

**CITY OF PRATTVILLE, ALABAMA**  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

Prepared by:  
Department of Finance

John R. Morgan, III  
Finance Director

INTRODUCTORY SECTION

CITY OF PRATTVILLE, ALABAMA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

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CITY OF PRATTVILLE, ALABAMA

LIST OF PRINCIPAL OFFICIALS  
AS OF SEPTEMBER 30, 2010

Mayor

Jim Byard, Jr.

CITY COUNCIL

Dean R. Argo, President

Willie Lee Wood, Jr.

Nathan Fank

Thomas Miller, President Pro Tempore

Mike Renegar

Bill Gillespie, Jr.

Ray Boles

HEADS OF DEPARTMENTS

Municipal Court

City Attorney

City Prosecutor

City Clerk

Finance Director

Engineering

Streets

Sanitation

Police

Fire

Interim Vehicle Maintenance

Wastewater

Leisure Services

Human Resources

Planning

Information Technology

Judge Louis C. Colley

David McDowell

Robert E. Riddle

Gina P. Smith

John R. Morgan, III

Robby Anderson

George Williams

Edward Clinton

Chief Alfred Wadsworth

Chief Stanley Gann

Kenny Rawlinson

Kenny DeRamus

Andrew Peterson

Lisa Thrash

Joel Duke

Brad Belden

FINANCIAL SECTION



MONTGOMERY, ALABAMA

Dothan

Prattville

Wetumpka

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and  
Members of the City Council  
City of Prattville, Alabama

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Prattville, Alabama (the City), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Prattville, Alabama's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Prattville, Alabama, as of September 30, 2010, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated February 15, 2011 on our consideration of the City of Prattville, Alabama'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, and trend data on pension funding on pages 3 through 12 and pages 45 through 50 are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Prattville, Alabama's basic financial statement. The introductory section, combining individual nonmajor fund financial statements and the nonmajor fund budgetary comparison schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the nonmajor fund budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Jackson Thornton & Co. PC*

Prattville, Alabama  
February 15, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Prattville, Alabama, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2010. This discussion and analysis is designed to look at the City's financial performance as a whole. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

### Financial Highlights

- The City of Prattville, Alabama's liabilities exceeded its assets at September 30, 2010, by (\$17,208,700) (net assets). Of the net asset balance amount, (\$46,256,970) (unrestricted net assets) is the deficit balance of the City representing the indebtedness incurred for incentive obligations including the purchase of development property supporting the significant retail development activities within the City.
- During the year, the City's total net assets decreased by \$4,517,105, as expenses of \$37,634,635 exceeded revenues of \$33,117,530. The increase in expenses over the prior year is primarily due to the increased debt service payments and increased personnel costs.
- In the prior year the City implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employees for Post Retirement Benefits Other than Pensions* (GASB 45). As a result, the City recognized an expense of \$548,822 in the current year to record unfunded OPEB obligation.
- The City's personnel expenses increased by approximately 7.5% during the current fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of (\$584,573).
- The City's total outstanding long-term debt, excluding capital leases and compensated absences, increased during the current fiscal year. The City financed capital outlay totaling approximately \$2,670,000.
- The City refunded its 2001 and 2002 General Obligation Warrants into the 2009 General Obligation Refunding Warrant Series in the amount of \$6,315,000.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Prattville, Alabama's basic financial statements. The City's basic financial statements comprise of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the City of Prattville, Alabama.

## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City of Prattville, Alabama's finances in a manner similar to a private-sector business. The basic financial statements include two kinds of statements that present different views of the City, a statement of net assets and a statement of activities. These statements included the City's three component units, the Autauga-Prattville Public Library (the Library), the Prattville Airport Authority (the Authority) and the Historic Prattville Redevelopment Authority (HPRA), which are separate legal entities. Although legally separate, these "component units" are important because the City is financially accountable for them. Complete financial statements of the Library and the Authority can be obtained at their administrative offices located in Prattville, Alabama.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both statements distinguish functions of the City of Prattville, Alabama that are principally supported by sales taxes, property taxes, and gasoline taxes (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities reported in the statements include general government, public safety, public works, and cultural/recreational. The City does not maintain any business-type activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the City of Prattville, Alabama uses fund accounting to ensure and demonstrate compliance with finance-related legal matters. All of the funds of the City of Prattville, Alabama are governmental funds which account for the basic services of the government. Experienced readers of governmental financial statements will find these financial statements most familiar.

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

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. Data for the other governmental funds is combined into a single, aggregated presentation. Individual fund data for the other governmental funds is provided in the form of combining statements elsewhere in this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements also include information regarding the City of Prattville, Alabama’s progress in funding its obligation to provide pension benefits to its employees. The notes are presented on pages 19 through 44 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Prattville, Alabama’s budgetary comparison schedules for the general fund. Required supplementary information can be found on pages 45 through 50 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information and can be found beginning on page 51.

**Government-Wide Financial Analysis**

The City’s condensed statement of net assets as of September 30, 2010 and 2009, derived from the government-wide statement of net assets is presented below.

	GOVERNMENTAL ACTIVITIES	
	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 4,755,426	\$ 5,732,858
Capital assets, net of depreciation	46,198,870	44,017,250
Restricted assets	233,307	2,779,320
Total assets	<u>51,187,603</u>	<u>52,529,428</u>
Long-term liabilities outstanding	62,113,513	60,356,777
Other liabilities	6,282,790	4,864,246
Total liabilities	<u>68,396,303</u>	<u>65,221,023</u>
Net assets:		
Invested in capital assets, net of related debt	28,197,019	27,913,767
Restricted	851,251	3,761,598
Unrestricted	<u>(46,256,970)</u>	<u>(44,366,960)</u>
Total net assets	<u>\$ (17,208,700)</u>	<u>\$ (12,691,595)</u>

The largest component of the City's net assets as of September 30, 2010 reflects its investment in capital assets (i.e. land, buildings, furniture and equipment, infrastructure, etc.); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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 other resources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's capital assets, net of accumulated depreciation, at September 30, 2010 increased by \$2,181,620 from the prior year primarily due to current year additions.

As noted earlier in this discussion, changes in net assets over time can be one of the best and most useful indicators of the City's financial position. The City of Prattville, Alabama's total liabilities exceeded assets by (\$17,208,700). The decrease in net assets is attributed to the utilization of fund reserves necessary to fund current expenditures.

A portion of net assets is restricted, or has restrictions on how they may be used. Governmental activities restricted net assets totaled \$851,251 at September 30, 2010 and are restricted for use in public capital projects and debt service. The remaining balance of unrestricted net assets generally may be used to meet the City's ongoing obligations. The City, at September 30, 2010, reported a deficit balance in unrestricted net assets in governmental type activities of (\$46,256,970), of which \$43,420,000 is due to outstanding general obligation warrants that were issued to finance economic development incentive obligations for retail development within the City. It is anticipated the governmental revenues generated from the retail growth will provide the primary source of revenue for repayment of this debt.

The following presents the City's condensed statement of activities for the fiscal years ended September 30, 2010 and 2009 as derived from the government-wide statement of activities. Over time, increases and decreases in net assets measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net assets of the governmental activities decreased by \$4,517,105, primarily due to the recognition of the post employment benefit obligation of \$548,822, depreciation expense of \$2,338,270, and the deficit from current year operations.

**CITY OF PRATTVILLE, ALABAMA  
STATEMENT OF ACTIVITIES**

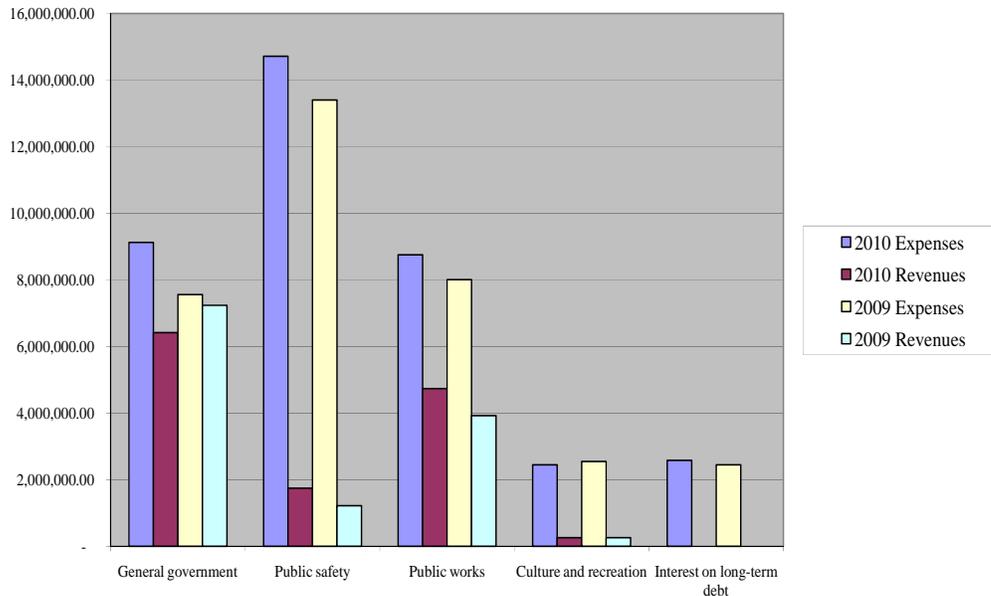
	GOVERNMENTAL ACTIVITIES	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 10,840,248	\$ 10,293,536
Operating grants, capital grants, and contributions	2,329,230	2,351,405
Total program revenues	13,169,478	12,644,941
General revenues:		
Sales tax	16,796,679	15,890,723
Property tax	2,500,129	2,481,450
Motor fuel taxes	240,547	238,361
Intergovernmental revenues		9,159
Investment earnings and miscellaneous	410,697	426,071
Total general revenues	19,948,052	19,045,764
Total revenues	33,117,530	31,690,705
Expenses:		
General government	9,124,172	8,093,740
Public works	8,755,792	8,005,500
Public safety	14,719,827	13,401,417
Culture and recreation	2,449,184	2,549,480
Debt service	2,585,660	2,445,024
Total expenses	37,634,635	34,495,161
Decrease in net assets	(4,517,105)	(2,804,456)
Net assets - beginning	(12,691,595)	(9,887,139)
Net assets - ending	\$ (17,208,700)	\$ (12,691,595)

