

CITY OF PRATTVILLE, ALABAMA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Prepared by:
Department of Finance
Douglas C. Moseley, CGMA, CITP, CISA, CPA
Finance Director

INTRODUCTORY SECTION

CITY OF PRATTVILLE, ALABAMA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTORY SECTION	
Table of contents	i - iii
Letter of transmittal	iv - viii
Certificate of Achievement for Excellence in Financial Reporting	ix
List of principal officials	x
Organizational chart	xi
Map of the City	xii
II. FINANCIAL SECTION	
Independent auditor's report	1 - 3
Management's discussion and analysis	4 - 14
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of net position	15
Statement of activities	16
Fund Financial Statements	
Balance sheet - governmental funds	17
Reconciliation of balance sheet of governmental funds to statement of net position	18
Statement of revenues, expenditures, and changes in fund balances - governmental funds	19
Reconciliation of statement of revenues, expenditures, and changes in fund balances of governmental funds to statement of activities	20
Statement of revenues, expenditures, and changes in fund balances - budget and actual general fund	21 - 24
Statement of revenues, expenditures, and changes in fund balances - budget and actual gas tax special revenue fund	25

CITY OF PRATTVILLE, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

TABLE OF CONTENTS (Continued)

II. FINANCIAL SECTION (Continued)

	<u>PAGE</u>
Statement of revenues, expenditures, and changes in fund balances - budget and actual judicial special revenue fund	26
Statement of net position - proprietary funds	27
Statement of revenues, expenses, and changes in net position - proprietary funds	28
Statement of cash flows - proprietary funds	29
Notes to Financial Statements	30 - 69

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of changes in the net pension liability	70
Schedule of employer contributions	71
Schedule of funding progress of the City's post-employment benefits other than pensions	72

OTHER SUPPLEMENTARY INFORMATION

Statement of revenues, expenditures, and changes in fund balances - budget and actual capital projects fund	73
Statement of revenues, expenditures, and changes in fund balances - budget and actual debt service fund	74

III. STATISTICAL SECTION

Financial Trends

Schedule 1 Net position by component	75
Schedule 2 Changes in net position	76 - 77
Schedule 3 Fund balances of governmental funds	78

CITY OF PRATTVILLE, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

TABLE OF CONTENTS (Continued)

III. STATISTICAL SECTION (Continued)

	<u>PAGE</u>
Schedule 4 Changes in fund balances of governmental funds	79
Revenue Capacity	
Schedule 5 Net taxable sales by category	80
Schedule 6 Sales tax revenue payers by category	81 - 82
Schedule 7 Direct and overlapping sales tax rates	83
Debt Capacity	
Schedule 8 Ratios of outstanding debt by type	84
Schedule 9 Ratios of net general bonded debt outstanding	85
Schedule 10 Direct and overlapping governmental activities debt	86
Schedule 11 Legal debt margin information	87
Demographic and Economic Information	
Schedule 12 Demographic and economic statistics	88
Schedule 13 Principal employers	89
Operating Information	
Schedule 14 Full-time equivalent city government employees by function	90
Schedule 15 Operating indicators by function/program	91
Schedule 16 Capital asset statistics by function/program	92



CITY OF PRATTVILLE

BILL GILLESPIE, JR.
MAYOR

CITY COUNCIL

WILLIE WOOD, JR.
PRESIDENT
DISTRICT 2

ALBERT C. STRIPLIN
PRESIDENT PRO TEMPORE
DISTRICT 1

DENISE B. BROWN
DISTRICT 3

JERRY STARNES
DISTRICT 4

GARY L. WHITESIDE
DISTRICT 5

RAY C. BOLES
DISTRICT 6

LORA LEE BOONE
DISTRICT 7

March 28, 2016

The Citizens of
The City of Prattville
Prattville, Alabama

The Comprehensive Annual Financial Report (CAFR) of The City of Prattville (the government) for the fiscal year ended September 30, 2015 is hereby transmitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Prattville management. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government and its component units. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The Report

The financial section of the CAFR includes the management's discussion and analysis (MD&A), the basic financial statements for the primary government and its separately presented component units, and the primary government's combining and individual financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The MD&A contains a narrative introduction, overview, and analysis of the City's financial statements. It should be read in conjunction with this letter of transmittal.

This report includes all funds of the primary government and its component units. The primary government provides a full range of services. These services include public safety, public works, environmental services, culture and recreation, economic and community development, planning, and general administrative services.

GASB Reporting Requirements

Each year, management evaluates new GASB reporting requirements to determine applicability to the City. The requirements issued by GASB that became effective during this fiscal period and those that will become effective in the next fiscal period are described in this document.

GASB Statement No. 67, "Financial Reporting for Pension Plans; an amendment of GASB Statement No 25," which replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2013.

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to the pension plans that are administered through trusts and equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.

GASB Statement No. 69, "Government Combinations and Disposals of Government Operations." The requirements of this Statement should be applied prospectively and are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.

GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees" The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2013.

GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68." The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.

City Profile

The City of Prattville is the County seat of Autauga County, it was incorporated on August 8th 1865, and is located in south central Alabama. It serves a population of approximately 35,229. The City of Prattville operates under a Mayor/Council form of government with a fiscal year from October 1st through September 30th. The Mayor and seven (7) Council members are each elected to four (4) year terms. City services include police and fire protection; sanitation services; sewer services; the construction and maintenance of highways, streets, and infrastructure; recreational activities; and cultural events.

Formal budgetary integration is employed as a management control device. On a day to be set by the Council, the Mayor submits to the Council a balanced budget for the next fiscal year. The Council schedules public hearings for the purpose of discussing and adopting the budget and may add to or delete from the budget submitted by the Mayor as long as the budget remains in balance. The Council, by a majority vote, shall adopt the budget. Activities of the General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Funds are included in the annual appropriated budget. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations lapse at the end of the fiscal year unless expended or encumbered.

In order to prepare a financial report, it is necessary to identify all components of the reporting entity. Potential component units were evaluated to determine whether they should be reported in the City's financial report. A component unit was considered to be part of the City's reporting entity if it was concluded that the City was financially accountable for the entity or the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City's financial statements to be misleading or incomplete. The Autauga-Prattville Public Library, Prattville Airport Authority, and Historic Prattville Redevelopment Authority were determined to be the only reportable component units and have been included in this report.

Economic Condition and Outlook

The proximity of the state capital and Maxwell Gunter Air Force Base make significant contributions to the local economy.

The City of Prattville maintains a contract for service with The Prattville Area Chamber of Commerce to provide economic development services. The Prattville Area Chamber of Commerce is a voluntary partnership of business and professional people working together to build a healthy economy and to improve the community's quality of life. The Prattville Area Chamber of Commerce has the responsibility to promote the economic wellbeing and to advocate for a positive business environment.

Chamber members are businesses, organizations, and individuals concerned with the socio-economic climate of the community.

The Chamber works to improve the community, observing these objectives:

- to help businesses grow and prosper;
- to increase job opportunities;
- to encourage orderly expansion/development of all segments;
- to contribute to the overall economic stability of the community;
- to encourage and promote the nation's private enterprise system of competitive marketing.

Financial Information

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate data is compiled to allow for the presentation of financial statements in conformance with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) that valuation of costs and benefits requires estimates and judgments by management.

Single Audit - As recipient of federal and state financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of the City's audit in accordance with generally accepted government auditing standards, tests are made to determine the adequacy of the internal control structure, including that portion related to federal assistance programs, as well as to determine that the government has complied with applicable laws and regulations.

Budgeting - Budgetary tracking is maintained at the line item level by the encumbrance of actual or estimated purchase amounts prior to the release of purchase orders to vendors. Accountability for budgetary compliance is held at the department level. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Purchase orders resulting in an overrun within a department balance are released only after the approval of the finance director or mayor.

Budget amendments are effected by resolutions enacted by the governing body when needed. Activities of the General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Funds are included in the budget. Encumbrances lapse at year-end; however, encumbrances remaining against a positive department budget balance may be re-appropriated as a "prior year carryover."

The City's budget is prepared in accordance with generally accepted accounting principles (GAAP), with the exception that capital outlays are budgeted within those departments. The financial statements presented in the financial section of this report are presented in accordance with GAAP; that is all capital outlays have been aggregated in a single line captioned "capital outlay."

Healthcare costs - With the healthcare costs continuing to increase, the City of Prattville opened the primary healthcare clinic in 2011. This clinic provides City employees and their dependents with those services that would be rendered by a family practice physician. The City hired CareHere, LLC to manage all aspects of operations for these clinics.

General Fund Reserves - Management has, through council resolution, established a goal of achieving a net ending fund balance in the General Fund that is equal to or greater than 15% of the total expenditures and other financing uses.

Awards and Acknowledgements

During 2012 the City of Prattville won Coca-Cola's America's Favorite Park contest. The prize for the contest was a \$100,000 grant to be used for a project within the park. During the 2013 Fiscal year the city used the funds to construct a splash pad for all citizens to enjoy.

During 2013 the Alabama Policy Institute ranked Prattville number 6 out of 50 cities in their Overall Business-Friendly Ranking. This was based on economic vitality, business tax burden, community allure, and transportation infrastructure. Prattville was ranked #1 on community allure based on our cost of living, per capita violent crime rate, high school graduation rate and SAT averaged reading, and math scores.

Two bronze medals were awarded to the City of Prattville for action taken to improve access to healthy affordable food and increased opportunities for physical activity. These medals were awarded because of Prattville's achievements in collaborating with other agencies on early care and education programs and for also having at least 60% of public schools participating in the School Breakfast Program.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Prattville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2014. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe the City's 2015 CAFR continues to meet the Certificate of Achievement Program's requirements, and it is being submitted to the GFOA to determine its eligibility for another certificate.

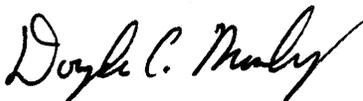
Other Information

Independent Audit - The government is required by State law to undergo an annual audit by independent public accountants; to meet federal requirements of the Single Audit Act Amendments of 1996, and the resultant issuance of OMB Circular No. A-133 (Audits of States, Local Governments, and Non-Profit Organizations); and the City's audit report must be signed by a certified public accountant. The accounting firm of Jackson Thornton & Co. P.C. was selected through a competitive proposal process. The auditor's report on the basic financial statements and the combining and individual fund statements and schedules is included in the financial section of this report.

Information related to the Single Audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are generally meaningful only to oversight agencies and therefore have not been included in this report. This information is contained in a separate Single Audit report, which is available for review at the Finance Department in City Hall 101 West Main Street, Prattville, Alabama.

Acknowledgements - The preparation of the comprehensive annual financial report could not be accomplished without the dedicated services of all City departments but in particular an efficient Finance Department staff. We express appreciation to each member of these departments for their contributions made in the preparation of this report.

Respectfully submitted,



Douglas C. Moseley, Finance Director



Government Finance Officers Association

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

Presented to

**City of Prattville
Alabama**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

LIST OF PRINCIPAL OFFICIALS
AS OF SEPTEMBER 30, 2015

Mayor

Bill Gillespie, Jr.

CITY COUNCIL

Willie Lee Wood, Jr., President

Jerry Starnes
Albert Striplin, President Pro Tempore
Gary Whiteside

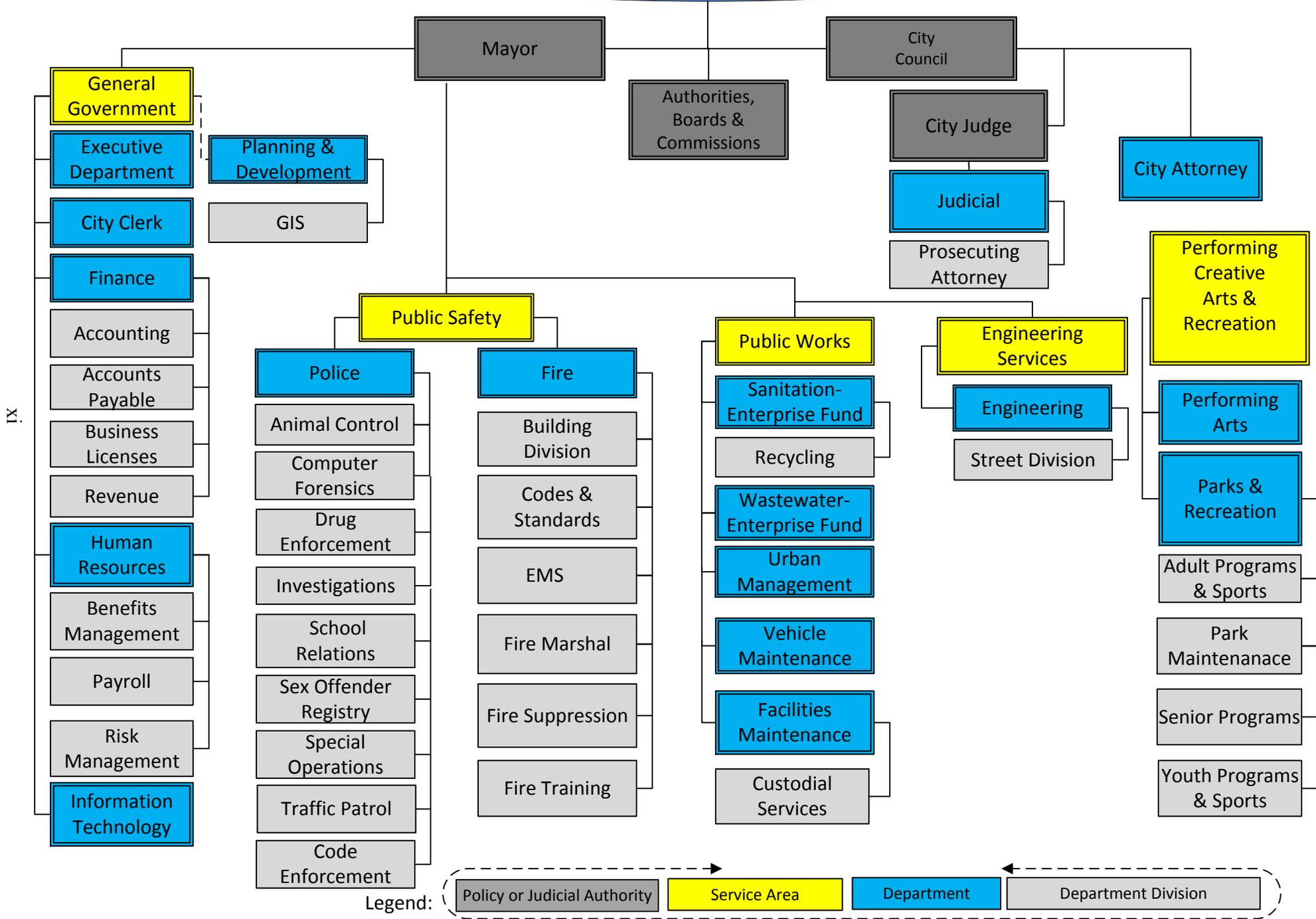
Denise Brown
Ray Boles
Lora Lee Boone

HEADS OF DEPARTMENTS

Municipal Court
City Attorney
City Prosecutor
City Clerk
Finance Director
Engineering
Public Works
Police
Fire
Parks and Recreation
Human Resources
Information Technology
Planning

