 306,749	$ -
Sale of assets	58,853	-
Insurance proceeds	29,184	-
Intergovernmental transfers out	-	-
Operating transfers in	-	-
Operating transfers (out)	(5,217,088)	-
TOTAL OTHER FINANCING SOURCES (USES)	$ (4,822,302)	$ -
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ 1,172,826	$ (21,404)
Fund balance (deficit) at October 1	24,422,031	(223,018)
FUND BALANCES (DEFICIT) AT SEPTEMBER 30	$ 25,594,857	$ (244,422)

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

ALABAMA
EXPENDITURES, AND CHANGES IN
GOVERNMENTAL FUNDS
September 30, 2015

Debt Service	Other Governmental Funds	Total Governmental Funds
$ -	$ 12,000	$ 25,390,675
-	-	3,264,287
94,246	386,154	2,497,455
-	-	4,947,839
-	68,163	300,855
$ 354	$ 974	$ 65,224
-	35	98,180
$ 354	$ 1,009	$ 163,404
$ 94,600	$ 467,326	$ 36,564,515
$ -	$ 30,552	$ 5,184,658
-	-	9,275,834
-	-	2,068,436
-	-	4,252,270
-	-	938,441
-	-	225,088
-	41,098	6,364,581
-	-	56,987
-	246,306	1,908,156
690,000	81,515	836,515
240,155	18,485	266,010
$ 930,155	$ 417,956	$ 31,376,976
$ (835,555)	$ 49,370	$ 5,187,539
$ -	$ 49,919	$ 356,668
-	-	58,853
-	-	29,184
-	(12,202)	(12,202)
1,257,093	1,783,467	3,040,560
(1,020,175)	(1,093,438)	(7,330,701)
$ 236,918	$ 727,746	$ (3,857,638)
$ (598,637)	$ 777,116	$ 1,329,901
17,953,962	2,755,514	44,908,489
$ 17,355,325	$ 3,532,630	$ 46,238,390

CITY OF CULLMAN, 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, 2015

Net change in fund balances - total governmental funds (page 40)		$ 1,329,901
Amounts reported for governmental activities in the statement of activities (pages 29-31) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($1,908,156) exceeded depreciation ($1,813,171) in the current period.		94,985
In the statement of activities, the gain on sale of capital assets is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold ($680,990) less accumulated depreciation ($603,622)		(77,368)
In the statement of activities, intergovernmental transfers of capital assets to the Industrial Development Board are reported, whereas in the governmental funds, the transfer does not constitute use of current financial resources. Capital assets contributed to the City by a third party are reported in the statement of activities, whereas in the governmental funds, the receipt of the capital asset does not constitute a current financial resource or a use of current financial resources.		
Land transferred to the Industrial Development Board	(1,233,386)	
Capital assets contributed to the City	4,000	(1,229,386)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Revenues reported at the fund level in the current year that were earned and reported in the statement of activities for the year ended September 30, 2014	$ (2,009,500)	
Revenues deferred at the fund level that were earned and reported as revenues in the statement of activities for the current year	2,167,035	157,535

(Continued)

CITY OF CULLMAN, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - CONTINUED
For the year ended September 30, 2015

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment is a combination of the following items:

Net pension liability, including deferred outflows of resources and deferred inflows of resources	$ 143,559	
Compensated absences	(16,338)	
Accrued interest on warrants at beginning of year ($69,743) less accrued interest on warrants at end of year ($65,734)	4,009	131,230

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Debt premiums, discounts, prepaid insurance, and defeasance costs are shown as other financing sources (uses) and expenditures in governmental funds, but are deferred and amortized over the life of the new debt in the statement of net assets. Interest is an expenditure at the fund level when legally due, but is reported on the full accrual basis in the statement of activities.

Amortizations on debt:		
Debt discount	$ 1,575	
Deferred loss on refunding	3,918	
TOTAL AMORTIZATIONS ON PREVIOUSLY ISSUED DEBT	$ 5,493	
Repayments to bondholders	(836,515)	
NET ADJUSTMENT	$ (831,022)	831,022

CHANGE IN NET POSITION OF THE GOVERNMENTAL ACTIVITIES (PAGE 31) $ 1,237,919

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

CITY OF CULLMAN,
BALANCE SHEET -
September 30,

	Business-Type	
	Sewer Operation	Water System
ASSETS		
Current assets:		
Cash equivalents	$ 1,744,549	$ 17,498,463
Certificates of deposit	-	404,000
Interest receivable	-	226
Accounts receivable, net of allowance	264,414	705,411
Interfund receivables	2,031	53,081
Due from other governmental units:		
Cullman Power Board	452,172	419,059
Other	24,770	279,013
Inventories	62,784	361,330
Prepaids	32,005	154,576
TOTAL CURRENT ASSETS	$ 2,582,725	$ 19,875,159
Restricted assets:		
Cash equivalents	$ 450,695	$ 32,452,800
State revolving funds receivable	3,125,302	-
OPEB funds held by Cullman Power Board	-	11,760
TOTAL RESTRICTED ASSETS	$ 3,575,997	$ 32,464,560
Capital assets:		
Land	$ 253,691	$ 11,570,172
Buildings	6,738,627	6,861,431
Improvements other than buildings	67,322,291	44,693,090
Machinery and equipment	1,981,750	10,090,846
Accumulated depreciation	(33,375,812)	(31,120,862)
	$ 42,920,547	$ 42,094,677
Construction in progress	8,996,811	76,920,870
TOTAL CAPITAL ASSETS	$ 51,917,358	$ 119,015,547
Other assets:		
Deposits	$ -	$ -
Assessments receivable - noncurrent	451,176	-
TOTAL OTHER ASSETS	$ 451,176	$ -
Deferred outflows of resources:		
Unamortized loss on refunding	$ 394,023	$ 192,178
Deferred outflows of resources - pension	118,698	173,978
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 512,721	$ 366,156
TOTAL ASSETS	$ 59,039,977	$ 171,721,422

(Continued)

ALABAMA
PROPRIETARY FUNDS
2015

Activities		
Parks and Recreation	Airport	TOTALS
$ 549,293	$ 13,009	$ 19,805,314
-	-	404,000
-	-	226
141,880	10,997	1,122,702
-	10	55,122
-	-	871,231
59,644	48,261	411,688
28,598	25,526	478,238
10,222	16,640	213,443
$ 789,637	$ 114,443	$ 23,361,964
$ -	$ -	$ 32,903,495
-	-	3,125,302
-	-	11,760
$ -	$ -	$ 36,040,557
$ 1,935,368	$ 881,785	$ 14,641,016
17,532,410	2,584,021	33,716,489
12,265,568	3,021,471	127,302,420
3,156,323	231,749	15,460,668
(11,744,281)	(2,991,880)	(79,232,835)
$ 23,145,388	$ 3,727,146	$ 111,887,758
125,376	111,108	86,154,165
$ 23,270,764	$ 3,838,254	$ 198,041,923
$ 910	$ -	$ 910
-	-	451,176
$ 910	$ -	$ 452,086
$ 1,531	$ -	$ 587,732
153,210	5,273	451,159
$ 154,741	$ 5,273	$ 1,038,891
$ 24,216,052	$ 3,957,970	$ 258,935,421

CITY OF CULLMAN,
BALANCE SHEET -
September 30,

	Business-Type	
	Sewer Operation	Water System
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current liabilities:		
Accounts payable:		
Trade	$ 61,728	$ 168,367
Contractors	-	18,050
Utility tax payable	-	35,862
Interfund payables	-	697
Interest payable	-	-
Due to other governmental units:		
Cullman Power Board	-	22,079
Other	55,353	143,058
Accrued payroll	33,947	43,324
Estimated compensated absences - current portion	30,853	80,369
Current maturities on long-term liabilities	-	-
TOTAL CURRENT LIABILITIES	$ 181,881	$ 511,806
Liabilities payable from restricted assets:		
Accounts payable:		
Trade	$ -	$ 302,379
Contractors	1,343,950	2,411,268
Accrued interest payable	20,386	363,870
Other postemployment benefits	-	1,256
Current maturities on long-term liabilities	2,493,075	3,555,101
Interfund payables	11,118	-
TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS	$ 3,868,529	$ 6,633,874
Long-term liabilities:		
Warrants/bonds payable	$ 18,518,410	$ 109,026,635
Unamortized debt discount	(3,737)	(622,523)
Unamortized debt premium	-	155,496
Net pension liability	1,127,417	1,653,742
Estimated compensated absences	119,420	360,068
Interfund payables	361,758	-
TOTAL LONG-TERM LIABILITIES	$ 20,123,268	$ 110,573,418
TOTAL LIABILITIES	$ 24,173,678	$ 117,719,098

(Continued)

ALABAMA
PROPRIETARY FUNDS - CONTINUED
2015

Activities		
Parks and Recreation	Airport	TOTALS
$ 299,072	$ 15,107	$ 544,274
-	-	18,050
-	-	35,862
430,944	422	432,063
152,850	-	152,850
-	-	22,079
-	-	198,411
62,331	2,946	142,548
76,264	-	187,486
6,188	82,553	88,741
$ 1,027,649	$ 101,028	$ 1,822,364
$ -	$ -	$ 302,379
-	-	3,755,218
-	-	384,256
-	-	1,256
-	-	6,048,176
-	-	11,118
$ -	$ -	$ 10,502,403
$ -	$ 536,012	$ 128,081,057
(129,495)	-	(755,755)
-	-	155,496
1,419,440	75,995	4,276,594
102,817	7,798	590,103
13,643,014	102,195	14,106,967
$ 15,035,776	$ 722,000	$ 146,454,462
$ 16,063,425	$ 823,028	$ 158,779,229

	Business-Type	
	Sewer Operation	Water System
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION - CONTINUED		
Deferred inflows of resources:		
Unearned revenue	$ -	$ -
Deferred inflows of resources - pension	88,258	132,961
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 88,258	$ 132,961
Net position:		
Invested in capital assets, net of related liabilities	$ 33,434,950	$ 34,982,121
Restricted for debt service and capital activity - (deficit)	106,190	1,366,871
Restricted for parks and recreation/tournaments	-	-
Unrestricted (deficit)	1,236,901	17,520,371
TOTAL NET POSITION	$ 34,778,041	$ 53,869,363
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 59,039,977	$ 171,721,422

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

ALABAMA
PROPRIETARY FUNDS - CONTINUED
2015

Activities		
Parks and Recreation	Airport	TOTALS
$ 138,548	$ 14,132	$ 152,680
111,118	5,949	338,286
$ 249,666	$ 20,081	$ 490,966
$ 9,355,254	$ 3,207,903	$ 80,980,228
-	-	1,473,061
19,638	-	19,638
(1,471,931)	(93,042)	17,192,299
$ 7,902,961	$ 3,114,861	$ 99,665,226
$ 24,216,052	$ 3,957,970	$ 258,935,421

CITY OF CULLMAN,
STATEMENT OF REVENUES,
FUND NET POSITION -
Year ended

	Business-Type	
	Sewer Operation	Water System
Operating revenues:		
Charges for sales and services	$ 6,278,896	$ 12,332,582
Penalties and forfeited discounts	-	34,645
Charges for service connections	72,347	112,620
Service charges	76,300	74,545
Lodging tax	-	-
Miscellaneous	177,884	191,704
TOTAL OPERATING REVENUES	$ 6,605,427	$ 12,746,096
Cost of operating revenues	$ -	$ -
Operating expenses:		
Salaries and wages	1,141,997	1,581,212
Nonemployee compensation	-	-
Officials and instructors	-	-
Payroll taxes	86,135	121,769
Employees retirement	104,841	144,263
Employees insurance	184,601	320,822
Telephone	13,545	24,964
Utilities	529,786	909,887
Billing, accounting, and collection fees	92,260	196,744
Office supplies and expenses	4,835	29,624
Professional services	11,505	30,447
Engineering services	-	500
Other contracted services	3,728	30,026
Tournament fees	-	-
Testing services	7,347	25,930
Landfill fees	80,494	-
Competition expense	-	-
Senior programs	-	-
Dues and subscriptions	890	4,709
Travel, registrations, and education	4,191	11,529
Public relations/printing/advertising	-	-
Uniforms	10,075	17,337
Small tools and equipment	21,263	27,657
Chemicals and supplies	79,699	702,131
Repairs and maintenance - system and equipment	306,306	598,519
Equipment rental	14,977	39,391
Gas, fuel, and oil	45,306	92,227
Insurance	71,963	122,553
Permits and licenses	-	4,599
Miscellaneous	2,947	25,089
Director's fees and expenses	-	31,500
Depreciation	1,904,916	1,223,132
TOTAL COST OF OPERATING REVENUES AND OPERATING EXPENSES	$ 4,723,607	$ 6,316,561
OPERATING INCOME (LOSS)	$ 1,881,820	$ 6,429,535

(Continued)

ALABAMA
EXPENSES, AND CHANGES IN
PROPRIETARY FUNDS
September 30, 2015

Activities		
Parks and Recreation	Airport	TOTALS
$ 4,549,763	$ 398,816	$ 23,560,057
-	-	34,645
-	-	184,967
-	-	150,845
239,538	-	239,538
73,206	138	442,932
$ 4,862,507	$ 398,954	$ 24,612,984
$ 300,162	$ 198,887	$ 499,049
2,589,963	97,867	5,411,039
50,231	-	50,231
169,118	-	169,118
201,480	7,209	416,593
132,139	6,965	388,208
219,129	7,524	732,076
67,760	5,325	111,594
729,951	28,182	2,197,806
-	-	289,004
173,853	1,101	209,413
75,417	13,903	131,272
-	-	500
1,714	11,859	47,327
17,210	-	17,210
-	-	33,277
-	-	80,494
360,740	-	360,740
393,751	-	393,751
12,384	86	18,069
58,849	629	75,198
259,812	996	260,808
-	-	27,412
33,330	5,415	87,665
252,503	1,054	1,035,387
585,475	39,161	1,529,461
-	3,388	57,756
55,002	1,302	193,837
131,571	19,504	345,591
-	577	5,176
22,572	6,253	56,861
-	-	31,500
1,110,532	195,557	4,434,137
$ 8,004,648	$ 652,744	$ 19,697,560
$ (3,142,141)	$ (253,790)	$ 4,915,424

CITY OF CULLMAN,
STATEMENT OF REVENUES,
FUND NET POSITION -
Year ended

	Business-Type	
	Sewer Operation	Water System
Nonoperating revenues (expenses):		
Interest earned	$ 32	$ 21,152
Insurance proceeds	-	2,376
Disposal of assets	(3,933)	9,265
Interest expense	(544,892)	(423,603)
Debt issuance expense	(13,000)	(269,266)
Paying agent/trustee fees	-	(2,956)
TOTAL NONOPERATING REVENUES (EXPENSES)	$ (561,793)	$ (663,032)
INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	$ 1,320,027	$ 5,766,503
Capital contributions	4,583,394	493,065
Transfers in	399,926	539,810
Transfers out	(437,459)	(558,879)
NET INCREASE (DECREASE) IN NET POSITION	$ 5,865,888	$ 6,240,499
Net position - October 1, as previously reported	$ 30,027,452	$ 49,276,979
(Deduct) adjustment for the cumulative effect on prior years for the implementation of GASB 68, *Accounting and Financial Reporting for Pensions* (Note VIII)	(1,115,299)	(1,648,115)
Net position - October 1, as adjusted	$ 28,912,153	$ 47,628,864
NET POSITION AT SEPTEMBER 30	$ 34,778,041	$ 53,869,363

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

ALABAMA
EXPENSES, AND CHANGES IN
PROPRIETARY FUNDS - CONTINUED
September 30, 2015

Activities		
Parks and Recreation	Airport	TOTALS
$ 1,540	$ -	$ 22,724
-	-	2,376
13,729	231	19,292
(640,708)	(19,907)	(1,629,110)
-	-	(282,266)
-	-	(2,956)
$ (625,439)	$ (19,676)	$ (1,869,940)
$ (3,767,580)	$ (273,466)	$ 3,045,484
-	22,239	5,098,698
4,148,092	198,651	5,286,479
-	-	(996,338)
$ 380,512	$ (52,576)	$ 12,434,323
$ 8,926,633	$ 3,242,615	$ 91,473,679
(1,404,184)	(75,178)	(4,242,776)
$ 7,522,449	$ 3,167,437	$ 87,230,903
$ 7,902,961	$ 3,114,861	$ 99,665,226

CITY OF CULLMAN,
STATEMENT OF CASH FLOWS -
Year ended
Increase (Decrease) in

	Business-Type	
	Sewer Operation	Water System
Cash flows from operating activities:		
Cash received from customers	$ 7,470,247	$ 12,538,380
Cash received from lodging tax	-	-
Cash payments for merchandise sold	-	-
Cash payments for operating expenses	(1,597,397)	(3,338,333)
Cash payments to employees	(1,208,497)	(1,684,278)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 4,664,353	$ 7,515,769
Cash flows from noncapital and related financing activities:		
Transfers in	$ 399,926	$ 490,596
Transfers out	(437,459)	(558,879)
NET CASH PROVIDED BY (USED IN) NONCAPITAL AND RELATED FINANCING ACTIVITIES	$ (37,533)	$ (68,283)
Cash flows from capital and related financing activities:		
Proceeds from capital contributions	$ 4,583,394	$ 493,065
Insurance proceeds	-	2,376
Interfund receivables/payables	(10,640)	-
Interfund transfers	-	-
Interest paid	(460,140)	(227,240)
Debt discount	-	(360,747)
Debt issuance costs	(13,000)	(269,266)
Fiscal charges	-	(2,956)
Proceeds from long-term debt	844,698	49,910,000
Principal payments of long-term debt	(2,396,867)	(1,852,052)
Proceeds from disposal of assets	4,309	22,259
Acquisition and construction of capital assets	(6,953,218)	(39,868,730)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	$ (4,401,464)	$ 7,846,709

(Continued)

ALABAMA
PROPRIETARY FUNDS
September 30, 2015
Cash and Cash Equivalents

Activities		
Parks and Recreation	Airport	TOTALS
$ 4,653,881	$ 397,958	$ 25,060,466
208,854	-	208,854
(296,407)	(202,211)	(498,618)
(3,887,818)	(157,407)	(8,980,955)
(2,573,502)	(104,123)	(5,570,400)
$ (1,894,992)	$ (65,783)	$ 10,219,347
$ 3,130,884	$ 158,436	$ 4,179,842
-	-	(996,338)
$ 3,130,884	$ 158,436	$ 3,183,504
$ -	$ 27,378	$ 5,103,837
-	-	2,376
(419,044)	(174,326)	(604,010)
1,017,208	-	1,017,208
(632,287)	(19,907)	(1,339,574)
-	-	(360,747)
-	-	(282,266)
-	-	(2,956)
-	-	50,754,698
(20,050)	(80,381)	(4,349,350)
18,000	231	44,799
(1,236,074)	(56,451)	(48,114,473)
$ (1,272,247)	$ (303,456)	$ 1,869,542

CITY OF CULLMAN,
STATEMENT OF CASH FLOWS -
Year ended
Increase (Decrease) in

	Business-Type	
	Sewer Operation	Water System
Cash flows from investing activities:		
Interest received	$ 32	$ 15,170
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 225,388	$ 15,309,365
Cash and cash equivalents at beginning of year	1,969,856	34,641,898
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 2,195,244	$ 49,951,263

Cash and cash equivalents as of September 30, 2015 consisted of the following:

	Sewer Operation	Water System
Cash equivalents - current assets	$ 1,744,549	$ 17,498,463
Cash equivalents - restricted assets	450,695	32,452,800
TOTALS	$ 2,195,244	$ 49,951,263

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

ALABAMA
PROPRIETARY FUNDS - CONTINUED
September 30, 2015
Cash and Cash Equivalents

Activities		
Parks and Recreation	Airport	TOTALS
$ 1,540	$ -	$ 16,742
$ (34,815)	$ (210,803)	$ 15,289,135
584,108	223,812	37,419,674
$ 549,293	$ 13,009	$ 52,708,809

Parks and Recreation	Airport	TOTALS
$ 549,293	$ 13,009	$ 19,805,314
-	-	32,903,495
$ 549,293	$ 13,009	$ 52,708,809

CITY OF CULLMAN,
SCHEDULE OF CASH FLOWS FROM
Year ended
Increase (Decrease) in

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:

	Business-Type	
	Sewer Operation	Water System
Cash flows from operating activities:		
Operating income (loss)	$ 1,881,820	$ 6,429,535
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,904,916	1,223,132
Accounts receivable	(12,857)	306,993
Interfund receivables	(2,031)	(3,814)
Due from other governments	877,677	(93,032)
Assessments receivable	8,399	-
Inventories	14,799	102,689
Prepaid insurance	(2,695)	(65,430)
Prepaid utility tax	-	(2,285)
Prepaid senior trips	-	-
Deferred outflows of resources - pension	(118,698)	(173,978)
Accounts payable	(26,220)	56,583
Utility tax payable	-	6,656
Interfund payables	(2,781)	(434,607)
Due to other governments	22,013	7,351
Accrued payroll	8,409	9,147
Other postemployment benefits	-	(1,315)
Net pension liability	12,118	5,627
Compensated absences	11,226	9,556
Unearned revenue	-	-
Deferred inflows of resources - pension	88,258	132,961
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 4,664,353	$ 7,515,769

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

ALABAMA
OPERATING ACTIVITIES - PROPRIETARY FUNDS
September 30, 2015
Cash and Cash Equivalents

Activities		
Parks and Recreation	Airport	TOTALS
$ (3,142,141)	$ (253,790)	$ 4,915,424
1,110,532	195,557	4,434,137
42,323	690	337,149
-	-	(5,845)
(24,375)	(1,368)	758,902
-	-	8,399
3,755	(3,324)	117,919
-	(1,578)	(69,703)
-	-	(2,285)
75,461	-	75,461
(153,210)	(5,273)	(451,159)
123,429	(5,203)	148,589
-	-	6,656
27,598	-	(409,790)
-	(289)	29,075
12,431	953	30,940
-	-	(1,315)
15,256	817	33,818
(10,297)	1,394	11,879
(86,872)	(318)	(87,190)
111,118	5,949	338,286
$ (1,894,992)	$ (65,783)	$ 10,219,347

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I.A. REPORTING ENTITY

The City of Cullman was incorporated under the laws of the State of Alabama in 1875 and operates under an elected Mayor-Council form of government. The accompanying financial statements present the City's primary government and its component unit, legally separate organization over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

Component Units

Component units that are so intertwined with the City that they are, in substance, the same as the City are blended and reported as if they were part of the City. The Utilities Board of the City of Cullman – Water Division (UBWD) is governed by a five-member board appointed by the City Council. By contract, the only customer of the UBWD is the City of Cullman.