## Expenses and Program Revenues for Governmental Activities

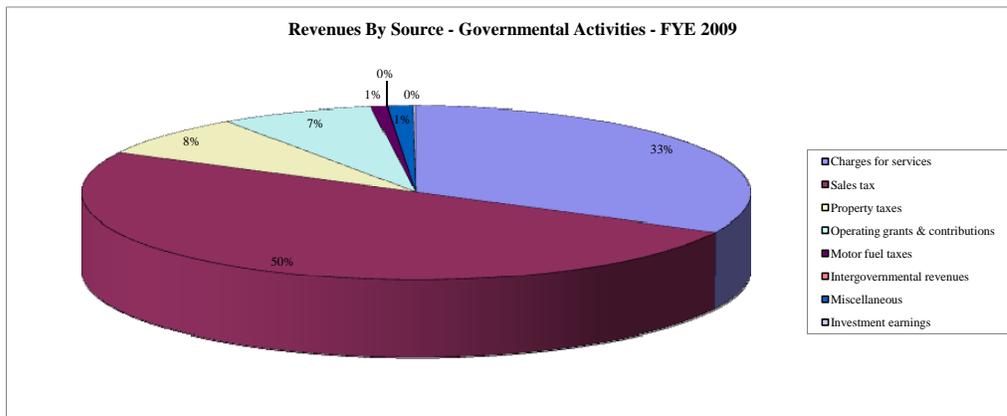
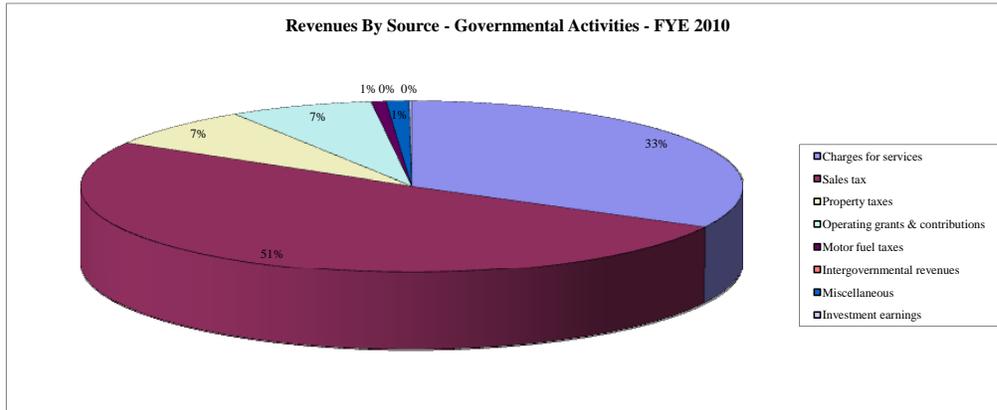
Governmental activities decreased the City of Prattville, Alabama's net assets by \$4,517,105 for fiscal year 2010. A key element of the decrease in net assets is the increase in expenses from the prior year as follows:

- Revenues from recurring sources increased by approximately \$600,000 due to the increase in sanitation fees.
- Personnel expenditures increased over the prior year by approximately 7.5% which increased all functional expense categories.
- The increase in public works expenses by \$750,292, is due to the Cooters Pond project and the Autauga Levee rehabilitation project, which were partially funded by a FEMA grant. This increase is also due to some cost associated with road resurfacing.
- Public safety expenses increased over the prior year by \$1,318,410, primarily due to the increase in personnel expenses.
- General government expenses increased \$1,030,432 due to the difference in reporting sales tax incentives in the current year and prior year. In the current year, sales tax incentives of \$835,933 were reported as a general government expense. In the prior year, sales tax incentives of \$546,170 were included as a reduction in sales tax revenue.

### Expenses and Program Revenue - Governmental Activity



## Program and General Revenues for Governmental Activities



## Financial Analysis of the City's Funds

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

Governmental funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The general fund is the chief operating fund of the City of Prattville, Alabama.

As of September 30, 2010, governmental funds reported a combined ending fund balance of (\$584,573), a decrease of \$5,109,019 in comparison with prior year balance. Of this balance \$1,520,339 has been reserved to indicate that it is not available for new spending because it has already been committed for capital projects, debt service, special revenues, and other restricted purposes.

The fund balance of the general fund decreased \$2,218,551 during the current fiscal year after other financing sources including fund transfers. Total revenue increased \$1,745,760 as compared to the prior year. The most significant increase came from the increase in amount reported as sales tax revenue of \$905,956. The increase in the amount reported as sales tax revenue is due to how sales tax incentives were reflected in the current and prior years. Sales tax incentives were included as a general government expense in the current year and were included as a reduction in sales tax revenue in the prior year. The increase in charges for fees and services in the amount of \$658,911 was the result of an increase in sanitation fees. There was also an increase in income from grants. Total expenses increased \$2,298,570 as compared to the prior year. General government expenses increased \$1,232,760, which can be contributed to the way that sales tax incentives were reported in the current and prior years, as previously mentioned. There was also an increase in public safety expenses of \$1,033,400, which were primarily personnel costs.

### **Capital Assets and Long-term Debt Administration**

Capital assets - The City of Prattville, Alabama's investment in capital assets for its governmental activities as of September 30, 2010 was \$46,198,870 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, improvements, construction in progress, vehicles, and machinery and equipment.

Major capital asset additions during the year include:

- Investment in infrastructure of \$1,385,000 resulting from donated infrastructure from residential developments.
- Purchase of vehicles of \$730,116 including the purchase of one pumper truck totaling \$449,190.
- Purchase of building improvements of \$1,747,765 including \$1,736,265 for an energy efficiency project.
- Purchase of office, non-office, and computer equipment of \$525,770.

**CITY OF PRATTVILLE, ALABAMA  
CAPITAL ASSETS**

	<b>GOVERNMENTAL ACTIVITIES</b>
Land	\$ 2,661,060
Construction in progress	547,182
Buildings and building improvements	10,713,673
Land improvements	9,134,531
Vehicles	7,484,599
Office, non-office, and computer equipment	6,210,484
Infrastructure	31,042,242
Total	\$ 67,793,771

Long-term debt - As of September 30, 2010, the governmental activities had total debt outstanding of \$62,113,513.

Outstanding debt:	
Warrants and other notes payable	\$ 58,503,021
Capital lease payable	1,239,844
Post retirement benefits other than pensions	1,081,342
Compensated absences	1,289,306
Total	\$ 62,113,513

The City of Prattville, Alabama's total debt outstanding increased by \$1,756,736 during the current fiscal year. This increase is net of debt reductions for payments made in accordance with regularly scheduled maturity dates. Additional information on the City's debt can be found in Note 7 of the financial statements.

**Budgetary Highlights for the fiscal year ending September 30, 2010**

The actual operating revenues for the general fund were less than the budgeted amount by \$1,617,940, or 5%. This is primarily due to revenues from taxes which were \$1,217,692 less than the budgeted amount. Of this amount, general sales tax revenues were \$1,189,071 less than the budgeted amount, and lodging tax revenues were \$86,933 less than budgeted.

The actual operating expenditures for the general fund were more than the budgeted amount by \$2,367,130 or 8%. The individual sources within the expenses fluctuated both positively and negatively.

## **Economic Factors and Year 2011 Budget**

Economic conditions for the City of Prattville, Alabama remain stable in the current environment.

- The City relies on taxes, fees, fines, and charges for services to fund their governmental activities. The primary source of revenue is sales taxes, which comprised approximately 54.29 % of general fund revenues in fiscal year 2010. In the current economic climate, the City has maintained sales tax revenues comparable to the prior year to fund current operations.
- The unemployment rate for Autauga County, where the City of Prattville, Alabama is located, is currently 8.8%, which is a decrease over the prior year. The unemployment rate compares favorably to the state's current unemployment rate of 9.1% and is comparable to the national average rate of 9%.
- Inflationary trends in the region compare favorably to national indices.
- The 2010 - 2011 budget is currently being formulated to provide long term financial stability for the City.
- The level of taxes, fees, and charges for services have a direct bearing on the City's ability to (a) annex additional land into its corporate limits and (b) encourage development (office, retail, residential, and industrial) to choose to be located in the jurisdiction. The City places emphasis on encouraging both annexation and economic development.

## **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers and investors, and creditors with a general overview of the City of Prattville, Alabama's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, 101 West Main Street, Prattville, Alabama 36067.

**BASIC FINANCIAL STATEMENTS**

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## CITY OF PRATTVILLE, ALABAMA

STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010

	PRIMARY GOVERNMENT		COMPONENT UNITS		
	GOVERNMENTAL ACTIVITIES	AUTAUGA-PRATTVILLE PUBLIC LIBRARY	PRATTVILLE AIRPORT AUTHORITY	HISTORICAL PRATTVILLE REDEVELOPMENT AUTHORITY	
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 1,115,176	\$ 297,911	\$ 87,392	\$ 75,223	
Taxes receivable	1,444,469				
Accounts receivable, net	888,865		42,104	23,183	
Other current assets			101,946		
Prepaid items	148,232				
Deferred debt expense	1,158,684				
Capital assets, not depreciated	3,208,242		2,593,729	183,500	
Capital assets, net of accumulated depreciation	42,990,628	146,948	6,223,499	259,792	
Restricted assets:					
Cash and cash equivalents	233,307		20,485		
Accounts receivable, net			105,000		
Total assets	<u>51,187,603</u>	<u>444,859</u>	<u>9,174,155</u>	<u>541,698</u>	
<b>LIABILITIES:</b>					
Accounts payable	3,377,016	3,539	60,420		
Accrued liabilities	534,670	23,958			
Accrued interest	868,168		5,987		
Deferred revenues		60,976			
Other liabilities	502,936				
Notes payable	1,000,000				
Long-term liabilities:					
Portion due or payable in one year,					
General obligation warrants payable					
capital leases, and other					
long-term debt					
	3,554,647			92,202	
Compensated absences					
	874,698				
Portion due or payable after one year:					
General obligation warrants payable,					
capital leases, and other					
long-term debt					
	57,269,560		661,864	204,884	
Compensated absences					
	414,608				
Total liabilities	<u>68,396,303</u>	<u>88,473</u>	<u>728,271</u>	<u>297,086</u>	
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	28,197,019	146,948	8,155,364		
Restricted for:					
Debt service	80,178				
Capital projects	260,983		12,706		
Special revenue	510,090				
Cultural and recreational		337			
Unrestricted (deficit)	<u>(46,256,970)</u>	<u>209,101</u>	<u>277,814</u>	<u>244,612</u>	
Total net assets	<u>\$ (17,208,700)</u>	<u>\$ 356,386</u>	<u>\$ 8,445,884</u>	<u>\$ 244,612</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	PROGRAM REVENUE				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	COMPONENT UNITS		
					AUTAUGA- PRATTVILLE PUBLIC LIBRARY	PRATTVILLE AIRPORT AUTHORITY	HISTORICAL PRATTVILLE REDEVELOPMENT AUTHORITY	
ACTIVITIES:								
Primary government:								
Governmental activities:								
General government	\$ 9,124,172	\$ 4,874,993	\$ 161,534	\$ 1,385,800	\$ (2,701,845)			
Public safety	14,719,827	1,287,322	45,227	414,762	(12,972,516)			
Public works	8,755,792	4,412,889		321,907	(4,020,996)			
Cultural and recreational	2,449,184	265,044			(2,184,140)			
Interest on long-term debt	2,585,660				(2,585,660)			
Total primary government	\$ 37,634,635	\$ 10,840,248	\$ 206,761	\$ 2,122,469	(24,465,157)			
Component units:								
Autauga - Prattville Public Library	\$ 578,371	\$ 31,345	\$ 77,864	\$ 58,409	\$ (410,753)			
City of Prattville Airport Authority	677,789	339,126		\$ 129,302		\$ (209,361)		
Historical Prattville Redevelopment Authority	48,088	91,232					\$ 43,144	
Total component units	\$ 1,304,248	\$ 461,703	\$ 77,864	\$ 187,711	(410,753)	(209,361)		43,144
			General revenue:					
			Sales taxes		16,796,679			
			Real and personal property taxes		2,500,129			
			Motor fuel taxes		240,547			
			Intergovernmental revenues			450,000		
			Investment earnings		42,318	4,369	207	177
			Miscellaneous revenue		368,379			
			Total general revenues		19,948,052	454,369	207	177
			CHANGE IN NET ASSETS		(4,517,105)	43,616	(209,154)	43,321
			NET ASSETS - BEGINNING		(12,691,595)	312,770	8,655,038	201,291
			NET ASSETS - ENDING		\$ (17,208,700)	\$ 356,386	\$ 8,445,884	\$ 244,612

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The accompanying notes are an integral part of these financial statements.

CITY OF PRATTVILLE, ALABAMA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010

	GENERAL	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	OTHER GOVERNMENTA L FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 467,699	\$ 137,387		\$ 510,090	\$ 1,115,176
Receivables:					
Taxes receivable	1,444,469				1,444,469
Accounts receivable, net	624,082	208,616		56,167	888,865
Prepaid items	148,232				148,232
Restricted assets:					
Cash and cash equivalents		153,129	\$ 80,178		233,307
Total assets	<u>\$ 2,684,482</u>	<u>\$ 499,132</u>	<u>\$ 80,178</u>	<u>\$ 566,257</u>	<u>\$ 3,830,049</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable	\$ 3,138,867	\$ 238,149			\$ 3,377,016
Accrued liabilities	534,670				534,670
Other liabilities	502,936				502,936
Total liabilities	<u>4,176,473</u>	<u>238,149</u>			<u>4,414,622</u>
Fund balances:					
Reserved for:					
Capital projects		153,129			153,129
Debt service funds			\$ 80,178		80,178
Self-insurance fund	230,292				230,292
Encumbrances	262,382	465,739			728,121
Department specification	180,387				180,387
Prepaid items	148,232				148,232
Unreserved	(2,313,284)	(357,885)			(2,671,169)
Unreserved, reported in:					
Special revenue funds				\$ 566,257	566,257
Total fund balances	<u>(1,491,991)</u>	<u>260,983</u>	<u>80,178</u>	<u>566,257</u>	<u>(584,573)</u>
Total liabilities and fund balances	<u>\$ 2,684,482</u>	<u>\$ 499,132</u>	<u>\$ 80,178</u>	<u>\$ 566,257</u>	<u>\$ 3,830,049</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PRATTVILLE, ALABAMA  
 RECONCILIATION OF BALANCE SHEET OF  
 GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2010

Differences in amounts reported for governmental activities in the statement of net assets on page 13.

Total fund balances - governmental funds		\$ (584,573)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:		
Land	\$ 2,661,060	
Construction in progress	547,182	
Land improvements, net of \$4,609,544 accumulated depreciation	4,524,987	
Buildings and building improvements, net of \$2,906,007 accumulated depreciation	7,807,666	
Office, non-office, and computer equipment, net of \$3,808,042 accumulated depreciation	2,402,442	
Vehicles, net of \$5,544,301 accumulated depreciation	1,940,298	
Infrastructure, net of \$4,727,007 accumulated depreciation	<u>26,315,235</u>	
Total capital assets		46,198,870
Deferred debt expenses are allocated over the life of the debt and are shown net of amortization expense as an asset on the statement of net assets.		
		1,158,684
Long-term liabilities, including general obligation warrants payable and capital leases, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Balances at September 30, 2010 were:		
Accrued interest on bonds	868,168	
General obligation warrants and other notes payable	59,068,424	
Unamortized net premium	434,597	
Capitalized lease obligations	1,239,844	
Compensated absences	1,289,306	
Postemployment benefit plans other than pensions	<u>1,081,342</u>	
Total long-term liabilities		<u>(63,981,681)</u>
Total net assets of governmental activities		<u>\$ (17,208,700)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	GENERAL	CAPITAL PROJECT FUNDS	DEBT SERVICE FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Sales taxes	\$ 16,796,679				\$ 16,796,679
Real and personal property taxes	2,500,129				2,500,129
Motor fuel taxes				\$ 240,547	240,547
Licenses and permits	4,874,993				4,874,993
Intergovernmental revenues				217,701	217,701
Charges and fees for services	5,564,563				5,564,563
Fines and forfeitures	400,692				400,692
Interest	44,844				44,844
Miscellaneous revenues	755,910	\$ 265,740	\$ 78,264		1,099,914
Total revenues	<u>30,937,810</u>	<u>265,740</u>	<u>78,264</u>	<u>458,248</u>	<u>31,740,062</u>
<b>EXPENDITURES:</b>					
Current:					
General governmental	7,377,962	159,999			7,537,961
Public works	7,213,176	670,605		123,904	8,007,685
Public safety	14,023,058				14,023,058
Cultural and recreational	2,371,770				2,371,770
Capital outlay	1,305,566	1,984,954			3,290,520
Debt service:					
Principal payments	1,126,364		1,205,000		2,331,364
Interest and fiscal charges	179,741		2,285,386		2,465,127
Debt issuance costs	162,777	54,634			217,411
Total expenditures	<u>33,760,414</u>	<u>2,870,192</u>	<u>3,490,386</u>	<u>123,904</u>	<u>40,244,896</u>
Excess of revenue over (under) expenditures	<u>(2,822,604)</u>	<u>(2,604,452)</u>	<u>(3,412,122)</u>	<u>334,344</u>	<u>(8,504,834)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Warrant proceeds	850,000	1,820,000			2,670,000
Refunding warrants	6,315,000				6,315,000
Bond premium (discount)	177,389	(3,648)			173,741
Proceeds from notes payable	300,000				300,000
Proceeds from capital lease	260,000				260,000
Payment to refunded bond escrow agent	(6,322,926)				(6,322,926)
Transfers in	129,681	535,323	2,464,345	19,879	3,149,228
Transfers out	(1,105,091)	(1,882,603)		(161,534)	(3,149,228)
Total other financing sources (uses)	<u>604,053</u>	<u>469,072</u>	<u>2,464,345</u>	<u>(141,655)</u>	<u>3,395,815</u>
NET CHANGE IN FUND BALANCE	<u>(2,218,551)</u>	<u>(2,135,380)</u>	<u>(947,777)</u>	<u>192,689</u>	<u>(5,109,019)</u>
FUND BALANCE - BEGINNING	<u>726,560</u>	<u>2,396,363</u>	<u>1,027,955</u>	<u>373,568</u>	<u>4,524,446</u>
FUND BALANCE - ENDING	<u>\$ (1,491,991)</u>	<u>\$ 260,983</u>	<u>\$ 80,178</u>	<u>\$ 566,257</u>	<u>\$ (584,573)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PRATTVILLE, ALABAMA

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Differences in amounts reported for governmental activities in the statement of activities on page 14.

Net change in fund balance - total governmental funds		\$ (5,109,019)
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net assets.		3,207,290
Donations of capital assets increase net assets in the statement of net assets but do not appear in the governmental funds because they are not financial resources.		1,385,800
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(2,338,270)
The net effect of transactions involving the sale of capital assets is to decrease net assets in the statement of net assets.		(73,200)
Loan proceeds provide current financial resources to the governmental funds and thus contribute to the change in fund balance. However, issuing debt increases long-term liabilities in the statement of net assets:		
Capital lease payable	\$ (260,000)	
General obligation warrants and notes payable	(2,670,000)	
Refunding warrants	(6,315,000)	
Notes payable	<u>(300,000)</u>	(9,545,000)
Repayment of long-term debt is reported as an expenditure in governmental funds, but a reduction of long-term liabilities in the statement of net assets:		
Capitalized lease obligations	465,618	
General obligation warrants payable	7,740,715	
Notes payable	<u>300,000</u>	8,506,333
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Accrued interest payable	24,899	
Compensated absences	(35,382)	
Postemployment benefit plans other than pensions	<u>(548,822)</u>	(559,305)
Governmental funds report the effect of issuance costs, premiums and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Debt issuance cost	217,411	
Bond premium	(173,741)	
Amortization	<u>(35,404)</u>	8,266
Change in net assets of governmental activities		<u>\$ (4,517,105)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting entity - The City of Prattville, Alabama (the City) was incorporated under the laws of the State of Alabama in 1839 and operates under a Mayor-Council form of government. The Mayor is elected at large and all seven council members are elected by districts for concurrent terms of four years. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Prattville, Alabama (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of its operational or financial relationship with the City. Each component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The component unit's column in the combined financial statements includes the financial data of the Autauga-Prattville Public Library (the Library), the Prattville Airport Authority (the Authority), and the Historic Prattville Redevelopment Authority (HPRA), which are determined to be component units of the City.