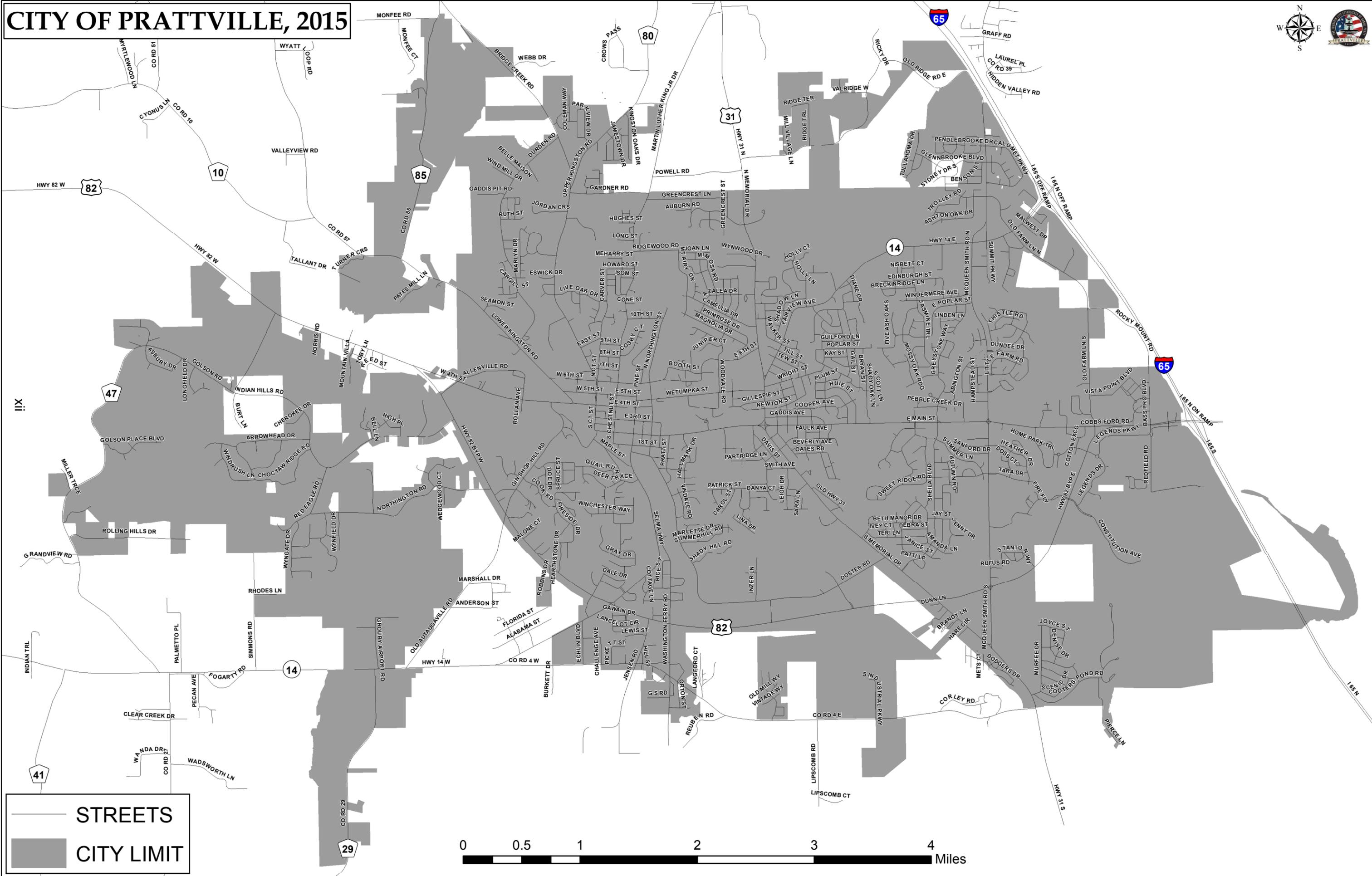
Judge Louis C. Colley
David McDowell
Brad E. Ekdahl
Cathy Dickerson
Douglas C. Moseley
Robby Anderson
Dale Gandy
Chief Mark Thompson
Chief Terry Brown
Kellie Cook
Lisa Thrash
Douglas C. Moseley
Joel Duke

Citizens of Prattville



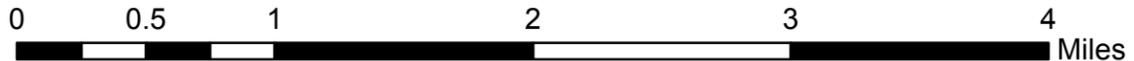
ix.

CITY OF PRATTVILLE, 2015



ix

— STREETS
■ CITY LIMIT



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the City of Prattville, Alabama (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Autauga Prattville Public Library and the Historic Prattville Redevelopment Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the City of Prattville, Alabama, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Gas Tax Special Revenue Fund, and the Judicial Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 17 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability, the schedule of employer contributions, and the schedule of funding progress of the City's post-employment benefits other than pensions on pages 4 through 14 and pages 70 through 72 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the *Governmental Accounting Standard Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Prattville, Alabama's basic financial statement. The introductory section, other supplementary information section, and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated March 28, 2016 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* in considering City of Prattville, Alabama's internal control over financial reporting and compliance.

Jackson Sherenton & Co. PC

Montgomery, Alabama
March 28, 2016

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, 2015. 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 assets exceeded its liabilities at September 30, 2015, by \$19,360,427 (net position). Of the net position balance amount, (\$28,060,530) (unrestricted net position) 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 which originated in the fiscal years ended 2006 and 2008 as well as the unfunded pension liability for the City.
- During the year, the City's total net position decreased by \$1,781,570. Revenues of \$46,957,719 exceeded expenses of \$37,096,116. The increase in revenue is due to the increase in sales tax revenue and increase in charges for services. Expenses increased slightly due to employee raises and capital expenditures. The decrease in net position is due to the recording of the unfunded pension liability.
- Under the Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employees for Post-Retirement Benefits Other than Pensions* (GASB 45), the City recognized an expense of \$382,785 in the current year to record unfunded OPEB obligation.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,776,584. There was an increase of \$3,566,331 from the prior year.

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 are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to 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 position and a statement of activities. These statements include 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, the Authority, and HPRA can be obtained at their administrative offices located in Prattville, Alabama.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 business-type activities of the City of Prattville, Alabama include the Sanitation and Wastewater departments.

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 of the major funds.

The City adopts an annual appropriated budget for its general fund, gas tax special revenue fund, capital projects fund, debt service fund, and judicial special revenue fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. The City of Prattville, Alabama maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the entity-wide financial statements. The City of Prattville, Alabama uses enterprise funds to account for its Sanitation and Wastewater departments. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal funds to account for its employees' medical insurance. The internal service fund is presented, in total, in the fund financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sanitation and the Wastewater departments, which are considered to be major funds of the City of Prattville, Alabama.

Notes to 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 30 through 69 of this report.

Government-Wide Financial Analysis

The City's condensed statement of net position as of September 30, 2015 and 2014, derived from the government-wide statement of net position is presented below.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	<u>2015</u>	<u>2014*</u>	<u>2015</u>	<u>2014*</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 17,154,711	\$ 15,071,256	\$ 2,906,008	\$ 3,690,576	\$ 20,060,719	\$ 18,761,832
Capital assets, net of depreciation	50,381,905	48,411,132	7,440,940	7,097,763	57,822,845	55,508,895
Restricted assets	1,902,624	1,329,510			1,902,624	1,329,510
Total assets	<u>69,439,240</u>	<u>64,811,898</u>	<u>10,346,948</u>	<u>10,788,339</u>	<u>79,786,188</u>	<u>75,600,237</u>
Deferred outflows	<u>2,506,884</u>	<u>889,990</u>	<u>160,682</u>		<u>2,667,566</u>	<u>889,990</u>
Long-term liabilities outstanding	56,341,069	49,372,412	2,736,118	2,880,037	59,077,187	52,252,449
Other liabilities	2,516,043	2,871,964	409,750	223,817	2,925,793	3,095,781
Total liabilities	<u>58,857,112</u>	<u>52,244,376</u>	<u>3,145,868</u>	<u>3,103,854</u>	<u>62,002,980</u>	<u>55,348,230</u>
Deferred inflows	<u>951,156</u>		<u>139,191</u>		<u>1,090,347</u>	
Net position:						
Net investment in capital assets	39,116,199	36,578,653	6,384,146	4,402,643	45,500,345	40,981,296
Restricted	1,568,412	1,019,013			1,568,412	1,019,013
Unrestricted (deficit)	<u>(28,546,755)</u>	<u>(24,140,154)</u>	<u>838,425</u>	<u>3,281,842</u>	<u>(27,708,330)</u>	<u>(20,858,312)</u>
Total net position	<u>\$ 12,137,856</u>	<u>\$ 13,457,512</u>	<u>\$ 7,222,571</u>	<u>\$ 7,684,485</u>	<u>\$ 19,360,427</u>	<u>\$ 21,141,997</u>

* The 2014 balances were not restated for the adoption of GASB Statement No. 68 because it was impractical to do so.

The largest component of the City's net position as of September 30, 2015 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, 2015 increased by \$2,313,950 from the prior year primarily due to the amount of current year increases in construction in progress, vehicles, and infrastructure.

As noted earlier in this discussion, changes in net position 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 assets exceeded liabilities by \$19,360,427.

The City's net position decreased by \$1,781,570 during the current fiscal year primarily due to the recording of the City's unfunded pension obligation per GASB 68. The City's net position was also affected by increasing revenues and overall continued control over expenses. The City saw an increase in sales tax revenues of \$905,728 during the current fiscal year.

A portion of net position is restricted, or has restrictions on how they may be used. Governmental activities restricted net position totaled \$1,568,412 at September 30, 2015 and is restricted for use in public safety, capital projects, road projects, and judicial. The remaining balance of unrestricted net position generally may be used to meet the City's ongoing obligations. The City, at September 30, 2015, reported a deficit balance in unrestricted net position in governmental activities of (\$28,898,955). The large negative unrestricted net position is the result of the adoption of GASB 68, which requires the unfunded portion of the City's pension obligation to be recorded as a liability, and \$33,675,000 in outstanding general obligation warrants that were issued in the fiscal years ended September 30, 2006 and 2008 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. Business-type activities reported unrestricted net assets of \$838,425 at September 30, 2015. There was a decrease in Business-type activities unrestricted net assets due to the adoption of GASB 68.

The following presents the City's condensed statement of activities for the fiscal years ended September 30, 2015 and 2014 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 position of the primary government decreased by \$1,781,570. This decrease is primarily due to the recording of the City's unfunded pension liability. The City also experienced an increase in general sales tax, use tax, restaurant tax, lodging tax, and rental tax; as well as continued control over expenses.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2015	2014*	2015	2014*	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 7,642,598	\$ 7,460,639	\$ 6,369,291	\$ 6,181,365	\$ 14,011,889	\$ 13,642,004
Operating grants, capital grants, and contributions	3,971,039	1,488,058			3,971,039	1,488,058
Total program revenues	11,613,637	8,948,697	6,369,291	6,181,365	17,982,928	15,130,062
General revenues:						
Sales and use taxes	22,112,831	21,221,765			22,112,831	21,221,765
Real and personal property taxes	2,614,090	2,690,055			2,614,090	2,690,055
Lodging taxes	1,804,447	1,647,626			1,804,447	1,647,626
Local gasoline taxes	970,304	941,261			970,304	941,261
Alcoholic beverage taxes	273,579	408,900			273,579	408,900
Rental taxes	377,964	346,089			377,964	346,089
Tobacco taxes	136,220	134,656			136,220	134,656
Excise taxes	79,780	65,949			79,780	65,949
Investment earnings	62,586	164,964	4,382	5,055	66,968	170,019
Miscellaneous revenue	460,002	359,099			460,002	359,099
Gain on disposal of assets	36,300	54,747	42,306	42,541	78,606	97,288
Total general revenues	28,928,103	28,035,111	46,688	47,596	28,974,791	28,082,707
Total revenues	40,541,740	36,983,808	6,415,979	6,228,961	46,957,719	43,212,769
Expenses:						
General government	7,619,638	7,250,279			7,619,638	7,250,279
Public safety	15,125,945	14,094,661			15,125,945	14,094,661
Public works	6,019,336	5,180,698			6,019,336	5,180,698
Cultural and recreational	2,021,877	1,980,775			2,021,877	1,980,775
Debt service	917,762	1,727,232			917,762	1,727,232
Sanitation			2,539,325	2,463,315	2,539,325	2,463,315
Wastewater			2,852,233	2,763,675	2,852,233	2,763,675
Total expenses	31,704,558	30,233,645	5,391,558	5,226,990	37,096,116	35,460,635
Increase in net position	8,837,182	6,750,163	1,024,421	1,001,971	9,861,603	7,752,134
Net position - beginning	13,457,512	6,707,349	7,684,485	6,682,514	21,141,997	13,389,863
Cumulative effect of change in accounting principle	(10,156,838)		(1,486,335)		(11,643,173)	
Net position - beginning, as restated	3,300,674	6,707,349	6,198,150	6,682,514	9,498,824	13,389,863
Net position - ending	\$ 12,137,856	\$ 13,457,512	\$ 7,222,571	\$ 7,684,485	\$ 19,360,427	\$ 21,141,997

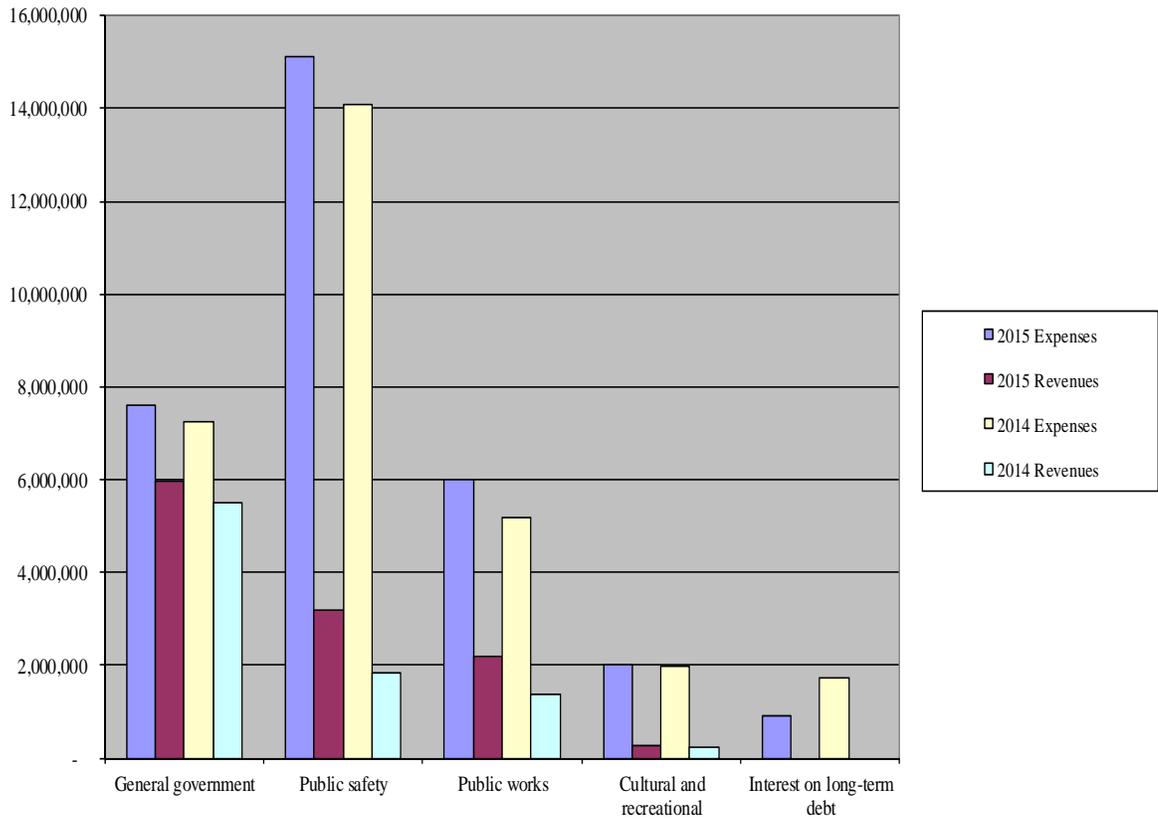
* The 2014 balances were not restated for the adoption of GASB Statement No. 68 because it was impractical to do so.

Expenses and Program Revenues for Governmental Activities

Governmental activities decreased the City of Prattville, Alabama’s net position by \$1,319,656 for fiscal year 2015. The key elements of the decrease in net position are the recording of the City’s unfunded pension liability as well as the increases in revenue and the decreases in expenses from the prior year as follows:

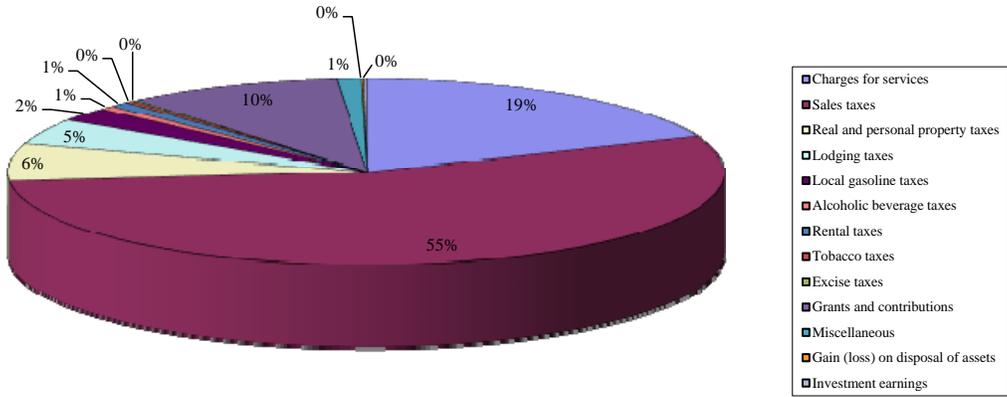
- Donated infrastructure in the amount of \$1,751,000 is included in total program revenues which increased from donated infrastructure in the prior year by \$1,751,000.
- Sales tax revenue increased by \$891,066 compared to the prior year amount of \$21,221,765.
- Public safety expenses increased by \$1,031,284 due to salary increases and capital expenditures.

