

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014

**Board of Water and Sewer Commissioners
of the City of Mobile
Mobile, Alabama**

The Donaghey Business Center relocated to MAWSS Park Forest Plaza in June, 2015. The original facility at 207 North Catherine Street was named for James B. Donaghey who served on the MAWSS Board from October 1956 until October 1966. Donaghey served two terms as Chair of the Board and was an active participant in the planning of the Catherine Street building and warehouse.

The new Thomas Tyrrell Customer Payment Center at 1060 Springhill Avenue opened September 28, 2015 continuing MAWSS' tradition of serving customers in the downtown area. The Center is named in memory of MAWSS' former Vice Chair "Tommy" Tyrrell who passed away in March, 2015. Tyrrell had served on the MAWSS Board since August 2011, much of that time as Chair of the Finance Committee. He is remembered for his efforts to help MAWSS and the Mobile area grow through responsible business development.

www.mawss.com

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE
MOBILE, ALABAMA**

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

**Prepared by
MAWSS Accounting Department**

MISSION STATEMENT

Mobile Area Water and Sewer System will protect and enhance the health, safety, and economic well being of our community through responsible management of water resources while providing superior customer service.

VISION STATEMENT

Mobile Area Water and Sewer System will become a model utility to create and protect resources for future generations. We will lead our industry and provide services to accommodate regional economic development and growth.

VALUES

- | | |
|-------------------------------|--|
| Environment | We are guardians of the environment and honor this great responsibility by ensuring that our actions reflect our resolve to protect the health of the environment. |
| Communication | Effective communication with the community and throughout our organization is the means by which we will maintain alignment toward our goals and the needs of our customers. |
| Customer Service | We are servants of the community and make every effort to fulfill this privilege by placing our customers first in all that we do. |
| Trust | Trust is the foundation of relationships. We strive to understand and rely on each other as we build strong teams and partnerships. |
| Employees | We acknowledge, respect, and promote the well-being and professional development of our employees because they are the heart of our organization. |
| Integrity | We weave virtue, honesty, sincerity, and acceptance of duty into our daily efforts so that integrity is the banner of our commitment. |
| Continuous Improvement | We always seek to improve our organization and ourselves because the community deserves the best we can offer. |

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

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INTRODUCTORY SECTION



June 13, 2016

Mr. Maynard Odom, Chair and Members of the Board
Board of Water and Sewer Commissioners
of the City of Mobile, Alabama
Mobile, Alabama

To the Chair and Members of the Board:

I am pleased to present the Board of Water and Sewer Commissioners of the City of Mobile's (the Board's) Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2015. State law and the Board's *Master Trust Indenture* require the Board to publish within 180 days after the close of each year a complete set of audited financial statements. This report is published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Wilkins Miller, LLC, a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the Board's financial statements for the year ended December 31, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Board

The Board was created in 1952 by an Act of the Alabama State Legislature as an independent water and sewer utility. The Board, doing business as Mobile Area Water and Sewer System (MAWSS), provides water and wastewater services to customers in the City of Mobile and the surrounding areas.

While the Board is a separate legal entity from the City of Mobile, each councilperson of the City of Mobile appoints a commissioner to the Board for a six-year term. These seven appointed commissioners are the policy-making body of the Board. The Board has the authority, among others, to operate and maintain any water or sewer system inside or

outside the Mobile corporate limits, issue revenue bonds, and set rates and user fees. While the Board is a related entity of the City, it is not considered a component unit of the City or any other governmental agency.

The Board currently provides services to approximately 90,000 accounts within the City of Mobile and portions of the unincorporated areas of Mobile County. It also sells treated water from the J. B. Converse Reservoir (Big Creek Lake) to Prichard Water Works and the Spanish Fort Water System. Untreated or raw water is provided to industrial customers from the Board's raw water source, Mobile River.

The budget serves as the foundation for the Board's financial planning and control. The Board's *Master Trust Indenture* requires the Board to adopt a balanced budget by December 31 of each year. The budget is prepared by cost center and by department. During the year, department heads may make budget transfers within their various cost centers. Budget-to-actual comparisons are provided monthly for each cost center and for the Board as a whole.

Local economy

The City of Mobile serves as the economic hub for the Mobile metropolitan area which includes Mobile and Baldwin counties in lower Alabama. Mobile, located approximately thirty miles north of the Gulf of Mexico at the head of Mobile Bay, is the only seaport in Alabama. The Port of Mobile is the twelfth largest port in the nation in total tonnage. Mobile is also served by five class-one railway lines, two municipal airports, and is accessible by interstate highways I-10 and I-65.

Mobile's business sector is diversified with over forty international companies located in the area. These include some of our largest consumers, Evonik Degussa Corp, INEOS Phenol Inc, USA, and Mitsubishi Polycrystalline Silicon America Corp. Mobile is home to Evonik's largest North American site, with over 700 employees producing hydrogen peroxide, fumed silica, and animal feed additives. INEOS Phenol Inc. is the world's third largest chemical company and leading manufacturer of petrochemicals; and their Mobile plant is the largest single train Phenol facility in the United States and the second largest in the world due to the excellent transportation networks and access to raw materials and utilities needed for processing. Mobile has a diverse chemical industry, a growing steel industry, and is a regional center for medical care, research and education.

At the end of the year, Mobile's unemployment rate was at 7.3% compared to the state's 6.3% and the nation's 5.0%. Industries are working with Alabama Industrial Development Training (AIDT), Alabama's worker training agency, to train workers in these expanding job fields. AIDT is the first state workforce training organization in the United States to earn international certification for its quality management system.

Financial planning

Meeting new and revised regulatory permit requirements in the future will require additional capital investment in both the water and wastewater sectors. A master planning effort will begin in 2016 that will evaluate MAWSS assets and use a risk based approach to prioritizing assets for long term renewal and funding. Forecasting regulatory requirements is a component of the planning effort.

In regard to the water system, the treatment plants and raw water conveyance systems will be evaluated for resiliency to ensure the systems remain operational during times of power outage. The E.M. Stickney water treatment plant was constructed in 1944. Although the plant has had several upgrades, it is in need of an overall condition assessment for the purpose of scoping a general renovation of the facility. Means of further protecting Big Creek Lake from hazardous material spills will be studied. A redundant water transmission line to Spanish Fort is needed to minimize the risk of service loss to the Spanish Fort Water System.

The predominant cause of sanitary sewer overflows (SSOs) in MAWSS aging collection system is storm water inflow and infiltration through defects in collection system piping and manholes. SSOs that reach Waters of the State are considered unauthorized discharges under the Clean Water Act and are prohibited. MAWSS will continue to need to expend resources, and both capital and operational budgets, to continue to control and prevent SSOs within the system so that the potential for future U.S. EPA enforcement action is minimized. The effort to minimize SSOs includes ongoing collection system rehabilitation and the construction of increased conveyance and storage capacity in Halls Mill Creek, Three Mile Creek and Eslava Creek sewer sheds. The 36-inch/48-inch PCCP sewer force main that conveys wastewater from the Halls Mill Creek Lift Station to the Williams WWTP has reached its design life and will need to be replaced. Planning for the force main replacement will be achieved in the aforementioned master plan.

The Board has developed a Master Plan for the C. C. Williams WWTF. A \$26 million project to construct new headworks and primary clarifiers is underway at the Williams WWTF and expected to be completed in the first quarter of 2018. \$20 million of the cost is being funded with a 2014 CWSRF Loan. Within five years of completing the primary clarifiers, construction of new aeration basins is anticipated. Nano-technology is being evaluated for efficient and cost effective reduction of nutrients at the Wright Smith WWTP.

Major initiatives

On November 1, 2014, the Board issued a \$102,375,000 Water and Sewer Revenue Refunding Bond. The maturity date of the series is January 1, 2036. Proceeds in the amount of \$92,811,924, plus the amount in the Reserve Account of the Sinking Fund under the 1985 Indenture of \$17,713,040, in addition to \$2,180,823 from the 2006 Bond Principal and Interest Subaccount, were placed in escrow to refund the 2006 Series Water and Sewer Revenue Bonds on January 1, 2016, at a redemption price equal to 100% of the principal amount plus interest accrued to the redemption date. The reacquisition price of the 2006

bonds resulted in an economic gain of approximately \$6.2 million. As a result of the new issue and the refunding, the Board was able to establish a \$17.7 million construction fund to be used for various projects. Some proposed projects include improvements at the C. C. Williams plant, sludge removal from the reservoirs at both the E. M. Stickney and H. E. Myers facilities, and the construction of a lift station at Bizzell and Pecan Street.

Relevant financial policies

In conjunction with the new issue and the refunding, the Board adopted its *Master Trust Indenture*, dated November 1, 2014. The new covenants provide for, among other things, the establishment of the following unrestricted and restricted funds: the Revenue fund, Bond Fund, Reserve Fund, Subordinated Debt Fund, and Capital Improvement Fund. The Board is required to maintain a minimum Capital Improvement Fund balance of \$15 million. The *Master Trust Indenture* requires that the Board maintain a debt service coverage ratio of both parity and subordinate bonds of 1.25.

The Board revised the Cash Reserve Requirements Policy in December 2015, in order to react to the required recording of the unfunded pension liability. This revision created an additional cash reserve for the accumulation of funds to offset the unfunded pension liability due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

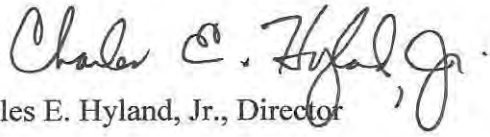
Awards and acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Board of Water and Sewer Commissioners of the City of Mobile for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This was the fourteenth consecutive year that the Board received this prestigious award. In order to be awarded a Certificate of Achievement, the Board published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Accounting Department. Additionally, I realize that the cooperation of each department within the company is essential, and I wish to express my appreciation for each individual's contribution.

Respectfully submitted,

A handwritten signature in cursive script that reads "Charles E. Hyland, Jr." with a period at the end.

Charles E. Hyland, Jr., Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Board of Water and Sewer
Commissioners of the City of Mobile
Alabama**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**Appointed Commissioners
December 31, 2015**

Maynard V. Odom
Chair
October 16, 2012 to October 1, 2018

James E. Laier
Vice-Chair
October 2, 2014 to October 1, 2020

Patricia K. Tyrrell
Secretary-Treasurer
March 17, 2015 to April 28, 2020

James W. Bell
Commissioner
February 2, 2010 to February 1, 2016

Sheri N. Weber
Commissioner
December 21, 2010 to October 1, 2016

Barbara Drummond
Commissioner
February 4, 2014 to February 2, 2020

Samuel L. Jones
Commissioner
June 3, 2014 to April 28 2020

February 2, 2016

Maynard V. Odom
Chair
October 16, 2012 to October 1, 2018

James E. Laier
Vice-Chair
October 2, 2014 to October 1, 2020

Patricia K. Tyrrell
Secretary-Treasurer
March 17, 2015 to April 28, 2020

Sheri N. Weber
Commissioner
December 21, 2010 to October 1, 2016

Barbara Drummond Commissioner
February 4, 2014 to February 2, 2020

Samuel L. Jones Commissioner
June 3, 2014 to April 28 2020

Charles Chapman Commissioner
February 2, 2016 to February 1, 2022

March 14, 2016

Maynard V. Odom Chair
October 2, 2016 to October 1, 2018

James E. Laier Vice-Chair
October 2, 2014 to October 1, 2020

Samuel L. Jones Secretary-Treasurer
June 3, 2014 to April 28 2020

Sheri N. Weber Commissioner
December 21, 2010 to October 1, 2016

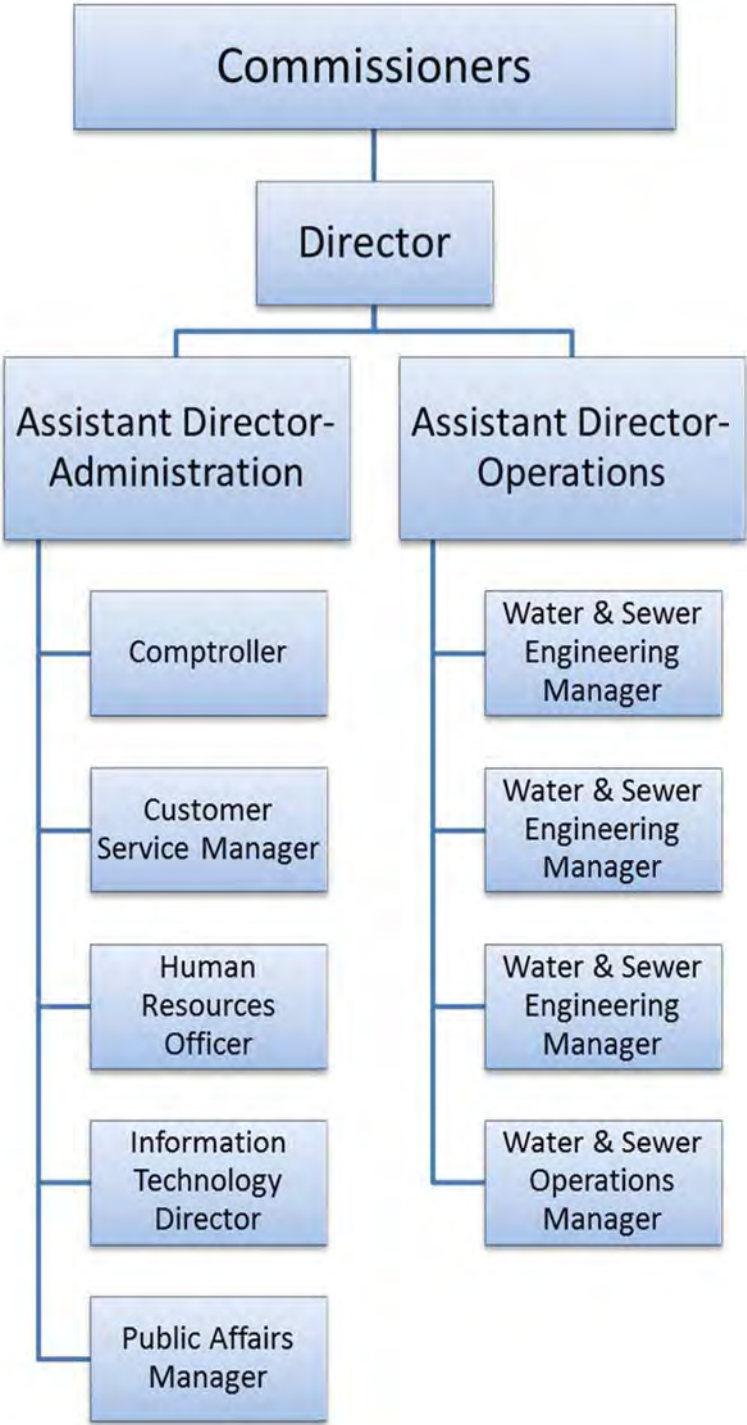
Barbara Drummond Commissioner
February 4, 2014 to February 2, 2020

Patricia K. Tyrrell Commissioner
March 17, 2015 to April 28, 2020

Charles Chapman Commissioner
February 2, 2016 to February 1, 2022

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

Organization Chart
December 31, 2015



**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**Selected Administrative Staff
December 31, 2015**

Charles Hyland, Jr.	Director
Billy McCrory, Jr.	Assistant Director-Administration
Doug Cote	Assistant Director-Operations
Collena Matz	Comptroller
Eloise Hamilton	Customer Service Manager
Sharon King	Human Resources Officer
Mahir Butt	Information Technology Director
Barbara Shaw	Public Affairs Manager
Hector Castro	Water and Sewer Engineering Manager
Calressia Clark	Water and Sewer Engineering Manager
Shuckri Sharabi	Water and Sewer Engineering Manager
Vacant	Water and Sewer Operations Manager

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Board of Water and Sewer Commissioners of the City of Mobile
Mobile, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type and fiduciary activities of the Board of Water and Sewer Commissioners of the City of Mobile (the Board), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Board's management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

An audits 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 Board'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 Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the business-type and fiduciary activities of The Board of Water and Sewer Commissioners of the City of Mobile as of December 31, 2015 and 2014, and the changes in its net position and, where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2015 the Board implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and retirement plan information as listed on pages 4 - 11 and 48 - 49 in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board of Water and Sewer Commissioners of the City of Mobile's basic financial statements. The introductory section, the supplementary information, and the statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

The information presented in the introductory section and statistical section is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the basic financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2016, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Wilkins Miller, LLC

Mobile, Alabama
June 13, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

(MD&A)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial performance of the Board of Water and Sewer Commissioners of the City of Mobile (the Board) provides an overview of the Board's financial activities for the year ended December 31, 2015. Please read it in conjunction with the transmittal letter, beginning on page i, and the Board's financial statements which begin on page 12.

Financial Highlights

The following are financial highlights of the Board for the year ending December 31, 2015:

- The assets of the Board exceeded its liabilities at the close of 2015 and 2014 by \$342.6 million (net position) and \$325.5 million (net position), respectively. Of these amounts, unrestricted net position was a deficit of \$(8.3) million and \$(11.0) million as of December 31, 2015 and 2014, respectively. During 2015 the Board was required to adopt GASB Statement No. 68, which required the recording of the unfunded pension liability in the amount of \$31 million which resulted in the negative unrestricted net position and the restatement of the 2014 financial information. However, in December 2015 the Board designated \$2.5 million to offset this liability and will continue to fund it in the 2016 Budget.
- The Board's net position increased by \$17.1 million during the current year and \$17.1 million during the prior year.
- Operating expenses increased by \$600,000 to \$77.2 million in 2015, or 0.8%, due mainly to an increase in the costs of transmission and collection; and depreciation. For the year 2014, expenses (as restated) increased \$2.1 million due mainly to an increase in the costs of transmission and collection and increased supervision and general costs associated with pension cost adjustments arising from GASB Statement No. 68.
- Operating revenue increased by \$2.9 million in 2015, or 2.9%, due to increased revenues from a water and sewer rate increase. Operating revenue increased in 2014 by \$4.3 million or 4.7%. Total revenue increases in 2014 can be attributed to a water and sewer rate increase.
- Transfers to the Capital Improvement Fund accounts (formerly called the General Reserve and Repair and Replacement accounts) for capital projects totaled \$17.4 million in 2015 compared to \$16.1 million in 2014.

Overview of the Financial Statements

The Board's Annual Financial Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and other supplementary information. The Board's basic financial statements are comprised of financial statements and notes to the financial statements.

Financial Statements. The *statements of net position* provide information on the Board's assets and deferred outflows of resources, and also on its liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Board is improving or deteriorating.

The *statements of revenues, expenses, and changes in net position* show the business-type activity of the Board (water and wastewater) and provide information regarding income and expenses, both operating and non-operating, that affect net position. While income and direct expenses of the water system and wastewater system are shown separately, there are no external requirements to account for the activities separately. It is management's decision to report income and direct expenses separately in order to provide support for rates charged for services rendered.

The *statements of cash flows* reports changes in cash from the prior year attributed to operating activities, capital and related financing activities, and investing activities. Operating income is reconciled to cash provided by operating activities. The statements, in addition to providing an explanation of changes in cash, help provide insight into future cash flows.

The *statements of fiduciary net position* and the *statements of changes in fiduciary net position* present information on the Board's Other Postemployment Benefits (OPEB) Trust Fund. The *statements of fiduciary net position* include all assets and liabilities of the OPEB Trust Fund and provide a snapshot of the financial net position of the OPEB Trust Fund at year end. Assets are reduced by liabilities, as applicable, resulting in the net position held in trust for OPEB benefits at year end. The *statements of changes in fiduciary net position* report all additions and deductions during the year for the OPEB Trust Fund. Additions are comprised primarily of employer contributions and investment income. Deductions consist of administrative expenses. The change in net position held in trust for OPEB benefits plus the beginning net position held in trust for OPEB benefits results in net position held in trust for OPEB benefits at year end.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 19 to 47 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information that may be beneficial to the reader.

Financial Analysis

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the Board, assets exceeded liabilities by \$342.6 million at the end of 2015, \$325.4 million at the end of 2014, and \$334.4 million at the end of 2013.

Condensed Statements of Net Position

	(In Thousands)		
	2015	2014	2013
		(as restated)	
Current and other assets	\$ 103,561	\$ 105,998	\$ 90,898
Capital assets	510,627	506,070	499,413
Total assets	<u>614,188</u>	<u>612,068</u>	<u>590,311</u>
Deferred outflows of resources	<u>4,298</u>	<u>2,649</u>	<u>2,430</u>
Current liabilities	27,788	26,892	28,347
Noncurrent liabilities	243,186	255,481	230,041
Total liabilities	<u>270,974</u>	<u>282,373</u>	<u>258,388</u>
Deferred inflows of resources	<u>4,930</u>	<u>6,865</u>	<u>-0-</u>
Net position:			
Net investment in capital assets	284,999	265,426	282,770
Restricted	65,922	71,096	37,446
Unrestricted	(8,338)	(11,043)	14,137
Total net position	<u>\$ 342,583</u>	<u>\$ 325,479</u>	<u>\$ 334,353</u>

The largest portion of the Board's net position (83.2% in 2015, 81.5% in 2014, and 84.6% in 2013) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment) less any related outstanding debt used to acquire those assets. The Board uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from user fees or other sources of revenue, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position includes funds restricted for debt service, construction, and capital improvements and replacements. The Board's *Master Trust Indenture* dated November 1, 2014, as supplemented, required the establishment of certain restricted accounts. In addition to accounts relating to bond construction and debt service, the Board is required to maintain the Capital Improvement Fund, previously known as the General Reserve and Repair and Replacement Fund. Monies deposited into the Capital Improvement Fund accounts are used to fund pay-as-you-go projects, extraordinary repairs and maintenance, and if needed, debt service obligations. The Board historically budgets at least \$10 million annually for pay-as-you-go projects and major repairs and replacements to the system; however, in the last five years the Board has budgeted at least \$14 million. The Board transferred \$17,424,516 from the Operating account to the Capital Improvement Fund account in 2015 compared to \$16,090,360 in 2014 and \$17,784,814 in 2013.