The Library operates for the benefit of the City and Autauga County residents. The City annually provides significant operating subsidies to the Library and appoints its governing body. Based on this criteria, the Library is included as a component unit of the City for the year ended September 30, 2010. The Library operates on a fiscal year ending September 30. Complete financial statements of the Library can be obtained at its administrative office located in Prattville, Alabama.

The Prattville Airport Authority was established for the purpose of acquiring, operating, constructing, and developing airport and industrial facilities. The City appoints the governing body and became obligated under a federal grant initiated by the Authority in September 2000. Based on this criteria, the Authority is included as a component unit of the City for the year ended September 30, 2010. The Authority also operates on a fiscal year ending September 30. Complete financial statements of the Authority can be obtained at its administrative office located in Prattville, Alabama.

The Historic Prattville Redevelopment Authority (HPRA) was formed to promote trade and commerce by inducing commercial enterprises to upgrade, improve, modernize, and expand existing facilities and to locate new facilities to the central business district of Prattville. The City annually provides operating subsidies to the HPRA and appoints its governing body. Based on this criteria, the HPRA is included as a component unit of the City for the year ended September 30, 2010.

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City Council appoints board members to the Water Works Board of the City of Prattville, two of the three members of the Cooperative District of the City of Prattville, the Commercial Development Authority of the City of Prattville, the Industrial Development Board of the City of Prattville, and three of the seven members of the Autauga County Emergency Management District. These entities are not considered component units of the City; therefore, their financial information is not reflected in the City's financial statements.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Government-wide and fund financial statements - The basic financial statements consist of the government-wide financial statements and fund financial statements. Government-wide financial statements are comprised of the statement of net assets and the statement of activities. The City has determined that there are no business-type activities. The effects of interfund activity have been removed from these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of the City's governmental activities are offset by the City's program revenues. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues are classified into three categories: (1) fines, fees, and charges, (2) operating grants and contributions, and (3) capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of government and contribute to the change in the net assets for the fiscal year.

The fund financial statements follow and report additional and detailed information about operations for major funds individually and nonmajor funds in the aggregate for governmental funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

The City reports the following major governmental funds:

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

*Capital projects funds* - Capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

*Debt service fund* - The debt service fund is used to account for the resources accumulated and payments made for principal and interest on general long-term debt.

Measurement focus, basis of accounting, and financial statement presentation - *Government-wide financial statements* - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

*Governmental fund financial statements* - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within 90 days after year-end. Sales taxes, gasoline taxes, grants, donations, and interest revenue are all considered to be susceptible to accrual. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

All governmental activities of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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

Property tax calendar - All ad valorem taxes levied by the state, county, and any municipality in Autauga County are assessed by the Tax Assessor and collected by the Tax Collector of Autauga County. The Autauga County property tax calendar requires the Tax Assessor to assess and attach taxes as enforceable liens on property as of September 30 and are due October 1 through December 31 of the following year. Property taxes that have not been paid by January 1 are considered delinquent. Tax collections received by the County Tax Collector are remitted to the City on a monthly basis.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Receivables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

Restricted assets - Certain proceeds of the City's Series 2006, 2006A, 2006B, 2007, and 2009A warrants, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Resources from Federal and state grants are also classified as restricted assets on the balance sheet.

Certain resources from Federal and state grants set aside for airport improvements are classified as restricted assets on the statement of net assets of the Prattville Airport Authority because their use is limited by their funding agreement.

Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental-type activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets of the primary government and the Autauga-Prattville Public Library, a component unit, are depreciated using the straight-line method over the following estimated useful lives:

ASSET CLASS	ESTIMATED USEFUL LIVES	CAPITALIZATION THRESHOLD
Land improvements	20 years	\$ 25,000
Buildings	40 years	25,000
Improvements other than buildings	20 years	25,000
Office, non-office, and computer equipment	5 - 20 years	5,000
Infrastructure	50 years	50,000

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Capital assets of the Prattville Airport Authority, a component unit, are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>	<u>CAPITALIZATION THRESHOLD</u>
Building and improvements	3 - 25 years	\$ 5,000
Furniture and equipment	5 - 7 years	5,000
Runways	8 - 25 years	5,000

Capital assets of the Historic Prattville Redevelopment Authority, a component unit, are depreciated using the straight-line method of depreciation over the following estimated useful lives:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>	<u>CAPITALIZATION THRESHOLD</u>
Machinery and equipment	5 years	\$ 5,000
Land improvements	15 years	25,000
Buildings	39 years	25,000

The City has historical assets including statues and fountains that are not capitalized, in accordance with established criteria. Specifically, the historical assets are held for reasons other than financial gain. The assets are protected, kept unencumbered, cared for and preserved, and are subject to a city policy requiring that sales proceeds from any historical assets be used to acquire similar assets.

Compensated absences - The City allows employees to accumulate vacation and sick leave up to certain limits for use in subsequent periods. Upon termination of employment, an employee receives payment of accumulated vacation hours up to a maximum of 360 hours at current wage rates. Upon retirement, an employee can receive payment of 50% of accumulated sick leave hours up to a maximum of 360 hours at current wage rates. All vacation and sick pay is accrued when incurred in the government-wide financial statements up to certain limits for use in subsequent periods. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations - In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

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

Lease obligations - Capital lease obligations are stated at the original fair market value of leased assets capitalized, less payments since the inception of the lease discounted at the implicit rate of interest in the lease. Also, in the year an asset is acquired by capital lease, the expenditure for the asset and the offsetting amount of the financing source are reflected in the fund financial statements in the statement of revenues, expenditures, and changes in fund balances. Capital lease obligations of governmental activities in the government-wide financial statements and the cost of assets so acquired are reflected in the accounts of those funds and statements.

Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgets and budgetary accounting - The budget is adopted annually at the beginning of each fiscal year for the general fund and the state gasoline tax fund. The Council must approve transfers of appropriations or revisions between and among government function categories. Management can approve transfers within government function categories only. Actual expenditures should not exceed appropriations in governmental function categories. Appropriations lapse at the end of the fiscal year. In addition to the legally adopted budget, formal budgetary integration is employed as a management control device during the year for the general fund.

Budgets for the above-mentioned funds are adopted on a basis other than accounting principles generally accepted in the United States of America (GAAP) insofar as encumbrances are included with expenditures. Reconciliation of expenditures reported in accordance with GAAP and those presented in accordance with the Non-GAAP budgetary basis is shown in the budgetary comparison schedules.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS:

Deposits - *Custodial credit risk* - The City's investment policy requires that bank deposits be fully insured by the Federal Deposit Insurance Corporation or be covered under the Security for Alabama Funds Enhancement (SAFE) Program. The SAFE program is a multiple financial collateral pool administered by the State Treasurer according to State of Alabama statute.

NOTE 4 - RECEIVABLES:

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Receivables as of year end are considered fully collectible and are recorded at net realizable value.

CITY OF PRATTVILLE, ALABAMA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2010

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2010 was as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 363,015	\$ 184,167		\$ 547,182
Land	2,661,060			2,661,060
Total capital assets, not being depreciated	<u>3,024,075</u>	<u>184,167</u>		<u>3,208,242</u>
Capital assets, being depreciated:				
Buildings and building improvements	9,008,658	1,747,765	\$ 42,750	10,713,673
Land improvements	9,115,059	19,472		9,134,531
Vehicles	7,549,525	730,116	795,042	7,484,599
Office, non-office, and computer equipment	6,392,654	525,770	707,940	6,210,484
Infrastructure	29,656,442	1,385,800		31,042,242
Total capital assets, being depreciated	<u>61,722,338</u>	<u>4,408,923</u>	<u>1,545,732</u>	<u>64,585,529</u>
Less accumulated depreciation for:				
Buildings and building improvements	2,687,510	232,659	14,162	2,906,007
Land improvements	4,116,431	493,113		4,609,544
Vehicles	5,831,108	488,389	775,196	5,544,301
Office, non-office, and computer equipment	3,968,983	522,233	683,174	3,808,042
Infrastructure	4,125,131	601,876		4,727,007
Total accumulated depreciation	<u>20,729,163</u>	<u>2,338,270</u>	<u>1,472,532</u>	<u>21,594,901</u>
Total capital asset, being depreciated, net	<u>40,993,175</u>	<u>2,070,653</u>	<u>73,200</u>	<u>42,990,628</u>
Governmental activity capital assets, net	<u>\$ 44,017,250</u>	<u>\$ 2,254,820</u>	<u>\$ 73,200</u>	<u>\$ 46,198,870</u>

CITY OF PRATTVILLE, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 5 - CAPITAL ASSETS: (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 778,403
Public works	597,892
Public safety	629,373
Cultural and recreational	<u>332,602</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 2,338,270</u></u>

Component units - Capital asset activity for the Prattville Airport Authority for the fiscal year ended September 30, 2010 is as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>ENDING BALANCE</u>
Capital assets, not being depreciated:				
Land	\$ 2,593,729			\$ 2,593,729
Construction in progress	<u>50,000</u>		\$ 50,000	
Total capital assets, not being depreciated	<u>2,643,729</u>		<u>50,000</u>	<u>2,593,729</u>
Capital assets, being depreciated:				
Land improvements	1,442,418			1,442,418
Runways	5,925,109	\$ 8,598		5,933,707
Building improvements	955,849	459,827		1,415,676
Furniture and equipment	<u>126,570</u>			<u>126,570</u>
Total capital assets, being depreciated	8,449,946	468,425		8,918,371
Less: Accumulated depreciation	<u>2,380,912</u>	<u>313,960</u>		<u>2,694,872</u>
Total capital assets, being depreciated net	<u>6,069,034</u>	<u>154,465</u>		<u>6,223,499</u>
Net total capital assets	<u><u>\$ 8,712,763</u></u>	<u><u>\$ 154,465</u></u>	<u><u>\$ 50,000</u></u>	<u><u>\$ 8,817,228</u></u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 5 - CAPITAL ASSETS: (continued)

Capital asset activity for the Autauga-Prattville Public Library for the fiscal year ended September 30, 2010 is as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Capital assets, being depreciated:				
Equipment	\$ 170,971	\$ 51,724	\$ 15,709	\$ 206,986
Total capital assets, being depreciated	<u>170,971</u>	<u>51,724</u>	<u>15,709</u>	<u>206,986</u>
Less: Accumulated depreciation	<u>45,597</u>	<u>25,429</u>	<u>10,988</u>	<u>60,038</u>
Total capital assets, being depreciated, net	<u>\$ 125,374</u>	<u>\$ 26,295</u>	<u>\$ 4,721</u>	<u>\$ 146,948</u>

Capital asset activity for the Historic Prattville Redevelopment Authority for the fiscal year ended September 30, 2010 is as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Capital assets, not being depreciated:				
Land	\$ 183,500			\$ 183,500
Total capital assets, not being depreciated	<u>183,500</u>			<u>183,500</u>
Capital assets, being depreciated:				
Land improvements	12,000			12,000
Building improvements	285,000			285,000
Machinery and equipment	23,000			23,000
Total capital assets, being depreciated	<u>320,000</u>			<u>320,000</u>
Less: Accumulated depreciation	<u>51,383</u>	\$ 8,825		<u>60,208</u>
Total capital assets, being depreciated, net	<u>268,617</u>	<u>(8,825)</u>		<u>259,792</u>
Total capital assets, net	<u>\$ 452,117</u>	<u>\$ (8,825)</u>	<u>\$ -</u>	<u>\$ 443,292</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 6 - INTERFUND BALANCES:

Interfund transactions are generally used to meet cash demands necessary to pay operating expenditures. These amounts should be repaid during the next fiscal year. Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the entity-wide governmental column of the statement of net assets. There are no interfund balances as of September 30, 2010.

