

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015

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

“Heron Hunt” by Catherine Chung of Dunbar Creative and Performing Arts Magnet School was the overall winner of the 2016 MAWSS “Fun with Water” Watercolor Contest. The annual competition encourages students in grades k-12 to paint a watercolor of their favorite activity involving water. Prizes are awarded in each grade category. One overall winner is selected to receive a grand prize. The contest helps demonstrate the value of clean water.

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, 2016 AND 2015**

**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, 2016 AND 2015**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Transmittal Letter	i
GFOA Certificate of Achievement	vi
List of Appointed Commissioners	vii
Organization Chart	viii
List of Selected Administrative Staff	ix
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis (MD&A)	4
Financial Statements	
Statements of Net Position	12
Statements of Revenues, Expenses, and Changes in Net Position	14
Statements of Cash Flows	15
Statements of Fiduciary Net Position - MAWSS OPEB Trust Fund	17
Statements of Changes in Fiduciary Net Position - MAWSS OPEB Trust	18
Notes to the Financial Statements	19
Required Supplementary Information	
Schedule of Changes in Net Pension Liability	51
Schedule of Employer Contributions	53
Schedule of Funding Progress	54

	Page
Supplementary Information	
Schedule of Bond Restricted Accounts	55
Schedules of Revenue Fund Accounts Transactions	57
Schedules of Comparison of Receipts and Disbursements to Budget - Revenue Fund Accounts	58
Schedules of Operating Expenses - Revenue Fund Accounts	60
Schedules of Changes in Net Position	62
Schedules of Capital Improvement Fund Account Transactions	64
Schedules of Changes in Construction Accounts Net Position	65
Schedules of Changes in Debt Service and Reserve Accounts Net Position	67
STATISTICAL SECTION	69
Financial Trends	
Schedules of Changes in Net Position	70
Net Position by Component	71
Revenue Capacity	
Revenues by Type	72
Water and Sewer Billings by Meter Size	73
Water and Sewer Rates	74
Schedules of Operating Revenues - Industrial Water Accounts	75
Schedule of Ten Largest Users	76
Debt Capacity	
Schedule of Future Debt Payments	77
Ratio of Annual Net Revenues to Debt Service	79
Outstanding Debt by Type and Debt Per Customer	80
Demographic and Economic Information	
Miscellaneous Statistical Data	81
Mobile County Demographic Statistics	82
Single-Family Residences	83
Mobile County Top Ten Employers	84
Operating Information	
Water Supply Characteristics	85
Water Flow to System	86
Treated Water Supply Volumes	87
Wastewater Treatment Facility (WWTF) Volumes	88
Decentralized WWTF Flows	89
C. C. Williams WWTF Statistics	90
Wright Smith WWTF Statistics	91
Total Number of Customers	92
Total Number of Employees	93
Capital Project Expenditures	94

INTRODUCTORY SECTION



June 5, 2017

Mr. James E. Laier, 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, 2016. 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, 2016. 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 of Mobile, it is not considered a component unit of the City of Mobile 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 7.4% compared to the state's 6.3% and the nation's 4.7%. 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 began 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.

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, primary clarifiers is underway at the Williams WWTF and is 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, replacement of the Bienville Reservoir, which was constructed in 1887, with a prestressed concrete water tank, construction of a lift station at Bizzell and Pecan Street, rehabilitating 24-inch and 36-inch sewers in Langan Park, installing a new lime silo and slaker at the Stickney Water Treatment Plant, installing a water main under the Tensaw River, installing generators at the Big Creek Lake Pump Station, relocating water mains out of sanitary sewer manholes and installing a 12-inch water main to join two water booster stations for redundancy.

On September 15, 2016, the Board issued a \$19,950,000 Subordinated Water and Sewer Revenue Bond with Alabama Water Pollution Control Authority Direct Loan Program. The maturity date of the series is August 15, 2036. Proceeds in the amount of \$20,001,968 were realized, due to principal forgiveness and low closing costs. Proceeds will be used to fund wastewater projects, some of those are Halls Mill Severe Weather Attenuation Basin, CIPP Sewer Lining, Halls Mill Trunk Capacity Upgrades, and other sewer repairs and replacements.

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 not less than 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*.

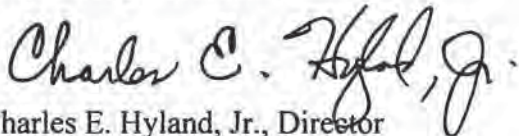
Awards and acknowledgments

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, 2015. This was the fifteenth 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,



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, 2015

Executive Director/CEO

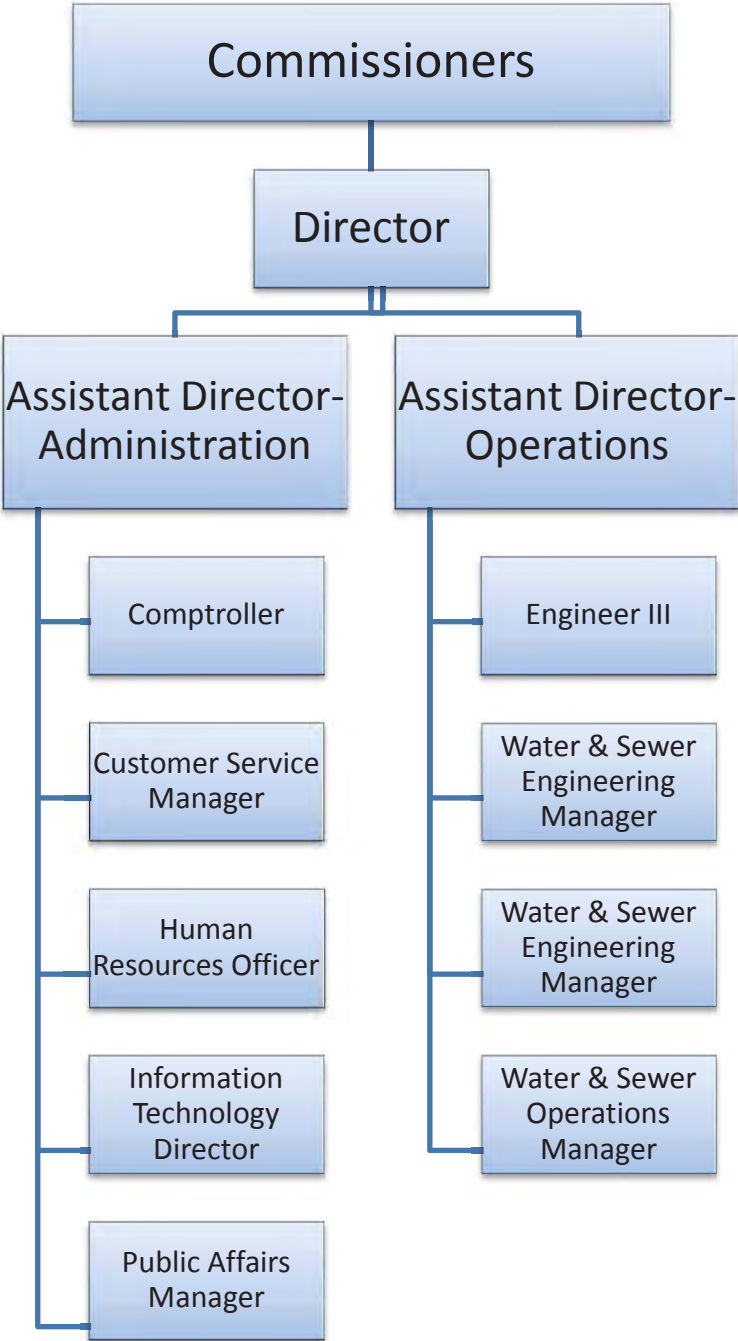
**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**Appointed Commissioners
December 31, 2016**

James E. Laier	Chair October 2, 2014 to October 1, 2020
Barbara Drummond	Vice-Chair February 4, 2014 to February 2, 2020
Samuel L. Jones	Secretary-Treasurer June 3, 2014 to April 28 2020
Sheri N. Weber	Commissioner October 4, 2016 to October 1, 2022
Maynard V. Odom	Commissioner October 2, 2012 to October 1, 2018
Walter A. Bell	Commissioner September 13, 2016 to April 28, 2020
Kenneth W. Nichols	Commissioner December 13, 2016 to February 2, 2022

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

Organization Chart
December 31, 2016



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

**Selected Administrative Staff
December 31, 2016**

Charles Hyland, Jr.	Director
Billy McCrory, Jr.	Assistant Director-Administration
Doug Cote	Assistant Director-Operations
Collena Matz	Comptroller
Eloise Hamilton	Customer Service Manager
Calressia Clark	Engineer III
Sharon King	Human Resources Officer
Mahir Butt	Information Technology Director
Barbara Shaw	Public Affairs Manager
Daryl Russell	Water and Sewer Engineering Manager
Vacant	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, 2016 and 2015, 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 financial 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, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and retirement plan and other post-employment benefit plan information on pages 4 - 11 and 51 - 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Water and Sewer Commissioners of the City of Mobile's basic financial statements. The introductory section, supplementary information, and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2017, 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 5, 2017

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, 2016. 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, 2016:

- The assets and deferred outflows of resources of the Board exceeded its liabilities and deferred inflows of resources at the close of 2016 and 2015 by \$361.5 million (net position) and \$342.6 million (net position), respectively. Of these amounts, unrestricted net position was a deficit of \$(8.4) million and \$(8.3) million as of December 31, 2016 and 2015, 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 as of December 31, 2015. The restatement of the 2014 financial information resulted in a negative unrestricted net position, which was \$(8.3) million as of December 31, 2015. However, in 2016 and 2015 the Board designated \$.8 million and \$2.5 million, respectively, to offset this liability and will continue to fund it in the 2017 Budget.
- The Board's net position increased by \$18.9 million during the current year and \$17.1 million during the prior year.
- Operating expenses increased by \$3.0 million to \$80.2 million in 2016, or 3.9%, due mainly to an increase in the costs of transmission and collection and restricted account expenses. For the year 2015, expenses increased \$.6 million due mainly to an increase in the costs of transmission and collection costs and depreciation expense.
- Operating revenue increased by \$5 million in 2016, or 5%, due to increased revenues from a water and sewer rate increase. Operating revenue increased in 2015 by \$2.9 million or 2.9%. Total revenue increases in 2015 can also be attributed to a water and sewer rate increase.
- Transfers to the Capital Improvement Fund accounts for capital projects totaled \$23.5 million in 2016 compared to \$17.4 million in 2015.

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, notes to the financial statements, and required supplementary information.

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* report 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 Post-employment 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 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 benefits paid and administrative expenses. The change in net position held in trust for OPEB plus the beginning net position held in trust for OPEB results in net position held in trust for OPEB 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 50 of this report.

Required Supplementary Information. The *schedule of changes in net pension liability* and the *schedule of employer contributions* provide information on the Board's net pension liability as well as contributions made to the plan by the Board. These statements, arising from GASB 68 requirements, are discussed in detail in Note 5, and can be found following the Notes to the Financial Statements.

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 plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$361.5 million at the end of 2016, \$342.6 at the end of 2015, and \$325.5 million at the end of 2014.

Condensed Statements of Net Position

	(In Thousands)		
	2016	2015	2014 (as restated)
Current and other assets	\$ 115,013	\$ 103,561	\$ 105,998
Capital assets	527,224	510,627	506,070
Total assets	<u>642,237</u>	<u>614,188</u>	<u>612,068</u>
Deferred outflows of resources	<u>4,041</u>	<u>4,298</u>	<u>2,649</u>
Current liabilities	31,807	27,788	26,892
Noncurrent liabilities	248,290	243,186	255,481
Total liabilities	<u>280,097</u>	<u>270,974</u>	<u>282,373</u>
Deferred inflows of resources	<u>4,691</u>	<u>4,930</u>	<u>6,865</u>
Net position:			
Net investment in capital assets	297,124	284,999	265,426
Restricted	72,778	65,922	71,096
Unrestricted	(8,412)	(8,338)	(11,043)
Total net position	<u>\$ 361,490</u>	<u>\$ 342,583</u>	<u>\$ 325,479</u>

The largest portion of the Board's net position (82.2% in 2016, 83.2% in 2015, and 81.5% in 2014) 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 annually. The Board transferred \$23,545,549 from the Operating account to the Capital Improvement Fund account in 2016 compared to \$17,424,516 in 2015 and \$16,090,360 in 2014.

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 decreased by \$73,000 during 2016 compared to an increase of \$2.7 million in 2015 and a decrease of \$25.1 million in 2014. The 2016 small decrease in unrestricted net position was a result of increased transmission and collection expenses netted with the Board's 5% rate increase in water sales and sewer charges. 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. The Board was required to record its unfunded pension liability and related deferred outflows of resources as of December 31, 2015, 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 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 financial statements of the City of Mobile.

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

	2016	2015	2014 (as restated)
REVENUES			
Operating revenues, pledged as security:			
Water sales	\$ 41,764	\$ 39,566	\$ 38,645
Sewer charges	61,687	58,917	56,976
Total operating revenues	103,451	98,483	95,621
Non-operating revenues:			
Investment earnings	331	320	497
Miscellaneous and sale of property	633	950	4,981
Total non-operating revenues	964	1,270	5,478
Total revenues	104,415	99,753	101,099

(continued)

EXPENSES

Operating expenses:

Water and sewer services	34,115	32,521	31,717
Support services	4,354	4,500	4,139
Supervision and general expenses	18,701	18,336	20,195
Restricted accounts expenses	2,227	1,369	566
Depreciation expense	20,846	20,496	19,988
Total operating expenses	80,243	77,222	76,605
Non-operating expenses	6,347	7,282	8,776
Total expenses	86,590	84,504	85,381
Income before contributions	17,825	15,249	15,718
Capital grants and contributions	1,082	1,855	1,450
Change in net position	18,907	17,104	17,168
Net position – beginning of year	342,583	325,479	334,353
Cumulative effect of change in accounting	-	-	(26,042)
Net position – end of year	\$ 361,490	\$ 342,583	\$ 325,479

Net position increased by \$18.9 million in 2016 over 2015 and increased by \$17.1 million in 2015 over 2014. Key elements of the changes are as follows:

Revenue:

- For 2016, operating revenues increased by \$5 million or 5% over the prior year. The 5% rate increase as of January 1, 2016 generated more revenues than the expected increase of 3%. Revenues from industrial water accounts and potable water sales were up over the prior year due to decreased rainfall in 2016 compared to 2015 and increased sprinkler usage. Revenues from potable water sales and wastewater treatment were up 5.7% and 4.9%, respectively, while revenues from industrial water accounts were up 17%. Total customer consumption was flat at 36.5 mgd. Rainfall was 60.9 inches for 2016, which was 16.2 inches less than 2015. There were 247 additional sprinkler meters installed throughout the year. These customers are billed for water used, but not for wastewater charges. Sprinkler consumption was up 2.4%, while sprinkler revenues were up only 1.5%, the difference being due to minimum bills. Non-operating revenues decreased by \$306,000. Of this amount, \$12,000 was an increase in investment earnings. The remaining \$318,000 decrease was due to loss on the sale of real estate.
- 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 Board's 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 \$1.5 million in timber income and \$2.6 million classified as sale of property from 2014 that did not recur in 2015.