The balance of Unrestricted Net Position may be used to meet the Board's ongoing obligations to its customers and creditors. The Board's Unrestricted Net Position increased by \$2.7 million during 2015 compared to a decrease of \$25.1 million and \$3.1 million in 2014 and 2013, respectively. The 2015 increase in unrestricted net position is a result of the Board's 5% rate increase in water sales and sewer charges. The decrease in the ending balance of unrestricted net position from December 31, 2013 to 2014 as reported in the above presented condensed statements of net position is a result of the adoption of GASB 68 in which the Board was required to record a \$31 million unfunded pension liability and retrospectively restate the 2014 balances. In reaction to this change in accounting principle the Board revised its Cash Reserve Requirements Policy adopted December 2015, which effected a change to the calculation of the amount to be held in the Revenue Fund to include a funding of the unfunded pension liability. The 2013 decrease was a result of additional transfers made to the Capital Improvement Fund account for capital expenditure use.

The following condensed statements of revenues, expenses, and changes in net position show the results of operations for the current and prior two years. The Board is a separate entity from the City of Mobile, and as such, is not included as a part of the financials of the City of Mobile.

**Condensed Statements of Revenues, Expenses and
Changes in Net Position
(In Thousands)**

	2015	2014 (as restated)	2013
REVENUES			
Operating revenues, pledged as security:			
Water sales	\$ 39,566	\$ 38,645	\$ 37,350
Sewer charges	58,917	56,976	53,940
Total operating revenues	<u>98,483</u>	<u>95,621</u>	<u>91,290</u>
Non-operating revenues:			
Investment earnings	320	497	90
Miscellaneous and sale of property	950	4,981	701
Total non-operating revenues	<u>1,270</u>	<u>5,478</u>	<u>791</u>
Total revenues	<u>99,753</u>	<u>101,099</u>	<u>92,081</u>
EXPENSES			
Operating expenses:			
Water and sewer services	32,521	31,717	31,044
Support services	4,500	4,139	4,287
Supervision and general expenses	18,336	20,195	18,899
Restricted accounts expenses	1,370	566	588
Depreciation expense	20,496	19,988	19,718
Total operating expenses	<u>77,223</u>	<u>76,605</u>	<u>74,536</u>
Non-operating expenses	<u>7,282</u>	<u>8,776</u>	<u>8,604</u>
Total expenses	<u>84,504</u>	<u>85,381</u>	<u>83,140</u>

Income before contributions	15,249	15,718	8,941
Capital grants and contributions	<u>1,855</u>	<u>1,450</u>	<u>1,195</u>
Change in net position	17,104	17,168	10,136
Net position – Beginning of year	325,479	334,353	324,217
Cumulative effect of change in accounting	<u>-</u>	<u>(26,042)</u>	
Net position – End of year	<u>\$ 342,583</u>	<u>\$ 325,479</u>	<u>\$ 334,353</u>

Net position increased by \$17.1 million in 2015 over 2014 and decreased by \$8.9 million in 2014 over 2013. Key elements of the changes are as follows:

Revenue:

- For 2015, operating revenues increased by \$2.9 million or 2.9% over the prior year. The 5% rate increase as of January 1, 2015 on the consumption portion of the customer bills was anticipated to increase revenues by 3%; based on the Boards customer structure and rate mix. Consumption was flat compared to the prior year, creating the anticipated result. Revenues from potable water sales and wastewater treatment were up 2.1% and 3.6%, respectively, while revenues from industrial water accounts were up 30%. Total customer consumption was flat or 0%, from 36.5 mgd to 36.5 mgd. Rainfall was 77.1 inches for 2015, which was 17 inches more than 2014. There were 203 additional sprinkler meters installed throughout the year. These customers are billed for water used, but not for wastewater charges. Sprinkler consumption was up 4.4%, while sprinkler revenues were up only 1.6%, the difference being due to minimum bills. Non-operating revenues decreased by \$4.2 million. Of this amount, \$177,000 was a decrease in investment earnings. The remaining \$4.1 million decrease was due to a \$1.5 million in timber income, and \$2.6 million classified as sale of property, from the prior year.
- For 2014, operating revenues increased by \$4.3 million or 4.7% over the prior year. The 5% rate increase effective as of January 1, 2014 generated more revenues than the expected increase of 3%. Revenues from potable water sales and wastewater treatment were up 4.4% and 5.9%, respectively, while revenues from industrial water accounts were down 17%. Total customer consumption increased by .6 mgd, or 1.5%, from 35.9 mgd to 36.5 mgd. Rainfall was 60.1 inches for 2014, which was 11.3 inches less than 2013. There were 184 additional sprinkler meters installed throughout the year. These customers are billed for water used, but not for wastewater charges. Sprinkler consumption was up 1.3%, while sprinkler revenues were up only .67%, the difference being due to minimum bills. Non-operating revenues increased by \$4.7 million. Of this amount, \$.4 million was an increase in investment earnings. The remaining \$4.3 million increase was due to a \$.2 million Federal Emergency Management Agency (FEMA) reimbursement, \$1.5 million in timber income, and \$2.6 million classified as sale of property.

Expenses:

- Operating expenses increased by \$600,000 in 2015. This increase was due to an increase of \$804,000 in water and sewer service expenses, \$508,000 in depreciation, \$361,000 in support services, a decrease of \$1.36 million in supervision and general and \$803,000 in restricted accounts. Non-operating expenses decreased by \$1.5 million.
- Operating expenses increased by approximately \$2.1 million in 2014. This slight increase was due to an increase in water and sewer service expenses of \$673,000, supervision and general of \$1.9 million, depreciation expense of \$270,000, offset by decreases in expenses for support services of \$148,000, and restricted accounts of \$22,000. Non-operating expenses increased by \$172,000.

Capital grants and contributions:

- In 2015, total capital grants and contributions increased by \$405,000. There was an increase in contributions of lines and extensions of \$317,000 and an increase in capital grants of \$88,000.
- In 2014, total capital grants and contributions increased by \$255,000. There was an increase in contributions of lines and extensions of \$546,000, offset by a decrease in capital grants of \$291,000.

Capital Asset and Debt Administration

Capital assets. The Board's investment in capital assets as of December 31, 2015, and 2014, amounted to \$510.6 million and \$506.1 million, respectively, net of accumulated depreciation. The investment in capital assets includes land, buildings, infrastructure, machinery and equipment, and timber rights. During 2015, the total increase in the Board's net investment in capital assets was .9% compared to the 2014 increase of 1.3%. Construction project commitments at the end of the year totaled \$6.3 million for 2015 compared to \$6.6 million at 2014. A listing of capital project expenditures for 2015 is included in the statistical section.

Major capital asset events during the current fiscal year included the following:

- Sewer rehabilitation projects accounted for the majority of capital expenditures. A total of \$10,790,744 was spent in 2015 and allocated as follows:
 - Sewer line, mains, and manhole rehabilitation/replacement, \$5,708,441
 - Sewer lift station and decentralization system improvements, \$493,195
 - Sewer plant improvements and miscellaneous costs, \$1,011,635
 - Access roads built or improved, \$1,307,198
 - Outfall line from the Smith Plant to Mobile River, \$2,270,275
- Water-related project costs for 2015 totaled \$2,362,275. The following items are included in these costs:
 - Automatic meter reading, \$274,931

- Water line extensions and improvements, \$894,063
 - Water tank painting and repair, \$131,316
 - Raw water line conversion to potable water line, \$1,042,734
 - Other miscellaneous, \$19,231
- Other capital expenditures amounted to \$4,160,967 during 2015 and include the following:
- Downtown Customer Service Payment Center, \$233,914
 - Park Forest Office Plaza-Phase III, \$2,911,174
 - Utility Relocations, and other miscellaneous \$1,015,879
- Major projects completed and capitalized during 2015 include the following:
- Hunter's Cove Retrofit, \$323,505
 - Conception Street 48" CIPP, \$1,709,213
 - DIP Alley at Granger Sewer Replacement, \$451,138
 - Shelton Beach Road Facility, \$12,010,822

During 2014, major capital assets events included: sewer rehabilitation projects in the amount of \$10,652,620; water-related project costs totaling \$1,021,770, and other capital expenditure amounts of \$8,654,733.

Capital Assets
(net of accumulated depreciation)

	2015	2014	2013
Water and sewer systems	\$434,565,524	\$436,687,013	\$440,466,880
Vehicles	2,075,633	1,820,041	2,389,845
Equipment and furnishings	9,759,451	9,508,160	9,242,931
Buildings and improvements	19,615,230	9,410,958	10,318,873
Land	8,912,821	7,720,998	7,361,934
Timber rights	394,705	407,271	419,886
Construction in progress	35,303,762	40,515,467	29,212,624
Total	<u>\$510,627,126</u>	<u>\$506,069,908</u>	<u>\$499,412,973</u>

Additional information on the Board's capital assets can be found in Note 3, beginning on page 28 of this report.

Long-term debt. At December 31, 2015, the Board had total long-term debt outstanding of \$222,521,000 versus \$237,601,000 in 2014, a decrease of 6.3%. This decrease is primarily due to current year payments of approximately \$14,958,000. At December 31, 2014, the Board had total long-term debt outstanding of \$237,601,000 versus \$236,782,000 in 2013, an increase of 1.3%. This increase is due to the addition of \$20,010,000 in State Revolving Loan Fund debt and the issue of the Series 2014 Water and Sewer Revenue Bonds, offset by the savings from the advance refunding of the 2006 Revenue Bonds and normal repayment of debt principal. The various Water and Sewer Revenue Bonds are on

parity, secured by total revenues of the Board, while the State Revolving fund bonds are subordinate to the Revenue Bonds. All bond debt covenants have been met.

The Board's revenue bond rating from Standard & Poor's is an AA, stable outlook. The rating from Moody's is Aa3.

Additional information on the Board's long-term debt can be found in Note 8, beginning on page 41 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate at December 31, 2015: Mobile area at 7.3%, compared to the State of Alabama and the nation at 6.3% and 5.0%, respectively
- Identified capital project needs and anticipated repairs and maintenance to the system
- Estimated customer growth/new development; business additions and/or closures
- MAWSS' rates compared to similar systems' rates
- Weather trends
- Customer usage patterns; impact of an approved rate increase on consumption
- Existing housing market/foreclosures

The Board approved rate increases for five years of 5% each year beginning with year 2012 and ending in 2016. Water and sewer rates were increased by 5% on January 1, 2016, for the 2016 budget year. These rate increases are necessary to cover the increases in the cost of doing business and to establish capital project funding at levels sufficient to repair and replace the system. The Board also included \$805,000 to fund the unfunded pension liability in the 2016 Budget.

These factors were considered in preparing the Board's budget for the 2016 year. The Board continues striving to find innovative ways of reducing the cost of service while improving customer services and protecting the environment.

Request for Information

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Comptroller, P.O. Box 180249, Mobile, AL, 36618-0249.

FINANCIAL STATEMENTS

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

STATEMENTS OF NET POSITION
DECEMBER 31, 2015 AND 2014

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2015	2014 (as restated)
CURRENT ASSETS		
Cash and equivalents	\$ 15,043,735	\$ 12,531,074
Investments	7,212,442	7,131,415
Restricted cash and equivalents:		
Revenue bond covenant accounts	42,376,178	43,265,284
Receivables:		
Interest receivable, partially restricted	28,662	37,125
Billed user charges, net	5,644,097	6,050,430
Unbilled user charges	3,931,968	3,938,078
Contracts receivable	28,388	28,291
Alabama Dept of Environmental Mgmt (ADEM), restricted	18,689,823	20,000,000
Miscellaneous, partially restricted	787,976	479,480
Inventory of materials, chemicals and supplies - at cost	1,681,001	1,503,451
Prepaid expenses	439,818	418,349
Total current assets	95,864,088	95,382,977
NONCURRENT ASSETS		
Restricted investments:		
Revenue bond covenant accounts	7,697,031	10,615,329
Capital assets:		
Land	8,912,821	7,720,998
Utility plant and equipment	829,487,255	802,025,501
Construction in progress	35,303,762	40,515,467
Less accumulated depreciation	(363,076,712)	(344,192,058)
Total capital assets (net of accumulated depreciation)	510,627,126	506,069,908
Total noncurrent assets	518,324,157	516,685,237
TOTAL ASSETS	614,188,245	612,068,214
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on bond refunding	1,822,207	2,125,908
Pension related	2,476,164	523,014
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,298,371	2,648,922
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 618,486,616	\$ 614,717,136

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND NET POSITION

	<u>2015</u>	<u>2014</u> (as restated)
CURRENT LIABILITIES		
Accounts payable, partially funded by restricted assets	\$ 4,338,596	\$ 3,834,737
Accrued payroll and related withholdings	715,814	503,315
Compensated absences - current portion	450,000	600,000
Customer meter deposits	4,769,457	4,649,395
Contingent insurance liability	920,258	944,658
Contracts and retainages payable, funded by restricted assets	329,381	603,244
Interest payable, funded by restricted assets	774,331	799,109
Current maturities of revenue bonds payable, partially funded by restricted assets	<u>15,489,981</u>	<u>14,957,562</u>
Total current liabilities	<u>27,787,818</u>	<u>26,892,020</u>
NONCURRENT LIABILITIES		
Revenue bonds payable, net, partially funded by restricted asset	207,030,662	222,643,426
Compensated absences - long-term portion	2,802,924	3,120,046
Net pension liability	30,988,587	26,756,069
Other postemployment benefits	<u>2,364,142</u>	<u>2,961,989</u>
Total noncurrent liabilities	<u>243,186,315</u>	<u>255,481,530</u>
TOTAL LIABILITIES	<u>270,974,133</u>	<u>282,373,550</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on bond refunding	4,929,840	5,168,839
Pension related	<u>-</u>	<u>1,696,319</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,929,840</u>	<u>6,865,158</u>
NET POSITION		
Net investment in capital assets	284,998,850	265,425,990
Restricted for		
Debt service	2,269,520	2,102,209
Construction	35,888,076	37,544,073
Other bond covenants	27,764,750	31,449,637
Unrestricted	<u>(8,338,553)</u>	<u>(11,043,481)</u>
TOTAL NET POSITION	<u>342,582,643</u>	<u>325,478,428</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 618,486,616</u>	<u>\$ 614,717,136</u>

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

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	2014 (as restated)
OPERATING REVENUES PLEDGED AS SECURITY FOR REVENUE BONDS		
Water sales	\$ 39,566,223	\$ 38,645,369
Sewer charges	<u>58,917,122</u>	<u>56,975,397</u>
Total operating revenues	<u>98,483,345</u>	<u>95,620,766</u>
OPERATING EXPENSES		
Water supply	1,570,247	1,426,220
Water treatment	6,111,196	6,074,405
Wastewater treatment	6,705,502	6,902,439
Transmission and collection	18,133,927	17,313,588
Support services	4,500,424	4,139,424
Supervision and general	18,335,608	20,194,882
Capital improvement fund accounts	1,369,583	566,230
Depreciation	<u>20,495,573</u>	<u>19,988,036</u>
Total operating expenses	<u>77,222,060</u>	<u>76,605,224</u>
OPERATING INCOME	<u>21,261,285</u>	<u>19,015,542</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	319,843	496,608
FEMA reimbursement	32,654	195,924
Miscellaneous rentals and sale of property	916,922	4,785,339
Miscellaneous expense	(15,511)	-
Bond interest expense	(7,266,160)	(8,087,920)
Bond issuance costs	<u>-</u>	<u>(688,026)</u>
Total non-operating revenues (expenses)	<u>(6,012,252)</u>	<u>(3,298,075)</u>
INCOME BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	15,249,033	15,717,467
CAPITAL GRANTS AND CONTRIBUTIONS	<u>1,855,182</u>	<u>1,450,188</u>
CHANGE IN NET POSITION	17,104,215	17,167,655
TOTAL NET POSITION - BEGINNING OF YEAR	325,478,428	334,352,859
ADJUSTMENT TO BEGINNING NET POSITION (See Note 1)	<u>-</u>	<u>(26,042,086)</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 342,582,643</u>	<u>\$ 325,478,428</u>

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

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 98,996,322	\$ 94,969,095
Payments to suppliers	(39,087,085)	(38,303,237)
Payments to employees	(17,902,243)	(19,961,508)
Receipts from miscellaneous sources	317,184	634,210
Net cash provided by operating activities	42,324,178	37,338,560
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	1,310,177	113,533,341
Capital grants	100,916	12,639
Acquisition of equipment, vehicles, and improvements	(5,682,702)	(4,019,115)
Acquisition and construction of capital assets and payments on construction projects	(17,424,619)	(20,015,891)
Principal paid on bonds	(14,957,562)	(119,480,959)
Interest paid on bonds	(8,544,113)	(9,049,838)
Miscellaneous expense	(15,511)	-
Bond issuance costs	-	(688,026)
Proceeds from sale of capital assets	1,347,217	4,380,420
Net cash used in capital and related financing activities	(43,866,197)	(35,327,429)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	8,782,210	21,665,738
Purchase of investments	(5,999,811)	(6,150,499)
Interest and dividends received	383,175	505,977
Net cash provided by investing activities	3,165,574	16,021,216
Net increase in cash and equivalents	1,623,555	18,032,347
Cash and equivalents, beginning of year - restricted and unrestricted	55,796,358	37,764,011
Cash and equivalents, end of year - restricted and unrestricted	\$ 57,419,913	\$ 55,796,358

(continued)

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

	<u>2015</u>	<u>2014</u> (as restated)
RECONCILIATION OF CASH AND EQUIVALENTS PER STATEMENTS OF CASH FLOWS TO STATEMENTS OF NET POSITION:		
Cash and equivalents, beginning of year:		
Current	\$ 12,531,074	\$ 18,115,559
Restricted	43,265,284	19,648,452
Total	<u>55,796,358</u>	<u>37,764,011</u>
Net increase (decrease):		
Current	2,512,661	(5,584,485)
Restricted	(889,106)	23,616,832
Total	<u>1,623,555</u>	<u>18,032,347</u>
Cash and equivalents, end of year:		
Current	15,043,735	12,531,074
Restricted	42,376,178	43,265,284
Total	<u>\$ 57,419,913</u>	<u>\$ 55,796,358</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Operating income	<u>\$ 21,261,285</u>	<u>\$ 19,015,542</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	20,495,573	19,988,036
Miscellaneous income	317,184	634,210
(Increase) decrease in receivables	393,012	(841,986)
(Increase) decrease in contracts receivable	(97)	12,493
(Increase) decrease in inventories	(177,550)	315,033
(Increase) decrease in prepaid expenses	(21,469)	54,407
Increase (decrease) in payables	538,157	(2,821,090)
Increase (decrease) in compensated absences	(467,122)	98,966
Decrease in other postemployment benefits	(597,849)	(1,004,339)
Increase in pension liabilities	583,054	1,887,288
Total adjustments	<u>21,062,893</u>	<u>18,323,018</u>
Net cash provided by operating activities	<u>\$ 42,324,178</u>	<u>\$ 37,338,560</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Lines accepted and contributions for extensions	<u>\$ 1,754,268</u>	<u>\$ 1,437,549</u>
Increase (decrease) in fair value of investments	<u>\$ (54,872)</u>	<u>\$ 45,853</u>

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

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

STATEMENTS OF FIDUCIARY NET POSITION
MAWSS OPEB TRUST FUND
DECEMBER 31, 2015 AND 2014

ASSETS	2015	2014
Short term investments	231,402	\$ 649,319
Investments at fair value:		
Equities		
Common stock	3,349,157	2,618,385
Mutual funds - equity	957,700	832,027
Fixed income securities		
U.S. Government obligations	1,915,432	1,492,637
Mortgage-backed securities	1,047,194	436,147
Corporate bonds	2,038,104	1,666,737
Mutual funds - fixed income	130	-
International		
Foreign stock	250,772	102,967
Mutual funds - international	496,518	369,238
Total investments	10,055,007	7,518,138
Accrued income	41,309	40,650
TOTAL ASSETS	\$ 10,327,718	\$ 8,208,107
 NET POSITION		
Held in Trust for Other Post-Employment Benefits	\$ 10,327,718	\$ 8,208,107

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

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
MAWSS OPEB TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

ADDITIONS	2015	2014
Employer contributions	\$ 2,180,000	\$ 2,180,000
Investment income		
Dividends	160,504	120,954
Interest	123,040	112,182
Net (depreciation) appreciation in fair value of investments	(302,824)	191,971
Net investment income	(19,280)	425,107
Total additions	2,160,720	2,605,107
DEDUCTIONS		
Administrative expenses	41,109	30,936
CHANGE IN NET POSITION	2,119,611	2,574,171
NET POSITION HELD IN TRUST FOR OPEB BENEFITS - BEGINNING OF YEAR	8,208,107	5,633,936
NET POSITION HELD IN TRUST FOR OPEB BENEFITS - END OF YEAR	\$ 10,327,718	\$ 8,208,107

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity

The accompanying financial statements present the activities of the Board of Water and Sewer Commissioners of the City of Mobile (the “Board”). The Board is a public agency or instrumentality existing under the provisions of Act No. 775 adopted at the 1951 Regular Session of the Legislature of Alabama, as amended, which has been recodified as Code of Alabama 1975, Sections 11-50-340 through 11-50-358, as amended, and by an ordinance adopted by the governmental body of the City of Mobile on September 18, 1952. The Board provides water and wastewater services for the city of Mobile and the surrounding area. The Board is composed of seven (7) board members who serve staggered six (6) year terms.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, which amended GASB Statement No. 14, *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Board is considered a special-purpose government and is not a component unit of any other entity.

