

**NEW ISSUES (3) - BOOK ENTRY ONLY**

**RATINGS: S&P: "AA" (on CreditWatch with negative implications) Insured  
S&P: "A" (stable outlook) Underlying  
(See "RATINGS" herein)**

*In the opinion of Bond Counsel, under existing law, interest on the Series 2017-A Warrants and the Series 2017-C Warrants (i) will be excludable from gross income for federal income tax purposes if the City complies with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 2017-A Warrants and the Series 2017-C Warrants in order that interest thereon be and remain excludable from gross income, and (ii) will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations. In the further opinion of Bond Counsel, under existing law, interest on the Series 2017-B Warrants will not be excludable from gross income of the holders thereof for purposes of federal income taxation. Bond Counsel is also of the opinion that, under existing law, interest on the Series 2017-A Warrants, the Series 2017-B Warrants and the Series 2017-C Warrants will be exempt from State of Alabama income taxation. See "TAX MATTERS RELATING TO SERIES 2017-A WARRANTS", "TAX MATTERS RELATING TO SERIES 2017-B WARRANTS" and "TAX MATTERS RELATING TO SERIES 2017-C WARRANTS" herein for further information and certain other tax consequences arising with respect to the Series 2017-A Warrants, the Series 2017-B Warrants and the Series 2017-C Warrants.*

**CITY OF ALBERTVILLE, ALABAMA**

**\$40,600,000**  
**General Obligation Warrants,**  
**Series 2017-A**

**\$775,000**  
**General Obligation Warrants,**  
**Series 2017-B (Federally Taxable)**

**\$6,130,000**  
**General Obligation Warrants,**  
**Series 2017-C**

**Dated: Date of Delivery****Due: June 1, as shown on the  
inside cover page**

The Series 2017-A Warrants, the Series 2017-B Warrants and the Series 2017-C Warrants constitute separate series and are together referred to in this Official Statement as the "Series 2017 Warrants" or the "Warrants". The Series 2017 Warrants are issuable as fully registered warrants and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Series 2017 Warrants will be made so long as Cede & Co. is the registered owner of the Series 2017 Warrants. Individual purchases of the Series 2017 Warrants will be made in Book-Entry Only form, and individual purchasers ("Beneficial Owners") of the Series 2017 Warrants will not receive physical delivery of bond certificates.

Interest will be payable on the Series 2017 Warrants each June 1 and December 1, beginning December 1, 2017. Payment of debt service on Series 2017 Warrants not in Book-Entry Only form shall be made by check or draft or, at the request of the holder of the Series 2017 Warrants in an aggregate principal amount of not less than \$100,000 accompanied by adequate written instructions, by wire transfer, provided that payment of principal of Series 2017 Warrants shall be made only upon surrender of such Warrants at the office of the Paying Agent, Wilmington Trust, National Association, Birmingham, Alabama. So long as DTC or its nominee is the registered owner of the Series 2017 Warrants, disbursement of such payments to DTC is the responsibility of the Paying Agent, disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owner is the responsibility of DTC Participants or Indirect Participants as more fully described herein.

**The Series 2017 Warrants will constitute general obligations of the City for the payment of which its full faith and credit are irrevocably pledged. In addition, the City will pledge and assign to the payment of debt service on the Series 2017 Warrants a portion of the proceeds of a special privilege, license and excise tax (commonly called sales and use tax) collected from persons within the corporate limits of the City. The pledge thereof in favor of the Series 2017 Warrants will be on a parity of lien with the pledge thereof for the benefit of certain obligations heretofore issued by the City. The City will reserve the right to issue additional parity obligations subject to the terms and conditions of the Warrant Ordinances. See "SECURITY AND SOURCE OF PAYMENT OF THE SERIES 2017 WARRANTS".**

The scheduled payment of principal of and interest on the Series 2017 Warrants when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2017 Warrants by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.




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**FOR MATURITIES, AMOUNTS, RATES, PRICES, AND CUSIP NUMBERS, SEE INSIDE COVER.**

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The Series 2017 Warrants are offered when, as and if issued, subject to approval of validity by Bond Counsel, Maynard, Cooper & Gale, P.C., Birmingham, Alabama. Certain legal matters will be passed on by Disclosure Counsel, Maynard, Cooper & Gale, P.C., Birmingham, Alabama. It is expected that the Series 2017 Warrants in definitive form will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about June 29, 2017.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



The date of this Official Statement is June 16, 2017.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Series 2017 Warrants or the advisability of investing in the Series 2017 Warrants. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “Bond Insurance” and “Appendix G - Specimen Municipal Bond Insurance Policy”.

## CITY OF ALBARTVILLE, ALABAMA

### **\$40,600,000** General Obligation Warrants, Series 2017-A

#### MATURITIES, AMOUNTS, RATES, PRICES, AND CUSIP NUMBERS

Maturity	Principal Amount	Interest Rate	Yield	CUSIP <sup>(1)</sup>	Maturity	Principal Amount	Interest Rate	Yield	CUSIP <sup>(1)</sup>
2018	\$1,255,000	2.000%	1.100%	013122 SK3	2030	\$1,605,000	4.000%	2.390%	013122 SX5
2019	1,180,000	2.000	1.260	013122 SL1	2031	2,005,000	3.000	3.110	013122 SY3
2020	1,205,000	2.000	1.410	013122 SM9	2032	2,065,000	3.000	3.160	013122 SZ0
2021	1,230,000	2.000	1.580	013122 SN7	2033	2,130,000	3.000	3.190	013122 TA4
2022	1,255,000	2.000	1.630	013122 SP2	2034	2,195,000	3.000	3.220	013122 TB2
2023	1,280,000	3.000	1.850	013122 SQ0	2035	2,260,000	3.125	3.280	013122 TC0
2024	1,315,000	3.000	1.960	013122 SR8	2036	2,330,000	3.125	3.310	013122 TD8
2025	1,355,000	2.500	2.160	013122 SS6	2037	2,405,000	3.250	3.400	013122 TE6
2026	1,390,000	2.500	2.330	013122 ST4	2038	2,480,000	3.250	3.470	013122 TF3
2027	1,425,000	4.000	2.090	013122 SU1	2039	2,560,000	3.375	3.540	013122 TG1
2028	1,480,000	4.000	2.250	013122 SV9	2040	2,655,000	3.375	3.560	013122 TH9
2029	1,540,000	4.000	2.300	013122 SW7					

### **\$775,000** General Obligation Warrants, Series 2017-B (Federally Taxable)

#### MATURITIES, AMOUNTS, RATES, PRICES, AND CUSIP NUMBERS

Maturity	Principal Amount	Interest Rate	Yield	CUSIP <sup>(1)</sup>
2018	\$150,000	2.000%	1.730%	013122 TJ5
2019	150,000	2.000	1.770	013122 TK2
2020	155,000	1.900	2.000	013122 TL0
2021	160,000	2.100	2.200	013122 TM8
2022	160,000	2.250	2.350	013122 TN6

### **\$6,130,000** General Obligation Warrants, Series 2017-C

#### MATURITIES, AMOUNTS, RATES, PRICES, AND CUSIP NUMBERS

Maturity	Principal Amount	Interest Rate	Yield	CUSIP <sup>(1)</sup>	Maturity	Principal Amount	Interest Rate	Yield	CUSIP <sup>(1)</sup>
2018	\$305,000	2.000%	1.100%	013122 TP1	2025	\$515,000	2.500%	2.160%	013122 TW6
2019	295,000	2.000	1.260	013122 TQ9	2026	530,000	2.500	2.330	013122 TX4
2020	305,000	2.000	1.410	013122 TR7	2027	540,000	4.000	2.090	013122 TY2
2021	410,000	2.000	1.580	013122 TS5	2028	565,000	4.000	2.250	013122 TZ9
2022	480,000	2.000	1.630	013122 TT3	2029	585,000	4.000	2.300	013122 UA2
2023	490,000	3.000	1.850	013122 TU0	2030	610,000	4.000	2.390	013122 UB0
2024	500,000	3.000	1.960	013122 TV8					

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**CITY OF ALBERTVILLE**

**MAYOR**

*Honorable Tracy Honea*

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**CITY COUNCIL**

*Nathan Broadhurst, President  
Ben McGowan, President Pro Tem  
Jill Oakley  
Charles Bailey  
Carolyn Crump*

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**CITY CLERK / TREASURER**

*Phyllis Webb*

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**BOND COUNSEL**

*Maynard, Cooper & Gale, P.C.  
Birmingham, Alabama*

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**UNDERWRITER**

*INTL FCStone Financial Inc.  
Mobile, Alabama*

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## OFFICIAL STATEMENT

### Regarding CITY OF ALBERTVILLE, ALABAMA

**\$40,600,000**  
**General Obligation Warrants,**  
**Series 2017-A**

**\$775,000**  
**General Obligation Warrants,**  
**Series 2017-B (Federally Taxable)**

**\$6,130,000**  
**General Obligation Warrants,**  
**Series 2017-C**

## INTRODUCTION

### General

This Official Statement is furnished in connection with the issuance of the Series 2017-A Warrants referred to above (the “Series 2017-A Warrants”), the Series 2017-B Warrants referred to above (the “Series 2017-B Warrants”) and the Series 2017-C Warrants referred to above (the “Series 2017-C Warrants”) by the City of Albertville (the “City”). The Series 2017-A Warrants, the Series 2017-B Warrants and the Series 2017-C Warrants are hereinafter collectively referred to as the “Series 2017 Warrants” or the “Warrants”.

The City is a municipal corporation organized under the laws of the State of Alabama. The Series 2017 Warrants will be issued pursuant to separate ordinances (the “Series 2017 Warrant Ordinances”) adopted by the governing body of the City.

The Series 2017 Warrants will constitute general obligations of the City for the payment of which its full faith and credit are irrevocably pledged. In addition, the City will pledge and assign to the payment of debt service on the Series 2017 Warrants (a) the proceeds of an existing special privilege, license and excise tax (commonly called sales and use tax), after deducting the portion allocated and earmarked to the Albertville Board of Education and costs of collection, collected from persons within the corporate limits of the City (the “Original Pledged Tax Proceeds”) and (b) the proceeds of a newly levied special privilege, license and excise tax (commonly called sales and use tax), after deducting costs of collection, collected from persons within the corporate limits of the City (the “Supplemental Pledged Tax Proceeds”, together with the Original Pledged Tax Proceeds, the “Pledged Tax Proceeds”). The pledge and assignment of the Original Pledged Tax Proceeds in favor of the Series 2017 Warrants shall be on a parity of lien with the pledge thereof for the benefit of certain outstanding obligations of the City. The City will reserve the right to issue additional parity obligations subject to the terms and conditions of the Warrant Ordinance. See “SECURITY AND SOURCE OF PAYMENT.”

For information regarding the tax treatment of the Series 2017 Warrants, see “TAX MATTERS RELATING TO SERIES 2017-A WARRANTS”, “TAX MATTERS RELATING TO SERIES 2017-B WARRANTS” and “TAX MATTERS RELATING TO SERIES 2017-C WARRANTS”.

The Series 2017 Warrants are being issued for the purpose of (i) financing the acquisition and construction of certain park and recreation facility improvements in the City, (ii) refunding certain outstanding indebtedness of the City and (iii) paying the costs of issuing the Series 2017 Warrants. See “THE PLAN OF FINANCING”.

The Series 2017 Warrants are subject to optional and mandatory redemption at the times and under the circumstances set forth herein. See “DESCRIPTION OF THE WARRANTS - Redemption Prior to Maturity”. The Series 2017 Warrants are being offered in the denomination of \$5,000 or any multiple thereof and may be transferred and exchanged subject to certain terms and conditions set forth herein. See “DESCRIPTION OF THE WARRANTS”.

The scheduled payment of principal of and interest on the Series 2017 Warrants when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2017 Warrants by Build America Mutual Assurance Company (the “Insurer” or “BAM”). See “BOND INSURANCE”.

The City has covenanted to undertake certain continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING DISCLOSURE”.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. For further information during the initial offering period with respect to the Series 2017 Warrants, contact David Langham, INTL FCStone Financial Inc., 107 St Francis St Suite 990, Mobile, AL 36602, Telephone: 251-402-8912.

### **Changes to the Preliminary Official Statement**

The City previously distributed a Preliminary Official Statement dated June 12, 2017, as supplemented on June 13, 2017. The Preliminary Official Statement omitted selling compensation, delivery dates, and certain other information dependent on pricing of the Series 2017 Warrants. Further, for purposes of the Preliminary Official Statement, offering prices, interest rates, aggregate principal amount, principal amount per maturity, and certain other information dependent on pricing of the Series 2017 Warrants was estimated. Actual information dependent on pricing is reflected in this final Official Statement.

The Preliminary Official Statement indicated the dated date of the Series 2017 Warrants would be June 1, 2017. The Series 2017 Warrants instead will be dated their date of delivery (i.e., June 29, 2017).

Except for the change of the dated date of the Series 2017 Warrants from June 1, 2017 to their date of delivery, correction of certain non-material typographical errors and information dependent on pricing, no information in this final Official Statement differs from the information contained in the Preliminary Official Statement.

### **GLOSSARY OF TERMS USED IN OFFICIAL STATEMENT**

Certain capitalized terms used frequently in this Official Statement are defined in this section of the Official Statement.

“**City**” means the City of Albertville, a municipal corporation under the laws of the State of Alabama.

“**Insurer**” or “**BAM**” means Build America Mutual Assurance Company.

“**Internal Revenue Code**” means whichever of the following shall be applicable in the context: the Internal Revenue Code of 1986, as amended, the Internal Revenue Code of 1954, as amended, and the transition rules of related legislation.

“**Original Pledged Tax Proceeds**” means the proceeds of the Original Sales Tax, after deducting the portion allocated and earmarked to the Albertville Board of Education and the costs of collection, collected from persons within the corporate limits of the City.

“**Original Sales Tax**” means the existing special privilege, license and excise taxes (commonly called sales and use taxes) levied by the City within its police jurisdiction and described under “SECURITY AND SOURCE OF PAYMENT – Description of Original Sales Tax”.

“**Paying Agent**” means Wilmington Trust, National Association, Birmingham, Alabama, which is the paying agent and registrar for the Series 2017 Warrants.

“**Pledged Tax Proceeds**” shall mean, collectively, the Original Pledged Tax Proceeds and the Supplemental Pledged Tax Proceeds.

“**Policy**” means the municipal bond insurance policy issued by the Insurer insuring the payment when due of the principal of and interest on the Series 2017 Warrants.

“**Prior Parity Obligations**” means the City’s General Obligation Warrants, Series 2013-A (Tax-Exempt), General Obligation Warrants, Series 2014-B (Taxable) and General Obligation Warrants, Series 2016-A.



**“Series 2017 Warrants”** or **“Warrants”** means, collectively, the Series 2017-A Warrants, the Series 2017-B Warrants and the Series 2017-C Warrants.

**“Series 2017-A Warrants”** means the City’s General Obligation Warrants, Series 2017-A, which are being offered by this Official Statement.

**“Series 2017-A Warrant Ordinance”** means the ordinance adopted by the governing body of the City authorizing the issuance of the Series 2017-A Warrants.

**“Series 2017-B Warrants”** means the City’s General Obligation Warrants, Series 2017-B (Federally Taxable), which are being offered by this Official Statement.

**“Series 2017-B Warrant Ordinance”** means the ordinance adopted by the governing body of the City authorizing the issuance of the Series 2017-B Warrants.

**“Series 2017-C Warrants”** means the City’s General Obligation Warrants, Series 2017-C, which are being offered by this Official Statement.

**“Series 2017-C Warrant Ordinance”** means the ordinance adopted by the governing body of the City authorizing the issuance of the Series 2017-C Warrants.

**“Supplemental Pledged Tax Proceeds”** means the proceeds of the Supplemental Sales Tax, after deducting costs of collection, collected from persons within the corporate limits of the City.

**“Supplemental Sales Tax”** means the special privilege, license and excise taxes (commonly called sales and use taxes) newly levied by the City within its police jurisdiction and described under “SECURITY AND SOURCE OF PAYMENT – Description of Supplemental Sales Tax”.

**“Warrant Ordinances”** means, collectively, the Series 2017-A Warrant Ordinance, the Series 2017-B Warrant Ordinance and the Series 2017-C Warrant Ordinance.

## **DESCRIPTION OF THE WARRANTS**

### **General Provisions**

The Series 2017 Warrants will be fully registered warrants in the denomination of \$5,000 or any multiple thereof, will be dated their date of delivery, and will be numbered separately from 1 upward.

The Series 2017 Warrants will mature annually on June 1 in the amounts and years set forth on the inside cover page hereof. The Series 2017 Warrants will bear interest at the applicable per annum rates set forth on the inside cover page hereof. All Series 2017 Warrants with the same maturity will bear interest at the same rate. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest on the Series 2017 Warrants will be payable on each June 1 and December 1, beginning December 1, 2017.

### **Method and Place of Payment**

The Warrants will be issued in book-entry only form, as described below under “Book-Entry Only System”, and the method and place of payment will be as provided in the book-entry only system. The provisions set forth in this section below will apply in the event that the use of the Book-Entry Only System for the Warrants is discontinued.

Payment of interest due on each interest payment date will be made by check or draft mailed on such interest payment date to the persons who were registered holders of the Warrants on the regular record date for such interest payment date, which will be the 15th day of the month preceding such interest payment date. Payment of the principal of (and premium, if any, on) the Warrants and payment of accrued interest due upon redemption on any

date other than an interest payment date will be made only upon surrender of the Warrants at the principal office of the Paying Agent (Wilmington Trust, National Association) in Birmingham, Alabama.

The holder of Warrants in an aggregate principal amount of \$100,000 or more may, upon the terms and conditions of the Warrant Ordinance, request payment of debt service by wire transfer to an account of such holder maintained at a bank in the continental United States or by any other method providing for payment in same-day funds that is acceptable to the Paying Agent.

### **Redemption Prior to Maturity**

**Series 2017-A Warrants.** The Series 2017-A Warrants are subject to redemption prior to their maturity as follows:

***Optional Redemption.*** Series 2017-A Warrants maturing on June 1, 2023 or thereafter, or any smaller principal amount of such Series 2017-A Warrants that is a multiple of the smallest authorized denomination, may be redeemed at the option of the City on June 1, 2022 or any date thereafter at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date.

***Mandatory Redemption of Term Warrants.*** The Series 2017-A Warrants are not subject to scheduled mandatory redemption prior to maturity.

**Series 2017-B Warrants.** The Series 2017-B Warrants are not subject to optional or scheduled mandatory redemption prior to maturity.

**Series 2017-C Warrants.** The Series 2017-C Warrants are subject to redemption prior to their maturity as follows:

***Optional Redemption.*** Series 2017-C Warrants maturing on June 1, 2023 or thereafter, or any smaller principal amount of such Series 2017-C Warrants that is a multiple of the smallest authorized denomination, may be redeemed at the option of the City on June 1, 2022 or any date thereafter at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date.

***Mandatory Redemption of Term Warrants.*** The Series 2017-C Warrants are not subject to scheduled mandatory redemption prior to maturity.

### **Other Matters Related to Redemption Prior to Maturity**

If less than all Series 2017 Warrants outstanding are to be redeemed, the particular Series 2017 Warrants to be redeemed may be specified by the City by written notice to the Paying Agent, or, in the absence of timely receipt by the Paying Agent of such notice, shall be selected by the Paying Agent by lot or by such other method as the Paying Agent shall deem fair and appropriate; provided, however, that (i) the principal amount of Series 2017 Warrants of each maturity to be redeemed must be a multiple of the smallest authorized denomination of Series 2017 Warrants, and (ii) if less than all Series 2017 Warrants with the same stated maturity are to be redeemed, the Series 2017 Warrants of such maturity to be redeemed shall be selected by lot by the Paying Agent.

Any redemption will be made upon at least 30 days' notice by registered or certified mail to the holders of Series 2017 Warrants to be redeemed.

If a trust is established for payment of less than all Series 2017 Warrants of a particular maturity, the Series 2017 Warrants of such maturity to be paid from the trust shall be selected by the Paying Agent within 7 days after such trust is established and shall be identified by a separate CUSIP number or other designation satisfactory to the Paying Agent. The Paying Agent shall notify holders whose Series 2017 Warrants (or portions thereof) have been selected for payment from such trust and shall direct such holders to surrender their Series 2017 Warrants to the Paying Agent in exchange for Series 2017 Warrants with the appropriate designation.

Upon any partial redemption of a Series 2017 Warrant, such Series 2017 Warrant shall be surrendered to the Paying Agent in exchange for one or more new Series 2017 Warrants in authorized form for the unredeemed portion of principal.

**Any Series 2017 Warrant (or portion thereof) which is to be redeemed must be surrendered to the Paying Agent for payment of the redemption price. Series 2017 Warrant (or portions thereof) duly called for redemption will cease to bear interest after the redemption date, unless the City defaults in payment of the redemption price.**

### **Registration and Exchange**

The Warrants will be issued in book-entry only form, as described below under “Book-Entry Only System”, and the method for registration and exchange of the Warrants will be as provided in the book-entry only system. The provisions set forth in this section below will apply in the event that the use of the Book-Entry Only System for the Warrants is discontinued.

The Warrants are transferable only on the warrant register maintained at the principal office of the Paying Agent. Upon surrender of a Warrant to be transferred, properly endorsed, a new Warrant will be issued to the designated transferee.

The Warrants will be issued in denominations of \$5,000 or any multiple thereof and, subject to the provisions of the Warrant Ordinance, may be exchanged for a like aggregate principal amount of Warrants, of any authorized denominations and of the same maturity, as requested by the holder surrendering the same.

No service charge shall be made for any transfer or exchange, but the City may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

### **Book-Entry Only System**

The Warrants will be issued in book-entry only form, as described more particularly in Appendix C to this Official Statement.

### **Authority for Issuance**

The Warrants are being issued by the City under the authority of the constitution and laws of the State of Alabama, including particularly Amendment No. 772 to the Constitution of Alabama of 1901 and Section 11-47-2 of the Code of Alabama (1975). Pursuant to Amendment No. 772 to the Constitution of Alabama of 1901, the City may become indebted, and may issue warrants to evidence such indebtedness, in principal amount not exceeding 50% of the assessed value of the taxable property located within its corporate limits in order to secure funds for any of the economic and industrial development powers or authorities granted by such amendment.

## **SECURITY AND SOURCE OF PAYMENT**

### **General**

The Series 2017 Warrants will be general obligations of the City, for the payment of which the full faith and credit of the City will be irrevocably pledged. In addition, the City will pledge and assign the Pledged Tax Proceeds referred to below to the payment of debt service on the Series 2017 Warrants. The pledge and assignment of the portion of the Pledged Tax Proceeds constituting the Original Pledged Tax Proceeds will be on an equal and proportionate basis and parity of lien with the pledge thereof in favor of the Prior Parity Obligations. The Supplemental Pledged Tax Proceeds are not pledged to the Prior Parity Obligations.