Expenses:

- Operating expenses increased by \$3.0 million in 2016. This increase was due to an increase of \$1.6 million in water and sewer service expenses, \$365,000 in supervision and general, \$350,000 in depreciation, and \$857,000 in restricted accounts. Non-operating expenses decreased by \$935,000.
- 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, \$804,000 in restricted accounts and a decrease of \$1.86 million in supervision and general. Non-operating expenses decreased by \$1.5 million.

Capital grants and contributions:

- In 2016, total capital grants and contributions decreased by \$773,000. There was a decrease in contributions of lines and extensions of \$672,000 and a decrease in capital grants of \$101,000.
- 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.

Capital Asset and Debt Administration

Capital assets. The Board's investment in capital assets as of December 31, 2016, and 2015, amounted to \$527.2 million and \$510.6 million, respectively, net of accumulated depreciation. The investment in capital assets includes land, buildings, infrastructure, machinery and equipment, and timber rights. During 2016, the total increase in the Board's net investment in capital assets was 3.2% compared to the 2015 increase of .9%. Construction project commitments at the end of the year totaled \$9.5 million for 2016 compared to \$6.3 million at 2015. A listing of capital project expenditures for 2016 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 \$22,884,394 was spent in 2016 and allocated as follows:

- Sewer line, mains, and manhole rehabilitation/replacement, \$7,058,573
 - Sewer lift station and decentralization system improvements, \$1,533,751
 - Sewer plant improvements and miscellaneous costs, \$10,426,787
 - Access roads built or improved, \$1,122,327
 - Outfall line from the Smith Plant to Mobile River, \$2,334,225
 - Severe Weather Attenuation Basins, \$408,729
- Water-related project costs for 2016 totaled \$8,971,166. The following items are included in these costs:
- Automatic meter reading, \$51,686
 - Water line extensions and improvements, \$7,189,728
 - Water tank painting and repair, \$36,728
 - Raw water line conversion to potable water line, \$1,693,024
- Other capital expenditures amounted to \$1,507,206 during 2016 and include the following:
- Downtown Customer Service Payment Center, \$52,890
 - Park Forest Office Renovations and Kiosk, \$245,527
 - Scada Upgrades, \$87,772
 - Utility Relocations, and other miscellaneous \$1,121,017
- Major projects completed and capitalized during 2016 include the following:
- Big Creek Pumping Station Pollution Prevention & Screening Facilities, \$2,755,367
 - Tensaw River Emergency Waterline Replacement, \$1,680,012
 - Miscellaneous Mainline Repairs 2015, \$794,221
 - MAWSS Offices Phase III and III-B, \$3,819,911

During 2015, major capital assets events included: sewer rehabilitation projects in the amount of \$10,790,744; water-related project costs totaling \$2,362,275, and other capital expenditure amounts of \$4,160,967.

**Capital Assets
(net of accumulated depreciation)**

	2016	2015	2014
Water and sewer systems	\$430,452,295	\$434,565,524	\$436,687,013
Vehicles	2,980,484	2,075,633	1,820,041
Equipment and furnishings	9,122,041	9,759,451	9,508,160
Buildings and improvements	20,837,788	19,615,230	9,410,958
Land	8,800,646	8,912,821	7,720,998
Timber rights	382,138	394,705	407,271
Construction in progress	54,648,430	35,303,762	40,515,467
Total	<u>\$527,223,822</u>	<u>\$510,627,126</u>	<u>\$506,069,908</u>

Additional information on the Board's capital assets can be found in Note 3, beginning on page 30 of this report.

Long-term debt. At December 31, 2016, the Board had total long-term debt outstanding of \$226,928,000 versus \$222,521,000 in 2015, an increase of 1.98%. This increase is due to the addition of a \$22,240,000 revenue bond and \$19,950,000 in State Revolving Loan Fund debt, less payments of approximately \$37,660,000. The State Revolving fund bonds are subordinate to the Revenue Bonds. All bond debt covenants have been met.

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 principal payments of approximately \$14,958,000.

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 45 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate at December 31, 2016: Mobile area at 7.4%, compared to the State of Alabama and the nation at 6.3% and 4.7%, 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

The Board did not approve a rate increase for 2017; however, the Board included \$900,000 to fund the unfunded pension liability in the 2017 Budget.

These factors were considered in preparing the Board's budget for the 2017 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

THIS PAGE LEFT BLANK INTENTIONALLY

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

STATEMENTS OF NET POSITION
DECEMBER 31, 2016 AND 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2016	2015
CURRENT ASSETS		
Cash and equivalents	\$ 14,367,670	\$ 15,043,735
Investments	8,564,008	7,212,442
Restricted cash, cash equivalents and investments:		
Revenue bond covenant accounts	28,573,538	42,376,178
Receivables:		
Interest receivable, partially restricted	54,698	28,662
Billed user charges	6,149,634	5,644,097
Unbilled user charges	4,191,104	3,931,968
Contracts receivable	24,014	28,388
Alabama Dept of Environmental Mgmt (ADEM), restricted	37,169,259	18,689,823
Miscellaneous, partially restricted	328,757	787,976
Inventory of materials, chemicals and supplies - at cost	1,811,422	1,681,001
Prepaid expenses	604,058	439,818
Total current assets	<u>101,838,162</u>	<u>95,864,088</u>
NONCURRENT ASSETS		
Restricted investments:		
Revenue bond covenant accounts	<u>13,175,263</u>	<u>7,697,031</u>
Capital assets:		
Land	8,800,646	8,912,821
Utility plant and equipment	837,082,262	829,487,255
Construction in progress	54,648,430	35,303,762
Less accumulated depreciation	<u>(373,307,516)</u>	<u>(363,076,712)</u>
Total capital assets (net of accumulated depreciation)	<u>527,223,822</u>	<u>510,627,126</u>
Total noncurrent assets	<u>540,399,085</u>	<u>518,324,157</u>
TOTAL ASSETS	<u>642,237,247</u>	<u>614,188,245</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on bond refunding	1,518,506	1,822,207
Pension related	<u>2,522,052</u>	<u>2,476,164</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,040,558</u>	<u>4,298,371</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 646,277,805</u>	<u>\$ 618,486,616</u>

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2016	2015
CURRENT LIABILITIES		
Accounts payable, partially funded by restricted assets	\$ 6,956,223	\$ 4,338,596
Accrued payroll and related withholdings	532,848	715,814
Compensated absences - current portion	494,000	450,000
Customer meter deposits	4,917,793	4,769,457
Contingent insurance liability	1,027,856	920,258
Contracts and retainages payable, funded by restricted assets	1,092,472	329,381
Interest payable, funded by restricted assets	596,011	774,331
Current maturities of revenue bonds payable, partially funded by restricted assets	<u>16,189,401</u>	<u>15,489,981</u>
Total current liabilities	<u>31,806,604</u>	<u>27,787,818</u>
 NONCURRENT LIABILITIES		
Revenue bonds payable, net, partially funded by restricted assets	210,738,479	207,030,662
Compensated absences - long-term portion	3,055,684	2,802,924
Net pension liability	31,885,074	30,988,587
Other postemployment benefits	<u>2,611,178</u>	<u>2,364,142</u>
Total noncurrent liabilities	<u>248,290,415</u>	<u>243,186,315</u>
TOTAL LIABILITIES	<u>280,097,019</u>	<u>270,974,133</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred gain on bond refunding	<u>4,690,840</u>	<u>4,929,840</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,690,840</u>	<u>4,929,840</u>
 NET POSITION		
Net investment in capital assets	297,123,608	284,998,850
Restricted for		
Debt service	2,374,525	2,269,520
Construction	34,835,446	35,888,076
Other bond covenants	35,568,366	27,764,750
Unrestricted	<u>(8,411,999)</u>	<u>(8,338,553)</u>
TOTAL NET POSITION	<u>361,489,946</u>	<u>342,582,643</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 646,277,805</u>	<u>\$ 618,486,616</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2016 AND 2015

	2016	2015
OPERATING REVENUES PLEDGED AS SECURITY FOR REVENUE BONDS		
Water sales	\$ 41,764,407	\$ 39,566,223
Sewer charges	61,686,576	58,917,122
Total operating revenues	<u>103,450,983</u>	<u>98,483,345</u>
OPERATING EXPENSES		
Water supply	1,545,130	1,570,247
Water treatment	6,061,683	6,111,196
Wastewater treatment	6,685,868	6,705,502
Transmission and collection	19,821,011	18,133,927
Support services	4,354,284	4,500,424
Supervision and general	18,701,287	18,335,608
Capital improvement fund accounts	2,227,137	1,369,583
Depreciation	20,846,352	20,495,573
Total operating expenses	<u>80,242,752</u>	<u>77,222,060</u>
OPERATING INCOME	<u>23,208,231</u>	<u>21,261,285</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	331,392	319,843
FEMA reimbursement	-	32,654
Miscellaneous rentals and sale of property	632,649	916,922
Miscellaneous expense	(11,617)	(15,511)
Bond interest expense	(6,257,211)	(7,266,160)
Bond issuance costs	(78,510)	-
Total non-operating revenues (expenses)	<u>(5,383,297)</u>	<u>(6,012,252)</u>
INCOME BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	17,824,934	15,249,033
CAPITAL GRANTS AND CONTRIBUTIONS	<u>1,082,369</u>	<u>1,855,182</u>
CHANGE IN NET POSITION	18,907,303	17,104,215
TOTAL NET POSITION - BEGINNING OF YEAR	<u>342,582,643</u>	<u>325,478,428</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 361,489,946</u>	<u>\$ 342,582,643</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, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 103,206,546	\$ 98,996,322
Payments to suppliers	(35,213,229)	(39,087,085)
Payments to employees	(19,778,085)	(17,902,243)
Receipts from miscellaneous sources	1,017,484	317,184
Net cash provided by operating activities	<u>49,232,716</u>	<u>42,324,178</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	23,814,552	1,310,177
Capital grants	-	100,916
Acquisition of equipment, vehicles, and improvements	(4,768,690)	(5,682,702)
Acquisition and construction of capital assets and payments on construction projects	(32,877,073)	(17,424,619)
Principal paid on bonds	(37,659,981)	(14,957,562)
Interest paid on bonds	(8,125,022)	(8,544,113)
Miscellaneous expense	(11,617)	(15,511)
Proceeds from sale of capital assets	<u>2,440,852</u>	<u>1,347,217</u>
Net cash used in capital and related financing activities	<u>(57,186,979)</u>	<u>(43,866,197)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	7,703,473	8,782,210
Purchase of investments	(14,673,542)	(5,999,811)
Interest and dividends received	445,627	383,175
Net cash (used in) provided by investing activities	<u>(6,524,442)</u>	<u>3,165,574</u>
 Net increase (decrease) in cash and equivalents	(14,478,705)	1,623,555
 Cash and equivalents, beginning of year - restricted and unrestricted	<u>57,419,913</u>	<u>55,796,358</u>
 Cash and equivalents, end of year - restricted and unrestricted	<u>\$ 42,941,208</u>	<u>\$ 57,419,913</u>

continued

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

	2016	2015
RECONCILIATION OF CASH AND EQUIVALENTS PER STATEMENTS OF CASH FLOWS TO STATEMENTS OF NET POSITION:		
Cash and equivalents, beginning 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>
Net increase (decrease):		
Current	(676,065)	2,512,661
Restricted	(13,802,640)	(889,106)
Total	<u>(14,478,705)</u>	<u>1,623,555</u>
Cash and equivalents, end of period:		
Current	14,367,670	15,043,735
Restricted	28,573,538	42,376,178
Total	<u>\$ 42,941,208</u>	<u>\$ 57,419,913</u>

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

Operating income	<u>\$ 23,208,231</u>	<u>\$ 21,261,285</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	20,846,352	20,495,573
Miscellaneous income	1,017,484	317,184
(Increase) decrease in receivables	(397,147)	393,012
(Increase) decrease in contracts receivable	4,374	(97)
(Increase) decrease in inventories	(130,421)	(177,550)
(Increase) decrease in prepaid expenses	(164,240)	(21,469)
Increase (decrease) in payables	3,453,686	538,157
Increase (decrease) in compensated absences	296,760	(467,122)
Increase (decrease) in other postemployment benefits	247,038	(597,849)
Increase (decrease) in pension liabilities	850,599	583,054
Total adjustments	<u>26,024,485</u>	<u>21,062,893</u>
Net cash provided by operating activities	<u>\$ 49,232,716</u>	<u>\$ 42,324,178</u>

NONCASH INVESTING, CAPITAL,
AND FINANCING ACTIVITIES:

Lines accepted and contributions for extensions	<u>\$ 1,082,369</u>	<u>\$ 1,754,268</u>
Increase (decrease) in fair value of investments	<u>\$ (140,271)</u>	<u>\$ (54,872)</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, 2016 AND 2015

	2016	2015
ASSETS		
Short term investments	\$ 885,737	\$ 231,402
Investments at fair value:		
Equities		
Common stock	3,418,973	3,349,157
Mutual funds - equity	1,133,426	957,700
Fixed income securities		
U.S. Government obligations	1,669,250	1,915,432
Mortgage-backed securities	1,180,900	1,047,194
Corporate bonds	2,681,814	2,038,104
Mutual funds - fixed income	302,786	130
International		
Foreign stock	276,014	250,772
Mutual funds - international	<u>537,887</u>	<u>496,518</u>
Total investments	11,201,050	10,055,007
Accrued income	<u>35,500</u>	<u>41,309</u>
TOTAL ASSETS	<u>\$ 12,122,287</u>	<u>\$ 10,327,718</u>
 NET POSITION		
Held in Trust for Other Post-Employment Benefits	<u>\$ 12,122,287</u>	<u>\$ 10,327,718</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 CHANGES IN FIDUCIARY NET POSITION
MAWSS OPEB TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
ADDITIONS		
Employer contributions	\$ 2,788,332	\$ 2,180,000
Investment income		
Dividends	152,412	160,504
Interest	151,664	123,040
Realized gain (loss)	(6,325)	-
Net (depreciation) appreciation in fair value of investments	121,819	(302,824)
Net investment income	<u>419,570</u>	<u>(19,280)</u>
Total additions	3,207,902	2,160,720
DEDUCTIONS		
OPEB benefits paid	1,289,028	-
Insurance expenses	77,153	-
Administrative expenses	<u>47,152</u>	<u>41,109</u>
Total deductions	1,413,333	41,109
CHANGE IN NET POSITION	1,794,569	2,119,611
NET POSITION HELD IN TRUST FOR OPEB BENEFITS - BEGINNING OF YEAR	<u>10,327,718</u>	<u>8,208,107</u>
NET POSITION HELD IN TRUST FOR OPEB BENEFITS - END OF YEAR	<u><u>\$ 12,122,287</u></u>	<u><u>\$ 10,327,718</u></u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

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.