The Board is a separate governmental unit granted independent authority by the State of Alabama General Statutes. The Board does not receive funding from the state or any other local government. It is fiscally independent, has the authority to set its own budget, set rates, and issue debt in its own name without the approval of any other governing body. Operations are funded through water and sewer usage fees.

Related Organization

The city council members of the City of Mobile, Alabama are responsible for appointing the seven members of the Board. However, they do not have the power to impose their will upon the members of the Board.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting using governmental accounting standards applicable to an enterprise fund.

The Board adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date an Amendment of GASB Statement No. 68*. GASB Statement No. 68, issued in June 2012, was effective for

fiscal years beginning after June 15, 2014. GASB Statement No. 68 improves accounting and financial reporting by state and local governments for pensions and improves information provided by state and local government employers about financial information about financial support for pensions that are provided by other entities. GASB Statement No. 71, issued in November 2013, was also effective for fiscal years beginning after June 15, 2014. GASB Statement No. 71 amends GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for pension contributions that it made after the measurement date of the beginning net pension liability.

The effects of these statements were applied retrospectively as of January 1, 2014, by reporting the cumulative effect of the application as a restatement of beginning net position. The change resulted in the decrease of the Board's net position at January 1, 2014 by \$26,042,086.

Future Adoption of New Accounting Pronouncements - GASB Pronouncements that have been issued but are not yet effective at December 31, 2015

GASB Statement No. 72, *Fair Value Measurement and Application* This Statement addresses accounting and financial reporting issues related to fair value measurement, including defining fair value, providing guidance for determining fair value measurements for financial reporting purposes, and providing guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for fiscal years beginning after June 15, 2015. The Board is currently evaluating the impact, if any, that GASB 72 will have on its financial statements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of GASB Statement No. 67, and Statement No. 68 for pension plans and pensions that are within their respective scopes. This statement is effective for fiscal years beginning after June 15, 2015. The Board is currently evaluating the impact, if any, that GASB 73 will have on its financial statements.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces GASB Statement No. 43, as amended, and GASB Statement No. 57. It includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in GASB Statement No. 25, as amended, GASB Statement No. 43, and GASB Statement No. 50. This Statement is effective for fiscal years beginning after June 15, 2016. The Board is currently evaluating the impact, if any, that GASB 74 will have on its financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about defined benefit OPEB are also addressed. This Statement is effective for fiscal years beginning after June 15, 2017. The Board is currently evaluating the impact, if any, that GASB 75 will have on its financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement supersedes GASB Statement No. 55 and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for fiscal years beginning after June 15, 2015. The Board is currently evaluating the impact, if any, that GASB 76 will have on its financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments to disclose certain information about tax abatement agreements they enter into. This Statement is effective for years beginning after December 15, 2015. The Board is currently evaluating the impact, if any, that GASB 77 will have on its financial statements.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of GASB Statement No. 68 and establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities, note disclosures, and required supplementary information for pensions provided to employees of state or local governmental employers through certain multiple-employer defined benefit pension plans. This Statement is effective for years beginning after December 15, 2015. The Board is currently evaluating the impact, if any, that GASB 78 will have on its financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants, including establishing criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for years beginning after June 15, 2015. The Board is currently evaluating the impact, if any, that GASB 78 will have on its financial statements.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. This Statement clarifies the financial statement presentation requirements for certain component units. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. This Statement is effective for years beginning after June 15, 2016. The Board is currently evaluating the impact, if any, that GASB 79 will have on its financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement provides recognition and measurement guidance for situations in which a government is a beneficiary of a split-interest agreement. This Statement is effective for years beginning after December 15, 2015. The Board is currently evaluating the impact, if any, that GASB 81 will have on its financial statements.

GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses pension-related issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for years beginning after June 15, 2016. The Board is currently evaluating the impact, if any, that GASB 82 will have on its financial statements.

The Board will implement the new GASB pronouncements in the year no later than the required effective date. The Board has not yet determined if the above listed new GASB pronouncements will have a significant financial impact to the Board or in issuing its financial statements.

Cash and Equivalents

The Board's cash and 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, including amounts held in revenue bond covenant accounts.

Investments

The Board's *Master Trust Indenture* authorizes the Board to invest in obligations of the U.S. Treasury, commercial paper, certificates of deposit, repurchase agreements, and federal obligations and agencies. Any stock owned by the Board was given to the Board either when the company went public or in settlement of an outstanding obligation.

Investments purchased with a maturity date greater than one year are stated at fair value primarily based on bid price at the end of the year. Investments in short-term debt securities that have remaining maturities of one year or less are recorded at amortized cost. Investments in equity securities are stated at fair value based on quoted prices.

Valuation of Accounts Receivable

Accounts receivable consist of amounts due from customers primarily for water and sewer charges and are stated at face amount net of an allowance for doubtful accounts of \$300,091 and \$269,411 as of December 31, 2015 and 2014, respectively. The Board performs credit evaluations and requires meter deposits. The allowance for doubtful accounts is estimated by analysis of accounts receivable balances exceeding 60 days outstanding and historical collection trends. Unbilled receivables represent income earned during the current year but not yet billed. Receivables from Alabama Department of Environmental Management (ADEM) associated with the State Revolving Fund (SRF) Bonds discussed in Note 8 were recorded at the same time as the bond issuance.

Inventory of Materials, Chemicals and Supplies and Prepaid Expenses

The inventory of materials, chemicals and supplies is stated at the lower of cost or market. Cost is determined primarily by the average cost method. Inventory items are recorded as expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Restricted Assets

Certain proceeds of the Board's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statements of net position because they are maintained in separate bank or trust accounts and their use is limited by applicable bond covenants. Payment of restricted liabilities is funded by these restricted assets. These liabilities are classified as either as funded or partially funded by restricted assets on the statements of net position.

The *Master Trust Indenture* dated November 1, 2014 provides for the establishment of separately named accounts including the following: Bond Fund accounts, Reserve Fund accounts, Subordinated Debt Fund accounts, and a Capital Improvement Fund account. The Bond Fund accounts include a separate trust account for each series of bonds outstanding. The money in each such account is used to pay the principal and interest on the respective series of bonds as they become due and payable. The Reserve Fund accounts include a separate trust account for each series of bonds for which such account is provided for in a Supplemental Indenture. The Subordinated Debt Fund accounts include a separate trust account for each separate issue of Subordinated Debt. The money contained in each account shall be used only to pay the principal and interest for each such issue. There is a special trust fund account designated as the Capital Improvement Fund account. Money in this fund is used only for the purpose of paying the costs of capital improvements or capital-related costs. Only to the extent necessary to prevent an event of default will the money in the Capital Improvement Fund account be used to make required principal and interest payments.

Under the Series 2014 Supplemental Indenture, a Construction Fund trust account was established to report the proceeds of the bond issue that are restricted for use in construction or capital purchases. If the Capital Improvement Fund account pays for construction that will ultimately be repaid by the Construction Fund account, this is recorded as Due To/Due From Other Accounts. When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, and then unrestricted resources as they are needed.

The following is a schedule of restricted assets and liabilities at December 31, 2015 and 2014:

	2015	2014
Assets		
Current assets		
Cash and equivalents	\$ 42,376,178	\$ 43,265,284
Interest receivable	18,197	27,576
Receivables:		
ADEM	18,689,823	20,000,000
Miscellaneous	389,863	370,432
Total current assets	<u>61,474,061</u>	<u>63,663,292</u>
Noncurrent assets		
Investments	<u>7,697,031</u>	<u>10,615,329</u>
Total assets	<u>\$ 69,171,092</u>	<u>\$ 74,278,621</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 2,145,034	\$ 1,780,349
Contracts and retainage payable	329,381	603,244
Interest payable	<u>774,331</u>	<u>799,109</u>
Total liabilities	3,248,746	3,182,702
Net position		
Restricted	<u>65,922,346</u>	<u>71,095,919</u>
Total liabilities and net position	<u>\$ 69,171,092</u>	<u>\$ 74,278,621</u>

Capital Assets and Accumulated Depreciation

The practice of the Board is to capitalize expenditures for property, plant additions and improvements, equipment, infrastructure, and intangible assets. Capital assets are defined by the Board as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the books and any resulting gain or loss is recognized in non-operating revenue for the year. Contributions of property are recorded at the contributor's cost, which approximates fair value. The Board capitalizes interest on construction projects (see Note 3). The cost of normal maintenance and repairs is charged to operations as incurred and significant renewals and betterments are capitalized.

Provision for depreciation of capital assets is made on a basis considered adequate to amortize the cost of depreciable assets over their estimated useful lives. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50
Building improvements	15 - 20
Water infrastructure	50
Sewer infrastructure	24 - 50
Vehicles, equipment, furniture	5 - 10
Timber rights	40

Capital assets acquired with resources externally restricted for capital acquisition (e.g., capital grants) and contributions of lines from external sources are recorded as capital contributions.

Capital assets having an indefinite useful life, such as land and easements, are capitalized but not amortized.

Deferred Outflows and Inflows of Resources

The statements of net position report deferred outflows of resources separately from assets. Deferred outflows represent decreases in net position to be amortized over future periods. These outflows will not be recognized as such until the applicable future period.

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that apply to future periods. These items will not be recognized as inflows of resources until the applicable future period.

Bond Discounts, Premiums, and Issuance Costs

Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expense in a systematic and rational manner over the duration of related debt. Bond discount and premiums are presented as a reduction/addition to the face amount of the bonds payable and amortized over the life of the related debt.

Compensated Absences

The Board's policy is to permit employees to accumulate earned but unused vacation and sick leave, which will be paid to employees upon separation from the Board's service. All vacation pay is accrued when earned. Seventy-five percent (75%) of sick leave is payable only to those employees retiring from the system after twenty-five years of service at any age or age sixty with ten years of service. Sick leave pay accrues only for individuals who meet age and service requirements.

Operating Revenues and Expenses

Operating revenues and expenses result from providing water and wastewater services, which are the Board's principal ongoing operations. The Board also recognizes connection charges and capacity fees to connect to the system as operating revenues. Operating expenses include the costs to provide these services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Pension Plan

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

2. Deposits and Investments

The fair value of the Board's investments as of December 31 was as follows:

<u>Investment</u>	<u>Maturities</u>	<u>2015</u> <u>Fair Value</u>	<u>2014</u> <u>Fair Value</u>
Equity Securities	n/a	\$ 133,930	\$ 94,916
U.S. Treasury Notes	2016	-	800,064
U.S. Government Agencies	2016-2031	11,351,491	13,192,248
Certificates of Deposit	2016-2017	<u>3,424,052</u>	<u>3,659,516</u>
Total investments		<u>\$ 14,909,473</u>	<u>\$ 17,746,744</u>

Interest rate risk. The Board manages its exposure to fair value losses arising from increasing interest rates by limiting the investment period to five years or less for most accounts or having an average maturity life of five years or less, based on cash flow needs. The Board's policy is that investment securities shall mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such funds.

Credit risk. As a general rule, the Board's investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. During the year, the Board's investments in bonds of U.S. Government Agencies were rated AA/stable by Standard and Poor's, and Aa3 by Moody's Investors Service.

Concentration of credit risk. The Board's investment policy places no limit on the amount the Board may invest in any one issuer.

Custodial credit risk – deposits. In the case of deposits this is the risk that, in the event of a bank failure, the Board's deposits may not be returned to it. The Board requires each depository to be a bank or trust company having capital stock, surplus, and undivided earnings of \$50 million or more. All moneys held in deposit shall be insured or collateralized under the Security for Alabama Funds Enhancement ("SAFE") Program, a mandatory pooled custody account administered by the Alabama State Treasurer for all Alabama public deposits. Each of the banks holding the Board's deposits is a certified participant in the SAFE program through a collateral pool administered by the Alabama State Treasurer. The Board's policy allows the purchase of certificates of deposit from a bank that has a combined capital, surplus and undivided profits of not less than \$3 million and whose deposits are fully insured or collateralized under the SAFE Program.

Custodial credit risk – investments. In the case of investments this is the risk that, in the event of the failure of the counter party (e.g. broker – dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Board's investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in equity securities.

3. Capital Assets and Accumulated Depreciation

Major outlays for capital assets and improvements are capitalized during project construction. Interest incurred during the construction phase of capital assets is capitalized as Construction in Progress based on the weighted-average amounts of accumulated construction expense multiplied by the Board's average borrowing rate for the year. Interest of \$1,195,099 and \$1,177,382 was capitalized and classified as Construction in Progress during the years ended December 31, 2015 and 2014, respectively.

Capital asset activity for the years ended December 31, 2015 and 2014 is as follows:

<u>Capital Assets</u>	<u>1/1/15</u>	<u>Additions</u>	<u>Transfers / Deletions</u>	<u>12/31/15</u>
Capital assets not being depreciated:				
Land	\$ 7,720,998	\$ 1,191,823	\$ -	\$ 8,912,821
Construction in progress	40,515,467	20,452,006	25,663,711	35,303,762
Total capital assets not being depreciated	48,236,465	21,643,829	25,663,711	44,216,583
Capital assets being depreciated:				
Buildings and improvements	19,817,950	12,225,833	1,976,246	30,067,537
Equipment and furniture	37,551,918	2,508,908	377,087	39,683,739
Vehicles	9,608,918	683,796	261,473	10,031,241
Water and sewer systems	733,497,483	14,658,023	-	748,155,506
Timber rights	1,549,232	-	-	1,549,232
Total capital assets being depreciated	802,025,501	30,076,560	2,614,806	829,487,255
Less accumulated depreciation:				
Buildings and improvements	10,406,992	1,019,858	974,543	10,452,307
Equipment and furniture	28,043,757	2,255,434	374,903	29,924,288
Vehicles	7,788,877	428,204	261,473	7,955,608
Water and sewer systems	296,810,471	16,779,511	-	313,589,982
Timber rights	1,141,961	12,566	-	1,154,527
Total accumulated depreciation	344,192,058	20,495,573	1,610,919	363,076,712
Total capital assets being depreciated, net	457,833,443	9,580,987	1,003,887	466,410,543
Capital assets, net	\$ 506,069,908	\$ 31,224,816	\$ 26,667,598	\$ 510,627,126

(continued)

<u>Capital Assets</u>	<u>1/1/14</u>	<u>Additions</u>	<u>Transfers / Deletions</u>	<u>12/31/14</u>
Capital assets not being depreciated:				
Land	\$ 7,361,934	\$ 359,064	\$ -	\$ 7,720,998
Construction in progress	29,212,624	21,671,721	10,368,878	40,515,467
Total capital assets not being depreciated	36,574,558	22,030,785	10,368,878	48,236,465
Capital assets being depreciated:				
Buildings and improvements	19,775,118	54,322	11,490	19,817,950
Equipment and furniture	35,464,782	2,247,081	159,945	37,551,918
Vehicles	9,654,023	50,000	95,105	9,608,918
Water and sewer systems	720,905,173	12,631,527	39,217	733,497,483
Timber rights	1,549,232	-	-	1,549,232
Total capital assets being depreciated	787,348,328	14,982,930	305,757	802,025,501
Less accumulated depreciation:				
Buildings and improvements	9,456,245	950,747	-	10,406,992
Equipment and furniture	26,221,851	1,976,846	154,940	28,043,757
Vehicles	7,264,178	621,936	97,237	7,788,877
Water and sewer systems	280,438,293	16,425,892	53,714	296,810,471
Timber rights	1,129,346	12,615	-	1,141,961
Total accumulated depreciation	324,509,913	19,988,036	305,891	344,192,058
Total capital assets being depreciated, net	462,838,415	(5,005,106)	(134)	457,833,443
Capital assets, net	\$ 499,412,973	\$ 17,025,679	\$ 10,368,744	\$ 506,069,908

4. Deferred Outflows and Inflows of Resources

As a result of the Series 2014 refunding of the Series 2006, \$1,880,000 was reclassified from a reoffering premium to deferred inflows of resources. The Series 2014 issue also resulted in additional deferred inflows of \$3,309,000 to report in 2014.

Changes in deferred outflows and inflows (other than pension related items discussed in Note 5) for the years ended December 31, 2015 and 2014 were as follows (in thousands):

	1/1/15	Additions	Amortization	12/31/15
Deferred outflows of resources:				
Deferred charge on bond refunding	\$ 2,126	\$ -	(\$ 304)	\$ 1,822
Deferred inflows of resources:				
Deferred gain on bond refunding	\$ 5,169	\$ -	(\$ 239)	\$ 4,930
	1/1/14	Additions	Amortization	12/31/14
Deferred outflows of resources:				
Deferred charge on bond refunding	\$ 2,430	\$ -	(304)	\$ 2,126
Deferred inflows of resources:				
Deferred gain on bond refunding	\$ -	\$ 5,189	(\$ 20)	\$ 5,169

5. Pension Plan

General Information about the Pension Plan

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

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

1. The Governor, ex-officio.
2. The State Treasurer, ex-officio.
3. The State Personnel Director, ex-officio
4. The State Director of Finance, ex-officio.

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

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.

Employees Covered. At the measurement dates of September 30, 2015 and 2014, the following employees were covered by the benefit terms:

	2015	2014
Retired members or their beneficiaries currently receiving benefits	209	203
Vested inactive members	6	6
Non-vested inactive members	8	8
Active members	372	375
Post-DROP retired members still in active service	5	-
Total	600	592

Funding Policy. Tier 1 ERS members are required to contribute 7.50% (6.00% for Tier 2) of their annual covered salary.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended December 31, 2015, the Board’s active employee contribution rate was 6.8% percent of covered employee payroll, and the Board’s average contribution rate to fund the normal and accrued liability costs was 11.75% percent of covered employee payroll.

The Board is required to make contributions to the plan at an actuarially determined rate. The rate for the ERS fiscal year ending September 30, 2015 is 10.26% (10.12% for Tier 2) of annual covered payroll. The rate effective beginning October 1, 2015 is 10.23% (9.67% for Tier 2). The contribution requirements of ERS members and the Board are established, and may be amended, only by the State of Alabama Legislature. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, 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 were \$1,952,950 and \$1,953,336 for the years ended December 31, 2015 and 2014, respectively.

Net Pension Liability

The Board's net pension liability was measured as of September 30, 2015 and 2014, and the total pension liability used to calculate the net pension liability, was determined by an actuarial valuations as of September 30, 2013 and 2014 rolled forward to September 30, 2014 and 2015 using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual</u>
(1) Total Pension Liability as of September 30, 2013	\$ 81,745,250	
(2) Entry Age Normal Cost for the period October 1, 2013 - September 30, 2014	1,582,611	
(3) Actual Benefit Payments and Refunds for the period October 1, 2013 - September 30, 2014	(3,811,964)	
(1a) Total Pension Liability as of September 30, 2014 = [(a) x (1.08)] + (b) - [(c) x (1.04)]	\$ 85,903,038	\$ 85,925,438
(2b) Entry Age Normal Cost for the period October 1, 2014 - September 30, 2015	1,556,455	1,556,455
(3c) Actual Benefit Payments and Refunds for the period October 1, 2014 - September 30, 2015	(4,714,834)	(4,714,834)
(4d) Total Pension Liability as of September 30, 2015 = [(1a) x (1.08)] + (2b) - [(3c) x (1.04)]	\$ 89,428,309	\$ 89,452,501
(5e) Difference between Expected and Actual Experience (Gain)/Loss		\$24,192

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for

each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

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

*Includes assumed rate of inflation of 2.50%.