The City will reserve the right to issue additional parity obligations secured by the Pledged Tax Proceeds subject to the terms and conditions of the Warrant Ordinances.

**The pledge of the Pledged Tax Proceeds is subject to the law-imposed requirement that, if necessary, the proceeds of the Pledged Tax Proceeds must first be used to pay the necessary and legitimate governmental expenses of operating the City.**

In addition to the Pledged Tax Proceeds, the City has other revenues available for payment of debt service on the Series 2017 Warrants, including business license taxes, certain ad valorem taxes, TVA payments in lieu of taxes and revenues from the operation of certain City-owned enterprises (such as garbage collection fees) and other general revenues of the City. None of such legally available revenues are, however, specially pledged for payment of debt service on the Series 2017 Warrants.

Under current law, the City generally has the power to adjust the rate at which it levies sales and use taxes and business license fees, but not ad valorem taxes, within the City without action on the part of the Alabama Legislature. See Appendix A - "FINANCIAL SYSTEM OF THE CITY".

### **Description of Pledged Tax Proceeds**

***Original Pledged Tax Proceeds.*** Act No. 917 adopted by the Alabama Legislature at the 1969 Regular Session ("Act No. 917") authorizes the governing body of the City to levy privilege, license or excise taxes, which are commonly called sales and use taxes, within the police jurisdiction of the City. On January 26, 1985, the governing body of the City adopted an ordinance (as amended from time to time, the "Original Sales Tax Ordinance") levying the Original Sales Tax referred to below within the City's police jurisdiction, pursuant to the authority granted to the City by Act No. 917, which ordinance is still in force and effect, as amended. On February 18, 1985, the governing body of the City adopted an ordinance providing that eighty percent (80%) of one-third of the Original Sales Tax (which at that time, amounted to 80% of one cent of the general sales and use tax) authorized to be levied by the City pursuant to the Original Sales Tax Ordinance be designated and set aside for use for funding the Albertville Board of Education's school system. On December 15, 1997, the governing body of the City adopted an ordinance further amending the Original Sales Tax Ordinance by increasing the existing sales and use tax, generally from three cents to four cents, and providing that seventy percent (70%) of the additional one-cent sales and use tax be designated and set aside for the Albertville Board of Education. The total taxes levied by the City within its police jurisdiction pursuant to the Original Sales Tax Ordinance (including the portions allocated and earmarked to the Albertville Board of Education) are hereby collectively referred to as the "Original Sales Tax", and the net proceeds of the Original Sales Tax, after deducting the portion allocated and earmarked to the Albertville Board of Education and the costs of collection, collected from persons within the corporate limits of the City are herein referred to as the "Original Pledged Tax Proceeds".

The Original Sales Tax generally parallels the State-wide sales and use taxes levied by the State of Alabama and consists of (i) a privilege or license (commonly called sales) tax on persons engaged in the business of selling at retail in the City any tangible personal property or in the business of conducting or operating places of amusement or entertainment in the City, generally measured by the gross receipts or sales of such businesses, and (ii) an excise (commonly called use) tax on the storage, use or other consumption of tangible personal property in the City, generally measured by the sales price of the property. The excise or use tax complements the sales tax and applies only where property placed in use was not purchased in a retail sale in which the sales tax was collected.

The general rate for the Original Sales Tax is 4% of the gross receipts or sales price for sales occurring within the municipal limits of the City (2% in the police jurisdiction of the City but outside its municipal limits). The Original Sales Tax Ordinance incorporates by reference the definitions, exemptions, deductions and certain other provisions of the State-wide sales and use tax laws.

The City (like many municipalities and counties in the State of Alabama) contracts with Revenue Discovery Systems ("RDS"), a division of PRA Government Services, LLC (a private company), to collect and remit the Original Sales Tax for the City for a small administrative fee, which is deducted prior to collections being remitted to the City. The amount of Original Sales Tax collected by RDS, after deducting the cost of collection, is paid to the Treasurer of the City.

***Supplemental Pledged Tax Proceeds.*** On May 1, 2017, the governing body of the City adopted an ordinance (the "Supplemental Sales Tax Ordinance") levying the Supplemental Sales Tax referred to below within the City's police jurisdiction, pursuant to the authority granted to the City by Act No. 917, which ordinance is still in

force and effect. The total taxes levied by the City within its police jurisdiction pursuant to the Supplemental Sales Tax Ordinance are hereby collectively referred to as the “Supplemental Sales Tax”, and the net proceeds of the Supplemental Sales Tax, after deducting the costs of collection, collected from persons within the corporate limits of the City are herein referred to as the “Supplemental Pledged Tax Proceeds”.

The Supplemental Sales Tax generally parallels the State-wide sales and use taxes levied by the State of Alabama and consists of (i) a privilege or license (commonly called sales) tax on persons engaged in the business of selling at retail in the City any tangible personal property or in the business of conducting or operating places of amusement or entertainment in the City, generally measured by the gross receipts or sales of such businesses, and (ii) an excise (commonly called use) tax on the storage, use or other consumption of tangible personal property in the City, generally measured by the sales price of the property. The excise or use tax complements the sales tax and applies only where property placed in use was not purchased in a retail sale in which the sales tax was collected.

The general rate for the Supplemental Sales Tax is 1% of the gross receipts or sales price for sales occurring within the municipal limits of the City (0.5% in the police jurisdiction of the City but outside its municipal limits). The Supplemental Sales Tax Ordinance incorporates by reference the definitions, exemptions, deductions and certain other provisions of the State-wide sales and use tax laws.

The City will contract with RDS to collect and remit the Supplemental Sales Tax for the City for a small administrative fee, which will be deducted prior to collections being remitted to the City. The amount of Supplemental Sales Tax collected by RDS, after deducting the cost of collection, will be paid to the Treasurer of the City.

#### **Historical Collection of Original Sales Tax and Original Pledged Tax Proceeds**

The amount of Original Sales Tax proceeds and the amount of Original Pledged Tax Proceeds received by the City during each of the last 8 fiscal years is shown below.

<b>Fiscal Year Ended September 30</b>	<b>Amount of Original Sales Tax</b>	<b>Amount of Original Pledged Tax Proceeds</b>
2016	\$11,564,704	\$7,758,892
2015	10,919,752	7,374,546
2014	10,218,234	6,872,000
2013	9,043,917	5,878,270
2012	9,399,663	6,109,792
2011	8,729,144	5,505,800
2010	8,493,192	5,446,892
2009	8,052,170	5,123,225

The Series 2017 Warrants will not be secured by a pledge and assignment of all of the Original Sales Tax, just that portion constituting the Original Pledged Tax Proceeds.

The above table does not deduct the amount of Original Sales Tax collected from within the police jurisdiction of the City but outside its corporate limits, which the City estimates does not exceed 2% of such collections. The Series 2017 Warrants will not be secured by any Original Sales Tax collected from within the police jurisdiction of the City but outside its corporate limits.

Information concerning coverage of debt service on the Series 2017 Warrants by the Pledged Tax Proceeds is set forth in “DEBT SERVICE REQUIREMENTS AND COVERAGE”.

#### **Projected Collection of Supplemental Pledged Tax Proceeds**

The City expects to begin collecting the Supplemental Sales Tax within the next 90 days. Based solely on the historical collections of the Original Sales Tax, the City estimates that if the Supplemental Sales Tax had been in effect for the entire fiscal year of the City ending September 30, 2016, the Supplemental Pledged Tax Proceeds would have been not less than \$3,000,000 for such fiscal year, without deducting the amount to be collected from

within the police jurisdiction of the City but outside its corporate limits, which the City estimates does not exceed 2% of such collections.

Information concerning coverage of debt service on the Series 2017 Warrants by the Pledged Tax Proceeds is set forth in “DEBT SERVICE REQUIREMENTS AND COVERAGE”.

### **Disposition of Pledged Tax Proceeds**

Pursuant to each of the Warrant Ordinances, the City will establish a special debt service fund (a “Debt Service Fund”) which will be held by the Paying Agent. Money deposited in the Debt Service Funds is to be used exclusively for the payment of debt service on the Series 2017 Warrants. The City will be required to make monthly deposits into the Debt Service Funds from the Pledged Tax Proceeds generally equal to 1/6 of the interest coming due on the Series 2017 Warrants on the next interest payment date (semiannual) plus 1/12 of the principal maturing on the Series 2017 Warrants on the next principal payment date (annual).

### **Issuance of Parity Obligations**

***Parity Pledge of Pledged Tax Proceeds.*** In each of the Warrant Ordinances, the City will reserve the right to issue warrants or other obligations (“Parity Obligations”) for any lawful purpose, without limit as to aggregate principal amount, payable from and secured by a pledge of the Pledged Tax Proceeds equally and ratably with the Series 2017 Warrants and the Prior Parity Obligations. Prior to the issuance of such Parity Obligations the City must, among other things, file with the Paying Agent a certificate by the Mayor and City Treasurer stating that the amount of Pledged Tax Proceeds received by the City during the then preceding fiscal year is not less than 125% of the maximum aggregate amount payable during the then current or any subsequent fiscal year as to principal of and interest on the Series 2017 Warrants, the Prior Parity Obligations, any Parity Obligations then outstanding and secured by a parity pledge of all or a portion of the Pledged Tax Proceeds, and the Parity Obligations proposed to be issued.

***Parity Pledge of Supplemental Pledged Tax Proceeds.*** In each of the Warrant Ordinances, the City will reserve the right to issue Parity Obligations for any lawful purpose, without limit as to aggregate principal amount, payable from and secured by a parity pledge of the Supplemental Pledged Tax Proceeds, but not the Original Pledged Tax Proceeds, equally and ratably with the Series 2017 Warrants. Prior to the issuance of such Parity Obligations the City must, among other things, file with the Paying Agent a certificate by the Mayor and City Treasurer stating that the amount of the Supplemental Pledged Tax Proceeds received by the City during the then preceding fiscal year is not less than 125% of the maximum aggregate amount payable during the then current or any subsequent fiscal year as to principal of and interest on the Series 2017 Warrants, any Parity Obligations then outstanding and secured by a parity pledge of the Supplemental Pledged Tax Proceeds and the Parity Obligations proposed to be issued.

### **Remedies**

The Treasurer of the City is, under existing law, subject to mandamus in the event that such officer has money available for payment of debt service on the Series 2017 Warrants and does not apply such money as and to the extent provided in the Warrant Ordinances. Rights of the holders of the Series 2017 Warrants and the enforceability thereof may also be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and the exercise of judicial discretion in appropriate cases, including the law-imposed requirement that the City may first use its taxes and other revenues to pay the expenses of providing necessary governmental services before paying debt service on the Series 2017 Warrants.

The City has never defaulted in the payment of debt service on its bonds, warrants or other funded indebtedness, nor has it ever refunded any funded indebtedness for the purpose of preventing or avoiding such a default.

### **The United States Bankruptcy Code**

Chapter 9 of the United States Bankruptcy Code permits municipal corporations, political subdivisions and public agencies or instrumentalities, including the City, that are insolvent or unable to meet their debts to file

petitions for relief in the federal bankruptcy courts if authorized by state law. Prospective purchasers of the Series 2017 Warrants should assume that existing Alabama statutes presently authorize the City and other political subdivisions in Alabama to file such petitions for relief.

Bankruptcy proceedings by the City could have adverse effects on holders of the Series 2017 Warrants, including (i) delay in the enforcement of their remedies, (ii) subordination of their claims to the claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (iii) imposition without their consent of a reorganization plan reducing or delaying payment on the Series 2017 Warrants. Such a reorganization plan, when confirmed by the bankruptcy court, binds all creditors who had timely notice or actual knowledge of the petition or plan and discharges all claims against the petitioning political subdivision provided for in the plan. No plan may, however, be confirmed by the court unless, among other conditions, either the plan has been accepted in writing by 2/3 in amount and more than 50% in number of the allowed claims of each class which is impaired by the plan, or the court finds that the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims that is impaired under, and has not accepted, the plan.

## **BOND INSURANCE**

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Series 2017 Warrants (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Series 2017 Warrants when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). On June 6, 2017, S&P placed its financial strength rating on BAM on CreditWatch with negative implications. If S&P determines that a downgrade of BAM is appropriate, it does not expect to lower BAM’s ratings by more than one notch. An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2017 Warrants, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2017 Warrants. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2017 Warrants on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2017 Warrants, nor does it guarantee that the rating on the Series 2017 Warrants will not be revised or withdrawn.

### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2017 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$504.2 million, \$71.5 million and \$432.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2017 Warrants or the advisability of investing in the Series 2017 Warrants. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

### *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [buildamerica.com/creditinsights/](http://buildamerica.com/creditinsights/). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at [buildamerica.com/obligor/](http://buildamerica.com/obligor/). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2017 Warrants, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2017 Warrants, whether at the initial offering or otherwise.

## **CONSENT RIGHTS OF THE INSURER**

As long as the Insurer is not then in default on the Policy, the Insurer shall be deemed to be the sole holder of such Series 2017 Warrants insured by it for all purposes of the Warrant Ordinances and under Alabama law, including, without limitation, exercising rights and remedies of the holder of the Series 2017 Warrants.



## **THE PLAN OF FINANCING**

### **General**

The Series 2017 Warrants are being issued for the purpose of (i) financing various capital improvements to the municipal facilities of the City, (ii) refunding certain outstanding debt of the City, and (iii) paying the costs of issuing the Series 2017 Warrants. The City, however, has reserved the right under the Series 2017 Warrant Ordinances to use the proceeds of the Series 2017 Warrants for other legally permissible purposes.

### **Series 2017-A Warrants**

The Series 2017-A Warrants are being issued for the purpose of (i) financing certain public park and recreation facilities in the City (the “Public Park Improvements”) and certain public road improvements (the “Road Improvements”) in the City and (ii) paying the costs of issuing the Series 2017-A Warrants.

### **Series 2017-B Warrants**

The Series 2017-B Warrants are being issued for the purpose of (i) paying an outstanding obligation of the City to the Albertville City Board of Education (the “School Board Obligation”) and (ii) paying the costs of issuing the Series 2017-B Warrants.

### **Series 2017-C Warrants**

The Series 2017-C Warrants are being issued for the purpose of (i) refunding, on an advance basis, all of the City’s outstanding General Obligation Warrants, Series 2014-A (Tax-Exempt) (the “Refunded Warrants”), which are presently outstanding in the aggregate principal amount of \$5,795,000, and (ii) paying the costs of issuing the Series 2017-C Warrants.

In order to effect the refunding of the Refunded Warrants, the City will enter into an escrow trust agreement (the “Escrow Agreement”) simultaneously with the issuance of the Series 2017-C Warrants. Pursuant to the Escrow Agreement, the City will establish an irrevocable trust fund for the benefit of the holders of the Refunded Warrants (the “Escrow Fund”) and the City will deposit therein a portion of the proceeds of the Series 2017-C Warrants. The amount so deposited in the Escrow Fund will be used to purchase certain United States government securities (the “Escrow Securities”). The cash flow from the Escrow Securities, without reinvestment, when added to any uninvested cash in the Escrow Fund, will be sufficient to pay (i) the principal and interest requirements on the Refunded Warrants from (and including) December 1, 2017 through December 1, 2022 and (ii) the redemption price (principal and accrued interest) of the Refunded Warrants maturing in 2023 and thereafter, which will be called for redemption on December 1, 2022. After the Escrow Fund is established, the Refunded Warrants will no longer be considered outstanding.

## SOURCES AND USES OF FUNDS

### Series 2017-A Warrants

The expected sources and uses of funds for the plan of financing relating to the Series 2017-A Warrants are as follows:

#### Sources of Funds

Principal amount of Series 2017-A Warrants .....	\$40,600,000.00
Plus: net original issue premium .....	<u>182,953.75</u>
Total .....	<u>\$40,782,953.75</u>

#### Uses of Funds

Cost of Public Park Improvements .....	\$32,512,315.24
Cost of Road Improvements .....	7,487,684.76
Expenses of issuance (including underwriter's discount, legal, accounting, insurance premium, and other issuance expenses) .....	<u>782,953.75</u>
Total .....	<u>\$40,782,953.75</u>

### Series 2017-B Warrants

The expected sources and uses of funds for the plan of financing relating to the Series 2017-B Warrants are as follows:

#### Sources of Funds

Principal amount of Series 2017-B Warrants .....	\$775,000.00
Less: original issue discount .....	<u>767.10</u>
Total .....	<u>\$774,232.90</u>

#### Uses of Funds

Payment of School Board Obligation .....	750,000.00
Expenses of issuance (including underwriter's discount, legal, accounting, insurance premium, and other issuance expenses) .....	<u>24,232.90</u>
Total .....	<u>\$774,232.90</u>

### Series 2017-C Warrants

The expected sources and uses of funds for the plan of financing relating to the Series 2017-C Warrants are as follows:

#### Sources of Funds

Principal amount of Series 2017-C Warrants .....	\$6,130,000.00
Plus: original issue premium .....	<u>274,778.85</u>
Total .....	<u>\$6,404,778.85</u>

#### Uses of Funds

Refunding of Refunded Warrants .....	6,275,579.18
Expenses of issuance (including underwriter's discount, legal, accounting, insurance premium, and other issuance expenses) .....	<u>129,199.67</u>
Total .....	<u>\$6,404,778.85</u>

## DEBT SERVICE REQUIREMENTS AND COVERAGE

### Debt Service Requirements

The following table contains debt service requirements on the Series 2017-A Warrants, the Series 2017-B Warrants, the Series 2017-C Warrants and the Prior Parity Obligations. For a description of the debt service requirements on all general obligation indebtedness of the City, see “DEBT MANAGEMENT—Debt Service Requirements on General Obligation Debt” in Appendix A.

Fiscal Year 9/30	Series 2017-A Warrants		Series 2017-B Warrants		Series 2017-C Warrants		Prior Parity Obligations <sup>(1)(2)</sup>	Total Parity Debt Service
	Principal <sup>(1)</sup>	Interest	Principal <sup>(1)</sup>	Interest	Principal <sup>(1)</sup>	Interest		
2018	\$1,255,000	\$1,144,507	\$150,000	\$14,668	\$305,000	\$169,435	\$1,108,561	\$4,147,171
2019	1,180,000	1,215,931	150,000	12,905	295,000	177,625	1,083,589	4,115,051
2020	1,205,000	1,192,331	155,000	9,905	305,000	171,725	1,083,205	4,122,166
2021	1,230,000	1,168,231	160,000	6,960	410,000	165,625	909,374	4,050,190
2022	1,255,000	1,143,631	160,000	3,600	480,000	157,425	867,805	4,067,461
2023	1,280,000	1,118,531	-	-	490,000	147,825	861,155	3,897,511
2024	1,315,000	1,080,131	-	-	500,000	133,125	774,725	3,802,981
2025	1,355,000	1,040,681	-	-	515,000	118,125	783,708	3,812,514
2026	1,390,000	1,006,806	-	-	530,000	105,250	781,801	3,813,857
2027	1,425,000	972,056	-	-	540,000	92,000	838,713	3,867,769
2028	1,480,000	915,056	-	-	565,000	70,400	819,594	3,850,050
2029	1,540,000	855,856	-	-	585,000	47,800	819,534	3,848,191
2030	1,605,000	794,256	-	-	610,000	24,400	818,338	3,851,994
2331	2,005,000	730,056	-	-	-	-	820,500	3,555,556
2032	2,065,000	669,906	-	-	-	-	821,300	3,556,206
2033	2,130,000	607,956	-	-	-	-	816,575	3,554,531
2034	2,195,000	544,056	-	-	-	-	816,325	3,555,381
2035	2,260,000	478,206	-	-	-	-	819,956	3,558,163
2036	2,330,000	407,581	-	-	-	-	817,456	3,555,038
2037	2,405,000	334,769	-	-	-	-	818,781	3,558,550
2038	2,480,000	256,606	-	-	-	-	818,838	3,555,444
2039	2,560,000	176,006	-	-	-	-	818,081	3,554,088
2040	2,655,000	89,606	-	-	-	-	-	2,744,606
Total	\$40,600,000	\$17,942,757	\$775,000	\$48,038	\$6,130,000	\$1,580,760	\$18,917,913	\$85,994,468

(1) For purposes of this table the principal amount of indebtedness to be retired in a fiscal year pursuant to mandatory redemption provisions is shown as maturing in that fiscal year.

(2) Includes debt service on the City's (i) General Obligation Warrants, Series 2013-A (Tax-Exempt), (ii) General Obligation Warrants, Series 2014-B (Taxable) and (iii) General Obligation Warrants, Series 2016-A.

## Coverage

The City presently uses the Pledged Tax Proceeds to finance the normal operations of the City. See “RESULTS OF OPERATIONS - Major Sources of General Fund Revenues”. Rights of the holders of the Series 2017 Warrants and the enforceability thereof may be subject to the law-imposed requirement that the City may first use its taxes and other revenues to pay the expenses of providing necessary governmental services before paying debt service on the Series 2017 Warrants. See “SECURITY AND SOURCE OF PAYMENT - Remedies”.

***Original Pledged Tax Proceeds.*** The maximum amount of principal and interest on the Series 2017 Warrants and the Prior Parity Obligations payable during any fiscal year is \$4,147,171, which is payable during the fiscal year ending September 30, 2018. The average annual amount of principal and interest payable on the Series 2017 Warrants and the Prior Parity Obligations is \$3,738,890. The amount of Original Pledged Tax Proceeds received by the City during fiscal year ended September 30, 2016 is \$7,758,892. Based on the foregoing data, coverage is calculated as follows:

Fiscal year 2016 Original Pledged Tax Proceeds are 1.871 times maximum annual debt service on the Series 2017 Warrants and the Prior Parity Obligations.

Fiscal year 2016 Original Pledged Tax Proceeds are 2.075 times average annual debt service on the Series 2017 Warrants and the Prior Parity Obligations.

***Original Pledged Tax Proceeds and Projected Supplemental Pledged Tax Proceeds.*** The maximum amount of principal and interest on the Series 2017 Warrants and the Prior Parity Obligations payable during any fiscal year is \$4,147,171, which is payable during the fiscal year ending September 30, 2018. The average annual amount of principal and interest payable on the Series 2017 Warrants and the Prior Parity Obligations is \$3,738,890. The amount of Original Pledged Tax Proceeds received by the City during fiscal year ended September 30, 2016 is \$7,758,892. The City will begin collecting the Supplemental Sales Tax within the next 90 days. Based solely on the historical collections of the Original Sales Tax, the City estimates that if the Supplemental Sales Tax had been in effect for the entire fiscal year of the City ending September 30, 2016, the projected Supplemental Pledged Tax Proceeds would have been not less than \$3,000,000 in such fiscal year, resulting in \$10,758,892 in projected total Pledged Tax Proceeds for such fiscal year. Based on the foregoing data, coverage is calculated as follows:

Fiscal year 2016 Original Pledged Tax Proceeds and Fiscal year 2016 Projected Supplemental Pledged Tax Proceeds are 2.594 times maximum annual debt service on the Series 2017 Warrants and the Prior Parity Obligations; provided, however, the Supplemental Pledged Tax Proceeds are not being pledged to the Prior Parity Obligations.