Expenses and Program Revenue - Governmental Activities

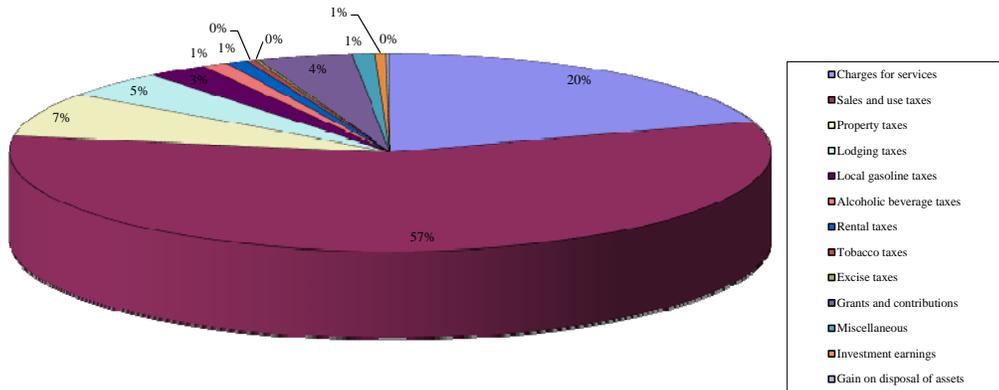


Program and General Revenues for Governmental Activities

Revenues By Source - Governmental Activities - FYE 2015



Revenues By Source - Governmental Activities - FYE 2014

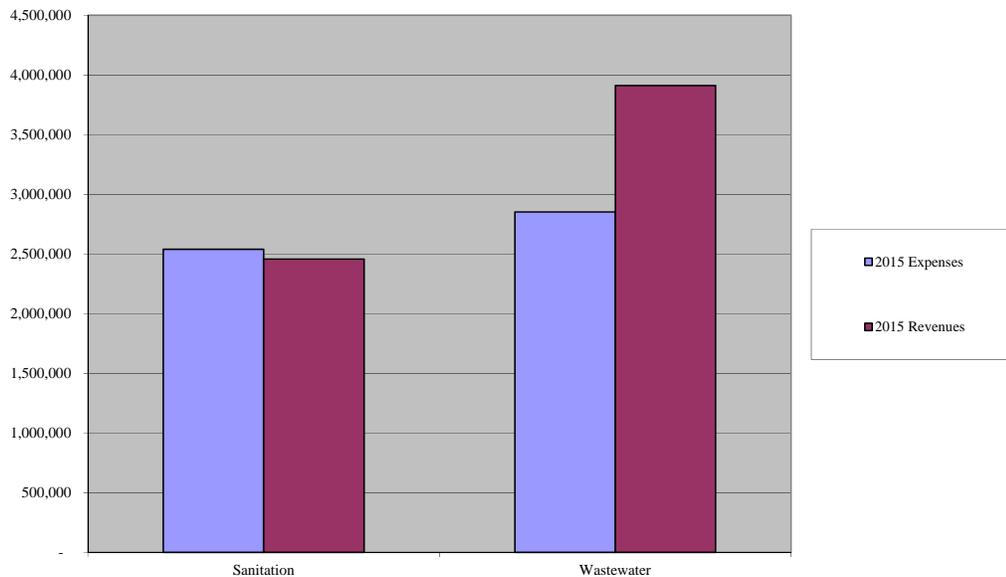


Expenses and Program Revenues for Business-Type Activities

Business-type activities decreased the City of Prattville, Alabama's net position by \$461,914. Key elements of this change in net position are as follows:

- Net pension obligation for business-type activities were recorded this year and amounted to \$1,506,145.
- Wastewater revenue and expenses remained consistent with prior year.
- Sanitation revenue and expenses remained consistent with prior year.

Expenses and Program Revenue - Business-Type 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 expendable resources. Governmental fund types include general, debt service, capital projects, and special revenue funds. Such information is useful in assessing the City's financing requirements. Specifically, unassigned 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, 2015, governmental funds reported a combined ending fund balance of \$16,776,584, an increase of \$3,566,331 in comparison with the prior year balance. Of this balance \$136,943 is not available for new spending because it is a prepaid item; \$1,568,419 is restricted for public safety, road projects, capital improvements, and judicial; \$5,168,993 is committed to debt service and capital projects; and \$3,346,779 is assigned for industrial park improvements, fire training, capital projects, and other purposes.

The fund balance of the general fund increased \$1,139,700 during the current fiscal year after other financing sources including fund transfers. Total revenue increased \$419,600 as compared to the prior year primarily due to an increase in sales tax revenue. There was an increase in net transfers out of \$2,833,487 primarily due to the transfer of funds to the capital projects fund.

The fund balance of the capital projects fund increased \$2,375,208 during the current fiscal year after other financing sources including fund transfers, primarily due to budgeted projects being held up and not completed.

The fund balance of the debt service fund did not change during the current fiscal year.

The fund balance of the gas tax special revenue fund increased \$15,675 during the current fiscal year after other financing sources including transfers. This increase in the fund balance was the result of delayed paving projects that did not occur during the fiscal year.

The fund balance of the judicial special revenue fund increased \$35,748 during the current fiscal year after other financing sources including transfers. Revenues and expenses remained consistent.

Proprietary funds - The City of Prattville, Alabama's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the year amounted to \$838,425. The Sanitation fund had an overall decrease in net position of \$76,339 and Wastewater fund had an overall increase in net position of \$1,100,760.

Internal service funds - Internal service funds are designed to recover the internal costs of government services provided to other funds groups. At September 30, 2015, the internal service fund reported a surplus of \$79,437 for its net position balance. For 2015, the Enterprise funds funded the exact allocation of costs.

Capital Assets and Long-Term Debt Administration

Capital assets - The City of Prattville, Alabama's investment in capital assets for its governmental and business-type activities as of September 30, 2015 was \$57,822,845 (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:

- Purchase of vehicles of \$1,039,428.
- Increases in construction in progress of \$1,804,282.
- Increases in infrastructure of \$1,739,000.

**CITY OF PRATTVILLE, ALABAMA
CAPITAL ASSETS**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Land	\$ 2,649,938	\$ 1,257,019	\$ 3,906,957
Construction in progress	1,949,381	708,734	2,658,115
Buildings and building improvements	3,732,142	3,018,940	6,751,082
Land improvements	45,079	1,424,243	1,469,322
Vehicles	1,914,155	503,857	2,418,012
Office, nonoffice, and computer equipment	2,057,295	528,147	2,585,442
Infrastructure	38,033,915		38,033,915
Total	\$ 50,381,905	\$ 7,440,940	\$ 57,822,845

Additional information on the City's capital assets can be found in Note 4 on page 40 of this report.

Long-term debt - As of September 30, 2015, the governmental activities had total debt outstanding of \$40,676,702 and the business-type activities had a total debt outstanding of \$1,056,794.

Long-term debt	2015	2014	DECREASE
General obligation warrants and other notes payable	\$ 41,825,564	\$ 45,213,905	\$ (3,388,341)
Limited obligation warrant	1,546,258	1,558,312	(12,054)
Total	\$ 43,371,822	\$ 46,772,217	\$ (3,400,395)

The City of Prattville, Alabama's total debt outstanding decreased by \$3,400,395 during the current fiscal year. This decrease was the result of payments made in accordance with regularly scheduled maturity dates and calling the remainder of the Series 2007 general obligation warrants. Additional information on the City's debt can be found in Note 6 of the financial statements.

The City issued \$12,280,000 of general obligation refunding bonds to advance refund the Series 2006a and 2006b general obligation warrants.

Budgetary Highlights for the Fiscal Year Ending September 30, 2015

Budget to actual statements and schedules are provided in the financial statements for the general fund and gas tax special revenue fund. Columns are provided for both the original adopted budget as well as the final budget. These budgets are followed by columns for actual expenditures and for variances between the final budget and actual expenditures.

As of September 30, 2015, actual operating revenues for the general fund were more than the budgeted amount by \$2,019,701, or 5.99%. The primary reasons for the variance are as follows:

- Sales taxes were \$1,139,380 more than budgeted due to increased sales primarily as a result of an overall improvement in economic conditions.

As of September 30, 2015, actual operating expenditures for the general fund were less than the budgeted amount by \$255,328, or 1.01%.

Economic Factors and Year 2016 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 61% of general fund revenues in fiscal year 2015. In the current economic climate, the City has instituted a temporary increase to the City's sales tax rate to be used to service the City's debt and to build reserves.
- The unemployment rate for Autauga County, where the City of Prattville, Alabama is primarily located, is currently 4.9%, which is a slight decrease compared to the prior year. The unemployment rate for the City of Prattville, Alabama is 4.7%. The unemployment rate compares favorably to the state's current unemployment rate of 5.9% and is lower than the national average rate of 5.1%.
- 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 POSITION
SEPTEMBER 30, 2015

	PRIMARY GOVERNMENT			COMPONENT UNITS		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	AUTAUGA- PRATTVILLE PUBLIC LIBRARY	PRATTVILLE AIRPORT AUTHORITY	HISTORIC PRATTVILLE REDEVELOPMENT AUTHORITY
ASSETS:						
Cash and cash equivalents	\$ 13,661,694	\$ 2,683,517	\$ 16,345,211	\$ 268,928	\$ 402,017	\$ 148,172
Internal balances	282,307	(282,307)				
Taxes receivable	2,233,746		2,233,746			
Accounts receivable, net	840,021	480,924	1,320,945		32,227	15,986
Prepaid items	136,943	23,874	160,817			
Restricted assets:						
Cash and cash equivalents	1,902,624		1,902,624		82,864	
Capital assets, not depreciated	4,599,319	1,965,753	6,565,072		2,684,432	1,988,688
Capital assets, net of accumulated depreciation	45,782,586	5,475,187	51,257,773	44,075	5,779,593	218,602
Total assets	69,439,240	10,346,948	79,786,188	313,003	8,981,133	2,371,448
DEFERRED OUTFLOWS:						
Deferred loss on refunding	1,408,866		1,408,866			
Employer pension contributions	1,098,018	160,682	1,258,700	5,756		
Total deferred outflows	2,506,884	160,682	2,667,566	5,756		
LIABILITIES:						
Accounts payable	1,278,661	409,750	1,688,411	2,278	18,715	
Accrued liabilities	495,746		495,746	14,280		
Accrued interest	314,729		314,729		603	
Unearned revenues				48,300		
Other liabilities	426,907		426,907			48,938
Long-term liabilities:						
Portion due or payable in one year:						
General obligation warrants payable, capital leases, and other						
long-term debt	2,425,000	545,716	2,970,716		27,561	19,431
Compensated absences	314,549	74,940	389,489			
Portion due or payable after one year:						
General obligation warrants payable, capital leases, and other						
long-term debt	39,731,879	511,078	40,242,957		486,810	1,876,086
Compensated absences	836,294	98,239	934,533			
Post-employment benefits	2,741,135		2,741,135			
Net pension obligation	10,292,212	1,506,145	11,798,357	34,621		
Total liabilities	58,857,112	3,145,868	62,002,980	99,479	533,689	1,944,455
DEFERRED INFLOWS:						
Excess earnings of pension plan investments	951,156	139,191	1,090,347	20,047		
NET POSITION:						
Net investment in capital assets	39,468,399	6,384,146	45,852,545	44,075	7,949,654	311,773
Restricted for:						
Law enforcement	94,860		94,860			
Road projects	240,232		240,232			
Capital projects	766,408		766,408		72,092	
Elmore County district improvements	370,495		370,495			
Cultural and recreational	15,828		15,828			
Judicial	80,589		80,589			
Unrestricted (deficit)	(28,898,955)	838,425	(28,060,530)	155,158	425,698	115,220
Total net position	\$ 12,137,856	\$ 7,222,571	\$ 19,360,427	\$ 199,233	\$ 8,447,444	\$ 426,993

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

CITY OF PRATTVILLE, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	PROGRAM REVENUE				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			COMPONENT UNITS		
	EXPENSES	FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	AUTAUGA- PRATTVILLE PUBLIC LIBRARY	PRATTVILLE AIRPORT AUTHORITY	HISTORIC PRATTVILLE REDEVELOPMENT AUTHORITY
ACTIVITIES:										
Primary government:										
Governmental activities:										
General government	\$ 7,619,638	\$ 5,973,943			\$ (1,645,695)		\$ (1,645,695)			
Public safety	15,125,945	1,411,107	\$ 17,820	\$ 1,751,000	(11,946,018)		(11,946,018)			
Public works	6,019,336			2,202,219	(3,817,117)		(3,817,117)			
Cultural and recreational	2,021,877	257,548			(1,764,329)		(1,764,329)			
Interest on long-term debt	917,762				(917,762)		(917,762)			
Total governmental activities	<u>31,704,558</u>	<u>7,642,598</u>	<u>17,820</u>	<u>3,953,219</u>	<u>(20,090,921)</u>		<u>(20,090,921)</u>			
Business-type activities:										
Sanitation	2,539,325	2,457,400				\$ (81,925)	(81,925)			
Wastewater	2,852,233	3,911,891				1,059,658	1,059,658			
Total business-type activities	<u>5,391,558</u>	<u>6,369,291</u>				<u>977,733</u>	<u>977,733</u>			
Total primary government	<u>\$ 37,096,116</u>	<u>\$ 14,011,889</u>	<u>\$ 17,820</u>	<u>\$ 3,953,219</u>	<u>(20,090,921)</u>	<u>977,733</u>	<u>(19,113,188)</u>			
Component units:										
Autauga-Prattville Public Library	\$ 588,549	\$ 30,557	\$ 74,276				\$ (483,716)			
Prattville Airport Authority	498,570	116,619		\$ 416,291				\$ 34,340		
Historical Prattville Redevelopment Authority	323,153	36,000							\$ (287,153)	
Total component units	<u>\$ 1,410,272</u>	<u>\$ 183,176</u>	<u>\$ 74,276</u>	<u>\$ 416,291</u>			<u>(483,716)</u>	<u>34,340</u>	<u>(287,153)</u>	
General revenue:										
Sales and use taxes					22,112,831		22,112,831			
Real and personal property taxes					2,614,090		2,614,090			
Lodging taxes					1,804,447		1,804,447			
Local gasoline taxes					970,304		970,304			
Alcoholic beverage taxes					273,579		273,579			
Rental taxes					377,964		377,964			
Tobacco taxes					136,220		136,220			
Excise taxes					79,780		79,780			
Investment earnings					62,586	4,382	66,968	292		109
Miscellaneous revenue					460,002		460,002			
Unrestricted appropriation from City/County								490,000		220,678
Gain on disposal of assets					36,300	42,306	78,606			
Total general revenues and transfers					<u>28,928,103</u>	<u>46,688</u>	<u>28,974,791</u>	<u>490,292</u>		<u>220,787</u>
CHANGE IN NET POSITION					<u>8,837,182</u>	<u>1,024,421</u>	<u>9,861,603</u>	<u>6,576</u>	<u>34,340</u>	<u>(66,366)</u>
NET POSITION - BEGINNING, AS ORIGINALLY STATED					<u>13,457,512</u>	<u>7,684,485</u>	<u>21,141,997</u>	<u>241,772</u>	<u>8,413,104</u>	<u>493,359</u>
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE					<u>(10,156,838)</u>	<u>(1,486,335)</u>	<u>(11,643,173)</u>	<u>(49,115)</u>		
NET POSITION - BEGINNING, AS RESTATED					<u>3,300,674</u>	<u>6,198,150</u>	<u>9,498,824</u>	<u>192,657</u>	<u>8,413,104</u>	<u>493,359</u>
NET POSITION - ENDING	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>12,137,856</u>	<u>7,222,571</u>	<u>19,360,427</u>	<u>\$ 199,233</u>	<u>\$ 8,447,444</u>	<u>\$ 426,993</u>

CITY OF PRATTVILLE, ALABAMA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	GENERAL	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	GAS TAX SPECIAL REVENUE FUND	JUDICIAL SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
Cash and cash equivalents	\$ 10,273,173	\$ 2,924,249				\$ 13,197,422
Receivables:						
Taxes receivable	2,233,746					2,233,746
Accounts receivable, net	176,347	641,173		\$ 19,792	\$ 2,709	840,021
Due from other funds	398,155					398,155
Prepaid items	136,566				377	136,943
Restricted assets:						
Cash and cash equivalents	517,624	729,967	\$ 4,290	385,532	265,211	1,902,624
Total assets	<u>\$ 13,735,611</u>	<u>\$ 4,295,389</u>	<u>\$ 4,290</u>	<u>\$ 405,324</u>	<u>\$ 268,297</u>	<u>\$ 18,708,911</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ 393,682	\$ 388,450	\$ 4,283	\$ 71,311	\$ 36,161	\$ 893,887
Accrued liabilities	487,887				7,859	495,746
Other liabilities	284,493				142,414	426,907
Due to other funds		22,006		93,781		115,787
Total liabilities	<u>1,166,062</u>	<u>410,456</u>	<u>4,283</u>	<u>165,092</u>	<u>186,434</u>	<u>1,932,327</u>
Fund balances:						
Nonspendable:						
Prepaid items	136,566				377	136,943
Restricted for:						
Law enforcement	94,860					94,860
Road projects				240,232		240,232
Capital projects	36,441	729,967				766,408
Elmore County district improvements	370,495					370,495
Cultural and recreational	15,828					15,828
Debt service			7			7
Judicial					80,589	80,589
Committed to:						
Debt service	4,567,189					4,567,189
Capital projects		601,804				601,804
Assigned to:						
Industrial Park Improvement fund		2,322,445				2,322,445
Fire training	52,416					52,416
Capital projects		230,717				230,717
Capital equipment reserve	209,817					209,817
Other purposes	530,487				897	531,384
Unassigned	6,555,450					6,555,450
Total fund balances	<u>12,569,549</u>	<u>3,884,933</u>	<u>7</u>	<u>240,232</u>	<u>81,863</u>	<u>16,776,584</u>
Total liabilities and fund balances	<u>\$ 13,735,611</u>	<u>\$ 4,295,389</u>	<u>\$ 4,290</u>	<u>\$ 405,324</u>	<u>\$ 268,297</u>	<u>\$ 18,708,911</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 POSITION
SEPTEMBER 30, 2015

Differences in amounts reported for governmental activities in the statement of net position on page 15.