Component Units	Reason Included in the Reporting Entity	Separate Financial Statements
Utilities Board of the City of Cullman – Water Division (UBWD): Gathers, collects, and impounds water and filters said water to sell to the City of Cullman, Alabama	City appoints and may remove members of the board of UBWD	Available at the City Clerk's office

The Cullman City Parks and Recreation Board was formed in November 1979 under Section 11-86-1 of the Code of Alabama 1975. The Board is an unincorporated board and can not legally incur debt. The City provides a substantial amount of the Board's funding each year through payments for payroll and debt service expenditures. Therefore, the Board is reported as part of the City's operations.

The City's 50% interest in the Airport Board, which is a joint venture with Cullman County, is also reported as part of the City's operations (see Note IX).

Excluded Entities

The following **related** organizations are **excluded** from the financial reporting entity because the City's accountability does not extend beyond making appointments:

1) The City Council appoints all or a voting majority of the members of the Utilities Board – Power Division of the City of Cullman and to the Industrial Development Board of the City of Cullman.
2) The Mayor appoints the members of the Cullman Housing Authority.
3) The City Council appoints directors to the City of Cullman Public Education and Governmental Access Television, Inc., a non-profit organization.
4) The City Council also appoints four members to the nine-member Cullman-Jefferson Counties Gas District.
5) The City Council appoints the members of the Medical Clinic Board.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I.A. REPORTING ENTITY

Excluded Entities - Continued

6) The City Council appoints the members of the Downtown Redevelopment Authority.
7) The City Council appoints five of the eleven members of the Cullman County Center for the Developmentally Disabled 310 Board.
8) The City Council appoints three members of the North Central Alabama Mental Health Board.
9) The Park and Recreation Foundation Board (PRFB)'s members are appointed by the Cullman City Parks and Recreation Board. The PRFB solicits contributions that are for the direct benefit of the City of Cullman's Park and Recreation. However, the PRFB can also spend its resources on other agencies of state and local governments. Therefore, the City does not believe it would be misleading to exclude this board.

I.B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

I.B.1. Basis of Presentation

Government-wide Statements

The statement of net position and the statement of activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its blended component unit. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I.B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING - CONTINUED

I.B.1. Basis of Presentation - Continued

Fund Financial Statements - Continued

The City reports the following major governmental funds:

Fund Name	Description
General Fund	This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
School Tax	This fund accounts for the collections and disbursements of the 3 mill ad valorem tax, 7.5 mill ad valorem tax, and .5 percent sales tax collected for the City School System.
Debt Service	This fund accounts for the resources accumulated and payments made for the principal, interest, and other expenses on general long-term debt associated with the City's governmental activities.

The City reports the following major proprietary funds:

Fund Name	Description
Sewer Operation	This fund accounts for the system maintenance and the sewage disposal service provided to its customers.
Water System	The Water System accounts for the activities of two separate units – the Utilities Board – Water Division of the City of Cullman, Alabama (Utilities Board) and the Water Department. The Utilities Board's primary activity is the gathering, collecting, or impounding of water and filtering said water to sell to the Water Department. The Water Department's primary activity is the system maintenance and distribution of water to wholesale and retail customers.
Parks and Recreation	This fund accounts for four separate activities: 1) the maintenance and operations of the Golf Course and its facilities for the general public 2) the maintenance and operations of the City's parks and facilities for the general public and the organization of other recreational activities 3) the maintenance and operations of the Cullman Wellness and Aquatic Center for the general public 4) the maintenance and operations of the Cullman Gymnastics and Cheer Academy for the general public
Airport	This fund accounts for the construction, maintenance, and operation of the airport facilities for the general public.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I.B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING - CONTINUED

I.B.2. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Financial Statements

The government-wide and proprietary financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. However, all grants earned and charges for services are considered to be available as of year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, claims and judgements, and compensated absences are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. The issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

The City follows GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This standard incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB pronouncements, which does not conflict with or contradict GASB pronouncements and eliminates the criteria to apply post-November 30, 1989, pronouncements that do not conflict with or contradict GASB pronouncements.

I.C. ASSETS AND LIABILITIES

I.C.1. Cash Equivalents and Certificates of Deposit

The City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents are reported at carrying amount, which reasonably estimates fair value. Certificates of deposit are carried at cost, which approximates market value.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I.C. ASSETS AND LIABILITIES - CONTINUED

I.C.2. Accounts Receivable and Assessments Receivable

Accounts and assessments receivable are presented net of allowances for doubtful accounts. The allowances for doubtful accounts are presented below:

Allowance for Doubtful Accounts	General Fund	Sewer Operation	Water System	Parks and Recreation	Airport
Accounts receivable at September 30, 2015	$114,231	$ 24,000	$47,613	$29,214	$3,250
Assessments receivable at September 30, 2015	$125,423	$126,223	$ -	$ -	$ -

I.C.3. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. In addition, short-term interfund loans are made as necessary from one fund to another.

I.C.4. Interfund Receivables – Long-term

Long-term interfund loan receivables are reported as "interfund receivables – long-term" and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

I.C.5. Property Tax Calendar

Cullman County is responsible for the assessment, collection, and apportionment of property taxes for the City of Cullman. The County levies property taxes on October 1 on property values for the previous year ended September 30. Secured property tax payments are due by December 31. As prescribed by Governmental Accounting Standards Board (GASB) Statement 33, a receivable of $4,520,710 has been accrued as a receivable as of September 30, 2015, for the bills sent out October 1, 2015, because the City has an enforceable legal claim on these property taxes. However, since these resources were not available for use during the year ended September 30, 2015, an offsetting balance of $4,520,710 has also been reflected as unearned revenue in the financial statements.

I.C.6. Inventories

Inventories in governmental activities consist of expendable supplies held for consumption stated principally on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Business-type activities inventories are reported at cost on a first-in, first-out basis.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I.C. ASSETS AND LIABILITIES - CONTINUED

I.C.7. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2015, are recorded as prepaid items. Prepaid insurance is charged to expenditures/expenses over the term of the policies. Prepaid senior trip expenses are charged to expense once the senior citizens have gone on the trips. Prepaid utility tax is offset to utility taxes payable once applied to the next month's utility tax report.

I.C.8. Restricted Assets

Certain proceeds of general long-term debt and proprietary fund warrants and bonds, as well as certain resources set aside for their repayment and other amounts are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and contractual obligations.

I.C.9. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The works of art and historical treasures maintained in the Museum have not been capitalized. These are held for public exhibition and are properly cared for. Proceeds from disposals of works of arts and historical treasures are used to acquire additional items for the collection. Therefore, the items are not required to be capitalized under current reporting standards. The City's infrastructure consists of all major infrastructure that was acquired or that has received substantial improvement since October 1, 1980. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The City's capitalization policy is to capitalize all capital assets with a cost of $5,000 or more.

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

Asset Class	Estimated Useful Lives
Buildings	10-75
Improvements other than buildings	10-75
Infrastructure – streets	20-50
Infrastructure – bridges	50
Office equipment	5-10
Computer equipment	3-10
Communication equipment	5-10
Heavy equipment	10-20
Transportation equipment	3-20
Other general equipment	5-36

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I.C. ASSETS AND LIABILITIES - CONTINUED

I.C.10. Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds and similar component units on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. Interest capitalized for the year ended September 30, 2015 was as follows:

Proprietary Fund/Component Unit	Total Interest Capitalized	Net Interest Capitalized
Utilities Board – Water Division	$ 3,574,254	$ 3,363,866
Sewer Operation	11,078	11,078

I.C.11. Amortization

Unamortized debt discount is amortized on the straight-line method over the life of the bonds/warrants. Unamortized loss on refunding is amortized on the straight-line method over the lesser of the life of the old bonds/warrants refunded or the life of the new bonds/warrants issued. Unamortized debt premium is amortized on the straight-line method over the life of the bonds/warrants.

I.C.12. Payable from Restricted Assets

Certain assets are restricted for debt service and capital improvements. Liabilities payable from restricted assets in the various fund types are as follows:

	Governmental Activities	Business-type Activities
Accounts payable - contractor	$ -	$ 3,755,218
Accounts payable – other	-	302,379
Accrued interest payable	52,931	384,256
Police evidence	17,360	-
Other postemployment benefits	-	1,256
Current maturities on long-term liabilities	720,000	6,048,176
TOTAL	$ 790,291	$10,491,285

Of the $6,048,176 shown as current maturities on long-term debt above in the business-type activities, $3,220,729 is general obligation debt.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I.C. ASSETS AND LIABILITIES – CONTINUED

I.C.13. Compensated Absences

The liability for compensated absences consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using only the vested vacation and sick leave amounts available to employees on September 30, 2015. Full-time, permanent employees are granted vacation benefits in varying amounts depending on tenure with the City. Limited vacation benefits may be carried from one year to the next and are paid upon the employee's termination. Sick leave accrues to these employees to specified maximums and a percentage of sick leave is payable upon termination in accordance with guidelines established in the City's personnel policies. If an employee does not use his sick leave during the year and would otherwise lose any accumulated time, the employee is paid one-half of the hours accumulated in excess of the maximum allowed to be carried over from year to year. The estimated liabilities include required salary-related payments. The liability for compensated absences is paid by the general fund for all governmental funds and each proprietary fund is responsible for its own liability for compensated absences.

I.C.14 Net Position

Net position comprises the various net earnings from operating and non-operating revenues and expenses. Net position is classified in the following three components: invested in capital assets, net of related liabilities; restricted net position; and unrestricted net position. Invested in capital assets, net of related liabilities, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvements of those assets; debt related to unspent proceeds and restricted cash equivalents are excluded from the determination. Restricted net position consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position not included in the above categories.

As of September 30, 2015, the City had $57,956 in net position restricted by enabling legislation for the purpose of purchasing new Municipal Court equipment and for training of Municipal Court employees.

As of September 30, 2015, the City had $19,638 in net position restricted by enabling legislation for the purpose of constructing parks and recreation facilities, paying principal and interest on debt issued to finance such construction, or for maintenance and operation of parks and recreational facilities in the City of Cullman.

I.C.15. Pension

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I.C. ASSETS AND LIABILITIES – CONTINUED

I.C.16. Governmental Fund Balances

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

Classification	Description
Nonspendable	Nonspendable fund balances include fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
Restricted	Restricted fund balances include fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
Committed	Committed fund balances include fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (the City Council) and does not lapse at year end. The City Council is required to adopt an Ordinance in order to establish, modify, or rescind a fund balance commitment.
Assigned	Assigned fund balances include fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by the Mayor, Interim City Clerk, or City Treasurer.
Unassigned	Unassigned fund balances include positive fund balances within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts to be spend first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I.C. ASSETS AND LIABILITIES – CONTINUED

I.C.17. Use of Estimates

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

I.C.18. Advertising

Advertising costs are expensed as incurred. For the year ended September 30, 2015, the City incurred $17,481 in printing and advertising costs in the governmental funds and $260,808 in printing and advertising expenses through the proprietary funds.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – DEFICIT BALANCE

The $244,422 deficit of the School Tax Fund is a result of expenditures accrued in excess of resources available within the City's 30 day availability period. The deficit is expected to be covered by resources accrued, but not received within the 30 day availability period.

III. CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

The City's funds are invested in accordance with State statutes which allow investment in: (1) direct obligations of the United States government pledged by its full faith and credit, (2) savings accounts and certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral, (3) pre-funded public obligations, and (4) interests in collective investment funds in accordance with guidelines set out in Section 11-81-21, Code of Alabama, 1975.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Except as noted below, the City's deposits were insured by federal depository insurance coverage (FDIC) or the Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program is administered by the State Treasurer according to the 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.

As of September 30, 2015, the Utilities Board – Water Division of the City of Cullman (part of the Water System) (Board) had $602,729 invested in the Fidelity Treasury Only "sweep" Money Market Fund (fund) held with Regions Bank. The fund is composed of U.S. Treasury Obligations with a rating of AAAm by Standard and Poor's and Aaa-mf by Moody's. This fund is uninsured and is not collateralized. As of September 30, 2015, the Board had $31,562,045 collateralized by securities held by the pledging financial institutions' trust department but not in the Board's name.

IV. CAPITAL ASSETS

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

		Balance at Sept. 30, 2014
Governmental activities:		
Capital assets not being depreciated:		
Land	$	8,669,792
Historical buildings		208,420
Construction in progress		1,036,476
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	$	9,914,688
Capital assets being depreciated:		
Buildings	$	10,043,595
Improvements other than buildings		2,173,440
Infrastructure - streets		35,334,077
Infrastructure - bridges		607,683
Machinery and equipment:		
Office equipment	$	42,070
Computer equipment		229,120
Communication equipment		311,332
Heavy equipment		1,881,582
Transportation equipment		9,626,013
Other general equipment		3,513,206
TOTAL MACHINERY AND EQUIPMENT	$	15,603,323
TOTAL CAPITAL ASSETS BEING DEPRECIATED	$	63,762,118
Less accumulated depreciation for:		
Buildings	$	1,808,901
Improvements other than buildings		464,830
Infrastructure - streets		10,230,113
Infrastructure - bridges		322,072
Machinery and equipment:		
Office equipment	$	42,070
Computer equipment		194,953
Communication equipment		214,763
Heavy equipment		1,015,245
Transportation equipment		5,726,316
Other general equipment		2,440,546
TOTAL MACHINERY AND EQUIPMENT	$	9,633,893
TOTAL ACCUMULATED DEPRECIATION	$	22,459,809
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	$	41,302,309
TOTAL GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$	51,216,997

STATEMENTS - CONTINUED

Additions	(Removals)	Balance at Sept. 30, 2015
$ 143,500	$ (1,233,386)	$ 7,579,906
170,028	-	378,448
613,610	(742,732)	907,354
$ 927,138	$ (1,976,118)	$ 8,865,708
$ 303,389	$ -	$ 10,346,984
350,802	(170,028)	2,354,214
180,751	-	35,514,828
-	-	607,683
$ 10,499	$ (29,830)	$ 22,739
70,619	(23,575)	276,164
-	(24,425)	286,907
340,791	(60,489)	2,161,884
518,027	(300,471)	9,843,569
122,899	(242,199)	3,393,906
$ 1,062,835	$ (680,989)	$ 15,985,169
$ 1,897,777	$ (851,017)	$ 64,808,878
$ 178,855	$ -	$ 1,987,756
87,453	-	552,283
706,019	-	10,936,132
12,154	-	334,226
$ 236	$ (29,830)	$ 12,476
7,763	(23,575)	179,141
17,954	(24,425)	208,292
108,683	(60,489)	1,063,439
514,833	(256,039)	5,985,110
179,221	(209,264)	2,410,503
$ 828,690	$ (603,622)	$ 9,858,961
$ 1,813,171	$ (603,622)	$ 23,669,358
$ 84,606	$ (247,395)	$ 41,139,520
$ 1,011,744	$ (2,223,513)	$ 50,005,228

IV. CAPITAL ASSETS - CONTINUED

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government:	
Administrative	$ 155,772
Building and housing	4,955
Garage	22,020
Public safety:	
Police	157,983
Fire	283,148
Traffic maintenance	46,364
Dispatch and EMA	14,056
Highways and streets	831,848
Sanitation	273,339
Culture and recreation	11,078
Conservation	12,608
TOTAL	$1,813,171

Land Conveyed to the Industrial Development Board of the City of Cullman (ID Board)

During the year ended September 30, 2015, the City declared $1,233,386 in land to be surplus for industrial development purposes and conveyed the land to the ID Board. The land conveyed to the ID Board was reported as intergovernmental transfers.

IV. CAPITAL ASSETS - CONTINUED

Capital asset activity for the business-type activities for the year ended September 30, 2015 was as follows:

	Balance at Sept. 30, 2014
Business-type activities:	
Capital assets not being depreciated:	
Land	$ 12,721,267
Construction in progress	42,576,337
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	$ 55,297,604
Capital assets being depreciated:	
Buildings	$ 26,412,900
Improvements other than buildings	116,090,277
Source of supply	2,434,916
Pumping plant	709,632
Water treatment plant	18,225,928
Transmission and distribution system	1,454,061
Machinery and equipment:	
Office equipment	$ 468,137
Computer equipment	46,159
Communication equipment	3,319
Heavy equipment	874,372
Transportation equipment	2,492,780
Other general equipment	4,212,880
TOTAL MACHINERY AND EQUIPMENT	$ 8,097,647
TOTAL CAPITAL ASSETS BEING DEPRECIATED	$ 173,425,361
Less accumulated depreciation for:	
Buildings	$ 10,585,967
Improvements other than buildings	46,595,729
Source of supply	1,790,210
Pumping plant	661,231
Water treatment plant	9,411,067
Transmission and distribution system	986,582
Machinery and equipment:	
Office equipment	$ 333,349
Computer equipment	15,694
Communication equipment	2,988
Heavy equipment	507,775
Transportation equipment	1,587,791
Other general equipment	2,623,183
TOTAL MACHINERY AND EQUIPMENT	$ 5,070,780
TOTAL ACCUMULATED DEPRECIATION	$ 75,101,566
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	$ 98,323,795
TOTAL BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 153,621,399

STATEMENTS - CONTINUED

Additions	(Removals)	Balance at Sept. 30, 2015
$ 1,919,749	$ -	$ 14,641,016
46,914,468	(3,336,640)	86,154,165
$ 48,834,217	$ (3,336,640)	$ 100,795,181
$ 510,608	$ -	$ 26,923,508
2,282,323	-	118,372,600
-	-	2,434,916
-	-	709,632
-	-	18,225,928
-	-	1,454,061
$ 70,462	$ (6,528)	$ 532,071
-	-	46,159
(1)	-	3,318
-	(34,175)	840,197
268,758	(202,499)	2,559,039
254,515	(89,247)	4,378,148
$ 593,734	$ (332,449)	$ 8,358,932
$ 3,386,665	$ (332,449)	$ 176,479,577
$ 778,837	$ (2)	$ 11,364,802
2,872,689	-	49,468,418
43,635	-	1,833,845
-	-	661,231
269,450	-	9,680,517
18,021	-	1,004,603
$ 17,269	$ (5,875)	$ 344,743
3,221	-	18,915
-	-	2,988
38,672	(30,758)	515,689
136,700	(188,202)	1,536,289
255,643	(78,031)	2,800,795
$ 451,505	$ (302,866)	$ 5,219,419
$ 4,434,137	$ (302,868)	$ 79,232,835
$ (1,047,472)	$ (29,581)	$ 97,246,742
$ 47,786,745	$ (3,366,221)	$ 198,041,923

IV. CAPITAL ASSETS - CONTINUED

Depreciation expense was charged to each business-type activity as follows:

Sewer	$1,904,916
Water System	1,223,132
Parks and Recreation	399,960
Gymnastics	35,360
Golf Course	126,140
Wellness Center	549,072
Airport	195,557
TOTAL	$4,434,137

V. LONG-TERM DEBT

The indentures with respect to the warrants and bonds payable as detailed in the supplementary schedules of this report contain pledges of revenues and pledges of the full faith and credit of the City as is applicable to each issue.