Fiscal year 2016 Original Pledged Tax Proceeds and Fiscal year 2016 Projected Supplemental Pledged Tax Proceeds are 2.878 times average annual debt service on the Series 2017 Warrants and the Prior Parity Obligations; provided, however, the Supplemental Pledged Tax Proceeds are not being pledged to the Prior Parity Obligations.

## THE CITY

The City of Albertville is a municipal corporation organized under the laws of the State of Alabama. For information on the City of Albertville, see “Appendix A - Information on City of Albertville”.

## LITIGATION RELATING TO THE WARRANTS

There is no litigation pending or, to the knowledge of the City, threatened questioning the validity of the Warrants, the proceedings under which they are to be issued, the security for the Warrants provided by the Warrant

Ordinances, the consummation of the transactions contemplated by the Warrant Ordinances, the organization of the City, or the election or qualification of the City's officers. For certain additional information concerning litigation relating to the City, see Appendix A.

## **RISK FACTORS**

### **General**

An investment in the Warrants involves certain risks which should be carefully considered by investors. The sufficiency of revenues to pay debt service on the Warrants may be affected by events and conditions relating to, among other things, population and employment trends and economic conditions in the City, the nature and extent of which are not presently determinable.

Prospective investors should carefully examine this Official Statement and their own financial condition in order to make a judgment as to their ability to bear the economic risk of such an investment and whether or not the Warrants are an appropriate investment for them.

Holders of the Warrants should be aware that their rights and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases, including the law-imposed requirement that the City may first use its taxes and other revenues, including, without limitation, the Pledged Tax Proceeds, to pay the expenses of providing necessary governmental services before paying debt service on the Warrants.

### **Tax-Exempt Status of the Series 2017-A Warrants and the Series 2017-C Warrants**

It is expected that the Series 2017-A Warrants and the Series 2017-C Warrants will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance. See "TAX MATTERS RELATING TO SERIES 2017-A WARRANTS" and "TAX MATTERS RELATING TO SERIES 2017-C WARRANTS". It is anticipated that Bond Counsel will render opinions substantially in the form attached hereto as Appendix D and Appendix F, which should be read in their entirety for a complete understanding of the scope of the opinions and the conclusions expressed therein. A legal opinion expresses the professional judgment of the attorney rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The tax status of the Series 2017-A Warrants and the Series 2017-C Warrants could be affected by post-issuance events. There are various requirements of the Internal Revenue Code that must be observed or satisfied after the issuance of the Series 2017-A Warrants and the Series 2017-C Warrants in order for the Series 2017-A Warrants and the Series 2017-C Warrants to qualify for, and retain, tax-exempt status. These requirements include appropriate use of the proceeds of the Series 2017-A Warrants and the Series 2017-C Warrants, use of the facilities financed by the Series 2017-A Warrants and the Series 2017-C Warrants, investment of warrant proceeds, and the rebate of so-called excess arbitrage earnings. Compliance with these requirements is the responsibility of the City.

The Internal Revenue Service conducts an audit program to examine compliance with the requirements regarding tax-exempt status. Under current IRS procedures, in the initial stages of an audit with respect to the Series 2017-A Warrants or the Series 2017-C Warrants, the City would be treated as the taxpayer, and the owners of the Series 2017-A Warrants and the Series 2017-C Warrants, as applicable, may have limited rights to participate in the audit process. The initiation of an audit with respect to the Series 2017-A Warrants or the Series 2017-C Warrants could adversely affect the market value and liquidity of the Series 2017-A Warrants or the Series 2017-C Warrants, as applicable, even though no final determination about the tax-exempt status has been made. If an audit results in a final determination that the Series 2017-A Warrants or the Series 2017-C Warrants do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Series 2017-A Warrants or the Series 2017-C Warrants, as applicable.

In addition to post-issuance compliance, a change in law after the date of issuance of the Series 2017-A Warrants and the Series 2017-C Warrants could affect the tax-exempt status of the Series 2017-A Warrants and the Series 2017-C Warrants or the effect of investing in the Series 2017-A Warrants and the Series 2017-C Warrants. From time to time, proposals are introduced in Congress that, if enacted into law, could have an adverse impact on the potential benefits of the exclusion from gross income for federal income tax purposes of the interest on the Series 2017-A Warrants and the Series 2017-C Warrants, and thus on the economic value of the Series 2017-A Warrants and the Series 2017-C Warrants. No prediction can be made concerning future legislation that, if passed, might have an adverse effect on tax treatment on interest on the Series 2017-A Warrants and the Series 2017-C Warrants. The Trump Administration has stated on numerous occasions that significant changes may be made to the Internal Revenue Code, including changes that could limit the value to certain individuals of certain deductions and exclusions, including the exclusion from gross income of interest on tax-exempt obligations such as the Series 2017-A Warrants and the Series 2017-C Warrants. Prospective purchasers should consult their own tax advisors regarding any pending or proposed federal income tax legislation.

The Series 2017-A Warrant Ordinance and the Series 2017-C Warrant Ordinance do not provide for the payment of any additional interest or penalty if a determination is made that the Series 2017-A Warrants or the Series 2017-C Warrants do not comply with the existing requirements of the Internal Revenue Code or if a subsequent change in law adversely affects the tax-exempt status of the Series 2017-A Warrants or the Series 2017-C Warrants or the effect of investing in the Series 2017-A Warrants or the Series 2017-C Warrants.

### **Bankruptcy**

Holders of the Series 2017 Warrants should be aware that their rights and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases, including the law-imposed requirement that the City may first use its taxes and other revenues to pay the expenses of providing necessary governmental services before paying debt service on the Series 2017 Warrants.

## **LEGAL MATTERS**

The legality and validity of the Series 2017 Warrants will be approved by Maynard, Cooper & Gale, P.C., Birmingham, Alabama, Bond Counsel. Bond Counsel has been employed primarily for the purpose of preparing certain legal documents and supporting certificates, reviewing the transcript of proceedings by which the Series 2017 Warrants have been authorized to be issued, and rendering an opinion in conventional form as to the validity and legality of the Series 2017 Warrants, the exemption of interest on the Series 2017-A Warrants and the Series 2017-C Warrants from federal income taxes, and the exemption of interest on the Series 2017 Warrants from State of Alabama income taxes. Bond Counsel also served as Disclosure Counsel and assisted in the preparation of this Official Statement.

It is anticipated that Bond Counsel will render opinions relating to the Series 2017-A Warrants, the Series 2017-B Warrants and the Series 2017-C Warrants, which will be substantially in the forms attached hereto as Appendix D, Appendix E and Appendix F, respectively. In connection with the rendering of such opinions, Bond Counsel is serving as counsel to the City.

The various legal opinions to be delivered concurrently with the delivery of the Series 2017 Warrants express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **TAX MATTERS RELATING TO THE SERIES 2017-A WARRANTS**

### **General**

In the opinion of Bond Counsel, under existing law, interest on the Series 2017-A Warrants will be excludable from gross income for federal income tax purposes if the City complies with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 2017-A Warrants in order that interest thereon be and remain excludable from gross income. Failure to comply with certain of such requirements could cause the interest on the Series 2017-A Warrants to be included in gross income, retroactive to the date of issuance of the Series 2017-A Warrants. The City has covenanted to comply with all such requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2017-A Warrants will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

Bond Counsel will express no opinion regarding federal tax consequences arising with regard to the Series 2017-A Warrants other than the opinions expressed in the preceding two paragraphs. The form of Bond Counsel's opinion is expected to be substantially as set forth in Appendix D to this Official Statement.

Prospective purchasers of the Series 2017-A Warrants should be aware that ownership of the Series 2017-A Warrants may result in collateral and federal and state tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income", foreign corporations subject to a branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2017-A Warrants. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Series 2017-A Warrants should consult their tax advisors as to collateral tax consequences.

In addition to post-issuance compliance, a change in law after the date of issuance of the Series 2017-A Warrants could affect the tax-exempt status of the Series 2017-A Warrants or the effect of investing in the Series 2017-A Warrants. From time to time, proposals are introduced in Congress that, if enacted into law, could have an adverse impact on the potential benefits of the exclusion from gross income for federal income tax purposes of the interest on the Series 2017-A Warrants, and thus on the economic value of the Series 2017-A Warrants. No prediction can be made concerning future legislation that, if passed, might have an adverse effect on tax treatment on interest on the Series 2017-A Warrants. The Trump Administration has stated on numerous occasions that significant changes may be made to the Internal Revenue Code, including changes that could limit the value to certain individuals of certain deductions and exclusions, including the exclusion from gross income of interest on tax-exempt obligations such as the Series 2017-A Warrants. Prospective purchasers should consult their own tax advisors regarding any pending or proposed federal income tax legislation.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2017-A Warrants will be exempt from State of Alabama income taxation.

### **Original Issue Discount**

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of a Series 2017-A Warrant, to the extent properly allocable to each owner of such Series 2017-A Warrant, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2017-A Warrant over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Series 2017-A Warrants of such maturity were sold.

Under Section 1288 of the Internal Revenue Code of 1986, as amended, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2017-A Warrant during any accrual period generally equals (i) the issue price of such Series 2017-A Warrant



plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Series 2017-A Warrant (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Series 2017-A Warrant during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Series 2017-A Warrant. Any gain realized by an owner from a sale, exchange, payment or redemption of a Series 2017-A Warrant will be treated as gain from the sale or exchange of such Series 2017-A Warrant.

### **Premium**

An amount equal to the excess of the purchase price of a Series 2017-A Warrant over its stated redemption price at maturity constitutes premium on such Series 2017-A Warrant. A purchaser of a Series 2017-A Warrant must amortize any premium over such Series 2017-A Warrant's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Series 2017-A Warrant is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Series 2017-A Warrant prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Series 2017-A Warrants at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2017-A Warrants.

## **TAX MATTERS RELATING TO THE SERIES 2017-B WARRANTS**

### **General**

Interest on the Series 2017-B Warrants is not excludable from gross income of the holders thereof for federal income tax purposes under the Internal Revenue Code. Thus, owners of the Series 2017-B Warrants generally must include interest (including original issue discount, if any) on the Series 2017-B Warrants in gross income for federal income tax purposes. Bond Counsel is also of the opinion that, under existing law, interest on the Series 2017-B Warrants will be exempt from State of Alabama income taxation.

Bond Counsel will express no opinion regarding federal tax consequences arising with regard to the Series 2017-B Warrants other than the opinions expressed in the preceding paragraph. The form of Bond Counsel's opinion is expected to be substantially as set forth in Appendix E to this Official Statement.

Each prospective purchaser of the Series 2017-B Warrants should seek advice based on the prospective purchaser's particular circumstances from an independent tax advisor.

## **TAX MATTERS RELATING TO THE SERIES 2017-C WARRANTS**

### **General**

In the opinion of Bond Counsel, under existing law, interest on the Series 2017-C Warrants will be excludable from gross income for federal income tax purposes if the City complies with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 2017-C Warrants in order that interest thereon be and remain excludable from gross income. Failure to comply with certain of such requirements could cause the interest on the Series 2017-C Warrants to be included in gross income, retroactive to the date of issuance of the Series 2017-C Warrants. The City has covenanted to comply with all such requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2017-C Warrants will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest is taken into account in

determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

Bond Counsel will express no opinion regarding federal tax consequences arising with regard to the Series 2017-C Warrants other than the opinions expressed in the preceding two paragraphs. The form of Bond Counsel's opinion is expected to be substantially as set forth in Appendix F to this Official Statement.

Prospective purchasers of the Series 2017-C Warrants should be aware that ownership of the Series 2017-C Warrants may result in collateral and federal and state tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income", foreign corporations subject to a branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2017-C Warrants. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Series 2017-C Warrants should consult their tax advisors as to collateral tax consequences.

In addition to post-issuance compliance, a change in law after the date of issuance of the Series 2017-C Warrants could affect the tax-exempt status of the Series 2017-C Warrants or the effect of investing in the Series 2017-C Warrants. From time to time, proposals are introduced in Congress that, if enacted into law, could have an adverse impact on the potential benefits of the exclusion from gross income for federal income tax purposes of the interest on the Series 2017-C Warrants, and thus on the economic value of the Series 2017-C Warrants. No prediction can be made concerning future legislation that, if passed, might have an adverse effect on tax treatment on interest on the Series 2017-C Warrants. The Trump Administration has stated on numerous occasions that significant changes may be made to the Internal Revenue Code, including changes that could limit the value to certain individuals of certain deductions and exclusions, including the exclusion from gross income of interest on tax-exempt obligations such as the Series 2017-C Warrants. Prospective purchasers should consult their own tax advisors regarding any pending or proposed federal income tax legislation.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2017-C Warrants will be exempt from State of Alabama income taxation.

### **Original Issue Discount**

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of a Series 2017-C Warrant, to the extent properly allocable to each owner of such Series 2017-C Warrant, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2017-C Warrant over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Series 2017-C Warrants of such maturity were sold.

Under Section 1288 of the Internal Revenue Code of 1986, as amended, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2017-C Warrant during any accrual period generally equals (i) the issue price of such Series 2017-C Warrant plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Series 2017-C Warrant (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Series 2017-C Warrant during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Series 2017-C Warrant. Any gain realized by an owner from a sale, exchange, payment or redemption of a Series 2017-C Warrant will be treated as gain from the sale or exchange of such Series 2017-C Warrant.

### **Premium**

An amount equal to the excess of the purchase price of a Series 2017-C Warrant over its stated redemption price at maturity constitutes premium on such Series 2017-C Warrant. A purchaser of a Series 2017-C Warrant must amortize any premium over such Series 2017-C Warrant's term using constant yield principles, based on the

purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Series 2017-C Warrant is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Series 2017-C Warrant prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Series 2017-C Warrants at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2017-C Warrants.

### **NO BANK QUALIFICATION**

The Series 2017 Warrants have not been designated by the Board as "qualified tax-exempt obligations" for purposes of paragraph (3) of subsection (b) of Section 265 of the Internal Revenue Code.

### **VERIFICATION OF CERTAIN COMPUTATIONS RELATING TO SERIES 2017-C WARRANTS**

The accuracy of (i) the arithmetical computations of the adequacy of the payments of principal and interest on the securities being held in the Escrow Fund, together with the initial cash balance in the Escrow Fund, to provide for the payment or redemption of the Refunded Warrants as contemplated by the Escrow Agreement, and (ii) the mathematical computations supporting the conclusion of Bond Counsel that the Series 2017-C Warrants are not "arbitrage bonds" under the applicable provisions of the Internal Revenue Code, will be verified by GNP Services CPA, P.A., Orange Park, Florida. Such verification will be based, in part, upon information supplied to such accountants by the Underwriter.

### **UNDERWRITING**

The Series 2017-A Warrants are being purchased from the City by INTL FCStone Financial Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Series 2017-A Warrants for an aggregate purchase price of \$40,173,953.75 (which represents the face amount of the Series 2017-A Warrants plus net original issue premium of \$182,953.75 and less underwriter's discount of \$609,000.00). The initial public offering price set forth on the inside cover page may be changed by the Underwriter, and the Underwriter may offer and sell the Series 2017-A Warrants to certain dealers (including dealers depositing the Series 2017-A Warrants into investment trusts) and others at prices lower than the offering price set forth on the inside cover page. The Underwriter will purchase all the Series 2017-A Warrants if any are purchased.

The Series 2017-B Warrants are being purchased from the City by the Underwriter. The Underwriter has agreed to purchase the Series 2017-B Warrants for an aggregate purchase price of \$762,607.90 (which represents the face amount of the Series 2017-B Warrants less net original issue discount of \$767.10 and less underwriter's discount of \$11,625.00). The initial public offering price set forth on the inside cover page may be changed by the Underwriter, and the Underwriter may offer and sell the Series 2017-B Warrants to certain dealers (including dealers depositing the Series 2017-B Warrants into investment trusts) and others at prices lower than the offering price set forth on the inside cover page. The Underwriter will purchase all the Series 2017-B Warrants if any are purchased.

The Series 2017-C Warrants are being purchased from the City by the Underwriter. The Underwriter has agreed to purchase the Series 2017-C Warrants for an aggregate purchase price of \$6,312,828.85 (which represents the face amount of the Series 2017-C Warrants plus original issue premium of \$274,778.85 and less underwriter's discount of \$91,950.00). The initial public offering price set forth on the inside cover page may be changed by the Underwriter, and the Underwriter may offer and sell the Series 2017-C Warrants to certain dealers (including dealers depositing the Series 2017-C Warrants into investment trusts) and others at prices lower than the offering price set forth on the inside cover page. The Underwriter will purchase all the Series 2017-C Warrants if any are purchased.

## CONTINUING DISCLOSURE

### General

The City has covenanted for the benefit of the holders of the Warrants to provide the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") with (i) certain financial information and operating data relating to the City on an annual basis (the "Annual Financial Information") within 180 days after the end of its fiscal year and (ii) notices ("Material Event Notices") of the occurrence of the following events in a timely manner not in excess of 10 business days after the occurrence of the event:

1. A delinquency in payment of principal of or interest on the Warrants.
2. Non-payment related defaults under the proceedings of the City authorizing the Warrants, whether or not such defaults constitute an event of default thereunder, if material.
3. Unscheduled draws on any debt service reserve fund reflecting financial difficulties of the City.
4. Unscheduled draws on any credit enhancement or liquidity facility with respect to the Warrants reflecting financial difficulties of the City.
5. Substitution of a credit enhancer for the one originally described in the Official Statement (if any), or the failure of any credit enhancer respecting the Warrants to perform its obligations under the agreement between the City and such credit enhancer.
6. The existence of any adverse tax opinion with respect to the Warrants, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Warrants, or other material events affecting the tax status of the Warrants.
7. Any modification of the rights of the registered owners of the Warrants, if material.
8. Redemption of any of the Warrants prior to the stated maturity or mandatory redemption date thereof, if material, and tender offers with respect to the Warrants.
9. Defeasance of the lien of any of the Warrants or the occurrence of circumstances which, pursuant to such authorizing proceedings, would cause the Warrants, or any of them, to be no longer regarded as outstanding thereunder.
10. The release, substitution or sale of the property securing repayment of the Warrants, if material.
11. Any changes in published ratings affecting the Warrants.
12. Bankruptcy, insolvency, receivership or similar event of the City.
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

In addition, the City has covenanted to provide in a timely manner to EMMA notice of the City's failure to provide the Annual Financial Information on or before the date specified herein.

The Annual Financial Information will include financial information and operating data relating to the City of the type found in the section of this Official Statement called “RESULTS OF OPERATIONS - Comparative Summary Statement of General Fund Revenues and Expenditures” in Appendix A. In addition, the City will provide to EMMA, when and if available, audited financial statements prepared in accordance with accounting principles described in the audited financial statements included in this Official Statement as an appendix.

The City shall never be subject to money damages for its failure to comply with its obligations to provide the required information. The only remedy available to the holders of the Warrants for breach by the City of its obligations to provide the required information shall be the remedy of specific performance or mandamus against appropriate officials of the City. The failure by the City to provide the required information shall not be an event of default with respect to the Warrants under the Warrant Ordinances. A failure by the City to comply with its obligations to provide the required information must be reported as described above and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Warrants in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Warrants and their market price.

No person other than the City shall have any liability or responsibility for compliance by the City with its obligations to provide information. The Paying Agent has not undertaken any responsibility with respect to any required reports, notices or disclosures.

The City retains the right to modify its obligations described above as long as such modification is done in a manner consistent with Rule 15c2-12 of the Securities and Exchange Commission.

### **Compliance with Prior Undertakings**

For the fiscal years ending September 30, 2012 and September 30, 2013, although available publicly, the City failed to timely file its annual financial information with EMMA on or before the due date as required by Rule 15c2-12 and the terms of continuing disclosure agreements executed by the City in connection with the issuance of certain of existing indebtedness (the “Continuing Disclosure Agreements”). For the fiscal year ending September 30, 2014, the City timely filed its annual financial information with EMMA on or before the due date as required by Rule 15c2-12 and the terms of the Continuing Disclosure Agreements. For the fiscal year ending September 30, 2015, the City filed its annual financial information with EMMA on March 31, 2016, which was 3 days beyond the due date as required by Rule 15c2-12 and the terms of the Continuing Disclosure Agreements. For the fiscal year ending September 30, 2016, the City filed its annual financial information with EMMA on March 31, 2016, which was 2 days beyond the due date as required by Rule 15c2-12 and the terms of the Continuing Disclosure Agreements. The City’s audited financial statements for the five previous fiscal years (the years ending September 30, 2012 through September 30, 2016) are available on EMMA. The City did not file a notice in accordance with Rule 15c2-12 with respect to its failure to provide its annual financial information on or before the due date.

Certain outstanding indebtedness of the City has been secured by various forms of credit enhancement, including bond insurance. The ratings of the providers of this credit enhancement have been downgraded and upgraded at various times in the past 60 months. Information about such rating changes was publicly reported. The City did not file a notice in accordance with Rule 15c2-12 with respect to such rating changes.

### **Adoption of Disclosure Policies and Procedures**

In 2016, the City adopted written policies and procedures in order to help ensure future compliance with Rule 15c2-12 of the Securities and Exchange Commission and the terms of the City’s continuing disclosure agreements executed from time to time by the City in connection with the issuance of its publicly offered indebtedness.

## **RATING**

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), is expected to assign a rating to the Series 2017 Warrants (as shown on the cover page), with the understanding that, upon delivery

of the Series 2017 Warrants, a policy insuring the payment when due of the principal of and interest on the Series 2017- Warrants will be issued by the Insurer.

S&P has assigned an underlying rating to the Series 2017 Warrants (as shown on the cover page), with such rating reflecting the rating agency's current assessment of the creditworthiness of the City with respect to obligations secured by the full faith and credit of the City.

Any definitive explanation of the significance of any such ratings may be obtained only from the appropriate rating agency. The City furnished to such rating agency the information contained in this Official Statement and certain other information respecting the City and the Series 2017- Warrants. Generally, rating agencies base their ratings on such materials and information, as well as on their own investigations, studies and assumptions.

The above ratings are not recommendations to buy, sell or hold the Series 2017- Warrants, and any such ratings may be subject to revision or withdrawal at any time by any such rating agency. Any downward revision or withdrawal of any or all of such ratings may have an adverse effect on the market price of the affected Series 2017- Warrants. Neither the City nor the Underwriter has undertaken any responsibility either to bring to the attention of the Warrantholders any proposed revision, suspension or withdrawal of a rating or to oppose any such revision, suspension or withdrawal.