Transfers were made primarily from the general fund and capital projects fund to nonmajor and major governmental funds to pay the matching portion of operating grants received during the year, to eliminate outstanding internal balances, and to fund capital improvements and debt service payments.

Interfund transfers:

TRANSFER OUT	TRANSFER IN				TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	
General fund		\$ 373,789	\$ 711,423	\$ 19,879	\$ 1,105,091
Capital projects fund	\$ 129,681		1,752,922		1,882,603
Other governmental funds		161,534			161,534
Totals	<u>\$ 129,681</u>	<u>\$ 535,323</u>	<u>\$ 2,464,345</u>	<u>\$ 19,879</u>	<u>\$3,149,228</u>

NOTE 7 - LONG-TERM DEBT:

State statute limits the amount of long-term debt the City can incur. The amount of debt applicable to this limit during a year can be no greater than 20% of the assessed value of taxable property as of the beginning of the fiscal year. As of September 30, 2010, the amount of outstanding debt applicable to this limit was equal to 4.19% of property assessments as of October 1, 2009.

CITY OF PRATTVILLE, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 7 - LONG-TERM DEBT: (continued)

Long-term debt activity for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	ADDITION	REDUCTION	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Warrant and other notes payable	\$ 56,824,139	\$ 8,985,000	\$ 7,740,715	\$ 58,068,424	\$ 2,923,822
Add deferred amounts:					
Debt issuance premiums	300,732	173,741	39,876	434,597	
Total warrants and other notes payable	57,124,871	9,158,741	7,780,591	58,503,021	2,923,822
Capital lease payable	1,445,462	260,000	465,618	1,239,844	487,830
Compensated absences	1,253,924	763,203	727,821	1,289,306	874,698
Post employee benefits other than pensions	532,520	661,215	112,393	1,081,342	142,995
Totals	<u>\$ 60,356,777</u>	<u>\$ 10,843,159</u>	<u>\$ 9,086,423</u>	<u>\$ 62,113,513</u>	<u>\$ 4,429,345</u>

Compensated absences typically have been liquidated in the general fund.

Long-term debt at September 30, 2010 consists of the following:

General Obligation Sewer Warrant, Series 1996; due in annual principal payments each August 15 and semiannual interest payments due each February 15 and August 15; interest rate of 3.18%; final maturity date is August 15, 2017. \$ 1,335,000

General Obligation Sewer Warrant, Series 2004; due in annual principal payments each February 15 and semiannual interest payments due each February 15 and August 15; interest rate of 3.05%; final maturity date is February 18, 2025. 1,680,000

General Obligation Warrants, Series 2006; due in annual principal payments beginning November 1, 2009 and semiannual interest payments due each November 1 and May 1; interest at 3.625% to 3.70%; final maturity date is November 1, 2011. 1,495,000

CITY OF PRATTVILLE, ALABAMA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2010

NOTE 7 - LONG-TERM DEBT: (continued)

<p>General Obligation Economic Development Improvement Warrants, Series 2006A; due in annual principal payments beginning November 1, 2010 and semiannual interest payments due each November 1 and May 1; interest at 3.65% to 4.625%; final maturity date is November 1, 2026.</p>	<p>\$ 19,875,000</p>
<p>General Obligation Economic Development Improvement Warrants, Series 2006B; due in annual principal payments beginning November 1, 2009 and semiannual interest payments due each November 1 and May 1; interest at 3.50% to 5.00%; final maturity date is November 1, 2025.</p>	<p>8,625,000</p>
<p>General Obligation Economic Development Improvement Warrant, Series 2007; due in annual principal payments beginning November 1, 2010 and semiannual interest payments due each November 1 and May 1; interest at 3.50% to 4.375%; final maturity date is November 1, 2025.</p>	<p>14,920,000</p>
<p>General Obligation Warrant, Series 2008; due in semiannual installments of principal and interest on November 20 and May 20 of each year, beginning November 20, 2008; interest at 3.21%; final maturity date is May 20, 2018.</p>	<p>312,500</p>
<p>General Obligation Revenue Warrant, Series 2008, due in semiannual installments of principal and interest on May 1 and November 1 of each year, beginning May 1, 2008; interest at 3.44% until September 30, 2013 and adjusted annually thereafter to the highest prime rate published in the Money section of the Wall Street Journal; final maturity date is September 30, 2023.</p>	<p>442,600</p>
<p>General Obligation Warrant, Series 2009, scheduled monthly payments of principal and interest; interest rate 3.69%; unsecured; final payment on February 1, 2014.</p>	<p>779,368</p>

CITY OF PRATTVILLE, ALABAMA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2010

NOTE 7 - LONG-TERM DEBT: (continued)

Whitney Series 2009A, due in monthly principal and interest payments of \$2,387, beginning December 15, 2009; interest rate is 3.825%; final balloon payment due on November 15, 2014. \$ 388,717

2009 General Obligation Refunding Warrants, due in semiannual installments of principal and interest on March 1 and September 1, beginning March 1, 2010; interest rate ranges from 2% to 4%; final payment is due September 1, 2022. 5,980,000

Whitney Series 2009B, due in monthly principal and interest payments of \$4,519 , beginning December 15, 2009; interest rate is 3.825%; final balloon payment due November 15, 2014. 415,239

General Obligation Chevron Warrants Series 2009A, due in semiannual installments of principal and interest on June 1 and December 1, beginning June 1, 2010; interest rate ranges from 2.2% to 4.5%; final payment is due December 1, 2029. 1,820,000

Total \$ 58,068,424

On December 1, 2009, the City issued \$6,315,000 in General Obligation Refunding Warrants with interest rates ranging from 2.0% - 4.0% to advance refund \$1.675 million of outstanding Series 2001 Warrants and \$4.5 million of Series 2002 Warrants with interest rates ranging from 4.0% - 5.0%. The net proceeds after payment of \$169,462 in underwriting fees, insurance, and other issuance costs were deposited with an escrow agent to provide for all future debt service payments with full redemption on January 15, 2010 and February 1, 2010 for the Series 2001 Warrants and Series 2002 Warrants, respectively. As a result, the Series 2001 and Series 2002 warrants are considered to be defeased and the liability for those warrants has been removed from the City's long-term liabilities on the statement of net assets. The City completed the current refunding to reduce its total debt service payments over the next 13 years by \$31,975 and to obtain an economic gain (difference between the present values of the old and new debt service payments) on the transaction of \$280,281.

CITY OF PRATTVILLE, ALABAMA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2010

NOTE 7 - LONG-TERM DEBT: (continued)

Debt service requirements on long-term debt at September 30, 2010 are as follows:

	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
YEAR ENDING SEPTEMBER 30:			
2011	\$ 2,923,822	\$ 2,391,047	\$ 5,314,869
2012	3,065,228	2,286,375	5,351,603
2013	3,192,471	2,166,330	5,358,801
2014	3,183,430	2,030,490	5,213,920
2015	3,700,923	1,879,328	5,580,251
2016 - 2020	17,156,614	7,320,614	24,477,228
2021 - 2025	18,555,936	3,530,149	22,086,085
2026 - 2030	6,290,000	301,033	6,591,033
Totals	\$ 58,068,424	\$ 21,905,366	\$ 79,973,790

The Historic Prattville Redevelopment Authority's notes payable at September 30, 2010 are as follows:

BankTrust secured by real estate; monthly interest payments due the 15th of every month, for 12 months beginning May 15, 2006. After 12 months the obligation converts to 47 installments of principal and interest in the amount of \$2,714, based on an 84 month amortization and a final balloon installment of all principal and accrued interest due at maturity; interest rate of 5.36%; final maturity date is April 5, 2011.	\$ 77,183
BankTrust secured by real estate; monthly principal and interest payments of \$1,972 due on the 5th of every month; interest rate of 6.15%; final maturity date is July 5, 2014.	188,007
BankTrust unsecured; monthly principal and interest payments of \$393.02 due on the 15th of every month; interest rate of 6.15%; maturity date of September 15, 2014.	31,896
Total	\$ 297,086

CITY OF PRATTVILLE, ALABAMA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2010

NOTE 7 - LONG-TERM DEBT: (continued)

Notes payable maturities at September 30, 2010 are as follows:

YEAR ENDING SEPTEMBER 30:	HISTORIC PRATTVILLE REDEVELOPMENT AUTHORITY		
	PRINCIPAL	INTEREST	TOTAL
	2011	\$ 92,202	\$ 18,258
2012	15,964	12,420	28,384
2013	16,980	11,405	28,385
2014	171,940	8,896	180,836
Totals	\$ 297,086	\$ 50,979	\$ 348,065

Long-term debt activity for the Historic Prattville Redevelopment Authority for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	ADDITION	REDUCTION	ENDING BALANCE	DUE WITHIN ONE YEAR
BankTrust; secured loan	\$ 105,159		\$ 27,976	\$ 77,183	\$ 77,183
BankTrust; secured loan	202,823		14,816	188,007	12,216
BankTrust; unsecured loan	35,000		3,104	31,896	2,803
Totals	\$ 342,982	\$ -	\$ 45,896	\$297,086	\$ 92,202

CITY OF PRATTVILLE, ALABAMA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2010

NOTE 7 - LONG-TERM DEBT: (continued)

The City of Prattville Airport Authority capital debt at September 30, 2010 is as follows:

Revenue and Grant Anticipation Bond Series 2008 - BankTrust; \$1,000,000; amount drawn to date \$661,864; interest rate of 3.58% until July 1, 2013, variable rate equal to 65% of BankTrust base rate thereafter; interest due quarterly beginning October 1, 2008; principal payments due quarterly beginning October 1, 2011; remaining balance due on July 1, 2016.	<u>\$ 661,864</u>
Total long-term capital debt	<u><u>\$ 661,864</u></u>

Maturities on capital debt are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
YEAR ENDING SEPTEMBER 30:			
2011		\$ 22,786	\$ 22,786
2012	\$ 51,336	22,616	73,952
2013	53,199	20,675	73,874
2014	55,129	18,728	73,857
2015	57,129	16,710	73,839
2016	445,071	11,214	456,285
Totals	<u>\$ 661,864</u>	<u>\$ 112,729</u>	<u>\$ 774,593</u>

Total interest cost on capital debt in 2010 was \$13,979.