The restricted assets presented in the financial statements are monies set aside for the payment of the debt or construction of related projects of these entities as required by the respective indentures. Annual principal maturities and debt service requirements of the long-term debt for the governmental activities during the next five years followed by five year increments to maturity are as follows:

	Governmental Activities		
Year ended September 30	Principal	Interest	Total Debt Service Requirement
2016	$ 868,920	$ 877,309	$ 1,746,229
2017	906,395	840,463	1,746,858
2018	948,944	801,897	1,750,841
2019	996,568	761,497	1,758,065
2020	959,269	725,623	1,684,892
2021-2025	4,005,000	3,119,719	7,124,719
2026-2030	4,810,000	2,208,869	7,018,869
2031-2035	5,935,000	1,090,863	7,025,863
2036	1,345,000	58,843	1,403,843
TOTALS	$20,775,096	$10,485,083	$31,260,179

V. LONG-TERM DEBT – CONTINUED

Annual principal maturities and debt service requirements of the long-term debt for the business-type activities during the next five years followed by five year increments to maturity are as follows:

	Business-Type Activities		
Year ended September 30	Principal	Interest	Total Debt Service Requirement
2016	$ 6,136,917	$ 4,906,251	$ 11,043,168
2017	5,472,657	4,800,352	10,273,009
2018	5,582,652	4,672,817	10,255,469
2019	5,723,812	4,516,963	10,240,775
2020	5,871,162	4,356,142	10,227,304
2021-2025	20,980,774	19,654,315	40,635,089
2026-2030	16,445,000	16,664,499	33,109,499
2031-2035	20,100,000	12,983,782	33,083,782
2036-2040	28,220,000	7,854,126	36,074,126
2041-2045	19,685,000	2,029,811	21,714,811
TOTALS	$134,217,974	$82,439,058	$216,657,032

Capital assets acquired through capital lease arrangements included in Business-Type Activities (Parks and Recreation) are as follows:

Included in machinery and equipment:

Cost	$46,498
Amortization expense included in depreciation expense	8,370
Accumulated amortization	29,294

V. LONG-TERM DEBT - CONTINUED

Changes in long-term debt during the year ended September 30, 2015 were as follows:

		Governmental
Description	Interest Rates	Balance at Sept. 30, 2014
G.O. Warrants:		
02-01-07 - Series 2007	4.00 - 5.00%	$ 19,695,000
02-01-10 - Series 2010 LRSRF-DL/ARRA	2.00%	335,000
09-29-10 - School Warrants	2.96%	955,000
10-25-11 - Burrow Property	2.95%	626,611
		$ 21,611,611
Unamortized debt discount		(32,461)
TOTAL G.O. WARRANTS PAYABLE		$ 21,579,150
Other Liabilities:		
Net pension liability		10,731,177
Estimated compensated absences		1,262,464
		$ 33,572,791
Less current portion		

Activities			
Additions	(Removals)	Balance at Sept. 30, 2015	Due Within One Year
$ -	$ (545,000)	$ 19,150,000	$ 570,000
-	(65,000)	270,000	65,000
-	(145,000)	810,000	150,000
-	(81,515)	545,096	83,920
$ -	$ (836,515)	$ 20,775,096	$ 868,920
-	1,575	(30,886)	-
$ -	$ (834,940)	$ 20,744,210	$ 868,920
-	(903,206)	9,827,971	-
928,409	(906,804)	1,284,069	511,194
$ 928,409	$ (2,644,950)	$ 31,856,250	$ 1,380,114
		(1,380,114)	
TOTAL LONG-TERM LIABILITIES		$ 30,476,136	

V. LONG-TERM DEBT - CONTINUED

Changes in long-term debt during the year ended September 30, 2015 were as follows:

Description	Interest Rates	Business-type Balance at Sept. 30, 2014
Sewer:		
G.O. Sewer Warrants: (a)		
07-31-2013 - Series 2013	1.72%	$ 8,555,556
11-27-2013 - Series 2013-A	2.63%	10,882,796
02-15-2015 - Series 2015-CWSRF-DL	2.25%	-
Water System:		
Utilities Board Water Division:		
Water Revenue Bonds - 06-03-2011	2.75 - 5-00%	56,800,000
Water Revenue Bonds - 03-12-2015 - Series 2015-A	2.00 - 5.00%	-
Water Revenue Bonds - 03-12-2015 - Series 2015-B	2.195%	-
Water Fund:		
G.O. Water Warrant - 02-13-2012 - Series 2012-DWSRF-BL	2.50%	1,310,000
G.O. Water Refunding Warrant - 04-13-2012 - Series 2012	2.46%	1,145,000
G.O. Water Warrant - 11-27-2013 - Series 2013-B	2.30%	5,268,788
Cullman City Parks and Recreation Board:		
Capital Leases for Golf Course Equipment:		
Agricredit Acceptance LLC - 05-27-2011	7.400%	8,007
De Lage Landen Public Finance, LLC - 05-01-2012	3.630%	18,231
Cullman Regional Airport Board:		
G.O. Warrant - (a)		
Airport T-Hangar - 09-14-2011	2.60%	83,052
Airport Projects - 10-22-2012	2.99%	615,896
		$ 84,687,326
Unamortized bond discount		(424,938)
Unamortized bond premium		161,477
TOTAL G.O. WARRANTS/BONDS PAYABLE		$ 84,423,865
Other Liabilities:		
Interfund payables		15,122,514
Net pension liability		3,675,657
Estimated compensated absences		765,710
		$ 103,987,746
Less current portion		

STATEMENTS - CONTINUED

Activities			
Additions	(Removals)	Balance at Sept. 30, 2015	Due Within One Year
$ -	$ (1,333,333)	$ 7,222,223	$ 1,333,333
-	(1,063,534)	9,819,262	999,742
3,970,000	-	3,970,000	160,000
-	(1,050,000)	55,750,000	1,075,000
42,110,000	-	42,110,000	185,000
7,800,000	-	7,800,000	1,650,000
-	(145,000)	1,165,000	150,000
-	(140,000)	1,005,000	-
-	(517,052)	4,751,736	495,101
-	(8,007)	-	-
-	(12,043)	6,188	6,188
-	(10,949)	72,103	11,236
-	(69,434)	546,462	71,317
$ 53,880,000	$ (4,349,352)	$ 134,217,974	$ 6,136,917
(360,747)	29,930	(755,755)	-
-	(5,981)	155,496	-
$ 53,519,253	$ (4,325,403)	$ 133,617,715	$ 6,136,917
25,302	(610,895)	14,536,921	429,954
600,937	-	4,276,594	-
313,578	(301,699)	777,589	187,486
$ 54,459,070	$ (5,237,997)	$ 153,208,819	$ 6,754,357
		(6,754,357)	
TOTAL LONG-TERM LIABILITIES		$ 146,454,462	

V. LONG-TERM DEBT – CONTINUED

(a) Proceeds of all General Obligation Warrants shown in the business-type activities were used by proprietary funds and are being repaid by those funds. However, they remain a contingent liability of the City's Governmental Activities.

VI. INTERFUND BALANCES AND ACTIVITY

VI.A. Interfund Receivables/Payables – Short-term

Interfund receivables/payables – short-term at September 30, 2015, consist of the following:

$ 357	Payable to the Water Fund (part of the Water System) from the General Fund for credit card deposits from Water Fund customers deposited to General Fund
3,330	Payable to the Water Fund (part of the Water System) from the Cullman City Parks and Recreation for capital assets transferred to the Cullman City Parks and Recreation from the Water Fund
49,214	Payable to the General Fund from the Utilities Board – Water Division (part of the Water System) representing matching expenses on grant for recreational trails at the Duck River Project
1,635	Payable to the Sewer Fund from the General Fund representing a vehicle transferred to the Sanitation Department
9,182	Payable to the General Fund from the Cullman City Parks and Recreation Board for insurance proceeds
2,375	Payable to the Court Judicial Admin Fund (a Special Revenue nonmajor governmental fund) from the General Fund for restricted fines collected by Municipal Court
2,367	Payable to the Corrections/Court Fund (a Special Revenue nonmajor governmental fund) from the General Fund for restricted fines collected by Municipal Court
1,609	Other balances
$ 70,069	

The following is a summary of interfund receivables – short-term reported in the financial statements:

$ 14,947	Interfund receivables, Balance Sheet – Governmental Funds
55,122	Interfund receivables, Balance Sheet – Proprietary Funds
$ 70,069	

The following is a summary of interfund payables – short-term reported in the financial statements:

$ 56,842	Interfund payables, Balance Sheet – Governmental Funds
(429,954)	Short-term portion of long-term interfund balance that is long-term in governmental funds at fund level due to not being received within 30 day availability period
11,118	Restricted interfund payables, Balance Sheet – Proprietary Funds
432,063	Interfund payables, Balance Sheet – Proprietary Funds
$ 70,069	

VI. INTERFUND BALANCES AND ACTIVITY – CONTINUED

VI.B. Interfund Receivables/Payables – Long-term

Interfund receivables/payables – long-term at September 30, 2015, consist of the following:

$ 102,195	Payable to the General Fund from the Airport representing expenditures paid by the General Fund in excess of the City of Cullman's 50 percent ownership in the Airport
88,834	Payable to the General Fund from the Industrial Access Road Fund (a nonmajor capital project fund) to cover expenditures for capital projects
372,876	Payable to the Debt Service Fund from the Sewer Fund representing the Sewer's portion of general obligation warrants
14,061,850	Payable to the Debt Service Fund from the Parks and Recreation Board representing the Parks and Recreation's portion of general obligation warrants
$14,625,755	

The following is a summary of interfund receivables – long-term in the fund financial statements:

$ 191,029	Interfund receivables – long-term, Balance Sheet – Governmental Funds
14,434,726	Restricted interfund receivables – long-term, Balance Sheet – Governmental Funds
$14,625,755	

The following is a summary of interfund payables – long-term in the fund financial statements:

$ 88,834	Interfund payables – long-term, Balance Sheet – Governmental Funds
429,954	Short-term portion of long-term interfund balance that is long-term in governmental funds at fund level due to not being received within 30 day availability period
14,106,967	Interfund payables – long-term, Balance Sheet – Proprietary Funds
$14,625,755	

VI. INTERFUND BALANCES AND ACTIVITY – CONTINUED

VI.C. Transfers to/from Other Funds

Transfers to/from other funds during the year ended September 30, 2015, consist of the following:

$1,257,093	From the General Fund to the Debt Service Fund to pay debt service on the outstanding general obligation warrants
2,925,000	From the General Fund to Cullman City Parks and Recreation Board representing payments for payroll expenditures, debt service, and others
198,651	From the General Fund to the Cullman Regional Airport Board representing the City's 50 percent of cash outlay in excess of revenues in joint venture
49,214	From the General Fund to the Utilities Board – Water Division (part of the Water System) representing reimbursements for grant proceeds received on expenditures paid for the recreation trails at the Duck River Project
787,129	From the General Fund to the capital project funds (nonmajor governmental funds) to supplement other funds for capital project expenditures
437,459	From the Sewer Fund to the capital project funds (nonmajor governmental funds) representing grants received for capital projects
558,879	From the Water Fund (part of the Water System) to the capital project funds (nonmajor governmental funds) representing the Water Fund's portion of grants earned for capital projects and transfers reimbursing the capital project funds for the Water Fund's portion of capital projects
1,020,175	From the Debt Service Fund to Cullman City Parks and Recreation Board representing Parks and Recreation's portion of the principal and interest paid on the G.O. Warrants Series 2007
202,917	From the Alabama Trust Fund (a special revenue fund/nonmajor governmental fund) to Cullman City Parks and Recreation Board representing transfers for capital projects
399,926	From the capital project funds (nonmajor governmental funds) to the Sewer Fund representing transfers for capital project expenditures
490,596	From the capital project funds (nonmajor governmental funds) to the Water Fund (part of the Water System) representing transfers for capital project expenditures
$8,327,039	

The following is a summary of transfers from other funds in the financial statements:

$3,040,560	Operating transfers in – Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
5,286,479	Transfers in – Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
$8,327,039	

The following is a summary of transfers to other funds in the financial statements:

$7,330,701	Operating transfers (out) – Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
996,338	Transfers (out) – Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
$8,327,039	

VII. NET POSITION

Net position represent the difference between assets and liabilities. The net position amounts were determined as follows:

	Governmental Activities	Business-Type Activities
Invested in Capital Assets, Net of Related Liabilities:		
Capital Assets	$ 50,005,228	$ 198,041,772
Less: Warrants/bonds payable	(20,775,096)	(128,163,610)
Less School Warrants not for capital assets	810,000	-
Less unspent proceeds from warrants	-	24,453,311
Less amounts payable from restricted assets	720,000	-
Less School Warrants portion	(150,000)	-
Capital leases payable	-	(6,188)
Accounts payable	(446,185)	(11,635)
Interfund payables - long-term	-	(14,402,106)
Debt premium	-	(155,496)
Add: Interfund receivables - long-term	14,434,754	-
Debt discount	30,886	755,755
Unamortized loss on refunding	6,529	468,425
	$ 44,636,116	$ 80,980,228
Restricted for Debt Service and Capital Activity:		
Restricted cash equivalents	$ 685,931	$ 32,903,495
Less: Cash equivalents not restricted by an external party	-	(340,460)
Advances to other governments	2,260,618	-
Alabama Trust Fund capital improvements	304,540	-
Deductions:		
Less unspent proceeds from warrants	-	(24,453,311)
Liabilities payable from restricted assets	(790,291)	(10,502,403)
Less: Liabilities payable from cash equivalents not restricted by an external party	-	3,865,740
	$ 2,460,798	$ 1,473,061
Other restricted net position:		
Municipal Court equipment and training	$ 57,956	$ -
Fiduciary	8,438	-
Trees	8,538	-
Realty improvements and Ingle Park	15,302	-
Highways and streets	1,177,407	-
Parks and recreation/tournaments	-	19,638
Jail/Correction facilities/Court complex	354,949	-
Municipal Court	95,759	-
Industrial development and recreation	143,121	-
Education	18,583	-
Endowment	100,908	-
Unrestricted	17,864,578	17,192,299
TOTAL NET POSITION	$ 66,942,453	$ 99,665,226

VIII. RESTATEMENT DUE TO CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2014, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement replaces the financial reporting requirements under GASB Statement 27 for participating employers in public pension plans. Major financial reporting and accounting changes for agent multiple employer plans include recognizing and reporting the liability for the City's net pension liability; pension related deferrals and collective pension expense; deferred inflows and outflows of resources (GASB 71 related to Employer Contributions); and additional note disclosures and Required Supplementary Information (RSI). As such, implementation of GASBS No. 68 resulted in a reduction of the beginning net position as follows:

Governmental Activities	$9,722,340
Business-Type Activities:	
Sewer	$1,115,299
Water System:	
Utilities Board Water Division	1,041,168
Water Fund	606,947
Cullman City Parks and Recreation Board	1,404,184
Cullman Regional Airport Board	75,178
TOTAL BUSINESS-TYPE ACTIVITIES	$4,242,776

Actual and pro forma amounts for the year ended September 30, 2014 have not been presented due to the fact that the information for prior periods was not available. See Note XI for additional details on the pension disclosures and amounts booked in compliance with Statement No. 68.

IX. JOINT VENTURE

The Cullman Airport is jointly owned by the City of Cullman, Alabama, and Cullman County, Alabama. The Airport is operated by an appointed Board. Appropriations are made by the City and County to operate the Board. Included in the Proprietary Funds of the City is 50 percent of the Board's assets, liabilities, net position, revenues, and expenses. Separately issued financial statements are available at the Clerk's office at the City of Cullman.

X. CONTINGENT LIABILITIES

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

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

The City has outstanding General Obligation debt reported in proprietary funds which remains a contingent liability of the City as stated in Note V.

XI PENSION PLAN

XI.A. General Information about the Pension Plan

XI.A.1. Plan Description

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

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

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

XI.A.2, Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

NOTE XI – PENSION PLAN – CONTINUED

XI.A. General Information about the Pension Plan - Continued

XI.A.2. Benefits Provided – Continued

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

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

The ERS serves approximately 846 local participating employers. These participating employers include 287 cities, 65 counties, and 494 other public entities. The ERS membership includes approximately 83,874 participants. As of September 30, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits		21,691
Terminated employees entitled to but not yet receiving benefits		1,252
Terminated employees not entitled to a benefit		5,048
Active Members		55,883
	TOTAL	83,874

XI.A.3. Contributions

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

NOTE XI – PENSION PLAN - CONTINUED

XI.A. General Information about the Pension Plan - Continued

XI.A.3. Contributions – Continued

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2015, the active employee contribution rate for the City and its blended component unit, the Utilities Board – Water Division of the City of Cullman (UBWD), was as follows:

Handled By	Tier 1	Tier 2
City of Cullman	11.04 percent	8.74 percent
UBWD	12.39 percent	10.09 percent

For the year ended September 30, 2015, the average contribution rate for the City and its blended component unit, the UBWD, to fund the normal and accrued liability as a percent of covered employee payroll was as follows:

Handled By	Average Contribution Rate
City of Cullman	10.49 percent
UBWD	12.06 percent

The contractually required contribution rates of pensionable pay for the City and its blended component unit, the UBWD, for the year ended September 30, 2015 were as follows:

Handled By	Tier 1	Tier 2
City of Cullman	11.04 percent	8.74 percent
UBWD	12.39 percent	10.09 percent

These required contribution rates are based upon the actuarial valuation dated September 30, 2012, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability.

NOTE XI – PENSION PLAN - CONTINUED

XI.A. General Information about the Pension Plan - Continued

XI.A.3. Contributions – Continued

Total employer contributions to the pension plan from the City and its blended component unit, the UBWD, for the year ended September 30, 2015 were as follows:

Handled By	Employer Contributions
City of Cullman	$1,419,543
UBWD	$ 110,071

XI.B. Net Pension Liability

The net pension liability for the City and its blended component unit, the UBWD, was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2013 rolled forward to September 30, 2014 using standard roll-forward techniques as shown in the following table:

Description	City of Cullman	UBWD	Totals
Total Pension Liability			
as of September 30, 2013(a)	$ 46,721,682	$ 3,644,895	$ 50,366,577
Entry Age Normal Cost			
for October 1, 2013 – September 30, 2014(b)	$ 1,043,085	$ 61,057	$ 1,104,142
Actual Benefit Payments and Refunds			
for October 1, 2013 – September 30, 2014(c)	$ (2,087,310)	$ (205,239)	$ (2,292,549)
Total Pension Liability			
as of September 30, 2014			
[(a) x (1.08)] + (b) - [(c) x (1.04)]	$ 49,331,699	$ 3,784,094	$ 53,115,793

XI.B.1. Actuarial Assumptions

The total pension liability in the September 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

*Net of pension plan investment expense

NOTE XI – PENSION PLAN - CONTINUED

XI.B. Net Pension Liability - Continued

XI.B.1. Actuarial Assumptions - Continued

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

The actuarial assumptions used in the September 30, 2013 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

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

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

* Includes assumed rate of inflation of 2.50%.