Due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, the general economic conditions in the country and developments arising from the Budget Control Act of 2011, including the deliberations and results thereof of the Joint Select Committee on Deficit Reduction, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Series 2017 Warrants, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Series 2017 Warrants.

## **INDEPENDENT AUDITORS**

The financial statements of the City included in Appendix B to this Official Statement have been audited by MDA Professional Group, P.C., Albertville, Alabama, independent certified public accountants, as stated in their report appearing herein as Appendix B to this Official Statement. Such financial statements speak only as of September 30, 2016 and have been included as a matter of public record. MDA Professional Group, P.C. (1) has not been engaged to perform, and has not performed, any procedures with respect to such financial statements since the date of its report on such financial statements and (2) has not performed any procedures relating to this Official Statement. The permission of MDA Professional Group, P.C. for the use herein of its report on such financial statements has not been sought.

## **DISCLAIMERS AND OTHER MISCELLANEOUS MATTERS**

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Warrants.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

The information in this Official Statement has been obtained from sources which are considered dependable and which are customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness.

The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to the date of this Official Statement.

All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized.

No person, including any broker, dealer or salesman, has been authorized to give any information or to make any representation other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

The Warrants will not be registered under the Securities Act of 1933, as amended, or any state securities laws and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any federal, state, municipal or other governmental agency will pass upon the accuracy, completeness or adequacy of this Official Statement. Any representation to the contrary is a criminal offense. The Warrant Ordinances have not been qualified under the Trust Indenture Act of 1939, as amended.

Any information or expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the City since the date hereof.

Certain statements contained in this Official Statement including, without limitation, statements containing the words “estimates,” “believes,” “anticipates,” “expects,” and words of similar import, constitute “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the City to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, population trends and political and economic developments that could adversely impact the collection of revenues. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. The City disclaims any obligation to update any such factors or to publicly announce the results of any revision to any of the forward-looking statements contained herein to reflect future events or developments.

In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Warrants offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time. The prices and other terms of the offering and sale of the Warrants may be changed from time to time by the Underwriter after the Warrants are released for sale, and the Warrants may be offered and sold at prices other than the initial offering prices, including sales to dealers, without prior notice.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is being provided to prospective purchasers either in bound printed format or in electronic format. This Official Statement may be relied upon only if it is in its bound printed format or as printed in its entirety in such electronic format.

## ADDITIONAL INFORMATION

For further information during the initial offering period with respect to the Warrants, contact David Langham, INTL FCStone Financial Inc., 107 St Francis St Suite 990, Mobile, AL 36602, Telephone: 251-402-8912.

This Official Statement has been approved by the governing body of the City.

## CITY OF ALBERTVILLE

By: /s/ Tracy Honea  
Mayor



## **APPENDIX A**

### **Information on City of Albertville**

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## THE CITY

### General

The City is a municipal corporation organized under the laws of the State of Alabama. The City is located in northeast Alabama in Marshall County. The current population of the City is 21,462 according to the estimated 2015 U.S. Census records. Incorporated in 1891, the City is located between the Cities of Boaz and Guntersville, approximately 80 miles from the City of Birmingham and 48 miles from the City of Huntsville.

The City was primarily built upon the agriculture sector but now possesses a diverse industry base. Such industries include: automotive parts manufacturing and distributing, grocery distribution, poultry processing and fire hydrants.

### Governance and Administration

The City is governed under the mayor-council form of government. The Mayor is elected on an at-large basis for a 4-year term, and five City Council members are elected from single-member districts, each for a 4-year term. The Mayor serves as chief executive officer of the City and is responsible for the daily operations of all departments of the City. The Mayor does not have a vote on the City Council. The City Council acts as the legislative branch of the City. Set forth below are the names of the current Mayor, City Council and City Clerk and Treasurer.

#### Executive, Legislative and Administrative Officials

##### Executive

*Tracy Honea, Mayor*

##### Legislative

*Nathan Broadhurst, President  
Ben McGowan, President Pro Tem  
Jill Oakley  
Charles Bailey  
Carolyn Crump*

##### Administrative

*Phyllis Webb, City Clerk and Treasurer*

The current terms of the Mayor and each of the members of the City Council expire in November, 2017.

### Services, Departments and Agencies

**City Departments.** The City's current-year budget authorizes the employment of 193 full-time and 23 part-time employees in its various departments or agencies, which include the following:

**Administration.** 4 employees in administration; 1 employee in the Mayor's office, 1 employee in IT; 3 employees in HR/Purchasing; 1 employee in Economic Development.

**Police Department.** 1 police chief, 1 assistant chief, 46 certified officers, 8 personnel in the Communications Division, 11 personnel in the Corrections Division, 2 office personnel, 1 employee in Code Enforcement and 5 part-time employees.

**Fire Department.** 1 fire chief, 1 assistant chief, 1 training officer and 38 certified fire fighters/paramedics.

**Municipal Court.** 1 judge, 2 city prosecutors, 3 magistrates and 1 court clerk.

**Building Department.** 2 building officials.

**Public Works, Street, Sanitation and Shop Department.** 3 supervisors and 19 employees.

**Parks and Recreation.** 1 supervisor, 7 full-time employees, and 15 part-time employees.

**Cemetery.** 4 employees

**Library.** 7 employees

**Airport.** 3 full-time employees

**Recycling Center.** 4 employees

**Independent Agencies and Public Corporations.** There are several independent public corporations or agencies that have responsibility for providing governmental services. Each of these corporations or agencies has its own governing body, all or a majority of the members of which are elected by the City's Mayor or Council. These agencies and public corporations, and their relationship to the City, are described more particularly in the notes to the financial statements included in Appendix B.

**Summary of Governmental Services.** The following table lists the governmental services provided by the City, other levels of government or independently appointed or elected agencies.

**Governmental Services Provided  
by the City and Others**

	City	County	State	Independent
Police protection <sup>(1)</sup> .....	Principal	Shared	Shared	
Fire protection .....	Exclusive			
Street maintenance and repair <sup>(2)</sup> .....	Principal		Shared	
Solid waste disposal .....				Exclusive
Water service <sup>(3)</sup> .....	Exclusive			
Sanitary sewer service <sup>(4)</sup> .....	Exclusive			Exclusive
Storm water sewers.....	Exclusive			
Gas and electric services <sup>(5)</sup> .....	Principal			Shared
Courts <sup>(6)</sup> .....	Shared		Principal	
Road construction <sup>(7)</sup> .....	Shared		Principal	
Education <sup>(8)</sup> .....	Exclusive			
Health <sup>(9)</sup> .....	Shared	Principal		
Recreation <sup>(10)</sup> .....	Exclusive			
Social welfare.....		Shared	Principal	
Aviation <sup>(11)</sup> .....	Exclusive			

<sup>(1)</sup> The City, the County and the State have co-extensive law enforcement jurisdiction.

<sup>(2)</sup> The State is responsible for maintaining state and federal highways in the city limits.

<sup>(3)</sup> The Water Supply Board of the City of Albertville provides water service.

<sup>(4)</sup> The Municipal Utilities Board of the City of Albertville provides sanitary sewer service.

<sup>(5)</sup> Gas service is provided by a system owned by the City. Electric service is provided by the Municipal Utilities Board of the City of Albertville.

<sup>(6)</sup> The City operates a municipal court, a limited jurisdiction court which is a component of the Unified Judicial System of the State.

<sup>(7)</sup> The City builds and maintains streets that are not state or federal highways.

<sup>(8)</sup> The City Board of Education of the City of Albertville, whose members are appointed by the City Council, operates schools with local ad valorem and other taxes and state and federal funds.

<sup>(9)</sup> Marshall County, the City and other cities in Marshall County contribute to the County Health Department on a formula basis.

<sup>(10)</sup> The City finances all major public recreation facilities in its jurisdiction.

<sup>(11)</sup> The State licensed airport is operated by the City.

## **Employee Relations**

The City considers relations with its employees to be satisfactory. No employees of the City are represented by labor unions or similar employee organizations. The City does not bargain collectively with any labor union or employee organization.

## **Personnel and Retirement System**

The benefits and compensation for all employees of the City's several departments are established by the City Council and are paid from the City's General Fund.

The employees of the City participate in a retirement system established by the Legislature of Alabama known as the Employees' Retirement System of Alabama (the "Retirement System"). Contributions to the Retirement System are made by both the employees and the City. The respective amounts of such contributions are established by the Legislature of Alabama. The City's obligations under the Retirement System are described more particularly in the audited financial statements of the City included in Appendix B to this Official Statement.

According to the audited financial statements of the City included in Appendix B to this Official Statement, for the fiscal year ending September 30, 2015, the most recent year for which information is available, the City's total pension liability was \$21,360,933 and the plan fiduciary net position related to this pension liability was \$13,694,928, resulting in a net pension liability of \$7,666,005.

## **Other Post-Employment Benefits**

In June 2004, the Governmental Accounting Standards Board issued Statement No. 45 ("GASB 45"), which is entitled Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. This Statement establishes standards for the measurement, recognition and presentation of post-employment benefits other than pension benefits ("OPEB") expenses/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplemental information in the financial reports of state and local governmental employers. GASB 45 is intended to improve the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB costs (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

The City's OPEB obligations are described more particularly in the audited financial statements of the City included in Appendix B to this Official Statement. As detailed in the audited financial statements, at present, the City has a net OPEB obligation of \$476,034 as of September 30, 2016.

# **FINANCIAL SYSTEM OF THE CITY**

## **General**

The City maintains a financial reporting system which provides timely and accurate reports of receipts and expenditures. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (i) the safeguarding of assets against loss from unauthorized use or disposition, and (ii) the reliability of financial records for preparing financial statements and maintaining accountability for assets. Activities of the City are monitored internally on a monthly basis and are audited annually, as required by law, by independent certified public accountants. The report of such accountants with respect to certain of the City's financial statements for the fiscal year ended September 30, 2015 is included as Appendix B to this Official Statement.

## **Budgetary System**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for the general fund, the special revenue fund and for the debt service fund. The City is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. The budget amounts shown in the financial

statements are the final authorized amounts as revised during the year. Project-length financial plans are adopted for all capital projects funds.

## **Accounting System**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, for accounting and reporting purposes, into two broad categories, Governmental Funds and Proprietary Funds. Each of these categories is divided into separate fund types as follows:

### **Governmental Funds**

**General Fund.** The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds.** Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The City has established special revenue funds to account for the State of Alabama seven cent gasoline tax and the State four cent gasoline tax. The City has established a special revenue fund to account for receipts of the 7-% of 1-cent sales tax and 7.5 mill ad valorem tax that are legally restricted for the Albertville City Board of Education.

**Debt Service Funds.** Debt Service Funds are used to account for the accumulation of resources for and the payment of the City's general long-term principal and interest. Debt Service Funds consist of combined general debt service funds, school tax funds, and sewer revenue funds which have been segregated for this purpose.

**Capital Projects Funds.** Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary and trust funds.)

### **Proprietary Funds**

**Enterprise Funds.** Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises when the intent is that the costs of providing goods or services to the general public be financed or recovered primarily through user charges or (b) where the governing body has described that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has established a proprietary fund for the activities of the of the City's recycling center. The City jointly operates a recycling center with the City of Boaz, Alabama.

The notes to the financial statements included in Appendix B include a summary of other significant accounting policies of the City.

## **RESULTS OF OPERATIONS**

### **General**

This section of the Official Statement presents certain historical financial information concerning the City. The information in this section will be updated annually and such annual report will be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System in accordance with the requirements of Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE".

### **Comparative Summary Statement of General Fund Revenues and Expenditures**

The following table sets forth revenues, expenditures and changes in fund balance for the City's General Fund for the five fiscal years ended September 30, 2012 through 2016. This information was extracted from the audited financial statements of the City. The audited financial statements for fiscal year 2016 are included in Appendix B to this Official Statement. Audited financial statements for prior fiscal years may be obtained from the City upon request or from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System.

**Comparative Summary Statement of General Fund  
Revenues and Expenditures and  
Changes in Fund Balance**

	<b>Fiscal Year (9/30)</b>				
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
<b>Revenues</b>					
Taxes					
Property and Payments in Lieu of Taxes	\$2,844,589	\$3,158,593 <sup>(1)</sup>	\$2,808,159	\$2,736,313	\$2,719,363
Sales and Use <sup>(2)</sup>	7,892,463	8,039,636	9,723,192	10,300,709	10,977,017
Alcohol	266,554	243,702	242,060	264,363	288,790
Rental	300,902	304,034	377,107	412,383	383,897
Motor Fuel	117,030	113,949	123,362	132,231	133,358
Tobacco	97,976	98,276	99,323	98,522	102,178
Lodging	32,968	59,770	78,048	94,451	97,961
Licenses and Permits	795,735	828,480	821,877	948,946	1,008,962
Charges for Services	1,215,174	1,238,710	1,446,993	1,598,409	1,600,898
Fines and Costs	436,896	406,712	476,227	453,272	458,929
Intergovernmental Revenues	697,098	734,373	585,572	878,546	1,135,249
Other Revenues	915,510	732,114	1,579,197	849,446	935,704
Total Revenues	<u>15,612,895</u>	<u>15,958,349</u>	<u>18,361,117</u>	<u>18,767,591</u>	<u>19,842,306</u>
<b>Expenditures</b>					
General Government and Administrative	2,013,515	1,971,029	1,963,856	1,787,001	2,046,873
Police	3,748,693	3,883,295	3,949,453	4,137,176	4,236,414
Fire	2,271,956	2,391,717	2,361,236	2,435,200	2,541,993
Street	601,737	619,658	774,660	2,027,809	2,547,939
Sanitation	905,124	879,286	1,292,751	-	775,513
Park and Recreation	682,218	720,441	714,038	785,595	242,731
City Shop	218,031	230,481	283,874	244,485	339,704
Library	267,066	275,462	282,749	329,616	181,723
Cemetery	165,329	169,562	172,133	184,387	151,432
Personnel	164,636	166,680	175,370	246,319	285,807
Municipal Court	175,720	199,458	212,628	244,772	2,046,873
Building Inspection	111,895	109,874	106,232	101,816	110,467
Information Technology	61,611	69,062	152,583	205,110	256,102
Economic Development	-	-	59,878	4,775,343	83,190
Senior Center	-	-	138,861	132,913	147,109
Miscellaneous	110,519	116,303	108,559	-	-
-Capital Lease Payments	352,885	195,038	-	-	-
Principal Retirements on Long-Term Debt	438,119	181,643	-	144,758	169,764
Interest and Fiscal Agents Fees	121,121	33,533	-	15,242	38,004
Capital Outlay	475,401	148,741	1,203,598	1,117,542	526,090
Municipal Utilities Board	-	56,000	-	-	-
Education	<u>2,253,132</u>	<u>2,350,983</u>	<u>3,493,140</u>	<u>3,864,854</u>	<u>3,735,504</u>
Total Expenditures	<u>15,138,708</u>	<u>14,768,246</u>	<u>17,445,599</u>	<u>22,779,938</u>	<u>18,416,359</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>474,187</u>	<u>1,190,103</u>	<u>915,518</u>	<u>(4,012,347)</u>	<u>1,425,947</u>
<b>Other Financing Sources (Uses)</b>					
Bonds and Debt Issued	371,932	-	612,988	125,000	400,000
Transfers from Other Funds	483,803	659,364	45,509	4,019,510	579,994
Transfers to Other Funds	<u>(922,602)</u>	<u>(687,623)</u>	<u>(1,310,416)</u>	<u>(65,740)</u>	<u>(673,806)</u>
Total Other Financing Sources (Uses)	<u>(66,867)</u>	<u>(28,259)</u>	<u>(651,919)</u>	<u>4,078,770</u>	<u>306,188</u>
Net Change in Fund Balances	<u>407,320</u>	<u>1,161,844</u>	<u>263,599</u>	<u>66,423</u>	<u>1,732,135</u>
FUND BALANCES - Beginning of Year	<u>1,021</u>	<u>408,341</u>	<u>1,570,185</u>	<u>1,833,784</u>	<u>1,900,207</u>
FUND BALANCE - End of Year	<u>\$408,341</u>	<u>\$1,570,185</u>	<u>\$1,833,784</u>	<u>\$1,900,207</u>	<u>\$3,632,342</u>

<sup>(1)</sup> The City reports an increase in FY 2013 property taxes due to the collection of "escape" taxes that had been uncollected by the County Revenue Commissioner in prior years.

<sup>(2)</sup> For fiscal years prior to FY 2014, the City accounted for a portion of its sales and use tax allocated to the local school system in a special sales tax fund, not the general fund. Beginning in FY 2014, the City began accounting for such portion of its sales and use tax in the general fund, resulting in an increase in the reported sales and use tax revenue to the general fund and an increase in the expenditure for education from the general fund.



## Major Sources of General Fund Revenues

The principal General Fund revenue sources for the fiscal years ending September 30, 2015 and 2016 are summarized in the following table.

### Principal General Fund Revenue Sources

	FY Ending 9/30/16 (audited)		FY Ending 9/30/15 (audited)	
	Amount	Percent	Amount	Percent
Taxes and Payments in Lieu of Taxes	\$14,702,564	74.10%	\$14,038,972	74.80%
Licenses and Permits	1,008,962	5.08	948,946	5.06
Charges for services	1,600,898	8.07	1,598,409	8.52
Fines and Costs	458,929	2.31	453,272	2.42
Intergovernmental Revenues	1,135,249	5.72	878,546	4.68
Other Revenues	935,704	4.72	849,446	4.53

## DEBT MANAGEMENT

### General

The principal forms of indebtedness that the City is authorized to incur include general obligation bonds, general obligation warrants, general obligation bond anticipation notes, revenue anticipation notes, gasoline tax anticipation bonds, and various revenue anticipation bonds and warrants relating to enterprises. In addition, the City has the power to enter into certain leases which constitute a charge upon the general credit of the City and to guarantee obligations of certain public corporations affiliated with the City.

In general, the issuance of general obligation bonds requires voter approval. The following types of obligations may be issued or incurred without voter approval: (1) general obligation warrants; (2) general obligation refunding bonds; (3) certain revenue anticipation bonds, warrants and notes; (4) general and special obligation bonds financing street, sidewalk and sewer improvements supported, in whole or in part, by assessments; and (5) capitalized lease obligations that are funded on a “year-to-year basis”.

The City has never defaulted in the payment of debt service on its bonds, warrants or other funded indebtedness, nor has the City ever refunded any funded indebtedness for the purpose of preventing or avoiding such a default.

### Outstanding Indebtedness

***Long-Term Indebtedness.*** Following the issuance of the Series 2017 Warrants, the City will have long-term indebtedness outstanding as set forth below.

Description of Indebtedness	Source of Payment	Principal Balance
General Obligation Warrants, Series 2017-A	general obligation; pledge of portion of 4% sales tax; pledge of 1% sales tax	\$40,600,000
General Obligation Warrants, Series 2017-B (Federally Taxable)	general obligation; pledge of portion of 4% sales tax; pledge of 1% sales tax	\$775,000
General Obligation Warrants, Series 2017-C	general obligation; pledge of portion of 4% sales tax; pledge of 1% sales tax	\$6,130,000
General Obligation Warrants, Series 2016-A	general obligation; pledge of portion of 4% sales tax	10,560,000
General Obligation Warrants, Series 2014-B (Taxable)	general obligation; pledge of portion of 4% sales tax	475,000
General Obligation Warrants, Series 2013-A (Tax-Exempt)	general obligation; pledge of portion of 4% sales tax	3,165,000
Bank Loans	general obligation	1,031,679
Capital Leases	general obligation	<u>350,230</u>
TOTAL:		<u>\$63,086,909</u>

***Short-Term Indebtedness.*** Other than portions of long-term indebtedness due in the current fiscal year, the City has no short-term indebtedness outstanding.

## Anticipated Indebtedness

The City has no authorized but unissued debt outstanding, other than the Warrants offered by this Official Statement. Except for the Warrants, the City does not expect to incur additional long-term indebtedness within the next 12 months.

## Constitutional Debt Limit

**Constitutional Debt Limit—Section 225.** The City’s constitutional debt limit is based on Section 225 of the Alabama Constitution of 1901. Under Section 225 of the Alabama Constitution of 1901, the City’s present constitutional debt limit is an amount equal to 20% of the assessed value of the taxable property located within its corporate limits; however, under existing law, the following are not chargeable against the City’s constitutional debt limit: (1) obligations issued for the purpose of acquiring, providing or constructing schools, water works or sewers; (2) obligations incurred for street or sidewalk improvements where the costs thereof, in whole or in part, are to be assessed against the property abutting such improvements; (3) tax anticipation notes not exceeding one-fourth of general revenues; (4) revenue securities payable solely from the revenues of water, sewer, gas or electric systems; and (5) capitalized lease obligations that are funded on a “year-to-year basis”.

The portion of the Series 2017-A Warrants allocable to the Public Park Improvements and all of the Series 2017-C Warrants will not be chargeable against the City’s Section 225 debt limit but rather, will be subject to a separate constitutional debt limit afforded under Amendment No. 772 (see below). The following statement reflects the City’s legal debt margin under Section 225 of the Alabama Constitution of 1901:

### City of Albertville Statement of Legal Debt Margin—Section 225

Assessed value of taxable property, including motor vehicles (as of 09/30/2016)	\$213,096,480
Basic debt limit (20% of assessed value)	\$42,619,296
Total indebtedness:	
Outstanding long term G.O. debt <sup>(1)</sup>	\$63,086,909
Less: Non-chargeable G.O. debt <sup>(2)</sup>	(\$39,605,000)
Total indebtedness chargeable against debt limit	<u>(\$23,481,909)</u>
Legal debt margin	<u>\$19,137,387</u>

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(1) See “Outstanding Indebtedness”

(2) The following indebtedness (in the amount noted in parentheses), is not chargeable against debt limit: (a) the portion of the Series 2017-A Warrants allocable to the Public Park Improvements (\$33,000,000), (b) the Series 2017-C Warrants (\$6,130,000) and (c) the Series 2014-B Warrants (\$475,000). All of the foregoing indebtedness was issued by the City under Amendment No. 772 to the Alabama Constitution of 1901 and is therefore exempt from the calculation of the City’s debt limit under Section 225 of the Alabama Constitution of 1901.

***Constitutional Debt Limit—Amendment No. 772.*** Under Amendment No. 772 to the Alabama Constitution of 1901, the City may become indebted and issue bonds, warrants which may be payable from funds to be realized in future years, notes, or other obligations, or evidences of indebtedness to a principal amount not exceeding 50% of the assessed value of the taxable property located within its corporate limits in order to secure funds for any of the economic and industrial development powers or authorities granted in such amendment; however, under existing law, obligations chargeable against debt limit for purposes of Section 225 of the Alabama Constitution of 1901 are not chargeable against the City’s constitutional debt limit.