Adoption of New Accounting Pronouncements – GASB Pronouncements that have been issued and were effective for the Board’s year ended December 31, 2016

GASB Statement No. 72, *Fair Value Measurement and Application*, issued in February 2015, was effective for fiscal years beginning after June 15, 2015. 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 resulted in additional disclosures, but has no impact on the financial statements of the Board.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, issued in June 2015, was effective for fiscal years beginning after June 15, 2015. 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 has no impact on the financial statements of the Board.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued in June 2015, was effective for fiscal years beginning after June 15, 2015. 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 has no impact on the financial statements of the Board.

GASB Statement No. 77, *Tax Abatement Disclosures*, issued in August 2015, was effective for years beginning after December 15, 2015. This Statement requires governments to disclose certain information about tax abatement agreements they enter into. This statement has no impact on the financial statements of the Board.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, issued in December 2015, was effective for years beginning after December 15, 2015. 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 has no impact on the financial statements of the Board.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, issued in December 2015, was effective for years beginning after June 15, 2015. 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 has no impact on the financial statements of the Board.

Future Adoption of New Accounting Pronouncements - GASB Pronouncements that have been issued but are not yet effective at December 31, 2016

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. 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 80 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, 2016. 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.

GASB Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement is effective for years beginning after June 15, 2018. The Board is currently evaluating the impact, if any, that GASB 83 will have on its financial statements.

GASB Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement is effective for years beginning after December 15, 2018. The Board is currently evaluating the impact, if any, that GASB 84 will have on its financial statements.

GASB Statement No. 85, *Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement is effective for years beginning after June 15, 2017. The Board is currently evaluating the impact, if any, that GASB 85 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 \$418,623 and \$420,125 as of December 31, 2016 and 2015, 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

Inventories are held for supply purposes. The inventories of materials, chemicals and supplies are stated at cost, which 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.

A separate trust account for the 2016 Series was established according to the Series 2016 Supplemental Indenture. The Board authorized the creation, execution and delivery of the Water and Sewer Revenue Bond, Series 2016, for the purpose of refunding the Series 2005 SRF Clean Water Bond and the Series 2005 SRF Drinking Water Bond.

Also in 2016, a separate trust account for the Subordinated Water and Sewer Revenue Bond, Series 2016-CWSRF-DL, (Partial Principal Forgiveness Loan) was established. These funds are available for various sanitary sewer system improvements. If the Capital Improvement Fund account pays for construction that will ultimately be repaid by the 2016-CWSRF-DL 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, 2016 and 2015:

	2016	2015
Assets		
Current assets		
Cash and equivalents	\$ 28,573,538	\$ 42,376,178
Interest receivable	26,545	18,197
Receivables:		
ADEM	37,169,259	18,689,823
Miscellaneous	22,337	389,863
Total current assets	<u>65,791,679</u>	<u>61,474,061</u>
Noncurrent assets		
Investments	<u>13,175,263</u>	<u>7,697,031</u>
Total assets	<u><u>\$ 78,966,942</u></u>	<u><u>\$ 69,171,092</u></u>
Liabilities		
Current liabilities		
Accounts payable	\$ 4,500,120	\$ 2,145,034
Contracts and retainage payable	1,092,472	329,381
Interest payable	596,011	774,331
Total liabilities	<u>6,188,603</u>	<u>3,248,746</u>
Net position		
Restricted	<u>72,778,339</u>	<u>65,922,346</u>
Total liabilities and net position	<u><u>\$ 78,966,942</u></u>	<u><u>\$ 69,171,092</u></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. For employees hired prior to January 1, 2013, seventy-five percent (75%) of sick leave is payable only to those retiring from the system after twenty-five years of service at any age or age sixty with ten years of service. For those employees hired beginning January 1, 2013, the requirements are age sixty-two 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 these definitions 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

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.

Fair value disclosures.

Investments in short-term debt securities that have remaining maturities of one year or less are recorded at amortized cost. The Board maintains other investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is described as an exit price.

Recurring fair value measurements are those that the Governmental Accounting Standards Board (GASB) requires or permits in the Statement of Net Position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value.

- Level 1 – Inputs based on quoted prices for identical assets
- Level 2 – Inputs are significant other observable inputs
- Level 3 – Inputs are significant unobservable inputs

The fair value measurements of the Board's investments at December 31, 2016 and 2015 are as follows:

<u>2016</u>	<u>Level 1</u>	<u>Total</u>
Equity Securities	\$ 23,115	\$ 23,115
U.S. Treasury Notes	1,126,684	1,126,684
U.S. Government Agencies	14,745,265	14,745,265
Certificates of Deposit	5,844,207	5,844,207
Total	<u>\$21,739,271</u>	<u>\$21,739,271</u>

<u>2015</u>	<u>Level 1</u>	<u>Total</u>
Equity Securities	\$ 133,930	\$ 133,930
U.S. Government Agencies	11,351,491	11,351,491
Certificates of Deposit	3,424,052	3,424,052
Total	<u>\$14,909,473</u>	<u>\$14,909,473</u>

The fair value measurements of investments held by the Board's OPEB Trust at December 31, 2016 and 2015 are as follows:

<u>2016</u>	<u>Level 1</u>	<u>Total</u>
Common Stock	3,418,973	3,418,973
Mutual Funds - Equity	1,133,426	1,133,426
U.S. Government Obligations	1,669,250	1,669,250
Mortgage Backed Securities	1,180,900	1,180,900
Corporate Bonds	2,681,814	2,681,814
Mutual Funds – Fixed Income	302,786	302,786
Foreign Stock	276,014	276,014
Mutual Funds – International	537,887	537,887
Total	<u>\$ 11,201,050</u>	<u>\$ 11,201,050</u>

<u>2015</u>	<u>Level 1</u>	<u>Total</u>
Common Stock	3,349,157	3,349,157
Mutual Funds - Equity	957,700	957,700
U.S. Government Obligations	1,915,432	1,915,432
Mortgage Backed Securities	1,047,194	1,047,194
Corporate Bonds	2,038,104	2,038,104
Mutual Funds – Fixed Income	130	130
Foreign Stock	250,772	250,772
Mutual Funds – International	496,518	496,518
Total	<u>\$ 10,055,007</u>	<u>\$ 10,055,007</u>

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 \$1,448,911 and \$1,195,096 was capitalized and classified as Construction in Progress during the years ended December 31, 2016 and 2015, respectively.

Capital asset activity for the years ended December 31, 2016 and 2015 is as follows:

<u>Capital Assets</u>	<u>1/1/16</u>	<u>Additions</u>	<u>Transfers / Deletions</u>	<u>12/31/16</u>
Capital assets not being depreciated:				
Land	\$ 8,912,821	\$ -	\$ 112,175	\$ 8,800,646
Construction in progress	35,303,762	34,811,675	15,467,007	54,648,430
Total capital assets not being depreciated	44,216,583	34,811,675	15,579,182	63,449,076
Capital assets being depreciated:				
Buildings and improvements	30,067,537	4,155,713	6,541,665	27,681,585
Equipment and furniture	39,683,739	2,051,167	6,042,945	35,691,961
Vehicles	10,031,241	1,480,287	462,696	11,048,832
Water and sewer systems	748,155,506	13,145,208	190,062	761,110,652
Timber rights	1,549,232	-	-	1,549,232
Total capital assets being depreciated	829,487,255	20,832,375	13,237,368	837,082,262
Less accumulated depreciation:				
Buildings and improvements	10,452,307	1,105,774	4,714,284	6,843,797
Equipment and furniture	29,924,288	1,956,937	5,311,305	26,569,920
Vehicles	7,955,608	572,721	459,981	8,068,348
Water and sewer systems	313,589,982	17,198,353	129,978	330,658,357
Timber rights	1,154,527	12,567	-	1,167,094
Total accumulated depreciation	363,076,712	20,846,352	10,615,548	373,307,516
Total capital assets being depreciated, net	466,410,543	(13,977)	2,621,820	463,774,746
Capital assets, net	\$ 510,627,126	\$ 34,797,698	\$ 18,201,002	\$ 527,223,822

(continued)

<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

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.

4. Deferred Outflows and Inflows of Resources

Changes in deferred outflows and inflows (other than pension related items discussed in Note 5) for the years ended December 31, 2016 and 2015 were as follows (in thousands):

	1/1/16	Additions	Amortization	12/31/16
Deferred outflows of resources:				
Deferred charge on bond refunding	\$ 1,822	\$ -	(\$ 303)	\$ 1,519
Deferred inflows of resources:				
Deferred gain on bond refunding	\$ 4,930	\$ -	(\$ 239)	\$ 4,691

	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

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, 2016 and 2015, the following employees were covered by the benefit terms:

	<u>2016</u>	<u>2015</u>
Retired members or their beneficiaries currently receiving benefits	220	209
Vested inactive members	5	6
Non-vested inactive members	9	8
Active members	384	372
Post-DROP retired members still in active service	5	5
Total	<u>623</u>	<u>600</u>

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 years ended December 31, 2016 and 2015, the Board’s active employee contribution rate was 6.9% and 6.8%, respectively, of covered employee payroll, and the Board’s average contribution rate to fund the normal and accrued liability costs was 12.21% and 11.75%, respectively, 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, 2016 is 10.23% (9.67% for Tier 2) of annual covered payroll. The rate effective beginning October 1, 2016 is 10.35% (9.99% 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, 2014, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan were \$2,079,429 and \$1,952,950 for the years ended December 31, 2016 and 2015, respectively.

Net Pension Liability

The Board's net pension liability was measured as of September 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of September 30, 2014 and 2015 rolled forward to September 30, 2015 and 2016 using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual</u>	
(a) TPL as of September 30, 2014	\$ 85,903,038	\$ 85,925,438	
(b) Entry Age Normal Cost for the period October 1, 2014 - September 30, 2015	1,556,455	1,556,455	
(c) Actual Benefit Payments and Refunds for the period October 1, 2014 - September 30, 2015	<u>(4,714,834)</u>	<u>(4,714,834)</u>	
(d) TPL as of September 30, 2015 = [(a) x (1.08)] + (b) - [(c) x (1.04)]	<u>\$ 89,428,309</u>	<u>\$ 89,452,501</u>	
(e) Difference between Expected and Actual Experience:		<u>\$ 24,192</u>	
		Actual-2015 Valuation	Actual-2016 Valuation
	<u>Expected</u>	<u>Assumptions</u>	<u>Assumptions</u>
(a) TPL as of September 30, 2015	\$ 89,452,501	\$ 89,704,424	\$ 91,345,964
(b) Discount rate	8.00%	8.00%	7.75%
(c) Entry Age Normal Cost for the period October 1, 2015 - September 30, 2016	1,583,878	1,583,878	1,501,966
(d) Transfers Among Employers:		349,878	349,878
(e) Actual Benefit Payments and Refunds for the period October 1, 2015 - September 30, 2016	<u>(4,697,197)</u>	<u>(4,697,197)</u>	<u>(4,697,197)</u>
(f) TPL as of September 30, 2016 = [(a) x (1.08)] + (c) + (d) - {(e) x [1 + 0.5 x (b)]}	<u>\$ 93,307,494</u>	<u>\$ 93,929,449</u>	<u>\$ 95,397,907</u>
(g) Difference between Expected and Actual Experience:		\$ 621,955	
(h) Less Liability Transferred for Immediate Recognition:		<u>349,878</u>	
(i) Experience (Gain)/Loss = (g) - (h)		<u>\$ 272,077</u>	
(j) Difference between Actual (2015 Assumptions) and Actual (2016 Assumptions): Assumption Change (Gain)/Loss			<u>\$ 1,468,458</u>

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

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

*Net of pension plan investment expense

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

The actuarial assumptions used in the 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	<u>100.00%</u>	

*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, 7.75%. 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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2014	\$ 85,903,038	\$ 59,146,969	\$ 26,756,069
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	\$ 89,452,501	\$ 58,463,914	\$ 30,988,587
Changes for the year:			
Service cost	1,583,878	-	1,583,878
Interest	6,968,312	-	6,968,312
Changes of assumptions	1,468,458	-	1,468,458
Difference between expected and actual experience	272,077	-	272,077
Contributions - employer	-	2,020,517	(2,020,517)
Contributions - employee	-	1,465,536	(1,465,536)
Net investment income	-	5,910,185	(5,910,185)
Benefit payments, including refunds of employee contributions	(4,697,197)	(4,697,197)	-
Transfers among employers	349,878	349,878	-
Net changes	<u>5,945,406</u>	<u>5,048,919</u>	<u>896,487</u>
Balances at September 30, 2016	<u>\$ 95,397,907</u>	<u>\$ 63,512,833</u>	<u>\$ 31,885,074</u>

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the Board's net pension liability at September 30, 2016 calculated using the discount rate of 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate. The Board's net pension liability at September 30, 2015 is 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	Current Discount Rate	1% Increase
Plan's Net Pension Liability			
September 30, 2015	\$ 41,047,246	\$ 30,988,587	\$ 22,439,125
September 30, 2016	\$ 42,808,851	\$ 31,885,074	\$ 22,641,863

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, 2016 (issued March 16, 2017) and 2015. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2016. The auditor's report dated October 17, 2016 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

For the years ended December 31, 2016 and 2015, the Board recognized pension expense of \$2,934,870 and \$2,608,287, respectively.