XI.B.2. Discount rate

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

NOTE XI – PENSION PLAN - CONTINUED

XI.C. Changes in Net Pension Liability

The changes in net pension liability for the City of Cullman are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a)-(b)**
Balances at September 30, 2013	$ 46,721,682	$ 32,314,848	$ 14,406,834
Changes for the year:			
Service cost	1,043,085	-	1,043,085
Interest	3,654,242	-	3,654,242
Contributions -- employer	-	1,354,385	(1,354,385)
Contributions -- employee	-	692,335	(692,335)
Net investment income	-	3,874,230	(3,874,230)
Benefit payments, including refunds of employee contributions	(2,087,310)	(2,087,310)	-
Transfers Among Employers	-	(11,050)	11,050
Net Changes	$ 2,610,017	$ 3,822,590	$ (1,212,573)
Balances at September 30, 2014	$ 49,331,699	$ 36,137,438	$ 13,194,261

The changes in net pension liability for the Utilities Board – Water Division of the City of Cullman (UBWD), a component unit of the City, are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a)-(b)**
Balances at September 30, 2013	$ 3,644,895	$ 2,553,364	$ 1,091,531
Changes for the year:			
Service cost	61,056	-	61,056
Interest	283,382	-	283,382
Contributions -- employer	-	103,686	(103,686)
Contributions -- employee	-	43,059	(43,059)
Net investment income	-	302,926	(302,926)
Benefit payments, including refunds of employee contributions	(205,239)	(205,239)	-
Net Changes	$ 139,199	$ 244,432	$ (105,233)
Balances at September 30, 2014	$ 3,784,094	$ 2,797,796	$ 986,298

NOTE XI – PENSION PLAN - CONTINUED

XI.C. Changes in Net Pension Liability - Continued

The total changes in net pension liability for the City of Cullman and the UBWD combined are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a)-(b)**
Balances at September 30, 2013	$ 50,366,577	$ 34,868,212	$ 15,498,365
Changes for the year:			
Service cost	1,104,141	-	1,104,141
Interest	3,937,624	-	3,937,624
Contributions -- employer	-	1,458,071	(1,458,071)
Contributions -- employee	-	735,394	(735,394)
Net investment income	-	4,177,156	(4,177,156)
Benefit payments, including refunds	-	-	
of employee contributions	(2,292,549)	(2,292,549)	-
Transfers Among Employers	-	(11,050)	11,050
Net Changes	$ 2,749,216	$ 4,067,022	$ (1,317,806)
Balances at September 30, 2014	$ 53,115,793	$ 38,935,234	$ 14,180,559
Less 50 percent of Cullman			
Regional Airport Board liability			
(see below note disclosure)	$ (284,134)	$ (208,139)	(75,995)
	$ 52,831,659	$ 38,727,095	$ 14,104,564

The Cullman Regional Airport Board (Airport) is jointly owned by the City of Cullman, Alabama, and Cullman County, Alabama (See Note IX). However, all of the employees of the Airport are employees of the City of Cullman. Only 50 percent of the Airport's net pension liability has been reflected in the financial statements due to the fact that the other 50 percent is expected to be paid by Cullman County, Alabama through the joint venture.

XI.C.1. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

NOTE XI – PENSION PLAN - CONTINUED

XI.C. Changes in Net Pension Liability – Continued

XI.C.1. Sensitivity of the Net Pension Liability to Changes in the Discount Rate - Continued

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
City of Cullman	$ 18,622,286	$ 13,194,261	$ 8,616,393
UBWD	1,360,875	986,298	661,818
TOTALS	$ 19,983,161	$ 14,180,559	$ 9,278,211

XI.C.2. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2014. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2014. The auditor's report dated June 3, 2015 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

For the year ended September 30, 2015, the City recognized pension expense of $2,428,786 and the UBWD recognized pension expense of $87,326, which is a combined total pension expense of $2,516,112. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on plan investments		
City of Cullman	$ -	$ 1,032,886
UBWD	-	80,711
Employer contributions subsequent to the measurement date		
City of Cullman	1,368,019	-
UBWD	106,966	-
Less 50 percent for Cullman Regional Airport Board to be paid by Cullman County	(5,272)	(5,949)
TOTALS	$ 1,469,713	$ 1,107,648

NOTE XI – PENSION PLAN - CONTINUED

XI.D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

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

Year ended September 30	City of Cullman	UBWD	Less 50% Airport	TOTALS
2016	$ 258,222	$ 20,178	$ (1,488)	$ 276,912
2017	258,222	20,178	(1,487)	276,913
2018	258,222	20,178	(1,487)	276,913
2019	258,220	20,177	(1,487)	276,910
TOTALS	$ 1,032,886	$ 80,711	$ (5,949)	$ 1,107,648

XII. CONCENTRATIONS OF CREDIT RISK

The City grants unsecured credit for water, sewer, and sanitation charges to various customers who are generally located within Cullman County, Alabama. The unsecured credit amount would be an amount in excess of security deposit and the customer would be subject to discontinuance of service for nonpayment. The City sells water to wholesale customers and of these customers, Cullman County is considered a major customer.

XIII. RISK MANAGEMENT

The City is exposed to various risks such as losses related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and other people, and natural disasters. These risks are handled through the purchase of commercial insurance.

XIV. RELATED PARTIES

The City appoints the directors of the Cullman Power Board (Board). The Board handles the revenue billing and collections for the water, sewer, and sanitation departments of the City. The balance sheet item "Due from other governmental units" includes collections to be received from the Board as follows:

	Governmental Activities	Business-Type Activities
Water, sewer, and sanitation revenues	$233,273	$871,231
Taxes in lieu	46,121	---
TOTALS	$279,394	$871,231

The City appoints the members of the City of Cullman Industrial Development Board (ID Board). The ID Board has a capital lease with an industry for land conveyed for industrial purposes that was held in the City's capital asset records (See Note IV). As of September 30, 2015, the balance sheet item "Due from other governmental units" in the Governmental Activities includes $-0- as a receivable from the ID Board on the lease. The City approved to allow the ID Board to keep the annual payments received from the lease to be used for industrial purposes. The ID Board received $300,000 in lease payments during the year ended September 30, 2015, which was treated as an appropriation to the ID Board by the City.

XV. POSTEMPLOYMENT BENEFITS

From an accrual perspective, the cost of postemployment health insurance benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. Under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Utilities Board of the City of Cullman – Water Division (Board), a component unit of the City, recognizes the cost of postemployment health insurance benefits in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Board's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, which commenced with the 2009 liability.

XV.A. PLAN DESCRIPTION

The Board currently offers any employee retiring with at least 25 years of service or having reached the age of 60 the option to maintain health insurance after they retire (including subsidized beneficial coverage) until they reach age 65. The retired employee must pay the full amount of the monthly insurance coverage, with the Board paying for any subsidization of that retiree's cost.

The Utilities Board of the City of Cullman – Power Division (Cullman Power Board) is administering the other postemployment benefits (OPEB) for the Board. No separate financial statements are issued.

The number of participants as of July 1, 2008, the effective date of the OPEB valuation, was 12 active employees and no retired employees. An actuarial valuation report was completed as of July 1, 2011 for the year ended June 30, 2012. The number of participants was 13 active employees and 1 retired employee. An actuarial valuation report was completed as of July 1, 2013 for the year ended June 30, 2014. The number of participants was 14 active employees and no retired employees. There have been no significant changes in the number covered or the type of coverage since that date.

XV.B. FUNDING POLICY

Currently, the Board is expensing the health insurance benefits on a pay-as-you-go basis (when premiums and claims are due).

The Board has approved for the Utilities Board of the City of Cullman – Power Division (Cullman Power Board) to set up a restricted account to fund this liability each year. This account will be maintained for the Water and Power Divisions in total since the Cullman Power Board currently handles all of the Board's payroll and related expenses, including health insurance. As of September 30, 2015, the Cullman Power Board is maintaining $11,760 in this restricted account.

The Board has decided not to establish a trust to accumulate and invest assets necessary to pay for the accumulated liability until the above restricted account increases to a value that would make the trust more economically feasible. Therefore, these financial statements assume that pay-as-you-go funding will continue as far as accumulating the Board's liability for the OPEB.

XV. POSTEMPLOYMENT BENEFITS - CONTINUED

XV.C. ANNUAL OPEB AND NET OPEB OBLIGATION

The Board's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

	September 30	
	2015	2014
ARC Normal Cost	$ 674	$ 674
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	3,799	3,799
Annual required contribution (ARC)	$ 4,473	$ 4,473
Interest on Net OPEB Obligation	193	276
Adjustment to ARC	(407)	(407)
Annual OPEB cost (expense)	$ 4,259	$ 4,342
Contributions made	(5,574)	(5,704)
Change in net OPEB Obligation	$(1,315)	$ (1,362)
Adjustment of previous OPEB accruals	-	250
OPEB Obligation – beginning of year	2,571	3,683
OPEB Obligation – end of year	$ 1,256	$ 2,571

XV.D. TREND INFORMATION

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation per the actuarial study is as follows:

Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
9/30/13	$(1,589)	0%	$3,683
9/30/14	(1,362)	0	2,571
9/30/15	(1,315)	0	1,256

XV.E. FUNDED STATUS AND FUNDING PROGRESS

Although the Board has established a bank account through the Cullman Power Board to begin accumulating funds (as noted under Funding Policy), the Board has elected not to establish a trust/plan under GASB Statement No. 43.

As of July 1, 2013 and July 1, 2011, the most recent actuarial valuation dates, the plan was -0- percent funded. The actuarial liability for benefits was $43,468 as of September 30, 2015 and 2014, respectively. Since the actuarial value of assets was $-0-, the unfunded actuarial accrued liability (UAAL) was $43,468 as of September 30, 2015 and 2014, respectively.

XV. POSTEMPLOYMENT BENEFITS - CONTINUED

XV.F. ACTUARIAL METHODS AND ASSUMPTIONS

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each evaluation and the historical pattern of sharing benefit costs between the employer and plan members to that point.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculation.

The actuarial accrued liabilities were computed using the projected unit credit method. The actuarial assumptions utilized a 7.5 percent investment rate of return (net of administrative expenses). The valuation assumes an annual healthcare cost trend rate of 8 percent initially and decreasing linearly each year for 10 years to a rate of 5 percent. The unfunded actuarial accrued liability is being amortized over 30 years on a level open dollar basis. The remaining amortization period as of July 1, 2013 was 27 years.

XVI. LEASES

The Cullman Regional Airport Board (Airport) leases Corporate Hangars, T-Hangars, and Maintenance Hangars under operating leases varying from $125 to $2,400 per month. The hangar rental revenue was $105,095 for the year ended September 30, 2015.

As of August 2, 2012 the Airport purchased the Burleson property. As part of the purchase price, Mike Burleson will be provided one T-hangar and an adjacent storage space rent free for a period of fifteen years. The fair rental value of the T-hangar and storage space is $225 per month. The present value of the hangar lease, calculated at 2.99%, is $16,302 (City's 50 percent), which was recorded as additional cost for the purchase of the Burleson property and as unearned revenue to be recognized as rental revenue over the length of the lease. Included in the calculation of minimum future rentals on non-cancelable operating leases with original terms of one year or longer is $113 (City's 50 percent) per month for the remaining length of this lease.

Minimum future rentals on noncancelable operating leases with original terms of one year or longer are as follows:

Year	Amount
2016	$ 22,851
2017	20,892
2018	15,750
2019	15,750
2020	15,750
2021-2025	78,750
2026-2030	74,588
2031-2034	52,274

Cost of hangars under operating leases were $2,264,305 as of September 30, 2015, and were included in buildings. Accumulated depreciation on hangars under operating leases was $510,578 for the year ended September 30, 2015.

XVII. EQUIPMENT RENTAL

Sewer Operation

Equipment rental of $14,977 for the year ended September 30, 2015 in the Sewer Fund is comprised of $12,081 of cancelable operating leases on a month-to-month basis and/or on an as needed basis. The remaining $2,896 consists of a long-term operating lease with Deere Credit, Inc. for a 310SL HL John Deere. The lease period is 48 months with a monthly rental amount of $965. As of September 30, 2015, the lease had the following future minimum rental payments:

Fiscal Year Ended September 30	Amount
2016	$ 11,583
2017	11,583
2018	11,583
2019	8,687

Water System

Equipment rental of $39,391 in the Water System for the year ended September 30, 2015 is comprised of $3,015 of cancelable operating leases on a month-to-month basis and/or on an as needed basis. The remaining $36,376 consists of long-term operating leases as follows:

The Water Fund (a part of the Water System) has a long-term lease with Deere Credit, Inc. for a 310SL HL John Deere. The lease period is 48 months with a monthly rental amount of $965. As of September 30, 2015, the Water Fund had paid $2,896 on the lease during the year and the lease had the following future minimum rental payments:

Fiscal Year Ended September 30	Amount
2016	$ 11,583
2017	11,583
2018	11,583
2019	8,687

The Utilities Board of the City of Cullman – Water Division (Board), a component unit of the City entered into a lease agreement with Medora Corporation as of August 7, 2013 for two SolarBee machines (solar-powered reservoir circulators). The SolarBee machine lease agreement is for a period of 12 months at $2,790 per month, with an initial installation and training fee of $16,355. At the end of the 12 months, the Board was given the option to purchase the machines for $109,150, the fair market value of the machines at the date the lease began, less a credit of 75 percent of the total lease payments. The Board's intentions were to use this 12 month period as a trial period to evaluate the savings through the reduction of the cost of chemicals from the use of the machines. As of September 15, 2014, the Board decided to extend the lease agreement for an additional year at a cost of $2,790 per month in order to continue evaluating the machines. As of September 30, 2015, management contacted Medora Corporation and is going to continue the lease on a month to month basis for $2,790 per month. If the Board chooses to purchase the machines, Medora will still give the Board the option to purchase the machines for $109,150 less a credit of 75 percent of the total lease payments. Based on these facts, the lease has been reported as an operating lease for the year ended September 30, 2015. As of September 30, 2015, the equipment rental expense was $33,480.

XVIII. GREIF BROTHERS PROPERTY – BROWNFIELD REMEDIATION

During the year ended September 30, 2009, the City purchased the Greif Brothers property. The property was designated approximately four years ago as a pollution remediation site when the site was accepted in the Alabama Department of Environmental Management Voluntary Cleanup and Assessment Program. The City became a responsible party at the time the property was purchased. The property is a Brownfield Remediation site as recognized by the Alabama Department of Environmental Management and the U.S. Environmental Protection Agency. The City originally estimated the cost of site assessment, the corrective measures feasibility study, and site cleanup to be approximately $640,000, with an additional $400,000 for monitoring of groundwater after the site cleanup is finished and for additional work on other minor areas on the property. The estimated costs were determined by Goodwyn, Mills & Cawood, Inc. based on quotes and their knowledge of similar cleanups. The estimated costs are subject to change due to price changes, technology changes, or other changes. The pollution remediation estimated costs do not reflect any recovery of outlays because the City does not anticipate that it will be able to recover remediation costs from other parties.

The property has been split into two parcels – Parcel A and Parcel B. Parcel A consists of approximately 95 percent of the property and Parcel B is the remaining 5 percent. The City has paid the permitting fees for the release of Parcel A from further remediation. The environmental remediation of Parcel B has been put on hold pending the City deciding to build on the property.

As of September 30, 2015, the remaining estimated costs for continued monitoring and remediation costs are approximately $60,000. The City plans to redevelop the property for its own use. Therefore, the outlays expected to be necessary to place the property into its intended condition for use (including the above pollution remediation outlays) will be capitalized as incurred. The City has not accrued a pollution remediation liability as of September 30, 2015.

XIX. COMMITMENTS AND CONTINGENCIES

Governmental Activities

As of October 2012, the City received a grant award in the amount of $400,221 from the Federal Emergency Management Agency (FEMA) for a community safe room. The City is to provide a match of 25 percent of the total costs for the project. As of September 30, 2015, the City had earned $230,981 in revenues from the grant.

As of July 2013, the State of Alabama awarded Alabama Transportation Rehabilitation and Improvement Program (ATRIP) grant money to Cullman County, which was to be allocated to various projects within Cullman County. Of the total award, the City has currently been allocated the following amounts:

- ✓ $1,390,497 for the bridge and realignment on Convent Road Northeast and Larkwood Drive over Eightmile Creek. The City expects to provide $347,624 in matching funds.
- ✓ $1,634,704 for the raising of the road surface approximately 8 feet of elevation, installation of a new pre-cast concrete arch culvert, and associated site grading and resurfacing of approximately 1,200 feet of roadway on Eva Road over Bridge Creek. The City expects to provide $408,676 in matching funds.

The City will not receive the actual funding agreements for these projects until all estimates have been finalized. However, these amounts are on the list of selected projects found on the Alabama Department of Transportation (ALDOT) website.

XIX. COMMITMENTS AND CONTINGENCIES - CONTINUED

Governmental Activities - Continued

As of July 2015, the City received a Staffing for Adequate Fire and Emergency Response (SAFER) grant award in the amount of $1,137,816 from the Federal Emergency Management Agency (FEMA) to hire additional firefighters for the City during the period from March 18, 2016 through March 17, 2018. The City is not required to provide a match for this grant. As of September 30, 2015, the City had not incurred any costs related to this grant.

The City has pledged $900,000 to the Cullman Regional Medical Center (CRMC) Foundations' Refresh-A-Room Campaign. The City is giving CRMC $180,000 per year for five years. As of September 30, 2015, the City had expended $540,000 towards the pledge.

The City has entered into an infrastructure grant agreement with Exit 310, LLC for reimbursements of certain public infrastructures costs for Highway 157 and St. Joseph Street not to exceed $1,100,000. As of September 30, 2015, the City had incurred $550,000 in costs under the agreement.

The City has entered into a special economic development agreement with MRP Cullman, LLC. Under the agreement, the City will make the following economic development payments for the project area:

a) From September 1, 2013 through August 31, 2016, the City shall pay the developer one-half (1/2) of the sales tax received from existing project businesses collected.

b) From the period beginning on the first to occur of (i) the date on which the first new project business opens for business in the project area or (ii) September 1, 2015 and ending on the seventh anniversary of the date on which the period begins, the City shall pay one-half (1/2) of the remaining of the new business sales tax proceeds received.

c) On February 1 in each from 2014 through 2023, the City shall pay the developer all of the property tax proceeds received for the project area.

The City has also agreed to fund public infrastructure improvements, of general public benefit, along U.S. Highway 31 simultaneously with the re-development of the project at a total upfront cost of $175,000. The total commitment of the City is not to exceed $6,000,000. As of September 30, 2015, the City's total commitment incurred is $2,276,293.

As of October 2014, the City approved for the fire department to purchase a 2014 E-One Pumper from Sunbelt Fire in the amount of $502,775. The truck was received in October 2015.

As of September 15, 2015, the City received a grant in the amount of $120,000 for the St. Joseph Street project. The grant requires a match of $100,000. As of September 30, 2015, the City had not earned any revenues from the grant.

As of September 28, 2015, the City awarded a contract to Powe General Contractors in the amount of $238,010 for the extension of St. Joseph Street. No costs had been incurred on this contract as of September 30, 2015. As of October 2015, the City increased this contract by $16,362 for modifications to the storm drainage to be constructed.