Total fund balances - governmental funds		\$ 16,776,584
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:		
Land	\$ 2,649,938	
Construction in progress	1,949,381	
Land improvements, net of \$5,183,844 accumulated depreciation	45,079	
Buildings and building improvements, net of \$1,432,529 accumulated depreciation	3,732,142	
Office, nonoffice, and computer equipment, net of \$3,534,819 accumulated depreciation	2,057,295	
Vehicles, net of \$3,724,607 accumulated depreciation	1,914,155	
Infrastructure, net of \$8,830,824 accumulated depreciation	<u>38,033,915</u>	
Total capital assets		50,381,905
Internal service funds are used by management to charge the costs of employee medical insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
		79,437
Deferred outflows and inflows of resources are applicable to future periods and, therefore are not reported in the governmental funds		
Deferred loss on advance refunding	1,408,866	
Employer pension contribution	1,098,018	
Excess earnings of pension plan investments	<u>(951,156)</u>	
Total deferred outflows and inflows of resources		1,555,728
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, 2015 were:		
Accrued interest on bonds	314,729	
General obligation warrants and other notes payable	40,676,702	
Unamortized debt issuance discounts	(73,289)	
Unamortized debt issuance premiums	1,553,466	
Compensated absences	1,150,843	
Post-employment benefit plans other than pensions	2,741,135	
Net pension obligation	<u>10,292,212</u>	
Total long-term liabilities		<u>(56,655,798)</u>
Total net position of governmental activities		<u>\$ 12,137,856</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, 2015

	GENERAL	CAPITAL PROJECT FUNDS	DEBT SERVICE FUNDS	GAS TAX SPECIAL REVENUE FUND	JUDICIAL SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Taxes	\$ 28,061,591	\$ 307,624				\$ 28,369,215
Licenses and permits	5,973,943					5,973,943
Intergovernmental revenues	40,698	1,659,978		\$ 519,363		2,220,039
Charges and fees for services	1,077,656					1,077,656
Fines and forfeitures	130,154				\$ 460,845	590,999
Interest	57,174	4,736	\$ 104	148		62,162
Miscellaneous revenues	422,314					422,314
Total revenues	<u>35,763,530</u>	<u>1,972,338</u>	<u>104</u>	<u>519,511</u>	<u>460,845</u>	<u>38,716,328</u>
EXPENDITURES:						
Current:						
General government	5,492,059				383,111	5,875,170
Public works	3,883,434	1,680,860		503,836		6,068,130
Public safety	12,413,193					12,413,193
Cultural and recreational	1,627,648					1,627,648
Capital outlay	1,267,128					1,267,128
Debt service:						
Principal payments	168,721		4,380,000			4,548,721
Interest and fiscal charges	18,220		1,173,951			1,192,171
Bond issue costs			139,216			139,216
Total expenditures	<u>24,870,403</u>	<u>1,680,860</u>	<u>5,693,167</u>	<u>503,836</u>	<u>383,111</u>	<u>33,131,377</u>
Excess of revenue over (under) expenditures	<u>10,893,127</u>	<u>291,478</u>	<u>(5,693,063)</u>	<u>15,675</u>	<u>77,734</u>	<u>5,584,951</u>
OTHER FINANCING SOURCES (USES):						
Insurance proceeds	37,685					37,685
Sale of general capital assets	46,779					46,779
Transfers in		2,083,730	5,553,847		5,114	7,642,691
Transfers out	(9,837,891)				(47,100)	(9,884,991)
Issuance of refunding warrants			12,280,000			12,280,000
Payment to refunded bonds escrow agent			(13,445,879)			(13,445,879)
Bond premium			1,305,095			1,305,095
Total other financing sources (uses)	<u>(9,753,427)</u>	<u>2,083,730</u>	<u>5,693,063</u>		<u>(41,986)</u>	<u>(2,018,620)</u>
NET CHANGE IN FUND BALANCE	1,139,700	2,375,208		15,675	35,748	3,566,331
FUND BALANCE - BEGINNING	11,429,849	1,509,725	7	224,557	46,115	13,210,253
FUND BALANCE - ENDING	<u>\$ 12,569,549</u>	<u>\$ 3,884,933</u>	<u>\$ 7</u>	<u>\$ 240,232</u>	<u>\$ 81,863</u>	<u>\$ 16,776,584</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, 2015

Differences in amounts reported for governmental activities in the statement of activities on page 16.

Net change in fund balance - total governmental funds		\$ 3,566,331
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position.		2,436,664
Donations of capital assets increase net position in the statement of net position but do not appear in the governmental funds because they are not financial resources.		1,751,000
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(2,206,412)
The net effect of transactions involving the sale of capital assets is to decrease net assets in the statement of net position.		(10,479)
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 position:		
Refunding bond proceeds	\$ (12,280,000)	
Payment to escrow agent for refunding	<u>13,445,879</u>	1,165,879
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
General obligation warrants payable	4,548,721	
Bond issue premium	<u>(1,305,095)</u>	3,243,626
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	274,410	
Compensated absences	(110,530)	
Post-employment benefit plans other than pensions	(382,785)	
Pension contributions	1,098,018	
Cost of benefits earned net of employee contributions	<u>(1,086,530)</u>	(207,417)
Governmental funds report the effect of premiums, discounts, and deferred loss on refunding, whereas these amounts are deferred and amortized in the statement of activities:		
Amortization	<u>(73,760)</u>	(73,760)
Internal service funds are used by management to charge the costs of employee medical insurance to individual funds. The net income (expense) of certain activities of internal service funds is reported with governmental activities.		<u>(828,250)</u>
Change in net position of governmental activities		<u>\$ 8,837,182</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
BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Sales taxes	\$ 20,939,000	\$ 20,939,000	\$ 22,078,380	\$ 1,139,380
Real and personal property taxes	2,662,500	2,662,500	2,614,090	(48,410)
Lodging taxes	1,289,600	1,289,600	1,496,823	207,223
Local gasoline taxes	907,000	907,000	970,304	63,304
Tobacco taxes	145,000	145,000	136,220	(8,780)
Whiskey taxes	53,000	53,000	75,097	22,097
Beer taxes	240,000	240,000	182,361	(57,639)
Wine taxes	15,000	15,000	16,121	1,121
ABC sales taxes	40,000	40,000	34,451	(5,549)
Rental taxes	329,850	329,850	377,964	48,114
Excise taxes	30,000	30,000	79,780	49,780
Total taxes	<u>26,650,950</u>	<u>26,650,950</u>	<u>28,061,591</u>	<u>1,410,641</u>
Licenses and permits:				
Business licenses	4,822,500	4,822,500	4,891,943	69,443
Franchise fees	515,000	515,000	737,856	222,856
Building permits and inspection fees	231,500	231,500	330,941	99,441
Yard sale and special event permits	4,350	4,350	9,233	4,883
Zoning and plat fees	70,000	70,000	3,970	(66,030)
Total licenses and permits	<u>5,643,350</u>	<u>5,643,350</u>	<u>5,973,943</u>	<u>330,593</u>
Charges and fees for services:				
Ambulance fees	795,000	795,000	820,108	25,108
Recreation rentals	240,370	240,370	257,548	17,178
Total charges and fees for services	<u>1,035,370</u>	<u>1,035,370</u>	<u>1,077,656</u>	<u>42,286</u>

(Continued)

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

CITY OF PRATTVILLE, ALABAMA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES: (continued)				
Fines and forfeitures:				
Drug confiscation proceeds	\$ 35,000	\$ 35,000	\$ 108,573	\$ 73,573
Penalties	30,000	30,000	21,581	(8,419)
Total fines and forfeitures	<u>65,000</u>	<u>65,000</u>	<u>130,154</u>	<u>65,154</u>
Intergovernmental revenue:				
Grant income	75,000	75,000	40,698	(34,302)
	<u>75,000</u>	<u>75,000</u>	<u>40,698</u>	<u>(34,302)</u>
Investment income:				
Interest	26,000	26,000	57,174	31,174
	<u>26,000</u>	<u>26,000</u>	<u>57,174</u>	<u>31,174</u>
Miscellaneous revenues:				
Accident reports	9,000	9,000	9,994	994
Concessions	9,200	9,200	9,555	355
County commission - RTJ	50,000	50,000	50,000	
Donations	75,000	75,000	138,231	63,231
Lambert property tower	18,060	18,060	19,638	1,578
Miscellaneous income	67,899	67,899	160,440	92,541
Parades	3,500	3,500	4,278	778
Performing and creative arts	14,900	14,900	29,425	14,525
Sex offender registration fee	600	600	753	153
Total miscellaneous revenues	<u>248,159</u>	<u>248,159</u>	<u>422,314</u>	<u>174,155</u>
Total revenues	<u>33,743,829</u>	<u>33,743,829</u>	<u>35,763,530</u>	<u>2,019,701</u>

(Continued)

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

CITY OF PRATTVILLE, ALABAMA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES:				
General government:				
Executive	\$ 250,047	\$ 250,047	\$ 260,201	\$ (10,154)
Legislative	158,803	158,803	143,832	14,971
Administrative finance	560,711	560,711	564,223	(3,512)
Administrative city clerk	200,601	200,601	172,445	28,156
Human resources	310,241	310,241	243,394	66,847
Information technology	1,113,012	1,113,012	1,280,858	(167,846)
Vehicle maintenance	341,136	341,136	264,775	76,361
Sales tax incentives	960,000	960,000	952,793	7,207
Building	75,821	75,821	59,475	16,346
City/County services	260,000	275,000	261,667	13,333
Community initiatives	350,980	673,380	759,301	(85,921)
Appropriations	622,400	622,400	682,482	(60,082)
Total general government	5,203,752	5,541,152	5,645,446	(104,294)
Public works:				
General public works	98,935	98,935	158,553	(59,618)
Planning and development	1,131,573	1,131,573	1,059,883	71,690
Urban management	1,454,599	1,454,599	1,345,078	109,521
Engineering	1,168,983	1,168,983	929,890	239,093
Facility maintenance	335,402	335,402	329,414	5,988
Total public works	4,189,492	4,189,492	3,822,818	366,674
Public safety:				
Police	6,579,580	6,519,803	6,337,853	181,950
Fire	6,167,119	6,137,989	6,150,491	(12,502)
Total public safety	12,746,699	12,657,792	12,488,344	169,448
Cultural and recreation:				
Parks and recreation	1,613,034	1,602,850	1,523,065	79,785
Performing and creative art	190,928	190,928	168,048	22,880
Total cultural and recreation	1,803,962	1,793,778	1,691,113	102,665
Capital outlay	824,484	1,110,948	1,262,418	(151,470)
Debt service:				
Principal	53,500	53,500	168,721	(115,221)
Interest	5,746	5,746	18,220	(12,474)
Total debt service	59,246	59,246	186,941	(127,695)
Total expenditures	24,827,635	25,352,408	25,097,080	255,328
Excess of revenues over expenditures	8,916,194	8,391,421	10,666,449	2,275,028

(Continued)

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

CITY OF PRATTVILLE, ALABAMA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
OTHER FINANCING SOURCES (USES):				
Insurance proceeds	\$ 10,000	\$ 10,000	\$ 37,685	\$ 27,685
Sale of surplus equipment		27,944	46,779	18,835
Transfers to debt service fund			(5,553,846)	(5,553,846)
Transfers to internal service fund	(2,195,200)	(2,195,200)	(2,195,200)	
Transfers to capital improvement fund			(2,083,731)	(2,083,731)
Transfers to gas tax fund			(5,114)	(5,114)
Total other financing uses	<u>(2,185,200)</u>	<u>(2,157,256)</u>	<u>(9,753,427)</u>	<u>(7,596,171)</u>
Net change in fund balance, budgetary basis	<u>\$ 6,730,994</u>	<u>\$ 6,234,165</u>	913,022	<u>\$ (5,321,143)</u>
Adjustment for reconciling items to adjust from budgetary basis to modified accrual basis:				
Change in encumbrances			<u>226,678</u>	
			<u>226,678</u>	
NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS			1,139,700	
FUND BALANCE - BEGINNING			<u>11,429,849</u>	
FUND BALANCE - ENDING			<u>\$ 12,569,549</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
 BUDGET AND ACTUAL
 GAS TAX SPECIAL REVENUE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL	BUDGETARY BASIS	WITH BUDGET
REVENUES:				
State gasoline and lubricating oil excise tax	\$ 249,500	\$ 249,500	\$ 267,308	\$ 17,808
Grant income			252,055	252,055
Interest income			148	148
Total revenues	<u>249,500</u>	<u>249,500</u>	<u>519,511</u>	<u>270,011</u>
EXPENDITURES:				
Current operations:				
Public works	400,000	400,000	503,836	(103,836)
Total expenditures	<u>400,000</u>	<u>400,000</u>	<u>503,836</u>	<u>(103,836)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (150,500)</u>	<u>\$ (150,500)</u>	15,675	<u>\$ 166,175</u>
Deduct other reconciling items to adjust from budgetary basis to modified accrual basis:				
Change in encumbrances				
NET CHANGES IN FUND BALANCE, MODIFIED ACCRUAL BASIS			15,675	
FUND BALANCE AT BEGINNING OF YEAR			<u>224,557</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 240,232</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
 BUDGET AND ACTUAL
 JUDICIAL SPECIAL REVENUE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL	BUDGETARY BASIS	WITH BUDGET
REVENUES:				
Fines and forfeitures	\$ 544,700	\$ 544,700	\$ 460,845	\$ (83,855)
Total revenues	<u>544,700</u>	<u>544,700</u>	<u>460,845</u>	<u>(83,855)</u>
EXPENDITURES:				
Current operations:				
Public works	497,308	497,308	383,738	113,570
Total expenditures	<u>497,308</u>	<u>497,308</u>	<u>383,738</u>	<u>113,570</u>
EXCESS OF REVENUES OVER EXPENDITURES	47,392	47,392	77,107	29,715
OTHER FINANCING SOURCES (USES):				
Transfers in			5,114	5,114
Transfers out	(47,100)	(47,100)	(47,100)	
Total other financing uses	<u>(47,100)</u>	<u>(47,100)</u>	<u>(41,986)</u>	<u>5,114</u>
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES BUDGETARY BASIS	<u>\$ 292</u>	<u>\$ 292</u>	35,121	<u>\$ 34,829</u>
Deduct other reconciling items to adjust from budgetary basis to modified accrual basis:				
Change in encumbrances			<u>627</u>	
			<u>627</u>	
NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS			35,748	
FUND BALANCE AT BEGINNING OF YEAR			<u>46,115</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 81,863</u>	