At December 31, 2016, the Board reported deferred outflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 242,435
Changes in assumptions	1,223,715
Net difference between projected and actual earnings on plan investments	527,718
Employer contributions subsequent to the measurement date	<u>528,184</u>
Total	<u>\$ 2,522,052</u>

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

	Deferred Outflows of Resources
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>
Total	<u>\$ 2,476,164</u>

Amounts reported as deferred outflows of resources related to differences between expected and actual experience, changes in assumptions, and net 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:	
2018	\$ 413,379
2019	413,380
2020	837,461
2021	39,558
2022	290,090
Total	<u>\$ 1,993,868</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 2016, the Board contributed \$2,788,332 to prefund benefits. In 2015, the Board contributed \$793,403 for current retiree costs and \$2,180,000 to prefund benefits. Plan members receiving benefits contributed \$291,219 of the cost, or approximately 21.32%, in 2016, and \$278,045, or approximately 25.95%, in 2015. 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 12/31/2016	As of 12/31/2015	As of 12/31/2014
Annual required contribution	\$ 2,092,199	\$ 2,533,353	\$ 2,404,165
Interest on net OPEB obligation	70,924	335,103	288,008
Adjustment to annual required contribution	(117,104)	(553,291)	(475,532)
Annual OPEB cost (expense)	2,046,019	2,315,165	2,216,641
Contributions made	(1,798,983)	(2,913,013)	(3,220,979)
Increase (decrease) in net OPEB obligation	247,036	(597,848)	(1,004,338)
Net OPEB obligation – beginning of year	2,364,142	2,961,990	3,966,328
Net OPEB obligation – end of year	<u>\$ 2,611,178</u>	<u>\$ 2,364,142</u>	<u>\$ 2,961,990</u>

Trend information for the OPEB plan:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at End of Year
12/31/2014	\$2,216,641	145%	\$2,961,990
12/31/2015	\$2,315,165	125%	\$2,364,142
12/31/2016	\$2,046,019	88%	\$2,611,178

During 2016 and 2015 the Board's contributions included pay-as-you go costs as well as investing \$2,788,332 and \$2,180,000, respectively, in a trust restricted to providing retiree medical and life benefits. As of December 31, 2016, the number of retired participants eligible to receive one or both benefits is 204 and the number of active employees eligible to receive future retiree benefits is 394.

Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the accrued liability for benefits was \$21,738,008. The covered payroll (annual payroll of active employees covered by the plan) was \$21,069,088 and the ratio of unfunded actuarial accrued liability to the covered payroll was 54.16 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, included in the Required Supplemental Information immediately following these notes on page 54, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2016
Actuarial cost method	Projected unit credit
Amortization method	30 year open period; level-dollar payment
Investment return	3% 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 3% funded
- *Health care cost trend rate/post-retirement benefit increases:*
 - 2016 – 2017 10%
 - 2018 – 2019 8%
 - 2020 – 2021 6%
 - 2022 and later 5%

- *Administrative expenses:* included in claims cost
- *Inflation rate:* n/a
- *Mortality:* RP-2014 Mortality Fully Generational using Projection Scale MP-2015
- *Salary increases:* n/a
- *Assumed rate of return on plan assets:* 3%
- *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, 2016 and 2015 of \$357,200 and \$328,000, 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 12/31/16	Year ended 12/31/15	Year ended 12/31/14
Claims liability, beginning of year	\$ 328,000	\$ 309,000	\$ 281,600
Incurred claims and expenses	5,321,190	5,409,119	4,343,321
Claims payments	(4,946,490)	(4,847,959)	(4,289,841)
Claims settlements, excess policy	(345,500)	(542,160)	(26,080)
Claims liability, end of year	<u>\$ 357,200</u>	<u>\$ 328,000</u>	<u>\$ 309,000</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 \$670,656 and \$592,258 for net cash reserves and possible unknown claims as of December 31, 2016 and 2015, 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):

	2016 <u>(In thousands)</u>	2015 <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	\$ 2,175	\$ 3,190
Series 2001 \$10,000,000 Water and Sewer Revenue Bond, issued December 28, 2001, interest at 4.62% due monthly through December 1, 2021	4,917	5,917
Series 2010 \$55,000,000 Water and Sewer Revenue Refunding Bond, issued July 26, 2010, at 2.71%, due annually through January 1, 2022	23,887	28,950
Series 2013 \$21,380,000 Water and Sewer Revenue Refunding Bond, issued January 2, 2013, at 1.43%, due monthly through October 1, 2018	7,175	11,267
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
Series 2016 \$22,240,000 Water and Sewer Revenue Bonds, issued February 4, 2016, at 1.84%, due annually through August 15, 2036	21,470	-0-
SRF 2004 \$10,310,000 Subordinated Revenue Bond, issued November 1, 2004, at 3.05%, due annually through August 15, 2025	4,895	5,425
SRF 2005 CW \$20,465,000 Subordinated Revenue Bond, issued November 1, 2005, at 3.25%, repaid through February 2016 refinance	-0-	18,875
SRF 2005 DW \$5,110,000 Subordinated Revenue Bond, issued October 1, 2005, at 3.25%, repaid through February 2016 refinance	-0-	2,965
SRF 2008 \$6,130,000 Subordinated Revenue Refunding Bond, issued February 13, 2008, at 3.18%, paid in full August 15, 2016	-0-	785

(continued)

	2016 <u>(In thousands)</u>	2015 <u>(In thousands)</u>
SRF 2010-A-CWSRF \$9,345,000 Subordinated Revenue Refunding Bond issued December 15, 2010, at 2.50%, due annually through August 15, 2020	4,180	5,125
SRF 2012-CWSRF-DL \$20,000,000 Subordinated Revenue Bond issued August 15, 2012, at 2.90%, due annually through February 15, 2032	16,870	17,685
SRF 2014-CWSRF-DL \$20,010,000 Subordinated Revenue Bond issued August 15, 2014, at 2.45%, due annually through August 15, 2034	18,420	19,225
SRF 2016-CWSRF-DL \$19,950,000 Subordinated Revenue Bond issued September 15, 2016, at 1.45% to 2.20%, due annually through August 15, 2036	19,950	-0-
Subtotal	<u>226,314</u>	<u>221,784</u>
Plus: bond premium	614	737
Total bonds payable	<u>\$ 226,928</u>	<u>\$ 222,521</u>

The following is a schedule of maturities of bonds payable:

Years Ending December 31	Principal (In thousands)	Interest (In thousands)	Total (In thousands)
2017	\$ 16,190	\$ 7,655	\$ 23,845
2018	15,296	7,457	22,753
2019	12,324	7,103	19,427
2020	13,705	6,768	20,473
2021 – 2025	48,399	29,562	77,961
2026 – 2030	56,220	20,272	76,492
2031 – 2035	62,960	8,308	71,268
2036	1,220	27	1,247
Subtotals	<u>226,314</u>	<u>87,152</u>	<u>313,466</u>
Plus: bond premium	614	(614)	-
Total bonds payable	<u>\$ 226,928</u>	<u>\$ 86,538</u>	<u>\$ 313,466</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.

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.

Refunding of the 2005 SRF Clean Water Bond and the 2005 SRF Drinking Water Bond

On February 4, 2016, The Board issued a \$22,240,000 Water and Sewer Revenue Bond at 1.84% for the purpose of refunding the Series 2005 SRF Clean Water Bond and the Series 2005 SRF Drinking Water Bond. Transfers to the trustee were made in the amounts of \$19,162,975 and \$3,010,237, respectively, for the payment, redemption and retirement of the principal of and interest on the above. The remaining funds were used to cover the cost of issuance. Payments are due annually through August 15, 2025.

Subordinated Water and Sewer Revenue Bond Series 2016-CWSRF-DL

On September 15, 2016 the Board issued a \$19,950,000 Subordinated Water and Sewer Revenue Bond (Partial Principal Forgiveness Loan) at 1.45% to 2.20%. The sale price of the Bond was \$19,950,000 plus the principal forgiveness amount of \$182,500. The Bond was issued for the purpose of constructing and acquiring the improvements to the Sewer System. Payments are due annually through August 15, 2036.

9. Changes in noncurrent liabilities

Activity of noncurrent liabilities for the years ended December 31, 2016 and 2015 was as follows (in thousands):

	1/1/16	Additions	Reductions	12/31/16	Current
Bonds payable:					
Revenue bonds	\$151,699	\$ 22,240	\$11,940	\$161,999	\$12,184
SRF bonds	70,085	19,950	25,720	64,315	4,005
Plus: Bond premium	737	-	123	614	-
Total bonds payable	222,521	42,190	37,783	226,928	16,189
Compensated absences	3,253	498	201	3,550	494
Net pension liability	30,989	896	-	31,885	-
OPEB	2,364	2,788	2,541	2,611	-
Noncurrent liabilities	\$259,127	\$46,372	\$40,525	\$264,974	\$16,683

	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

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 water tower space to third parties under cancelable operating leases. Total rentals received during 2016 and 2015 equal \$390,211 and \$387,576, respectively. The cost of the leased assets was \$1,242,393. The accumulated depreciation was \$395,495 and \$370,647, while the carrying value was \$846,898 and \$871,746 at December 31, 2016 and 2015, respectively.

12. **Construction Commitments**

The Board had contractual commitments of approximately \$9,540,000 and \$6,322,000 for water and sewer plant construction at December 31, 2016 and 2015, 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, 2016, was 86,166, 83,497, and 90,007, respectively. The number of customers at December 31, 2015, was 85,678, 82,923, and 89,447, 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 \$670,656 and \$592,258 in loss contingencies for net total outstanding loss and expense reserves for years ended December 31, 2016 and 2015, 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 12/31/16	Year Ended 12/31/15	Year Ended 12/31/14
Claims liability, beginning of year	\$ 592,258	\$ 635,658	\$ 702,367
Incurred claims (including IBNRs)	768,014	909,348	134,098
Claims and expenses paid	(689,616)	(952,748)	(200,807)
Claims liability, end of year	<u>\$ 670,656</u>	<u>\$ 592,258</u>	<u>\$ 635,658</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 \$670,656 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, the 2013 Series bonds, and the 2014 Series bonds. Accrued arbitrage liability as of December 31, 2016 and 2015 was \$-0-.

17. Subsequent Event - Subordinated Water and Sewer Revenue Bond Series 2017-CWSRF-DL

The Board has received approval on its pre-application for a \$30,000,000 SRF 2017 Subordinated Revenue Bond. The interest rate is not known at this time, but annual payments are expected through 2037. Funds will be used for improvements for the sanitary sewer system and treatment facilities. The bond closing is expected in the fall of 2017.

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
YEARS ENDING SEPTEMBER 30

	2016
Change in total pension liability	
Service cost	\$ 1,583,878
Interest	6,968,312
Changes of assumptions	1,468,458
Differences between expected and actual experience	272,077
Benefit payments, including refunds of employee contributions	(4,697,197)
Transfers among employers	349,878
Net change in total pension liability	5,945,406
Total pension liability, beginning	89,452,501
Total pension liability, ending (a)	95,397,907
Change in Plan fiduciary net position	
Contributions - employer	2,020,517
Contributions - member	1,465,536
Net investment income	5,910,185
Benefit payments, including refunds of employee contributions	(4,697,197)
Transfers among employers	349,878
Net change in Plan fiduciary net position	5,048,919
Plan fiduciary net position, beginning	58,463,914
Plan fiduciary net position, ending (b)	63,512,833
Net pension liability, ending (a) - (b)	\$ 31,885,074
Plan fiduciary net position as a percentage of the total pension liability	66.58%
Covered-employee payroll*	\$ 20,612,003
Net pension liability as a percentage of covered-employee payroll	154.69%

Note: GASB Statement No. 68 was implemented in Plan year 2014. The Board's net pension liability was measured as of September 30, 2016. 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 2017 the measurement period is October 1, 2015 – September 30, 2016.

<u>2015</u>	<u>2014</u>
\$ 1,556,455	\$ 1,582,611
6,683,650	6,387,141
-	-
24,192	-
(4,714,834)	(3,811,964)
3,549,463	4,157,788
85,903,038	81,745,250
89,452,501	85,903,038
1,929,674	1,930,322
1,435,421	1,450,779
693,537	6,362,684
(4,714,834)	(3,811,964)
(26,853)	(57,694)
(683,055)	5,874,127
59,146,969	53,272,842
58,463,914	59,146,969
<u>\$ 30,988,587</u>	<u>\$ 26,756,069</u>
65.36%	68.85%
\$ 21,117,748	\$ 20,561,574
146.74%	130.13%

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULE OF EMPLOYER CONTRIBUTIONS
YEARS ENDING DECEMBER 31

	2016	2015
Actuarially determined contribution*	\$ 2,522,052	\$ 2,476,164
Contributions in relation to the actuarially determined contribution	2,522,052	2,476,164
Contribution deficiency (excess)	-	-
Covered payroll	\$ 20,656,701	\$ 21,069,088
Contributions as a percentage of covered payroll	12.21%	11.75%

Notes to Schedule of Contributions:

Valuation date September 30, 2012

Notes Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which the contributions are reported. Contributions for FY 2017 were based on the September 30, 2014 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

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.

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN
YEARS ENDING DECEMBER 31

The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The actuarial information presented is determined by an actuarial valuation and is the amount that results from applying various assumptions with regard to termination, disability, mortality, and the time value of money to the accumulated plan benefits.