CITY OF PRATTVILLE, ALABAMA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2010

Capital debt activity for the year ended September 30, 2010 was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
GMAC Financing Company	\$ 5,790		\$ 5,790		
Revenue and grant anticipation bond - BankTrust	<u>339,385</u>	<u>\$ 327,000</u>	<u>4,521</u>	<u>\$ 661,864</u>	
Totals	<u>\$ 345,175</u>	<u>\$ 327,000</u>	<u>\$ 10,311</u>	<u>\$ 661,864</u>	

NOTE 8 - NOTES PAYABLE:

The City issued General Obligation Note, Series 2009A dated July 16, 2009 in the amount of \$1,000,000. The proceeds of the note were used as a line of credit for paying operation expenditures as needed for the City. The line of credit has been renewed several times since originated. The line of credit currently bears an interest rate of 3.15%. At September 30, 2010, the outstanding balance totaled \$1,000,000 with a maturity date of March 31, 2011.

Short-term debt activity for the year ended September 30, 2010, was as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITION</u>	<u>REDUCTION</u>	<u>ENDING BALANCE</u>
Notes payable	<u>\$ 1,000,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 1,000,000</u>

NOTE 9 - CAPITAL LEASES:

The City leases assets with a historical cost and accumulated depreciation of \$2,875,373 and \$1,547,621 respectively, under capital lease arrangements. Future minimum lease payments at September 30, 2010 were as follows:

CITY OF PRATTVILLE, ALABAMA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2010

FISCAL YEAR ENDING SEPTEMBER 30:	<u>AMOUNT</u>
2011	\$ 526,176
2012	450,761
2013	225,555
2014	<u>105,513</u>
Total minimum lease payments	1,308,005
Less: Deferred interest	<u>68,161</u>
Present value minimum lease payments	<u><u>\$ 1,239,844</u></u>

NOTE 10 - PENSION COSTS:

Plan description - The City of Prattville, Alabama participates in the Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement system (PERS) that acts as a common investment and administrative agent for qualified persons employed by local government entities in Alabama. ERS PERS is a defined benefit plan that provides retirement, disability, and death benefits to plan members and beneficiaries.

The ERS was established October 1945 under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for State employees, State police, and on an elective basis to all cities, counties, towns, and quasi-public organizations. The responsibility for general administration and operation of the ERS is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975. Authority to amend the benefit provisions of the plan rests with the State Legislature.

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

Funding policy - Plan members are required by statute to contribute 5% of their annual salary, except for full-time, certified firefighters and law enforcement officers, who contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 8.53% of covered payroll based on the actuarial valuation report of September 30, 2009. The contribution requirements of plan members are set by the State Legislature. The contribution requirements of the City are established and may be amended by the ERS based on actuarial valuations.

CITY OF PRATTVILLE, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

Annual pension cost - For the year ended September 30, 2010, the City's annual pension cost of \$1,258,574 was equal to the City's required and actual contributions.

Trend information for the City of Prattville, Alabama is as follows:

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
September 30, 2008	\$ 1,052,937	100%	-0-
September 30, 2009	1,160,890	100%	-0-
September 30, 2010	1,258,574	100%	-0-

The required contribution was determined as part of the September 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) an investment rate of return on assets of 8.00% per year, and (b) projected salary increases of 4.61% to 7.75% per year, including inflation of 4.50%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of September 30, 2007 was 19 years.

Funding status and progress - As of September 30, 2009, the most recent actuarial valuation date, the plan was 72.5% funded. The actuarial accrued liability for benefits was \$39,315,613, and the actuarial value of assets was \$28,514,587 resulting in funding deficit of \$10,801,026. The covered payroll (annual payroll of active employees covered by the plan) was \$14,254,467, and the ratio of the funding deficit to the covered payroll was 75.80%.

The schedule of funding progress for the City of Prattville, Alabama, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**NOTE 11 - POST EMPLOYMENT BENEFITS:**

The City of Prattville's OPEB Plan is a single-employer, defined benefit OPEB plan. From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. Under the requirements of GASB Statement No. 45, the City recognizes the cost of postemployment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Under GASB Statement No. 45, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 11 - POST EMPLOYMENT BENEFITS: (continued)

Plan description - The City provides medical benefits to employees upon retirement according to the retirement eligibility provisions as follows: 25 years of service at any age; or, age 60 and 10 years of service. The retirees pay a portion of the premium costs. The City pays for all costs in excess of the required premiums. Benefits and contribution requirements (both employee and employer) for the OPEB Plan are contained in the official plan documents. No separate financial statements are issued.

The number of participants as of September 30, 2008, the effective date of the biannual OPEB valuation, follows:

	<u>NUMBER OF ENROLLEES</u>
Active employees	355
Retired employees	<u>14</u>
Total	<u><u>369</u></u>

Funding policy - The City currently pays for postemployment health care benefits on a pay-as-you-go basis. Although the City could establish a trust to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume that pay-as-you-go funding will continue.

Annual other postemployment benefit cost and obligation - For the fiscal year ended September 30, 2010, the City's annual OPEB expense of \$548,822 is not equal to the annual required contribution, as adjusted, which is estimated at \$661,215. Considering the City's annual OPEB cost as well the payment of current estimated health insurance premiums, which totaled \$112,393 for retirees, the result was an increase in the net OPEB obligation of \$548,822 for the year ended September 30, 2010.

The table below shows the City's net other post-employment benefit obligation for the fiscal year ending September 30, 2010:

CITY OF PRATTVILLE, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 11 - POST EMPLOYMENT BENEFITS: (continued)

	MEDICAL
Annual required contribution	\$ 670,710
Interest on net OPEB obligation	21,301
Adjustment to annual required contribution	(30,796)
Annual OPEB cost (expense)	661,215
Contributions made	-0-
Current year retiree premium	(112,393)
Increase in net OPEB obligation	548,822
Net OPEB obligation - beginning of year	532,520
Net OPEB obligation - end of year	\$ 1,081,342

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

POST EMPLOYMENT BENEFIT	FISCAL YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF ANNUAL COST CONTRIBUTED	NET OPEB OBLIGATION
Medical	September 30, 2009	\$ 644,913	17.43%	\$ 532,520
Medical	September 30, 2010	661,215	17.00%	1,081,342

Actuarial methods and assumptions - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer portion has been estimated as the difference between the unblended rate, estimated to be 130% of the blended rate (combined rate paid by active employees and retirees), and the portion paid by the retiree.

The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar basis. It is assumed that entitlement to benefits will commence immediately upon coverage eligibility and end at age 65. An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 9%. It is also assumed that 10% of retirees elect not to have retiree medical coverage because of the substantial retiree contribution required.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

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

In the September 30, 2008, actuarial valuation, the liabilities were computed using the projected unit credit cost method and level dollar amortization. The actuarial assumptions utilized a 4% discount rate. This discount rate is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare and Medicaid Services. The valuation assumes an 8% healthcare cost trend increase for fiscal year 2008, graded down to an ultimate annual rate of 5% for 2016 and later.

NOTE 12 - RESERVES OF FUND BALANCES:

Reserves indicate that portions of fund balances are not available for appropriation or are legally segregated. A detail of the reserves of each fund is as follows:

	<u>GENERAL FUND</u>	<u>CAPITAL FUND</u>	<u>DEBT SERVICE FUND</u>
Reserved for:			
Capital projects		\$ 153,129	
Self-insurance fund	\$ 230,292		
Encumbrances	262,382	465,739	
Department specification	180,387		
Prepaid items	148,232		
Debt service			<u>\$ 80,178</u>
Total reserved fund balances	<u>\$ 821,293</u>	<u>\$ 618,868</u>	<u>\$ 80,178</u>

NOTE 13 - CONTINGENT LIABILITIES:

The City has received federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could produce requests for reimbursements to the grantor agencies due to the disallowance of expenditures pursuant to the terms of the grant. It is the opinion of the City that such disallowances, if any, would not be material.

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 14 - RISK MANAGEMENT:

The City is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and self-insured employee health. The City purchases commercial insurance for property, general liability claims, and title insurance. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. All risk management activities are accounted for in the General Fund.

Employees' medical insurance fund - The City maintains the employees' medical insurance fund to account for and finance its uninsured risks of loss. Liabilities of the fund 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. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustments related to specific claims and other claim adjustments regardless of whether they are allocated to specific claims. Estimated recoveries are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$100,000. Settlements have not exceeded coverage. Changes in the balances of claims liabilities during the year are as follows:

Unpaid claims, beginning of fiscal year	\$ 208,300
Incurred claims (including IBNRs)	3,355,182
Claim payments	<u>(3,387,182)</u>
Unpaid claims, end of fiscal year	<u>\$ 176,300</u>

NOTE 15 - RELATED PARTY TRANSACTIONS:

The City chose the Water Works Board of the City of Prattville as the collection agent for the sewer and sanitation collection fees. The City receives the receipts for services when collected by the Water Works Board of the City of Prattville. The amount receivable to the City for sewer and sanitation collection fees not yet received at September 30, 2010 was \$370,754.

The City imposes a 3% license fee on gross water receipts. The 3% fees are collected by the Water Works Board of the City of Prattville from charges to water customers on their monthly water bill and remitted to the City annually on January 1. The receivable from the Water Works Board of the City of Prattville for license fees at September 30, 2010 was \$126,512.