The portion of the Series 2017-A Warrants allocable to the Public Park Improvements, the Series 2017-C Warrants and the Series 2014-B Warrants were issued under Amendment No. 772 to the Alabama Constitution of 1901 and are therefore exempt from the calculation of the City’s debt limit under Section 225 of the Alabama Constitution of 1901.

The following statement reflects the City’s legal debt margin under Amendment No. 772 to the Alabama Constitution of 1901:

**City of Albertville  
Statement of Legal Debt Margin**

Assessed value of taxable property (as of September 30, 2015)	\$213,096,480
Debt limit (50% of assessed value)	\$106,548,240
Amendment 772 Indebtedness <sup>(1)</sup>	<u>(\$39,605,000)</u>
Legal debt margin – Amendment No. 772	<u>\$66,943,240</u>

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<sup>(1)</sup> Includes the following indebtedness (in the amount noted in parentheses) (a) the portion of the Series 2017-A Warrants allocable to the Public Park Improvements (\$33,000,000), (b) the Series 2017-C Warrants (\$6,130,000) and (c) the Series 2014-B Warrants (\$475,000). Because obligations chargeable against debt limit for purposes of Section 225 of the Alabama Constitution of 1901 are not chargeable against debt limit for purposes of Amendment No. 772 to the Alabama Constitution of 1901, all other indebtedness of the City is excluded from this table.

## Debt Service Requirements on General Obligation Debt

The following table contains the debt service requirements on all long-term, general obligation debt of the City that will be outstanding after the issuance of the Warrants.

City of Albertville Debt Service Requirements on General Obligation Debt					
<b>Fiscal Year Ended</b>	<b>Series 2017-A<sup>(1)(2)</sup></b>	<b>Series 2017-B<sup>(1)(2)</sup></b>	<b>Series 2017-C<sup>(1)(2)</sup></b>	<b>Other Outstanding Indebtedness<sup>(1)(3)</sup></b>	<b>Total Debt Service</b>
2018	\$2,399,507	\$164,668	\$474,435	\$1,108,561	\$4,147,171
2019	2,395,931	162,905	472,625	1,083,589	4,115,051
2020	2,397,331	164,905	476,725	1,083,205	4,122,166
2021	2,398,231	166,960	575,625	909,374	4,050,190
2022	2,398,631	163,600	637,425	867,805	4,067,461
2023	2,398,531	-	637,825	861,155	3,897,511
2024	2,395,131	-	633,125	774,725	3,802,981
2025	2,395,681	-	633,125	783,708	3,812,514
2026	2,396,806	-	635,250	781,801	3,813,857
2027	2,397,056	-	632,000	838,713	3,867,769
2028	2,395,056	-	635,400	819,594	3,850,050
2029	2,395,856	-	632,800	819,534	3,848,191
2030	2,399,256	-	634,400	818,338	3,851,994
2031	2,735,056	-	-	820,500	3,555,556
2032	2,734,906	-	-	821,300	3,556,206
2033	2,737,956	-	-	816,575	3,554,531
2034	2,739,056	-	-	816,325	3,555,381
2035	2,738,206	-	-	819,956	3,558,163
2036	2,737,581	-	-	817,456	3,555,038
2037	2,739,769	-	-	818,781	3,558,550
2038	2,736,606	-	-	818,838	3,555,444
2039	2,736,006	-	-	818,081	3,554,088
2040	2,744,606	-	-	-	-

(1) For purposes of this table the principal amount of indebtedness to be retired in a fiscal year pursuant to mandatory redemption provisions is shown as maturing in that fiscal year.

(2) For purposes of this Preliminary Official Statement, principal and interest requirements have been estimated based on an assumed principal amount and principal maturities as shown and certain assumed interest rates. Actual principal amounts and maturities and actual interest rates will be established after pricing of the Series 2017 Warrants and will be reflected in the final Official Statement. Actual debt service payments will vary from this estimate.

(3) The debt service shown includes 100% of the debt service on the Series 2016-A Warrants, Series 2014-B Warrants and Series 2013-A Warrants. The debt service shown does not include Bank Loans or Capital Leases. See "Outstanding Indebtedness".

## Debt Ratios

The following table sets forth certain debt ratios applicable to the City:

### City of Albertville Debt Ratios

Population	21,462
Assessed Value of Taxable Property	\$213,096,480
General Obligation Debt <sup>(1)</sup>	\$63,086,909
General Obligation Debt Per Capita	\$2,939
Ratio of General Obligation Debt to Assessed Value	29.60%

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<sup>(1)</sup> After giving effect to the issuance of the Warrants.

## AD VALOREM TAXATION

### General

The levy and collection of ad valorem taxes in Alabama are subject to the Alabama Constitution, which, among other things, fixes the percentage of market value at which property can be assessed for taxation, limits the tax rates that can be levied against property and places a ceiling on the aggregate ad valorem taxes that can be levied by all taxing authorities on any property in any tax year. The amount of an ad valorem tax in Alabama is computed by multiplying the applicable tax rate by the assessed value of the taxable property. The assessed value of taxable property is a specified percentage (the “assessment ratio”) of its fair and reasonable market value or, in certain circumstances, its current use value. Ad valorem tax rates are stated in terms of mills per dollar of assessed value. Each mill represents a tax equal to one-tenth of one percent of the assessed value of such property.

### Classification of Taxable Property

Amendment No. 373 to the Alabama Constitution divides all taxable property into the following four classes valued for taxation according to the assessment ratios shown below:

Class I	All property owned by utilities	30%
Class II	All property not otherwise classified	20%
Class III	All agricultural, forest and single-family, owner-occupied residential property and historic buildings and sites	10%
Class IV	Private passenger automobiles and pickup trucks owned and operated by an individual for personal or private use	15%

Amendment No. 373 permits the owner of Class III property to elect to have such property appraised at its “current use value” rather than its “fair and reasonable market value”. “Current use value” has been defined statutorily as the value of such property based on the use being made of it on October 1 of the preceding year, without taking into consideration the prospective value such property might have if it were put to some other possible use.

### Assessment Ratio Adjustment

The Alabama Legislature has no power to adjust assessment ratios pertaining to local (as distinguished from state) taxes but does have the power to approve or disapprove an adjustment proposed by a local taxing authority. The governing body of any county, municipality or other local taxing authority may increase or decrease the assessment ratio with respect to any class of property subject to the following conditions: (i) the governing body of such county, municipality or other taxing authority must hold a public hearing on the proposed adjustment before

authorizing the adjustment, (ii) the Legislature must adopt an act approving the adjustment and (iii) a majority of the electors of such county, municipality or other taxing authority must approve the adjustment in a special election. In addition, the Legislature has placed the following restrictions on the adjustment of assessment ratios:

(1) If the total assessed value of all property of a single class located within a taxing authority's jurisdiction exceeds 50% of the total assessed value of all taxable property located within the jurisdiction of such authority, then the assessment ratio with respect to that class of property may be decreased by no more than 5% from the ratio otherwise prescribed for such class;

(2) If the total assessed value of all properties of a single class located within the jurisdiction of a local taxing authority is less than 20% of the total assessed value of all taxable property located within such jurisdiction, then the assessment ratio with respect to that class of property may be increased by no more than 5% from the ratio otherwise prescribed for such class; and

(3) If the total assessed value of all property of a single class located within the jurisdiction of a local taxing authority exceeds 75% of the total assessed value of all taxable property located within such jurisdiction, then (i) the assessment ratio with respect to that class of property may be decreased by no more than 5% from the ratio otherwise prescribed for such class and (ii) the prospective assessment ratio for all other classes of property may be increased by no more than 5% from the ratio otherwise prescribed for such classes.

The governing body of the City has not sought to adjust the assessment ratio applicable to any class of taxable property nor does the City have any present plan for any such adjustment.

### **Rate Adjustments**

Amendment No. 373 authorizes any county, municipality or other local taxing authority to decrease any ad valorem tax rate at any time, provided that such decrease does not jeopardize the payment of any bonded indebtedness secured by such tax. Amendment No. 373 also permits a county, municipality or other local taxing authority to increase the rate at which any ad valorem tax is levied, but only if (i) the governing body of such county, municipality or other taxing authority holds a public hearing on the proposed increase before authorizing the increase, (ii) the Legislature adopts an act approving the increase and (iii) a majority of the electors of such county, municipality or other taxing authority subsequently approves the increase in a special election.

### **Ceiling on Ad Valorem Taxes**

Amendment No. 373 also limits the total amount of state, county, municipal and other ad valorem taxes that may be imposed on any class of property in any one tax year. This limitation is expressed in terms of a specified percentage of the fair and reasonable market value of such property. The applicable percentages to the four classes of property are as follows:

Class I -	2%
Class II -	1 1/2%
Class III -	1%
Class IV -	1 1/4%

If the total amount of tax otherwise payable with respect to a class of property would exceed the maximum tax limit, the millage rate of each separate tax to which such property is subject must be reduced in the same proportion that the millage levied by or for the benefit of each taxing authority bears to the total millage levied by or for the benefit of all applicable taxing authorities. This provision becomes operative as to the several classes of property only if the total tax rate exceeds the following:

Class I -	66 2/3 mills
Class II -	75 mills
Class III -	100 mills
Class IV -	83 1/3 mills

### Ad Valorem Tax Rates

Ad valorem taxes on property in the jurisdiction of the City within Marshall County are currently levied at the following rates:

<b>Taxing Authority</b>	<b>Mills</b>
State of Alabama	6.5
Marshall County:	
General Fund	6.0
Road & Bridge	2.4
Hospital	4.5
Courthouse & Jail	0.6
School - Countywide	4.5
School - District 82 -	<u>3.5</u>
Albertville	
County Subtotal	21.5
City of Albertville:	
General	5.0
Schools	<u>13.5</u>
City Subtotal	18.5
<b>Total</b>	<b><u>46.5</u></b>

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Source: Alabama Department of Revenue.

### Assessed Valuation of Taxable Property

The following table contains the assessed value of taxable property (including motor vehicles but excluding exempt property) in the City for the tax years ended September 30 of the years indicated:

<b>Year</b>	<b>Assessed Value</b>
2016	\$213,096,480
2015	202,038,720
2014	198,220,760
2013	195,377,320
2012	196,609,960

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Source: Marshall County Revenue Commissioner (real and personal property) and Judge of Probate (motor vehicles).



### **Largest Ad Valorem Taxpayers**

Listed below are the ten largest ad valorem taxpayers in the City and the total amount of ad valorem taxes paid by each for the tax year ended September 30, 2016 (the most recent year for which definitive information is available). The amounts shown under the heading "Total Ad Valorem Taxes Paid" represent the collections for the tax year ended September 30, 2016 from the total state, county, municipal and school district levies on property in the City's jurisdiction within Marshall County.

<b>Name of Taxpayer</b>	<b>Total Ad Valorem Taxes Paid</b>	<b>Assessed Value</b>
Progress Rail Services Corporation	\$411,399	\$8,847,280
Mueller Company	247,642	5,551,480
Albertville Quality Foods, Inc.	193,894	4,782,120
Mitchell Grocery Corp.	178,845	4,100,260
Huhtamaki, Inc.	177,072	4,348,940
Newman Technology of Alabama, Inc.	154,348	5,972,140
Wayne Farms, LLC	116,020	2,494,940
Honda of America Mfg., Inc.	106,545	2,291,280
Colormasters, LLC	102,787	3,276,300
Tyson Chicken, Inc.	100,584	2,163,100

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Source: Marshall County Revenue Commissioner.

### **LITIGATION RELATING TO THE CITY**

The City is a defendant in several suits and has been notified of various claims against it arising from matters relating to normal operations of a municipality. The City believes that any liability resulting from these suits and claims will be covered by the City's liability insurance, which has customary deductible amounts, or by other funds of the City which will be available to discharge such liability without impairing its ability to perform any of its other obligations.

Recent court decisions have substantially eroded the immunity from tort liability formerly enjoyed by local governmental units in Alabama; however, Chapter 93 of Title 11 of the Code of Alabama (1975) now prescribes certain limits on the liability of local governmental units for bodily injury or death and for damage or loss of property. The limits are presently \$100,000 in the case of bodily injury or death of one person in any single occurrence, \$300,000 in the aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence, and \$100,000 for damage or loss of property arising out of any single occurrence. The Alabama Supreme Court has held that the limitations prescribed by Chapter 93 are constitutional.

Local governmental units throughout the country increasingly have been subjected to lawsuits - many of which claim damages in large amounts - for alleged denials of civil rights under the provisions of Section 1983 of Title 42 of the United States Code. While the question is not free from doubt, it should be assumed that existing Alabama statutory limitations on liability for personal injury would not serve to limit liability under Section 1983.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### General

The City is a municipal corporation organized under the laws of the State of Alabama. The City is located in Marshall County, which is situated in northeastern Alabama. According to the U.S. Census records, the current (2015) estimated population of the City is 21,462. Incorporated in 1891, the City is located between the Cities of Gadsden and Guntersville, approximately 80 miles from the City of Birmingham and 48 miles from the City of Huntsville. The City covers approximately 26 square miles.

Marshall County covers approximately 623 square miles. The principal agricultural and forest products of the County include broilers, poultry and egg production, cattle and soybeans. Major manufactured products of the County include processed poultry, manufactured housing and auto parts. Major mineral products of the County include common clay and crushed stone.

### Population

The following table sets forth population statistics for the State of Alabama, Marshall County, and the City for the years indicated.

	1980	1990	2000	2010	2015*
State of Alabama	3,894,025	4,040,389	4,447,100	4,779,736	4,858,979
Marshall County	65,622	70,832	82,231	93,019	94,725
City of Albertville	12,039	14,507	17,247	21,160	21,462

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Source: U.S. Census Bureau.

\*Estimate

The following table sets forth estimated nonagricultural wage and salary employment statistics for Marshall County for the year 2015:

### Marshall County Nonagricultural Employment by Industry

	Number Employed	%
Manufacturing	10,808	31.9
Public Administration	5,145	15.2
Retail Trade	4,701	13.9
Accommodation and Food Services	3,150	9.3
Health Care and Social Assistance	2,359	7.0
Wholesale Trade	1,275	3.8
Administrative and Waste Services	1,157	3.4
Construction	951	2.8
Transportation and Warehousing	902	2.7
Finance and Insurance	886	2.6
Professional and Technical Services	566	1.7
Other Services, Ex. Public Admin.	525	1.5
Information	385	1.1
Management of Companies and Enterprises	355	1.0
Real Estate and Rental and Leasing	348	1.0
Agriculture, Forestry, Fishing & Hunting	152	0.4
Arts, Entertainment and Recreation	121	0.4
Utilities	<u>111</u>	<u>0.3</u>
Total wage and salary employees	33,897	100%

---

Source: Alabama Department of Labor.

The following table sets forth labor force data, estimates and employment rates for Marshall County for the dates indicated:

	2012	2013	2014	2015	2017	March 2017*
Civilian Labor Force	40,686	40,510	39,931	40,516	41,255	41,935
Employment	37,523	37,740	37,261	38,176	38,994	39,930
Unemployment	3,163	2,770	2,670	2,340	2,261	2,005
Unemployment Rate	7.8%	6.8%	6.7%	5.8%	5.5%	4.8%

\*Preliminary, subject to change.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

The following table sets forth comparative unemployment rates for the County, the State of Alabama and the United States for the dates indicated:

	2012	2013	2014	2015	2017	March 2017*
Marshall County	7.8%	6.8%	6.7%	5.8%	5.5%	4.8%
State of Alabama	8.0	7.2	6.8	6.1	6.0	5.4
United States	8.1	7.4	6.2	5.3	4.9	4.6

\*Preliminary, subject to change.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

### Major Employers

The major governmental and nongovernmental employers in Marshall County, their principal activity and the number of employees of each are as follows:

Company	Principal Activity	Approximate # Employees
AlaTrade Foods, LLC	Further Processed Poultry Products	1,275
Marshall Medical Centers	County Health Care	1,200
Tyson Foods, Inc.	Processed Poultry	1,088
Pilgrim's Pride	Processed Poultry	1,033
Albertville Quality Foods	Further Processed Poultry Products	900
Wayne Farms	Processed Poultry	890
TS Tech Alabama	Automotive Supplier	700
Mueller Co.	Fire Hydrants	450
Mitchell Grocery Corporation	Grocery Warehouse & Distribution	300
Progress Rail Services	Recondition Railroad Equipment	300

Source: Economic Development Partnership of Alabama.

### Income Levels

There are two basic methods of measuring annual income: per capita income, which is the total income of all families and individuals in a given area divided by the total population of the area, and median family income above and below which there are an equal number of family incomes.

The following tables present comparative information regarding income levels in the City, Marshall County, and the State of Alabama:

### Per Capita Income

Year	City of Albertville	Marshall County	State of Alabama
2015**	\$18,668	\$21,363	\$24,091
2009*	16,839	19,875	22,984
1999	16,336	17,089	18,189
1989	10,971	10,793	11,486

Source: 1990, 2000 and 2010 U.S. Census of Population and Housing; 2015 American Community Survey.

\* Five-year Estimates (2006-2010)

\*\* Five-year Estimates (2011-2015)

### Median Family Income

Year	City of Albertville	Marshall County	State of Alabama
2015**	\$41,657	\$48,138	\$55,341
2009*	41,862	47,440	52,863
1999	38,508	38,788	41,657
1989	26,657	26,135	28,688

Source: 1990, 2000 and 2010 U.S. Census of Population and Housing; 2015 American Community Survey.

\* Five-year Estimates (2006-2010)

\*\* Five-year Estimates (2011-2015)

### General Housing Characteristics

The following table presents general housing characteristics for housing units in the City of Albertville:

	2015*	2010	2000	1990
Total Housing Units	8,121	8,128	7,090	6,238
Total Occupied Units	7,307	7,497	6,566	5,838
Total Owner Occupied Units	4,525	4,563	4,381	3,988
Median Value of Owner Occupied Units	\$111,300	\$99,800	\$73,400	\$44,400

Source: 1990, 2000 and 2010 Census of Population and Housing, Bureau of the Census, United States Department of Commerce; 2015 American Community Survey.

\*Five-year Estimates (2011-2015)

### Industrial Parks

The City has two industrial parks, Albertville Airport Tech Park and Albertville Industrial Park West. The parks are fully served by electric, natural gas, water and sewer utilities. Highway, rail and general aviation transportation are all convenient to the parks.

Albertville Airport Tech Park is a fully served 20.0 acre site, located within the City limits, and zoned light industrial. Albertville Industrial Park West is a fully served 200.0 acre site, located within the City limits, and zoned heavy industrial.

### Education

The Albertville City School System operates 6 schools, consisting of 1 kindergarten school, 1 primary school, 2 elementary schools, 1 middle school and 1 high school. Enrollment in the system is approximately 5,326 students. The Marshall County School System operates 15 schools, consisting of 3 primary schools, 4 elementary schools, 3 middle schools, 1 junior high school, 3 high schools and 1 career/technical school. Enrollment in the

system is approximately 5,488 students. In addition, the County has 1 private and denominational school (Grades PK-10), with an enrollment of approximately 200 students.

There are also 2 post-secondary schools located in Marshall County. Snead State Community College, offers academic and technical education programs. The Alabama Aviation College, a unit of Enterprise-Ozark Community College, located in the Aviation Training Facility at the Albertville Regional Airport, offers core FAA certification classes in aircraft airframe design, construction and maintenance.

### **Health Care Services**

Marshall County is the site of Marshall Health System, created in 1997. The creation of the system combined two regional medical centers in the County: Marshall Medical Center North located in the City of Guntersville and Marshall Medical Center South located in the City of Boaz. Marshall North is a 90-bed acute-care hospital with a staff of more than 50 physicians. Services provided there include family and internal medicine, general surgery, gynecology, neurology, gastroenterology, plastic and reconstructive surgery, and emergency and intensive care services. Marshall South is a 150-bed acute-care hospital with a staff of 81 physicians. Services provided there include laparoscopic surgery, family-centered maternal and child health, general and vascular surgery, orthopedics, general medicine, emergency and intensive care, advanced diagnostic, and extensive outpatient services, including same-day surgery, diagnostic and lab, radiation and medical cancer care, physical therapy services, and a fitness and rehab center.

### **Utilities**

Electricity is supplied to the residents of the City by the Tennessee Valley Authority and distributed by the Albertville Municipal Utilities Board. Natural gas service is supplied by Southern Natural Gas and distributed by the Marshall County Gas District. Water and sewer is distributed by the Albertville Municipal Utilities Board.

### **Recreational Facilities**

Marshall County is home to numerous outdoor recreation areas including Lake Guntersville State Park, Cathedral Caverns State Park and Buck's Pocket State Park. Some of the activities available in Marshall County include camping, boating, fishing, swimming, birding, hiking/biking trails, tennis courts and 11 public and private golf courses. Boaz is nationally known as a shopper's destination, with five outlet centers, located approximately 6 miles southeast of Albertville. The Boaz Outlet Center has approximately 100 stores and draws visitors from around the country.

### **Transportation**

The City is served by U.S. Highway 431, Alabama State Highways 75 and 205, and Interstate 59 approximately 22 miles from the City. There are 4 local motor freight carrier services, and parcel services include UPS, FedEx, RPS and DHL. Rail service is available through the Alabama & Tennessee River Railway (via lease) over trackage formerly operated by CSX Transportation. Waterways include Lake Guntersville, with the nearest port approximately 10 miles from the City, and the Tennessee River, with a navigable depth of 9 feet which connects to the Tennessee-Tombigbee Waterway and the Mississippi River. The Albertville Regional Airport (Thomas J. Brumlik Field) is a city-owned, public-use airport that contributes greatly to the economic growth and stability of northeast Alabama. The airport's 6,114 foot runway accommodates all sizes and types of corporate aircraft, and averages approximately 4,000 operations per year with 80% of those operations being corporate in nature. The airport is home to the Alabama Aviation College, BAE Systems, RainAir Aviation and Mid-South Aviation, along with 6 corporate hangers and 36 T-hangers. In addition, a 20-acre Technology Park is adjacent to the airport. Scheduled commercial airline service is available in Birmingham and Huntsville.

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**APPENDIX B**

**Audited Financial Statements of the City of Albertville  
for the fiscal year  
ended September 30, 2016**

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**CITY OF ALBERTVILLE**

Albertville, Alabama

**AUDITED FINANCIAL STATEMENTS**

September 30, 2016

**MDA PROFESSIONAL GROUP, P.C.**

**Certified Public Accountants and Business Consultants**

Albertville, Alabama

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# MDA PROFESSIONAL GROUP, P.C.