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, 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%
January 1, 2016	\$ 10,327,718	\$ 21,738,008	\$ 11,410,290	47.5%	\$ 21,069,088	54.16%

THIS PAGE LEFT BLANK INTENTIONALLY

SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULE OF BOND RESTRICTED ACCOUNTS
DECEMBER 31, 2016
(with comparative totals as of December 31, 2015)

	Total	Capital Improvement Fund Accounts
ASSETS		
Cash and cash equivalents	\$ 28,573,538	\$ 21,924,087
Interest receivable	26,545	25,265
Accounts receivable -		
ADEM / SRF	37,169,259	-
Miscellaneous	22,337	19,785
Investments	13,175,263	13,175,263
	<u>78,966,942</u>	<u>35,144,400</u>
Total assets	<u>\$ 78,966,942</u>	<u>\$ 35,144,400</u>
LIABILITIES		
Accounts payable	\$ 4,500,120	\$ 4,500,120
Due to (from) other accounts	-	(6,016,558)
Contracts and retainages payable	1,092,472	1,092,472
Interest payable	596,011	-
	<u>6,188,603</u>	<u>(423,966)</u>
Total liabilities	6,188,603	(423,966)
NET POSITION		
Restricted	<u>72,778,339</u>	<u>35,568,366</u>
Total liabilities and net position	<u>\$ 78,966,942</u>	<u>\$ 35,144,400</u>

2014 Construction Account	SRF Construction Accounts	Sinking Fund Bond Service Accounts	State Revolving Fund Bond Service Accounts	2015 Total
\$ 3,680,195	\$ -	\$ 656,445	\$ 2,312,811	\$ 42,376,178
	-	1,204	76	18,197
-	37,169,259	-	-	18,689,823
2,552	-	-	-	389,863
-	-	-	-	7,697,031
<u>\$ 3,682,747</u>	<u>\$ 37,169,259</u>	<u>\$ 657,649</u>	<u>\$ 2,312,887</u>	<u>\$ 69,171,092</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,145,034
-	6,016,558	-	-	-
-	-	-	-	329,381
-	-	148,143	447,868	774,331
-	6,016,558	148,143	447,868	3,248,746
<u>3,682,747</u>	<u>31,152,701</u>	<u>509,506</u>	<u>1,865,019</u>	<u>65,922,346</u>
<u>\$ 3,682,747</u>	<u>\$ 37,169,259</u>	<u>\$ 657,649</u>	<u>\$ 2,312,887</u>	<u>\$ 69,171,092</u>

THIS PAGE LEFT BLANK INTENTIONALLY

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULES OF REVENUE FUND ACCOUNTS TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
OPERATING REVENUES		
Water revenue		
Potable water system	\$ 36,915,832	\$ 34,929,662
Water installation charges	333,177	312,755
Capacity fees	194,590	198,070
Miscellaneous charges and services	2,602,105	2,652,869
Industrial water accounts	<u>1,718,703</u>	<u>1,472,867</u>
Total water revenue	<u>41,764,407</u>	<u>39,566,223</u>
 Sewer revenue		
Sewer services	59,015,216	56,240,161
Sewer connection charges	261,122	215,271
Capacity fees	481,036	501,400
Miscellaneous charges and services	1,303,735	1,295,437
Pretreatment fees	<u>625,467</u>	<u>664,853</u>
Total sewer revenue	<u>61,686,576</u>	<u>58,917,122</u>
 Total operating revenues	 103,450,983	 98,483,345
OPERATING EXPENSES		
Water supply	1,545,130	1,570,247
Water treatment	6,061,683	6,111,196
Wastewater treatment	6,685,868	6,705,502
Transmission and collection	19,821,011	18,133,927
Support services	4,354,284	4,500,424
Supervision and general expense	<u>18,701,287</u>	<u>18,335,608</u>
Total operating expenses	<u>57,169,263</u>	<u>55,356,904</u>
 OPERATING INCOME (revenue fund accounts)	 46,281,720	 43,126,441
NON-OPERATING REVENUES (EXPENSES)		
Interest income:		
Revenue and operating account investments	182,858	148,193
FEMA reimbursement	-	32,654
Miscellaneous rentals and sale of property	425,791	477,767
Miscellaneous expense	<u>(11,617)</u>	<u>(15,511)</u>
 NET INCOME (revenue and operating accounts)	 <u>46,878,752</u>	 <u>43,769,544</u>
DEDUCTIONS FROM (ADDITIONS TO) NET INCOME		
Payments to (from) debt service funds:		
Sinking Fund Bond Service Account *	(3,217,585)	17,201,154
State Revolving Fund Bond Service Account **	26,624,234	6,438,946
Transfers to restricted accounts	<u>23,545,549</u>	<u>17,424,516</u>
	<u>46,952,198</u>	<u>41,064,616</u>
 CHANGE IN NET POSITION		
REVENUE FUND ACCOUNTS	<u>\$ (73,446)</u>	<u>\$ 2,704,928</u>

* 2016 amount includes principal and interest of \$18,955,627, less \$22,173,212 for Series 2016 Revenue Bond

** 2016 amount includes principal and interest of \$4,451,022, plus \$22,173,212 for repayment of SRF 2005 CW and SRF 2005 DW Subordinated Revenue Bonds

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, 2016 AND 2015

	2 0 1 6		Variance Favorable (Unfavorable)
	Budget	Actual	
OPERATING REVENUES			
Water revenue	\$ 40,981,000	\$ 41,764,407	\$ 783,407
Sewer revenue	60,945,000	61,686,576	741,576
Total operating revenues	<u>101,926,000</u>	<u>103,450,983</u>	<u>1,524,983</u>
OPERATING EXPENSES	<u>58,886,000</u>	<u>57,169,263</u>	<u>1,716,737</u>
OPERATING INCOME	43,040,000	46,281,720	3,241,720
NON OPERATING REVENUES/(EXPENSES)			
Investment income	125,000	182,858	57,858
Other income	400,000	425,791	25,791
Miscellaneous expenses	<u>-</u>	<u>(11,617)</u>	<u>(11,617)</u>
Net income	<u>43,565,000</u>	<u>46,878,752</u>	<u>3,313,752</u>
OTHER REVENUE DEDUCTIONS (ADDITIONS)			
Sinking Fund Bond Service Account *	17,324,090	(3,217,585)	20,541,675
State Revolving Fund Bond Service Account **	6,958,033	26,624,234	(19,666,201)
Transfers to restricted accounts	<u>19,282,877</u>	<u>23,545,549</u>	<u>(4,262,672)</u>
Total other revenue deductions	<u>43,565,000</u>	<u>46,952,198</u>	<u>(3,387,198)</u>
CHANGE IN NET POSITION REVENUE FUND ACCOUNTS	<u>\$ -</u>	<u>\$ (73,446)</u>	<u>\$ (73,446)</u>

* 2016 actual amount includes principal and interest of \$18,955,627, less \$22,173,212 for Series 2016 Revenue Bond

** 2016 actual amount includes principal and interest of \$4,451,022, plus \$22,173,212 for repayment of SRF 2005 CW and SRF 2005 DW Subordinated Revenue Bonds

2 0 1 5		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 40,385,000	\$ 39,566,223	\$ (818,777)
<u>59,400,000</u>	<u>58,917,122</u>	<u>(482,878)</u>
99,785,000	98,483,345	(1,301,655)
<u>57,100,000</u>	<u>55,356,904</u>	<u>1,743,096</u>
42,685,000	43,126,441	441,441
375,000	148,193	(226,807)
350,000	510,421	160,421
<u>-</u>	<u>(15,511)</u>	<u>(15,511)</u>
<u>43,410,000</u>	<u>43,769,544</u>	<u>359,544</u>
17,180,010	17,201,154	(21,144)
6,309,500	6,438,946	(129,446)
<u>19,920,490</u>	<u>17,424,516</u>	<u>2,495,974</u>
<u>43,410,000</u>	<u>41,064,616</u>	<u>2,345,384</u>
<u>\$ -</u>	<u>\$ 2,704,928</u>	<u>\$ 2,704,928</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, 2016 AND 2015

	2016	2015
WATER SUPPLY		
BIG CREEK SYSTEM		
Labor	\$ 220,458	\$ 213,323
Payroll-related taxes	16,556	15,825
Fringe benefits	67,984	61,525
Other postemployment benefits	19,675	17,566
Chemicals	10,296	10,296
Power	796,522	798,467
Supplies, parts, repairs, etc.	298,421	322,168
Telephone	3,874	2,326
Vehicle expense	12,704	6,488
MOBILE RIVER SYSTEM		
Power	35,610	37,675
Supplies, parts, repairs, etc.	59,306	76,229
Vehicle expense	3,724	8,359
	<u>\$ 1,545,130</u>	<u>\$ 1,570,247</u>
WATER TREATMENT		
Labor	\$ 1,379,502	\$ 1,439,599
Payroll-related taxes	111,986	115,266
Fringe benefits	500,296	484,284
Other postemployment benefits	153,992	146,394
Purification	2,618,818	2,662,569
Power	483,265	509,248
Supplies, parts, repairs, etc.	784,411	725,610
Vehicle expense	20,252	17,793
Telephone	9,161	9,119
Equipment rental	-	1,314
	<u>\$ 6,061,683</u>	<u>\$ 6,111,196</u>
WASTEWATER TREATMENT		
Labor	\$ 1,887,947	\$ 1,848,744
Payroll-related taxes	143,839	150,673
Fringe benefits	732,191	673,521
Other postemployment benefits	229,537	208,806
Purification	405,287	433,624
Power	1,429,038	1,447,933
Supplies, parts, repairs, etc.	1,396,157	1,474,431
Telephone	9,512	11,612
Vehicle expense	57,892	63,819
Sludge removal	375,756	362,749
Equipment rental	18,712	29,590
	<u>\$ 6,685,868</u>	<u>\$ 6,705,502</u>

	2016	2015
TRANSMISSION AND COLLECTION		
Labor	\$ 6,704,261	\$ 6,626,511
Payroll-related taxes	543,004	544,648
Fringe benefits	2,764,778	2,462,564
Other postemployment benefits	935,546	809,055
Purification	120,193	183,484
Power	1,337,235	1,260,440
Supplies, parts, repairs, etc.	6,602,194	5,467,763
Telephone	26,174	20,834
Vehicle expense	751,543	687,730
Equipment rental	36,083	70,898
	<u>\$ 19,821,011</u>	<u>\$ 18,133,927</u>
SUPPORT SERVICES		
Labor	\$ 2,149,683	\$ 2,146,383
Payroll-related taxes	165,060	164,895
Fringe benefits	895,723	793,828
Other postemployment benefits	291,714	248,802
Operating supplies, parts, repairs, etc.	806,023	1,052,797
Vehicle expense	46,081	93,719
	<u>\$ 4,354,284</u>	<u>\$ 4,500,424</u>
SUPERVISION, ENGINEERING, ACCOUNTING, COLLECTIONS AND GENERAL EXPENSE		
Salaries and wages	\$ 7,550,028	\$ 7,343,399
Payroll-related taxes	563,507	579,313
Fringe benefits	4,136,012	3,431,961
Other postemployment benefits	1,149,926	1,214,596
Cashiers' shortages	(169)	(141)
Consulting engineer fees	206,424	158,774
Dues and subscriptions	60,815	60,909
Guard and deposit service	245,467	298,027
Insurance	108,777	100,368
Uninsured damage claims	768,014	909,348
Legal and accounting	243,442	361,443
Miscellaneous	1,177,135	1,322,910
Office supplies and expense	1,117,032	1,100,668
Postage	618,980	660,611
Recording of contracts	670	236
Telephone	248,519	171,137
Travel, meetings, etc.	85,148	42,992
Trustee fees	19,154	27,533
Utilities	237,876	366,700
Vehicle expense	164,530	184,824
	<u>\$ 18,701,287</u>	<u>\$ 18,335,608</u>

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULES OF CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016 Totals	Unrestricted	
		Operating Cash Reserve Fund Accounts	Self-Insurance Cash Reserve Fund Accounts
CHANGES RESULTING FROM OPERATIONS - INCREASE (DECREASE)			
Operating income - revenue fund	\$ 46,281,720	\$ 46,883,971	\$ (639,251)
Operating expenses - capital improvement fund account	(2,227,137)	-	-
Depreciation	(20,846,352)	-	-
FEMA reimbursement	-	-	-
Investment earnings	331,392	182,858	-
Miscellaneous rentals and sale of property	632,649	425,791	-
Miscellaneous expense	(11,617)	(11,617)	-
Bond interest expense	(6,257,211)	-	-
Bond issuance costs	(78,510)	-	-
INCOME BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	17,824,934	47,481,003	(639,251)
CAPITAL GRANTS AND CONTRIBUTIONS			
Lines accepted by the Board without reimbursement	710,929	-	-
Contributions for extensions/repair and replacement	371,440	-	-
Capital grants	-	-	-
CHANGES FROM INTER-ACCOUNT TRANSFERS			
Cash transfers from revenue fund (net)	-	(48,291,199)	445,000
Additions to utility plant:			
Equipment, vehicles and building improvements	-	-	-
Construction in progress	-	-	-
Proceeds from bond sales	-	-	-
Debt retired	-	-	-
CHANGE IN NET POSITION	18,907,303	(810,196)	(194,251)
TOTAL NET POSITION - BEGINNING OF YEAR	342,582,643	(16,092,360)	2,392,132
TOTAL NET POSITION - END OF YEAR	\$ 361,489,946	\$ (16,902,556)	\$ 2,197,881

Unrestricted			Restricted				2015 Totals
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		
\$ -	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ 43,126,441	
-	-	-	(2,227,137)	-	-	(1,369,583)	
-	-	(20,846,352)	-	-	-	(20,495,573)	
-	-	-	-	-	-	32,654	
-	-	-	124,933	14,207	9,394	319,843	
-	-	(2,733,994)	2,940,852	-	-	916,922	
-	-	-	-	-	-	(15,511)	
-	-	240,580	-	(120,532)	(6,377,259)	(7,266,160)	
-	-	-	-	(13,623)	(64,887)	-	
-	37,000	(23,339,766)	838,648	(119,948)	(6,432,752)	15,249,033	
-	-	710,929	-	-	-	1,492,169	
-	-	-	371,440	-	-	262,097	
-	-	-	-	-	-	100,916	
89,001	805,000	-	43,342,450	(19,796,901)	23,406,649	-	
-	-	4,768,690	(4,768,690)	-	-	-	
-	-	34,697,424	(31,980,232)	(1,268,281)	(1,448,911)	-	
-	-	(42,372,500)	-	20,132,500	22,240,000	-	
-	-	37,659,981	-	-	(37,659,981)	-	
89,001	842,000	12,124,758	7,803,616	(1,052,630)	105,005	17,104,215	
2,861,675	2,500,000	284,998,850	27,764,750	35,888,076	2,269,520	325,478,428	
<u>\$ 2,950,676</u>	<u>\$ 3,342,000</u>	<u>\$ 297,123,608</u>	<u>\$ 35,568,366</u>	<u>\$ 34,835,446</u>	<u>\$ 2,374,525</u>	<u>\$ 342,582,643</u>	

THIS PAGE LEFT BLANK INTENTIONALLY

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULES OF CAPITAL IMPROVEMENT FUND ACCOUNTS TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
REVENUES		
Investment earnings	\$ 124,933	\$ 148,597
Miscellaneous rentals and sale of property	<u>2,940,852</u>	<u>1,443,046</u>
	<u>3,065,785</u>	<u>1,591,643</u>
EXPENSES		
Engineering	683,381	608,247
Miscellaneous repairs and expense		
Water system	8,166	17,033
Sewer system	215,130	344,150
Other	943,844	20,687
Sundry expenses	<u>376,616</u>	<u>379,466</u>
Total expenses	<u>2,227,137</u>	<u>1,369,583</u>
EXCESS OF REVENUES OVER EXPENSES	<u>838,648</u>	<u>222,060</u>
ADDITIONS TO FUND		
Transfers from other funds, net	43,342,450	17,512,696
Contributions for extensions	371,440	262,097
Capital grants	-	100,916
Total additions to fund	<u>43,713,890</u>	<u>17,875,709</u>
DEDUCTIONS FROM FUND		
Additions to utility plant (transferred to utility plant and debt fund)		
Construction in progress	31,980,232	16,099,954
Building, land, equipment	<u>4,768,690</u>	<u>5,682,702</u>
Total deductions from fund	<u>36,748,922</u>	<u>21,782,656</u>
CHANGE IN NET POSITION	7,803,616	(3,684,887)
TOTAL NET POSITION - BEGINNING OF YEAR	<u>27,764,750</u>	<u>31,449,637</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 35,568,366</u>	<u>\$ 27,764,750</u>