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2013	\$ 81,745,250	\$ 53,272,842	\$ 28,472,408
Changes for the year:			
Service cost	1,582,611	-	1,582,611
Interest	6,387,141	-	6,387,141
Difference between expected and actual experience	-		-
Contributions - employer	-	1,930,322	(1,930,322)
Contributions - employee	-	1,450,779	(1,450,779)
Net investment income	-	6,362,684	(6,362,684)
Benefit payments, including refunds of employee contributions	(3,811,964)	(3,811,964)	-
Transfers among employers	-	(57,694)	57,694
Net changes	4,157,788	5,874,127	(1,716,339)

(continued)

	Increase(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Changes for the year:			
Service cost	1,556,455	-	1,556,455
Interest	6,683,650	-	6,683,650
Difference between expected and actual experience	24,192		24,192
Contributions - employer	-	1,929,674	(1,929,674)
Contributions - employee	-	1,435,421	(1,435,421)
Net investment income	-	693,537	(693,537)
Benefit payments, including refunds of employee contributions	(4,714,834)	(4,714,834)	-
Transfers among employers	-	(26,853)	26,853
Net changes	<u>3,549,463</u>	<u>(683,055)</u>	<u>4,232,518</u>
Balances at September 30, 2015	<u>\$ 89,452,501</u>	<u>\$ 58,463,914</u>	<u>\$ 30,988,587</u>

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the Board's net pension liability calculated using the discount rate of 8%, as well as what the Board'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%)
Plan's Net Pension Liability			
September 30, 2014	<u>\$ 36,604,325</u>	<u>\$ 26,756,069</u>	<u>\$ 18,402,353</u>
September 30, 2015	<u>\$ 41,047,246</u>	<u>\$ 30,988,587</u>	<u>\$ 22,439,125</u>

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 years ended September 30, 2015 (issued January 15, 2016) and 2014. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2014. The auditor's report dated June 3, 2015 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

For the years ended December 31, 2015 and 2014, the Board recognized pension expense of \$2,608,287 and \$3,899,589, respectively. In accordance with GASB Statement No. 71, the Board recognized a beginning deferred outflow of resources as of January 1, 2014 for its pension contributions from October 1, 2013 to December 31, 2013 totaling approximately \$500,000 made subsequent to the measurement date of the beginning net pension liability.

At December 31, 2015, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,948	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	1,914,287	-
Employer contributions subsequent to the measurement date	<u>541,929</u>	<u>-</u>
Total	<u>\$ 2,476,164</u>	<u>\$ -</u>

At December 31, 2014, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	1,696,319
Employer contributions subsequent to the measurement date	<u>523,014</u>	<u>-</u>
Total	<u>\$ 523,014</u>	<u>\$ 1,696,319</u>

Amounts reported as deferred outflows of resources related to differences between expected and actual experience and not difference between projected and actual earnings on plan investments as offsets to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2017	\$ 376,795
2018	376,795
2019	376,796
2020	800,877
2021	<u>2,972</u>
Total	<u>\$ 1,934,235</u>

6. Post-Employment Benefits Other than Pension

Plan Description

The Board provides certain health care and life insurance benefits to its retired employees, as a part of a single-employer defined benefit plan. Benefits include healthcare and dental care for eligible retirees and for retiree spouses to age 65 through the Board's group health insurance plan, which covers both active and retired members. The Board self-funds its health and dental benefit plan. For retirees over age 65, the Board provides a supplemental Medicare policy. Life insurance is provided for retirees meeting eligibility requirements. No separate stand-alone OPEB plan financial statements are publicly available. However, information on funding progress, contributions, and other elements are included in these financial statements.

Eligible Individuals. For health and dental benefits and for life insurance benefits, eligible employees must have been hired prior to January 1, 2002, and prior to September 1, 1994, respectively, and retire from the Board after meeting age and years of service conditions.

Summary of Significant Accounting Policies

Basis of Accounting. The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the Board has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Plan assets have been segregated and restricted in an irrevocable trust fund with a local custodian bank. Plan assets are dedicated to providing retiree benefits and are protected from creditors. Investments are reported at fair value, which is determined by the trustee based on most recent bid and asked prices.

Contributions

Required monthly premium. The Board pays 100% of life insurance for the retiree (up to \$15,000 coverage) and from 50% to 100% of the health and dental benefit for the retiree (up to age 65) and family (spouse up to age 65 and dependents through age 25), depending on both age and years of service at the time of retirement. Once the retiree reaches age 65, a portion of the cost of a Medicare supplement premium is paid by the Board for the retiree only. The required contribution is based on projected pay-as-you go financing requirements. For employees hired after January 1, 2002, the employee may continue coverage by paying 102% of the rate calculated for the plan, with coverage ceasing for the retired employee and/or the spouse when reaching age 65. Once a retiree is deceased, spouse and/or dependents are eligible for COBRA and are removed from the retiree health and dental insurance plan.

For 2015, the Board contributed \$793,403 for current retiree costs and \$2,180,000 to prefund benefits. In 2014, the Board contributed \$646,807 for current retiree costs and \$2,180,000 to prefund benefits. Plan members receiving benefits contributed \$278,045 of the cost, or approximately 25.95%, in 2015, and \$268,337, or approximately 29.3%, in 2014. The contribution requirements of retirees and the Board are established and may be modified, reduced, or amended by the Board.

Annual OPEB Cost and Net OPEB Obligation. The Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover 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 Board's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation to the OPEB plan:

	As of 12/31/2015	As of 12/31/2014	As of 12/31/2013
Annual required contribution	\$ 2,533,353	\$ 2,404,165	\$ 2,663,635
Interest on net OPEB obligation	335,103	288,008	229,733
Adjustment to annual required contribution	(553,291)	(475,532)	(379,314)
Annual OPEB cost (expense)	2,315,165	2,216,641	2,514,054
Contributions made	(2,913,013)	(3,220,979)	(6,205,498)
Decrease in net OPEB obligation	(597,848)	(1,004,338)	(3,691,444)
Net OPEB obligation – beginning of year	2,961,990	3,966,328	7,657,772
Net OPEB obligation – end of year	\$ 2,364,142	\$ 2,961,990	\$ 3,966,328

Trend information for the OPEB plan:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at End of Year
12/31/2013	\$2,514,054	247%	\$3,966,328
12/31/2014	\$2,216,641	145%	\$2,961,990
12/31/2015	\$2,315,165	125%	\$2,364,142

During 2015 and 2014 the Board's contributions included pay-as-you go costs as well as investing \$2,180,000 and \$2,180,000, respectively, in a trust restricted to providing retiree medical and life benefits. As of December 31, 2014, the number of retired participants eligible to receive one or both benefits is 178 and the number of active employees eligible to receive future retiree benefits is 366.

Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the accrued liability for benefits was \$23,905,273. The covered payroll (annual payroll of active employees covered by the plan) was \$21,484,331 and the ratio of unfunded actuarial accrued liability to the covered payroll was 73.06 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions 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 funded 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 presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
January 1, 2012	\$ -	\$39,649,247	\$39,649,247	0%	\$18,502,126	214.30%
January 1, 2014	\$5,633,936	\$22,324,556	\$16,690,620	25.2%	\$20,524,472	81.32%
January 1, 2015	\$8,208,107	\$23,905,273	\$15,697,166	34.3%	\$21,484,331	73.06%

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Board and the 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 actuarial 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 Board used the projected unit credit actuarial cost method to determine the unfunded actuarial accrued liability, amortized as a level dollar amount over 30 years.

Valuation date	January 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	30 year open period; level-dollar payment
Investment return	6% per year

The following assumptions were made:

- *Retirement age for active employees:* Based on the historical average retirement age for the covered group active annual rates of retirement are:

<u>Age</u>	<u>Rate</u>
50-54	.5%
55-59	10%
60-64	20%
65 and over	100%

- *Plan participation of future retirees:* 80%
- *Percent of future retirees with coverage who elect coverage on spouse:* 80%
- *Attribution period:* the portion of a participant's service to which the expected postretirement benefit obligation is assigned. The beginning of the attribution period is the date of hire and the end of the attribution period is the earliest eligible date.
- *Weighted average assumptions:*
 - Discount rate: 3% unfunded and 6% funded
 - Expected long-term rate of return on assets: n/a unfunded and 6% funded
- *Health care cost trend rate/post-retirement benefit increases:*
 - 2015 10%
 - 2016 – 2017 8%
 - 2018 – 2019 6%
 - 2020 and later 5%
- *Administrative expenses:* included in claims cost
- *Inflation rate:* n/a
- *Mortality:* updated to RP-2014 Mortality Fully Generational using Projection Scale MP-2014
- *Salary increases:* n/a
- *Assumed rate of return on plan assets:* n/a
- *Claim cost assumption:* updated to reflect current experience of the plan
- *Eligibility requirement:* changed for those hired January 1, 2013 and after

7. Contingent Insurance Liability

The Board self-funds its health and dental care benefit plan for its employees and retirees. The Board has an administrative service agreement with an insurance carrier to serve as claims administrator for its health and dental care benefits. In order to limit claims cost, the Board has an excess risk insurance policy which covers claims exceeding \$125,000 per year per covered person with an aggregating specific deductible of \$140,000 per year.

The policy has an unlimited specific maximum per covered person. The actuarial estimate for the Board's claims liability at December 31, 2015 and 2014 of \$328,000 and \$309,000, respectively, was provided by the claims administrator, net of refunds due.

Changes in the balances of claims liabilities during the past three years are as follows:

Self-Insured Health Insurance:	Year ended 12/31/15	Year ended 12/31/14	Year ended 12/31/13
Claims liability, beginning of year	\$ 309,000	\$ 281,600	\$ 315,300
Incurred claims and expenses	5,409,119	4,343,321	4,010,713
Claims payments	(4,847,959)	(4,289,841)	(3,984,423)
Claims settlements, excess policy	(542,160)	(26,080)	(59,990)
Claims liability, end of year	<u>\$ 328,000</u>	<u>\$ 309,000</u>	<u>\$ 281,600</u>

The Board is also self-insured for claims and judgments, general liability, and general automobile liability. Based on an actuarial reserve and funding study performed by a third-party actuary, the Board recorded a liability for \$592,258 and \$635,658 for net cash reserves and possible unknown claims as of December 31, 2015 and 2014, respectively. All amounts are considered due within one year. See Note 14 for additional information.

8. Bonds Payable

The following is a schedule of bonds payable (January 1 maturities are considered paid at December 31):

	2015 <u>(In thousands)</u>	2014 <u>(In thousands)</u>
Series 1999 \$10,000,000 Water and Sewer Revenue Bond, issued September 14, 1999, interest at 4.58% due monthly through December 1, 2018.	\$ 3,190	\$ 4,120
Series 2001 \$10,000,000 Water and Sewer Revenue Bond, issued December 28, 2001, interest at 4.62% due monthly through December 1, 2021	5,917	6,917
Series 2010 \$55,000,000 Water and Sewer Revenue Refunding Bond, issued July 26, 2010, at 2.71%, due annually through January 1, 2022	28,950	33,890
Series 2013 \$21,380,000 Water and Sewer Revenue Refunding Bond, issued January 2, 2013, at 1.43%, due monthly through October 1, 2018	11,267	15,165
Series 2014 \$102,375,000 Water and Sewer Revenue Bonds, issued November 1, 2014, at 4% to 5%, due annually through January 1, 2036	102,375	102,375
SRF 2004 \$10,310,000 Subordinated Revenue Bond, issued November 1, 2004, at 3.05%, due annually through August 15, 2025	5,425	5,940
		(continued)

	2015 <u>(In thousands)</u>	2014 <u>(In thousands)</u>
SRF 2005 CW \$20,465,000 Subordinated Revenue Bond, issued November 1, 2005, at 3.25%, due annually through August 2025	18,875	19,055
SRF 2005 DW \$5,110,000 Subordinated Revenue Bond, issued October 1, 2005, at 3.25%, due annually through August 2025	2,965	3,215
SRF 2008 \$6,130,000 Subordinated Revenue Refunding Bond, issued February 13, 2008, at 3.18%, due annually through August 2016	785	1,540
SRF 2010-A-CWSRF \$9,345,000 Subordinated Revenue Refunding Bond issued December 15, 2010, at 2.50%, due annually through August 2020	5,125	6,035
SRF 2012-CWSRF-DL \$20,000,000 Subordinated Revenue Bond issued August 15, 2012, at 2.90%, due annually through February 2032	17,685	18,480
SRF 2014-CWSRF-DL \$20,010,000 Subordinated Revenue Bond issued August 15, 2014, at 2.45%, due annually through August 2034	<u>19,225</u>	<u>20,010</u>
Subtotal	221,784	236,742
Plus: bond premium	737	859
Total bonds payable	<u>\$ 222,521</u>	<u>\$ 237,601</u>

The following is a schedule of maturities of bonds payable:

Years Ending December 31	Principal (In thousands)	Interest (In thousands)	Total (In thousands)
2016	\$ 15,490	\$ 8,154	\$ 23,644
2017	15,300	7,736	23,036
2018	14,396	7,329	21,725
2019	11,409	6,985	18,394
2020 – 2024	47,819	30,063	77,882
2025 – 2029	49,045	21,268	70,313
2030 – 2034	57,415	10,227	67,642
2035	<u>10,910</u>	<u>545</u>	<u>11,455</u>
Subtotals	221,784	92,307	314,091
Plus: bond premium	737	(737)	-
Total bonds payable	<u>\$ 222,521</u>	<u>\$ 91,570</u>	<u>\$ 314,091</u>

The Board issues water and sewer revenue bonds to provide funds for the acquisition and construction of major capital assets, including infrastructure. The water and sewer revenue bonds are on parity, while the State Revolving Fund bonds are subordinate. Total operating revenues are pledged as security on the bonds, regardless of the source of the revenue or the use of the proceeds.

Issuance of SRF 2014 Subordinated Revenue Bond

The Board issued the \$20,010,000 SRF 2014 Subordinated Revenue Bond on August 15, 2014 at 2.45%. Payments are due annually through August 2034. Funds will be used for improvements and construction of the headworks and primary clarifiers at the C. C. Williams WWTF.

Advance Refunding of the 2006 Water and Sewer Revenue Bonds

On November 1, 2014, the Board issued a \$102,375,000 Water and Sewer Revenue Refunding Bond. Proceeds in the amount of \$92,811,924, plus the amount in the Reserve Account of the Sinking Fund under the 1985 Indenture of \$17,713,040, in addition to \$2,180,823 from the 2006 Bond Principal and Interest Subaccount, were placed in escrow to refund the 2006 Series Water and Sewer Revenue Bonds on January 1, 2016, at a redemption price equal to 100% of the principal amount of \$105,000,000, plus interest accrued to the redemption date. The reacquisition price of the 2006 bonds resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$6,176,556.

9. Changes in noncurrent liabilities

Activity of noncurrent liabilities for the years ended December 31, 2015 and 2014 was as follows (in thousands):

	1/1/15	Additions	Reductions	12/31/15	Current
Bonds payable:					
Revenue bonds	\$162,467	\$ -	\$10,768	\$151,699	\$11,170
SRF bonds	74,275	-	4,190	70,085	4,320
Plus: Bond premium	859	-	122	737	-
Total bonds payable	237,601	-	15,080	222,521	15,490
Compensated absences	3,720	277	744	3,253	450
Net pension liability	26,756	4,233	-	30,989	-
OPEB	2,962	2,180	2,778	2,364	-
Noncurrent liabilities	\$271,039	\$6,690	\$18,602	\$259,127	\$15,940

	1/1/14 (as restated)	Additions	Reductions	12/31/14	Current
Bonds payable:					
Revenue bonds	\$175,198	\$102,375	\$115,106	\$162,467	\$10,768
SRF bonds	58,640	20,010	4,375	74,275	4,190
Plus: Bond premium	2,944	-	2,085	859	-
Total bonds payable	\$236,782	122,385	121,566	237,601	14,958
Compensated absences	3,621	603	504	3,720	600
Net pension liability	28,472	-	1,716	26,756	-
OPEB	3,966	2,217	3,221	2,962	-
Noncurrent liabilities	\$272,841	\$125,205	\$127,007	\$271,039	\$15,558

10. **Trusted Funds and Other Restricted Funds**

Under the terms of the new *Master Trust Indenture* dated November 1, 2014, it is required that certain funds of the Board be held in trust in the Bond Fund, the Reserve Fund, the Subordinated Debt Fund, and the Capital Improvement Fund. All money in the Revenue Fund is applied first as payment of operating expenses, the remainder applied as required in the Funds listed above, in that order.

11. **Operating Leases - Lessor**

The Board leases business facilities and water tower space to third parties under cancelable operating leases. Total rentals received during 2015 and 2014 equal \$387,576 and \$357,212, respectively. The cost of the leased assets was \$1,242,393. The accumulated depreciation was \$370,647 and \$345,799, while the carrying value was \$871,746 and \$896,594 at December 31, 2015 and 2014, respectively.

12. **Construction Commitments**

The Board had contractual commitments of approximately \$6,322,000 and \$6,559,000 for water and sewer plant construction at December 31, 2015 and 2014, respectively. These commitments are provided by the following bond restricted accounts: 2014 Bond Construction, State Revolving Loan Construction, and Capital Improvement.

13. General Usage of the System

The number of customers of the water system, the sewer system, and the total combined customers of these systems as of December 31, 2015, was 85,678, 82,923, and 89,447, respectively. The number of customers at December 31, 2014, was 85,219, 82,412, and 88,911, respectively.

14. Risk Management

The Board is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Effective April 15, 2002, the Board became self-insured for claims and judgments, general liability, and general automobile liability. As discussed in Note 7, the Board recorded an estimate of \$592,258 and \$635,658 in loss contingencies for net total outstanding loss and expense reserves for years ended December 31, 2015 and 2014, respectively. All amounts are considered due within one year. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount, as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses and attorney fees related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Changes in the balances of claims liabilities during the past three years are as follows:

	Year Ended 12/31/15	Year Ended 12/31/14	Year Ended 12/31/13
Claims liability, beginning of year	\$ 635,658	\$ 702,367	\$ 370,117
Incurred claims (including IBNRs)	909,348	134,098	547,591
Claims and expenses paid	(952,748)	(200,807)	(215,341)
Claims liability, end of year	<u>\$ 592,258</u>	<u>\$ 635,658</u>	<u>\$ 702,367</u>

15. Contingencies

The Board is a defendant in legal proceedings claiming property damage and personal injury. Such proceedings are not uncommon to a public water board. The Board is contesting these cases vigorously and believes the claims are without merit. The Board has reported a loss contingency (see Note 14) in the amount of \$592,258 which includes an amount for claims that have occurred but not been reported as well as a reserve for outstanding claims and estimated claims expense.

16. Trust Agreement Compliance

The Board adopted the new *Master Trust Indenture* dated November 1, 2014, and is not aware of default of any of the covenants, agreements or conditions on its part contained this document. This Indenture replaces the *Indenture of Trust* dated November 1, 1985.

The Board has calculated possible arbitrage rebate under the U. S. Treasury Department's regulations regarding the issuance of the 1999 Series bonds, the 2001 Series bonds, the 2010 Series bonds, and the 2013 Series bonds. Accrued arbitrage liability as of December 31, 2015 and 2014 was \$-0-.

17. Decision on Transfer of Prichard Water and Sewer Board System to MAWSS

A vote of the citizens of Alabama on proposed legislation (Amendment 863) that would transfer the operations of the Prichard Water and Sewer System to the MAWSS Board was passed in the fall of 2012. The transfer of assets, liabilities and operations of the Prichard Water and Sewer System took place at the end of February 2013, after a court decision to eliminate the Prichard Water Board and move operations to the MAWSS Board. The decision was appealed by the Prichard Water Board and the Prichard Water Board prevailed. All assets, liabilities and operations of the Prichard Water and Sewer System were transferred back on October 2, 2013.

Senate Bill 176, passed by the house and senate, proposed a local constitutional amendment to dissolve the Prichard Water and Sewer System and transfer the assets, liabilities, and operations to MAWSS. Mobile County voters approved the transfer by vote on June 3, 2014, but the MAWSS Board made the decision on September 2, 2014 to reject the transfer. Reasons included a \$32.8 million management contract approved by the Prichard Water Board a week before the vote, financial shortfalls and regulatory deficiencies of the Prichard system.

18. Subsequent Events – Sale of Property

The property of the Board located at 207 North Catherine Street was sold to the University of South Alabama for \$2.2 million in March 2016. All MAWSS employees from this location have been relocated to the Board's Park Forest Facility or to their new Shelton Beach Road Facility, or the Springhill Payment Center, which opened in 2015.

19. Subsequent Events – Refunding of SRF Subordinated Revenue Bonds

On February 4, 2016, the Board refunded the outstanding balances of the \$20,465,000 Series SRF 2005 CW Subordinated Revenue Bond and the \$5,110,000 Series SRF 2005 DW Subordinated Revenue Bond by issuing \$22,240,000 of Series 2016 Water and Sewer Revenue Refunding Bond. The refunding bond bears interest at 1.84%. Payments are due semiannually. The maturity date of the series is August 15, 2025.

20. Subsequent Event – Issue of SRF 2016 CW Subordinated Revenue Bond

On April 28, 2016, the Board applied for a \$20,000,000 SRF 2016 CW Subordinated Revenue Bond with interest at approximately at 2.4%. Annual payments are expected through 2036. Funds will be used for improvements for the sanitary sewer system and treatment facilities. The bond closing is expected in summer of 2016.