XIX. COMMITMENTS AND CONTINGENCIES - CONTINUED

Governmental Activities - Continued

The City has a contract with New World Systems in the amount of $127,000 plus an estimated $40,000 for travel reimbursements for the upgrade of the City's accounting system. As of September 30, 2015, the City had incurred a total cost of $14,904 on the contract, including travel reimbursements.

The City awarded the following contracts for traffic signals:

Vendor	Description of Items/Contracts Awarded	Contract Amount	Cost Incurred Through 9-30-2015
Shoals Electric Company, Inc.	Traffic signal at the intersection of 3rd Avenue, SE and 4th Street, SE	$46,000	$-0-
Shoals Electric Company, Inc.	Traffic light at Eva Road and 13th Street, NE	55,500	-0-
Shoals Electric Company, Inc.	Traffic light at 2nd Avenue, SE and 4th Street, SE	92,600	-0-

Business- Type Activities

Governmental Activities, Sewer and Water System – Shared Commitments

The City of Cullman received a Community Development Block Grant in the amount of $450,000 from the Alabama Department of Economic and Community Affairs for the Brunner Street Neighborhood Improvement Project. The grant requires a match of $299,597. The Governmental Activities' estimated portion of the grant is 40.99 percent, the Sewer Fund's estimated portion of the grant is 34.32 percent, and the Water Fund's estimated portion of this grant is 24.69 percent. As of September 30, 2015, the Governmental Activities had not requested any grant revenues, the Sewer Fund had requested $110,395 in grant revenues and provided a match of $25,624, and the Water Fund has requested $2,469 in grant revenues and provided a match of $18,908.

The City of Cullman awarded a contract to Apel Machine & Supply Co., Inc. in the amount of $716,368 for the Brunner Street Neighborhood Improvement project. The Governmental Activities' estimated portion of the contract is 41.23 percent, the Sewer Fund's estimated portion of the contract is 30.52 percent, and the Water Fund's estimated portion of this contract is 28.25 percent. As of September 30, 2015, the Governmental Activities had incurred $61,841 (includes retainage of $6,145) on this project, the Sewer Fund had incurred $118,891 (includes retainage of $11,928) on this project, and the Water Fund had not incurred any costs on this project.

The City awarded a contract to Community Consultants, Inc. in the amount of $45,000 to administer the grant from the Alabama Department of Economic and Community Affairs for the Brunner Street Neighborhood Improvement Project. The Governmental Activities' estimated portion of the contract is 40.99 percent, the Sewer Fund's estimated portion of the contract is 34.32 percent, and the Water Fund's estimated portion of this contract is 24.69 percent. As of September 30, 2015, the Governmental Activities had incurred $4,099 on this contract, the Sewer Fund had incurred $3,432 on this contract, and the Water Fund had incurred $2,469 on this contract.

XIX. COMMITMENTS AND CONTINGENCIES - CONTINUED

Business- Type Activities - Continued

Governmental Activities, Sewer and Water System – Shared Commitments - Continued

The City awarded a contract to St. John & Associates, Inc. in the amount of $74,987 for engineering services for the Brunner Street Neighborhood Improvement Project. The Governmental Activities' estimated portion of the contract is 41.23 percent, the Sewer Fund's estimated portion of the contract is 30.52 percent, and the Water Fund's estimated portion of this contract is 28.25 percent. As of September 30, 2015, the Governmental Activities had incurred $20,869 on this contract, the Sewer Fund had incurred $15,448 on this contract, and the Water Fund had incurred $14,299 on this contract.

Sewer

A contract was awarded to Community Consultants, Inc. in the amount of $130,000 for the CDBG Disaster Recovery Project. As of September 30, 2015, the Sewer Fund had incurred costs of $117,000 on the contract.

A contract was awarded to St. John & Associates, Inc. in the amount of $612,611 for engineering services to be performed in connection with the Eightmile Creek Disaster Recovery Project. As of September 30, 2015, the Sewer Fund had incurred costs of $584,063 on the contract.

A contract was awarded to Cleary Construction, Inc. in the amount of $4,476,331 in connection with the Eightmile Creek Disaster Recovery Project. As of September 30, 2015, the Sewer Fund had incurred costs of $4,474,299 on the contract, which includes retainage of $111,909.

A contract was awarded to Apel Machine and Supply Co, Inc. in the amount of $1,852,989 in connection with the Eightmile Creek Disaster Recovery Project. As of September 30, 2015, the Sewer Fund had incurred costs of $1,334,965, which includes retainage of $92,649.

A contract was awarded to Goodwyn, Mills & Cawood for engineering services related to Wastewater Treatment Plant Improvements (Digester and Trickler) in the amount not to exceed $235,668. As of September 30, 2015, the Sewer Fund had incurred costs of $176,515 on the contract.

A contract was awarded to Mark Johnson Construction LLC, in the amount of $3,809,954 for improvements to the Cullman Waste Water Treatment Plant (Digester and Trickler). As of September 30, 2015 the Sewer Fund had incurred costs of $1,713,941, which includes retainage of $85,697.

Water System

A. The Utilities Board of the City of Cullman – Water Division (Board), a Component Unit of the City

The Board has awarded a contract to ASI Constructors, Inc. for the Duck River Reservoir Phase II Dam and Raw Water Intake Project in the amount of $51,675,713. As of September 30, 2015, the Board had incurred $41,113,656 on the contract, which includes retainage of $2,012,683.

XIX. COMMITMENTS AND CONTINGENCIES - CONTINUED

Business- Type Activities - Continued

Water System - Continued

A. The Utilities Board of the City of Cullman – Water Division (Board), a Component Unit of the City - Continued

The Board has awarded a contract to CH2M Hill Engineers, Inc. for professional engineering services for the design and services during construction for Phase II of the Duck River Water Supply Project in the amount of $7,250,000. As of September 30, 2015, the Board had incurred $6,485,034 on the contract.

The Board has awarded a contract to Manning Construction, LLC for the Duck River Reservoir County Road 1651 Improvements in the amount of $1,140,191. As of September 30, 2015, the Board had incurred $659,926 on the contract, which includes retainage of $28,505.

The Board has awarded a contract to William Preston York for the Duck River Recreational Trail II in the amount of $149,912. As of September 30, 2015, the Board had incurred $95,179 on the contract, which includes retainage of $3,748. As of November 2015, the contract was increased to $222,782 to construct an additional 3 miles of trail for the same unit price submitted with the original contract.

The Board has awarded a contract to Goodwyn, Mills and Cawood, Inc. for the Cullman Water Treatment Plant Improvements Project 1 in the amount of $487,000. As of September 30, 2015, the Board had incurred $213,400 on the contract.

The Board has awarded a contract to St. John and Associates, Inc. based on per diem rates for professional engineering services for the Duck River projects. The estimated cost of the contract is $1,575,000. As of September 30, 2015, the Board has incurred $558,623 on the contract.

The City of Cullman has received a grant in the amount of $100,000 from the Alabama Department of Economic and Community Affairs (ADECA) for recreational trails around the Duck River Reservoir. The Board has agreed to provide a match of $122,782 for the grant. As of September 30, 2015, costs of $103,321 have been incurred on the grant and the Board has provided $54,106 in matching funds.

The Cullman County Commission has received a grant in the amount of $100,000 from ADECA for South Foot Bridge at the Duck River Reservoir. The Board has agreed to provide a match of $85,000 for the grant. As of September 30, 2015, no costs have been incurred on the grant.

The Board has received a grant in the amount of $100,000 from ADECA for a North Foot Bridge at the Duck River Reservoir. The Board is to provide a match of $41,483 for the grant. As of September 30, 2015, no costs have been incurred on the grant.

The Board awarded a contract to Carcel & G, LLC in the amount of $305,063 for the Duck River Reservoir Cul-de-sac Development project including a boat launch site. As of September 30, 2015, the Board had not incurred any costs on the project.

XIX. COMMITMENTS AND CONTINGENCIES - CONTINUED

Business- Type Activities - Continued

Cullman Regional Airport Board (Airport)

The Airport awarded a contract in the amount of $94,279 to Goodwyn, Mills and Cawood for the Taxiway Rehabilitation Construction. As of September 30, 2015, $13,485 in costs had been incurred on the project.

The Airport awarded a contract in the amount of $418,625 to Civicon, LLC for the South Taxiway Realignment at the Cullman Regional Airport. As of September 30, 2015, no costs had been incurred on the project. As of December 2015, the Airport and Civicon, LLC mutually agreed to terminate the contract for the South Taxiway Realignment at the Cullman Regional Airport due to several weather delays. The project is scheduled to be rebid.

XX. SUBSEQUENT EVENTS

Governmental Activities

The following expenditures were approved subsequent to year end:

Date	Vendor	Description of Items/Contracts Awarded	Amount
November 2015	Ingram Equipment Company, LLC	Sanitation Roll Off Truck	$163,764
November 2015	Wastequip, LLC	60 Front Loading Sanitation Containers	55,000
November 2015	Ingram Equipment Company, LLC	Front Loading Garbage Truck	250,000
November 2015	Donohoo Chevrolet, LLC	Six 2016 Chevrolet Tahoes	176,496
December 2015	Donohoo Chevrolet, LLC	2016 Chevrolet Tahoe	35,796
December 2015	Sunbelt Fire	12 Sets of Protective Equipment	47,906

As of October 2015, the City awarded a contract with St. John & Associates, Inc. for professional services related to the Eva Road Bridge Replacement in the amount of $57,500.

As of November 2015, the City awarded a contract to Goodwyn, Mills & Cawood for professional engineering services related to the design and construction of Fire Station No. 3 in the amount of $163,000.

As of December 2015, the City approved to purchase 3.97+/- acres from Merchants Bank in the amount of $325,000. This property is to be used for the construction of Fire Station No. 3.

As of January 2016, the City approved the issuance of $19,640,000 in General Obligation Warrants. The warrants will be used to refund the 2007 General Obligation Warrants and provide an additional $3,500,000 for capital improvements.

XX. SUBSEQUENT EVENTS - CONTINUED

Business-Type Activities

Sewer

The City of Cullman was awarded a General Obligation Warrant, Series 2015B – CWSRF - DL, dated October 1, 2015, original principal of $3,470,000; due in annual principal installments ranging from $140,000 to $210,000 through 2035, with interest at 2.20% due February 15 and August 15 of each year.

A contract was awarded to CDG Engineering for engineering services related to Wastewater Treatment Plant Improvements (Lift Station) in the amount of $210,000 effective October 1, 2015.

On November 23, 2015, the City of Cullman received an additional $269,728 in Tornadoes of 2011 Supplemental Disaster Recovery Grant funds from the Alabama Department of Economic and Community Affairs for the Eightmile Creek Disaster Recovery Project.

On December 25, 2015, the City of Cullman experienced a flood which damaged the Waste Water Treatment Plant. Estimated damages were in the amount of $2,550,000. As of the date of this report, the Sewer Fund is still assessing damages and exploring alternatives for funding of repairs.

On February 8, 2016, the City of Cullman approved Change Order No. 2 and No. 3 to Mark Johnson Construction for the Waste Water Treatment Plant improvements in the amount of $206,822.

The following expenditures were approved subsequent to year end:

Date	Vendor	Description of Items/Contracts Awarded	Amount
November 2015	Eckenrod Ford Lincoln of Cullman, Inc.	One Ton Four Wheel Drive Single Cab Truck	$44,305
November 2015	Eckenrod Ford Lincoln of Cullman, Inc.	½ Ton Four Wheel Drive Crew Cab Truck	32,575

Water System

A. The Utilities Board of the City of Cullman – Water Division (Board), a Component Unit of the City

As of October 2015, the Board agreed to authorize up to an additional $700,000 of engineering services from CH2M Hill Engineers, Inc. for the design and services during construction of the Duck River Water Supply Project.

XX. SUBSEQUENT EVENTS - CONTINUED

Water System - Continued

B. Water Fund

The City Council approved the following expenditures subsequent to year end:

Date	Vendor	Description of Items/Contracts Awarded	Amount
October 2015	Warrior Tractor & Equipment Company, Inc.	Two John Deere Backhoes	$181,703
October 2015	Warrior Tractor & Equipment Company, Inc.	Rubber Tire loader	166,541
November 2015	Bobcat of Huntsville, Inc.	Two Compact Track Loaders	185,520
November 2015	Bobcat of Huntsville, Inc,	Two Compact Excavators	91,148
January 2016	Mitch Smith Chevrolet, Inc.	One Ton Heavy Duty Crew Cab Four Wheel Drive Truck	38,722
January 2016	Mitch Smith Chevrolet, Inc.	Four ½ Ton Heavy Duty Crew Cab Four Wheel Drive Trucks	143,334

As of December 2015, the City awarded a contract to Goodwyn, Mills and Cawood for professional services related to the design and construction of the Water Department Facility in the amount of $111,000.

Cullman City Parks and Recreation Board (Board):

In December 2015, the City Council authorized the Board to make the emergency purchase of two Pool Pak units at the Cullman Wellness and Aquatics Center from Pool Pak International, LLC in an amount not to exceed $276,690.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CULLMAN, ALABAMA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
For the year ended September 30, 2015

	Year Ended September 30, 2014		
	City of Cullman	Utilities Board - Water Division	Total
Total Pension Liability			
Service Cost	$ 1,043,085	$ 61,056	$ 1,104,141
Interest	3,654,242	283,382	3,937,624
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(2,087,310)	(205,239)	(2,292,549)
Net change in total pension liability	$ 2,610,017	$ 139,199	$ 2,749,216
Total pension liability - beginning	46,721,682	3,644,895	50,366,577
Total pension liability - ending (a)	$ 49,331,699	$ 3,784,094	$ 53,115,793
Plan Fiduciary Net Position			
Contributions - employer	$ 1,354,385	$ 103,686	$ 1,458,071
Contributions - member	692,335	43,059	735,394
Net investment income	3,874,230	302,926	4,177,156
Benefit payments, including refunds of employee contributions	(2,087,310)	(205,239)	(2,292,549)
Transfers among employers	(11,050)	-	(11,050)
Net change in plan fiduciary net position	$ 3,822,590	$ 244,432	$ 4,067,022
Plan net position - beginning	32,314,848	2,553,364	34,868,212
Plan net position - ending (b)	$ 36,137,438	$ 2,797,796	$ 38,935,234
Net pension liability - ending (a) - (b)	$ 13,194,261	$ 986,298	$ 14,180,559
Plan fiduciary net position as a percentage of the total pension liability	73.25%	73.94%	73.30%
Covered-employee payroll	$ 12,819,139	$ 861,185	$ 13,680,324
Net pension liability as a percentage of covered-employee payroll	102.93%	114.53%	103.66%

CITY OF CULLMAN, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the year ended September 30, 2015

	Year Ended September 30, 2015		
	City of Cullman	Utilities Board - Water Division	Total
Actuarially determined contribution	$ 1,368,019	$ 106,966	$ 1,474,985
Contributions in relation to the actuarially determined contribution *	1,368,019	106,966	$ 1,474,985
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-Employee payroll	$ 13,037,020	$ 887,076	$ 13,924,096
Contributions as a percentage of covered-employee payroll	10.49%	12.06%	10.59%

* These are the amount of employer contributions related to normal and accrued liability components of the employer rate net of any refunds or error service payments.

NOTES TO SCHEDULE

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported.

Contributions for fiscal year 2015 were based on the September 30, 2012 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level/Percent closed
Remaining amortization period	25 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75-7.25%, including inflation
Investment rate of return	8%, net of pension plan investment expenses, including inflation

CITY OF CULLMAN, ALABAMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
Year ended September 30, 2015

	Budgeted Amounts			Variance With Final Budget- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Taxes	$ 17,733,004	$ 17,733,004	$ 19,231,065	$ 1,498,061
Licenses and permits	2,978,000	2,978,000	3,264,287	286,287
Intergovernmental revenues	1,457,500	1,457,500	2,017,055	559,555
Charges for services	4,559,500	4,559,500	4,947,839	388,339
Fines and forfeits	205,300	205,300	232,692	27,392
Miscellaneous revenues	142,500	144,450	161,904	17,454
TOTAL REVENUES	$ 27,075,804	$ 27,077,754	$ 29,854,842	$ 2,777,088
Expenditures:				
Current:				
General government	$ 5,181,200	$ 5,189,219	$ 5,154,106	$ 35,113
Public safety	9,647,080	9,632,080	9,275,834	356,246
Highways and streets	2,368,150	2,368,150	2,068,436	299,714
Sanitation	3,942,448	4,008,396	4,252,270	(243,874)
Health and social services	967,604	936,641	938,441	(1,800)
Culture and recreation	218,550	218,550	225,088	(6,538)
Education	90,000	90,000	154,332	(64,332)
Conservation	55,100	55,100	56,987	(1,887)
Capital outlay	1,442,700	1,940,604	1,661,850	278,754
Debt service	68,690	68,690	72,370	(3,680)
TOTAL EXPENDITURES	$ 23,981,522	$ 24,507,430	$ 23,859,714	$ 647,716
REVENUES OVER EXPENDITURES	$ 3,094,282	$ 2,570,324	$ 5,995,128	$ 3,424,804
Other financing sources (uses):				
Capital contributions	$ -	$ -	$ 306,749	$ 306,749
Sale of assets	65,000	65,000	58,853	(6,147)
Insurance proceeds	-	-	29,184	29,184
Operating transfers (out)	(4,439,066)	(5,620,670)	(5,217,088)	403,582
TOTAL OTHER FINANCING SOURCES (USES)	$ (4,374,066)	$ (5,555,670)	$ (4,822,302)	$ 733,368
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ (1,279,784)	$ (2,985,346)	$ 1,172,826	$ 4,158,172
Fund balances at October 1	24,422,031	24,422,031	24,422,031	-
FUND BALANCES AT SEPTEMBER 30	$ 23,142,247	$ 21,436,685	$ 25,594,857	$ 4,158,172

The accompanying notes to the required supplementary information are an integral part of this statement.

CITY OF CULLMAN, ALABAMA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL - SCHOOL TAX FUND (A MAJOR FUND)
Year ended September 30, 2015

	Budget - Original and Final	Actual	Variance With Final Budget- Favorable (Unfavorable)
Revenues:			
Taxes	$ 5,400,000	$ 6,147,610	$ 747,610
Miscellaneous revenues:			
Interest revenues	-	137	137
TOTAL REVENUES	$ 5,400,000	$ 6,147,747	$ 747,747
Expenditures:			
Current:			
Education	5,400,000	6,169,151	(769,151)
REVENUES (UNDER) EXPENDITURES	$ -	$ (21,404)	$ (21,404)
Fund (deficit) at October 1	(223,018)	(223,018)	-
FUND (DEFICIT) AT SEPTEMBER 30	$ (223,018)	$ (244,422)	$ (21,404)

The accompanying notes to the required supplementary information are an integral part of this statement.

BUDGETARY DATA

Budget Policy and Practice

The City Department Managers submit annual budget requests to the City Council which adopts annual fiscal year appropriated budgets for General and Special Revenue Funds. Once approved, the City Council may amend the legally adopted budgets when unexpected modifications are required in estimated revenues and appropriations.

Budget

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by function. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year.

Expenditures in Excess of Budget Appropriations

General Fund

The expenditures for sanitation were $243,874 in excess of the budgeted amount. The budget was not adjusted during the year for additional landfill costs associated with an increase in pricing and also additional loads taken due to ongoing capital projects.

School Tax Fund

The expenditures for the school tax fund were $769,151 in excess of the budgeted amount. All revenues collected in the school tax fund are distributed to the City Board of Education. The budget was not adjusted for the additional tax revenues collected in excess of the budget.