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, 2016 AND 2015

	2016			
	2014 Construction Account	2014 SRF Construction Account	2016 SRF Construction Account	Total Construction Accounts
CHANGE IN NET POSITION				
Investment earnings	\$ 14,207	\$ -	\$ -	\$ 14,207
Cash transfers (net)	(12,037,143)	(3,156,606)	(4,603,152)	(19,796,901)
Proceeds from bond sales	-	-	20,132,500	20,132,500
Bond issuance costs	-	-	(13,623)	(13,623)
Capitalized interest expense	-	-	(120,532)	(120,532)
Construction in progress	<u>(1,268,281)</u>	<u>-</u>	<u>-</u>	<u>(1,268,281)</u>
CHANGE IN NET POSITION	(13,291,217)	(3,156,606)	15,395,193	(1,052,630)
TOTAL NET POSITION - BEGINNING OF YEAR	<u>16,973,962</u>	<u>18,914,114</u>	<u>-</u>	<u>35,888,076</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 3,682,745</u></u>	<u><u>\$ 15,757,508</u></u>	<u><u>\$ 15,395,193</u></u>	<u><u>\$ 34,835,446</u></u>

2015

2014 Construction Account	2014 SRF Construction Account	Total Construction Accounts
\$ 18,945	\$ -	\$ 18,945
(88,180)	-	(88,180)
-	-	-
-	-	-
-	-	-
<u>(677,761)</u>	<u>(909,001)</u>	<u>(1,586,762)</u>
(746,996)	(909,001)	(1,655,997)
<u>17,720,958</u>	<u>19,823,115</u>	<u>37,544,073</u>
<u><u>\$ 16,973,962</u></u>	<u><u>\$ 18,914,114</u></u>	<u><u>\$ 35,888,076</u></u>

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, 2016 AND 2015

	2 0 1 6 DEBT SERVICE AND RESERVE ACCOUNTS		
	Sinking Fund Bond Service Account	State Revolving Fund Bond Service Account	Total
 CHANGE IN NET POSITION			
Investment earnings	\$ 5,401	\$ 3,993	\$ 9,394
Bond interest expense	(5,069,531)	(1,307,728)	(6,377,259)
Cash transfers (net) *	(3,217,585)	26,624,234	23,406,649
Proceeds from bond sales	22,240,000	-	22,240,000
Bond issuance costs	(64,887)	-	(64,887)
Debt retired	(11,939,981)	(25,720,000)	(37,659,981)
Construction in progress	(1,448,911)	-	(1,448,911)
 CHANGE IN NET POSITION	 504,506	 (399,501)	 105,005
 TOTAL NET POSITION - BEGINNING OF YEAR	 <u>5,000</u>	 <u>2,264,520</u>	 <u>2,269,520</u>
 TOTAL NET POSITION - END OF YEAR	 <u>\$ 509,506</u>	 <u>\$ 1,865,019</u>	 <u>\$ 2,374,525</u>

* 2016 Sinking Fund Bond Service Account amount includes principal and interest of \$18,955,627, less \$22,173,212 for Series 2016 Revenue Bond

* 2016 State Revolving Fund Bond Service Account includes principal and interest of \$4,451,022, plus \$22,173,212 for repayment of SRF 2005 CW and SRF 2005 DW Subordinated Revenue Bonds

2015
DEBT SERVICE AND RESERVE ACCOUNTS

Sinking Fund Bond Service Account	State Revolving Fund Bond Service Account	Total
\$ 3,990	\$ 118	\$ 4,108
(5,239,955)	(2,084,284)	(7,324,239)
17,201,154	6,438,946	23,640,100
-	-	-
-	-	-
(10,767,562)	(4,190,000)	(14,957,562)
<u>(1,195,096)</u>	<u>-</u>	<u>(1,195,096)</u>
2,531	164,780	167,311
<u>2,469</u>	<u>2,099,740</u>	<u>2,102,209</u>
<u>\$ 5,000</u>	<u>\$ 2,264,520</u>	<u>\$ 2,269,520</u>

THIS PAGE LEFT BLANK INTENTIONALLY

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>	70
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>	72
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>	77
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>	81
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>	85

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**

	<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>	<u>2016</u>
Operating revenues										
Water sales	\$ 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	\$ 41,764,407
Sewer charges	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	61,686,576
Total operating revenues	<u>72,006,576</u>	<u>69,583,999</u>	<u>82,162,755</u>	<u>86,500,880</u>	<u>88,594,057</u>	<u>90,384,108</u>	<u>91,290,739</u>	<u>95,620,766</u>	<u>98,483,345</u>	<u>103,450,983</u>
Operating expenses										
Water supply	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	1,545,130
Water, sewer, treatment, and administration	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	55,624,133
Capital improvement fund accounts	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	2,227,137
Construction accounts	50,000	-	50,000	70,935	-	-	-	-	-	-
Depreciation	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	20,846,352
Total operating expenses	<u>64,607,989</u>	<u>68,000,410</u>	<u>69,169,172</u>	<u>69,839,931</u>	<u>71,962,548</u>	<u>75,397,881</u>	<u>74,536,184</u>	<u>76,605,224</u>	<u>77,222,060</u>	<u>80,242,752</u>
Net revenue from operations	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	23,208,231
Non operating revenues (expenses)										
Operating grants, net of expenses	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	7,027,822	2,961,878	737,089	430,387	384,391	207,788	89,744	496,608	319,843	331,392
Interest received on settlement agreement	28	-	-	-	-	-	-	-	-	-
Miscellaneous and sale of property	566,812	645,482	967,172	589,365	676,593	613,685	694,545	4,785,339	916,922	632,649
Miscellaneous expense	-	-	-	-	-	-	-	-	(15,511)	(11,617)
Bond interest expense	(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)	(6,257,211)
Bond issuance costs	(535,267)	(535,268)	(417,602)	(240,389)	(234,566)	-	(24,500)	(688,026)	-	(78,510)
Income (loss) before capital grants and contributions	<u>2,280,360</u>	<u>(6,362,753)</u>	<u>3,080,653</u>	<u>7,470,972</u>	<u>7,843,754</u>	<u>6,375,382</u>	<u>8,940,975</u>	<u>15,717,467</u>	<u>15,249,033</u>	<u>17,824,934</u>
Capital grants and contributions										
Lines accepted by the Board without reimbursement	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	710,929
Contributions for extensions / repair and replacement	511,886	508,510	340,496	289,542	94,910	62,842	77,506	466,161	262,097	371,440
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	<u>3,771,251</u>	<u>5,150,038</u>	<u>7,836,664</u>	<u>3,279,012</u>	<u>1,698,226</u>	<u>1,985,131</u>	<u>1,195,247</u>	<u>1,450,188</u>	<u>1,855,182</u>	<u>1,082,369</u>
Prior year adjustment										
Debt issuance costs	-	-	-	-	(2,268,024)	-	-	(26,042,086)	-	-
Change in net position	6,051,611	(1,212,715)	10,917,317	10,749,984	7,273,956	8,360,513	10,136,222	(8,874,431)	17,104,215	18,907,303
Total net position										
Beginning	<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>
Total net position Ending	<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>	<u>\$ 361,489,946</u>

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

**NET POSITION BY COMPONENT
Last Ten Years**

	<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>	<u>2016</u>
Net investment in capital assets	\$ 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	\$ 297,123,608
Restricted for debt service	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	2,374,525
Restricted for construction and other bond covenants	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	70,403,812
Unrestricted net position	<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>	<u>(8,411,999)</u>
Total net position	<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>	<u>\$ 361,489,946</u>

Year 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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating revenues										
Water revenue										
Potable water system sales	\$ 24,708,698	\$ 24,517,954	\$ 28,249,358	\$ 31,106,291	\$ 32,594,201	\$ 32,491,498	\$ 32,757,295	\$ 34,208,940	\$ 34,929,662	\$ 36,915,832
Water connection (service line) fees	704,741	716,442	606,505	281,933	291,453	331,080	224,897	311,792	312,755	333,177
Water connection (capacity) fees	387,567	395,513	309,859	205,781	181,506	208,742	204,440	165,865	198,070	194,590
Miscellaneous water income	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	2,602,105
Water supply system sales (industrial)	1,354,025	1,373,845	1,509,365	1,676,563	1,715,222	1,829,904	1,356,544	1,125,202	1,472,867	1,718,703
Total water revenue	<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>37,558,244</u>	<u>37,350,332</u>	<u>38,645,369</u>	<u>39,566,223</u>	<u>41,764,407</u>
Sewer revenue										
Sewer system charges	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	59,015,216
Sewer connection (service line) fees	665,079	595,635	500,654	309,036	217,818	206,487	201,311	236,645	215,271	261,122
Sewer connection (capacity) fees	1,025,352	873,298	841,468	547,722	519,792	549,144	500,406	440,571	501,400	481,036
Miscellaneous sewer income	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	1,303,735
Pre-treatment fees	713,061	671,245	517,047	624,703	593,495	701,723	657,956	708,573	664,853	625,467
Total sewer revenue	<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>	<u>61,686,576</u>
Total operating revenues	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	103,450,983
Non-operating revenues										
Investment earnings	7,027,822	2,961,878	737,089	430,387	384,391	207,788	89,744	496,608	319,843	331,392
Interest received on settlement agreement	28	-	-	-	-	-	-	-	-	-
Grant proceeds	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	566,812	645,482	967,172	589,365	676,593	613,685	694,545	4,785,339	916,922	632,649
Total non-operating revenues	<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>1,269,419</u>	<u>964,041</u>
Total revenues	<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>\$ 91,260,055</u>	<u>\$ 92,081,232</u>	<u>\$ 101,098,637</u>	<u>\$ 99,752,764</u>	<u>\$ 104,415,024</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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
5/8"	\$ 37,073	\$ 36,174	\$ 42,990	\$ 44,330	\$ 45,239	\$ 45,872	\$ 47,411	\$ 48,320	\$ 50,782	\$ 54,330
1"	2,526	2,276	2,695	3,164	3,375	3,330	3,379	3,273	3,610	3,724
1 1/2 "	437	378	461	600	688	742	774	818	962	1,023
2"	4,980	4,867	6,316	6,334	6,631	6,821	6,804	7,722	7,344	7,648
3"	1,764	1,726	2,412	1,688	2,304	2,375	2,350	2,755	2,544	2,514
4"	5,817	5,701	6,916	7,278	7,658	7,747	7,581	8,647	8,116	8,283
6"	4,433	4,359	5,281	5,591	5,605	5,596	6,943	6,879	7,812	7,983
8"	3,777	3,474	4,365	4,773	5,302	5,396	5,094	5,891	6,060	5,913
10" - 12"	2,607	2,620	3,181	5,127	4,133	4,703	3,694	4,186	3,940	4,513
	\$ 63,414	\$ 61,575	\$ 74,617	\$ 78,885	\$ 80,935	\$ 82,582	\$ 84,030	\$ 88,491	\$ 91,170	\$ 95,931
Untreated water	1,354	1,374	1,509	1,677	1,715	1,830	1,357	1,125	1,473	1,719
Total	<u>\$ 64,768</u>	<u>\$ 62,949</u>	<u>\$ 76,126</u>	<u>\$ 80,562</u>	<u>\$ 82,650</u>	<u>\$ 84,412</u>	<u>\$ 85,387</u>	<u>\$ 89,616</u>	<u>\$ 92,643</u>	<u>\$ 97,650</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
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
2016	1/1/2016	\$ 3.10	\$ 9.75	\$ 7.26	\$ 20.15

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.
Rates for 2017 remain the same as 2016.

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

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

	<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>	<u>2016</u>
Big Creek System										
Mobile Water Service	\$ 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	\$ 3,244,971
Less: Intra-fund eliminations	(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)	(3,244,971)
Kimberly-Clark Corp.	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	1,322,037
Kemira Water Solutions	3,872	4,040	4,566	7,616	6,259	4,429	5,007	7,477	6,225	5,525
Occidental Chemical	55,335	50,728	22,914	7,326	4,375	3,932	3,765	4,336	4,724	10,302
UOP	106,050	104,030	89,559	112,535	126,320	145,966	157,017	176,695	191,924	207,395
Multisorb Technologies Inc (formerly Eagle Chemical Company)	2,766	2,622	3,178	3,633	3,624	3,681	3,765	4,301	4,494	4,668
Mobile Paper Board Corp.	15,764	14,770	13,879	20,280	21,402	23,598	25,689	31,081	26,637	31,249
Mobile Energy	<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>	<u>135,719</u>
Total Big Creek System	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	1,716,895
Mobile River System										
SSAB Steel	142,240	143,021	142,630	142,240	117,382	69,338	45,234	29,720	18,158	1,808
SSAB Steel prior year adjustment	-	-	-	-	-	-	(33,756)	(256,043)	-	-
Kimberly-Clark Corp.	<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>	<u>-</u>
Total Mobile River System	<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>	<u>1,808</u>
Total Operating Revenues - Industrial Water Accounts	<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>	<u>\$ 1,718,703</u>

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE
SCHEDULE OF TEN LARGEST USERS
Last Ten Years**

User	2007		2008		2009		2010		2011	
	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	1,142,009,200	7.68%	995,144,300	6.90%	1,053,463,500	7.52%	1,218,301,300	8.84%	1,170,582,200	8.67%
Huls America/Degussa	651,770,400	4.38%	677,184,000	4.69%	477,547,100	3.41%	684,443,000	4.97%	649,744,000	4.81%
Alabama State Docks	200,499,600	1.35%	235,905,600	1.63%	286,195,800	2.04%	280,931,755	2.04%	308,346,700	2.28%
Spanish Fort Water	138,141,600	0.93%	140,003,700	0.97%	222,482,500	1.59%	223,941,000	1.62%	200,784,500	1.49%
Mitsubishi Polysilicon	226,846,800	1.52%	229,166,400	1.59%	208,514,000	1.49%	228,591,200	1.66%	210,794,500	1.56%
Phenolchemie Inc.	256,278,000	1.72%	160,710,000	1.11%	166,619,600	1.19%	210,324,800	1.53%	369,087,700	2.74%
Alabama Power	222,225,600	1.49%	206,324,400	1.43%	295,073,600	2.11%	285,383,261	2.07%	284,055,300	2.10%
University of South Alabama	126,042,000	0.85%	113,539,200	0.79%	186,897,519	1.34%	227,593,440	1.65%	184,646,200	1.37%
Mobile Housing Board	n/a	n/a	n/a	n/a	n/a	n/a	135,553,270	0.98%	117,839,300	0.87%
Kimberly Clark Corp.	n/a	n/a	118,386,000	0.82%	n/a	n/a	n/a	n/a	n/a	n/a
Mobile Public Schools	134,196,000	0.90%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Holcim (US) Inc.	n/a	n/a	157,400,400	1.09%	151,509,100	1.08%	133,819,500	0.97%	137,765,000	1.02%
Mobile Infirmary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
UOP	129,972,200	0.87%	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	109,947,200	0.79%	n/a	n/a	n/a	n/a