On May 1, 2006, the City of Prattville, Alabama entered into a lease agreement with the Historic Prattville Redevelopment Authority to lease a building on West 4<sup>th</sup> Street. The term of the lease is five years with quarterly rent payments of \$8,183. The City of Prattville, Alabama paid \$32,732 in rent payments to Historic Prattville Redevelopment Authority during fiscal year ended September 30, 2010.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 16 - FUNDING AGREEMENT:

On April 12, 2006, the City of Prattville, Alabama entered into a funding agreement with Sunbelt-CPA, LLC, a limited liability company, to facilitate additional commercial development within the City by locating a national lodging franchise within the City. The funding agreement provides that the City agrees to pay Sunbelt-CPA, LLC an amount not more than \$175,000 in the form of a monthly rebate of 33% of lodging taxes derived from the property, less any amounts required to be paid by the City to Elmore County or the State of Alabama. This incentive is contingent upon an \$85.00 per night average daily rate.

On September 1, 2006, the City of Prattville, Alabama entered into a funding agreement with the Cooperative District of the City of Prattville (the District), a public corporation, simultaneously with the District's issuance of Limited Obligation Taxable Economic Development Bonds (Bass Pro Project), Series 2006 which were used to finance the acquisition, construction, and installation of a retail shopping center and related improvements in the City of Prattville, Alabama. The funding agreement provides that the City agrees to collect certain taxes on persons, firms, and corporations which sell at retail certain tangible personal property (excluding automotive vehicles) in the area owned by the District. Pursuant to the funding agreement, the City will collect and remit to First Commercial Bank, the trustee of the District's bond indenture, an amount equal to 2.5% of the gross proceeds of such sales through the earlier date of September 2026 or full payment of bonds. The Limited Obligation Taxable Economic Development Bonds (Bass Pro Project), Series 2006 do not constitute an obligation of the City of Prattville, Alabama.

In December 2008, the City of Prattville, Alabama entered into a funding agreement with The Exchange Cooperative District (the "District"), a public corporation to provide assistance in connection with proposed financing, construction, and installation of a retail shopping facility and related improvements in the City (the Project). The funding agreement provides that the City agrees to collect Project sales tax revenues and remit 50% of the City's actual receipts from the businesses located within the Project to fund the indebtedness of The Exchange Cooperative District. Payments under the agreement shall be made directly to the Trustee for the account of the District, if requested by the District, otherwise, all payments shall be made to the District or to the District Director. The maximum amount shall be the aggregate amount necessary to amortize \$9,000,000 over thirty (30) years at an average yield. The average yield is the annual cost of any credit enhancement or remarketing fees expressed as a percentage, plus the average yield of the District's tax-exempt indebtedness, if any, or if no tax-exempt indebtedness is outstanding, the average yield of all of the indebtedness of the District, in the event the indebtedness is refinanced or fully satisfied. The City shall have no obligation to make any payment from any other sources. Any indebtedness issued by the Exchange Cooperative District does not constitute an obligation of the City of Prattville, Alabama.

CITY OF PRATTVILLE, ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

NOTE 17 - COMMITMENTS:

The City has a contractual commitment with the Autauga County Commission for the funding of the metro jail facility. The contract provides for annual payments not to exceed \$325,000 for a period of 20 years. Monthly payments on the commitment commenced when the facility became operational in July 2004. These annual payments include facility rental payments of \$160,000 and operating cost of \$165,000.

The City entered an agreement to support the indebtedness incurred to finance property of the Historic Prattville Redevelopment Authority with an annual allocation in the event that the lease arrangements on the financed property prove not to be financially viable. The initial loan balance on the property totaled \$252,200. The loan balance as of September 30, 2010 was \$188,007.

On March 30, 2009, the City entered into a contract with an engineering company to provide engineering services related to the widening and resurfacing of McQueen Smith Road from South Memorial Drive to Cobbs Ford Road. The contract amount is \$642,704. This cost of the contract is federally funded at 80% up to \$520,000, and the remainder is to be paid from the City's funds.

As of September 30, 2010, commitments to contractors on capital projects are as follows:

Commitments	\$ 2,952,130
Spent-to-date	<u>(2,486,391)</u>
Remaining commitments	<u>\$ 465,739</u>

The remaining commitments are included in fund balance reserved for encumbrances.

NOTE 18 - SUBSEQUENT EVENTS:

On October 29, 2010, the City issued General Obligation Note, Series 2011 in the amount of \$3,100,000 to refund that portion of the principal and interest on a series of General Obligation Warrants which were due and payable on November 1, 2010. The General Obligation note bears interest at a rate of 1.23% with a maturity date of May 2, 2011.

On January 4, 2011, the City passed a resolution to authorize the Mayor to enter into a contract for the purchase and implementation of a Public Safety Traffic Signal Pre-emption Program at a cost not to exceed \$150,075 for equipment and \$2,000 for training. Funding for this program will be from the 2010 Congressional Appropriations Act.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF PRATTVILLE, ALABAMA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Taxes:				
Ad valorem taxes	\$ 2,468,000	\$ 2,468,000	\$ 2,500,129	\$ 32,129
Sales taxes	15,295,500	15,295,500	14,106,429	(1,189,071)
Local gasoline tax	895,000	895,000	899,562	4,562
Cigarette tax	145,000	145,000	149,222	4,222
Whiskey tax	45,000	45,000	47,036	2,036
Beer tax	230,000	230,000	225,141	(4,859)
Wine tax	13,000	13,000	14,320	1,320
ABC sales tax	30,000	30,000	33,072	3,072
Excise tax			18,972	18,972
Lodging tax	1,150,000	1,150,000	1,063,067	(86,933)
Rental tax	243,000	243,000	239,858	(3,142)
Total taxes	20,514,500	20,514,500	19,296,808	(1,217,692)
Licenses and permits:				
Business licenses	4,120,000	4,120,000	4,218,715	98,715
Yard sale permits	4,000	4,000	4,840	840
Franchise fees	500,000	500,000	425,634	(74,366)
Building permits and inspection fees	451,000	451,000	208,144	(242,856)
Zoning and plat fees			17,660	17,660
Total licenses and permits	5,075,000	5,075,000	4,874,993	(200,007)
Intergovernmental revenue:				
Shared state revenue:				
ABC profits	8,000	8,000		(8,000)
Total intergovernmental revenues	8,000	8,000		(8,000)
Charges and fees for services:				
Ambulance fees	730,000	730,000	637,244	(92,756)
Ambulance fees, county	290,000	290,000	249,386	(40,614)
Sewer charges	2,290,000	2,290,000	2,176,999	(113,001)
Sanitation fees	2,051,000	2,051,000	2,084,834	33,834
Sewer impact fees			146,707	146,707
Street cut/repairs	2,500	2,500	4,349	1,849
Recreation rentals	213,500	213,500	265,044	51,544
Total charges and fees for services	5,577,000	5,577,000	5,564,563	(12,437)

CITY OF PRATTVILLE, ALABAMA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES: (continued)				
Fines and forfeitures:				
Court fines	\$ 352,000	\$ 352,000	\$ 288,584	\$ (63,416)
Drug proceeds	160,000	160,000	55,191	(104,809)
Court costs	51,000	51,000	56,917	5,917
Total fines and forfeitures	<u>563,000</u>	<u>563,000</u>	<u>400,692</u>	<u>(162,308)</u>
Miscellaneous revenues:				
Donations	75,000	75,000	75,535	535
County commission - RTJ	50,000	50,000	50,000	
Interest income	5,000	5,000	44,844	39,844
Accident reports	1,000	1,000	10,675	9,675
Friday night live club	1,000	1,000	721	(279)
Cemetery lots	1,000	1,000		(1,000)
Miscellaneous income	311,250	311,250	33,338	(277,912)
Parades	3,000	3,000	3,880	880
Performing and creative arts	15,500	15,500	29,373	13,873
Penalties	9,000	9,000	17,572	8,572
Sale of surplus equipment	25,000	25,000	5,805	(19,195)
Stanley stadium	4,000	4,000	5,500	1,500
Swimming pool concessions	8,000	8,000	10,578	2,578
Lambert property tower	5,500	5,500	7,260	1,760
Grant income	300,000	300,000	85,196	(214,804)
Bullet proof vest grant	4,000	4,000	5,714	1,714
Law enforcement BG funds			414,763	414,763
Total miscellaneous revenues	<u>818,250</u>	<u>818,250</u>	<u>800,754</u>	<u>(17,496)</u>
Total revenues	<u>\$ 32,555,750</u>	<u>\$ 32,555,750</u>	<u>\$ 30,937,810</u>	<u>\$ (1,617,940)</u>

CITY OF PRATTVILLE, ALABAMA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
<b>EXPENDITURES:</b>				
General government:				
Executive	\$ 1,208,635	\$ 1,208,635	\$ 1,387,106	\$ (178,471)
Legislative	193,555	193,555	209,087	(15,532)
Judicial	420,415	420,415	434,238	(13,823)
Administrative finance	704,442	704,442	744,337	(39,895)
Administrative city clerk	333,956	333,956	293,447	40,509
Human resources	439,844	439,844	616,625	(176,781)
Information technology	970,305	970,305	1,134,797	(164,492)
Vehicle maintenance	1,165,222	1,165,222	1,305,576	(140,354)
Sales tax incentives	703,935	703,935	835,933	(131,998)
Total general government	<u>6,140,309</u>	<u>6,140,309</u>	<u>6,961,146</u>	<u>(820,837)</u>
Public works:				
Street	1,396,642	1,396,642	1,463,668	(67,026)
Sanitation	1,834,729	1,834,729	1,925,820	(91,091)
Planning and development	1,312,269	1,312,269	1,186,412	125,857
Wastewater	2,383,339	2,383,339	2,699,232	(315,893)
Engineering	430,496	430,496	469,913	(39,417)
Total public works	<u>7,357,475</u>	<u>7,357,475</u>	<u>7,745,045</u>	<u>(387,570)</u>
Public safety:				
Police	6,332,521	6,332,521	7,428,968	(1,096,447)
Fire	7,251,620	7,251,620	7,476,331	(224,711)
Total public safety	<u>13,584,141</u>	<u>13,584,141</u>	<u>14,905,299</u>	<u>(1,321,158)</u>
Cultural and recreation:				
Leisure services	2,272,162	2,272,162	2,142,182	129,980
Performing and creative art	287,643	287,643	255,188	32,455
Total cultural and recreation	<u>2,559,805</u>	<u>2,559,805</u>	<u>2,397,370</u>	<u>162,435</u>
Debt service:				
Debt issuance cost			162,777	(162,777)
Principal	1,363,940	1,363,940	1,126,364	237,576
Interest			179,741	(179,741)
Total debt service	<u>1,363,940</u>	<u>1,363,940</u>	<u>1,468,882</u>	<u>(104,942)</u>