REQUIRED SUPPLEMENTARY INFORMATION

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
YEARS ENDING SEPTEMBER 30

	<u>2015</u>	<u>2014</u>
Change in total pension liability		
Service cost	\$ 1,556,455	\$ 1,582,611
Interest	6,683,650	6,387,141
Differences between expected and actual experience	24,192	-
Benefit payments, including refunds of employee contributions	<u>(4,714,834)</u>	<u>(3,811,964)</u>
Net change in total pension liability	3,549,463	4,157,788
Total pension liability, beginning	<u>85,903,038</u>	<u>81,745,250</u>
Total pension liability, ending (a)	89,452,501	85,903,038
Change in Plan fiduciary net position		
Contributions - employer	1,929,674	1,930,322
Contributions - member	1,435,421	1,450,779
Net investment income	693,537	6,362,684
Benefit payments, including refunds of employee contributions	(4,714,834)	(3,811,964)
Transfers among employers	<u>(26,853)</u>	<u>(57,694)</u>
Net change in Plan fiduciary net position	(683,055)	5,874,127
Plan fiduciary net position, beginning	<u>59,146,969</u>	<u>53,272,842</u>
Plan fiduciary net position, ending (b)	<u>58,463,914</u>	<u>59,146,969</u>
Net pension liability, ending (a) - (b)	<u>\$ 30,988,587</u>	<u>\$ 26,756,069</u>
Plan fiduciary net position as a percentage of the total pension liability	65.36%	68.85%
Covered-employee payroll*	\$ 21,117,748	\$ 20,561,574
Net pension liability as a percentage of covered-employee payroll	146.74%	130.13%

Note: GASB Statement No. 68 was implemented in Plan year 2014. The Authority's net pension liability was measured as of September 30, 2015. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

*Employer's covered payroll during the measurement period is the total covered payroll. For FY 2016 the measurement period is October 1, 2014 – September 30, 2015.

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULE OF EMPLOYER CONTRIBUTIONS
YEAR ENDING DECEMBER 31

	2015
Actuarially determined contribution*	\$ 2,476,164
Contributions in relation to the actuarially determined contribution	2,476,164
Contribution deficiency (excess)	\$ 0
Covered payroll	21,069,088
Contributions as a percentage of covered payroll	11.75%

Notes to Schedule of Contributions:

Valuation date	September 30, 2012
Notes	Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for 2015 were based on the September 30, 2012 actuarial valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	28 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

Note: GASB Statement No. 68 was implemented in Plan year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

*The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

SUPPLEMENTARY INFORMATION

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULE OF BOND RESTRICTED ACCOUNTS
DECEMBER 31, 2015
(with comparative toals as of December 31, 2014)

	2015 Total	Capital Improvement Fund Accounts *
ASSETS		
Cash and cash equivalents	\$ 42,376,178	\$ 21,950,667
Interest receivable	18,197	17,494
Accounts receivable - ADEM / SRF	18,689,823	-
Miscellaneous	389,863	389,863
Investments	<u>7,697,031</u>	<u>7,697,031</u>
Total assets	<u>\$ 69,171,092</u>	<u>\$ 30,055,055</u>
LIABILITIES		
Accounts payable	\$ 2,145,034	\$ 1,960,924
Contracts and retainages payable	329,381	329,381
Interest payable	<u>774,331</u>	<u>-</u>
Total liabilities	3,248,746	2,290,305
NET POSITION		
Restricted	<u>65,922,346</u>	<u>27,764,750</u>
Total liabilities and net position	<u>\$ 69,171,092</u>	<u>\$ 30,055,055</u>

* The Capital Improvement Fund accounts were established in November 2014 with the adoption of the Board's *Master Trust Indenture*. These accounts were formerly known as the General Reserve and Repair and Replacement accounts.

2014 Construction Account	SRF Construction Accounts	Sinking Fund Bond Service Accounts	State Revolving Fund Bond Service Accounts	2014 Total
\$ 17,168,439	\$ 224,291	\$ 4,373	\$ 3,028,408	\$ 43,265,284
-	-	627	76	27,576
-	18,689,823	-	-	20,000,000
-	-	-	-	370,432
-	-	-	-	10,615,329
<u>\$ 17,168,439</u>	<u>\$ 18,914,114</u>	<u>\$ 5,000</u>	<u>\$ 3,028,484</u>	<u>\$ 74,278,621</u>
\$ 184,110	\$ -	\$ -	\$ -	\$ 1,780,349
-	-	-	-	603,244
10,367	-	-	763,964	799,109
194,477	-	-	763,964	3,182,702
<u>16,973,962</u>	<u>18,914,114</u>	<u>5,000</u>	<u>2,264,520</u>	<u>71,095,919</u>
<u>\$ 17,168,439</u>	<u>\$ 18,914,114</u>	<u>\$ 5,000</u>	<u>\$ 3,028,484</u>	<u>\$ 74,278,621</u>

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULES OF REVENUE FUND ACCOUNTS TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u> (as restated)
OPERATING REVENUES		
Water revenue		
Potable water system	\$ 34,929,662	\$ 34,208,940
Water installation charges	312,755	311,792
Capacity fees	198,070	165,865
Miscellaneous charges and services	2,652,869	2,833,570
Industrial water accounts	<u>1,472,867</u>	<u>1,125,202</u>
Total water revenue	<u>39,566,223</u>	<u>38,645,369</u>
Sewer revenue		
Sewer services	56,240,161	54,281,829
Sewer connection charges	215,271	236,645
Capacity fees	501,400	440,571
Miscellaneous charges and services	1,295,437	1,307,779
Pretreatment fees	<u>664,853</u>	<u>708,573</u>
Total sewer revenue	<u>58,917,122</u>	<u>56,975,397</u>
Total operating revenues	98,483,345	95,620,766
OPERATING EXPENSES		
Water supply	1,570,247	1,426,220
Water treatment	6,111,196	6,074,405
Wastewater treatment	6,705,502	6,902,439
Transmission and collection	18,133,927	17,313,588
Support services	4,500,424	4,139,424
Supervision and general	<u>18,335,608</u>	<u>20,194,882</u>
Total operating expenses	<u>55,356,904</u>	<u>56,050,958</u>
OPERATING INCOME (revenue fund accounts)	43,126,441	39,569,808
NON-OPERATING REVENUES (EXPENSES)		
Interest received:		
Revenue and operating account investments	148,193	313,147
FEMA reimbursement	32,654	195,924
Miscellaneous rentals and sale of property	477,767	415,833
Miscellaneous expense	<u>(15,511)</u>	<u>-</u>
NET INCOME (revenue and operating accounts)	<u>43,769,544</u>	<u>40,494,712</u>
DEDUCTIONS FROM (ADDITIONS TO) NET INCOME		
Payments to debt service funds:		
Bond service accounts	17,201,154	17,399,172
State revolving fund account	6,438,946	6,190,646
Transfers to restricted accounts	17,424,516	16,090,360
Transfer from reserve and bond service sinking fund accounts (interest and excess reserves)	<u>-</u>	<u>(47,259)</u>
	<u>41,064,616</u>	<u>39,632,919</u>
CHANGE IN NET POSITION		
REVENUE FUND ACCOUNTS	<u>\$ 2,704,928</u>	<u>\$ 861,793</u>

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULES OF COMPARISON OF RECEIPTS AND DISBURSEMENTS TO BUDGET -
REVENUE FUND ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2 0 1 5		Variance Favorable (Unfavorable)
	Budget	Actual	
OPERATING REVENUES			
Water revenue	\$ 40,385,000	\$ 39,566,223	\$ (818,777)
Sewer revenue	59,400,000	58,917,122	(482,878)
Total operating revenues	<u>99,785,000</u>	<u>98,483,345</u>	<u>(1,301,655)</u>
OPERATING EXPENSES	<u>57,100,000</u>	<u>55,356,904</u>	<u>1,743,096</u>
OPERATING INCOME	42,685,000	43,126,441	441,441
NON-OPERATING REVENUES(EXPENSES)			
Investment income	375,000	148,193	(226,807)
Other income	350,000	510,421	160,421
Miscellaneous expense	-	(15,511)	(15,511)
Net income	<u>43,410,000</u>	<u>43,769,544</u>	<u>359,544</u>
OTHER REVENUE DEDUCTIONS			
Bond principal and interest	17,180,010	17,201,154	(21,144)
State Revolving Fund Account	6,309,500	6,438,946	(129,446)
Capital Improvement Fund Account	19,920,490	17,424,516	2,495,974
Reserve and Bond Service Sinking Fund accounts (interest and excess reserves)	<u>-</u>	<u>-</u>	<u>-</u>
Total other revenue deductions	<u>43,410,000</u>	<u>41,064,616</u>	<u>2,345,384</u>
CHANGE IN NET POSITION REVENUE FUND ACCOUNTS	<u>\$ -</u>	<u>\$ 2,704,928</u>	<u>\$ 2,704,928</u>

2 0 1 4		
Budget	Actual (as restated)	Variance Favorable (Unfavorable)
\$ 38,802,000	\$ 38,645,369	\$ (156,631)
<u>56,480,000</u>	<u>56,975,397</u>	<u>495,397</u>
95,282,000	95,620,766	338,766
<u>56,400,000</u>	<u>56,050,958</u>	<u>349,042</u>
38,882,000	39,569,808	687,808
100,000	313,147	213,147
315,000	611,757	296,757
<u>-</u>	<u>-</u>	<u>-</u>
<u>39,297,000</u>	<u>40,494,712</u>	<u>1,197,712</u>
16,727,900	17,399,172	(671,272)
6,557,000	6,190,646	366,354
16,062,100	16,090,360	(28,260)
-	-	-
<u>(50,000)</u>	<u>(47,259)</u>	<u>(2,741)</u>
<u>39,297,000</u>	<u>39,632,919</u>	<u>(335,919)</u>
<u>\$ -</u>	<u>\$ 861,793</u>	<u>\$ 861,793</u>

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULES OF OPERATING EXPENSES - REVENUE FUND ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014 (as restated)
WATER SUPPLY		
BIG CREEK SYSTEM		
Labor	\$ 213,323	\$ 204,891
Payroll-related taxes	15,825	15,293
Fringe benefits	61,525	57,044
Other postemployment benefits	17,566	-
Chemicals	10,296	9,930
Power	798,467	776,056
Supplies, parts, repairs, etc.	322,168	274,802
Telephone	2,326	2,185
Vehicle expense	6,488	9,616
MOBILE RIVER SYSTEM		
Power	37,675	37,160
Supplies, parts, repairs, etc.	76,229	32,322
Vehicle expense	8,359	6,921
	\$ 1,570,247	\$ 1,426,220
WATER TREATMENT		
Labor	\$ 1,439,599	\$ 1,481,637
Payroll-related taxes	115,266	115,632
Fringe benefits	484,284	456,157
Other postemployment benefits	146,394	-
Purification	2,662,569	2,664,447
Power	509,248	506,819
Supplies, parts, repairs, etc.	725,610	818,901
Vehicle expense	17,793	21,910
Telephone	9,119	7,257
Equipment rental	1,314	1,645
	\$ 6,111,196	\$ 6,074,405
WASTEWATER TREATMENT		
Labor	\$ 1,848,744	\$ 1,949,034
Payroll-related taxes	150,673	154,682
Fringe benefits	673,521	633,168
Other postemployment benefits	208,806	-
Purification	433,624	457,796
Power	1,447,933	1,442,797
Supplies, parts, repairs, etc.	1,474,431	1,732,183
Telephone	11,612	8,633
Vehicle expense	63,819	84,003
Sludge removal	362,749	411,680
Equipment rental	29,590	28,463
	\$ 6,705,502	\$ 6,902,439

	2015	2014 (as restated)
TRANSMISSION AND COLLECTION		
Labor	\$ 6,626,511	\$ 6,123,997
Payroll-related taxes	544,648	527,638
Fringe benefits	2,462,564	2,314,605
Other postemployment benefits	809,055	-
Purification	183,484	253,029
Power	1,260,440	1,250,168
Supplies, parts, repairs, etc.	5,467,763	5,887,873
Telephone	20,834	25,676
Vehicle expense	687,730	763,031
Equipment rental	70,898	167,571
	<u>\$ 18,133,927</u>	<u>\$ 17,313,588</u>
 SUPPORT SERVICES		
Labor	\$ 2,146,383	\$ 2,045,298
Payroll-related taxes	164,895	156,893
Fringe benefits	793,828	721,036
Other postemployment benefits	248,802	-
Operating supplies, parts, repairs, etc.	1,052,797	1,114,693
Vehicle expense	93,719	101,504
	<u>\$ 4,500,424</u>	<u>\$ 4,139,424</u>
 SUPERVISION, ENGINEERING, ACCOUNTING, COLLECTIONS AND GENERAL EXPENSE		
Salaries and wages	\$ 7,343,399	\$ 7,568,756
Payroll-related taxes	579,313	573,036
Fringe benefits	3,431,961	5,083,975
Other postemployment benefits	1,214,596	1,822,468
Cashiers' shortages (overages)	(141)	113
Consulting engineer fees	158,774	274,026
Dues and subscriptions	60,909	61,121
Guard and deposit service	298,027	208,158
Insurance	100,368	91,998
Uninsured damage claims	909,348	134,098
Legal and accounting	361,443	358,532
Miscellaneous	1,322,910	1,291,459
Office supplies and expense	1,100,668	1,084,684
Personnel Board costs	-	245,963
Postage	660,611	652,183
Recording of contracts	236	774
Telephone	171,137	147,880
Travel, meetings, etc.	42,992	55,127
Trustee fees	27,533	15,750
Utilities	366,700	321,447
Vehicle expense	184,824	203,334
	<u>\$ 18,335,608</u>	<u>\$ 20,194,882</u>

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULE OF CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015
(with comparative totals for the year ended December 31, 2014)

	2015 Totals	Unrestricted	
		Operating Cash Reserve Fund Accounts	Self-Insurance Cash Reserve Fund Accounts
CHANGES RESULTING FROM OPERATIONS - INCREASE (DECREASE)			
Operating income - revenue fund	\$ 43,126,441	\$ 43,983,939	\$ (857,498)
Operating expenses - capital improvement fund account	(1,369,583)	-	-
Depreciation	(20,495,573)	-	-
FEMA reimbursement	32,654	32,654	-
Investment earnings	319,843	148,193	-
Miscellaneous rentals and sale of property	916,922	477,767	-
Miscellaneous expense	(15,511)	(15,511)	-
Bond interest expense	(7,266,160)	-	-
Bond issuance costs	-	-	-
INCOME BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	15,249,033	44,627,042	(857,498)
CAPITAL GRANTS AND CONTRIBUTIONS			
Lines accepted by the Board without reimbursement	1,492,169	-	-
Contributions for extensions/repair and replacement	262,097	-	-
Capital grants	100,916	-	-
CHANGES FROM INTER-ACCOUNT TRANSFERS			
Cash transfers from revenue fund (net)	-	(44,053,767)	417,000
Additions to utility plant:			
Equipment, vehicles and building improvements	-	-	-
Construction in progress	-	-	-
Debt retired	-	-	-
CHANGE IN NET POSITION	17,104,215	573,275	(440,498)
TOTAL NET POSITION - BEGINNING OF YEAR	325,478,428	(16,665,635)	2,832,630
ADJUSTMENT TO BEGINNING NET POSITION (see Note 1)	-	-	-
TOTAL NET POSITION - END OF YEAR	\$ 342,582,643	\$ (16,092,360)	\$ 2,392,132

* The Capital Improvement Fund accounts were established in November 2014 with the adoption of the Board's *Master Trust Indenture*. These accounts were formerly known as the General Reserve and Repair and Replacement accounts.

Unrestricted			Restricted				2014 Totals (as restated)
Customer Deposit Cash Reserve Fund Accounts	Unfunded Pension Liability Cash Reserve Fund Accounts	Capital Assets and Debt	Capital Improvement Fund Accounts*	Construction Accounts	Debt Service and Reserve Accounts		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,569,808	
-	-	-	(1,369,583)	-	-	(566,230)	
-	-	(20,495,573)	-	-	-	(19,988,036)	
-	-	-	-	-	-	195,924	
-	-	-	148,597	18,945	4,108	496,608	
-	-	(1,003,891)	1,443,046	-	-	4,785,339	
-	-	-	-	-	-	-	
-	-	58,079	-	-	(7,324,239)	(8,087,920)	
-	-	-	-	-	-	(688,026)	
-	-	(21,441,385)	222,060	18,945	(7,320,131)	15,717,467	
-	-	1,492,169	-	-	-	971,388	
-	-	-	262,097	-	-	466,161	
-	-	-	100,916	-	-	12,639	
72,151	2,500,000	-	17,512,696	(88,180)	23,640,100	-	
-	-	5,682,702	(5,682,702)	-	-	-	
-	-	18,881,812	(16,099,954)	(1,586,762)	(1,195,096)	-	
-	-	14,957,562	-	-	(14,957,562)	-	
72,151	2,500,000	19,572,860	(3,684,887)	(1,655,997)	167,311	17,167,655	
2,789,524	-	265,425,990	31,449,637	37,544,073	2,102,209	334,352,859	
-	-	-	-	-	-	(26,042,086)	
<u>\$ 2,861,675</u>	<u>\$ 2,500,000</u>	<u>\$284,998,850</u>	<u>\$ 27,764,750</u>	<u>\$ 35,888,076</u>	<u>\$ 2,269,520</u>	<u>\$ 325,478,428</u>	

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULES OF CAPITAL IMPROVEMENT FUND ACCOUNTS TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
REVENUES		
Investment earnings	\$ 148,597	\$ 141,305
Miscellaneous rentals and sale of property	1,443,046	4,374,470
	1,591,643	4,515,775
EXPENSES		
Engineering	608,247	257,691
Miscellaneous repairs and expense		
Water system	17,033	85,733
Sewer system	344,150	120,833
Other	20,687	(84,421)
Sundry expenses	379,466	186,394
Total expenses	1,369,583	566,230
EXCESS OF REVENUES OVER EXPENSES	222,060	3,949,545
ADDITIONS TO FUND		
Transfers from other funds, net	17,512,696	16,090,359
Contributions for extensions	262,097	466,161
Capital grants	100,916	12,639
Total additions to fund	17,875,709	16,569,159
DEDUCTIONS FROM FUND		
Additions to utility plant (transferred to utility plant and debt fund)		
Construction in progress	16,099,954	18,468,348
Building, land, equipment	5,682,702	4,019,116
Total deductions from fund	21,782,656	22,487,464
CHANGE IN NET POSITION	(3,684,887)	(1,968,760)
TOTAL NET POSITION - BEGINNING OF YEAR	31,449,637	33,418,397
TOTAL NET POSITION - END OF YEAR	\$ 27,764,750	\$ 31,449,637

* The Capital Improvement Fund accounts were established in November 2014 with the adoption of the Board's *Master Trust Indenture*. These accounts were formerly known as the General Reserve and Repair and Replacement accounts.