User	2012		2013		2014		2015		2016	
	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	1,082,743,900	7.28%	1,050,426,500	7.28%	1,061,450,700	7.58%	964,938,500	7.00%	970,807,800	7.19%
Huls America/Degussa	640,333,000	4.30%	582,181,500	4.03%	495,438,300	3.54%	457,294,900	3.32%	463,246,000	3.43%
Alabama State Docks	253,886,400	1.71%	247,167,300	1.71%	384,062,800	2.74%	280,572,000	2.04%	445,407,800	3.30%
Spanish Fort Water	223,285,000	1.50%	181,012,500	1.25%	222,343,500	1.59%	228,835,000	1.66%	220,642,700	1.64%
Mitsubishi Polysilicon	285,309,700	1.92%	201,746,000	1.40%	199,026,100	1.42%	197,112,700	1.43%	207,072,100	1.53%
Phenolchemie Inc.	529,890,100	3.56%	158,440,000	1.10%	139,800,000	1.00%	174,600,000	1.27%	184,500,000	1.37%
Alabama Power	273,537,700	1.84%	326,877,700	2.27%	288,794,900	2.06%	271,218,800	1.97%	169,264,400	1.25%
University of South Alabama	194,266,400	1.31%	174,046,600	1.21%	152,984,900	1.09%	167,222,000	1.21%	149,368,100	1.11%
Mobile Housing Board	n/a	n/a	108,775,700	0.75%	n/a	n/a	112,264,600	0.81%	126,284,700	0.94%
Kimberly Clark Corp.	n/a	n/a	127,722,800	0.89%	134,103,100	0.96%	116,993,100	0.85%	111,907,400	0.83%
Mobile Public Schools	n/a	n/a	n/a	n/a	100,368,500	0.72%	n/a	n/a	n/a	n/a
Holcim (US) Inc.	153,976,500	1.04%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mobile Infirmary	115,655,900	0.78%	n/a	n/a	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 2016 was not recorded in all cases for each year from 2007 through 2015.

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

**SCHEDULE OF FUTURE DEBT PAYMENTS - REVENUE BONDS
(In Thousands)
December 31, 2016**

		Water and Sewer Revenue Bonds						SRF Subordinate Revenue Bonds						Total	
		Series 1999	Series 2001	Series 2010	Series 2012	Series 2014	Series 2016	Total	Series 2004	Series 2010	Series 2012	Series 2014	Series 2016	Total	
2017	Prin	\$ 1,100	\$ 1,000	\$ 5,188	\$ 4,162	\$ -	\$ 735	\$ 12,185	\$ 550	\$ 985	\$ 840	\$ 825	\$ 805	\$ 4,005	\$ 16,190
	Int	78	209	647	77	4,848	395	6,254	149	105	477	451	219	1,401	7,655
2018	Prin	1,075	1,000	5,338	3,013	-	750	11,176	565	1,025	865	845	820	4,120	15,296
	Int	25	162	507	17	4,848	381	5,940	133	80	452	431	421	1,517	7,457
2019	Prin	-	1,000	5,489	-	-	1,595	8,084	580	1,065	890	865	840	4,240	12,324
	Int	-	115	362	-	4,848	368	5,693	115	54	427	411	403	1,410	7,103
2020	Prin	-	1,000	5,640	-	-	2,695	9,335	600	1,105	920	885	860	4,370	13,705
	Int	-	69	213	-	4,848	338	5,468	98	28	400	389	385	1,300	6,768
2021	Prin	-	917	2,232	-	-	3,820	6,969	620	-	945	910	875	3,350	10,319
	Int	-	21	61	-	4,848	289	5,219	79	-	374	367	366	1,186	6,405
2022	Prin	-	-	-	-	950	4,825	5,775	640	-	975	930	895	3,440	9,215
	Int	-	-	-	-	4,848	219	5,067	60	-	346	345	347	1,098	6,165
2023	Prin	-	-	-	-	1,005	4,920	5,925	660	-	1,000	955	915	3,530	9,455
	Int	-	-	-	-	4,801	129	4,930	41	-	317	322	327	1,007	5,937
2024	Prin	-	-	-	-	4,695	1,230	5,925	680	-	1,030	980	935	3,625	9,550
	Int	-	-	-	-	4,751	39	4,790	21	-	288	299	307	915	5,705
2025	Prin	-	-	-	-	5,940	900	6,840	-	-	1,060	1,005	955	3,020	9,860
	Int	-	-	-	-	4,516	16	4,532	-	-	257	275	286	818	5,350
2026	Prin	-	-	-	-	7,240	-	7,240	-	-	1,090	1,025	980	3,095	10,335
	Int	-	-	-	-	4,219	-	4,219	-	-	226	250	265	741	4,960
2027	Prin	-	-	-	-	7,600	-	7,600	-	-	1,125	1,055	1,000	3,180	10,780
	Int	-	-	-	-	3,857	-	3,857	-	-	194	225	243	662	4,519
2028	Prin	-	-	-	-	7,980	-	7,980	-	-	1,155	1,080	1,025	3,260	11,240
	Int	-	-	-	-	3,477	-	3,477	-	-	161	200	222	583	4,060
2029	Prin	-	-	-	-	8,380	-	8,380	-	-	1,190	1,105	1,045	3,340	11,720
	Int	-	-	-	-	3,078	-	3,078	-	-	127	173	199	499	3,577
2030	Prin	-	-	-	-	8,715	-	8,715	-	-	1,225	1,135	1,070	3,430	12,145
	Int	-	-	-	-	2,743	-	2,743	-	-	92	145	176	413	3,156

(Continued)

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

SCHEDULE OF FUTURE DEBT PAYMENTS - REVENUE BONDS (CONTINUED)
(In Thousands)
December 31, 2016

Water and Sewer Revenue Bonds								SRF Subordinate Revenue Bonds						Total
	Series 1999	Series 2001	Series 2010	Series 2012	Series 2014	Series 2016	Total	Series 2004	Series 2010	Series 2012	Series 2014	Series 2016	Total	
2031 Prin	\$ -	\$ -	\$ -	\$ -	\$ 9,150	\$ -	\$ 9,150	\$ -	\$ -	\$ 1,260	\$ 1,160	\$ 1,095	\$ 3,515	\$ 12,665
Int	-	-	-	-	2,307	-	2,307	-	-	56	118	152	326	2,633
2032 Prin	-	-	-	-	9,520	-	9,520	-	-	1,300	1,190	1,115	3,605	13,125
Int	-	-	-	-	1,941	-	1,941	-	-	19	89	128	236	2,177
2033 Prin	-	-	-	-	9,900	-	9,900	-	-	-	1,220	1,140	2,360	12,260
Int	-	-	-	-	1,560	-	1,560	-	-	-	61	104	165	1,725
2034 Prin	-	-	-	-	10,390	-	10,390	-	-	-	1,250	1,165	2,415	12,805
Int	-	-	-	-	1,065	-	1,065	-	-	-	31	79	110	1,175
2035 Prin	-	-	-	-	10,910	-	10,910	-	-	-	-	1,195	1,195	12,105
Int	-	-	-	-	545	-	545	-	-	-	-	53	53	598
2036 Prin	-	-	-	-	-	-	-	-	-	-	-	1,220	1,220	1,220
Int	-	-	-	-	-	-	-	-	-	-	-	27	27	27
Prin	2,175	4,917	23,887	7,175	102,375	21,470	161,999	4,895	4,180	16,870	18,420	19,950	64,315	226,314
Premium	-	614	-	-	-	-	614	-	-	-	-	-	-	614
Total Prin	2,175	5,531	23,887	7,175	102,375	21,470	162,613	4,895	4,180	16,870	18,420	19,950	64,315	226,928
Interest	103	576	1,790	94	67,948	2,174	72,685	696	267	4,213	4,582	4,709	14,467	87,152
Premium	-	(614)	-	-	-	-	(614)	-	-	-	-	-	-	(614)
Total Int	103	(38)	1,790	94	67,948	2,174	72,071	696	267	4,213	4,582	4,709	14,467	86,538
	<u>\$ 2,278</u>	<u>\$ 5,493</u>	<u>\$ 25,677</u>	<u>\$ 7,269</u>	<u>\$170,323</u>	<u>\$ 23,644</u>	<u>\$ 234,684</u>	<u>\$ 5,591</u>	<u>\$ 4,447</u>	<u>\$21,083</u>	<u>\$23,002</u>	<u>\$24,659</u>	<u>\$ 78,782</u>	<u>\$ 313,466</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			
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	
2016	\$ 104,059,632	\$ 57,169,263	\$ 46,890,369	\$ 12,184,401	\$ 6,253,549	\$ 18,437,950	2.54	\$ 4,005,000	\$ 1,401,588	\$ 5,406,588	\$ 23,844,538	1.97	

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 2007 - 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
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
2016	90,007	\$162,613	\$64,315	\$226,928	\$2,521

**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>
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
2016	\$2,181,411,020	\$4,544,381,160

Source: 2007 through 2016 - 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
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	163,677
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	183,097
2016	415,635	n/a *	57,694	\$ 45,821	186,243	7.4	186,243

Source: 2007 through 2016 - Mobile Area Chamber of Commerce (The U.S. Census Bureau) and Mobile County Public School (website)

* Retail Sales information for 2016 was not available at the time this report was published.

**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>
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
2016	4,533	\$158,349	\$137,000	6.72

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

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

**MOBILE COUNTY TOP TEN EMPLOYERS
2016 AND NINE YEARS AGO**

<u>Employer</u>	2016			2007		
	<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	7,500	1	4.03%	8,141	1	4.67%
Univ of South Alabama & USA Medical Facilities	6,000	2	3.22%	5,000	3	2.87%
Infirmiry Health Systems (Mobile Infirmiry)	5,000	3	2.68%	6,550	2	3.76%
Austal USA	4,000	4	2.15%	1,050	10	0.60%
City of Mobile	2,140	5	1.15%	2,350	5	1.35%
CPSI	1,950	6	1.05%			
Mobile County	1,670	7	0.90%	1,675	7	0.96%
AM/NS Calvert	1,600	8	0.86%			
Providence Hospital	1,540	9	0.83%	2,245	6	1.29%
Springhill Medical Center	1,300	10	0.70%	1,325	8	0.76%
VT MAE (Mobile Aerospace)				1,302	9	0.75%
Wal-Mart				3,000	4	1.72%
Totals	<u>32,700</u>		<u>17.57%</u>	<u>32,638</u>		<u>18.73%</u>
Total Number of Employees - All Mobile County Employers	<u>186,243</u>			<u>174,174</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**

<u>Year</u>	<u>(1) Annual Rainfall (inches)</u>	<u>(2) Annual Rainfall (inches)</u>	<u>Low Level Elevation (Date)</u>		<u>(3) High Level Elevation (Date)</u>		<u>Spillway Release (Billion Gallons)</u>	<u>(4) Average Pumping Rate (MGD)</u>
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
2015-2016	75.01	71.12	108.80	(10/25)	111.40	(07/23)	35.35	52.91
10 Year Average	65.62	66.17	107.70		110.76		26.91	59.28

The annual period is from August through July.

During 2006-2007, 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, 2016**

		<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:	730.24	357.27	1,087.51
	Daily Average:	23.56	11.52	35.08
	Daily Maximum:	28.04	13.40	38.89
	Daily Minimum:	20.92	10.17	32.68
February	Total Million Gallons:	649.25	339.30	988.54
	Daily Average:	22.39	11.70	34.09
	Daily Maximum:	28.45	12.18	39.17
	Daily Minimum:	18.23	10.43	30.03
March	Total Million Gallons:	694.47	335.14	1,029.61
	Daily Average:	22.40	10.81	33.21
	Daily Maximum:	28.91	12.22	37.86
	Daily Minimum:	17.40	8.40	29.62
April	Total Million Gallons:	699.30	345.58	1,044.88
	Daily Average:	23.31	11.52	34.83
	Daily Maximum:	32.13	12.21	43.13
	Daily Minimum:	17.85	10.51	29.08
May	Total Million Gallons:	785.75	365.91	1,151.65
	Daily Average:	25.35	11.80	37.15
	Daily Maximum:	30.37	12.13	42.39
	Daily Minimum:	17.88	10.81	29.86
June	Total Million Gallons:	825.70	357.08	1,182.77
	Daily Average:	27.52	11.90	39.43
	Daily Maximum:	34.43	12.26	46.29
	Daily Minimum:	22.13	11.40	34.09
July	Total Million Gallons:	822.65	370.99	1,193.64
	Daily Average:	26.54	11.97	38.50
	Daily Maximum:	31.97	12.47	43.84
	Daily Minimum:	21.51	11.58	33.48
August	Total Million Gallons:	839.02	365.26	1,204.28
	Daily Average:	27.07	11.78	38.85
	Daily Maximum:	31.65	12.28	43.39
	Daily Minimum:	22.31	11.39	33.89
September	Total Million Gallons:	768.99	401.09	1,170.08
	Daily Average:	25.63	13.37	39.00
	Daily Maximum:	32.57	18.06	44.36
	Daily Minimum:	17.74	11.52	35.54
October	Total Million Gallons:	791.61	385.46	1,177.07
	Daily Average:	25.54	12.43	37.97
	Daily Maximum:	30.88	14.54	43.04
	Daily Minimum:	19.17	12.03	33.71
November	Total Million Gallons:	743.94	360.89	1,104.83
	Daily Average:	24.80	12.03	36.83
	Daily Maximum:	29.56	12.79	41.92
	Daily Minimum:	19.98	11.31	32.00
December	Total Million Gallons:	679.74	326.55	1,006.29
	Daily Average:	21.93	10.53	32.46
	Daily Maximum:	26.19	11.30	36.86
	Daily Minimum:	18.17	9.83	28.02
2016	Total Million Gallons:	9,030.65	4,310.52	13,341.17
	Daily Average:	24.67	11.78	36.45
	Daily Maximum:	34.43	18.06	46.29
	Daily Minimum:	17.40	8.40	28.02

**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.)
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
2016	24.67	9,030.65	41.2%	11.78	4,310.52	39.4%	36.45	13,341.17	40.6%	13.34
10 Year Average	27.08	9,891.36	45.2%	11.29	4,130.11	37.7%	38.39	14,021.44	42.7%	14.02