*Certified Public Accountants and Business Consultants*

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Albertville  
Albertville, Alabama

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Albertville, Alabama, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We audited the financial statements of the Albertville City Board of Education, the discretely presented component units, as part of a separate audit engagement, and issued our report thereon dated March 27, 2017. Our opinion, insofar as it relates to the amounts included for the Albertville City Board of Education, is based solely on the report dated March 27, 2017. 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.

City of Albertville  
Albertville, Alabama

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

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

### **Opinions**

In our opinion, based on our audit and on our report on the financial statements of the Albertville City Board of Education dated March 27, 2017, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the primary government of the City of Albertville, Alabama, as of September 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress – Employees' Retirement System of Alabama, the schedule of changes in the net pension liability, the schedule of employer contributions, the schedule of funding progress – retiree health plan, and budgetary comparison information on pages 4 through 12 and pages 52 through 57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method 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.

City of Albertville  
Albertville, Alabama

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2017, on our consideration of the City of Albertville, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Albertville, Alabama's internal control over financial reporting and compliance.

**MDA Professional Group, P.C.**

Albertville, Alabama  
March 31, 2017

## CITY OF ALBERTVILLE, ALABAMA MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Albertville's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the city's financial activity, (c) identify changes in the city's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (approved budget) and (e) identify individual issues or concerns.

We offer readers, of the city's financial statements, this narrative overview and analysis of the financial activities of the city for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with the city's financial statements, which follow this section.

### **Financial Highlights**

- The City issued \$400,000 in new debt during the year ended September 30, 2016. The new debt was used purchase and remodel a new senior center.
- The Summary of Net Position, located on page 8, will show that net position increased by \$1,211,007 and liabilities decreased by \$196,352. The main reason for the change in net position is a result of increase revenues received by the City during the year.
- In Table 2, one can see that revenues decreased by \$17,607,214. The decrease from the prior year reflects the payoff of bonds the City issued on behalf of Albertville City Schools. Expenditures decreased by \$6,107,865 from last year. The decrease was a result of construction of the Shoppes of Albertville in the prior year.

### **Overview of the Financial Statements**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business type activities). The governmental activities of the City include general government, public safety departments, public safety related departments, recreational activities and intergovernmental functions. The intergovernmental functions of the City are those where the City provides financial resources to other governmental entities, primarily the Albertville City Board of Education for support of the City school. The City of Albertville has no functions that are classified as business type entities.

As described in the notes to the financial statements, other entities' activities should be included in this report because of the relationship of these legally separate entities to the City. Financial information of the Albertville City Board of Education is collectively referred to in the financial statements as *discretely-presented component units*. The complete financial statements, as of September 30, 2016 (including MD&A) of the Albertville City Board of Education may be obtained from the Albertville City Board of Education.

There are other component units, the Industrial Development Board and the Medical Clinic Board, could be included as part of the City's financial reporting entity. However, they are not included because they have insignificant or no activities, assets or fund balances. The Albertville Public Library Board is included as a part of the City's reporting entity as a blended component unit. Although it is legally separate from the City, substantially all of the library's operations are financed with general revenues of the City.

This discussion and analysis focuses on the primary government.

The government-wide financial statements can be found on pages 14 and 15 of this report.

**FUND FINANCIAL STATEMENTS** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.



*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 14 individual governmental funds:

- The General Fund and the Debt Service Fund are considered *major funds*. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the afore mentioned funds.
- The 12 other governmental funds are considered to be *non-major governmental funds*, and they are combined into a single, aggregated presentation in the basic financial statements.

The basic governmental fund financial statements can be found on pages 16 and 18 of this report.

NOTES TO FINANCIAL STATEMENTS – The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 50 of this report.

OTHER INFORMATION – In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Because the City adopts annual operating budgets for its general, a comparison of budget to actual results is provided for these funds to demonstrate compliance with the budgets. This information can be found on pages 52 through 59 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve as a useful indicator of a government's financial position. Overall, the City's assets exceeded liabilities by \$14,491,048 as of

September 30, 2016. This position increased by \$1,211,007 from the prior year, and is a positive net position. Currently, \$600,000 of debt is attributed to debt issued on behalf of the Albertville City Board of Education for which the City does not own the assets.

The largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, improvements (other than buildings), machinery and equipment, vehicles, infrastructure and construction in progress) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other resources, since capital assets themselves cannot be liquidated to pay these liabilities. An additional portion of the City's net position of \$5,373,362 represents resources that are subject to restrictions as to how they may be used. The restrictions can be imposed by legal requirements or sources other than those imposed by the City Council (e.g. state and federal statutes).

The remaining balance of the net position is unrestricted. Unrestricted net position represent the fact that non-capital assets of the City exceed the unrestricted debt and are available to fund governmental activities.

The long-term debt outstanding that was incurred to construct assets not owned by the City consists of \$600,000. While assets are not currently on hand to pay these liabilities, the City expects to pay the debt from annually recurring revenues.

**Table 1**  
**Summary of Net Position**  
**September 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash and Investments</b>	\$ 6,164,836	\$ 5,021,694
<b>Other Assets</b>	7,671,220	7,086,076
<b>Capital Assets</b>	<u>24,617,673</u>	<u>25,331,304</u>
 <b>Total Assets</b>	 <u>\$ 38,453,729</u>	 <u>\$ 37,439,074</u>
 <b>Other Liabilities</b>	 \$ 3,124,348	 \$ 5,536,422
<b>Long-Term Liabilities</b>	<u>20,838,333</u>	<u>18,622,611</u>
 <b>Total Liabilities</b>	 <u>23,962,681</u>	 <u>24,159,033</u>
 <b>Net Position (Deficit):</b>		
<b>Invested in Capital</b>		
<b>Assets, Net of Debt</b>	13,910,449	19,701,355
<b>Restricted</b>	4,203,198	6,118,405
<b>Unrestricted (Deficit)</b>	<u>(3,622,599)</u>	<u>(12,539,719)</u>
 <b>Total Net Position</b>	 <u>14,491,048</u>	 <u>13,280,041</u>
 <b>Total Liabilities and</b>		
<b>Net Position</b>	 <u>\$ 38,453,729</u>	 <u>\$ 37,439,074</u>

**Table 2**  
**Summary of Changes in Net Position**  
**FYE 2016-2015**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
<i><b>Program Revenues:</b></i>		
<b>Charges for Services</b>	\$ 3,412,474	\$ 3,253,157
<b>Operating Grants and Contributions</b>	61,544	56,924
<b>Capital Grants and Contributions</b>	-	1,481,639
<i><b>General Revenues:</b></i>		
<b>Taxes</b>	16,669,518	15,770,160
<b>Contributions From Other</b>		
<b>Governmental Entities</b>	860,011	18,239,071
<b>Interest</b>	2,132	21,131
<b>Other Revenues</b>	673,179	463,990
<b>Total Revenues</b>	<u>21,678,858</u>	<u>39,286,072</u>
<b>Total Expenses</b>	<u>20,467,851</u>	<u>26,575,716</u>
<b>Increase in Net Position</b>	1,211,007	12,710,356
<b>Beginning Net Position (Deficit)</b>	<u>13,280,041</u>	<u>569,685</u>
<b>Ending Net Position (Deficit)</b>	<u>\$ 14,491,048</u>	<u>\$ 13,280,041</u>

Revenues from governmental activities increased during 2016. The most significant changes were as follows:

- Contributions from other governmental entities decreased \$17,379,060 as a result of almost all of City's bonds issued for the Albertville City Schools have been refinanced in the name of the school system.
- Taxes increased 899,358 as a result of continued improvement in sales taxes collected.

The expenditures of the City's departments, exclusive of Education, Contributions/Transfer to Municipal Utilities Board, and Interest and Fiscal Charges, increased by \$940,933 or 6%. The City saw three departments reduce their costs from the prior year by a combined \$433,884. The largest decrease came from the Airport Department, which reduced expenditures by \$366,368. The City had twelve departments increase their cost over last year by a combined \$1,374,817. The largest increase was by the General Government Department which increased its expenses by \$368,839 to pay for road paving during the year.

## Financial Analysis of the Governmental Funds

As noted earlier, the City uses fund accounting to insure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term cash inflows, outflows and balance of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The combined fund balances of the City's governmental funds increase to \$8,472,178 at September 30, 2016, an increase of \$546,110 over the prior year. Of this amount, \$2,179,911 is restricted for use by law, \$158,902 is in a nonspendable form at year-end, \$2,784,160 has been assigned for specific uses by actions of the City government, and the remaining unassigned balance of \$3,349,205 can be used by the City government for any purpose.

The decrease in the combined fund balance of the City's governmental funds is detailed in the following table as of September 30, 2016 and 2015, respectively.

**Table 3**  
**Change in Governmental Funds Balance**  
**FYE 2016 and 2015**

<u>Fund</u>	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
General Fund	\$ 3,632,342	\$ 1,900,207	\$ 1,732,135
Debt Service Fund	1,661,027	2,668,526	(1,007,499)
Nonmajor Governmental Funds	<u>3,178,809</u>	<u>3,357,335</u>	<u>(178,526)</u>
	<u>\$ 8,472,178</u>	<u>\$ 7,926,068</u>	<u>\$ 546,110</u>

The City's General Fund, Fund Balance saw a increase this year. The increase was attributable to increased sales tax revenues and an overall improvement in the City's economy. Total expenses were increased by approximately \$3,755,513. The Debt Service Fund, Fund Balance, decreased as a result of the principal and interest retirement of long-term debt in excess of proceeds.

## Governmental Funds Budgetary Highlights

General Fund –The variances presented in the financial statements were actual amounts compared to budgeted balances.

General Fund revenues were \$774,196 above overall budgeted amounts. Sales tax revenue increases reflect the opening of The Shoppes stores and an improving economy in the City. Actual expenses were \$531,61 more than budgeted amounts as a result of various City projects including the downtown and sidewalks projects.

## Capital Asset and Debt Administration

CAPITAL ASSETS – The City’s investment in capital assets for governmental activities as of September 30, 2016 totaled \$25,331,304 net of accumulated depreciation. This investment in capital assets includes land, infrastructure, buildings, improvements other than buildings, machinery and equipment, vehicles and construction in progress. Net Capital assets decreased approximately \$562,657 in fiscal year ended September 30, 2016.

Table 4  
City of Albertville's Net Capital Assets  
FYE 2016

Land and Land Improvements	\$ 6,256,183
Roads, Bridges, and Infrastructure	8,732,945
Buildings	4,327,070
Building Improvements	2,736,259
Heavy Equipment	166,447
Other Equipment	290,068
Vehicles	1,132,612
Electronic Equipment	976,089
	<hr/>
Total	<u><u>\$ 24,617,673</u></u>

LONG-TERM DEBT – As of September 30, 2016, the City had \$20,838,333 of long-term debt outstanding. Of this amount, \$7,666,005 is the net pension liability, \$10,803,431 are general obligation warrants backed by the full faith and credit of the City, \$992,837 are notes issued to banks backed by assets or the full faith and credit of the City, \$350,000 is a note issued to the Industrial Development Board and backed by the full faith and credit of the City, \$526,381 for compensated absences, and \$499,679 are for landfill post closure expenses.

The City’s general obligation rating by S&P is A.

Other than debt paid from proprietary fund revenue sources (e.g. sewer debt and revenue bonds), State of Alabama law limits the amount of general obligation debt cities can issue for purposes other than schools and drainage systems to twenty percent of assessed value of real and personal property. As of September 30, 2016, the City's gross allowable debt limit is \$37,051,940. This yields an allowable debt margin of \$24,909,103, which includes current outstanding debt of \$12,142,837. The City is in compliance with its debt limit at September 30, 2016.

Table 5  
City of Albertville's Outstanding Debt  
FYE 2016

Net Pension Liability	\$ 7,666,005
General Obligation Warrants and Notes Payable	12,146,268
Compensated Absences	526,381
Landfill Post Closure Care Costs	<u>499,679</u>
Total	<u><u>\$ 20,838,333</u></u>

#### **Request for Information**

This financial report is designed as a general overview of the City's finances and to demonstrate accountability for the money it receives from taxpayers, customers, and creditors. Questions concerning any of the information provided in this report or request for additional information should be addressed to the City Clerk/Treasurer, P.O. Box 1248, Albertville, AL 35950 or by calling (256) 891-8207.

**BASIC  
FINANCIAL STATEMENTS**



## STATEMENT OF NET POSITION

## CITY OF ALBERTVILLE, ALABAMA

SEPTEMBER 30, 2016

	Primary Government Governmental Activities	Component Unit Governmental Activities
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 6,164,836	\$ 8,154,130
Receivables, net		
Tax and Tax Equivalents	2,527,863	5,254,857
Refuse Collections	259,549	-
Note Receivable	-	750,000
Inventory	57,395	168,337
Prepaid Expenses	101,507	-
Restricted Assets:		
Cash and Cash Equivalents	2,887,639	2,256,849
Due From Other Governments	-	946,118
Capital Assets (net of accumulated depreciation)		
Land and Land Improvements	6,256,183	3,592,990
Infrastructure	8,732,945	-
Buildings	4,327,070	57,925,417
Building Improvements	2,736,259	9,332,762
Heavy Equipment	166,447	-
Other Equipment	290,068	1,122,402
Vehicles	1,132,612	1,649,133
Electronic Equipment	976,089	-
Total Assets	36,616,462	91,152,995
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refundings	534,943	-
Contributions to Pension Plan in Current Fiscal Year	1,302,324	7,295,248
Total Deferred Outflows of Resources	1,837,267	7,295,248
Total Assets and Deferred Outflows of Resources	\$ 38,453,729	\$ 98,448,243
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 1,440,501	\$ -
Due To Other Governments	1,211,311	-
Due to State of Alabama	70,258	-
Salaries and Benefits Payable	284,055	3,106,420
Accrued Interest	118,223	213,484
Noncurrent Liabilities		
Net Pension Liabilities	7,666,005	36,061,000
Due within one year	2,147,753	2,141,391
Due in more than one year	11,024,575	60,290,877
Total Liabilities	23,962,681	101,813,172
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue - Property Taxes	-	5,001,590
Pension Deferrals	-	195,000
Total Deferred Inflows of Resources	-	5,196,590
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	13,910,449	13,965,413
Restricted For:		
Highways and Streets	253,822	-
Debt Service	1,542,805	-
Funding the Board of Education	406,183	-
Capital Improvements	624,547	2,023,592
Other Purposes	1,375,841	5,494,340
Unrestricted (Deficit)	(3,622,599)	(30,044,864)
Total Net Position	14,491,048	(8,561,519)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 38,453,729	\$ 98,448,243

The accompanying Notes to Financial Statements are an integral part of these financial statements.

# STATEMENT OF ACTIVITIES

## CITY OF ALBERTVILLE, ALABAMA

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expenses) and Changes in Net Position	Net Revenue (Expenses) and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Governmental Activities
Governmental Activities						
General Government and						
Administrative	\$ 2,660,420	\$ 151,899	\$ -	\$ -	\$ (2,508,521)	\$ -
Police	4,670,649	707,948	61,544	-	(3,901,157)	-
Fire	2,950,231	493,056	-	-	(2,457,175)	-
Street	3,071,419	1,564,451	-	-	(1,506,968)	-
Park and Recreation	882,160	204,528	-	-	(677,632)	-
City Shop	249,607	-	-	-	(249,607)	-
Library	378,811	-	-	-	(378,811)	-
Cemetery	188,185	79,602	-	-	(108,583)	-
Personnel	151,432	-	-	-	(151,432)	-
Municipal Court	289,618	-	-	-	(289,618)	-
Airport	136,469	210,990	-	-	74,521	-
Building Inspection	130,880	-	-	-	(130,880)	-
Information Technology	253,601	-	-	-	(253,601)	-
Economic Development	83,190	-	-	-	(83,190)	-
Senior Center	147,109	-	-	-	(147,109)	-
Miscellaneous	58,813	-	-	-	(58,813)	-
Education	3,735,504	-	-	-	(3,735,504)	-
Interest and Fiscal Charges	429,753	-	-	-	(429,753)	-
Total Governmental Activities	\$ 20,467,851	\$ 3,412,474	\$ 61,544	\$ -	(16,993,833)	-
Component Unit:						
Board of Education	\$ 49,166,635	\$ 4,222,038	\$ 31,849,389	\$ 1,466,756	-	(11,628,452)
Total Component Unit	\$ 49,166,635	\$ 4,222,038	\$ 31,849,389	\$ 1,466,756	-	(11,628,452)
General Revenues:						
Taxes:						
Property Taxes and Payments in Lieu of Taxes					3,503,855	5,110,749
Local Sales Tax					10,977,017	3,649,621
Rental Taxes					383,897	-
Tobacco Taxes					110,435	-
Alcohol Taxes					288,790	-
Lodging Taxes					104,499	-
Motor Fuel Taxes					292,663	-
Licenses, Permits, and Other Revenue					1,008,362	264,433
Investment Income					2,132	79,499
Contributions From Other Governmental Entities					860,011	-
Miscellaneous					673,179	2,699,423
Total General Revenues and Transfers					18,204,840	11,803,725
Change in Net Position					1,211,007	175,273
Net Position (Deficit) - Beginning of Year, As Restated (See Note 16)					13,280,041	(8,736,792)
Net Position - End of Year					\$ 14,491,048	\$ (8,561,519)

The accompanying Notes to Financial Statements are an integral part of these financial statements

# BALANCE SHEET - GOVERNMENTAL FUNDS

## CITY OF ALBERTVILLE, ALABAMA

SEPTEMBER 30, 2016

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,783,960	\$ 1,661,027	\$ 2,607,487	\$ 9,052,474
Receivables, Net				
Tax and Tax Equivalents	2,527,863	-	-	2,527,863
Refuse Collection	259,549	-	-	259,549
Inventory	57,395	-	-	57,395
Due From Other City Funds	224,618	-	778,356	1,002,974
Due From Component Units	63,142	-	17,584	80,726
Prepaid Expenses	101,507	-	-	101,507
<b>Total Assets</b>	<b>\$ 8,018,034</b>	<b>\$ 1,661,027</b>	<b>\$ 3,403,427</b>	<b>\$ 13,082,488</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 964,706	\$ -	\$ -	\$ 964,706
Accrued Payroll and Other Withholdings	334,442	-	-	334,442
Due to Component Units	1,292,037	-	-	1,292,037
Due to Other City Funds	778,356	-	224,618	1,002,974
Other Liabilities	78,151	-	-	78,151
<b>Total Liabilities</b>	<b>3,447,692</b>	<b>-</b>	<b>224,618</b>	<b>3,672,310</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue - Property Taxes	938,000	-	-	938,000
<b>Fund Balances:</b>				
Restricted	427,201	-	1,752,710	2,179,911
Nonspendable	158,902	-	-	158,902
Assigned	-	1,661,027	1,123,133	2,784,160
Unassigned (Deficit)	3,046,239	-	302,966	3,349,205
	<b>3,632,342</b>	<b>1,661,027</b>	<b>3,178,809</b>	<b>8,472,178</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 8,018,034</b>	<b>\$ 1,661,027</b>	<b>\$ 3,403,427</b>	<b>\$ 13,082,488</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION

CITY OF ALBERTVILLE, ALABAMA

SEPTEMBER 30, 2016

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Amounts reported for governmental activities in the Statement of Net Position  
(page 14) are different because:

Net change in fund balances - total governmental funds (page 16)	\$ 8,472,178
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	24,617,673
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the statement of net position.	1,302,324
Refundings on bonds that are deferred and amortized in the Statement of Net Position are expensed when issued and, therefore, are not reported in the funds.	534,943
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	938,000
Long-term liabilities, including bonds payable, the related accrued interest payable, and the net pension liability are not due and payable in the current period and, therefore, not reported in the funds.	<u>(21,374,070)</u>
Total Change in Net Position - Governmental Activities (page 14)	<u>\$ 14,491,048</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

CITY OF ALBERTVILLE, ALABAMA

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes				
Property and Payments in Lieu of Taxes	\$ 2,719,363	\$ -	\$ -	\$ 2,719,363
Sales and Use	10,977,017	-	-	10,977,017
Alcohol	288,790	-	-	288,790
Rental	383,897	-	-	383,897
Motor Fuel	133,358	-	159,304	292,662
Tobacco	102,178	-	8,257	110,435
Lodging	97,961	-	-	97,961
Licenses and Permits	1,008,962	-	-	1,008,962
Charges for Services	1,600,898	-	493,056	2,093,954
Fines and Costs	458,929	-	-	458,929
Intergovernmental Revenues	1,135,249	616,800	42,587	1,794,636
Other Revenues	935,704	409	418,217	1,354,330
	<u>19,842,306</u>	<u>617,209</u>	<u>1,121,421</u>	<u>21,580,936</u>
<b>EXPENDITURES</b>				
General Government and Administrative	2,046,873	-	-	2,046,873
Police	4,236,414	-	24,710	4,261,124
Fire	2,541,993	-	75,493	2,617,486
Street	2,547,939	-	58,479	2,606,418
Park and Recreation	775,513	-	-	775,513
City Shop	242,731	-	-	242,731
Library	339,704	-	27,119	366,823
Cemetery	181,723	-	-	181,723
Personnel	151,432	-	-	151,432
Municipal Court	285,807	-	3,393	289,200
Airport	-	-	136,469	136,469
Building Inspection	110,467	-	-	110,467
Information Technology	256,102	-	-	256,102
Economic Development	83,190	-	-	83,190
Senior Center	147,109	-	-	147,109
Principal Retirements on Long-Term Debts	169,764	1,835,000	13,759	2,018,523
Interest and Fiscal Agents Fees	38,004	362,905	11,830	412,739
Capital Outlay	526,090	-	469,310	995,400
Education	3,735,504	-	-	3,735,504
	<u>18,416,359</u>	<u>2,197,905</u>	<u>820,562</u>	<u>21,434,826</u>
Excess (Deficiency) of Revenues	<u>1,425,947</u>	<u>(1,580,696)</u>	<u>300,859</u>	<u>146,110</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds and Debt Issued	400,000	-	-	400,000
Transfers From Other Funds	579,994	573,197	117,697	1,270,888
Transfers To Other Funds	(673,806)	-	(597,082)	(1,270,888)
	<u>306,188</u>	<u>573,197</u>	<u>(479,385)</u>	<u>400,000</u>
Net Change in Fund Balances	1,732,135	(1,007,499)	(178,526)	546,110
FUND BALANCES - Beginning of Year	<u>1,900,207</u>	<u>2,668,526</u>	<u>3,357,335</u>	<u>7,926,068</u>
FUND BALANCES - End of Year	<u>\$ 3,632,342</u>	<u>\$ 1,661,027</u>	<u>\$ 3,178,809</u>	<u>\$ 8,472,178</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT  
OF ACTIVITIES

CITY OF ALBERTVILLE, ALABAMA

FOR THE YEAR ENDED SEPTEMBER 30, 2016

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Amounts reported for governmental activities in the Statement of Activities  
(page 15) are different because:

Net change in fund balances - total governmental funds (page 18)	\$ 546,110
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 depreciation exceeded capital outlays in the current period.	(713,630)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	97,919
Contributions to the pension plan in the current fiscal year are not included on the statement of activities.	(278,868)
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,588,933
Some expenditures reported in the governmental funds do not require the use of current financial resources and, therefore, are not reported as expenses in the statement of activities.	<u>(29,457)</u>
Total Change in Net Position - Governmental Activities (page 15)	<u><u>\$ 1,211,007</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Albertville is a chartered municipality organized in 1891 under laws of the State of Alabama and operates under an elected Mayor-Council form of government. The City complies with accounting principles generally accepted in the United States of America (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Accounting principles generally accepted in the United States of America require that the City report the entire reporting entity which consists of the City (the primary government) and its component unit, entities for which the City is considered to be financially accountable. The component unit of the City is discretely presented in a separate column in the basic financial statements to emphasize the fact that it is legally separate from the City. The discretely presented component unit has a September 30 year end.