SUPPLEMENTARY INFORMATION

CITY OF CULLMAN, ALABAMA
COMBINING BALANCE SHEET - GENERAL FUND
September 30, 2015

	General	Payroll	Eliminations	TOTALS
ASSETS				
Cash equivalents	$ 15,503,122	$ 158,288	$ -	$ 15,661,410
Certificates of deposit	8,600,218	-	-	8,600,218
Receivables (net of allowance for uncollectibles):				
Accounts	428,647	44	-	428,691
Assessments	285,142	-	-	285,142
Interest	6,901	-	-	6,901
Interfund receivables	12,515	-	(2,310)	10,205
Due from other governmental units:				
Cullman Power Board	279,394	-	-	279,394
Other	4,487,966	-	-	4,487,966
Inventories	80,173	-	-	80,173
Prepaid insurance	322,024	-	-	322,024
Prepaid taxes	7,487	-	-	7,487
Interfund receivables - long-term	308,579	-	(117,550)	191,029
Restricted assets:				
Cash equivalents	25,978	-	-	25,978
Insurance deposit	113,307	-	-	113,307
TOTAL ASSETS	$ 30,461,453	$ 158,332	$ (119,860)	$ 30,499,925

(Continued)

CITY OF CULLMAN, ALABAMA
COMBINING BALANCE SHEET - GENERAL FUND - CONTINUED
September 30, 2015

	General	Payroll	Eliminations	TOTALS
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 992,183	$ -	$ -	$ 992,183
Accrued liabilities	-	37,421	-	37,421
Accrued payroll	286,121	-	-	286,121
Interfund payables	55,949	3,203	(2,310)	56,842
Due to other governmental units	100,741	10	-	100,751
Interfund payables - long-term	-	117,550	(117,550)	-
Restricted liabilities:				
Police evidence	17,360	-	-	17,360
Estimated liability for compensated absences	198,070	-	-	198,070
TOTAL LIABILITIES	$ 1,650,424	$ 158,184	$ (119,860)	$ 1,688,748
Deferred Inflows of Resources:				
Deferred revenues	$ 3,216,320	$ -	$ -	$ 3,216,320
Fund Balances:				
Nonspendable:				
Inventory	$ 80,173	$ -	$ -	$ 80,173
Interfund receivables - long-term	308,579	-	(117,550)	191,029
Prepaid expenditures and insurance deposit	442,818	-	-	442,818
Restricted for:				
Municipal Court equipment and training	57,956	-	-	57,956
Fiduciary	8,438	-	-	8,438
Trees	8,583	-	-	8,583
Committed to:				
Landfill improvements	500,074	-	-	500,074
Assigned to:				
Realty improvements	56,072	-	-	56,072
Unassigned	24,132,016	148	117,550	24,249,714
TOTAL FUND BALANCES	$ 25,594,709	$ 148	$ -	$ 25,594,857
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 30,461,453	$ 158,332	$ (119,860)	$ 30,499,925

CITY OF CULLMAN, ALABAMA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND
Year ended September 30, 2015

	General	Payroll	Total
Revenues:			
Taxes	$ 19,231,065	$ -	$ 19,231,065
Licenses and permits	3,264,287	-	3,264,287
Intergovernmental revenues	2,017,055	-	2,017,055
Charges for services	4,947,839	-	4,947,839
Fines and forfeits	232,692	-	232,692
Miscellaneous revenues:			
Interest revenue	$ 63,759	$ -	$ 63,759
Miscellaneous	98,145	-	98,145
TOTAL MISCELLANEOUS REVENUES	$ 161,904	$ -	$ 161,904
TOTAL REVENUES	$ 29,854,842	$ -	$ 29,854,842
Expenditures:			
Current:			
General government:			
Administrative	$ 4,417,304	$ -	$ 4,417,304
Building and housing	481,604	-	481,604
Garage	255,198	-	255,198
Total General Government	$ 5,154,106	$ -	$ 5,154,106
Public safety:			
Police	$ 5,044,511	$ -	$ 5,044,511
Fire	3,354,807	-	3,354,807
Traffic maintenance	216,430	-	216,430
Dispatch and EMA	660,086	-	660,086
Total Public Safety	$ 9,275,834	$ -	$ 9,275,834
Highways and streets	2,068,436	-	2,068,436
Sanitation	4,252,270	-	4,252,270
Health and social services	938,441	-	938,441
Culture and recreation	225,088	-	225,088
Education	154,332	-	154,332
Conservation	56,987	-	56,987
TOTAL CURRENT EXPENDITURES	$ 22,125,494	$ -	$ 22,125,494

(Continued)

CITY OF CULLMAN, ALABAMA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND - CONTINUED
Year ended September 30, 2015

	General	Payroll	Total
Capital outlay:			
General government:			
Administrative	$ 402,860	$ -	$ 402,860
Building and housing	94,372	-	94,372
Total General Government	$ 497,232	$ -	$ 497,232
Public safety:			
Police	$ 214,629	$ -	$ 214,629
Fire	197,050	-	197,050
Traffic Maintenance	58,933	-	58,933
Total Public Safety	$ 470,612	$ -	$ 470,612
Highways and streets	$ 167,167	$ -	$ 167,167
Sanitation	444,880	-	444,880
Culture and recreation	81,959	-	81,959
TOTAL CAPITAL OUTLAY	$ 1,661,850	$ -	$ 1,661,850
Debt service:			
Principal retirement	$ 65,000	$ -	$ 65,000
Interest	7,370	-	7,370
TOTAL DEBT SERVICE	$ 72,370	$ -	$ 72,370
TOTAL EXPENDITURES	$ 23,859,714	$ -	$ 23,859,714
REVENUES OVER EXPENDITURES	$ 5,995,128	$ -	$ 5,995,128
Other financing sources (uses):			
Capital contributions	$ 306,749	$ -	$ 306,749
Sale of assets	58,853	-	58,853
Insurance proceeds	29,184	-	29,184
Operating transfers (out)	(5,217,088)	-	(5,217,088)
TOTAL OTHER FINANCING SOURCES (USES)	$ (4,822,302)	$ -	$ (4,822,302)
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	$ 1,172,826	$ -	$ 1,172,826
Fund balances at October 1	24,421,883	148	24,422,031
FUND BALANCES AT SEPTEMBER 30	$ 25,594,709	$ 148	$ 25,594,857

CITY OF CULLMAN, ALABAMA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	Special Revenue	Capital Projects	Permanent Fund Roy Ingle	Total Nonmajor Governmental Funds
ASSETS				
Cash equivalents	$ 2,048,377	$ 1,683,247	$ 15,299	$ 3,746,923
Certificates of deposit	-	-	100,908	100,908
Interest receivable	-	-	3	3
Interfund receivable	4,742	-	-	4,742
Due from other governmental units	37,931	192,416	-	230,347
TOTAL ASSETS	$ 2,091,050	$ 1,875,663	$ 116,210	$ 4,082,923
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable:				
Trade	$ -	$ 227,702	$ -	$ 227,702
Contractors	-	218,483	-	218,483
Interfund payables - long-term	-	88,834	-	88,834
TOTAL LIABILITIES	$ -	$ 535,019	$ -	$ 535,019
Deferred inflows of resources:				
Deferred revenue	$ 15,274	$ -	$ -	$ 15,274
Fund balances:				
Nonspendable:				
Permanent fund principal	$ -	$ -	$ 100,908	$ 100,908
Restricted for:				
Realty improvements and Ingle Park	-	-	15,302	15,302
Highways and streets	1,177,407	-	-	1,177,407
Capital improvements	304,540	-	-	304,540
Jail/correction facilities	354,949	-	-	354,949
Municipal Court	95,759	-	-	95,759
Industrial development/recreation	143,121	-	-	143,121
Assigned for:				
Capital projects	-	1,340,644	-	1,340,644
TOTAL FUND BALANCES	$ 2,075,776	$ 1,340,644	$ 116,210	$ 3,532,630
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,091,050	$ 1,875,663	$ 116,210	$ 4,082,923

CITY OF CULLMAN, ALABAMA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year ended September 30, 2015

	Special Revenue	Capital Projects	Permanent Fund Roy Ingle	Total Nonmajor Governmental Funds
Revenues:				
Taxes	$ 12,000	$ -	$ -	$ 12,000
Intergovernmental revenues	386,154		-	386,154
Fines and forfeits	68,163	-	-	68,163
Miscellaneous revenues:				
Interest revenues	$ 686	$ 237	$ 51	$ 974
Miscellaneous	35	-	-	35
TOTAL MISCELLANEOUS REVENUES	$ 721	$ 237	$ 51	$ 1,009
TOTAL REVENUES	$ 467,038	$ 237	$ 51	$ 467,326
Expenditures:				
Current:				
General government	$ 4,500	$ 26,052	$ -	$ 30,552
Education	41,098	-	-	41,098
Capital outlay	-	246,306	-	246,306
Debt service:				
Principal retirement	-	81,515	-	81,515
Interest and fiscal charges	-	18,485	-	18,485
TOTAL EXPENDITURES	$ 45,598	$ 372,358	$ -	$ 417,956
REVENUES OVER (UNDER) EXPENDITURES	$ 421,440	$ (372,121)	$ 51	$ 49,370
Other financing sources (uses):				
Capital contributions	$ -	$ 49,919	$ -	$ 49,919
Intergovernmental transfers (out)	(12,202)	-	-	(12,202)
Operating transfers in	-	1,783,467	-	1,783,467
Operating transfers (out)	(202,916)	(890,522)	-	(1,093,438)
TOTAL OTHER FINANCING SOURCES (USES)	$ (215,118)	$ 942,864	$ -	$ 727,746
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	$ 206,322	$ 570,743	$ 51	$ 777,116
Fund balances at October 1	1,869,454	769,901	116,159	2,755,514
FUND BALANCES AT SEPTEMBER 30	$ 2,075,776	$ 1,340,644	$ 116,210	$ 3,532,630

CITY OF CULLMAN,
COMBINING BALANCE SHEET - NONMAJOR
September 30,

	Four Cent Gasoline Tax	Seven Cent Gasoline Tax	Capital Improvement Fund
ASSETS			
Cash equivalents	$ 532,969	$ 621,781	$ 304,540
Interfund receivable	-	-	-
Due from other governmental units	16,763	21,168	-
TOTAL ASSETS	$ 549,732	$ 642,949	$ 304,540
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Deferred inflows of resources:			
Deferred revenue	$ 7,640	$ 7,634	$ -
Fund balances:			
Restricted for:			
Highways and streets	$ 542,092	$ 635,315	$ -
Capital improvements	-	-	304,540
Jail/correction facilities	-	-	-
Municipal Court	-	-	-
Industrial development/recreation	-	-	-
TOTAL FUND BALANCES	$ 542,092	$ 635,315	$ 304,540
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 549,732	$ 642,949	$ 304,540

ALABAMA
SPECIAL REVENUE FUNDS -
GOVERNMENTAL FUNDS
2015

Industrial Purpose	Corrections/ Court Fund	Court Judicial Admin Fund	TOTALS
$ 143,121	$ 352,582	$ 93,384	$ 2,048,377
-	2,367	2,375	4,742
-	-	-	37,931
$ 143,121	$ 354,949	$ 95,759	$ 2,091,050
$ -	$ -	$ -	$ 15,274
$ -	$ -	$ -	$ 1,177,407
-	-	-	304,540
-	354,949	-	354,949
-	-	95,759	95,759
143,121	-	-	143,121
$ 143,121	$ 354,949	$ 95,759	$ 2,075,776
$ 143,121	$ 354,949	$ 95,759	$ 2,091,050

CITY OF CULLMAN,
COMBINING SCHEDULE OF REVENUES,
FUND BALANCES -
NONMAJOR
Year ended

	Four Cent Gasoline Tax	Seven Cent Gasoline Tax	Capital Improvement Fund
Revenues:			
Taxes	$ -	$ -	$ -
Intergovernmental revenues	99,251	159,558	127,345
Fines and forfeits	-	-	-
Miscellaneous revenues:			
Interest revenue	$ -	$ 156	$ 518
Miscellaneous	-	-	-
TOTAL MISCELLANEOUS REVENUES	$ -	$ 156	$ 518
TOTAL REVENUES	$ 99,251	$ 159,714	$ 127,863
Expenditures:			
Current:			
General government	$ -	$ -	$ -
Education	-	-	-
TOTAL EXPENDITURES	$ -	$ -	$ -
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 99,251	$ 159,714	$ 127,863
Other financing (uses):			
Intergovernmental transfers out	$ -	$ -	$ -
Operating transfers out	-	-	(202,916)
TOTAL OTHER FINANCING (USES)	$ -	$ -	$ (202,916)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	$ 99,251	$ 159,714	$ (75,053)
Fund balances at October 1	442,841	475,601	379,593
FUND BALANCES AT SEPTEMBER 30	$ 542,092	$ 635,315	$ 304,540

ALABAMA
EXPENDITURES, AND CHANGES IN
SPECIAL REVENUE FUNDS -
GOVERNMENTAL FUNDS
September 30, 2015

Industrial Purpose	Corrections/ Court Fund	DARE	Court Judicial Admin Fund	TOTALS
$ 12,000	$ -	$ -	$ -	$ 12,000
-	-	-	-	386,154
-	28,279	8,359	31,525	68,163
$ -	$ -	$ 12	$ -	$ 686
-	-	35	-	35
$ -	$ -	$ 47	$ -	$ 721
$ 12,000	$ 28,279	$ 8,406	$ 31,525	$ 467,038
$ -	$ 4,500	$ -	$ -	$ 4,500
-	-	41,098	-	41,098
$ -	$ 4,500	$ 41,098	$ -	$ 45,598
$ 12,000	$ 23,779	$ (32,692)	$ 31,525	$ 421,440
$ -	$ -	$ (12,202)	$ -	$ (12,202)
-	-	-	-	(202,916)
$ -	$ -	$ (12,202)	$ -	$ (215,118)
$ 12,000	$ 23,779	$ (44,894)	$ 31,525	$ 206,322
131,121	331,170	44,894	64,234	1,869,454
$ 143,121	$ 354,949	$ -	$ 95,759	$ 2,075,776

CITY OF CULLMAN,
COMBINING BALANCE SHEET -
NONMAJOR
September 30,

	Industrial Park	Industrial Access Road	Park and Recreation Construction
ASSETS			
Cash equivalents	$ 704,453	$ 10,772	$ 16,225
Due from other governmental units	84,531	-	-
Interfund receivable	-	147,228	-
TOTAL ASSETS	$ 788,984	$ 158,000	$ 16,225
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable:			
Trade	$ 200,000	$ -	$ -
Contractors	37,750	-	-
Interfund payables	147,228	-	-
Interfund payables - long-term	-	88,834	-
TOTAL LIABILITIES	$ 384,978	$ 88,834	$ -
Fund balances:			
Assigned for:			
Capital projects	$ 404,006	$ 69,166	$ 16,225
TOTAL LIABILITIES AND FUND BALANCES	$ 788,984	$ 158,000	$ 16,225

ALABAMA
CAPITAL PROJECT FUNDS -
GOVERNMENTAL FUNDS
2015

Transportation Enhancement	Downtown Redevelopment	Building Construction	Brunner Street	Eliminations	TOTALS
$ 61,696	$ 396,098	$ 282,039	$ 211,964	$ -	$ 1,683,247
-	922	-	106,963	-	192,416
-	-	-	-	(147,228)	-
$ 61,696	$ 397,020	$ 282,039	$ 318,927	$ (147,228)	$ 1,875,663
$ 17,380	$ -	$ -	$ 10,322	$ -	$ 227,702
-	-	-	180,733	-	218,483
-	-	-	-	(147,228)	-
-	-	-	-	-	88,834
$ 17,380	$ -	$ -	$ 191,055	$ (147,228)	$ 535,019
$ 44,316	$ 397,020	$ 282,039	$ 127,872	$ -	$ 1,340,644
$ 61,696	$ 397,020	$ 282,039	$ 318,927	$ (147,228)	$ 1,875,663

CITY OF CULLMAN,
COMBINING SCHEDULE OF REVENUES,
FUND BALANCES -
NONMAJOR
Year ended

	Industrial Park	Industrial Access Road
Revenues:		
Miscellaneous revenues:		
Interest revenues	$ -	$ -
Expenditures:		
Current:		
General government	$ 26,052	$ -
Capital outlay	73,500	-
Debt service:		
Principal retirement	81,515	-
Interest and fiscal charges	18,485	-
TOTAL EXPENDITURES	$ 199,552	$ -
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (199,552)	$ -
Other financing sources (uses):		
Capital contributions	$ 32,905	$ -
Operating transfers in	1,422,660	-
Operating transfers (out)	(817,660)	-
TOTAL OTHER FINANCING SOURCES	$ 637,905	$ -
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	$ 438,353	$ -
Fund balances (deficits) at October 1	(34,347)	69,166
FUND BALANCES AT SEPTEMBER 30	$ 404,006	$ 69,166

ALABAMA
EXPENDITURES, AND CHANGES IN
CAPITAL PROJECT FUNDS -
GOVERNMENTAL FUNDS
September 30, 2015

Park and Recreation Construction	Transportation Enhancement	Downtown Redevelopment	Building Construction	Brunner Street	TOTALS
$ 37	$ -	$ 200	$ -	$ -	$ 237
$ -	$ -	$ -	$ -	$ -	$ 26,052
-	57,804	25,830	-	89,172	246,306
-	-	-	-	-	81,515
-	-	-	-	-	18,485
$ -	$ 57,804	$ 25,830	$ -	$ 89,172	$ 372,358
$ 37	$ (57,804)	$ (25,630)	$ -	$ (89,172)	$ (372,121)
$ -	$ -	$ 12,915	$ -	$ 4,099	$ 49,919
-	75,000	-	-	285,807	1,783,467
-	-	-	-	(72,862)	(890,522)
$ -	$ 75,000	$ 12,915	$ -	$ 217,044	$ 942,864
$ 37	$ 17,196	$ (12,715)	$ -	$ 127,872	$ 570,743
16,188	27,120	409,735	282,039	-	769,901
$ 16,225	$ 44,316	$ 397,020	$ 282,039	$ 127,872	$ 1,340,644

CITY OF CULLMAN, ALABAMA
COMBINING BALANCE SHEET - WATER SYSTEM (PROPRIETARY FUND)
September 30, 2015

	Water Department	Utilities Board Water Division	Elimination	TOTALS
ASSETS				
Current assets:				
Cash equivalents	$ 16,040,068	$ 1,458,395	$ -	$ 17,498,463
Certificates of deposit	404,000	-	-	404,000
Accounts receivable	705,345	66	-	705,411
Interest receivable	226	-	-	226
Interfund receivables	3,867	143,856	(94,642)	53,081
Due from other governmental units:				
Cullman Power Board	419,059	-	-	419,059
Other	279,013	-	-	279,013
Inventories	361,330	-	-	361,330
Prepaid insurance	25,301	106,275	-	131,576
Prepaid utility tax	23,000	-	-	23,000
TOTAL CURRENT ASSETS	$ 18,261,209	$ 1,708,592	$ (94,642)	$ 19,875,159
Restricted assets:				
Cash equivalents	$ 38,024	$ 32,414,776	$ -	$ 32,452,800
OPEB funds held by Cullman Power Board	-	11,760	-	11,760
TOTAL RESTRICTED ASSETS	$ 38,024	$ 32,426,536	$ -	$ 32,464,560
Capital assets:				
Land	$ 251,745	$ 11,318,427	$ -	$ 11,570,172
Buildings	68,450	6,792,981	-	6,861,431
Improvements other than buildings	35,763,270	8,929,820	-	44,693,090
Machinery and equipment	1,980,579	8,110,267	-	10,090,846
Less accumulated depreciation	(17,268,808)	(13,852,054)	-	(31,120,862)
	$ 20,795,236	$ 21,299,441	$ -	$ 42,094,677
Construction in progress	206,596	76,714,274	-	76,920,870
TOTAL CAPITAL ASSETS	$ 21,001,832	$ 98,013,715	$ -	$ 119,015,547
Deferred outflows of resources:				
Unamortized loss on refunding	$ 119,307	$ 72,871	$ -	$ 192,178
Deferred outflows of resources - pension	61,477	112,501	-	173,978
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 180,784	$ 185,372	$ -	$ 366,156
TOTAL ASSETS	$ 39,481,849	$132,334,215	$ (94,642)	$ 171,721,422

(Continued)