CITY OF PRATTVILLE, ALABAMA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES: (continued)				
Transfers:				
Transfers to component units	\$ 417,732	\$ 417,732	\$ 417,732	
Total transfers	417,732	417,732	417,732	
Total expenditures	31,423,402	31,423,402	33,895,474	\$ (2,472,072)
Excess of revenues over expenditures	1,132,348	1,132,348	(2,957,664)	(4,090,012)
Other financing sources (uses):				
Transfers to debt service fund	(2,964,007)	(2,964,007)	(711,423)	2,252,584
Transfers to capital improvement fund			(373,789)	(373,789)
Transfer from capital improvement fund			129,681	129,681
Transfer to special revenue fund			(19,879)	(19,879)
Warrant proceeds	1,672,631	1,672,631	850,000	(822,631)
Refunding warrants			6,315,000	6,315,000
Proceeds from notes payable			300,000	300,000
Proceeds from capital leases			260,000	260,000
Bond premium			177,389	177,389
Payment to refunded bond escrow agent			(6,322,926)	(6,322,926)
Total other financing sources (uses)	(1,291,376)	(1,291,376)	604,053	1,895,429
Net change in fund balance, budgetary basis	\$ (159,028)	\$ (159,028)	(2,353,611)	\$ (2,194,583)
Deduct other reconciling items to adjust from budgetary basis to modified accrual basis:				
Change in encumbrances			135,060	
			135,060	
NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS			(2,218,551)	
FUND BALANCE - BEGINNING			726,560	
FUND BALANCE - ENDING			\$ (1,491,991)	

See accompanying notes to budgetary comparison schedules.

CITY OF PRATTVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION  
 NOTES TO BUDGETARY COMPARISON SCHEDULES

NOTE A - EXPLANATION OF DIFFERENCES BETWEEN GAAP REVENUES AND EXPENDITURES AND BUDGETARY INFLOW AND OUTFLOWS:

The City uses encumbrance accounting for budgetary control purposes. Outstanding encumbrances, which are outstanding purchase orders, contracts, and other commitments, are not treated as expenditures in the operating statements, but instead are reflected as a reservation of fund balance for expenditure or liquidation in the subsequent fiscal year. The only exception to this rule is in the Budgetary Comparison Schedule - General Fund. Encumbrances are included in the actual expenditure figures on this statement so that a meaningful comparison can be made with the adopted budget of the City.

A reconciliation of the two statements is as follows:

	<u>GENERAL FUND</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP basis)	\$ (2,218,551)
Encumbrances at beginning of the year	127,322
Encumbrances at end of the year	<u>(262,382)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses - actual (non-GAAP budgetary basis)	<u>\$ (2,353,611)</u>

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

The General Fund expenditures exceeded appropriations by \$2,472,072 primarily due to the excess operating expenditures of \$1,321,158 incurred in public safety, of which \$400,000 was for capital outlay that was funded by a capital grant. There were also excess operating expenditures of \$820,837 incurred in general government. These excess expenditures were funded by current revenues and other financing sources.

CITY OF PRATTVILLE, ALABAMA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS OF THE CITY'S DEFINED BENEFIT  
 PENSION PLAN  
 LAST THREE FISCAL YEARS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (b)	UNFUNDED OF ASSETS OVER AAL (a-b)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	EXCESS AS A PERCENTAGE OF COVERED PAYROLL ((a-b)/c)
September 30, 2007	\$ 26,441,912	\$ 33,056,377	\$ (6,614,465)	80.0%	\$12,483,719	53.0%
September 30, 2008	27,900,405	36,003,149	(8,102,744)	77.5%	13,452,621	60.2%
September 30, 2009	28,514,587	39,315,613	(10,801,026)	72.5%	14,254,467	75.8%

SUPPLEMENTARY INFORMATION

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

These include operating funds which are restricted as to use by the federal or state government and special purpose funds established by authority of the City Council.

State gasoline excise tax fund accounts for proceeds from a state gasoline tax. The use of these funds is restricted to expenditures related to construction, improvements, and maintenance of highways, bridges, and streets.

State gasoline and lubricating oil tax fund accounts for proceeds from a state gasoline tax. The use of these funds is restricted to expenditures related to resurfacing, restoration, and rehabilitation of roads, bridges, and streets.

Alabama trust fund accounts for funds received from the Alabama Trust Fund to be used solely for capital improvements and the renovation of capital improvements determined by the municipal governing body.

Miscellaneous grant fund accounts for funding arising from miscellaneous federal and state government grants.

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CITY OF PRATTVILLE, ALABAMA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2010

	TOTAL NONMAJOR GOVERNMENTAL FUNDS	SPECIAL REVENUE FUNDS
<b>ASSETS:</b>		
Cash	\$ 510,090	\$ 510,090
Accounts receivable	56,167	56,167
Total assets	\$ 566,257	\$ 566,257
<b>FUND BALANCE:</b>		
Unreserved:		
Undesignated	\$ 566,257	\$ 566,257
Total fund balance	\$ 566,257	\$ 566,257

CITY OF PRATTVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	TOTAL NONMAJOR GOVERNMENTAL FUNDS	SPECIAL REVENUE FUNDS
	<u>                    </u>	<u>                    </u>
REVENUES:		
Taxes and fees	\$ 240,547	\$ 240,547
Intergovernmental revenue	217,701	217,701
Total revenues	<u>458,248</u>	<u>458,248</u>
EXPENDITURES:		
Current operations:		
Public works	123,904	123,904
Total expenditures	<u>123,904</u>	<u>123,904</u>
EXCESS OF REVENUES OVER EXPENDITURES	334,344	334,344
OTHER FINANCING (SOURCES) USES:		
Transfers in	19,879	19,879
Transfers out	(161,534)	(161,534)
Total other financing (sources) uses	<u>(141,655)</u>	<u>(141,655)</u>
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	192,689	192,689
FUND BALANCES AT BEGINNING OF YEAR	<u>373,568</u>	<u>373,568</u>
FUND BALANCES AT END OF YEAR	<u>\$ 566,257</u>	<u>\$ 566,257</u>

CITY OF PRATTVILLE, ALABAMA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2010

	TOTAL	STATE GASOLINE EXCISE TAX FUND	STATE GASOLINE AND LUBRICATING OIL TAX FUND	MISCELLANEOUS GRANT FUND
<b>ASSETS:</b>				
Cash	\$ 510,090	\$ 282,127	\$ 227,963	
Accounts receivable	56,167			\$ 56,167
Total assets	\$ 566,257	\$ 282,127	\$ 227,963	\$ 56,167
<b>FUND BALANCE:</b>				
Fund balances:				
Unreserved:				
Undesignated	\$ 566,257	\$ 282,127	\$ 227,963	\$ 56,167
Total fund balances	\$ 566,257	\$ 282,127	\$ 227,963	\$ 56,167

CITY OF PRATTVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	TOTAL	STATE GASOLINE EXCISE TAX FUND	STATE GASOLINE AND LUBRICATING OIL TAX FUND	ALABAMA TRUST FUND	MISCELLANEOUS GRANT FUND
<b>REVENUES:</b>					
Taxes and fees	\$ 240,547	\$ 135,208	\$ 105,339		
Intergovernmental revenues	217,701			\$ 161,534	\$ 56,167
Total revenues	<u>458,248</u>	<u>135,208</u>	<u>105,339</u>	<u>161,534</u>	<u>56,167</u>
<b>EXPENDITURES:</b>					
Current operations:					
Public works	123,904	35,661	32,076		56,167
Total expenditures	<u>123,904</u>	<u>35,661</u>	<u>32,076</u>		<u>56,167</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	19,879				19,879
Transfers out	(161,534)			(161,534)	
Total other financing sources (uses)	<u>(141,655)</u>			<u>(161,534)</u>	<u>19,879</u>
Excess of revenues over expenditures	192,689	99,547	73,263		19,879
FUND BALANCES AT BEGINNING OF YEAR	<u>373,568</u>	<u>182,580</u>	<u>154,700</u>		<u>36,288</u>
FUND BALANCES AT END OF YEAR	<u>\$ 566,257</u>	<u>\$ 282,127</u>	<u>\$ 227,963</u>	<u>\$ -</u>	<u>\$ 56,167</u>

CITY OF PRATTVILLE, ALABAMA  
 BUDGETARY COMPARISON SCHEDULE  
 STATE GASOLINE EXCISE TAX FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	BUDGET	ACTUAL	OVER BUDGET
REVENUES:			
State gasoline excise tax	\$ 130,500	\$ 135,208	\$ 4,708
Total revenues	130,500	135,208	4,708
EXPENDITURES:			
Current operations:			
Public works		35,661	(35,661)
Total expenditures		35,661	(35,661)
Net change in fund balance, budgetary basis	\$ 130,500	99,547	\$ (30,953)
FUND BALANCE AT BEGINNING OF YEAR		182,580	
FUND BALANCE AT END OF YEAR		\$ 282,127	

CITY OF PRATTVILLE, ALABAMA

BUDGETARY COMPARISON SCHEDULE  
 STATE GASOLINE AND LUBRICATING OIL EXCISE TAX FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER BUDGET</u>
REVENUES:			
State gasoline and lubricating oil excise tax	<u>\$ 100,000</u>	<u>\$ 105,339</u>	<u>\$ 5,339</u>
Total revenues	<u>100,000</u>	<u>105,339</u>	<u>5,339</u>
EXPENDITURES:			
Current operations:			
Public works		<u>32,076</u>	<u>(32,076)</u>
Total expenditures		<u>32,076</u>	<u>(32,076)</u>
Net change in fund balance, budgetary basis	<u>\$ 100,000</u>	<u>73,263</u>	<u>\$ (26,737)</u>
 FUND BALANCE AT BEGINNING OF YEAR		<u>154,700</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 227,963</u>	