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULES OF CHANGES IN CONSTRUCTION ACCOUNTS NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		
	2014 Construction Account	2014 SRF Construction Account	Total Construction Accounts
CHANGE IN NET POSITION			
Investment earnings	\$ 18,945	\$ -	\$ 18,945
Cash transfers (net)	(88,180)	-	(88,180)
Proceeds from bond sales	-	-	-
Bond issuance costs	-	-	-
Construction in progress	(677,761)	(909,001)	(1,586,762)
CHANGE IN NET POSITION	(746,996)	(909,001)	(1,655,997)
TOTAL NET POSITION - BEGINNING OF YEAR	17,720,958	19,823,115	37,544,073
TOTAL NET POSITION - END OF YEAR	\$ 16,973,962	\$ 18,914,114	\$ 35,888,076

2014

2014 Construction Accounts	SRF Construction Account	Total Construction Accounts
\$ 764	\$ -	\$ 764
18,398,220	-	18,398,220
-	20,010,000	20,010,000
(678,026)	(10,000)	(688,026)
-	(2,013,704)	(2,013,704)
17,720,958	17,986,296	35,707,254
-	1,836,819	1,836,819
\$ 17,720,958	\$ 19,823,115	\$ 37,544,073

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULES OF CHANGES IN DEBT SERVICE AND
RESERVE ACCOUNTS NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

2015
DEBT SERVICE AND RESERVE ACCOUNTS

	Sinking Fund Bond Service Account	State Revolving Fund Bond Service Account	Total
CHANGE IN NET POSITION			
Investment earnings	\$ 3,990	\$ 118	\$ 4,108
Bond interest expense	(5,239,955)	(2,084,284)	(7,324,239)
Cash transfers (net)	17,201,154	6,438,946	23,640,100
Proceeds from bond sales	-	-	-
Debt transfers	-	-	-
Bond issuance costs	-	-	-
Debt retired	(10,767,562)	(4,190,000)	(14,957,562)
Construction in progress	(1,195,096)	-	(1,195,096)
CHANGE IN NET POSITION	2,531	164,780	167,311
TOTAL NET POSITION - BEGINNING OF YEAR	<u>2,469</u>	<u>2,099,740</u>	<u>2,102,209</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 5,000</u>	<u>\$ 2,264,520</u>	<u>\$ 2,269,520</u>

2 0 1 4
DEBT SERVICE AND RESERVE ACCOUNTS

Sinking Fund Bond Service Account	State Revolving Fund Bond Service Account	Reserve Account Sinking Fund Account	Total
\$ 6,334	\$ 25	\$ 35,033	\$ 41,392
(6,115,830)	(1,892,813)	-	(8,008,643)
16,711,262	6,190,647	(17,757,569)	5,144,340
105,684,044	-	-	105,684,044
-	-	17,708,901	17,708,901
-	-	-	-
(115,105,959)	(4,375,000)	-	(119,480,959)
(1,177,382)	-	-	(1,177,382)
2,469	(77,141)	(13,635)	(88,307)
-	2,176,881	13,635	2,190,516
<u>\$ 2,469</u>	<u>\$ 2,099,740</u>	<u>\$ -</u>	<u>\$ 2,102,209</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Board’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the Board’s overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information intended to assist users in understanding and assessing how the Board’s financial position has changed over time.</i>	65
Revenue Capacity <i>These schedules contain information to assist users in understanding and assessing the factors affecting a government’s ability to generate its own-source revenues.</i>	67
Debt Capacity <i>These schedules present information intended to assist users in understanding and assessing the Board’s debt burden and its ability to issue additional debt.</i>	72
Demographic and Economic Information <i>These schedules offer demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the Board operates and (2) to provide information that facilitates comparisons of financial statement information over time and among governments.</i>	76
Operating Information <i>These schedules contain information intended to provide contextual information about the Board’s operations and resources to assist readers in using financial statement information to understand and assess the Board’s economic condition.</i>	80

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**SCHEDULES OF CHANGES IN NET POSITION
Last Ten Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014 (restated)	2015
Operating revenues										
Water sales	\$ 29,679,913	\$ 28,644,806	\$ 28,206,037	\$ 31,892,313	\$ 35,718,835	\$ 37,630,321	\$ 37,558,244	\$ 37,350,332	\$ 38,645,369	\$ 39,566,223
Sewer charges	43,790,531	43,361,770	41,377,962	50,270,442	50,782,045	50,963,736	52,825,864	53,940,407	56,975,397	58,917,122
Total operating revenues	73,470,444	72,006,576	69,583,999	82,162,755	86,500,880	88,594,057	90,384,108	91,290,739	95,620,766	98,483,345
Operating expenses										
Water supply	1,507,207	1,521,342	1,710,948	1,633,995	1,564,766	1,719,756	1,614,535	1,456,555	1,426,220	1,570,247
Water, sewer, treatment, and administration	40,836,211	42,433,716	46,382,546	47,560,447	48,047,068	49,982,030	52,227,106	52,773,316	54,624,738	53,786,657
Capital improvement fund accounts	3,453,567	3,096,711	1,809,364	1,085,250	1,058,020	1,161,607	2,141,229	587,987	566,230	1,369,583
Construction accounts	-	50,000	-	50,000	70,935	-	-	-	-	-
Depreciation	16,661,855	17,506,220	18,097,552	18,839,480	19,099,142	19,099,155	19,415,011	19,718,326	19,988,036	20,495,573
Total operating expenses	62,458,840	64,607,989	68,000,410	69,169,172	69,839,931	71,962,548	75,397,881	74,536,184	76,605,224	77,222,060
Operating income	11,011,604	7,398,587	1,583,589	12,993,583	16,660,949	16,631,509	14,986,227	16,754,555	19,015,542	21,261,285
Non operating revenues (expenses)										
Operating grants, net of expenses	184,545	158,033	67,274	227,318	7,062	-	-	-	-	-
FEMA reimbursement (uncollectible)	-	(527,252)	-	(384,965)	-	-	54,474	6,204	195,924	32,654
Investment earnings	4,986,835	7,027,822	2,961,878	737,089	430,387	384,391	207,788	89,744	496,608	319,843
Interest received on settlement agreement	2,824	28	-	-	-	-	-	-	-	-
Miscellaneous and sale of property	682,263	566,812	645,482	967,172	589,365	676,593	613,685	694,545	4,785,339	916,922
Miscellaneous expense	-	-	-	-	-	-	-	-	-	(15,511)
Bond interest expense	(8,904,583)	(11,808,403)	(11,085,708)	(11,041,942)	(9,976,402)	(9,614,173)	(9,486,792)	(8,579,573)	(8,087,920)	(7,266,160)
Debt issuance costs	(513,429)	(535,267)	(535,268)	(417,602)	(240,389)	(234,566)	-	(24,500)	(688,026)	-
Income (loss) before capital grants and contributions	7,450,059	2,280,360	(6,362,753)	3,080,653	7,470,972	7,843,754	6,375,382	8,940,975	15,717,467	15,249,033
Capital grants and contributions										
Lines accepted by the Board without reimbursement	2,181,209	3,133,398	4,647,865	4,133,611	1,501,657	1,603,316	1,820,758	813,555	971,388	1,492,169
Contributions for extensions / repair and replacement	895,032	511,886	508,510	340,496	289,542	94,910	62,842	77,506	466,161	262,097
Capital grants	-	125,967	(6,337)	3,362,557	1,487,813	-	101,531	304,186	12,639	100,916
Total capital grants and contributions	3,076,241	3,771,251	5,150,038	7,836,664	3,279,012	1,698,226	1,985,131	1,195,247	1,450,188	1,855,182
Change in net position	10,526,300	6,051,611	(1,212,715)	10,917,317	10,749,984	9,541,980	8,360,513	10,136,222	17,167,655	17,104,215
Total net position										
Beginning	271,549,671	282,075,971	288,127,582	286,914,867	297,832,184	308,582,168	315,856,124	324,216,637	334,352,859	325,478,428
Adjustment to beginning net position	-	-	-	-	-	(2,268,024)	-	-	(26,042,086)	-
Total net position										
Ending	\$ 282,075,971	\$ 288,127,582	\$ 286,914,867	\$ 297,832,184	\$ 308,582,168	\$ 315,856,124	\$ 324,216,637	\$ 334,352,859	\$ 325,478,428	\$ 342,582,643

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**NET POSITION BY COMPONENT
Last Ten Years**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (restated)</u>	<u>2015</u>
Net investment in capital assets	\$ 222,639,193	\$ 220,116,480	\$ 213,079,380	\$ 238,926,049	\$ 249,476,245	\$ 261,367,843	\$ 256,089,642	\$ 282,770,315	\$ 265,425,990	\$ 284,998,850
Restricted for debt service	1,491,388	1,549,899	1,594,387	1,600,291	1,417,994	1,458,797	2,157,854	2,176,881	2,102,209	2,269,520
Restricted for construction and other bond covenants	39,033,335	49,339,012	57,424,272	39,237,766	37,295,626	35,718,761	48,730,752	35,268,851	68,993,710	63,652,826
Unrestricted net position	<u>18,912,055</u>	<u>17,122,191</u>	<u>14,816,828</u>	<u>18,068,078</u>	<u>20,392,303</u>	<u>17,310,723</u>	<u>17,238,389</u>	<u>14,136,812</u>	<u>(11,043,481)</u>	<u>(8,338,553)</u>
Total net position	<u>\$ 282,075,971</u>	<u>\$ 288,127,582</u>	<u>\$ 286,914,867</u>	<u>\$ 297,832,184</u>	<u>\$ 308,582,168</u>	<u>\$ 315,856,124</u>	<u>\$ 324,216,637</u>	<u>\$ 334,352,859</u>	<u>\$ 325,478,428</u>	<u>\$ 342,582,643</u>

Years 2006 through 2007 restated to properly allocate debt between Invested in capital assets and restricted for other bond covenants

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**REVENUES BY TYPE
Last Ten Years**

Year Ended December 31	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating revenues										
Water revenue										
Potable water system sales	\$ 26,261,479	\$ 24,708,698	\$ 24,517,954	\$ 28,249,358	\$ 31,106,291	\$ 32,594,201	\$ 32,491,494	\$ 32,757,295	\$ 34,208,940	\$ 34,929,662
Water connection (service line) fees	642,874	704,741	716,442	606,505	281,933	291,453	331,080	224,897	311,792	312,755
Water connection (capacity) fees	364,473	387,567	395,513	309,859	205,781	181,506	208,742	204,440	165,865	198,070
Miscellaneous water income	1,244,158	1,489,775	1,202,283	1,217,226	2,448,267	2,847,939	2,697,020	2,807,156	2,833,570	2,652,869
Water supply system sales (industrial)	<u>1,166,929</u>	<u>1,354,025</u>	<u>1,373,845</u>	<u>1,509,365</u>	<u>1,676,563</u>	<u>1,715,222</u>	<u>1,829,904</u>	<u>1,356,544</u>	<u>1,125,202</u>	<u>1,472,867</u>
Total water revenue	<u>29,679,913</u>	<u>28,644,806</u>	<u>28,206,037</u>	<u>31,892,313</u>	<u>35,718,835</u>	<u>37,630,321</u>	<u>37,558,240</u>	<u>37,350,332</u>	<u>38,645,369</u>	<u>39,566,223</u>
Sewer revenue										
Sewer system charges	39,459,772	38,705,754	37,057,326	46,367,475	47,779,041	48,340,581	50,090,610	51,272,411	54,281,829	56,240,161
Sewer connection (service line) fees	507,424	665,079	595,635	500,654	309,036	217,818	206,487	201,311	236,645	215,271
Sewer connection (capacity) fees	1,026,890	1,025,352	873,298	841,468	547,722	519,792	549,144	500,406	440,571	501,400
Miscellaneous sewer income	1,997,880	2,252,524	2,180,458	2,043,798	1,521,543	1,292,050	1,277,900	1,308,323	1,307,779	1,295,437
Pre-treatment fees	<u>798,565</u>	<u>713,061</u>	<u>671,245</u>	<u>517,047</u>	<u>624,703</u>	<u>593,495</u>	<u>701,723</u>	<u>657,956</u>	<u>708,573</u>	<u>664,853</u>
Total sewer revenue	<u>43,790,531</u>	<u>43,361,770</u>	<u>41,377,962</u>	<u>50,270,442</u>	<u>50,782,045</u>	<u>50,963,736</u>	<u>52,825,864</u>	<u>53,940,407</u>	<u>56,975,397</u>	<u>58,917,122</u>
Total operating revenues	73,470,444	72,006,576	69,583,999	82,162,755	86,500,880	88,594,057	90,384,104	91,290,739	95,620,766	98,483,345
Non-operating revenues										
Investment earnings	4,986,835	7,027,822	2,961,878	737,089	430,387	384,391	207,788	89,744	496,608	319,843
Interest received on settlement agreement	2,824	28	-	-	-	-	-	-	-	-
Grant proceeds	184,545	158,033	67,274	227,318	7,062	-	-	-	-	-
FEMA reimbursements (uncollectible)	-	(527,252)	-	(384,965)	-	-	54,474	6,204	195,924	32,654
Miscellaneous rentals and sale of property	<u>682,263</u>	<u>566,812</u>	<u>645,482</u>	<u>967,172</u>	<u>589,365</u>	<u>676,593</u>	<u>613,685</u>	<u>694,545</u>	<u>4,785,339</u>	<u>916,924</u>
Total non-operating revenues	<u>5,856,467</u>	<u>7,225,443</u>	<u>3,674,634</u>	<u>1,546,614</u>	<u>1,026,814</u>	<u>1,060,984</u>	<u>875,947</u>	<u>790,493</u>	<u>5,477,871</u>	<u>1,269,421</u>
Total revenues	<u>\$ 79,326,911</u>	<u>\$ 79,232,019</u>	<u>\$ 73,258,633</u>	<u>\$ 83,709,369</u>	<u>\$ 87,527,694</u>	<u>\$ 89,655,041</u>	<u>\$ 91,260,051</u>	<u>\$ 92,081,232</u>	<u>\$ 101,098,637</u>	<u>\$ 99,752,766</u>

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**WATER AND SEWER BILLINGS BY METER SIZE
(In Thousands)
Last Ten Years**

Meter size	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
5/8"	\$ 38,229	\$ 37,073	\$ 36,174	\$ 42,990	\$ 44,330	\$ 45,239	\$ 45,872	\$ 47,411	\$ 48,320	\$ 50,782
1"	2,735	2,526	2,276	2,695	3,164	3,375	3,330	3,379	3,273	3,610
1 1/2 "	432	437	378	461	600	688	742	774	818	962
2"	5,359	4,980	4,867	6,316	6,334	6,631	6,821	6,804	7,722	7,344
3"	1,737	1,764	1,726	2,412	1,688	2,304	2,375	2,350	2,755	2,544
4"	6,015	5,817	5,701	6,916	7,278	7,658	7,747	7,581	8,647	8,116
6"	4,726	4,433	4,359	5,281	5,591	5,605	5,596	6,943	6,879	7,812
8"	3,749	3,777	3,474	4,365	4,773	5,302	5,396	5,094	5,891	6,060
10" - 12"	2,739	2,607	2,620	3,181	5,127	4,133	4,703	3,694	4,186	3,940
	<u>\$ 65,721</u>	<u>\$ 63,414</u>	<u>\$ 61,575</u>	<u>\$ 74,617</u>	<u>\$ 78,885</u>	<u>\$ 80,935</u>	<u>\$ 82,582</u>	<u>\$ 84,030</u>	<u>\$ 88,491</u>	<u>\$ 91,170</u>
Untreated water	<u>1,167</u>	<u>1,354</u>	<u>1,374</u>	<u>1,509</u>	<u>1,677</u>	<u>1,715</u>	<u>1,830</u>	<u>1,357</u>	<u>1,125</u>	<u>1,473</u>
Total	<u><u>\$ 66,888</u></u>	<u><u>\$ 64,768</u></u>	<u><u>\$ 62,949</u></u>	<u><u>\$ 76,126</u></u>	<u><u>\$ 80,562</u></u>	<u><u>\$ 82,650</u></u>	<u><u>\$ 84,412</u></u>	<u><u>\$ 85,387</u></u>	<u><u>\$ 89,616</u></u>	<u><u>\$ 92,643</u></u>

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**WATER AND SEWER RATES
Last Ten Years**

Year	Rate Increase Effective Date	Water		Sewer	
		Rate per 1,000 Gallons	Minimum Charge	Rate per 1,000 Gallons	Minimum Charge
2006		\$ 2.00	\$ 6.00	\$ 4.26	\$ 10.65
2007		\$ 2.00	\$ 6.00	\$ 4.26	\$ 10.65
2008		\$ 2.00	\$ 6.00	\$ 4.26	\$ 10.65
2009	2/1/2009	\$ 2.29	\$ 6.58	\$ 5.36	\$ 12.72
2010	2/1/2010	\$ 2.36	\$ 7.90	\$ 5.52	\$ 15.80
2011	1/1/2011	\$ 2.43	\$ 8.08	\$ 5.69	\$ 16.23
2012	2/1/2012	\$ 2.55	\$ 8.38	\$ 5.97	\$ 16.93
2013	1/1/2013	\$ 2.68	\$ 8.70	\$ 6.27	\$ 17.68
2014	1/1/2014	\$ 2.81	\$ 9.03	\$ 6.58	\$ 18.45
2015	1/1/2015	\$ 2.95	\$ 9.38	\$ 6.91	\$ 19.28

Notes: Rates are based on a standard 5/8" household meter.
 There is also a \$2 per month service charge for water and a \$2 per month service charge for sewer.
 Minimum charges increase according to meter size; 5/8" minimum includes 2,500 gallons.
 Rates are based on a declining block schedule and begin decreasing after 500,000 gallons.
 Details on the rate increase effective January 1, 2016, for all customers can be found on our
 website at www.mawss.com.
 The Board approved a 5% rate increase effective February 1, 2012 and each January 1 from 2013 - 2016.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**SCHEDULES OF OPERATING REVENUES -
INDUSTRIAL WATER ACCOUNTS
Last Ten Years**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Big Creek System										
Mobile Water Service	\$ 2,258,193	\$ 2,179,920	\$ 1,994,859	\$ 2,319,504	\$ 2,831,821	\$ 2,746,820	\$ 2,666,138	\$ 2,597,563	\$ 3,014,386	\$ 3,143,078
Less: Intra-fund eliminations	(2,258,193)	(2,179,920)	(1,994,859)	(2,319,504)	(2,831,821)	(2,746,820)	(2,666,138)	(2,597,563)	(3,014,386)	(3,143,078)
Kimberly-Clark Corp.	362,404	514,434	690,635	1,116,918	1,332,645	1,388,906	1,504,139	1,095,070	1,086,721	1,076,861
Kemira Water Solutions	3,442	3,872	4,040	4,566	7,616	6,259	4,429	5,007	7,477	6,225
Occidental Chemical	64,253	55,335	50,728	22,914	7,326	4,375	3,932	3,765	4,336	4,724
UOP	112,300	106,050	104,030	89,559	112,535	126,320	145,966	157,017	176,695	191,924
Multisorb Technologies Inc (formerly Eagle Chemical Company)	2,756	2,766	2,622	3,178	3,633	3,624	3,681	3,765	4,301	4,494
Mobile Paper Board Corp.	20,269	15,764	14,770	13,879	20,280	21,402	23,598	25,689	31,081	26,637
Mobile Energy	<u>3,503</u>	<u>7,377</u>	<u>8,931</u>	<u>13,643</u>	<u>39,858</u>	<u>46,954</u>	<u>74,821</u>	<u>54,753</u>	<u>40,914</u>	<u>143,844</u>
Total Big Creek System	568,927	705,598	875,756	1,264,657	1,523,893	1,597,840	1,760,566	1,345,066	1,351,525	1,454,709
Mobile River System										
SSAB Steel	152,985	142,240	143,021	142,630	142,240	117,382	69,338	45,234	29,720	18,158
SSAB Steel prior year adjustment	-	-	-	-	-	-	-	(33,756)	(256,043)	-
Kimberly-Clark Corp.	<u>445,017</u>	<u>506,187</u>	<u>355,068</u>	<u>102,078</u>	<u>10,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Mobile River System	<u>598,002</u>	<u>648,427</u>	<u>498,089</u>	<u>244,708</u>	<u>152,670</u>	<u>117,382</u>	<u>69,338</u>	<u>11,478</u>	<u>(226,323)</u>	<u>18,158</u>
Total Operating Revenues - Industrial Water Accounts	<u>\$ 1,166,929</u>	<u>\$ 1,354,025</u>	<u>\$ 1,373,845</u>	<u>\$ 1,509,365</u>	<u>\$ 1,676,563</u>	<u>\$ 1,715,222</u>	<u>\$ 1,829,904</u>	<u>\$ 1,356,544</u>	<u>\$ 1,125,202</u>	<u>\$ 1,472,867</u>

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**SCHEDULE OF TEN LARGEST USERS
Last Ten Years**

User	2006		2007		2008		2009		2010	
	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold
Prichard Water and Sewer	1,291,571,000	8.34%	1,142,009,200	7.91%	995,144,300	6.90%	1,053,463,500	7.68%	1,218,301,300	9.03%
Huls America/Degussa	863,648,200	5.57%	651,770,400	4.52%	677,184,000	4.69%	477,547,100	3.48%	684,443,000	5.07%
Alabama State Docks	261,860,100	1.69%	200,499,600	1.39%	235,905,600	1.63%	286,195,800	2.09%	280,931,755	2.08%
Alabama Power	208,631,700	1.35%	222,225,600	1.54%	206,324,400	1.43%	295,073,600	2.15%	285,383,261	2.11%
Spanish Fort Water	165,146,500	1.07%	138,141,600	0.96%	140,003,700	0.97%	222,482,500	1.62%	223,941,000	1.66%
Mitsubishi Polysilicon	189,234,500	1.22%	226,846,800	1.57%	229,166,400	1.59%	208,514,000	1.52%	228,591,200	1.69%
University of South Alabama	154,814,200	1.00%	126,042,000	0.87%	113,539,200	0.79%	186,897,519	1.36%	227,593,440	1.69%
Phenolchemie Inc.	170,370,000	1.10%	256,278,000	1.78%	160,710,000	1.11%	166,619,600	1.22%	210,324,800	1.56%
Kimberly Clark Corp.	n/a	n/a	n/a	n/a	118,386,000	0.82%	n/a	n/a	n/a	n/a
Mobile Housing Board	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	135,553,270	1.00%
Mobile Public Schools	137,680,500	0.89%	134,196,000	0.93%	n/a	n/a	n/a	n/a	n/a	n/a
Holcim (US) Inc.	101,456,400	0.65%	n/a	n/a	157,400,400	1.09%	151,509,100	1.10%	133,819,500	0.99%
Mobile Infirmary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
UOP	n/a	n/a	129,972,200	0.90%	n/a	n/a	n/a	n/a	n/a	n/a
Atlantic Marine	n/a	n/a	n/a	n/a	n/a	n/a	109,947,200	0.80%	n/a	n/a