Discretely Presented Component Unit:

*Albertville City Board of Education* - The Board of Education's governing body is appointed by the City Council. The City has issued bonds for the construction of facilities for the Board of Education and is obligated for the debt.

Complete financial statements for the Albertville City Board of Education may be obtained at the administrative offices of the entities.

Other component units, which normally may be included as part of the City's financial reporting entity, include the Industrial Development Board and the Medical Clinic Board. However, they are not included because they have insignificant or no assets and fund balances. The amount of Industrial Development Board and Medical Clinic Board debts outstanding is undeterminable; however, the City is not liable for these debts. The Albertville Public Library Board is included as part of the City's reporting entity as a blended component unit. Although it is legally separate from the City, substantially all of the library's operations are financed with general revenues of the City.

Related Organizations

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City Council appoints the board members of the Municipal Utilities Board of Albertville, the Albertville Housing Authority, the Water Supply Board of the City of Albertville, and one member of the Marshall County Gas District.

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Ventures

In 1997, the City entered into a joint venture with the City of Guntersville, Alabama to form the Albertville and Guntersville Metropolitan Solid Waste Authority (the Authority) to provide for and allow the orderly collection and disposal of solid waste and to have the right to enter into contracts for the disposal of Albertville and Guntersville's solid waste. The Authority is comprised of a five member Board of Directors. Two of the members are appointed by the Mayor of Guntersville and two are appointed by the Mayor of Albertville. The Mayor of Albertville and the Mayor of Guntersville alternate every two years fulfilling the fifth position. The City does not maintain an ongoing equity interest in the Authority. However, the City pays the Authority for operating expenses for its pro-rata share of solid waste disposed.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum funds are maintained consistent with legal and managerial requirements. The City of Albertville currently has no proprietary or fiduciary funds to report.

(Continued)



CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental funds are used to account for the City's general governmental activities. Governmental fund financial statements use the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within forty-five (45) days of the end of the fiscal period. Expenditures generally are recorded when the related fund liability is incurred, as in accrual accounting. However, debt service expenditures are recognized only when payment is due. Certain compensated absences, claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, sales and use taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Other taxes and receipts become measurable when cash is received by the City and are recognized as revenue at that time. Shared revenues and entitlements are recorded at the time of receipt or earlier if the accrual criteria are met.

Payments in lieu of taxes are revenues from other governmental entities paid in lieu of property taxes.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

General Fund - The General Fund accounts for all of the revenues and expenditures of the City, except those which must be accounted for in other funds, and it is the largest and most important accounting activity for the City. General Fund revenues finance all of the current operations of governmental units which benefit the citizenry as a whole.

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, the City's general long-term principal and interest.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Auditing Standards Board (GASB).

During the course of normal operations, the City has numerous transactions between funds to provide services, to pay debt, etc. These transactions are generally reflected as operating transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. These transactions are recorded as expenditures in the reimbursing fund and as reductions of the expenditures in the fund reimbursed. As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first, then restricted resources as they are needed except in the case of grant monies which are used for their required purpose.

ASSETS, LIABILITIES, AND NET POSITION

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of the U.S. Treasury, State of Alabama, Alabama counties, or the general obligations of Alabama municipalities. Investments for the City are stated at fair market value.

Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds".

All trade and property tax receivables are shown net of an allowance for uncollectibles.

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists of various equipment parts, materials, and supplies. Inventory is carried at the lower of cost or market using the first-in, first-out method.

Property Taxes

Property taxes are levied on October 1 for the prior fiscal year beginning October 1, at which time a lien is attached. These taxes are due and payable October 1 and delinquent after December 31 each year after which a penalty and interest are required to be charged. Revenue is recognized in the year when the taxes are levied and collected at the fund level and in the year for which they are levied at the government-wide level. The taxes are collected by the Marshall County tax collector and remitted to the City.

Prepaid Items

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

Restricted Assets

Certain proceeds of general obligation warrants, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet and statement of net position because their use is limited by applicable warrant indentures. In addition, cash accounts and other assets restricted for specific purposes are classified as restricted assets on the balance sheet and statement of net position.

Capital Assets

Capital assets of the City, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed, or estimated historical cost if inadequate records were available to determine the actual cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

It is the City's policy not to depreciate historical objects and museum exhibits that are held for public exhibition. These objects are maintained by the City at a reasonable level and, if sold, proceeds are used to purchase more historical objects for public display.

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and infrastructure	35 – 60
Building improvements	15 – 40
Machinery, equipment, and vehicles	5 – 25
Books	5

Risk Management

The City is exposed to normal business risks in the course of operations. Commercial insurance is purchased by the City to cover any normal, insurable loss up to policy limits. During the past three years, there have been no losses which exceeded insured amounts.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet – governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualifies for reporting in this category. One item is deferred charges on refundings reporting in the government-wide statements of net position. A deferred charge on refunded debt results from the difference in carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the contributions to the pension plan subsequent to the plan measurement date, and is reported only in the governmental activities statement of net position.

In addition to liabilities, the statement of net position and/or balance sheet – governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. One item, which arises only under a modified accrual basis of accounting, is the unavailable property tax revenue and is reporting only in the governmental funds balance sheet. The other item is excess of actual earnings over projected earnings on pension plan investments and is reported only in the governmental activities statement of net position. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Employees can earn vested annual vacation leave based on years of service as follows:

1 – 2 Years	6 Days
3 – 10 Years	12 Days
11 – 20 Years	18 Days
21 Years	24 Days

Unused vacation leave not exceeding 30 days can be carried over to succeeding years. The City has accrued a liability for vacation pay which has been earned but not taken by City employees. Vacation leave that is expected to be liquidated with expendable available resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. All unused annual leave is accrued when earned by the employee in the government-wide financial statements. Vacation leave that is expected to be liquidated during the next twelve months is considered a current liability on the government-wide financial statements.

Employees earn sick leave at the rate of one day per month worked. Prior to September 30, 1990, policy provided that sick leave need not be used within a specified leave year and could be accumulated without maximum. Employees hired after October 1, 1990, will only be allowed to accumulate a maximum of 60 days of sick leave. Upon separation from service, all sick leave is canceled and is not transferable to annual leave. However, employees in good standing who retire or who die will be paid for all of their accrued sick leave in full. Therefore, the only sick leave accrued as a liability on the City's government-wide financial statements is the amount vested for employees who are eligible for retirement.

Pensions

The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources management 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 the 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 on the State's Comprehensive Annual Financial Report.

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts, as well as gains/losses on refundings, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium, discount, or gains/losses on refundings. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Encumbrances

The City does not use an encumbrance account as part of its formal accounting system.

Use of Estimates in Preparation of Financial Statements

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

Equity Classifications

Government-Wide statements - Equity is classified as net position and displayed in three components:

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

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

Fund equity is reported in the fund financial statements as fund balances. The following classifications of fund balances are reported in the fund financial statements:

- a. Nonspendable - This classification includes amounts that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained intact.
- b. Restricted - This classification includes amounts that have constraints placed on the use of resources imposed either (1) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (2) by law through constitutional provisions or enabling legislation.
- c. Committed - This classification includes amounts that can only be used for specific purposes. It is the practice of the City to present assets in this classification pursuant to constraints imposed by formal action. However, no formal policy regarding this action has been approved by the City. No amounts were reported as committed as of September 30, 2016.
- d. Assigned - This classification includes amounts that are intended to be used for specific purposes, but are neither restricted nor committed. It is the practice of the City to allow the City Council to make a determination of the assigned amounts of fund balance, and also to allow the City Council to remove the constraints. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. No formal policy regarding the assignment of fund balances to this classification has been approved by the City.
- e. Unassigned - This classification is the residual classification for the general fund, and reflects fund balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through March 31, 2017, which is the date the financial statements were available to be issued.

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balances – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of the reconciliation explains the "long-term liabilities, including bonds payable, which are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds and Notes Payable	\$ 12,645,947
Accrued Interest Payable	118,223
Net Pension Liability	7,666,005
Other Post-Employment Benefits	455,674
Compensated Absences	<u>488,221</u>
Net adjustment to reduce <i>fund balances – total governmental funds</i> to arrive at <i>net position – governmental activities</i> :	<u><u>\$ 21,374,070</u></u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

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

Capital Outlay	\$ 995,400
Depreciation Expense	<u>(1,709,030)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> :	<u><u>\$ (713,630)</u></u>

(Continued)



CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Debt Issued or Incurred:	
Vantage Bank	400,000
	<u>400,000</u>
Principal repayments:	
General obligation debt	2,018,523
Amortization of bond discounts and premiums	<u>(29,590)</u>
Total Repayments	<u>1,988,933</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> :	<u><u>\$ 1,588,933</u></u>

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that, "some expenditures reported in the governmental funds do not require the use of current financial resources and therefore are not reported as expenses in the statement of activities." The details of this difference are as follows:

Compensated absences	\$	(21,337)
Other Post Employment Benefits Obligation		21,873
Accrued interest		12,576
Landfill postclosure care costs		<u>(42,569)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> :		
	\$	<u><u>(29,457)</u></u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

The City maintains a level of control at the department level. The following departments had expenditures exceeding appropriations as of September 30, 2016:

<u>Fund</u>	<u>Department</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Negative Variance</u>
General	Street	\$ 2,547,939	\$ 1,821,680	\$ (726,259)
	Parks and Recreation	775,513	692,064	(83,449)
	City Shop	242,731	238,950	(3,781)
	Library	339,704	332,566	(7,138)
	Municipal Court	285,807	251,514	(34,293)
	Information Technology	256,102	187,004	(69,098)
	Senior Center	147,109	128,418	(18,691)
	Capital Outlay	526,090	100,000	(426,090)
	Education	3,735,504	-	(3,735,504)

The City's general fund total expenditures exceeded appropriations by \$531,609.

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 4 – DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the City's deposits was \$9,052,474, and the bank balance was \$10,648,085.

Deposits at year-end were held by financial institutions in the State of Alabama's Security of Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1974, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program, all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

At September 30, 2016, the City had the following investments held by a trustee:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Money Market Mutual Funds comprised of U.S. Treasury Bills	\$ 1,744,380	33

*Interest rate risk* - The City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

*Credit risk* - State statutes limit the City's investments to U.S. Treasury obligations, State of Alabama and Alabama County obligations, and general obligations of Alabama municipalities. At September 30, 2016, the City's investments consisted of Federated U.S. Treasury Cash Reserves Fund. This money market fund seeks current income consistent with stability of principal and liquidity by investing only in a portfolio of short-term U.S. Treasury securities. The Fund seeks to maintain a stable net asset value of \$1.00 per share.

*Custodial credit risk* - This is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2016, the City's investments consisted solely of U.S. Treasury Bills held by one financial institution.

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 5 – DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds are as follows:

	<u>Unavailable</u>
Property Taxes Receivable (General Fund)	<u><u>\$ 938,000</u></u>

NOTE 6 – RECEIVABLES

Receivables at September 30, 2016, consist of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Sales Tax	\$ 966,681	\$ -	\$ 966,681
Refuse Collection	259,549	-	259,549
Ad Valorem Tax	1,181,833	-	1,181,833
Other Receivables	<u>379,349</u>	<u>-</u>	<u>379,349</u>
	<u><u>\$ 2,787,412</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,787,412</u></u>

## CITY OF ALBERTVILLE, ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 7 – CAPITAL ASSETS

The following is a summary of changes in the City's capital asset activity for the fiscal year:

	Balance Oct. 1, 2015	Additions/ Transfers	Retirements/ Transfers	Balance Sept. 30, 2016
<u>Governmental Activities:</u>				
Land	\$ 6,237,083	\$ 19,100	\$ -	\$ 6,256,183
Total Capital Assets, not Being Depreciated	6,237,083	19,100	-	6,256,183
Infrastructure	17,594,769	47,844	-	17,642,613
Buildings	7,198,116	236,561	-	7,434,677
Building Improvements	4,483,297	211,194	-	4,694,491
Heavy Equipment	681,873	-	-	681,873
Motor Vehicles	7,847,853	315,413	-	8,163,266
Other Equipment	2,052,121	98,903	-	2,151,024
Electronic Equipment	2,721,196	66,385	-	2,787,581
Library Books	331,029	-	-	331,029
Total Capital Assets Being Depreciated	42,910,254	976,300	-	43,886,554
Less Accumulated Depreciation for:				
Infrastructure	8,377,206	532,462	-	8,909,668
Buildings	2,967,158	140,449	-	3,107,607
Building Improvements	1,784,538	173,694	-	1,958,232
Heavy Equipment	453,625	61,801	-	515,426
Motor Vehicles	6,607,640	423,014	-	7,030,654
Other Equipment	1,755,613	105,343	-	1,860,956
Electronic Equipment	1,539,835	271,657	-	1,811,492
Library Books	330,418	611	-	331,029
	23,816,033	1,709,031	-	25,525,064
Total Capital Assets, Being Depreciated, Net	19,094,221	(732,731)	-	18,361,490
Governmental Activities, Capital Assets, Net	\$ 25,331,304	\$ (713,631)	\$ -	\$ 24,617,673

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 7 – CAPITAL ASSETS (Continued)

Depreciation expense is charged to functions of the primary government as follows:

General government	\$	102,923
Police		372,001
Fire		346,433
Street		479,102
Airport		253,456
Cemetery		5,273
Library		14,347
Recreation		107,402
City Shop		5,739
Municipal Court		3,217
Building		<u>19,138</u>
Total depreciation expense - governmental activities	\$	<u><u>1,709,031</u></u>

(Continued)

## CITY OF ALBERTVILLE, ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 7 – CAPITAL ASSETS (Continued)

Activity for the discretely presented component unit, the Albertville City Board of Education, for the year ended September 30, 2016, was as follows:

	Balance Oct. 1, 2015	Additions/ Transfers	Retirements/ Transfers	Balance Sept. 30, 2016
<u>Component Unit:</u>				
Land	\$ 1,259,896	\$ -	\$ -	\$ 1,259,896
Total Capital Assets, not Being Depreciated	1,259,896	-	-	1,259,896
Buildings	69,057,256	174,885	-	69,232,141
Building Improvements	10,552,241	722,040	-	11,274,281
Land Improvements - exhaustible	2,538,223	243,212	-	2,781,435
Vehicles	4,401,052	12,817	80,029	4,333,840
Equipment and Furniture	4,343,026	25,142	109,730	4,258,438
Total Capital Assets Being Depreciated	90,891,798	1,178,096	189,759	91,880,135
Less Accumulated Depreciation for:				
Buildings	10,194,807	1,111,917	-	11,306,724
Building Improvements	1,513,952	427,567	-	1,941,519
Land Improvements - exhaustible	414,143	34,198	-	448,341
Vehicles	2,486,805	314,284	116,382	2,684,707
Equipment and Furniture	2,992,855	216,051	72,870	3,136,036
	17,602,562	2,104,017	189,252	19,517,327
Total Capital Assets, Being Depreciated, Net	73,289,236	(925,921)	507	72,362,808
Component Unit, Capital Assets, Net	\$ 74,549,132	\$ (925,921)	\$ 507	\$ 73,622,704

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 7 – CAPITAL ASSETS (Continued)

Depreciation expense is charged to functions of the component unit as follows:

Instruction	\$	1,254,655
Student Transportation Services		417,152
Food Services		192,212
Operation and Maintenance		144,179
Instructional Support		93,916
General Administrative Services		<u>1,903</u>
Total depreciation expense - component unit	\$	<u><u>2,104,017</u></u>

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2016, is as follows:

Due to/from other funds (Primary Government):

<u>Payable Fund</u>		<u>Receivable Fund</u>	
General Fund	\$ 778,356	Nonmajor Governmental Funds	\$ 778,356
Nonmajor Governmental Funds	<u>224,618</u>	General Fund	<u>224,618</u>
	<u><u>\$ 1,002,974</u></u>		<u><u>\$ 1,002,974</u></u>

Due to/from component units:

<u>Payable Entity</u>	<u>Receivable Entity</u>	<u>Amount</u>
City of Albertville	Board of Education	\$ 1,292,037
Municipal Utilities Board:	City of Albertville	<u>(80,726)</u>
		<u><u>\$ 1,211,311</u></u>

(Continued)



CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Interfund transfers for the year ended September 30, 2016, are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	
Nonmajor Governmental Funds	General Fund	\$ 579,994
General Fund	Nonmajor Governmental Funds	117,697
Nonmajor Governmental Funds	Debt Service Fund	17,089
General Fund	Debt Service Fund	<u>556,108</u>
		<u>\$ 1,270,888</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt services from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, including capital projects, in accordance with budgetary operations.

## CITY OF ALBERTVILLE, ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 9 – LONG-TERM DEBT

The government issues general obligation warrants to provide funds for the acquisition and construction of major capital facilities. General obligation warrants have been issued for general government activities. In addition, general obligation warrants have been issued to refund general obligation warrants.

Changes in long-term obligations for the year ended September 30, 2016, are as follows:

	Interest Rate	Beginning Balance Outstanding	Additions	Reductions	Ending Balance Outstanding	Amounts Due Within One Year
General Obligation Warrants:						
Dated April 1, 2009	3.00 - 5.00%	\$ 1,170,000	\$ -	\$ 570,000	\$ 600,000	\$ 600,000
Dated August 1, 2009	3.00%	440,000	-	440,000	-	-
Dated April 1, 2013	2.00 - 2.75%	4,395,000	-	605,000	3,790,000	625,000
Dated April 1, 2013	2.00%	85,000	-	85,000	-	-
Dated December 1, 2014	2.00 - 4.00%	5,795,000	-	-	5,795,000	-
Dated December 1, 2014	2.00 - 2.75%	750,000	-	135,000	615,000	140,000
Vantage Bank	2.90%	-	400,000	8,772	391,228	21,879
Southern Bank	6.00%	183,129	-	13,759	169,370	15,509
People's Bank	2.35%	495,454	-	119,567	375,887	122,447
Industrial Development Board	7.00%	350,000	-	-	350,000	350,000
BB&T Bank	1.72%	97,777	-	41,425	56,352	42,082
		13,761,360	400,000	2,018,523	12,142,837	1,916,917
Plus: Bond Premium		7,548	-	4,117	3,431	-
		13,768,908	400,000	2,022,640	12,146,268	1,916,917
Other Liabilities						
Compensated Absences		509,713	16,668	-	526,381	230,836
Landfill Postclosure Care Costs		457,110	42,569	-	499,679	-
		966,823	59,237	-	1,026,060	230,836
		<u>\$ 14,735,731</u>	<u>\$ 459,237</u>	<u>\$ 2,022,640</u>	<u>\$ 13,172,328</u>	<u>\$ 2,147,753</u>

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 9 – LONG-TERM DEBT (Continued)

Amount debt service requirements to maturity for general obligations warrants and notes payable are as follows:

<u>Years Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 1,916,917	\$ 317,435	\$ 2,234,352
2018	683,612	299,605	983,217
2019	683,749	284,401	968,150
2020	567,424	268,562	835,986
2021	574,270	255,636	829,906
2022 - 2026	2,625,747	1,078,379	3,704,126
2027 - 2045	5,091,118	1,961,208	7,052,326
	<u>\$ 12,142,837</u>	<u>\$ 4,465,226</u>	<u>\$ 16,608,063</u>

Gross receipts taxes are pledged as security for payment of warrants and bonds payable. The pledges require the use of a portion of the revenues from gross receipts taxes for payment of warrants and bonds. Additionally, the general obligation bonds shown in the General Long Term Debt group of accounts are collateralized by the full faith and credit of the City to the extent that pledged revenues are not sufficient to service the payments of maturing principal and interest.

Ad valorem taxes and sales taxes are used to make maturing principal and interest payments on the General Obligation Warrants dated April 1, 2009, for the Albertville City Board of Education.

All amounts required to be remitted to the debt service funds during the year ended September 30, 2016, were remitted.

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 10 – DEFINED BENEFIT PENSION PLAN

Plan Description

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

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 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 are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

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 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 are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service.

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.

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

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. Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute.

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

For the year ended September 30, 2016, the City's active employee contribution rate was 5% of covered employee payroll for Tier 1 Employees (6% for Tier 2 Employees), and the City's average contribution rate to fund the normal and accrued liability costs was 3.02% and 7.58%, respectively, of covered employee payroll for Tier 1 Employees [0.65% and 7.63%, respectively, for Tier 2 Employees].

The City's contractually required contribution rate for the year ended September 30, 2016 was 10.97% of pensionable pay for Tier 1 employees, and 8.65% for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2014, 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. Total employer contributions to the pension plan from the City were \$634,824 for the year ended September 30, 2016.

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability

The City's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014 rolled forward to September 30, 2015 using standard roll-forward techniques as shown the following table:

	<u>Expected</u>	<u>Actual</u>
(a) Total Pension Liability as of September 30, 2014	\$ 20,429,658	\$ 20,672,983
(b) Entry Age Normal Cost for October 1, 2014 - September 30, 2015	453,632	453,632
(c) Actual Benefit Payments and Refund for October 1, 2014 - September 30, 2015	<u>(1,364,924)</u>	<u>(1,364,924)</u>
(d) Total Pension Liability as of September 30, 2015 [(a) x (1.08)] + (b) - [(c) x (1.04)]	<u>\$ 21,098,142</u>	<u>\$ 21,360,933</u>
Difference between Expected and Actual Experience (Gain)/Loss		\$ 262,791

Actuarial Assumptions

The total pension liability in the September 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

\*Net of pension plan investment expense

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

The actuarial assumptions used in the September 30, 2015 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.

(Continued)

## CITY OF ALBERTVILLE, ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)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 pan 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.

## Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2014	\$ 20,429,658	\$ 14,140,724	\$ 6,288,934
Changes for the year:			
Service Cost	453,632	-	453,632
Interest	1,579,776	-	1,579,776
Difference between expected and actual experience	262,791	-	262,791
Contributions - employer	-	592,494	(592,494)
Contributions - employee	-	313,239	(313,239)
Net Investment Income	-	164,144	(164,144)
Benefit payments, including refunds of employee contributions	(1,364,924)	(1,364,924)	-
Transfers Among Employers	-	(150,749)	150,749
Net Changes	931,275	(445,796)	1,377,071
Balances at September 30, 2015	\$ 21,360,933	\$ 13,694,928	\$ 7,666,005

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's Net Pension Liability	\$ 10,091,232	\$ 7,666,005	\$ 5,613,573

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2015. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2015. The auditor's report dated June 3, 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](http://www.rsa-al.gov).

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

For the year ended September 30, 2016, the City recognized pension expense of \$446,986 as follows:

Service cost	\$ 453,632
Interest on the total pension liability	1,579,776
Expensed portion of current-period difference between expected and actual experience in the total pension liability	43,799
Member contributions	(313,239)
Projected earnings on plan investments	(1,106,860)
Expensed portion of current-period differences between actual and projected earnings on plan investments	188,543
Transfer among employers	150,749
Recognition of beginning deferred inflows of resources as pension expense	<u>(101,889)</u>
Pension Expense	<u><u>\$ 894,511</u></u>

(Continued)



CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 218,992	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	448,508	-
Employer contributions subsequent to Measurement Date	<u>634,824</u>	<u>-</u>
	<u>\$ 1,302,324</u>	<u>\$ -</u>

NOTE 11 – RESTRICTED NET POSITION AND RESERVED FUND BALANCES

The statement of net position shows certain amounts as restricted net position. These amounts are restricted in their use by parties outside the City such as creditors, grantors or contributors, or restricted by law or regulation. Components of restricted net position include:

<u>Activity</u>	<u>Restricted By</u>	
Funding the Board of Education	Law	\$ 406,183
Debt Service	General Obligation Warrants	1,542,805
Capital Improvements	General Obligation Warrants	624,547
General Fund	Grantor and Special Purposes	427,201
Special Corrections	Law	469,474
Highways and Streets	Law	253,822
County Tobacco Tax	Law	235,221
Police Special Operations	Law and Special Purposes	72,227
Airport	Law	171,718

(Continued)

## CITY OF ALBERTVILLE, ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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**NOTE 11 – RESTRICTED NET POSITION AND RESERVED FUND BALANCES**  
**(Continued)**

The following table presents the detail of the fund balance classifications presented in the aggregate in the balance sheet:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Government Funds
Fund Balances				
Nonspendable:				
General	\$ 158,902	\$ -	\$ -	\$ 158,902
Restricted For:				
General	427,201	-	-	427,201
Special Revenue Funds:				
Road Surface and Repair	-	-	253,822	253,822
Public Library	-	-	28,537	28,537
County Tobacco Tax	-	-	232,053	232,053
Corrections	-	-	469,474	469,474
Airport	-	-	171,718	171,718
Education	-	-	406,183	406,183
Capital Projects	-	-	190,923	190,923
Assigned To:				
Special Revenue Funds:				
Police	-	-	72,227	72,227
Transportation	-	-	4,070	4,070
Ambulance	-	-	916,178	916,178
Capital Projects	-	-	130,658	130,658
Debt Service	-	1,661,027	-	1,661,027
Unassigned:				
Capital Projects	-	-	302,966	302,966
General	3,046,239	-	-	3,046,239
Total Fund Balances	<u>\$ 3,632,342</u>	<u>\$ 1,661,027</u>	<u>\$ 3,178,809</u>	<u>\$ 8,472,178</u>

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 12 – OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). In August, 2001, the City adopted a policy regarding postretirement employee benefits. Once employees are fully vested in the City's Retirement Plan and have completed a minimum of twenty-five years of exclusive employment with the City, retirees may continue their enrollment in the City's Group Health Insurance Plan. Retirees who choose to continued enrollment are required to pay \$100 per month for family coverage and \$50 per month for single coverage. The retiree may retain health insurance coverage under this plan for a period of up to thirty-six months. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy

In order to receive this postretirement benefit, the employee must remain enrolled in the health insurance plan in effect at the time of retirement. The City contributions are financed on the pay-as-you-go basis. The City made contributions of \$120,924 during 2016 for employees who were retired during the year.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the Retiree Health Plan:

Annual required contribution	\$ -
Adjustment to annual required contribution	
Annual OPEB cost (expense)	(138,115)
Contributions made	<u>120,924</u>
Increase in net OPEB Obligation	(17,191)
Net OPEB obligation - beginning of year	<u>493,225</u>
Net OPEB obligation - end of year	<u><u>\$ 476,034</u></u>

(Continued)

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress

As of September 30, 2016, the actuarial liability for benefits is \$476,034, all of which is unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumption about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The simplifying assumptions made in the calculation of the accrued liability are as follows:

Health Insurance Premiums - The current year health insurance premiums at the members' current coverage status were used as the basis for calculation of the present value of total benefits to be paid.

Retirement Age for Active Employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62.

Marital Status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Turnover - Based on the historical turnover rate, the probability of members not remaining employed until the defined retirement age was considered low.

Amortization Period - The remaining amortization period at September 30, 2016, is three years.

CITY OF ALBERTVILLE, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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NOTE 13 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The City stopped accepting solid waste at its landfill site April 8, 1994. State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The \$499,679, reported in the long-term debt on the government-wide statement of net position as a landfill postclosure liability at September 30, 2016, represents the amount to perform all postclosure care as of 1998 with a 1.015 inflation rate. However, due to changes in technology, laws, or regulations, these costs may change in the future. During the year ended September 30, 2016, the City incurred approximately \$42,569, in postclosure costs related to the landfill.

NOTE 14 – CONTINGENT LIABILITIES

Debt Guarantees - The full faith and credit of the City is pledged to long-term debts assumed by the Municipal Utilities Board of Albertville in connection with the transfer by the City of the control operation of its sewer system (see Note 1).

Grants - 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 amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Litigation - The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of these proceedings cannot be predicted, due to the insurance coverage maintained by the City, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

## REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - EMPLOYEES' RETIREMENT  
SYSTEM OF ALABAMA

CITY OF ALBERTVILLE, ALABAMA

SEPTEMBER 30, 2016

Actuarial Valuation Date		Actuarial Value of Assets *	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
		(a)	(b) 1	(b-a)	(a/b)	(c)	((b-a) / c)
09/30/10	<sup>2</sup>	\$ 12,917,934	\$ 18,798,514	\$ 5,880,580	68.7%	\$ 5,211,777	112.8%
09/30/11	<sup>4</sup>	\$ 12,369,214	\$ 18,754,754	\$ 6,385,540	66.0%	\$ 5,163,333	123.7%
09/30/12	<sup>5</sup>	\$ 11,807,753	\$ 17,697,969	\$ 5,890,216	66.7%	\$ 4,609,403	127.8%
09/30/13	<sup>6</sup>	\$ 12,265,740	\$ 18,944,374	\$ 6,678,634	64.7%	\$ 5,209,778	128.2%
09/30/14		\$ 13,284,623	\$ 20,159,731	\$ 6,875,108	65.9%	\$ 5,200,286	132.2%
09/30/15		\$ 13,844,404	\$ 20,852,186	\$ 7,007,782	66.4%	\$ 5,486,466	127.7%
09/30/15	<sup>3</sup>	\$ 13,844,404	\$ 20,899,032	\$ 7,054,628	66.2%	\$ 5,486,466	128.6%

1 Reflects liability for cost of living benefit increases granted on or after October 1, 1978.

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

3 Reflects the impact of Act 2011-676, which increases the member contribution rates by 2.25% beginning October 1, 2011 and by an additional 0.25% beginning October 1, 2012.

4 Reflects changes in actuarial assumptions.

5 Reflects changes in interest smoothing methodology.

6 Reflects implementation of Board Funding Policy

\* The actuarial value of assets was set equal to the market value of assets as of September 30, 2012.  
Market Value of Assets as of September 30, 2015: \$13,694,928

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

# SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

## CITY OF ALBERTVILLE, ALABAMA

SEPTEMBER 30, 2016

	2015	2014
Total pension liability		
Service Cost	\$ 453,632	\$ 458,843
Interest	1,579,776	1,524,924
Changes of benefit terms	-	-
Differences between expected and actual experience	262,791	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(1,364,924)	(1,231,325)
Net change in total pension liability	931,275	752,442
Total pension liability - beginning	20,429,658	19,677,216
Total pension liability - ending (a)	<u>\$ 21,360,933</u>	<u>\$ 20,429,658</u>
Plan fiduciary net position		
Contributions - employer	\$ 592,494	\$ 558,524
Contributions - members	313,239	296,846
Net investment income	164,144	1,528,692
Benefit payments, including refunds of employee contributions	(1,364,924)	(1,231,325)
Transfers among employers	(150,749)	118,797
Net change in plan fiduciary net position	(445,796)	1,271,534
Plan net position - beginning	14,140,724	12,869,190
Plan net position - ending (b)	<u>\$ 13,694,928</u>	<u>\$ 14,140,724</u>
Net pension liability (asset) - ending (a) - (b)	7,666,005	\$ 6,288,934
Plan fiduciary net position as a percentage of the total pension liability	64.11%	69.22%
Covered payroll*	5,486,466	5,200,286
Net pension liability (asset) as a percentage of covered payroll	139.73%	120.93%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.



# SCHEDULE OF EMPLOYER CONTRIBUTIONS

## CITY OF ALBERTVILLE, ALABAMA

SEPTEMBER 30, 2016

	2016	2015
Actuarially determined contribution	\$ 634,824	\$ 611,675
Contributions in relation to the actuarially determined contribution	634,824	611,675
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	5,486,466	5,200,286
Contributions as a percentage of covered payroll	11.57%	11.76%

### Notes to Schedule

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

Methods and assumptions used to determine contribution rates for the period October 1, 2015 to September 30, 2016:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

SCHEDULE OF FUNDING PROGRESS - RETIREE HEALTH PLAN

CITY OF ALBERTVILLE, ALABAMA

SEPTEMBER 30, 2016

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Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
09/30/13	\$ -	\$ 483,675	\$ 483,675	0.00%
09/30/14	-	519,382	519,382	0.00%
09/30/15	-	493,225	493,225	0.00%
09/30/15	-	476,034	476,034	0.00%

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - GENERAL FUND

CITY OF ALBERTVILLE, ALABAMA

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive/(Negative)
REVENUES				
Taxes				
Property and Payments in Lieu of Taxes	\$ 2,767,000	\$ 2,767,000	\$ 2,719,363	\$ (47,637)
Sales and Use	10,500,500	10,500,500	10,977,017	476,517
Alcohol	261,200	261,200	288,790	27,590
Rental	370,000	370,000	383,897	13,897
Motor Fuel	130,000	130,000	133,358	3,358
Tobacco	93,000	93,000	102,178	9,178
Lodging	105,000	105,000	97,961	(7,039)
Licenses and Permits	966,600	966,600	1,008,962	42,362
Charges for Services	1,605,500	1,605,500	1,600,898	(4,602)
Fines and Costs	389,000	389,000	458,929	69,929
Intergovernmental Revenues	744,500	744,500	1,135,249	390,749
Other Revenues	892,600	892,600	935,704	43,104
	18,824,900	18,824,900	19,842,306	1,017,406
EXPENDITURES				
General Government and Administrative	4,966,880	4,966,880	2,046,873	2,920,007
Police	4,332,050	4,332,050	4,236,414	95,636
Fire	2,617,031	2,617,031	2,541,993	75,038
Street	1,821,680	1,821,680	2,547,939	(726,259)
Park and Recreation	692,064	692,064	775,513	(83,449)
City Shop	238,950	238,950	242,731	(3,781)
Library	332,566	332,566	339,704	(7,138)
Cemetery	211,353	211,353	181,723	29,630
Personnel	153,451	153,451	151,432	2,019
Municipal Court	251,514	251,514	285,807	(34,293)
Building Inspection	133,435	133,435	110,467	22,968
Information Technology	187,004	187,004	256,102	(69,098)
Economic Development	83,775	83,775	83,190	585
Senior Center	128,418	128,418	147,109	(18,691)
Principal Retirements on Long-Term Debt	1,515,158	1,515,158	169,764	1,345,394
Interest and Fiscal Agents Fees	-	-	38,004	(38,004)
Capital Outlay	100,000	100,000	526,090	(426,090)
Recycling Center	119,421	119,421	-	119,421
Education	-	-	3,735,504	(3,735,504)
	17,884,750	17,884,750	18,416,359	(531,609)
Excess of Revenues Over Expenditures	940,150	940,150	1,425,947	485,797
OTHER FINANCING SOURCES (USES)				
Debt Issued	-	-	400,000	400,000
Transfers From Other Funds	-	-	579,994	579,994
Transfers To Other Funds	-	-	(673,806)	(673,806)
	-	-	306,188	306,188
Net Change In Fund Balances	940,150	940,150	1,732,135	791,985
FUND BALANCES - Beginning of Year	1,900,207	1,900,207	1,900,207	-
FUND BALANCES - End of Year	\$ 2,840,357	\$ 2,840,357	\$ 3,632,342	\$ 791,985

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALBERTVILLE, ALABAMA

SEPTEMBER 30, 2016

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### NOTE FOR BUDGETARY REPORTING

An annual budget is prepared for the City's general fund and adopted on the modified accrual basis. All annual appropriations lapse at fiscal year end. Accounting principles generally accepted in the United States of America require that budget comparisons be presented for special revenue funds if a budget is legally adopted. The City is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the Council. The Council made no budgetary amendments throughout the year. Also, there was an unfavorable variance between the budgeted and actual expenditures of approximately \$531,000.

# MDA PROFESSIONAL GROUP, P.C.

*Certified Public Accountants and Business Consultants*

203 SOUTH HAMBRICK STREET, P.O. BOX 1188, ALBERTVILLE, AL 35950 • PHONE 256.878.5548 • FAX 256.878.8474

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

Honorable Mayor and City Council  
City of Albertville, Alabama  
Albertville, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Albertville, Alabama, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Albertville, Alabama's basic financial statements, and have issued our report thereon dated March 31, 2017. Our report includes a reference to the audit of the Albertville City Board of Education, the discretely presented component unit, as part of a separate audit engagement. This report does not include the results of the testing of internal control over financial reporting or compliance and other matters that are reported on separately as a result of that separate audit engagement.

### **Internal Control Over Financial Reporting**

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

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

City of Albertville, Alabama  
Albertville, Alabama

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

**MDA Professional Group, P.C.**

Albertville, Alabama  
March 31, 2017

## **APPENDIX C**

### **Book-Entry Only System**

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*The information contained in this section concerning The Depository Trust Company and its book-entry only system has been obtained from materials furnished by The Depository Trust Company to the City. The City and the Underwriter do not make any representation or warranty as to the accuracy or completeness of such information.*

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Warrants. The Warrants will be issued as fully-registered securities registered in the name of Cede & Co., DTC’s partnership nominee or such other name as may be requested by an authorized representative of DTC. One fully-registered Warrant certificate will be issued for each maturity of the Warrants, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the Warrants on DTC’s records. The ownership interest of each actual purchaser of each Warrant (a “Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Warrants are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Warrants, except in the event that use of the book-entry system for the Warrants is discontinued.

To facilitate subsequent transfers, all Warrants deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Warrants with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Warrants. DTC’s records reflect only the identity of the Direct Participants to whose accounts such Warrants are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

**Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Warrants may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Warrants, such as redemptions, tenders, defaults, and proposed amendments to the documents governing the terms of the Warrants. For example, Beneficial Owners of Warrants may wish to ascertain that the nominee holding the Warrants for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative,**

**Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided to them directly.**

Redemption notices shall be sent to DTC. If less than all of the Warrants are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Warrants unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an "Omnibus Proxy" to the City as soon as possible after the record date. The "Omnibus Proxy" assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Warrants are credited on the record date (identified in a listing attached to the "Omnibus Proxy").

Principal, premium and interest payments on the Warrants will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon receipt of funds and corresponding detail information, in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of Direct Participants and Indirect Participants and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium (if any) and interest to Cede & Co. (or such other DTC nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Warrants at any time by giving reasonable notice to the City and the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Warrants are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Warrants will be printed and delivered to DTC.

**The City, the Paying Agent and the Underwriter cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Warrants (1) payments of principal, redemption price or interest on the Warrants; (2) certificates representing an ownership interest or other confirmation of beneficial ownership interests in Warrants; or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Warrants, or that they will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the United States Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with DTC participants are on file with DTC.**

**Neither the City, the Paying Agent nor the Underwriter will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the Warrants; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Warrants; (4) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Warrant Ordinances to be given to holders of the Warrants; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Warrants; or (6) any consent given or other action taken by DTC as a holder of the Warrants.**

**APPENDIX D**

**Proposed Opinion of Bond Counsel  
Series 2017-A Warrants**

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(Form of Opinion of Bond Counsel)

[Closing Date]

Holders of the Series 2017-A Warrants  
referred to below

**Re: \$40,600,000 General Obligation Warrants, Series 2017-A, issued by the City of Albertville**

We have acted as bond counsel in connection with the issuance of the above-referenced warrants (the “Series 2017-A Warrants”) by City of Albertville, a municipal corporation organized under the laws of the State of Alabama (the “City”). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

As to various questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation.

In connection with the rendering of this opinion, we have served as counsel to the City.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Series 2017-A Warrants constitute valid and binding orders on the Treasurer of the City for the payment thereof as therein provided. The indebtedness evidenced by the Series 2017-A Warrants is a general obligation of the City for the payment of which the City has validly and irrevocably pledged its full faith and credit. In addition, the City has validly and irrevocably pledged for the benefit of the Series 2017-A Warrants a portion of the proceeds of a special license, privilege and excise tax levied within the corporate limits of the City on an equal and proportionate basis and parity of lien with the pledge thereof in favor of the City’s Series 2017-B Warrants, Series 2017-C Warrants and certain outstanding obligations of the City.

2. Interest on the Series 2017-A Warrants (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2017-A Warrants in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2017-A Warrants to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017-A Warrants.

3. Interest on the Series 2017-A Warrants is exempt from State of Alabama income taxation.

We express no opinion regarding federal or state tax consequences arising with regard to the Series 2017-A Warrants, other than the opinions expressed in paragraphs 2 and 3 above.

The rights of the holders of the Series 2017-A Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2017-A Warrants.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Faithfully yours,

**APPENDIX E**

**Proposed Opinion of Bond Counsel  
Series 2017-B Warrants**

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(Form of Opinion of Bond Counsel)

[Closing Date]

Holders of the Series 2017-B Warrants  
referred to below

**Re:       \$775,000 General Obligation Warrants, Series 2017-B (Federally Taxable), issued by the City  
          of Albertville**

We have acted as bond counsel in connection with the issuance of the above-referenced warrants (the “Series 2017-B Warrants”) by City of Albertville, a municipal corporation organized under the laws of the State of Alabama (the “City”). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

As to various questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation.

In connection with the rendering of this opinion, we have served as counsel to the City.

Based on the foregoing, we are of the opinion that, under existing law:

1.       The Series 2017-B Warrants constitute valid and binding orders on the Treasurer of the City for the payment thereof as therein provided. The indebtedness evidenced by the Series 2017-B Warrants is a general obligation of the City for the payment of which the City has validly and irrevocably pledged its full faith and credit. In addition, the City has validly and irrevocably pledged for the benefit of the Series 2017-B Warrants a portion of the proceeds of a special license, privilege and excise tax levied within the corporate limits of the City on an equal and proportionate basis and parity of lien with the pledge thereof in favor of the City’s Series 2017-A Warrants, Series 2017-C Warrants and certain outstanding obligations of the City.

2.       Interest on the Series 2017-B Warrants is not excludable from gross income of the holders thereof for federal income tax purposes. Purchasers of the Series 2017-B Warrants should consult their own tax advisors as to the tax consequences of purchasing or owning the Series 2017-B Warrants.

3.       Interest on the Series 2017-B Warrants is exempt from State of Alabama income taxation.

We express no opinion regarding federal or state tax consequences arising with regard to the Series 2014-A Warrants, other than the opinions expressed in paragraphs 2 and 3 above.

The rights of the holders of the Series 2017-B Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2017-B Warrants.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Faithfully yours,

**APPENDIX F**

**Proposed Opinion of Bond Counsel  
Series 2017-C Warrants**

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(Form of Opinion of Bond Counsel)

[Closing Date]

Holders of the Series 2017-C Warrants  
referred to below

**Re:       \$6,130,000 General Obligation Warrants, Series 2017-C, issued by the City of Albertville**

We have acted as bond counsel in connection with the issuance of the above-referenced warrants (the “Series 2017-C Warrants”) by City of Albertville, a municipal corporation organized under the laws of the State of Alabama (the “City”). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

As to various questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation.

In connection with the rendering of this opinion, we have served as counsel to the City.

Based on the foregoing, we are of the opinion that, under existing law:

1.       The Series 2017-C Warrants constitute valid and binding orders on the Treasurer of the City for the payment thereof as therein provided. The indebtedness evidenced by the Series 2017-C Warrants is a general obligation of the City for the payment of which the City has validly and irrevocably pledged its full faith and credit. In addition, the City has validly and irrevocably pledged for the benefit of the Series 2017-C Warrants a portion of the proceeds of a special license, privilege and excise tax levied within the corporate limits of the City on an equal and proportionate basis and parity of lien with the pledge thereof in favor of the City’s Series 2017-A Warrants, Series 2017-B Warrants and certain outstanding obligations of the City.

2.       Interest on the Series 2017-C Warrants (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2017-C Warrants in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2017-C Warrants to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017-C Warrants.

3.       Interest on the Series 2017-C Warrants is exempt from State of Alabama income taxation.

We express no opinion regarding federal or state tax consequences arising with regard to the Series 2017-C Warrants, other than the opinions expressed in paragraphs 2 and 3 above.

The rights of the holders of the Series 2017-C Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2017-C Warrants.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Faithfully yours,

## **APPENDIX G**

### **Specimen Municipal Bond Insurance Policy**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

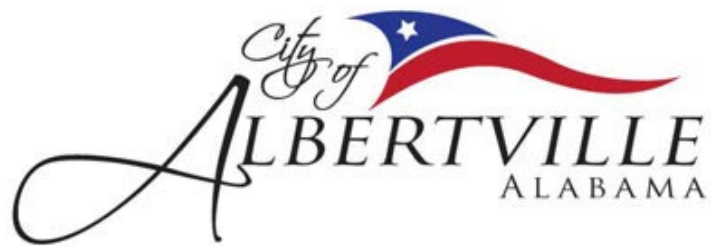
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