**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)
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
2016	28.0	25.82	62.90	12.8	12.16	24.74
10 Year Average	28.0	23.93	68.29	12.8	9.78	27.53

**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)
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	0.0419	0.0692	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
2016	0.060	0.0168	0.0279	0.056	0.0461	0.0698	0.020	0.0056	0.0097
10 Year Average	0.060	0.0258	0.0615	0.056	0.0441	0.0628	0.020	0.0049	0.0116

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

**C. C. WILLIAMS WWTF
2016 STATISTICS**

Month		Flow mgd	Raw Flow gd	Dig Flow gd	Waste Flow gd	Rain inches	CL2 lbs	SO2 lbs	Air Temp f.	Grit ft3	Nat Gas ft3	Dig Gas ft3
January	Max	48.78	91,987	127,248	257,044	2.00	1,910	480	69	150	96,000	71,000
	Min	28.10	20,682	0	0	0.00	880	300	32	0	2,000	1,000
	Avg	39.22	59,833	40,760	85,725	0.22	1,473	407	52	10	47,613	15,161
February	Max	46.55	126,104	189,758	238,040	0.00	1,980	480	73	60	98,000	87,000
	Min	22.85	5,904	0	260	0.00	1,200	260	36	0	0	0
	Avg	32.56	68,961	74,381	127,442	0.00	1,547	405	57	6	40,069	38,414
March	Max	53.16	1,441,026	204,901	305,228	2.25	2,060	840	78	75	98,000	202,745
	Min	20.63	76	0	540	0.00	970	225	53	0	1,000	9,100
	Avg	37.84	106,593	88,610	126,558	0.13	1,477	429	68	8	37,452	76,350
April	Max	59.78	74,927	140,624	253,176	2.00	2,010	580	85	14	96,000	117,000
	Min	19.02	22,599	0	0	0.00	1,080	195	56	0	0	115
	Avg	31.81	48,538	70,561	85,612	0.19	1,595	405	74	2	25,702	77,104
May	Max	62.90	56,579	144,604	227,892	3.83	1,990	485	100	60	102,000	134,000
	Min	17.95	17,316	0	0	0.00	1,040	300	63	0	0	27,000
	Avg	23.96	40,394	58,773	63,697	0.23	1,376	406	80	4	23,903	69,839
June	Max	35.91	48,700	207,246	242,234	1.29	1,705	560	100	30	66,000	102,000
	Min	15.91	2,670	3	76	0.30	700	300	74	3	1	19
	Avg	20.40	30,309	106,287	50,585	0.73	1,145	419	88	6	11,416	38,133
July	Max	27.71	48,141	211,593	211,843	0.45	1,210	560	104	45	223,525	200,501
	Min	16.64	7,293	0	96	0.00	780	280	81	0	0	15,000
	Avg	20.45	33,502	92,754	83,130	0.02	931	397	90	5	21,727	65,661
August	Max	43.45	61,572	200,688	200,158	1.70	1,180	480	109	45	93,000	98,000
	Min	18.32	7,831	0	0	0.00	650	40	80	0	52	0
	Avg	24.86	26,909	92,441	83,013	0.22	864	374	91	4	14,679	46,954
September	Max	24.85	41,301	149,855	228,502	2.20	880	580	107	30	100,000	69,000
	Min	17.69	16,818	3,288	30	0.17	450	180	76	3	1	6
	Avg	21.16	26,586	80,775	88,813	1.31	652	394	88	5	17,862	27,302
October	Max	23.40	68,350	145,161	145,161	0.00	1,670	1,670	95	145,161	101,000	45,000
	Min	15.05	6,125	13,000	880	0.00	3	3	60	3	1,000	16
	Avg	20.03	26,437	77,620	121,695	0.00	629	629	78	8	22,452	17,259
November	Max	20.98	127,621	149,754	183,562	0.70	860	540	85	12	113,000	17,000
	Min	14.08	86	1	83	0.20	400	240	41	3	1,000	1,500
	Avg	17.12	78,612	80,022	82,396	0.40	583	375	68	4	37,433	8,183
December	Max	29.80	363,062	161,240	178,954	2.25	1,120	520	75	48	110,000	16,000
	Min	16.51	66	113	140	0.95	440	210	39	3	1,000	1,000
	Avg	20.48	84,976	82,869	119,155	2.00	700	392	57	8	48,065	8,100
2016	Max	62.90	1,441,026	211,593	305,228	3.83	2,060	1,670	109	145,161	223,525	202,745
	Min	14.08	66	-	-	-	3	3	32	-	-	-
	Avg	25.82	52,637	78,821	93,152	0.45	1,081	419	74	6	29,031	40,705

Note: Permit daily capacity (mgd) is 28.0.

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

**WRIGHT SMITH, JR. WWTF
2016 STATISTICS**

Month		Flow mgd	Rain inches	CL2 lbs	SO2 lbs	Grit ft3
January	Max	19.80	1.17	478	309	148
	Min	7.31	0.00	245	88	0
	Avg	9.74	0.09	307	139	20
February	Max	19.80	1.17	478	309	148
	Min	7.31	0.00	245	88	0
	Avg	9.74	0.09	307	139	20
March	Max	15.27	3.80	577	375	254
	Min	7.01	0.05	208	81	64
	Avg	62.01	0.94	375	209	123
April	Max	23.87	5.20	521	299	243
	Min	8.42	0.17	218	110	53
	Avg	11.51	1.40	321	182	117
May	Max	12.72	1.80	345	216	169
	Min	1.80	0.05	192	56	43
	Avg	8.16	0.73	244	134	112
June	Max	17.13	1.54	309	193	180
	Min	6.65	0.12	172	46	42
	Avg	8.39	0.77	222	126	104
July	Max	14.86	3.50	385	185	138
	Min	6.80	0.10	193	35	6
	Avg	9.58	0.76	254	117	82
August	Max	18.84	1.97	466	291	222
	Min	5.82	0.16	180	43	32
	Avg	10.29	0.71	267	137	117
September	Max	9.24	0.85	254	154	138
	Min	6.59	0.10	138	62	53
	Avg	7.85	0.28	215	111	94
October	Max	7.68	0.00	260	209	127
	Min	5.76	0.00	128	31	85
	Avg	6.57	0.00	199	133	106
November	Max	7.65	0.88	300	222	127
	Min	5.06	0.10	130	16	42
	Avg	6.03	0.50	210	147	91
December	Max	50.15	1.75	315	305	116
	Min	5.10	0.07	124	77	44
	Avg	169.00	1.06	222	162	85
2016	Max	50.15	5.20	577	375	254
	Min	1.80	0.00	124	16	0
	Avg	26.57	0.61	262	145	89

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
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
2016	86,166	83,497	90,007

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

**TOTAL NUMBER OF EMPLOYEES
Last Ten Years**

**Full time equivalent employees
by function**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water Supply	3	3	3	3	3	3	3	3	3	3
Water Treatment	25	26	25	26	26	26	26	23	25	25
Wastewater Treatment	34	36	35	36	36	36	36	37	35	36
Transmission and Collection	130	135	133	136	136	135	137	141	139	147
Support Services	45	46	46	47	47	46	47	44	46	46
Supervision, Engineering, Accounting, Collections, and General Expense	135	140	138	141	141	140	142	139	137	139
	<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>	<u>396</u>

* Note: 2007 through 2012 FTE have been restated from original breakdown by Water, Wastewater, Support Services, and Administration

THIS PAGE LEFT BLANK INTENTIONALLY

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE
SCHEDULE OF 2016 CAPITAL PROJECT EXPENDITURES**

<u>PROJECT NUMBER</u>	<u>WATER PROJECTS</u>	<u>AMOUNT</u>
4416.10	48-Inch Raw Water to Potable Water Main Conversion	\$ 19,007
4416.10B	48-Inch Raw Water to Potable Water Main Conversion	6,856
4416.06-2B/4416.10-2B	48-Inch Raw Water to Potable Water Main Conversion	1,667,161
4417.10	Water Main Improvements in the Craft Highway and Springhill Area	9,029
4417.10B	Water Main Improvements in the Craft Highway and Springhill Area	47
4417.10-2	Water Main Improvements in the Craft Highway and Springhill Area	310
2016-03-02	Clean Paint Moffett and Schillinger Road Water Tower	36,728
367569	Resiliency Assessment for MAWSS Facilities	88,954
378692	Gaillard Pumping Station Emergency Generators	342
497498	Big Creek Pumping Station Pollution Prevention and Screening Facilities	2,554,524
15-1101-0161	Lime Silo & Slaker @ Stickney	116,237
15-1101-0289	Cypress Cove Apartments HDPE Domestic Water Services Retrofit	28,878
AMR PROJECT	Automated Meter Reading-Commercial Meters	51,686
M5712-2445	Snow Rd 12" Waterline (Airport Blvd. to Tanner Williams Rd	71,085
M5712-2490	Emergency Raw Water Backup Treatment System	50,326
M5712-2570	Bienville Reservoir Leak Investigation	2,582,074
M5712-2580	Tensaw River Emergency Waterline Replacement	1,680,012
M5712-2585	Causeway Waterline Emergency Connectors	7,910
		\$ 8,971,166

WASTEWATER PROJECTS

4409.10	Smith WWTF Force Main to Mobile River	\$ 155,290
4409.10B (1)	Smith WWTF Force Main Ph B	2,178,935
5323.06	FM Surge Protection Tanks	36,400
16084	Macy Place Water and Sewer Service Line Replacement	12,584
50175	Halls Mill Sewer Extension	118,641
100316.21	Conception St 48" And 54" Diameter CIPP	2,235,370
100316.22	2016 Small Diameter Gravity Sewer CIPP	87,136
111503.01	C.C. Williams WWTP Headworks & Primary Clarifier Replacement	9,442,391
111503.05	C.C. Williams WWTP Headworks & Primary Clarifier Replacement ESDC	378,900
367360	Virginia Street Lift Station Bar Screens	73,007
674299	Three Mile Creek Severe Weather Attenuation Basin	89,289
674425	Three Mile Creek Severe Weather Attenuation Basin Odor Evaluation	38,063
677611	Eslava Creek Severe Weather Attenuation Basin Odor Sampling	10,703
08-4010-2069	Sewer Replacement Various Ph 5	485
15-1101-0288	Stockton And Gimon Sanitary Sewer Replacement	680,798
2015-501	Virginia Street Pump Station Improvements	104,922
2016-03	Sutton Avenue Water and Sewer Replacement	48,982
2016-101	Eight Mile LS164 Bypass Contactor and Enclosures	11,882
2016-201	Center Street LS VFD Bypass Contactor	14,893
2016-301	Three Mile SWAT Valve Upgrade	7,200
662616 T004 A1	Halls Mill Severe Weather Attenuation Basin	260,704
AL16044	Dogwood Drive Emergency Sewer Replacement	404,416
BIZZELL LS	Bizzell Avenue Area Sewer and Lift Station	1,222,609
E13040001	C.C. Williams WWTP Laboratory Information Management System (Lims) Upgrade	27,688
M0042-4107	Miscellaneous Mainline Repairs	29,350
M0042-4158	Airport/Abilene Emergency Sewer Repairs	7,704
M0042-4215	Mainline Sewer Repairs-Virginia/Everette	201,907
M0042-4276	Parkmont Circle, Ralston, Salvia, and Dickinson Ln Sewer Repairs	42,917
M5712-2313	Briley/Collins, Emogene/Dunn	16,709

(continued)

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE
SCHEDULE OF 2016 CAPITAL PROJECT EXPENDITURES (CONTINUED)**

<u>PROJECT NUMBER</u>	<u>WASTEWATER PROJECTS</u>	<u>AMOUNT</u>
M5712-2410	Parkmont Circle Outfall Sewer Replacement	109
M5712-2422	Outley Drive Outfall	852,834
M5712-2508	Meadows/Schillinger Force Main Relocation	22,073
M5712-2532-2	2015 Annual Contract-CIPP Rehab-Large Diameter Sewer Mains	532,984
M5712-2533-2	2015 Annual Contract- CIPP-Public Portion of Sanitary Sewer Laterals	399,359
M5712-2535-2	2015 Annual Contract for Replacement of Manhole Frames and Covers	177,605
M5712-2541	Eslava Creek Lift Station Pump Replacement	21,388
M5712-2543-2	2015 Annual Contract for Manhole Rehabilitation	505,117
M5712-2545-2	Access Road Annual Contract 2015	1,122,327
M5712-2557	Japonica Lane Sewer	50,458
M5712-2567	Evaluate Lift Stations and Bypass Facilities	13,514
M5712-2575	2016 Annual Contract-CIPP Rehab	194,436
M5712-2577	Eslava Lift Station Bypass Facilities	21,962
M5712-2578	Halls Mill Lift Station Bypass Facilities	10,054
M5712-2579	Perch Creek Lift Station Emergency Bypass Facilities	3,121
M5712-2582	Canal Street at Water Street Emergency Sewer Repair	287,546
M5712-2586	Clean/Paint Primary Digester #2 at C.C. Williams WWTF and Wright Smith Digester #2	577,808
M5712-2590	Village Green Drive Sewer Replacement	149,054
M5712-2598	Eslava Creek Wetland Delineation	2,770
		<u>\$ 22,884,394</u>
	<u>OTHER PROJECTS</u>	
3664	MAWSS Offices-Phase III	21,974
3905	MAWSS Payment Kiosk	60,568
4440.06	Park Forest Parking Lot Improvements	530
16084	Macy Place Water & Sewer Service Line Replacement	19,989
2015-201	2015 Scada Upgrade	81,153
2016-401	2016 Scada Upgrade	6,619
3931ZR	MAWSS Offices Phase III-B	162,455
5326.AU	Dawes Road Widening Water & Sewer Relocation and Coordination	35,161
CMOB150016	Water Main Relocation & Sanitary Sewer Rehab	92,974
M5712-2352	Schillinger Road W/S Relocation For Mobile County	511,715
M5712-2353	Schillinger Road W/S Relocation For Mobile County-Halls Mill Creek to Three Notch	4,601
M5712-2550	Force Main Protection ASD	9,964
M5712-2555	Yeend Street Line Protection	182,255
M5712-2558	Utility Relocation @ Dawes/Jeff Hamilton	4,816
M5712-2559	Utility Relocation Tanner Williams	9,838
M5712-2566	Pine Street Payment Center & Property Acquisition	52,890
M5712-2568	Deckle Road Water & Sewer Adjustments	249,704
		<u>\$ 1,507,206</u>
	<u>TOTAL CAPITAL PROJECT EXPENDITURES - 2016</u>	<u>\$ 33,362,766</u>

THIS PAGE LEFT BLANK INTENTIONALLY