User	2011		2012		2013		2014		2015	
	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold
Prichard Water and Sewer	1,170,582,200	9.18%	1,082,743,900	8.49%	1,050,426,500	8.73%	1,061,450,700	8.83%	964,938,500	8.02%
Huls America/Degussa	649,744,000	5.09%	640,333,000	5.02%	582,181,500	4.84%	495,438,300	4.12%	457,294,900	3.80%
Alabama State Docks	308,346,700	2.42%	253,886,400	1.99%	247,167,300	2.06%	384,062,800	3.19%	280,572,000	2.33%
Alabama Power	284,055,300	2.23%	273,537,700	2.14%	326,877,700	2.72%	288,794,900	2.40%	271,218,800	2.26%
Spanish Fort Water	200,784,500	1.57%	223,285,000	1.75%	181,012,500	1.51%	222,343,500	1.85%	228,835,000	1.90%
Mitsubishi Polysilicon	210,794,500	1.65%	285,309,700	2.24%	201,746,000	1.68%	199,026,100	1.65%	197,112,700	1.64%
University of South Alabama	184,646,200	1.45%	194,266,400	1.52%	174,046,600	1.45%	152,984,900	1.27%	167,222,000	1.39%
Phenolchemie Inc.	369,087,700	2.89%	529,890,100	4.15%	158,440,000	1.32%	139,800,000	1.16%	174,600,000	1.45%
Kimberly Clark Corp.	n/a	n/a	n/a	n/a	127,722,800	1.06%	134,103,100	1.12%	116,993,100	0.97%
Mobile Housing Board	117,839,300	0.92%	n/a	n/a	108,775,700	0.90%	n/a	n/a	112,264,600	0.93%
Mobile Public Schools	n/a	n/a	n/a	n/a	n/a	n/a	100,368,500	0.83%	n/a	n/a
Holcim (US) Inc.	137,765,000	1.08%	153,976,500	1.21%	n/a	n/a	n/a	n/a	n/a	n/a
Mobile Infirmary	n/a	n/a	115,655,900	0.91%	n/a	n/a	n/a	n/a	n/a	n/a
UOP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Atlantic Marine	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note: Information on all ten top users for 2015 was not recorded in all cases for each year from 2006 through 2014. Total consumption is measured in gallons of water treated.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**SCHEDULE OF FUTURE DEBT PAYMENTS - REVENUE BONDS
(In Thousands)
December 31, 2015**

		Water and Sewer Revenue Bonds						SRF Subordinate Revenue Bonds								Total
		Series 1999	Series 2001	Series 2010	Series 2013	Series 2014	Total	Series 2004	Series 2005 CW	Series 2005 DW	Series 2008	Series 2010	Series 2012	Series 2014	Total	
2016	Prin	\$ 1,015	\$ 1,000	\$ 5,063	\$ 4,092	\$ -	\$ 11,170	\$ 530	\$ 185	\$ 255	\$ 785	\$ 945	\$ 815	\$ 805	\$ 4,320	\$ 15,490
	Int	127	256	785	137	4,848	6,153	166	614	96	25	128	501	471	2,001	8,154
2017	Prin	1,100	1,000	5,188	4,162	-	11,450	550	385	265	-	985	840	825	3,850	15,300
	Int	78	209	647	77	4,848	5,859	149	607	88	-	105	477	451	1,877	7,736
2018	Prin	1,075	1,000	5,338	3,013	-	10,426	565	395	275	-	1,025	865	845	3,970	14,396
	Int	25	162	507	17	4,848	5,559	133	595	79	-	80	452	431	1,770	7,329
2019	Prin	-	1,000	5,489	-	-	6,489	580	1,240	280	-	1,065	890	865	4,920	11,409
	Int	-	115	362	-	4,848	5,325	115	582	71	-	54	427	411	1,660	6,985
2020	Prin	-	1,000	5,640	-	-	6,640	600	2,345	290	-	1,105	920	885	6,145	12,785
	Int	-	69	213	-	4,848	5,130	98	542	61	-	27	400	389	1,517	6,647
2021	Prin	-	917	2,232	-	-	3,149	620	3,485	300	-	-	945	910	6,260	9,409
	Int	-	21	61	-	4,848	4,930	79	466	52	-	-	374	368	1,339	6,269
2022	Prin	-	-	-	-	950	950	640	4,515	310	-	-	975	930	7,370	8,320
	Int	-	-	-	-	4,848	4,848	60	352	42	-	-	346	345	1,145	5,993
2023	Prin	-	-	-	-	1,005	1,005	660	4,650	320	-	-	1,000	955	7,585	8,590
	Int	-	-	-	-	4,801	4,801	41	206	32	-	-	317	322	918	5,719
2024	Prin	-	-	-	-	4,695	4,695	680	1,000	330	-	-	1,030	980	4,020	8,715
	Int	-	-	-	-	4,751	4,751	21	54	22	-	-	288	299	684	5,435
2025	Prin	-	-	-	-	5,940	5,940	-	675	340	-	-	1,060	1,005	3,080	9,020
	Int	-	-	-	-	4,516	4,516	-	22	11	-	-	257	275	565	5,081
2026	Prin	-	-	-	-	7,240	7,240	-	-	-	-	-	1,090	1,025	2,115	9,355
	Int	-	-	-	-	4,219	4,219	-	-	-	-	-	226	250	476	4,695
2027	Prin	-	-	-	-	7,600	7,600	-	-	-	-	-	1,125	1,055	2,180	9,780
	Int	-	-	-	-	3,857	3,857	-	-	-	-	-	194	225	419	4,276
2028	Prin	-	-	-	-	7,980	7,980	-	-	-	-	-	1,155	1,080	2,235	10,215
	Int	-	-	-	-	3,477	3,477	-	-	-	-	-	161	200	361	3,838
2029	Prin	-	-	-	-	8,380	8,380	-	-	-	-	-	1,190	1,105	2,295	10,675
	Int	-	-	-	-	3,078	3,078	-	-	-	-	-	127	173	300	3,378

(Continued)

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**SCHEDULE OF FUTURE DEBT PAYMENTS - REVENUE BONDS (continued)
(In Thousands)
December 31, 2015**

Water and Sewer Revenue Bonds							SRF Subordinate Revenue Bonds								Total
	Series 1999	Series 2001	Series 2010	Series 2013	Series 2014	Total	Series 2004	Series 2005 CW	Series 2005 DW	Series 2008	Series 2010	Series 2012	Series 2014	Total	
2030 Prin	\$ -	\$ -	\$ -	\$ -	\$ 8,715	\$ 8,715	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,225	\$ 1,135	\$ 2,360	\$ 11,075
Int	-	-	-	-	2,743	2,743	-	-	-	-	-	92	145	237	2,980
2031 Prin	-	-	-	-	9,150	9,150	-	-	-	-	-	1,260	1,160	2,420	11,570
Int	-	-	-	-	2,307	2,307	-	-	-	-	-	56	118	174	2,481
2032 Prin	-	-	-	-	9,520	9,520	-	-	-	-	-	1,300	1,190	2,490	12,010
Int	-	-	-	-	1,941	1,941	-	-	-	-	-	19	89	108	2,049
2033 Prin	-	-	-	-	9,900	9,900	-	-	-	-	-	-	1,220	1,220	11,120
Int	-	-	-	-	1,560	1,560	-	-	-	-	-	-	61	61	1,621
2034 Prin	-	-	-	-	10,390	10,390	-	-	-	-	-	-	1,250	1,250	11,640
Int	-	-	-	-	1,065	1,065	-	-	-	-	-	-	31	31	1,096
2035 Prin	-	-	-	-	10,910	10,910	-	-	-	-	-	-	-	-	10,910
Int	-	-	-	-	545	545	-	-	-	-	-	-	-	-	545
Prin	3,190	5,917	28,950	11,267	102,375	151,699	5,425	18,875	2,965	785	5,125	17,685	19,225	70,085	221,784
Premium	-	737	-	-	-	737	-	-	-	-	-	-	-	-	737
Total Prin	3,190	6,654	28,950	11,267	102,375	152,436	5,425	18,875	2,965	785	5,125	17,685	19,225	70,085	222,521
Interest	230	832	2,575	231	72,796	76,664	862	4,040	554	25	394	4,714	5,054	15,643	92,307
Premium	-	(737)	-	-	-	(737)	-	-	-	-	-	-	-	-	(737)
Total Int	230	95	2,575	231	72,796	75,927	862	4,040	554	25	394	4,714	5,054	15,643	91,570
	<u>\$ 3,420</u>	<u>\$ 6,749</u>	<u>\$ 31,525</u>	<u>\$ 11,498</u>	<u>\$175,171</u>	<u>\$ 228,363</u>	<u>\$ 6,287</u>	<u>\$22,915</u>	<u>\$ 3,519</u>	<u>\$ 810</u>	<u>\$ 5,519</u>	<u>\$22,399</u>	<u>\$24,279</u>	<u>\$ 85,728</u>	<u>\$ 314,091</u>

NOTE: Both water and sewer revenues are pledged on the above bonds.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**RATIO OF ANNUAL NET REVENUES
TO ANNUAL DEBT SERVICE
Last Ten Years**

REVENUE BONDS--ON PARITY AND SUBORDINATED

Year	Water and Sewer Revenue Bonds							State Revolving Fund Revenue Bonds			Total Principal and Interest Requirements - Parity and Subordinated ****	Debt Coverage - Parity and Subordinated *****
	System Revenues *	Operating Expenses **	Annual Net Income ***	Debt Service Principal	Debt Service Interest	Principal and Interest Requirements	Debt Coverage - Parity Debt Only	Subordinated Debt Service Principal	Subordinated Debt Service Interest	Subordinated Debt Principal and Interest Requirements		
2006	\$ 76,623,717	\$ 42,343,418	\$ 34,280,299	\$ 5,805,000	\$ 7,747,254	\$ 13,552,254	2.53	\$ 3,160,000	\$ 1,758,000	\$ 4,918,000	\$ 18,470,254	1.86
2007	\$ 75,518,516	\$ 43,955,058	\$ 31,563,458	\$ 6,200,000	\$ 10,699,234	\$ 16,899,234	1.87	\$ 3,280,000	\$ 2,101,471	\$ 5,381,471	\$ 22,280,705	1.42
2008	\$ 71,876,426	\$ 47,001,674	\$ 24,874,752	\$ 5,665,000	\$ 10,477,039	\$ 16,142,039	1.54	\$ 3,395,000	\$ 1,960,381	\$ 5,355,381	\$ 21,497,420	1.16
2009	\$ 83,758,999	\$ 48,354,497	\$ 35,404,502	\$ 5,180,000	\$ 10,249,913	\$ 15,429,913	2.29	\$ 3,540,000	\$ 1,833,363	\$ 5,373,363	\$ 20,803,276	1.70
2010	\$ 87,394,438	\$ 47,777,660	\$ 39,616,778	\$ 5,397,647	\$ 9,367,372	\$ 14,765,019	2.68	\$ 3,660,000	\$ 1,708,524	\$ 5,368,524	\$ 20,133,543	1.97
2011	\$ 89,426,024	\$ 49,986,627	\$ 39,439,397	\$ 7,637,451	\$ 8,700,337	\$ 16,337,788	2.41	\$ 3,240,000	\$ 1,482,963	\$ 4,722,963	\$ 21,060,751	1.87
2012	\$ 91,033,789	\$ 51,664,967	\$ 39,368,822	\$ 8,925,682	\$ 8,403,440	\$ 17,329,122	2.27	\$ 3,360,000	\$ 1,589,203	\$ 4,949,203	\$ 22,278,325	1.77
2013	\$ 91,866,803	\$ 54,229,871	\$ 37,636,932	\$ 9,446,750	\$ 7,405,079	\$ 16,851,829	2.23	\$ 4,230,000	\$ 1,833,709	\$ 6,063,709	\$ 22,915,538	1.64
2014	\$ 96,397,005	\$ 56,617,188	\$ 39,779,817	\$ 11,169,981	\$ 6,153,194	\$ 17,323,175	2.30	\$ 4,320,000	\$ 2,000,411	\$ 6,320,411	\$ 23,643,586	1.68
2015	\$ 99,109,305	\$ 55,356,904	\$ 43,752,401	\$ 11,449,401	\$ 5,858,501	\$ 17,307,902	2.53	\$ 3,850,000	\$ 1,877,638	\$ 5,727,638	\$ 23,035,540	1.90

Per *Master Trust Indenture* dated November 1, 2014:

* System Revenues include all revenues and income of whatever nature derived by the Board from the operation of the System. Borrowed funds and customer deposits are not considered revenues.

** Operating Expenses include the reasonable and necessary expenses of efficiently and economically administering and operating the System and maintaining it in good repair and operating condition. Depreciation, amortization and interest on debt are not included.

*** Annual Net Income is defined as Net System Revenues. Any gain or loss resulting from the disposition of assets and any other extraordinary items of income or loss are excluded.

**** Principal and interest requirements for the years 2006 - 2013 consist of debt service for that year. Beginning in 2014, principal and interest requirements are equal to the maximum annual debt service.

***** The Board's *Master Trust Indenture* requires a minimum Debt Service Coverage Ratio of 1.25x.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE
OUTSTANDING DEBT BY TYPE AND DEBT PER CUSTOMER
Business Type Activities
Last Ten Years**

Year	Number of Customers	Water And Sewer Revenue Bonds (000s)	State Revolving Fund Revenue Bonds - Subordinated Debt (000s)	Total Revenue Bonds (000s)	Debt per Customer
2006	87,107	\$222,589	\$63,345	\$285,934	\$3,283
2007	87,513	\$216,305	\$60,065	\$276,370	\$3,158
2008	87,747	\$210,556	\$56,670	\$267,226	\$3,045
2009	87,881	\$205,291	\$53,130	\$258,421	\$2,941
2010	87,675	\$201,709	\$49,470	\$251,179	\$2,865
2011	88,306	\$194,032	\$46,230	\$240,262	\$2,721
2012	88,606	\$185,067	\$62,870	\$247,937	\$2,798
2013	88,906	\$175,712	\$58,640	\$234,352	\$2,636
2014	88,911	\$163,326	\$74,275	\$237,601	\$2,672
2015	89,447	\$152,436	\$70,085	\$222,521	\$2,488

**BOARD OF WATER & SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

MISCELLANEOUS STATISTICAL DATA

Population (per census):

<u>Year</u>	<u>City of Mobile</u>	<u>Mobile County</u>
1900	38,469	62,740
1910	51,521	80,854
1920	60,777	110,117
1930	68,202	118,363
1940	78,720	141,974
1950	129,009	231,105
1960	202,779	314,301
1970	190,026	317,308
1980	200,452	364,379
1990	196,278	378,643
2000	198,915	399,843
2010	195,111	412,992

Assessed Valuation (Real and Personal Property):

<u>Tax Year</u>	<u>City of Mobile</u>	<u>Mobile County</u>
2006	\$1,622,169,260	\$3,582,291,640
2007	\$1,849,145,200	\$4,054,291,780
2008	\$1,876,622,120	\$4,667,869,120
2009	\$1,943,479,940	\$4,044,312,420
2010	\$1,882,546,220	\$4,043,183,560
2011	\$1,859,394,800	\$4,119,936,420
2012	\$1,857,069,520	\$4,124,549,140
2013	\$1,841,670,160	\$4,064,514,140
2014	\$1,995,058,000	\$4,120,812,140
2015	\$2,034,454,720	\$4,206,832,820

Source: 2006 through 2015 - Revenue Commissioner's Office

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**MOBILE COUNTY DEMOGRAPHIC STATISTICS
Last Ten Years**

Year	Population	Retail Sales (Thousands)	School Enrollment	Median Income Per Household	Labor Force	Unemployment Rate Percent	Employment
2006	404,157	\$ 4,710,000	65,941	\$ 37,992	189,831	3.3	170,428
2007	404,497	\$ 4,878,214	66,001	\$ 38,459	189,978	3.9	174,174
2008	404,698	\$ 4,524,103	66,659	\$ 40,199	185,451	4.9	175,339
2009	406,800	\$ 4,622,571	65,914	\$ 39,824	175,219	9.6	165,897
2010	412,992	\$ 4,215,451	66,254	\$ 40,621	164,900	9.9	165,715
2011	413,462	\$ 5,225,494	60,946	\$ 44,119	170,129	8.4	165,059
2012	413,936	\$ 5,317,101	59,706	\$ 43,252	180,597	8.8	163,667
2013	414,560	\$ 5,402,035	59,582	\$ 41,800	183,171	7.5	163,890
2014	415,123	\$ 5,471,759	59,746	\$ 44,264	184,191	7.7	165,758
2015	415,395	\$ 5,102,565	58,537	\$ 43,844	183,097	7.0	n/a

Source: Mobile Area Chamber of Commerce (The U.S. Census Bureau)

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**MOBILE COUNTY
SINGLE-FAMILY RESIDENCES
Last Ten Years**

<u>Year</u>	<u>Number of Homes Sold</u>	<u>Average Sales Price</u>	<u>Median Sales Price</u>	<u>Months of Inventory</u>
2006	5,209	\$ 156,871	\$ 134,000	n/a
2007	5,097	\$ 158,885	\$ 135,702	6.52
2008	4,106	\$ 153,089	\$ 133,850	10.33
2009	3,481	\$ 143,092	\$ 127,100	12.32
2010	3,323	\$ 136,609	\$ 120,000	14.28
2011	3,397	\$ 121,901	\$ 104,450	12.37
2012	3,474	\$ 126,232	\$ 105,000	10.69
2013	3,882	\$ 137,462	\$ 106,750	9.96
2014	3,878	\$ 133,414	\$ 116,250	8.94
2015	4,394	\$ 142,061	\$ 123,425	7.22

Note: Months Inventory information not available prior to 2007

Source: Center for Real Estate and Economic Development, Mitchell College of Business, USA (Mobile MLS)

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**MOBILE COUNTY TOP TEN EMPLOYERS
2015 AND NINE YEARS AGO**

<u>Employer</u>	2015			2006		
	<u>Full-Time Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Full-Time Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Mobile County Public School System	7,450	1	4.07%	8,125	1	4.28%
Univ of South Alabama & USA Medical Facilities	5,180	2	2.83%	5,600	2	2.95%
Infirmary Health System	4,600	3	2.51%	4,000	3	2.11%
Austal USA	4,350	4	2.38%			
City of Mobile	2,323	5	1.27%	2,429	5	1.28%
Mobile County	1,603	6	0.88%	1,677	6	0.88%
AM/NS Calvert	1,600	7	0.87%			
Providence Hospital	1,550	8	0.85%	1,570	7	0.83%
AltaPointe	1,350	9	0.74%			
CPSI	1,300	10	0.71%			
Wal-Mart				3,000	4	1.58%
Springhill Medical Center				1,375	8	0.72%
VT MAE				1,202	9	0.63%
Winn-Dixie				1,052	10	0.55%
Totals	<u>31,306</u>		<u>17.11%</u>	<u>30,030</u>		<u>15.81%</u>
Total Number of Employees - All Mobile County Employers	<u>183,097</u>			<u>189,831</u>		

Source: Mobile Area Chamber of Commerce

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**WATER SUPPLY CHARACTERISTICS
CONVERSE RESERVOIR ANNUAL DATA**

Year	(1) Annual Rainfall (inches)	(2) Annual Rainfall (inches)	Low Level Elevation (Date)		(3) High Level Elevation (Date)		Spillway Release (Billion Gallons)	(4) Average Pumping Rate (MGD)
2005-2006	44.87	41.07	103.50	(07/06)	107.80	(12/05)	22.20	60.00
2006-2007	53.24	57.70	103.60	(10/06)	107.80	(11/06)	16.10	51.60
2007-2008	65.15	64.17	105.10	(08/07)	111.20	(04/08)	18.40	62.10
2008-2009	69.47	63.97	107.90	(07/09)	111.90	(03/09)	24.70	64.93
2009-2010	81.36	83.37	109.40	(07/10)	110.33	(07/10)	48.53	64.60
2010-2011	45.05	53.26	107.20	(07/11)	110.70	(03/11)	8.37	65.90
2011-2012	67.15	58.26	109.70	(07/09)	110.60	(07/30)	8.70	63.69
2012-2013	66.65	68.90	107.80	(02/19)	111.70	(05/02)	29.54	61.74
2013-2014	77.44	77.45	108.60	(10/07)	111.30	(04/30)	53.52	52.74
2014-2015	55.72	63.47	108.90	(03/13)	110.70	(09/17)	25.88	52.61
10 Year Average	62.61	63.16	107.17		110.40		25.59	59.99

The annual period is from August through July.

During 2005-2007, the high level was controlled to facilitate construction at the spillway.