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

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SANITATION	WASTEWATER	TOTAL	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 521,896	\$ 2,161,621	\$ 2,683,517	\$ 464,272
Accounts receivables, net	191,140	289,784	480,924	
Prepaid items	18,565	5,309	23,874	
Total current assets	<u>731,601</u>	<u>2,456,714</u>	<u>3,188,315</u>	<u>464,272</u>
Noncurrent assets:				
Capital assets, not being depreciated	338,654	1,627,099	1,965,753	
Capital assets, net of accumulated depreciation	<u>510,731</u>	<u>4,964,456</u>	<u>5,475,187</u>	
Total noncurrent assets	<u>849,385</u>	<u>6,591,555</u>	<u>7,440,940</u>	
Total assets	<u>1,580,986</u>	<u>9,048,269</u>	<u>10,629,255</u>	<u>464,272</u>
DEFERRED OUTFLOWS:				
Employer pension contributions	76,696	83,986	160,682	
Total deferred outflows	<u>76,696</u>	<u>83,986</u>	<u>160,682</u>	
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued liabilities	105,616	304,134	409,750	384,774
Due to other funds	262,831	19,476	282,307	61
Current portion of long-term debt		545,716	545,716	
Compensated absences	2,670	72,270	74,940	
Total current liabilities	<u>371,117</u>	<u>941,596</u>	<u>1,312,713</u>	<u>384,835</u>
Noncurrent liabilities:				
Long-term debt		511,078	511,078	
Compensated absences	35,079	63,160	98,239	
Net pension obligation	718,903	787,242	1,506,145	
Total noncurrent liabilities	<u>753,982</u>	<u>1,361,480</u>	<u>2,115,462</u>	
Total liabilities	<u>1,125,099</u>	<u>2,303,076</u>	<u>3,428,175</u>	<u>384,835</u>
DEFERRED INFLOWS:				
Excess earnings of pension plan investments	66,438	72,753	139,191	
Total deferred inflows	<u>66,438</u>	<u>72,753</u>	<u>139,191</u>	
NET POSITION				
Net investment in capital assets	849,385	5,534,761	6,384,146	
Unrestricted (deficit)	<u>(383,240)</u>	<u>1,221,665</u>	<u>838,425</u>	<u>79,437</u>
Total net position	<u>\$ 466,145</u>	<u>\$ 6,756,426</u>	<u>7,222,571</u>	<u>\$ 79,437</u>
Net position of business-type activities			<u>\$ 7,222,571</u>	

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

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SANITATION	WASTEWATER	TOTAL	
OPERATING REVENUES:				
Charges for goods and services	\$ 2,457,400	\$ 3,911,891	\$ 6,369,291	\$ 635,315
Total operating revenues	<u>2,457,400</u>	<u>3,911,891</u>	<u>6,369,291</u>	<u>635,315</u>
OPERATING EXPENSES:				
Cost of sales and services	653,716	253,386	907,102	
Salaries and benefits	1,234,261	1,242,262	2,476,523	
Repairs and maintenance	170,140	117,016	287,156	
Utilities	4,019	446,806	450,825	
Insurance	56,209	55,737	111,946	
Other	22,598	37,601	60,199	478,905
Depreciation	123,632	464,462	588,094	
Benefits paid				3,698,384
Total operating expenses	<u>2,264,575</u>	<u>2,617,270</u>	<u>4,881,845</u>	<u>4,177,289</u>
OPERATING INCOME (LOSS)	<u>192,825</u>	<u>1,294,621</u>	<u>1,487,446</u>	<u>(3,541,974)</u>
NONOPERATING REVENUES (EXPENSES):				
Gain on sale of capital assets	5,275	37,031	42,306	
Interest income	311	4,071	4,382	424
Interest expense		(38,713)	(38,713)	
Total nonoperating revenues (expenses)	<u>5,586</u>	<u>2,389</u>	<u>7,975</u>	<u>424</u>
Net income before transfers	198,411	1,297,010	1,495,421	(3,541,550)
TRANSFERS IN				2,713,300
TRANSFERS OUT	<u>(274,750)</u>	<u>(196,250)</u>	<u>(471,000)</u>	
CHANGE IN NET POSITION	<u>(76,339)</u>	<u>1,100,760</u>	<u>1,024,421</u>	<u>(828,250)</u>
TOTAL NET POSITION - BEGINNING, AS ORGINALLY STATED	1,251,931	6,432,554		907,687
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	<u>(709,447)</u>	<u>(776,888)</u>		
TOTAL NET POSITION - BEGINNING, AS RESTATED	<u>542,484</u>	<u>5,655,666</u>		<u>907,687</u>
TOTAL NET POSITION - ENDING	<u>\$ 466,145</u>	<u>\$ 6,756,426</u>		<u>\$ 79,437</u>
Change in net position of business-type activities			<u>\$ 1,024,421</u>	

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

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SANITATION	WASTEWATER	TOTAL	
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:				
Receipts from customers	\$ 2,492,817	\$ 3,968,168	\$ 6,460,985	
Receipts from interfund services provided				\$ 635,315
Payments to suppliers	(922,489)	(727,252)	(1,649,741)	(4,085,597)
Payments to employees	(1,246,971)	(1,221,118)	(2,468,089)	
Net cash from (used for) operating activities	<u>323,357</u>	<u>2,019,798</u>	<u>2,343,155</u>	<u>(3,450,282)</u>
CASH FLOWS FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES:				
Transfers to other funds	(274,750)	(196,250)	(471,000)	
Transfers from other funds				2,713,300
Net cash payments from (to) other funds	<u>(58,048)</u>	<u>(92,453)</u>	<u>(150,501)</u>	<u>61</u>
Net cash from (used for) noncapital financing activities	<u>(332,798)</u>	<u>(288,703)</u>	<u>(621,501)</u>	<u>2,713,361</u>
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(204,833)	(749,219)	(954,052)	
Proceeds from sale of capital assets	5,275	59,813	65,088	
Principal paid on long-term debt		(1,638,326)	(1,638,326)	
Interest paid on long-term debt		(45,097)	(45,097)	
Net cash used for capital and related financing activities	<u>(199,558)</u>	<u>(2,372,829)</u>	<u>(2,572,387)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	311	4,071	4,382	424
Net cash from investing activities	<u>311</u>	<u>4,071</u>	<u>4,382</u>	<u>424</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(208,688)	(637,663)	(846,351)	(736,497)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>730,584</u>	<u>2,799,284</u>	<u>3,529,868</u>	<u>1,200,769</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 521,896</u>	<u>\$ 2,161,621</u>	<u>\$ 2,683,517</u>	<u>\$ 464,272</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 192,825	\$ 1,294,621	\$ 1,487,446	\$ (3,541,974)
Adjustments to reconcile operating income to net cash provided by operations:				
Depreciation expense	123,632	464,462	588,094	
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	35,417	56,277	91,694	
Prepaid items	(6,613)	3,637	(2,976)	
Deferred outflows	(6,170)	(6,756)	(12,926)	
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable and accrued liabilities	(82,172)	134,804	52,632	91,692
Deferred inflows	66,438	72,753	139,191	
Net cash from (used for) operating activities	<u>\$ 323,357</u>	<u>\$ 2,019,798</u>	<u>\$ 2,343,155</u>	<u>\$ (3,450,282)</u>

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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 1865 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 discretely presented 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 these criteria, the Library is included as a component unit of the City for the year ended September 30, 2015. The Library operates on a fiscal year ending September 30. 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, 2015. The Authority also operates on a fiscal year ending September 30. 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, 2015. The Authority operates on a fiscal year ending September 30. Financial statements of HPRA can be obtained from the City's finance department in Prattville, Alabama.

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. These organizations would not be 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, 2015

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. Both sets of statements distinguish between governmental and business-type activities. Government-wide financial statements are comprised of the statement of net position and the statement of activities. The effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 position 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.

Gas tax special revenue fund - The gas tax special revenue fund is used to account for proceeds from a state gasoline tax. The use of these funds is restricted to expenditures related to construction, improvements, resurfacing, restoration, and rehabilitation of highways, roads, bridges, and streets.

Judicial special revenue fund - The judicial special revenue fund is used to account for all fines and forfeitures as a result of municipal court operations. The use of these funds is restricted and used for the operation of the municipal court and jail.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

The City reports the following major proprietary funds:

Sanitation - The fund accounts for the revenues and costs related to the provision of sanitation services in the City.

Wastewater - The fund accounts for the revenues and costs related to the provision of sanitary sewer and wastewater treatment services in the City.

Additionally, the City reports the following fund type:

Internal service fund - The fund accounts for the operations of the self-insured medical insurance plan provided to funds of the City on a cost reimbursement basis.

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 associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

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. Unearned 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.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

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.

Proprietary fund financial statements - Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 taxes 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.

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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Accounts receivable in governmental funds consist of fees for public services rendered, reimbursable payments paid for the benefit of other governmental entities that are collected on a periodic basis, and grants receivable from other governments. 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, 2015

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

Accounts receivable in the proprietary funds consist of monthly billings to customers for services provided. The City extends credit to its customers, who are located primarily in Prattville, Alabama. Trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial; therefore, no allowance for doubtful accounts has been provided.

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.

Inventory - Governmental fund inventories are reported as an expenditure when purchased rather than capitalized as an asset. The City has no significant inventories as of September 30, 2015; therefore, none are reported on the statement of net position.

Restricted assets - Resources from federal and state grants, appropriations and shared taxes, and drug confiscation proceeds are 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 position 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 applicable governmental or business-type activities columns 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.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

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:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>	<u>CAPITALIZATION THRESHOLD</u>
Buildings and building improvements	40 years	\$ 25,000
Land improvements	20 years	25,000
Vehicles	5 - 15 years	5,000
Office, nonoffice, and computer equipment	5 - 20 years	5,000
Infrastructure	50 years	50,000

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>
Land improvements	20 years	\$ 5,000
Building and improvements	3 - 40 years	5,000
Furniture and equipment	5 - 20 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 - 10 years	\$ 5,000
Land improvements	20 years	25,000
Buildings	40 years	25,000

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

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.

Deferred outflows of resources - Decreases in net assets that relate to future periods are reported as deferred outflows of resources in a separate section of the government-wide statement of net position and/or governmental funds' balance sheet. The City has two items that qualifies for reporting in this category. The deferred loss on refunding is reported in the government-wide statement of net position. A deferred loss on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, the City and Library each have one deferred outflow related to the City's pension plan. See Note 8.

Deferred inflows of resources - Increases in net assets that apply to a future period(s) are reported as deferred inflows of resources in a separate section of the government-wide statement of net position and/or governmental funds' balance sheet. The City and Library each have only one item that qualifies for reporting in this category. These amounts represent the difference between projected and actual earnings on pension plan investments. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become due. See Note 8.

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 and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts 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 other than prepaid insurance are expensed when incurred.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

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 statements. Capital lease obligations of business-type activities in the government-wide financial statements and proprietary fund type financial statements and the cost of assets so acquired are reflected in the accounts of those funds and statements.

Fund balance - In accordance with Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies government fund balance as follows:

- Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form, or for legal or contractual requirements. This would include inventories, deposits, and prepaid items.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that can be used only for the specific purposes that are internally imposed by formal action of the government's highest level of decision making authority. Commitments may be changed by the government taking the same action that imposed the constraint initially. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations. Fund balance is committed by the City Council by ordinance.
- Assigned - includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purpose of that fund. The City Council, Mayor, Finance Director, or the City Clerk is authorized to assign amounts to a specific purpose. The authorization, which is established by the City Council, is pursuant to the policy of the City Council to delegate such authority.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

- Unassigned - includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City considers committed, then assigned amounts to have been spent when an expenditure is incurred for purposes for which amounts of unrestricted fund balance is available.

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

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, gas tax special revenue fund, capital projects fund, debt service fund, and judicial special revenue fund. The Council must approve transfers of appropriations or revisions between and among departments. Management can approve transfers within an individual department only. Actual expenditures should not exceed appropriations in departments.

Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbered appropriations are carried forward. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assigned fund balance and do not constitute expenditures or liabilities of the 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 are noted below.

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (continued)

	GENERAL FUND
Excess of revenues and other financing sources over expenditures and other uses (GAAP basis)	\$ 1,139,700
Encumbrances at beginning of the year	274,063
Encumbrances at end of the year	(500,741)
Excess of revenues and other financing sources over expenditures and other uses - actual (non GAAP budgetary basis)	\$ 913,022
	JUDICIAL SPECIAL REVENUE FUND
Excess of revenues and other financing sources over expenditures and other uses (GAAP basis)	\$ 35,748
Encumbrances at beginning of the year	270
Encumbrances at end of the year	(897)
Excess of revenues and other financing sources over expenditures and other uses - actual (non GAAP budgetary basis)	\$ 35,121

Deficit net position - The City had a deficit unrestricted net position at September 30, 2015 of \$28,898,955. This deficit represents the indebtedness incurred for incentive obligations including the purchase of development property supporting the significant retail development activities within the City which originated in the fiscal years ended 2006 and 2008. In 2015 the deficit increased because of the net pension liability. See Note 8.

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.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 4 - CAPITAL ASSETS:

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

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 779,845	\$ 1,169,536		\$ 1,949,381
Land	2,649,938			2,649,938
Total capital assets, not being depreciated	<u>3,429,783</u>	<u>1,169,536</u>		<u>4,599,319</u>
Capital assets, being depreciated:				
Buildings and building improvements	5,164,671			5,164,671
Land improvements	5,189,208	39,715		5,228,923
Vehicles	4,866,188	1,039,428	\$ 266,854	5,638,762
Office, nonoffice, and computer equipment	5,521,925	199,985	129,796	5,592,114
Infrastructure	45,125,739	1,739,000		46,864,739
Total capital assets, being depreciated	<u>65,867,731</u>	<u>3,018,128</u>	<u>396,650</u>	<u>68,489,209</u>
Less accumulated depreciation for:				
Buildings and building improvements	1,297,618	134,911		1,432,529
Land improvements	4,865,280	318,564		5,183,844
Vehicles	3,513,836	467,146	256,375	3,724,607
Office, nonoffice, and computer equipment	3,301,360	363,255	129,796	3,534,819
Infrastructure	7,908,288	922,536		8,830,824
Total accumulated depreciation	<u>20,886,382</u>	<u>2,206,412</u>	<u>386,171</u>	<u>22,706,623</u>
Total capital assets, being depreciated, net	<u>44,981,349</u>	<u>811,716</u>	<u>10,479</u>	<u>45,782,586</u>
Governmental activities capital assets, net	<u>\$ 48,411,132</u>	<u>\$ 1,981,252</u>	<u>\$ 10,479</u>	<u>\$ 50,381,905</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 4 - CAPITAL ASSETS: (continued)

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

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 73,988	\$ 634,746		\$ 708,734
Land	1,257,019			1,257,019
Total capital assets, not being depreciated	<u>1,331,007</u>	<u>634,746</u>		<u>1,965,753</u>
Capital assets, being depreciated:				
Buildings and building improvements	5,889,762			5,889,762
Land improvements	3,221,430			3,221,430
Vehicles	1,693,576	263,208	\$ 44,100	1,912,684
Office, nonoffice, and computer equipment	1,809,807	56,098		1,865,905
Total capital assets, being depreciated	<u>12,614,575</u>	<u>319,306</u>	<u>44,100</u>	<u>12,889,781</u>
Less accumulated depreciation for:				
Buildings and building improvements	2,721,322	149,500		2,870,822
Land improvements	1,636,519	160,668		1,797,187
Vehicles	1,295,716	134,430	21,319	1,408,827
Office, nonoffice, and computer equipment	1,194,262	143,496		1,337,758
Total accumulated depreciation	<u>6,847,819</u>	<u>588,094</u>	<u>21,319</u>	<u>7,414,594</u>
Total capital assets, being depreciated, net	<u>5,766,756</u>	<u>(268,788)</u>	<u>22,781</u>	<u>5,475,187</u>
Business-type activities capital assets, net	<u>\$ 7,097,763</u>	<u>\$ 365,958</u>	<u>\$ 22,781</u>	<u>\$ 7,440,940</u>

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 4 - CAPITAL ASSETS: (continued)

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

Governmental activities:	
General government	\$ 987,230
Public works	307,236
Public safety	576,810
Cultural and recreational	<u>335,136</u>
Total depreciation expense - governmental activities	<u>\$ 2,206,412</u>
Business-type activities:	
Sanitation	\$ 123,632
Wastewater	<u>464,462</u>
Total depreciation expense - business-type activities	<u>\$ 588,094</u>