CITY OF CULLMAN, ALABAMA
COMBINING BALANCE SHEET - WATER SYSTEM (PROPRIETARY FUND) - CONTINUED
September 30, 2015

	Water Department	Utilities Board Water Division	Elimination	TOTALS
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable:				
Trade	$ 27,014	$ 141,353	$ -	$ 168,367
Contractors	18,050	-	-	18,050
Utility tax payable	35,862	-	-	35,862
Interfund payables	94,738	601	(94,642)	697
Due to other governmental units:				
Cullman Power Board	22,079	-	-	22,079
Other	-	143,058	-	143,058
Accrued payroll	18,227	25,097	-	43,324
Estimated compensated absences - current portion	15,369	65,000	-	80,369
TOTAL CURRENT LIABILITIES	$ 231,339	$ 375,109	$ (94,642)	$ 511,806
Liabilities payable from restricted assets:				
Accounts payable:				
Trade	$ -	$ 302,379	$ -	$ 302,379
Contractors	-	2,411,268	-	2,411,268
Accrued interest payable	3,641	360,229	-	363,870
Other postemployment benefits	-	1,256	-	1,256
Current maturities on long-term liabilities	645,101	2,910,000	-	3,555,101
TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS	$ 648,742	$ 5,985,132	$ -	$ 6,633,874
Long-term liabilities:				
Warrants/bonds payable	$ 6,276,635	$ 102,750,000	$ -	$ 109,026,635
Unamortized bond discount	-	(622,523)	-	(622,523)
Unamortized bond premium	-	155,496	-	155,496
Net pension liability	613,541	1,040,201	-	1,653,742
Estimated compensated absences	42,012	318,056	-	360,068
TOTAL LONG-TERM LIABILITIES	$ 6,932,188	$ 103,641,230	$ -	$ 110,573,418
TOTAL LIABILITIES	$ 7,812,269	$ 110,001,471	$ (94,642)	$ 117,719,098
Deferred inflows of resources:				
Deferred inflows of resources - pension	$ 48,030	$ 84,931	$ -	$ 132,961
Net position:				
Invested in capital assets, net of related liabilities	$ 14,725,197	$ 20,256,924	$ -	$ 34,982,121
Restricted for debt service and capital activity (deficit)	(610,718)	1,977,589	-	1,366,871
Unrestricted	17,507,071	13,300	-	17,520,371
TOTAL NET POSITION	$ 31,621,550	$ 22,247,813	$ -	$ 53,869,363
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 39,481,849	$ 132,334,215	$ (94,642)	$ 171,721,422

CITY OF CULLMAN, ALABAMA
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - WATER SYSTEM (PROPRIETARY FUND)
Year ended September 30, 2015

	Water Department	Utilities Board Water Division	Elimination	TOTALS
Operating revenues:				
Charges for sales and services	$ 12,332,582	$ 8,124,817	$ (8,124,817)	$ 12,332,582
Penalties and forfeited discounts	34,645	-	-	34,645
Charges for service connections	112,620	-	-	112,620
Service charges	74,545	-	-	74,545
Credit Bureau collection charges	10,392	-	-	10,392
Miscellaneous	180,203	1,109	-	181,312
TOTAL OPERATING REVENUES	$ 12,744,987	$ 8,125,926	$ (8,124,817)	$ 12,746,096
Cost of purchased water	$ 8,124,817	$ -	$ (8,124,817)	$ -
Operating expenses:				
Salaries and wages	$ 579,907	$ 1,001,305	$ -	$ 1,581,212
Payroll taxes	46,273	75,496	-	121,769
Employees retirement	56,937	87,326	-	144,263
Employees insurance	117,552	203,270	-	320,822
Telephone	9,209	15,755	-	24,964
Utilities	29,527	880,360	-	909,887
Billing, accounting, and collection fees	196,744	-	-	196,744
Office supplies and expenses	5,217	24,407	-	29,624
Professional services	11,571	18,876	-	30,447
Engineering services	500	-	-	500
Other contracted services	9,179	20,847	-	30,026
Testing services	17,094	8,836	-	25,930
Dues and subscriptions	1,350	3,359	-	4,709
Travel, registrations, and education	-	11,529	-	11,529
Uniforms	11,336	6,001	-	17,337
Small tools and equipment	19,304	8,353	-	27,657
Chemicals and supplies	1,966	700,165	-	702,131
Repairs and maintenance - system and equipment	458,467	140,052	-	598,519
Equipment rental	5,870	33,521	-	39,391
Gas, fuel, and oil	76,593	15,634	-	92,227
Insurance	46,786	75,767	-	122,553
Permits and licenses	-	4,599	-	4,599
Miscellaneous	12,182	12,907	-	25,089
Director's fees and expenses	-	31,500	-	31,500
Depreciation	836,014	387,118	-	1,223,132
TOTAL COST OF PURCHASED WATER AND OPERATING EXPENSES	$ 10,674,395	$ 3,766,983	$ (8,124,817)	$ 6,316,561
OPERATING INCOME	$ 2,070,592	$ 4,358,943	$ -	$ 6,429,535

(Continued)

CITY OF CULLMAN, ALABAMA
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - WATER SYSTEM (PROPRIETARY FUND) - CONTINUED
Year ended September 30, 2015

	Water Department	Utilities Board Water Division	Elimination	TOTALS
Nonoperating revenues (expenses):				
Interest earned	$ 8,597	$ 12,555	$ -	$ 21,152
Insurance proceeds	2,376	-	-	2,376
Gain on disposal of assets	9,265	-	-	9,265
Interest expense	(200,046)	(223,557)	-	(423,603)
Debt issuance expenses	-	(269,266)	-	(269,266)
Paying agent/trustee fees	-	(2,956)	-	(2,956)
TOTAL NONOPERATING REVENUES (EXPENSES)	$ (179,808)	$ (483,224)	$ -	$ (663,032)
NET INCREASE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	$ 1,890,784	$ 3,875,719	$ -	$ 5,766,503
Capital contributions	493,065	-	-	493,065
Transfers in	490,596	49,214	-	539,810
Transfers out	(558,879)	-	-	(558,879)
NET INCREASE IN NET POSITION	$ 2,315,566	$ 3,924,933	$ -	$ 6,240,499
Net position - October 1, as previously reported	$ 29,912,931	$ 19,364,048	$ -	$ 49,276,979
Adjustment for the cumulative effect on prior years for the implementation of GASB 68, *Accouting and Financial Reporting for Pensions* (Note VIII)	(606,947)	(1,041,168)	-	(1,648,115)
Net position - October 1, as adjusted	$ 29,305,984	$ 18,322,880	$ -	$ 47,628,864
NET POSITION AT SEPTEMBER 30	$ 31,621,550	$ 22,247,813	$ -	$ 53,869,363

CITY OF CULLMAN,
COMBINING SCHEDULE OF
WATER SYSTEM
Year ended
Increase (Decrease) in

	Water Department
Cash flows from operating activities:	
Cash received from customers	$ 12,537,271
Cash payments for purchased water	(8,542,680)
Cash payments for operating expenses	(999,756)
Cash payments to employees	(619,534)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,375,301
Cash flows from noncapital and related financing activities:	
Transfers in	$ 490,596
Transfers out	(558,879)
CASH (USED IN) NONCAPITAL AND RELATED FINANCING ACTIVITIES	$ (68,283)
Cash flows from capital and related financing activities:	
Contributed capital	$ 493,065
Insurance proceeds	2,376
Proceeds from disposal of capital assets	22,259
Acquisition and construction of capital assets	(1,312,656)
Interest paid	(181,302)
Debt discount	-
Debt issuance costs	-
Fiscal charges	-
Proceeds from issuance of long-term debt	-
Principal payments of long-term debt	(802,052)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	$ (1,778,310)
Cash flows from investing activities:	
Interest received	$ 8,596
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 537,304
Cash and cash equivalents at beginning of year	15,540,788
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 16,078,092

Cash and cash equivalents consisted of the following:

	Water Department
Cash equivalents - current assets	$ 16,040,068
Cash equivalents - restricted assets	38,024
TOTALS	$ 16,078,092

ALABAMA
CASH FLOWS -
(PROPRIETARY FUND)
September 30, 2015
Cash and Cash Equivalents

Utilities Board Water Division	Elimination	TOTALS
$ 8,543,789	$ (8,542,680)	$ 12,538,380
-	8,542,680	-
(2,338,577)	-	(3,338,333)
(1,064,744)	-	(1,684,278)
$ 5,140,468	$ -	$ 7,515,769
$ -	$ -	$ 490,596
-	-	(558,879)
$ -	$ -	$ (68,283)
$ -	$ -	$ 493,065
-	-	2,376
-	-	22,259
(38,556,074)	-	(39,868,730)
(45,938)	-	(227,240)
(360,747)	-	(360,747)
(269,266)	-	(269,266)
(2,956)	-	(2,956)
49,910,000	-	49,910,000
(1,050,000)	-	(1,852,052)
$ 9,625,019	$ -	$ 7,846,709
$ 6,574	$ -	$ 15,170
$ 14,772,061	$ -	$ 15,309,365
19,101,110	-	34,641,898
$ 33,873,171	$ -	$ 49,951,263

Utilities Board Water Division	Elimination	TOTALS
$ 1,458,395	$ -	$ 17,498,463
32,414,776	-	32,452,800
$ 33,873,171	$ -	$ 49,951,263

CITY OF CULLMAN,
COMBINING SCHEDULE OF CASH FLOWS
WATER SYSTEM
Year ended
Increase (Decrease) in Cash

Reconciliation of operating income to net cash provided by operating activities:

	Water Department
Cash flows from operating activities:	
Operating income	$ 2,070,592
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	836,014
Accounts receivable	(110,870)
Interfund receivables	(3,814)
Due from other governments	(93,032)
Inventories	102,689
Prepaid insurance	(5,193)
Prepaid utility tax	(2,285)
Deferred outflows of resources - pension	(61,477)
Accounts payable	464
Utility tax payable	6,656
Interfund payables	(434,830)
Due to other governments	9,117
Accrued payroll	3,722
Other postemployment benefits	-
Net pension liability	6,594
Compensated absences	2,924
Deferred inflows of resources - pension	48,030
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,375,301

ALABAMA
FROM OPERATING ACTIVITIES -
(PROPRIETARY FUND)
September 30, 2015
and Cash Equivalents

Utilities Board Water Division	TOTALS
$ 4,358,943	$ 6,429,535
387,118	1,223,132
417,863	306,993
-	(3,814)
-	(93,032)
-	102,689
(60,237)	(65,430)
-	(2,285)
(112,501)	(173,978)
56,119	56,583
-	6,656
223	(434,607)
(1,766)	7,351
5,425	9,147
(1,315)	(1,315)
(967)	5,627
6,632	9,556
84,931	132,961
$ 5,140,468	$ 7,515,769

CITY OF
COMBINING BALANCE SHEET - PARKS
September 30,

	Parks and Recreation	Gymnastics
ASSETS		
Current assets:		
Cash equivalents	$ 517,799	$ -
Accounts receivable	4,379	227
Prepaids	9,972	250
Interfund receivables	-	-
Due from other governmental units	-	-
Inventories	25,879	1,066
TOTAL CURRENT ASSETS	$ 558,029	$ 1,543
Capital assets:		
Land	$ 1,020,264	$ 30,000
Buildings	3,445,497	689,618
Improvements other than buildings	7,885,886	34,715
Machinery and equipment	946,224	10,160
Less accumulated depreciation	(5,488,664)	(299,732)
	$ 7,809,207	$ 464,761
Construction in progress	112,255	-
TOTAL CAPITAL ASSETS	$ 7,921,462	$ 464,761
Other assets:		
Utility deposits	$ -	$ 275
Deferred outflows of resources:		
Unamortized loss on refundings	$ -	$ -
Deferred outflows of resources - pension	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ -	$ -
TOTAL ASSETS	$ 8,479,491	$ 466,579

NOTE: The "Parks and Recreation", "Gymnastics", "Golf Course", and "Wellness and Aquatic Center" columns are segregated amounts from one fund that is maintained by the Cullman City Parks and Recreation Board.
The "Parks and Recreation/Golf Course Payroll" column is a fund maintained by the City of Cullman's accounting department to account for payroll, debt service, and other expenditures paid by the City of Cullman for the Cullman City Parks and Recreation Board.

CULLMAN, ALABAMA
AND RECREATION (PROPRIETARY FUND)
2015

Golf Course	Wellness and Aquatic Center	Parks and Recreation/ Golf Course Payroll	Eliminations	TOTALS
$ 450	$ 1,840	$ 29,204	$ -	$ 549,293
348	136,926	-	-	141,880
-	-	-	-	10,222
-	-	30,684	(30,684)	-
3,478	30	56,136	-	59,644
1,653	-	-	-	28,598
$ 5,929	$ 138,796	$ 116,024	$ (30,684)	$ 789,637
$ 366,791	$ 518,313	$ -	$ -	$ 1,935,368
1,070,298	12,326,997	-	-	17,532,410
463,862	3,881,105	-	-	12,265,568
1,275,595	924,344	-	-	3,156,323
(1,898,142)	(4,057,743)	-	-	(11,744,281)
$ 1,278,404	$ 13,593,016	$ -	$ -	$ 23,145,388
12,621	500			125,376
$ 1,291,025	$ 13,593,516	$ -	$ -	$ 23,270,764
$ 635	$ -	$ -	$ -	$ 910
$ 1,531	$ -	$ -	$ -	$ 1,531
-	-	153,210	-	153,210
$ 1,531	$ -	$ 153,210	$ -	$ 154,741
$ 1,299,120	$ 13,732,312	$ 269,234	$ (30,684)	$ 24,216,052

CITY OF
COMBINING BALANCE SHEET - PARKS AND
September 30,

	Parks and Recreation	Gymnastics
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current liabilities:		
Accounts payable	$ 127,925	$ 23,888
Interfund payables	9,182	-
Interest payable	-	-
Accrued payroll	-	-
Estimated compensated absences - current portion	46,358	1,503
Current portion of capital leases payable	-	-
TOTAL CURRENT LIABILITIES	$ 183,465	$ 25,391
Long-term liabilities:		
Unamortized bond discount	$ -	$ -
Net pension liability	-	-
Estimated compensated absences	63,806	1,878
Interfund payables	-	-
TOTAL LONG-TERM LIABILITIES	$ 63,806	$ 1,878
TOTAL LIABILITIES	$ 247,271	$ 27,269
Deferred inflows of resources:		
Deferred inflows of resources - pension	$ -	$ -
Unearned revenue - senior trips	18,658	-
Unearned revenue - memberships	-	-
TOTAL DFERRED INFLOWS OF RESOURCES	$ 18,658	$ -
Net position (deficit):		
Invested in capital assets, net of related liabilities	$ 7,912,280	$ 464,761
Restricted - Tournaments	-	-
Unrestricted (deficit)	301,282	(25,451)
TOTAL NET POSITION (DEFICIT)	$ 8,213,562	$ 439,310
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	$ 8,479,491	$ 466,579

CULLMAN, ALABAMA
RECREATION (PROPRIETARY FUND) - CONTINUED
2015

Golf Course	Wellness and Aquatic Center	Parks and Recreation/ Golf Course Payroll	Eliminations	TOTALS
$ 62,124	$ 114,538	$ 1,281	$ (30,684)	$ 299,072
4,836	414,000	2,926	-	430,944
1,759	151,091	-	-	152,850
-	-	62,331	-	62,331
15,281	13,122	-	-	76,264
6,188	-	-	-	6,188
$ 90,188	$ 692,751	$ 66,538	$ (30,684)	$ 1,027,649
$ (1,539)	$ (127,956)	$ -	$ -	$ (129,495)
-	-	1,419,440	-	1,419,440
21,087	16,046	-	-	102,817
145,014	13,498,000	-	-	13,643,014
$ 164,562	$ 13,386,090	$ 1,419,440	$ -	$ 15,035,776
$ 254,750	$ 14,078,841	$ 1,485,978	$ (30,684)	$ 16,063,425
$ -	$ -	$ 111,118	$ -	$ 111,118
-	-	-	-	18,658
-	119,890	-	-	119,890
$ -	$ 119,890	$ 111,118	$ -	$ 249,666
$ 1,138,057	$ (159,844)	$ -	$ -	$ 9,355,254
-	-	19,638	-	19,638
(93,687)	(306,575)	(1,347,500)	-	(1,471,931)
$ 1,044,370	$ (466,419)	$ (1,327,862)	$ -	$ 7,902,961
$ 1,299,120	$ 13,732,312	$ 269,234	$ (30,684)	$ 24,216,052

CITY OF
COMBINING SCHEDULE OF
IN FUND NET POSITION - PARKS
Year ended

	Parks and Recreation	Gymnastics	Golf Course
Operating revenues:			
Charges for sales and services	$ 1,079,432	$ 407,772	$ 463,168
Lodging tax	-	-	-
Miscellaneous	59,260	-	16
TOTAL OPERATING REVENUES	$ 1,138,692	$ 407,772	$ 463,184
Cost of operating revenues	$ 152,247	$ 13,854	$ 27,444
Operating expenses:			
Salaries and wages	$ 822,898	$ 203,306	$ 346,217
Nonemployee compensation	24,733	575	418
Officials and instructors	114,954	-	-
Payroll taxes	67,318	15,227	26,937
Employees retirement	62,736	11,356	25,979
Employees insurance	96,625	14,673	31,880
Employees compensated absences	-	888	-
Telephone	38,537	7,161	6,543
Utilities	267,693	22,533	129,908
Office supplies and expenses	84,052	7,671	8,309
Audit fees	25,270	-	-
Accounting services	50,147	-	-
Other professional fees	1,429	-	285
Tournament fees	17,210	-	-
Competition expense	168,117	153,060	784
Senior programs	393,751	-	-
Dues and subscriptions	9,785	10	1,299
Travel, registrations, and education	48,967	3,738	1,568
Public relations	141,000	-	-
Printing and advertising	98,306	519	7,667
Small tools and equipment	28,129	-	864
Chemicals and supplies	91,255	9,546	43,328
Repairs and maintenance - system and equipment	309,345	20,498	63,201
Gas, fuel, and oil	36,981	-	14,683
Insurance	42,996	9,571	14,767
Miscellaneous	3,672	-	-
Depreciation	399,960	35,360	126,140
TOTAL COST OF OPERATING REVENUES AND OPERATING EXPENSES	$ 3,598,113	$ 529,546	$ 878,221
OPERATING (LOSS)	$ (2,459,421)	$ (121,774)	$ (415,037)

(Continued)

CULLMAN, ALABAMA
REVENUES, EXPENSES, AND CHANGES
AND RECREATION (PROPRIETARY FUND)
September 30, 2015

Wellness and Aquatic Center	Parks and Recreation/ Golf Course Payroll	Eliminations	TOTALS
$ 2,599,391	$ -	$ -	$ 4,549,763
-	239,538	-	239,538
13,906	24	-	73,206
$ 2,613,297	$ 239,562	$ -	$ 4,862,507
$ 106,617	$ -	$ -	$ 300,162
$ 1,213,512	$ 2,600,259	$ (2,600,259)	$ 2,585,933
24,505	-	-	50,231
54,164	-	-	169,118
91,998	195,127	(195,127)	201,480
58,904	132,139	(158,975)	132,139
75,951	219,129	(219,129)	219,129
3,142	-	-	4,030
15,519	-	-	67,760
309,817	-	-	729,951
73,821	-	-	173,853
-	-	-	25,270
-	-	-	50,147
-	-	-	1,714
-	-	-	17,210
38,779	-	-	360,740
-	-	-	393,751
1,290	-	-	12,384
4,576	-	-	58,849
-	-	-	141,000
12,320	-	-	118,812
4,337	-	-	33,330
108,374	-	-	252,503
192,431	-	-	585,475
3,338	-	-	55,002
64,237	-	-	131,571
-	18,927	(27)	22,572
549,072	-	-	1,110,532
$ 3,006,704	$ 3,165,581	$ (3,173,517)	$ 8,004,648
$ (393,407)	$ (2,926,019)	$ 3,173,517	$ (3,142,141)

CITY OF
COMBINING SCHEDULE OF
IN FUND NET POSITION - PARKS AND
Year ended

	Parks and Recreation	Gymnastics	Golf Course
Nonoperating revenues (expenses):			
Disposal of assets	$ -	$ -	$ 13,729
Interest earned	1,108	-	-
Interest expense	(12,390)	-	(9,096)
TOTAL NONOPERATING REVENUES (EXPENSES)	$ (11,282)	$ -	$ 4,633
(DECREASE) IN NET POSITION BEFORE TRANSFERS	$ (2,470,703)	$ (121,774)	$ (410,404)
Transfers in:			
General Fund	$ 150,000	$ -	$ -
Debt Service Funds	-	-	11,896
Special Revenue Funds	140,999	61,917	-
Parks and Recreation/Golf Course Payroll	1,046,780	244,562	441,784
Parks and Recreation Board	7,772	(4,910)	-
Transfers out:			
Debt Service Funds	-	-	-
Parks and Recreation/Golf Course Payroll	(62,116)	(14,269)	(26,336)
Parks and Recreation Board	1,747,058	(327,709)	(79,426)
TOTAL TRANSFERS IN (OUT)	$ 3,030,493	$ (40,409)	$ 347,918
NET INCREASE (DECREASE) IN NET POSITION	$ 559,790	$ (162,183)	$ (62,486)
Net position - October 1, as previously reported	$ 7,653,772	$ 601,493	$ 1,106,856
(Deduct) adjustment for the cumulative effect on prior years for implementation of GASB 68, *Accounting and Reporting for Pensions* (Note VIII)	-	-	-
Net position - October 1, as adjusted	$ 7,653,772	$ 601,493	$ 1,106,856
NET POSITION (DEFICIT) AT SEPTEMBER 30	$ 8,213,562	$ 439,310	$ 1,044,370

NOTE:

The "Parks and Recreation", "Gymnastics", "Golf Course", and "Wellness and Aquatic Center" columns are segregated amounts from one fund that is maintained by the Cullman City Parks and Recreation Board.