(1) Based on rain gauge at Gaillard Pumping Station

(2) Based on rain gauge at Saraland Pumping Station

(3) Top of Tainter Gates is Elevation 111

(4) Average pumping rate is measured in millions of gallons per day (MGD)

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**WATER FLOW TO SYSTEM
(In Millions of Gallons)
For the Year Ended December 31, 2015**

		<u>E. M. STICKNEY WATER FILTRATION FACILITY</u>	<u>H. E. MYERS WATER FILTRATION FACILITY</u>	<u>COMBINED WATER FILTRATION FACILITIES</u>
January	Total Million Gallons:	671.15	358.20	1,029.35
	Daily Average:	21.65	11.55	33.20
	Daily Maximum:	32.99	12.52	45.17
	Daily Minimum:	17.47	9.44	28.62
February	Total Million Gallons:	619.09	299.75	918.84
	Daily Average:	22.11	10.71	32.82
	Daily Maximum:	27.37	11.03	37.31
	Daily Minimum:	18.48	9.42	29.28
March	Total Million Gallons:	698.00	369.41	1,067.41
	Daily Average:	22.52	11.92	34.43
	Daily Maximum:	27.86	12.59	39.74
	Daily Minimum:	18.40	9.61	30.35
April	Total Million Gallons:	690.82	362.82	1,053.64
	Daily Average:	23.03	12.09	35.12
	Daily Maximum:	26.73	15.49	38.86
	Daily Minimum:	20.40	11.16	32.13
May	Total Million Gallons:	805.44	348.38	1,153.82
	Daily Average:	25.98	11.24	37.22
	Daily Maximum:	30.98	13.26	43.29
	Daily Minimum:	19.77	9.40	32.04
June	Total Million Gallons:	770.19	367.89	1,138.08
	Daily Average:	25.67	12.26	37.94
	Daily Maximum:	34.92	12.77	47.00
	Daily Minimum:	19.97	11.51	32.53
July	Total Million Gallons:	849.01	381.01	1,230.02
	Daily Average:	27.39	12.29	39.68
	Daily Maximum:	33.58	12.97	45.99
	Daily Minimum:	20.34	11.43	32.55
August	Total Million Gallons:	878.06	378.66	1,256.72
	Daily Average:	28.32	12.21	40.54
	Daily Maximum:	33.67	13.10	46.32
	Daily Minimum:	21.15	11.44	32.90
September	Total Million Gallons:	822.83	363.25	1,186.08
	Daily Average:	27.43	12.11	39.54
	Daily Maximum:	33.25	12.81	45.95
	Daily Minimum:	20.28	11.47	32.46
October	Total Million Gallons:	747.19	367.46	1,114.65
	Daily Average:	24.10	11.85	35.95
	Daily Maximum:	27.41	12.45	39.13
	Daily Minimum:	19.58	11.48	31.45
November	Total Million Gallons:	714.20	348.63	1,062.83
	Daily Average:	23.81	11.62	35.43
	Daily Maximum:	28.37	12.45	39.96
	Daily Minimum:	20.10	7.96	32.32
December	Total Million Gallons:	736.64	359.90	1,096.54
	Daily Average:	23.76	11.61	35.37
	Daily Maximum:	27.40	12.00	39.15
	Daily Minimum:	21.81	10.89	33.31
2015	Total Million Gallons:	9,002.62	4,305.36	13,307.98
	Daily Average:	24.66	11.80	36.46
	Daily Maximum:	34.92	15.49	47.00
	Daily Minimum:	17.47	7.96	28.62

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

TREATED WATER SUPPLY VOLUMES

YEAR	E. M. STICKNEY WFF			H. E. MYERS WFF			TOTAL			
	AVERAGE (MGD)	TOTAL MILLION GALLONS	% Capacity	AVERAGE (MGD)	TOTAL MILLION GALLONS	% Capacity	AVERAGE (MGD)	TOTAL MILLION GALLONS	% Capacity	Billion Gallons (Yr.)
2006	29.69	10,838.34	49.5%	13.83	5,046.22	46.1%	43.52	15,884.56	48.4%	15.88
2007	29.19	10,655.07	48.7%	12.18	4,446.93	40.6%	41.38	15,102.01	46.0%	15.10
2008	28.76	10,515.64	47.9%	11.49	4,204.37	38.3%	40.22	14,720.01	44.7%	14.72
2009	28.90	10,551.80	48.2%	9.41	3,423.60	31.3%	38.31	13,975.40	42.5%	13.98
2010	31.07	11,339.23	51.8%	9.50	3,468.55	31.7%	40.57	14,807.78	45.1%	14.81
2011	28.58	10,431.08	47.6%	11.71	4,272.70	39.0%	40.28	14,703.78	44.8%	14.70
2012	26.29	9,621.41	43.9%	11.49	4,205.03	38.4%	37.78	13,826.44	42.1%	13.83
2013	24.18	8,824.39	40.3%	11.77	4,294.37	39.2%	35.94	13,118.76	39.9%	13.12
2014	24.50	8,941.72	40.8%	11.75	4,369.65	39.9%	36.47	13,311.37	40.5%	13.31
2015	24.66	9,002.59	41.1%	11.80	4,305.36	39.3%	36.46	13,307.72	40.5%	13.31
10 Year Average	27.58	10,072.13	46.0%	11.49	4,203.68	38.4%	39.09	14,275.78	43.4%	14.28

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

WASTEWATER TREATMENT FACILITY VOLUMES

Year	C. C. WILLIAMS WWTF			WRIGHT SMITH, JR. WWTF		
	Permit Daily Capacity (MGD)	Avg. Daily Flow (MGD)	Peak Daily Flow (MGD)	Permit Daily Capacity (MGD)	Avg. Daily Flow (MGD)	Peak Daily Flow (MGD)
2006	28.0	21.02	43.17	12.8	8.43	18.13
2007	28.0	21.81	70.13	12.8	8.69	21.74
2008	28.0	22.71	61.12	12.8	9.57	27.55
2009	28.0	23.14	77.92	12.8	9.83	29.98
2010	28.0	24.58	65.19	12.8	10.14	28.95
2011	28.0	20.59	58.91	12.8	8.37	25.23
2012	28.0	22.79	71.99	12.8	9.49	29.11
2013	28.0	25.61	79.04	12.8	9.46	28.26
2014	28.0	26.41	65.99	12.8	9.61	29.90
2015	28.0	25.81	69.72	12.8	10.48	29.83
10 Year Average	28.0	23.45	66.32	12.8	9.41	26.87

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

DECENTRALIZED WASTEWATER TREATMENT FACILITY FLOWS

Year	HUTCHENS DWWTF			COPELAND DWWTF			SNOW ROAD DWWTF *		
	Constructed Daily Capacity (MGD)	Avg. Daily Flow (MGD)	Peak Daily Flow (MGD)	Constructed Daily Capacity (MGD)	Avg. Daily Flow (MGD)	Peak Daily Flow (MGD)	Constructed Daily Capacity (MGD)	Avg. Daily Flow (MGD)	Peak Daily Flow (MGD)
2006	0.060	0.0392	0.0494	0.050	0.0282	0.0325	0.020	0.0062	0.0128
2007	0.060	0.0491	0.0778	0.050	0.0321	0.0355	0.020	0.0031	0.0047
2008	0.060	0.0555	0.0778	0.036	0.0334	0.0380	0.020	0.0043	0.0097
2009	0.060	0.0306	0.0664	0.056	0.0748	0.0367	0.020	0.0072	0.0052
2010	0.060	0.0193	0.0526	0.056	0.0392	0.0538	0.020	0.0054	0.0229
2011	0.060	0.0276	0.0704	0.056	0.4192	0.6916	0.020	0.0050	0.0170
2012	0.060	0.0166	0.0367	0.056	0.0375	0.0833	0.020	0.0049	0.0166
2013	0.060	0.0148	0.0290	0.056	0.0451	0.0794	0.020	0.0046	0.0109
2014	0.060	0.0150	0.1036	0.056	0.0492	0.0883	0.020	0.0036	0.0094
2015	0.060	0.0132	0.0730	0.056	0.0420	0.0740	0.020	0.0051	0.0099

*The average daily flows for the Snow Road facility for 2006 are not accurate due to faulty flowmeter calibration. The flows were probably between .003 MGD and .004 MGD.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**C. C. WILLIAMS WWTF
2015 STATISTICS**

Month		Flow mgd	Raw Sldg gd	Dig Sldg gd	Waste gd	Rain inches	CL2 lbs	SO2 lbs	Air Temp f.	Grit ft3	Nat Gas ft3	Dig Gas ft3
January	Max	43.07	76,231	130,185	162,294	1.75	2,700	690	68	72	152,000	42,000
	Min	19.87	11,300	0	0	0.00	1,090	210	34	0	0	2
	Avg	23.55	38,250	50,996	68,328	0.17	1,617	387	52	6	51,293	10,968
February	Max	30.24	140,102	159,414	180,490	1.25	2,120	530	67	240	101,000	166,282
	Min	18.62	22,171	0	0	0.00	710	270	37	0	5,000	2,000
	Avg	21.94	68,380	62,612	89,128	0.08	1,427	389	51	13	58,143	31,067
March	Max	44.70	188,741	186,269	507,000	1.05	1,960	480	79	105	97,000	153,000
	Min	19.45	39,893	0	0	0.00	1,180	220	44	0	34	6,000
	Avg	29.90	82,169	96,515	131,287	0.15	1,593	348	67	6	39,614	66,968
April	Max	67.35	95,397	122,868	191,684	2.95	1,890	465	83	45	105,000	130,000
	Min	16.21	0	0	0	0.00	1,050	200	63	0	0	0
	Avg	35.28	59,025	53,435	70,239	0.34	1,486	336	74	5	22,733	59,393
May	Max	45.35	87,914	105,116	180,124	3.50	1,800	640	90	45	114,000	167,000
	Min	19.26	6,169	0	0	0.00	960	200	64	0	0	53,000
	Avg	32.46	54,680	47,742	79,821	0.32	1,360	385	81	5	28,616	97,032
June	Max	43.99	88,845	226,579	175,952	1.55	1,720	580	99	30	106,000	172,000
	Min	12.08	28,950	0	0	0.00	620	190	73	0	0	2,000
	Avg	28.32	62,030	65,132	88,022	0.15	1,272	363	86	4	16,300	69,300
July	Max	22.78	117,155	700,007	181,430	1.55	1,330	550	104	75	104,000	153,000
	Min	15.76	890	0	0	0.00	440	280	78	0	0	6,000
	Avg	19.94	58,619	81,803	73,339	0.12	840	407	90	6	13,710	87,806
August	Max	29.46	99,050	563,596	171,722	1.75	1,240	440	95	45	93,000	168,000
	Min	17.32	35,928	0	411	0.00	450	120	79	0	100	27,000
	Avg	19.60	62,891	73,114	49,882	0.14	855	341	88	4	15,487	91,935
September	Max	38.18	93,817	151,821	175,814	2.75	1,820	520	90	30	370,100	143,000
	Min	13.19	0	0	0	0.00	720	0	67	0	0	35,000
	Avg	19.74	58,696	69,373	64,121	0.13	1,183	382	83	4	30,337	97,433
October	Max	43.54	528,400	150,233	252,835	3.80	1,690	550	85	120	83,000	126,000
	Min	16.79	42,648	0	0	0.00	0	260	56	0	1,000	27,000
	Avg	22.37	90,598	71,316	78,233	0.16	1,159	406	76	13	24,065	73,000
November	Max	45.35	136,800	118,050	262,650	3.00	2,000	680	81	105	92,000	139,000
	Min	17.88	8,396	0	0	0.00	700	100	53	0	0	0
	Avg	26.80	37,251	67,816	88,667	0.26	1,531	404	70	6	38,100	38,103
December	Max	69.72	72,476	139,545	192,952	5.50	1,990	680	76	60	94,000	127,000
	Min	18.61	0	0	0	0.00	780	265	41	0	0	0
	Avg	29.66	31,087	62,937	69,457	0.33	1,443	432	65	5	29,194	43,806
2015	Max	69.72	528,400	700,007	507,000	5.50	2,700	690	104	240	370,100	172,000
	Min	12.08	0	0	0	0	0	0	34	0	0	0
	Avg	25.81	58,608	66,967	79,145	0.20	1,312	382	74	6	30,448	64,147

Note: Permit daily capacity (mgd) is 28.0.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**WRIGHT SMITH, JR. WWTF
2015 STATISTICS**

Month		Flow mgd	Rain inches	CL2 lbs	SO2 lbs	Grit ft3
January	Max	22.83	1.91	232	364	233
	Min	6.88	0.00	146	78	0
	Avg	9.56	0.17	165	139	28
February	Max	9.83	0.82	314	217	200
	Min	7.53	0.00	156	39	0
	Avg	8.49	0.08	238	150	25
March	Max	21.07	1.95	547	328	244
	Min	7.94	0.00	219	70	0
	Avg	10.89	0.15	313	183	29
April	Max	29.83	2.90	610	369	382
	Min	8.39	0.00	202	105	0
	Avg	14.25	0.41	325	198	37
May	Max	28.24	5.64	630	365	317
	Min	8.05	0.00	139	87	0
	Avg	11.61	0.49	268	158	37
June	Max	18.33	1.61	404	264	190
	Min	0.00	0.00	0	0	0
	Avg	9.88	0.23	224	126	33
July	Max	11.48	1.59	313	171	169
	Min	0.00	0.00	0	0	0
	Avg	8.79	0.12	227	112	29
August	Max	14.68	1.60	393	198	328
	Min	8.13	0.00	0	94	0
	Avg	9.22	0.13	247	114	34
September	Max	22.73	2.70	643	325	169
	Min	7.26	0.00	205	71	0
	Avg	9.33	0.19	273	107	18
October	Max	24.81	4.55	582	359	149
	Min	6.45	0.00	172	96	0
	Avg	9.61	0.19	294	165	31
November	Max	21.60	2.50	562	421	170
	Min	7.74	0.00	240	176	0
	Avg	12.16	0.22	341	245	24
December	Max	26.28	4.68	598	402	170
	Min	6.55	0.00	215	144	0
	Avg	12.03	0.40	324	221	26
2015	Max	29.83	5.64	643	421	382
	Min	0.00	0.00	0	0	0
	Avg	10.48	0.23	269	159	29

Note: Permit daily capacity (mgd) is 12.8.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**TOTAL NUMBER OF CUSTOMERS
Last Ten Years**

YEAR	WATER	SEWER	TOTAL
2006	84,095	80,069	87,107
2007	84,443	80,485	87,513
2008	84,494	81,279	87,747
2009	84,463	81,386	87,881
2010	84,147	81,306	87,675
2011	84,747	81,889	88,306
2012	84,989	82,203	88,606
2013	85,266	82,482	88,906
2014	85,219	82,412	88,911
2015	85,678	82,923	89,447

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**TOTAL NUMBER OF EMPLOYEES
Last Ten Years**

**Full time equivalent employees
by function**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water Supply	3	3	3	3	3	3	3	3	3	3
Water Treatment	25	25	26	25	26	26	26	26	23	25
Wastewater Treatment	34	34	36	35	36	36	36	36	37	35
Transmission and Collection	129	130	135	133	136	136	135	137	141	139
Support Services	44	45	46	46	47	47	46	47	44	46
Supervision, Engineering, Accounting, Collections, and General Expense	134	135	140	138	141	141	140	142	139	137
	<u>369</u>	<u>372</u>	<u>386</u>	<u>380</u>	<u>389</u>	<u>389</u>	<u>386</u>	<u>391</u>	<u>387</u>	<u>385</u>

* Note: 2006 through 2012 FTE have been restated from original breakdown by Water, Wastewater, Support Services, and Administration

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE
SCHEDULE OF 2015 CAPITAL PROJECTS EXPENDITURES (continued)**

<u>PROJECT NUMBER</u>	<u>WATER PROJECTS</u>	<u>AMOUNT</u>
4416.10	48-Inch Raw Water to Potable Water Main Conversion	\$ 77,835
4416.10-2A	48-Inch Raw Water to Potable Water Main Conversion	962,688
4416.10-2B	48-Inch Raw Water to Potable Water Main Conversion	837
4416.10B	48-Inch Raw Water to Potable Water Main Conversion	1,374
4417.10	Water Main Improvements in the Craft Highway and Springhill Area	25,602
4417.10A	Water Main Improvements in the Craft Highway and Springhill Area	48,323
4417.10B	Water Main Improvements in the Craft Highway and Springhill Area	6,474
100316.11	Hillcrest Road Tank Painting and Cleaning	131,316
497498	Big Creek Pumping Station Pollution Prevention and Screening Facilities	143,050
15-1101-0161	Lime Silo & Slaker @ Stickney	31,523
15-1101-0289	Cypress Cove Apartments HDPE Domestic Water Services Retrofit	36,206
AMR PROJECT	Automated Meter Reading-Commercial Meters	274,931
E12040002	Schillinger Road Booster Station Manual Transfer Switch	6,796
M5712-2445	Snow Rd 12" Waterline (Airport Blvd. to Tanner Williams Rd	423,328
M5712-2490	Emergency Raw Water Backup Treatment System	167,520
M5712-2524	Wetland Mitigation Bank	19,230
M5712-2570	Bienville Reservoir Leak Investigation	5,242
		<u>\$ 2,362,275</u>
	 <u>WASTEWATER PROJECTS</u>	
4409.10	Smith WWTF Force Main to Mobile River	\$ 289,598
4409.10B	Smith WWTF Force Main Ph B	32,256
4409.10B (1)	Smith WWTF Force Main Ph B	1,829,921
5323.06	FM Surge Protection Tanks	2,600
13144	Primary Digester #1, Cleaning, Repair, and Painting at C.C. Williams WWTP	2,817
100316.21	Conception St 48" And 54" Diameter CIPP	2,063
111503.01	C.C. Williams WWTP Headworks & Primary Clarifier Replacement	1,045,089
08-4010-2069	Sewer Replacement Various Ph 5	6,391
14-1101-0050	Hunter's Cove Retrofit	132,999
15-1101-0288	Stockton And Gimon Sanitary Sewer Replacement	4,125
2014-101	Virginia Street LS Variable Frequency Drives	61,686
2015-301	Lift Station 13 Renovations	22,609
2015-401	Virginia Street Channel Monster Grinder	78,154
BIZZELL LS	Bizzell Avenue Area Sewer and Lift Station	106,015
CMOB120046	HMGP Generator Project	137,040
E12040001	Halls Mill Road and Eslava Creek Pump Station VFD Additions	46,665
E13040001	C.C. Williams WWTP Laboratory Information Management System (Lims) Upgrade	25,304
M0042-3945	Stein Street Outfall Sewer Repair	49,017
M0042-4084	Lansdowne/Medford Drive Emergency Sewer	185,758
M0042-4107	Miscellaneous Mainline Repairs	757,646
M0042-4158	Airport/Abilene Emergency Sewer Repairs	112,101
M0042-4215	Mainline Sewer Repairs-Virginia/Everette	24,169
M5712-2313	Briley/Collins, Emogene/Dunn	10,547
M5712-2388	Sage @ Old Shell Road Sewer Rehab	725,917
M5712-2422	Outley Drive Outfall	37,870
M5712-2462-3	2013 Annual Contract-CIPP Rehab- Year 3 Extension	971,716
M5712-2492	C.C. Williams WWTP Security Fence Relocation	1,171
M5712-2510	Conception 48" CIPP	65,777
M5712-2523	DIP Alley at Granger Sewer Replacement	408,069
M5712-2532	2015 Annual Contract-CIPP Rehab-Large Diameter Sewer Mains	1,193,797
M5712-2533	2015 Annual Contract- CIPP-Public Portion of Sanitary Sewer Laterals	242,399
M5712-2535	2015 Annual Contract-Manhole Frame and Cover Replacement	175,175
M5712-2538	Emergency Repair of Sludge Thickener Drive at C.C. Williams WWTP	72,737
M5712-2541	Eslava Creek Lift Station Pump Replacement	20,433

(continued)

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE
SCHEDULE OF 2015 CAPITAL PROJECTS EXPENDITURES (continued)**

<u>PROJECT NUMBER</u>	<u>WASTEWATER PROJECTS</u>	<u>AMOUNT</u>
M5712-2543	2015 Annual Contract-Manhole Rehab	\$ 506,855
M5712-2545	Access Road Annual Contract 2015	1,307,198
M5712-2549	Michigan Avenue Grinder Pump Installation	14,286
M5712-2557	Japonica Lane Sewer	5,730
M5712-2567	Evaluate Lift Stations and Bypass Facilities	17,993
M5712-2571	Baker-Broad 48" Sewer Force Main Protection for ASPA Rail Spurs	55,360
M5712-2575	2016 Annual Contract-CIPP Rehab	3,691
		<u>\$ 10,790,744</u>
	 <u>OTHER PROJECTS</u>	
3664	MAWSS Offices-Phase III	\$ 2,880,194
3863	MAWSS Payment Center	30,192
4440.06	Park Forest Parking Lot Improvements	1,048
4555.10	Shelton Beach Road Maintenance Center	8,985
2015-101	Broad St Water And Sewer Relocation	24,950
2015-201	2015 Scada Upgrade	5,202
CMOB150016	Water Main Relocation & Sanitary Sewer Rehab	96,091
M0042-4123	Widening Ziegler Blvd	59,578
M5712-2353	Schillinger Road W/S Relocation For Mobile County	15,336
M5712-2548	I-10 Interchange Modifications	20,889
M5712-2550	Force Main Protection ASD	33,302
M5712-2555	Yeend Street Line Protection	743,248
M5712-2558	Utility Relocation @ Dawes/Jeff Hamilton	7,010
M5712-2559	Utility Relocation Tanner Williams	4,686
M5712-2563	Pine Street Property Survey	1,372
M5712-2566	Pine Street Payment Center & Property Acquisition	202,350
M5712-2568	Deckle Road Water & Sewer Adjustments	26,534
		<u>\$ 4,160,967</u>
	 <u>TOTAL CAPITAL PROJECT EXPENDITURES - 2015</u>	 <u>\$ 17,313,986</u>