Component units - Capital asset activity for the Autauga-Prattville Public Library for the fiscal year ended September 30, 2015 is as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Capital assets, being depreciated:				
Equipment	\$ 160,475			\$ 160,475
Total capital assets, being depreciated	<u>160,475</u>			<u>160,475</u>
Less: Accumulated depreciation	<u>107,055</u>	\$ 9,345		<u>116,400</u>
Total capital assets, being depreciated, net	<u>\$ 53,420</u>	<u>\$ (9,345)</u>	<u>\$ -</u>	<u>\$ 44,075</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 4 - CAPITAL ASSETS: (continued)

Capital asset activity for the Prattville Airport Authority for the fiscal year ended September 30, 2015 is as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Capital assets, not being depreciated:				
Land	\$ 2,665,160			\$ 2,665,160
Construction in progress	21,486	\$ 19,272	\$ 21,486	19,272
Total capital assets, not being depreciated	<u>2,686,646</u>	<u>19,272</u>	<u>21,486</u>	<u>2,684,432</u>
Capital assets, being depreciated:				
Land improvements	1,495,301			1,495,301
Runways	6,530,745	177,954		6,708,699
Building improvements	1,402,007	9,002		1,411,009
Furniture and equipment	491,099	5,250	1,928	494,421
Total capital assets, being depreciated	<u>9,919,152</u>	<u>192,206</u>	<u>1,928</u>	<u>10,109,430</u>
Less: Accumulated depreciation				
Land improvements	635,142	74,765		709,907
Runways	2,801,548	229,154		3,030,702
Building improvements	467,089	31,389		498,478
Furniture and equipment	65,871	26,807	1,928	90,750
Total accumulated depreciation	<u>3,969,650</u>	<u>362,115</u>	<u>1,928</u>	<u>4,329,837</u>
Total capital assets, being depreciated, net	<u>5,949,502</u>	<u>(169,909)</u>	<u>1,928</u>	<u>5,779,593</u>
Total capital assets, net	<u>\$ 8,636,148</u>	<u>\$ (150,637)</u>	<u>\$ 21,486</u>	<u>\$ 8,464,025</u>

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Capital asset activity for the Historic Prattville Redevelopment Authority for the fiscal year ended September 30, 2015 is as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Capital assets, not being depreciated:				
Land	\$ 183,500	\$ 1,000		\$ 184,500
Construction in progress		1,804,188		1,804,188
Total capital assets, not being depreciated	<u>183,500</u>	<u>1,805,188</u>		<u>1,988,688</u>
Capital assets, being depreciated:				
Land improvements	12,000			12,000
Building improvements	285,000			285,000
Machinery and equipment	<u>23,000</u>			<u>23,000</u>
Total capital assets, being depreciated	<u>320,000</u>			<u>320,000</u>
Less: Accumulated depreciation	<u>93,490</u>	<u>7,908</u>		<u>101,398</u>
Total capital assets, being depreciated, net	<u>226,510</u>	<u>(7,908)</u>		<u>218,602</u>
Total capital assets, net	<u>\$ 410,010</u>	<u>\$ 1,797,280</u>	<u>\$ -</u>	<u>\$ 2,207,290</u>

NOTE 5 - 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, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

The composition of interfund receivables and payables as of September 30, 2015 consists of the following:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
General	Sanitation	\$ 250,331
General	Gas tax special revenue fund	93,781
General	Capital projects fund	22,006
General	Internal service fund	61
General	Wastewater	31,976
Wastewater	Sanitation	12,500
Total		<u>\$ 410,655</u>

The following is a schedule of interfund transfers for the year ended September 30, 2015:

<u>TRANSFER OUT</u>	<u>TRANSFER IN</u>				<u>TOTAL</u>
	DEBT	CAPITAL	INTERNAL		
	SERVICE	PROJECTS	JUDICIAL	SERVICE	
	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>	
General fund	\$ 5,553,847	\$ 2,083,730	\$ 5,114	\$ 2,195,200	\$ 9,837,891
Judicial special revenue fund				47,100	47,100
Wastewater fund				196,250	196,250
Sanitation fund				274,750	274,750
Totals	<u>\$ 5,553,847</u>	<u>\$ 2,083,730</u>	<u>\$ 5,114</u>	<u>\$ 2,713,300</u>	<u>\$ 10,355,991</u>

Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, and to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE 6 - 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, 2015, the amount of outstanding debt applicable to this limit was equal to 10.34% of property assessments as of October 1, 2014.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 - LONG-TERM DEBT: (continued)

Long-term liability activity for the year ended September 30, 2015, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Warrant and other notes payable	\$ 44,157,111	\$ 12,280,000	\$ 17,306,667	\$ 39,130,444	\$ 2,425,000
Limited obligation warrant	1,558,312		12,054	1,546,258	
Less deferred amounts:					
Debt issuance discounts	(81,449)		(8,160)	(73,289)	
Add deferred amounts:					
Debt issuance premiums	339,775	1,305,095	91,404	1,553,466	
Total warrants and other notes payable	45,973,749	13,585,095	17,401,965	42,156,879	2,425,000
Compensated absences	1,040,313	687,278	576,748	1,150,843	314,549
Post-employment benefits other than pensions	2,358,350	405,227	22,442	2,741,135	
Net pension obligation	11,166,526		874,314	10,292,212	
Governmental activities long-term liabilities	60,538,938	14,677,600	18,875,469	56,341,069	2,739,549
Business-type activities:					
General obligation warrants	2,695,120		1,638,326	1,056,794	545,716
Compensated absences	184,917	66,707	78,445	173,179	74,940
Net pension obligation	1,634,091		127,946	1,506,145	
Business-type activities long-term liabilities	4,514,128	66,707	1,844,717	2,736,118	620,656
Total long-term debt	\$ 65,053,066	\$ 14,744,307	\$ 20,720,186	\$ 59,077,187	\$ 3,360,205

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

NOTE 6 - LONG-TERM DEBT: (continued)

Long-term debt at September 30, 2015 consists of the following:

Governmental activities:

	<u>TOTAL</u>
<p>General Obligation Economic Development Improvement Warrants, Series 2006A; principal amount \$19,875,000; graduated principal payments are due annually beginning November 1, 2010 and semiannual interest payments due each November 1 and May 1; interest at 3.65% to 5.00%; current rate on bonds 5%; final maturity date is November 1, 2026. Proceeds used for economic development.</p>	\$ 1,065,000
<p>General Obligation Economic Development Improvement Warrants, Series 2006B; principal amount \$9,000,000; graduated principal payments are due annually beginning November 1, 2009 and semiannual interest payments due each November 1 and May 1; interest at 3.50% to 5.00%; rate on current bonds 4.5%; final maturity date is November 1, 2025. Proceeds used for economic development.</p>	970,000
<p>2009 General Obligation Refunding Warrants; principal amount \$6,315,000; graduated principal payments are due annually beginning on September 1, 2010 and semiannual interest payments due each March 1 and September 1, beginning March 1, 2010; interest rate ranges from 2% to 4%; rate on current bonds 3%; final payment is due September 1, 2022. Proceeds used to refund the 2001 and 2002 Warrants.</p>	3,800,000
<p>General Obligation Chevron Warrants Series 2009A; principal amount \$1,820,000; graduated principal payments are due annually beginning on December 1, 2010 and semiannual interest payments due each June 1 and December 1, beginning June 1, 2010; interest rate ranges from 2.2% to 4.5%; rate on current bonds 2.2%; final payment is due December 1, 2029. Proceeds used for the acquisition, construction, installation, and equipping of certain energy efficient improvements.</p>	1,655,444

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 - LONG-TERM DEBT: (continued)

	<u>TOTAL</u>
General Obligation Refunding Warrants Series 2013A; principal amount \$9,815,000; graduated principal payments are due annually beginning on March 1, 2014 and semiannual interest payments due each September 1 and March 1, beginning September 30, 2013; interest rate ranges from .80% to 2.75%; rate on current bonds 2.0%; final payment is due March 1, 2027. Proceeds used for the partial refunding of the Series 2006A General Obligation Economic Development Improvement Warrants.	\$ 9,505,000
General Obligation Refunding Warrants Series 2014A; principal amount \$9,955,000; graduated principal payments are due annually beginning on March 1, 2015 and semiannual interest payments due each September 1 and March 1, beginning March 1, 2015; interest rate ranges from 1.55% to 4.0%; rate on current bonds 2.0%; final payment is due March 1, 2026. Proceeds used for the partial refunding of the Series 2007 General Obligation Economic Development Improvement Warrants.	9,855,000
General Obligation Refunding Warrants Series 2015, principal amount \$12,280,000; graduated principal payments are due annually beginning November 1, 2015 and semiannual interest payments due each November 1 and May 1, beginning November 1, 2015; interest rate ranges from 1.5% to 5.0%; rate on current bonds 2.0%; final payment is due November 1, 2025. Proceeds used for the partial refunding of the Series 2006A General Obligation Economic Development Improvement Warrants and partial refunding of the Series 2006B General Obligation Economic Development Improvement Warrants.	<u>12,280,000</u>
Total governmental activities	<u>39,130,444</u>

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 - LONG-TERM DEBT: (continued)

	<u>TOTAL</u>
Business-type activities:	
General Obligation Sewer Warrant, Series 1996; principal amount \$3,025,000; graduated principal payments are due annually on 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. Proceeds used for sludge digesters and wastewater treatment plant upgrade.	\$ 420,000
General Obligation Sewer Warrant, Series 2013; principal amount \$900,000; monthly principal and interest payments of \$11,570 due monthly beginning on September 15, 2013; interest rate of 2.190%; final maturity date is August 15, 2020. Proceeds used to pay for purchase of property to be used as a waste water byproduct application site.	<u>636,794</u>
Total business-type activities	<u>1,056,794</u>
Total general obligation warrants	<u><u>\$ 40,187,238</u></u>

Limited Obligation Warrant - The City issued Limited Obligation Warrant, Series 2006B in the amount of \$1,594,489 for the construction of infrastructure. The warrant bears a -0-% interest rate and matures on August 1, 2036. The warrant was issued pursuant to an agreement with a private entity for the construction of infrastructure. Repayment of the warrant is secured by a pledge of 75% of the sales tax revenue remitted by retail establishments located on the specified property. As of September 30, 2015, the City had redeemed \$48,231 of the outstanding warrants. The balance on the warrant at September 30, 2015 is \$1,546,258.

The Limited Obligation Warrant does not constitute a direct obligation and pledge of the full faith and credit of the City.

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 - LONG-TERM DEBT: (continued)

Debt service requirements on long-term debt at September 30, 2015 are as follows:

YEAR ENDING SEPTEMBER 30:	TOTAL ANNUAL REQUIREMENTS			GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2016	\$ 2,970,716	\$ 1,240,819	\$ 4,211,535	\$ 2,425,000	\$ 1,214,334	\$ 3,639,334	\$ 545,716	\$ 26,485	\$ 572,201
2017	2,923,572	1,112,552	4,036,124	2,795,000	1,102,279	3,897,279	128,572	10,273	138,845
2018	3,461,456	1,012,498	4,473,954	3,330,000	1,005,110	4,335,110	131,456	7,388	138,844
2019	3,574,405	903,025	4,477,430	3,440,000	898,585	4,338,585	134,405	4,440	138,845
2020	3,674,680	791,107	4,465,787	3,558,035	789,680	4,347,715	116,645	1,427	118,072
2021 - 2025	17,600,000	2,074,584	19,674,584	17,600,000	2,074,584	19,674,584			
2026 - 2030	5,985,000	218,879	6,203,879	5,985,000	218,879	6,203,879			
2031 - 2035									
2036	1,543,667		1,543,667	1,543,667		1,543,667			
Totals	\$ 41,733,496	\$ 7,353,464	\$ 49,086,960	\$ 40,676,702	\$ 7,303,451	\$ 47,980,153	\$ 1,056,794	\$ 50,013	\$ 1,106,807

Advance refunding - The City issued \$12,280,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$12,770,000 general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$624,635. This amount is classified as a deferred loss on refunding (a deferred outflow) and amortized over the remaining life of the old debt. Over the life of the bonds, the City decreased its total debt service requirements by \$1,182,155. The result of this refunding was an economic gain of \$1,105,702.

Component units - The Prattville Airport Authority's capital debt at September 30, 2015 is as follows:

Revenue and Grant Anticipation Bond Series 2014 - River Bank & Trust; \$551,266; ; interest rate of 4.69% until April 1, 2029; principal and interest due monthly beginning May 22, 2014; secured by pledge of all revenues, rents, receipts, income, and funds derived by the Airport Authority.	<u>\$ 514,371</u>
Total long-term capital debt	<u>\$ 514,371</u>

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

NOTE 6 - LONG-TERM DEBT: (continued)
 Maturities on capital debt are as follows:

YEAR ENDING SEPTEMBER 30:	CITY OF PRATTVILLE AIRPORT AUTHORITY		
	PRINCIPAL	INTEREST	TOTAL
2016	\$ 27,561	\$ 23,926	\$ 51,487
2017	28,968	22,519	51,487
2018	30,375	21,112	51,487
2019	31,852	19,635	51,487
2020	33,349	18,138	51,487
2021 - 2025	192,938	64,496	257,434
2026 - 2029	169,328	15,157	184,485
Totals	\$ 514,371	\$ 184,983	\$ 699,354

Total interest cost on capital debt in 2015 was \$25,110.

Capital debt activity for the year ended September 30, 2015 was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Revenue and grant anticipation					
Bond - River Bank & Trust	\$ 540,717		\$ 26,346	\$ 514,371	\$ 27,561
Totals	\$ 540,717	\$ -	\$ 26,346	\$ 514,371	\$ 27,561

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

The Historic Prattville Redevelopment Authority's notes payable at September 30, 2015 are as follows:

Trustmark National Bank secured by real estate; monthly principal and interest payments of \$1,811; interest rate of 4.34%; final maturity date is December 5, 2019. Proceeds used to purchase real estate.	\$ 126,775
Trustmark National Bank unsecured; monthly principal and interest payments of \$291; interest rate of 4.34%; maturity date of December 15, 2019.	13,492
Southeastern Commercial Finance term loan secured by real estate; monthly interest payments at a rate of 8.00%. Proceeds used to purchase real estate. Loan was refinanced in March 2016 (see Note 12).	<u>1,755,250</u>
Total	<u><u>\$ 1,895,517</u></u>

Notes payable maturities at September 30, 2015 are as follows:

	HISTORIC PRATTVILLE REDEVELOPMENT AUTHORITY		
	PRINCIPAL	INTEREST	TOTAL
YEAR ENDING SEPTEMBER 30:			
2016	\$ 19,431	\$ 5,798	\$ 25,229
2017	20,320	4,909	25,229
2018	21,233	3,996	25,229
2019	22,186	3,044	25,230
2020	57,097	606	57,703
Totals	<u><u>\$ 140,267</u></u>	<u><u>\$ 18,353</u></u>	<u><u>\$ 158,620</u></u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Long-term debt activity for the Historic Prattville Redevelopment Authority for the year ended September 30, 2015, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Notes payable to bank	\$ 154,227	\$ 1,755,250	\$ 13,960	\$ 1,895,517	\$ 19,431
Totals	<u>\$ 154,227</u>	<u>\$ 1,755,250</u>	<u>\$ 13,960</u>	<u>\$ 1,895,517</u>	<u>\$ 19,431</u>

NOTE 7 - NOTES PAYABLE:

The City issued variable rate General Obligation Note, Series 2011A dated May 1, 2011 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 was most recently renewed on May 30, 2015 with a maturity date of May 30, 2016. At September 30, 2015, the balance of the loan had been paid in full.

NOTE 8 - PENSION PLAN:

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

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

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 - PENSION PLAN: (continued)

- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. Two vested active employees of an employer participating in ERS pursuant to § 36-27-6.

Benefits provided - State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after ten years of creditable service. State employees who retire after age 60 (52 for State Police) with ten years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with ten years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest three of the last ten years) for each year of service. State Police are allowed 2.8750% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with ten years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.6500% of their average final compensation (highest five of the last ten years) for each year of service. State Police are allowed 2.3750% for each year of state police service in computing the formula method.

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 - PENSION PLAN: (continued)

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

	<u>ERS</u>	<u>CITY</u>
Retirement and beneficiaries currently receiving benefits	21,691	90
Terminated employees entitled to but not yet receiving benefits	1,252	23
Terminated employees not entitled to a benefit	5,048	
Active members	<u>55,883</u>	<u>331</u>
 Total	 <u>83,874</u>	 <u>444</u>

Contributions - Covered members of the ERS contributed 5.00% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6.00% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10.00% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6.00% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7.00% of earnable compensation. Tier 2 State Police members of the ERS contribute 10.00% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2015, the City's active employee contribution rate was 5.70% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 8.91% of covered employee payroll.

The City's contractually required contribution rate for the year ended September 30, 2015 was 9.18% of pensionable pay for Tier 1 employees, and 6.88% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

NOTE 8 - PENSION PLAN: (continued)

with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$1,258,700 for the year ended September 30, 2015.