The "Parks and Recreation/Golf Course Payroll" column is a fund maintained by the City of Cullman's accounting department to account for payroll, debt service, and other expenditures paid by the City of Cullman for the Cullman City Parks and Recreation Board.

CULLMAN, ALABAMA
REVENUES, EXPENSES, AND CHANGES
RECREATION (PROPRIETARY FUND) - CONTINUED
September 30, 2015

Wellness and Aquatic Center	Parks and Recreation/ Golf Course Payroll	Eliminations	TOTALS
$ -	$ -	$ -	$ 13,729
-	432	-	1,540
(619,222)	-	-	(640,708)
$ (619,222)	$ 432	$ -	$ (625,439)
$ (1,012,629)	$ (2,925,587)	$ 3,173,517	$ (3,767,580)
$ -	$ 2,775,000	$ -	$ 2,925,000
1,020,175	-	(11,896)	1,020,175
(2,864)	-	2,865	202,917
1,440,365	(1)	(3,173,490)	-
-	184,103	(186,965)	-
-	(11,869)	11,869	-
(81,379)	-	184,100	-
(1,339,923)	-	-	-
$ 1,036,374	$ 2,947,233	$ (3,173,517)	$ 4,148,092
$ 23,745	$ 21,646	$ -	$ 380,512
$ (490,164)	$ 54,676	$ -	$ 8,926,633
-	(1,404,184)	-	(1,404,184)
$ (490,164)	$ (1,349,508)	$ -	$ 7,522,449
$ (466,419)	$ (1,327,862)	$ -	$ 7,902,961

CITY OF CULLMAN, ALABAMA
SCHEDULE OF GENERAL OBLIGATION WARRANTS
September 30, 2015

GENERAL OBLIGATION WARRANTS
Series 2007 Dated 2-01-07
Maturing July 1

Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	5.00%	$ 570,000	$ 831,313
2017	5.00	600,000	802,812
2018	5.00	630,000	772,813
2019	4.00	665,000	741,312
2020	4.00	690,000	714,713
2021	4.00	715,000	687,112
2022	4.50	745,000	658,513
2023	4.50	780,000	624,987
2024	4.125	815,000	589,888
2025	4.25	850,000	556,269
2026	4.25	885,000	520,144
2027	4.25	920,000	482,531
2028	4.25	960,000	443,431
2029	4.25	1,000,000	402,631
2030	4.25	1,045,000	360,131
2031	4.25	1,090,000	315,719
2032	4.25	1,135,000	269,394
2033	4.375	1,185,000	221,156
2034	4.375	1,235,000	169,313
2035	4.375	1,290,000	115,281
2036	4.375	1,345,000	58,844
	TOTALS	$ 19,150,000	$ 10,338,307

NOTE: All principal debt shown on this schedule is recorded in the Governmental Activities.

CITY OF CULLMAN, ALABAMA
SCHEDULE OF GENERAL OBLIGATION WARRANTS - CONTINUED
September 30, 2015

GENERAL OBLIGATION WARRANTS
Series 2010 LRSRF-DL/ARRA Dated 2-01-10
Maturing August 15

Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	2.00%	$ 65,000	$ 5,940
2017	2.00	65,000	4,510
2018	2.00	70,000	3,080
2019	2.00	70,000	1,540
	TOTALS	$ 270,000	$ 15,070

GENERAL OBLIGATION WARRANT
Dated 9-29-10
Maturing September 1

Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	2.96%	$ 150,000	$ 23,976
2017	2.96	155,000	19,536
2018	2.96	160,000	14,948
2019	2.96	170,000	10,212
2020	2.96	175,000	5,180
	TOTALS	$ 810,000	$ 73,852

GENERAL OBLIGATION WARRANT
Dated 10-25-11
Maturing December 31

Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	2.95%	$ 83,920	$ 16,080
2017	2.95	86,395	13,605
2018	2.95	88,944	11,056
2019	2.95	91,568	8,432
2020	2.95	94,269	5,731
2021	2.95	100,000	2,950
	TOTALS	$ 545,096	$ 57,854

NOTE: All principal debt shown on this schedule is recorded in the Governmental Activities.

CITY OF CULLMAN, ALABAMA
SCHEDULE OF SEWER GENERAL OBLIGATION WARRANTS
September 30, 2015

GENERAL OBLIGATION SEWER WARRANT
Series 2013 Dated 07-31-13
Maturing Monthly on the 15th

Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	1.72%	$ 1,333,333	$ 115,580
2017	1.72	1,333,333	92,009
2018	1.72	1,333,333	68,758
2019	1.72	1,333,334	45,506
2020	1.72	1,333,334	22,318
2021	1.72	555,556	2,425
	TOTALS	$ 7,222,223	$ 346,596

GENERAL OBLIGATION SEWER WARRANT
Series 2013-A Dated 11-27-13
Maturing Monthly on the 1st

Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	2.63%	$ 999,742	$ 226,127
2017	2.63	1,118,440	218,549
2018	2.63	1,148,212	188,776
2019	2.63	1,178,777	158,211
2020	2.63	1,210,155	126,833
2021	2.63	1,242,369	94,619
2022	2.63	1,275,440	61,548
2023	2.63	1,309,391	27,597
2024	2.63	336,736	1,489
	TOTALS	$ 9,819,262	$ 1,103,749

NOTE: All principal debt shown on this schedule is recorded in the Sewer Fund (a Proprietary Fund).

CITY OF CULLMAN, ALABAMA
SCHEDULE OF SEWER GENERAL OBLIGATION WARRANTS - CONTINUED
September 30, 2015

GENERAL OBLIGATION SEWER WARRANT
Series 2015-CWSRF-DL Dated 02-15-15
Maturing February 15

Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	2.25%	$ 160,000	$ 87,525
2017	2.25	160,000	83,925
2018	2.25	165,000	80,269
2019	2.25	170,000	76,500
2020	2.25	175,000	72,619
2021	2.25	175,000	68,681
2022	2.25	180,000	64,688
2023	2.25	185,000	60,581
2024	2.25	190,000	56,363
2025	2.25	195,000	52,031
2026	2.25	200,000	47,588
2027	2.25	205,000	43,031
2028	2.25	210,000	38,363
2029	2.25	215,000	33,581
2030	2.25	220,000	28,688
2031	2.25	220,000	23,738
2032	2.25	225,000	18,731
2033	2.25	235,000	13,556
2034	2.25	240,000	8,213
2035	2.25	245,000	2,754
	TOTALS	$ 3,970,000	$ 961,425

NOTE: All principal debt shown on this schedule is recorded in the Sewer Fund (a Proprietary Fund).

CITY OF CULLMAN, ALABAMA
SCHEDULE OF WATER WARRANT
AND GENERAL OBLIGATION WARRANTS
September 30, 2015

GENERAL OBLIGATION WARRANT			
Series 2012-DWSRF-BL Dated 02-13-12			
Maturing August 15			
Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	2.50%	$ 150,000	$ 29,125
2017	2.50	155,000	25,375
2018	2.50	160,000	21,500
2019	2.50	165,000	17,500
2020	2.50	170,000	13,375
2021	2.50	180,000	9,125
2022	2.50	185,000	4,625
	TOTALS	$ 1,165,000	$ 120,625

GENERAL OBLIGATION REFUNDING WARRANT			
Series 2012 Dated 04-13-12			
Maturing October 1			
Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	2.46%	$ -	$ 12,361
2017	2.46	150,000	22,878
2018	2.46	155,000	19,127
2019	2.46	160,000	15,252
2020	2.46	170,000	11,193
2021	2.46	180,000	6,888
2022	2.46	190,000	2,337
	TOTALS	$1,005,000	$ 90,036

NOTE: All principal debt shown on this schedule is recorded in the Water Department (a Proprietary Fund).

CITY OF CULLMAN, ALABAMA
SCHEDULE OF WATER WARRANT
AND GENERAL OBLIGATION WARRANTS - CONTINUED
September 30, 2015

GENERAL OBLIGATION WATER WARRANT
Series 2013B Dated 11-27-13
Maturing Monthly on the 1st

Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	2.30 %	$ 495,101	$ 95,398
2017	2.30	545,864	92,180
2018	2.30	558,552	79,492
2019	2.30	571,535	66,509
2020	2.30	584,820	53,224
2021	2.30	598,414	39,630
2022	2.30	612,323	25,721
2023	2.30	626,556	11,488
2024	2.30	158,571	609
	TOTALS	$ 4,751,736	$ 464,251

NOTE: All principal debt shown on this schedule is recorded in the Water Department (a Proprietary Fund).

CITY OF CULLMAN, ALABAMA
SCHEDULE OF WATER REVENUE BONDS
September 30, 2015

Water Revenue Bonds Series 2011 Dated 6-03-2011 Maturing September 1			
Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	3.00 %	$ 1,075,000	$ 2,584,525
2017	2.75	1,105,000	2,552,275
2018	5.00	1,135,000	2,521,888
2019	5.00	1,195,000	2,465,137
2020	3.13	1,255,000	2,405,387
2021	5.00	1,290,000	2,366,169
2022	5.00	1,355,000	2,301,669
2023	5.00	1,620,000	2,233,919
2024	4.00	1,700,000	2,152,919
2025	4.13	1,770,000	2,084,918
2026	5.00	1,840,000	2,011,906
2027	4.13	1,935,000	1,919,906
2028	4.25	2,010,000	1,840,087
2029	4.38	2,100,000	1,754,663
2030	4.50 - 5.00	2,190,000	1,662,787
2031	4.50	2,295,000	1,556,738
2032	4.75	2,400,000	1,453,462
2033	4.75	2,515,000	1,339,463
2034	4.75	2,630,000	1,220,000
2035	4.75	2,755,000	1,095,075
2036	4.75	2,890,000	964,213
2037	4.75	3,025,000	826,938
2038	5.00	3,170,000	683,250
2039	5.00	3,330,000	524,750
2040	5.00	3,495,000	358,250
2041	5.00	3,670,000	183,500
	TOTALS	$ 55,750,000	$ 43,063,794

NOTE: All prinicpal debt shown on this schedule is recorded in the Utilities Board Water Division (part of the Water System - a Proprietary Fund).

CITY OF CULLMAN, ALABAMA
SCHEDULE OF WATER REVENUE BONDS - CONTINUED
September 30, 2015

Water Revenue Bonds Series 2015-A Dated 03-12-2015 Maturing September 1			
Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	2.00 %	$ 185,000	$ 1,567,019
2017	2.00	195,000	1,563,319
2018	2.00	200,000	1,559,419
2019	2.00	210,000	1,555,419
2020	2.00	210,000	1,551,219
2021	3.00	215,000	1,547,019
2022	2.00 - 3.00	220,000	1,540,569
2023	2.00	225,000	1,535,669
2024	2.25	230,000	1,531,168
2025	3.00	235,000	1,525,994
2026	3.00	1,000,000	1,518,943
2027	3.00	1,030,000	1,488,944
2028	3.00	1,065,000	1,458,043
2029	3.125	1,095,000	1,426,094
2030	3.25	1,130,000	1,391,875
2031	3.25	1,165,000	1,355,150
2032	5.00	1,200,000	1,317,288
2033	5.00	1,260,000	1,257,288
2034	5.00	1,325,000	1,194,288
2035	5.00	1,390,000	1,128,038
2036	3.50	1,460,000	1,058,537
2037	3.75	2,565,000	1,007,438
2038	3.75	2,660,000	911,250
2039	3.75	2,760,000	811,500
2040	3.75	2,865,000	708,000
2041	3.75	2,970,000	600,562
2042	3.75	3,080,000	489,187
2043	3.75	3,200,000	373,687
2044	3.75	3,320,000	253,687
2045	3.75	3,445,000	129,187
	TOTALS	$ 42,110,000	$ 35,355,800

NOTE: All prinicpal debt shown on this schedule is recorded in the Utilities Board Water Division (part of the Water System - a Proprietary Fund).

CITY OF CULLMAN, ALABAMA
SCHEDULE OF WATER REVENUE BONDS - CONTINUED
September 30, 2015

Water Revenue Bonds Series 2015-B Dated 03-12-2015 Maturing September 1			
Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	2.195 %	$ 1,650,000	$ 171,210
2017	2.195	625,000	134,993
2018	2.195	640,000	121,274
2019	2.195	650,000	107,226
2020	2.195	670,000	92,958
2021	2.195	685,000	78,251
2022	2.195	695,000	63,216
2023	2.195	715,000	47,961
2024	2.195	725,000	32,266
2025	2.195	745,000	16,353
	TOTALS	$ 7,800,000	$ 865,708

NOTE: All prinicpal debt shown on this schedule is recorded in the Utilities Board Water Division (part of the Water System - a Proprietary Fund).

CITY OF CULLMAN, ALABAMA
SCHEDULE OF CULLMAN CITY PARKS AND RECREATION
BOARD'S CAPITAL LEASE
September 30, 2015

De Lage Landen Public Finance, LLC
(Capital Lease)

Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	3.63 %	$ 6,188	$ 63
	TOTALS	$ 6,188	$ 63

NOTE: All principal debt shown on this schedule is recorded in the Cullman City Parks and Recreation Board (a Proprietary Fund).

CITY OF CULLMAN, ALABAMA
SCHEDULE OF CULLMAN REGIONAL AIRPORT BOARD'S LOAN
AND GENERAL OBLIGATION WARRANT
September 30, 2015

Cullman Regional Airport Loan
Dated September 14, 2011

Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	2.60 %	$ 22,472	$ 3,540
2017	2.60	23,082	2,931
2018	2.60	23,698	2,315
2019	2.60	24,330	1,682
2020	2.60	24,976	1,036
2021	2.60	25,646	366
	TOTALS	$ 144,204	$ 11,870

General Obligation Warrant (Taxable)
Dated October 22, 2012

Fiscal Year Maturing	Interest Rate	Amount of Maturity	Amount of Interest
2016	2.99 %	$ 142,634	$ 31,092
2017	2.99	146,958	26,769
2018	2.99	151,413	22,314
2019	2.99	156,002	17,724
2020	2.99	160,731	12,995
2021	2.99	165,603	8,123
2022	2.99	169,586	2,129
	TOTALS	$ 1,092,927	$ 121,146

NOTE: All principal debt shown on this schedule is recorded in the Cullman Regional Airport Board (Board) (a Proprietary Fund).

The above Warrants are 100 precent of the debt service maturities for the Board. However, the Board is a 50/50 joint venture with Cullman County. Therefore, only 50 percent of the above debt service is included in the Board's balance sheet as reported in the City's financial statements.

CITY OF CULLMAN, ALABAMA
SCHEDULE OF SCHOOL TAX TRANSACTIONS
Year ended September 30, 2015

	Fund Level	Adjustments	Government-Wide Level
Revenues:			
3 mill ad valorem tax	$ 891,069	$ -	$ 891,069
7.5 mill ad valorem tax	2,227,672	-	2,227,672
.5 percent sales tax	3,028,869	21,404	3,050,273
Interest	137	-	137
TOTAL REVENUES	$6,147,747	$ 21,404	$6,169,151
Expenditures:			
Transfers to Cullman City Board of Education	$6,169,151	$ - - -	$6,169,151

The City enacted an additional one-half of one percent sales tax effective September 1, 2003 for the purpose of funding the City School System.

Adjustments are to adjust the City's records from the modified accrual basis to the full accrual basis for revenues not collected within the City's 30 day availability period at September 30, 2015 and 2014.

September, 2014 revenues received after 30 day availability period	$(241,601)
September, 2015 revenues received after 30 day availability period	263,005
	$ 21,404

CITY OF CULLMAN, ALABAMA
STATISTICAL DATA - UNAUDITED
September 30, 2015

Computation of legal debt margin:		
Assessed value of real and personal property located within the city limits – Note 1		$291,046,660
Constitutional debt limit (20% of assessed value – Note 2)		$ 58,209,332
Amount of debt applicable to debt limit – Note 2:		
General long-term debt outstanding – Governmental Activities	$20,775,096	
Long-term portion of compensated absences	772,875	
Plus general obligation warrants included in the Business-type Activities:		
Airport General Obligation Warrant Dated 9-14-11	72,103	
Airport General Obligation Warrant Dated 10-22-12	546,462	
Less portions of warrants not subject to Constitutional debt limit as follows:		
2-1-07 General Obligation Warrants, Series 2007	(1,843,183)	
9-29-10 General Obligation School Warrants	(810,000)	
Less estimated liability for compensated absences – long-term	(772,875)	
	$18,740,478	
Accounts payable of the General Fund	992,183	
Debt applicable to constitutional debt limit	$19,732,661	
Less assets available in Debt Service Fund for payment of principal	(659,953)	$ 19,072,708
LEGAL DEBT MARGIN – Note 3		$ 39,136,624

Note 1 – Obtained from unaudited records maintained by the County of Cullman, Alabama and excludes exempt property ($124,489,580).

Note 2 – Section 225 as amended of the Constitution of Alabama, limits the amount of the City's outstanding debt to 20% of the assessed value of property within the City limits. Excluded from this limitation are school warrants, special assessment warrants, sewer warrants, and water warrants/bonds.

Note 3 – The computation of legal debt margin above is to disclose the City's compliance with the constitutional limitations on outstanding debt. The amount of legal debt margin at September 30, 2015, has no relationship to the City's financial capacity to repay the amount of debt.

City ad valorem tax rates:	
General purposes (Section 216 of the Constitution)	5 mills
School purposes – general (Section 216 of the Constitution)	3 mills
School bond service (Amendment LVI of the Constitution)	7.5 mills
Population per Federal census:	
2010	14,775
2000	13,995
1990	13,367
1980	13,069
1970	12,601
1960	10,866
1950	7,523
1940	5,074
1930	2,886
1920	2,486

Note A – The City of Cullman is currently listed with Dunn and Bradstreet, Inc.

Note B – The General Obligation Warrants, Series 2007, dated February 1, 2007, were rated Aaa by Moody's Investors Service, Inc. and AAA by Standard & Poor's Corporation.

Note C – The Water Revenue Bonds Series 2011 dated June 3, 2011, were rated Aa3 by Moody's Investors Service, Inc. and AA+ by Standard & Poor's Corporation.

Note D – The Water Revenue Bonds Series 2015-A dated March 12, 2015, were rated A2 by Moody's Investors Service, Inc. and AA by Standard & Poor's Corporation.