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

Total pension liability as of September 30, 2013 (a)	\$ 47,093,106
Entry age normal cost for October 1, 2013 - September 30, 2014 (b)	1,171,241
Actual benefit payments and refunds for October 1, 2013 - September 30, 2014 (c)	(2,178,239)
Total pension liability as of September 30, 2014 = [(a) x (1.08)] + (b) - [(c) x (1.04)]	49,766,427

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

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

* Net of pension plan investment expense

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

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

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

NOTE 8 - PENSION PLAN: (continued)

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

	TARGET ALLOCATION	LONG-TERM EXPECTED RATE OF RETURN
Fixed income	25.00%	5.00%
U. S. large stocks	34.00%	9.00%
U. S. mid stocks	8.00%	12.00%
U. S. small stocks	3.00%	15.00%
International developed market stocks	15.00%	11.00%
International emerging stocks	3.00%	16.00%
Real estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	100.00%	

Discount rate - The discount rate used to measure the total pension liability was the long-term rate of return, 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 - PENSION PLAN: (continued)
Changes in Net Pension Liability:

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY
	(a)	(b)	(a)-(b)
Balance at September 30, 2013	\$ 47,093,106	\$ 34,292,489	\$ 12,800,617
Changes for the year:			
Service cost	1,171,241		1,171,241
Interest	3,680,319		3,680,319
Contributions - employer		1,157,444	(1,157,444)
Contributions - employee		755,114	(755,114)
Net investment income		4,089,766	(4,089,766)
Benefit payments, including refunds of employee contributions	(2,178,239)	(2,178,239)	
Transfer amount employers		(148,504)	148,504
Net changes	<u>2,673,321</u>	<u>3,675,581</u>	<u>(1,002,260)</u>
Balance at September 30, 2014	<u>\$ 49,766,427</u>	<u>\$ 37,968,070</u>	<u>\$ 11,798,357</u>

Sensitivity of the net pension liability to changes in the discount rate - The following table presents the City's net pension liability calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage point higher (9.00%) than the current rate:

	1.00% DECREASE (7.00%)	CURRENT RATE (8.00%)	1.00% INCREASE (9.00%)
City's net pension liability (asset)	\$ 18,425,681	\$ 11,798,357	\$ 6,244,537

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 - PENSION PLAN: (continued)

For the year ended September 30, 2015, the City recognized pension expense of \$1,245,531. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>DEFERRED INFLOWS OF RESOURCES</u>
Net differences between projected and actual earnings on pension plan investments		\$ 1,090,347
Employer contributions subsequent to the measurement date	<u>\$ 1,258,700</u>	
Totals	<u><u>\$ 1,258,700</u></u>	<u><u>\$ 1,090,347</u></u>

Amounts reported as deferred outflows for employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Amounts reported as deferred inflows of resources to pensions will be recognized in pension expense as follows:

YEAR ENDED SEPTEMBER 30:

2016	\$ 272,587
2017	272,587
2018	272,587
2019	<u>272,586</u>
	<u><u>\$ 1,090,347</u></u>

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

The City of Prattville administers a single-employer defined benefit (OPEB) plan for the employees of the City. From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future years when it will be paid. The City recognizes the cost of post-employment 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. The recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Plan description - The City of Prattville, Alabama's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS: (continued)

The employees are covered by the Retirement System of Alabama and must meet the eligibility provisions adopted by resolution to receive retiree medical benefits. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier I members). Employees hired on and after January 1, 2013 (called "Tier II" members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service. Benefit provisions and contribution requirements of the plan may be established or amended by the Council.

Contribution rates - Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

The number of participants as of October 1, 2014, the effective date of the biannual actuarial valuation, are as follows:

	<u>NUMBER OF ENROLLEES</u>
Active employees	310
Retired employees	<u>8</u>
Total	<u><u>318</u></u>

Funding policy - Until fiscal year ended September 30, 2008, the City of Prattville, Alabama recognized the cost of providing post-employment medical benefits (the City of Prattville's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. The City's funding policy is not to fund the Annual Required Contribution (ARC) of the employer except to the extent of the current year's retiree funding costs.

In fiscal year ended September 30, 2015, the City of Prattville, Alabama's portion of health care funding cost for retired employees totaled \$22,442. These amounts were applied toward the net OPEB obligation as shown in the table below.

Annual required contribution - The City of Prattville's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years, (the maximum amortization period allowed by GASB 45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning October 1, 2014 is \$447,277, as set forth below:

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS: (continued)

	MEDICAL
Normal cost	\$ 226,484
30 year unfunded AAL amortization amount	220,793
Annual required contribution (ARC)	\$ 447,277

Net post-employment benefit obligation (asset) - The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	MEDICAL
Annual required contribution	\$ 447,277
Interest on net OPEB obligation	94,334
Adjustment to annual required contribution	(136,384)
Annual OPEB cost	405,227
Contributions made	-0-
Current year retiree premium	(22,442)
Increase in net OPEB obligation	382,785
Net OPEB obligation - beginning of year	2,358,350
Net OPEB obligation - end of year	\$ 2,741,135

The City's annual OPEB cost, percentage of the cost contributed, and the net OPEB obligation for fiscal year 2015 and the previous two years is as follows:

POST- EMPLOYMENT BENEFIT	FISCAL YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF ANNUAL COST CONTRIBUTED	NET OPEB OBLIGATION
Medical	September 30, 2013	\$ 413,354	12.70%	\$ 1,990,427
Medical	September 30, 2014	424,616	13.35%	2,358,350
Medical	September 30, 2015	405,227	5.54%	2,741,136

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS: (continued)

Funded status and funding progress - As of September 20, 2015, the actuarial accrued liability for benefits was \$3,970,787 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$14,118,970 and the ratio of the unfunded actuarial liability to the covered payroll was 28.12% as presented in the following table:

Actuarial accrued liability (AAL)	\$	3,970,787
Actuarial value of plan assets		<u>-0-</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>3,970,787</u>
Funded ratio (Actuarial value assets/AAL)		-0-%
Covered payroll (active plan members)	\$	14,118,970
UAAL as a percentage of covered payroll		28.12%

Actuarial methods and assumptions - Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Prattville, Alabama and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

The following significant assumptions were made:

Actuarial cost method - The ARC is determined using the projected unit credit actuarial cost method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS: (continued)

Actuarial value of plan assets - There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 would be used.

Turnover rate - An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 9%. It has further been assumed that 10% of retirees decline coverage because of the substantial retiree contribution required.

Post-employment benefit plan eligibility requirements - Based on past experience, it has been assumed that entitlement to benefits will commence immediately upon retiree coverage eligibility, as described under "Plan Description". In addition, "Tier II" retirement plan members (those hired on and after January 1, 2013) would not be eligible to retire before age 62. Medical benefits are provided to employees upon actual retirement.

Investment return assumption (discount rate) - GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health care cost trend rate - The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality rate - The 1994 Group Annuity Reserving (94GAF) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of determining value of benefits - 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 retiree pays for 100% of the cost of the medical insurance for the retiree and dependents (except for the incentive retirees), but it is based on the active/retiree blended rate. Therefore, there is an implicit employer subsidy since a portion of the active/retired blended rate is attributable to the retiree coverage. Since use of unblended rates is required by GASB 45 for valuation purposes, we have estimated the unblended retiree total rate before age 65 to be 130% of the blended rate. The employer cost is then the difference between this total unblended rate and the portion paid by the retiree, if any. Retiree coverage ceases at age 65.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Inflation rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected salary increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement benefit increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

NOTE 10 - 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.

NOTE 11 - 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 and has effectively managed risk through various employee education and prevention programs. All risk management activities are accounted for in the general fund.

The City has estimated that the amount of actual or potential claims against the City as of September 30, 2015, will not materially affect the financial condition of the City. Settlement amounts have not exceeded insurance coverage for the current year or the three previous years.

Employees' medical insurance fund - The City maintains the employees' medical insurance fund (an internal service 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. The estimate of the claims liability 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. Changes in the balances of claims liabilities during the year are as follows:

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

EMPLOYEES' MEDICAL INSURANCE

<u>FUND</u>	<u>2015</u>	<u>2014</u>
Unpaid claims, beginning of fiscal year	\$ 184,000	\$ 171,000
Incurred claims (including IBNRs)	3,698,384	3,349,042
Claim payments	<u>(3,650,684)</u>	<u>(3,336,042)</u>
Unpaid claims, end of fiscal year	<u>\$ 231,700</u>	<u>\$ 184,000</u>

NOTE 12 - RELATED PARTY TRANSACTIONS:

The City Council appoints members of the Water Works Board of the City of Prattville. The City utilizes the Water Works Board of the City of Prattville as the collection agent for the sewer and sanitation services. The City recognizes revenue for services when billed by the Water Works Board of the City of Prattville. The receivable from the Water Works Board of the City of Prattville for sewer and sanitation collection fees at September 30, 2015 was \$515,953.

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, 2015 was \$138,523.

Total collection fees retained by the Water Works Board of the City of Prattville for the services described above were \$319,518 for the year ended September 30, 2015.

On May 1, 2006, the City of Prattville, Alabama entered into a lease agreement with the Historic Prattville Redevelopment Authority (HPRA), a component unit, to lease a building on West 4th Street. The term of the lease is five years with quarterly rent payments of \$8,183. For the fiscal year ended September 30, 2015, the City appropriated \$220,678 to the HPRA which includes City's obligation on the quarterly rent payments plus an operating subsidy. As of September 30, 2015, the City owed \$15,986 to the HPRA.

Subsequent to year end, the City entered into a lease agreement with the HPRA for a building to be used by the police, fire, and information technology divisions, and the Autauga County EMA. The lease agreement is for 30 years with annual payments of \$249,000. The City intends to fund the payment through lodging taxes. In March 2016, HPRA issued Series 2016 Bonds in the amount of \$4,780,000, secured by the lease from the City, to complete the necessary renovations to the building. As part of the bond issue, a portion of the proceeds were used to redeem the outstanding loan of \$1,755,250 to Southeastern Commercial Finance.

The City appropriated \$300,000 to the Library and \$161,802 to the Airport Authority, component units, during the fiscal year ended September 30, 2015. As of September 30, 2015, the City owed \$14,762 to the Airport Authority. These appropriations made were, or will be used, as operating and capital subsidies.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 13 - FUNDING AGREEMENTS:

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.

NOTE 14 - 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 of no less than \$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 a minimum of \$165,000. The City paid a total of \$298,695 during the fiscal year ended September 30, 2015.

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, 2015 was \$126,775.

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

As of September 30, 2015, commitments to contractors on capital projects are as follows:

Commitments	\$ 3,366,850
Spent-to-date	<u>(1,782,324)</u>
Remaining commitments	<u><u>\$ 1,584,526</u></u>

NOTE 15 - EFFECT OF NEW PRONOUNCEMENTS:

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City.

GASB Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement is to define fair value, describe how fair value should be measured, what assets and liabilities should be measured at fair value, and describe what information about fair value should be disclosed in the notes to the financial statements. Requirements of this Statement are effective for financial statements whose fiscal year begins after June 15, 2015.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statements 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to establish requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. Requirements of the Statement are effective for financial statements whose fiscal year begins after June 15, 2015.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaced GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria, as well as requiring more extensive note disclosure and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated. Requirements of this Statement are effective for financial statements whose fiscal year begins after June 15, 2016.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 15 - EFFECT OF NEW PRONOUNCEMENTS: (continued)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the current GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Requirements for this Statement are effective for financial statements whose fiscal year begins after June 15, 2017.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP. Requirements for this Statement are effective for financial statements whose fiscal year begins after June 15, 2015.

GASB Statement No. 77, *Tax Abatement Disclosures*. This statement requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. Requirements for this Statement are effective for financial statements whose fiscal year begins after December 15, 2015.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. Requirements for this Statement are effective for financial statements whose fiscal year begins after December 15, 2015.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes and provides guidance that will allow many pools to continue to qualify for amortized cost accounting. Requirements for this Statement are effective for financial statements whose fiscal year begins after June 15, 2015.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 16 - SUBSEQUENT EVENTS:

The City has evaluated subsequent events through March 28, 2016 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of September 30, 2015 have been incorporated into these financial statements.

NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLE:

In fiscal year 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* which improves accounting and financial reporting by state and local governments for pensions.

The implementation of Statement No. 68 resulted in the restatement of the beginning net position of the governmental and business-type activities in the government-wide financial statements:

	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES
Net position at September 30, 2014	\$ 13,457,512	\$ 7,684,485
Change in reporting for pension benefits	<u>(10,156,838)</u>	<u>(1,486,335)</u>
Net position at September 30, 2014, restated	<u>\$ 3,300,674</u>	<u>\$ 6,198,150</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PRATTVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
 AND RELATED RATIOS
 LAST TEN FISCAL YEARS ENDING SEPTEMBER 30

	<u>2014</u>
TOTAL PENSION LIABILITY:	
Service cost	\$ 1,171,241
Interest	3,680,319
Benefit payments, including refunds of employee contributions	<u>(2,178,239)</u>
Net change in total pension liability	2,673,321
Total pension liability - beginning	<u>47,093,106</u>
Total pension liability - end (a)	<u><u>\$ 49,766,427</u></u>
PLAN FIDUCIARY NET POSITION:	
Contributions - employer	\$ 1,157,444
Contributions - member	755,114
Net investment income	4,089,766
Benefit payments, including refunds of employee contributions	(2,178,239)
Transfers among employers	<u>(148,504)</u>
Net change in plan fiduciary net position	3,675,581
Plan net position - beginning	<u>34,292,489</u>
Plan net position - end (b)	<u><u>\$ 37,968,070</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 11,798,357</u></u>
Plan fiduciary net position as a percentage of the total pension liability	76.29%
Covered employee payroll	\$ 13,328,666
Net pension liability as a percentage of covered employee payroll	88.52%

Notes to Schedule:

1. This schedule is to be built prospectively until it contains ten years of data.
2. The measurement date for the City's net pension liability is September 30, one year prior to the City's fiscal year.
3. Covered employee payroll is the total payroll paid to covered employees during the measurement period.

CITY OF PRATTVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE PENSION PLAN
 LAST TEN FISCAL YEARS

	<u>2015</u>
Actuarially determined contribution	\$ 1,179,616
Contributions in relation to the actuarially determined contribution	<u>1,258,700</u>
Contribution excess	<u>\$ (79,084)</u>
Covered employee payroll	\$ 14,118,970
Contributions as a percentage of covered employee payroll	8.91%

Notes to Schedule:

1. This schedule is to be built prospectively until it contains ten years of data.
2. Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported.
3. Contributions for fiscal year 2015 were based on the September 30, 2012 actuarial valuation.
4. Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization method	26 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense,
5. Covered employee payroll represents total payroll paid to covered employees for the City's fiscal year ended September 30.

CITY OF PRATTVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS OF THE CITY'S
 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
 LAST THREE FISCAL YEARS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) UNIT CREDIT (b)	UNFUNDED AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)
September 30, 2012	\$ -	\$ 3,848,992	\$ 3,848,992	0.0%	\$13,570,036	28.36%
September 30, 2013	-	4,002,952	4,002,952	0.0%	13,721,319	29.17%
September 30, 2014	-	3,970,787	3,970,787	0.0%	14,118,970	28.12%

OTHER SUPPLEMENTARY INFORMATION

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL	BUDGETARY BASIS	WITH BUDGET
REVENUES:				
Lodging taxes	\$ 272,500	\$ 272,500	\$ 307,624	\$ 35,124
Intergovernmental revenues	2,090,000	2,090,000	1,659,978	(430,022)
Interest income			4,736	4,736
Total revenues	<u>2,362,500</u>	<u>2,362,500</u>	<u>1,972,338</u>	<u>(390,162)</u>
EXPENDITURES:				
Current operations:				
Public works	2,844,695	2,844,695	1,680,860	1,163,835
Total expenditures	<u>2,844,695</u>	<u>2,844,695</u>	<u>1,680,860</u>	<u>1,163,835</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(482,195)	(482,195)	291,478	773,673
OTHER FINANCING SOURCES (USES):				
Transfers in			2,083,730	2,083,730
Total other financing sources			<u>2,083,730</u>	<u>2,083,730</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	<u>\$ (482,195)</u>	<u>\$ (482,195)</u>	<u>2,375,208</u>	<u>\$ 2,857,403</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>1,509,725</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 3,884,933</u>	

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE
	ORIGINAL	FINAL	BUDGETARY BASIS	WITH BUDGET
REVENUES:				
Interest income			\$ 104	\$ 104
Total revenues			104	104
EXPENDITURES:				
Debt service:				
Principal payments	\$ 4,380,000	\$ 4,380,000	4,380,000	
Interest payments	1,859,522	1,859,522	1,173,951	685,571
Bond issue costs			139,216	(139,216)
Total expenditures	6,239,522	6,239,522	5,693,167	546,355
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(6,239,522)	(6,239,522)	(5,693,063)	546,459
OTHER FINANCING SOURCES (USES):				
Transfers in			5,553,847	5,553,847
Issuance of refunding warrants			12,280,000	12,280,000
Payment to refunded bonds escrow agent			(13,445,879)	(13,445,879)
Bond premium			1,305,095	1,305,095
Total other financing sources			5,693,063	5,693,063
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	\$ (6,239,522)	\$ (6,239,522)		\$ 6,239,522
FUND BALANCE AT BEGINNING OF YEAR				7
FUND BALANCE AT END OF YEAR			\$	7

STATISTICAL SECTION

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

<u>CONTENTS</u>	<u>PAGE</u>
Financial trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	75
Revenue capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales taxes.	80
Debt capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	84
Demographic and economic information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	88
Operating information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	91

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

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CITY OF PRATTVILLE, ALABAMA

SCHEDULE 1
NET POSITION BY COMPONENT
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENTAL ACTIVITIES:										
Net investment in capital assets	\$ 1,747,516	\$ 23,286,126	\$ 26,252,599	\$ 27,913,767	\$ 28,197,019	\$ 33,144,191	\$ 31,400,291	\$ 36,021,544	\$ 36,578,653	\$ 39,468,399
Restricted	12,053,513	6,911,387	6,238,962	3,761,598	851,251	653,478	803,180	901,190	975,467	1,568,412
Unrestricted	(29,514,316)	(28,162,924)	(42,378,700)	(44,366,960)	(46,256,970)	(42,282,379)	(35,254,724)	(30,215,385)	(24,140,154)	(28,898,955)
Total governmental activities net position	<u>\$ (15,713,287)</u>	<u>\$ 2,034,589</u>	<u>\$ (9,887,139)</u>	<u>\$ (12,691,595)</u>	<u>\$ (17,208,700)</u>	<u>\$ (8,484,710)</u>	<u>\$ (3,051,253)</u>	<u>\$ 6,707,349</u>	<u>\$ 13,413,966</u>	<u>\$ 12,137,856</u>
BUSINESS-TYPE ACTIVITIES:										
Net investment in capital assets							\$ 3,751,152	\$ 4,236,099	\$ 4,402,643	\$ 6,384,146
Unrestricted							1,467,034	2,446,415	3,281,842	838,425
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,218,186</u>	<u>\$ 6,682,514</u>	<u>\$ 7,684,485</u>	<u>\$ 7,222,571</u>
PRIMARY GOVERNMENT:										
Net investment in capital assets	\$ 1,747,516	\$ 23,286,126	\$ 26,252,599	\$ 27,913,767	\$ 28,197,019	\$ 33,144,191	\$ 35,151,443	\$ 40,257,643	\$ 40,981,296	\$ 45,852,545
Restricted	12,053,513	6,911,387	6,238,962	3,761,598	851,251	653,478	803,180	901,190	975,467	1,568,412
Unrestricted	(29,514,316)	(28,162,924)	(42,378,700)	(44,366,960)	(46,256,970)	(42,282,379)	(33,787,690)	(27,768,970)	(20,858,312)	(28,060,530)
Total primary government activities net position	<u>\$ (15,713,287)</u>	<u>\$ 2,034,589</u>	<u>\$ (9,887,139)</u>	<u>\$ (12,691,595)</u>	<u>\$ (17,208,700)</u>	<u>\$ (8,484,710)</u>	<u>\$ 2,166,933</u>	<u>\$ 13,389,863</u>	<u>\$ 21,098,451</u>	<u>\$ 19,360,427</u>

Note: Periods prior to 2013 have not been retroactively restated for the impact of Statement No. 65 of the Governmental Accounting Standards Board: *Items Previously Reported as Assets and Liabilities.*

Note: Periods prior to 2015 have not been retroactively restated for the impact of Statement No. 68 of the Governmental Accounting Standards Board: *Accounting and Financial Reporting for Pensions* or for the impact of Statement No. 71 of the Governmental Accounting Standards Board: *Pension Transition for Contributions Made Subsequent to the Measurement Date.*

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 2
CHANGES IN NET POSITION
(accrual basis of accounting)

GOVERNMENTAL ACTIVITIES	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES:										
Governmental activities:										
General government	\$ 4,861,244	\$ 5,350,008	\$ 6,765,361	\$ 8,093,740	\$ 9,124,172	\$ 6,984,318	\$ 6,868,707	\$ 6,649,800	\$ 7,250,279	\$ 7,619,638
Public safety	11,642,133	11,610,724	13,028,713	13,401,417	14,719,827	13,369,083	12,918,701	14,115,911	14,094,661	15,125,945
Public works	25,283,479	6,548,115	20,541,104	8,005,500	8,755,792	7,235,404	3,518,015	3,703,761	5,180,698	6,019,336
Cultural and recreational	2,098,474	2,381,700	2,502,375	2,549,480	2,449,184	2,080,642	1,766,958	1,830,376	1,980,775	2,021,877
Interest on long-term debt	1,188,315	2,047,213	2,327,227	2,445,024	2,585,660	2,460,545	2,195,048	1,971,907	1,727,232	917,762
Total governmental activities expenses	<u>45,073,645</u>	<u>27,937,760</u>	<u>45,164,780</u>	<u>34,495,161</u>	<u>37,634,635</u>	<u>32,129,992</u>	<u>27,267,429</u>	<u>28,271,755</u>	<u>30,233,645</u>	<u>31,704,558</u>
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government	3,939,277	4,654,085	5,183,865	4,901,819	4,874,993	4,990,894	5,351,940	5,525,847	5,499,156	5,973,943
Public safety	1,417,909	1,464,651	1,781,289	1,201,853	1,287,322	1,553,044	1,517,963	1,661,549	1,709,921	1,411,107
Public works	3,219,938	3,969,798	3,930,206	3,928,435	4,412,889	5,400,680	264,744			
Cultural and recreational	226,660	303,580	318,697	261,429	265,044	238,279	234,899	209,031	251,562	257,548
Operating grants and contributions	1,015,035	385,083	460,308	313,602	206,761	193,703	112,012	224,060	71,025	17,820
Capital grants and contributions		1,245,578	1,975,504	2,037,803	2,122,469	5,847,250	2,658,548	4,641,690	1,417,033	3,953,219
Total governmental activities program revenues	<u>9,818,819</u>	<u>12,022,775</u>	<u>13,649,869</u>	<u>12,644,941</u>	<u>13,169,478</u>	<u>18,223,850</u>	<u>10,140,106</u>	<u>12,262,177</u>	<u>8,948,697</u>	<u>11,613,637</u>
Total primary government net expense	<u>(35,254,826)</u>	<u>(15,914,985)</u>	<u>(31,514,911)</u>	<u>(21,850,220)</u>	<u>(24,465,157)</u>	<u>(13,906,142)</u>	<u>(17,127,323)</u>	<u>(16,009,578)</u>	<u>(21,284,948)</u>	<u>(20,090,921)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Taxes:										
Sales taxes	11,876,995	12,553,609	13,188,413	13,221,492	14,139,501	16,691,014	19,736,422	20,602,498	21,221,765	22,112,831
Real and personal property taxes	1,798,544	2,065,975	2,273,782	2,481,450	2,500,129	2,545,751	2,688,777	2,651,051	2,690,055	2,614,090
Motor fuel taxes	242,416	243,557	239,897	238,361	240,547	239,616				
Lodging taxes	1,075,989	1,184,254	1,185,871	1,012,104	1,063,067	1,090,108	1,025,328	1,201,424	1,647,626	1,804,447
Local gasoline taxes	912,030	822,558	874,676	913,279	899,562	886,135	898,009	906,939	941,261	970,304
Alcoholic beverage taxes	303,214	277,260	279,493	281,722	286,497	291,914	295,533	311,045	408,900	273,579
Rental taxes	277,380	293,337	228,743	247,575	239,858	300,750	326,620	315,191	346,089	377,964
Tobacco taxes	137,247	137,009	135,752	147,490	149,222	155,641	155,396	142,723	134,656	136,220
Excise taxes	146,969	97,585	72,181	67,061	18,972	16,647	18,749	70,817	65,949	79,780
Intergovernmental	20,228	17,753	9,092	9,159	161,534	153,240	286,883			
Investment earnings	182,995	644,767	232,387	39,410	42,318	32,621	26,685	69,467	164,964	62,586
Miscellaneous revenue	742,006	530,544	872,896	386,661	206,845	226,695	476,471	625,501	359,099	460,002
Gain (loss) on sale of capital assets									54,747	36,300
Transfers							(3,374,093)	(200,000)		
Total governmental activities general revenues and other changes in net position	<u>17,716,013</u>	<u>18,868,208</u>	<u>19,593,183</u>	<u>19,045,764</u>	<u>19,948,052</u>	<u>22,630,132</u>	<u>25,934,873</u>	<u>26,696,656</u>	<u>28,035,111</u>	<u>28,928,103</u>
Total governmental activities change in net position	<u>\$ (17,538,813)</u>	<u>\$ 2,953,223</u>	<u>\$ (11,921,728)</u>	<u>\$ (2,804,456)</u>	<u>\$ (4,517,105)</u>	<u>\$ 8,723,990</u>	<u>\$ 8,807,550</u>	<u>\$ 10,687,078</u>	<u>\$ 6,750,163</u>	<u>\$ 8,837,182</u>

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 2
CHANGES IN NET POSITION
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
BUSINESS-TYPE ACTIVITIES:										
EXPENSES:										
Sanitation							\$ 2,069,318	\$ 2,230,497	\$ 2,463,315	\$ 2,539,325
Wastewater							2,515,354	2,770,077	2,763,675	2,852,233
Total business-type activities expenses							4,584,672	5,000,574	5,226,990	5,391,558
REVENUES:										
Charges for services:										
Sanitation							2,392,771	2,447,844	2,452,098	2,457,400
Wastewater							3,874,248	3,851,668	3,729,267	3,911,891
Capital grants and contributions:										
Wastewater							160,324	30,401		
Total business-type activities revenues								6,329,913	6,181,365	6,369,291
Total business-type activities net program revenue								1,329,339	954,375	977,733
OTHER CHANGES IN NET ASSETS:										
Miscellaneous revenue							1,422	3,448	5,055	4,382
Gain (loss) on sale of capital assets										42,306
Transfers							3,374,093	200,000		
								203,448	5,055	46,688
Total business-type activities change in net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,532,787	\$ 959,430	\$ 1,024,421
Total primary government change in net position	\$ (17,538,813)	\$ 2,953,223	\$ (11,921,728)	\$ (2,804,456)	\$ (4,517,105)	\$ 8,723,990	\$ 8,807,550	\$ 12,219,865	\$ 7,709,593	\$ 9,861,603

Note: Business-type activities prior to 2012 were accounted for as governmental activities.

Note: Periods prior to 2013 have not been retroactively restated for the impact of Statement No. 65 of the Governmental Accounting Standards Board: Items Previously Reported as Assets and Liabilities.

Note: Periods prior to 2015 have not been retroactively restated for the impact of Statement No. 68 of the Governmental Accounting Standards Board: *Accounting and Financial Reporting for Pensions* or for the impact of Statement No. 71 of the Governmental Accounting Standards Board: *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 3
FUND BALANCES OF GOVERNMENTAL FUNDS
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL FUND:										
Reserved	\$ 2,031,204	\$ 944,030	\$ 1,181,267	\$ 1,043,077	\$ 821,293					
Unreserved	(1,370,935)	(545,442)	(744,577)	(316,517)	(2,313,284)					
Nonspendable						\$ 159,850	\$ 98,908	\$ 102,322	\$ 114,704	\$ 136,566
Restricted						653,478	204,694	280,424	348,192	517,624
Committed						12,185	2,567,260	3,381,590	4,555,104	4,567,189
Assigned						172,653	1,235,310	261,383	468,838	792,720
Unassigned						550,285	1,099,168	3,053,554	5,643,011	6,555,450
Total general fund	\$ 660,269	\$ 398,588	\$ 436,690	\$ 726,560	\$ (1,491,991)	\$ 1,548,451	\$ 5,205,340	\$ 7,079,273	\$ 11,129,849	\$ 12,569,549
ALL OTHER GOVERNMENTAL FUNDS:										
Reserved, reported in:										
Capital projects fund	\$ 6,176,905	\$ 2,607,652	\$ 2,510,352	\$ 2,371,105	\$ 618,868					
Reserved, reported in:										
Debt service fund	2,654,175	1,060,466	1,192,527	858,397	80,178					
Unreserved, reported in:										
Special revenue funds	326,192	511,735	63,082	373,568	566,257					
Unreserved, reported in:										
Debt service fund	258,009	255,061	(61,295)	169,558						
Unreserved, reported in:										
Capital projects fund	2,964,424	2,445,873	2,471,886	25,258	(357,885)					
Nonspendable									\$ 2,299	\$ 377
Restricted						\$ 480,627	\$ 598,486	\$ 620,766	670,828	1,050,795
Committed								20,573	305,771	601,804
Assigned								503,290	801,506	2,554,059
Unassigned								1		
Total all other governmental funds	\$ 12,379,705	\$ 6,880,787	\$ 6,176,552	\$ 3,797,886	\$ 907,418	\$ 480,627	\$ 598,486	\$ 1,144,630	\$ 1,780,404	\$ 4,207,035

Note: Periods prior to 2011 have not been retroactively restated for the impact of Statement No. 54 of the Governmental Accounting Standards Board: *Fund Balance Reporting and the Governmental Fund Type Definitions*.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 4
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES:										
Taxes	\$ 16,770,784	\$ 17,675,144	\$ 18,478,809	\$ 18,610,534	\$ 19,537,355	\$ 22,217,576	\$ 25,144,834	\$ 26,201,688	\$ 27,456,301	\$ 28,369,215
Licenses and permits	3,939,277	4,654,085	5,183,865	4,901,819	4,874,993	4,990,894	5,351,940	5,525,847	5,499,156	5,973,943
Intergovernmental revenues	780,502	222,043	302,118	343,156	217,701	153,240	548,280	1,103,096	1,428,058	2,220,039
Charges and fees for services	4,511,611	5,319,420	5,493,106	4,905,652	5,564,563	6,655,705	1,223,888	1,284,750	1,392,556	1,077,656
Fines and forfeitures	352,896	418,609	537,086	486,065	400,692	536,298	532,321	630,728	614,714	590,999
Interest		644,772	232,387	39,410	44,844	32,621	26,685	67,371	164,250	62,162
Miscellaneous	1,170,940	849,160	1,197,161	1,109,616	1,099,914	908,449	1,067,962	1,030,355	356,984	422,314
Total revenues	27,526,010	29,783,233	31,424,532	30,396,252	31,740,062	35,494,783	33,895,910	35,843,835	36,912,019	38,716,328
EXPENDITURES:										
Unreserved, reported in:										
Current:										
General governmental	4,825,371	5,261,945	6,280,215	6,318,533	7,537,961	5,973,871	5,757,564	5,039,571	5,931,830	5,875,170
Public safety	11,141,574	11,153,949	12,746,727	12,989,658	14,023,058	12,712,387	12,346,346	11,852,136	11,731,292	12,413,193
Public works	24,664,571	5,588,300	18,984,015	7,182,300	8,007,685	6,519,457	3,332,207	3,210,261	4,184,523	6,068,130
Cultural and recreation	1,796,512	2,005,573	2,152,013	2,488,332	2,371,770	1,749,355	1,434,309	1,436,057	1,565,707	1,627,648
Capital outlay	2,493,938	8,505,999	3,756,955	2,811,090	3,290,520	478,136	379,900	1,769,645	1,709,945	1,267,128
Debt service:										
Principal payments	2,599,045	1,418,665	1,445,912	1,816,556	2,331,364	9,073,190	4,070,296	4,011,121	2,941,830	4,548,721
Interest and fiscal charges	650,342	1,917,209	2,158,816	2,430,712	2,465,127	2,492,666	2,230,996	2,165,133	1,750,499	1,192,171
Bond issuance costs	741,010		366,450		217,411			83,464	93,782	139,216
Total expenditures	48,912,363	35,851,640	47,891,103	36,037,181	40,244,896	38,999,062	29,551,618	29,567,388	29,909,408	33,131,377
Excess of revenues over (under) expenditures	(21,386,353)	(6,068,407)	(16,466,571)	(5,640,929)	(8,504,834)	(3,504,279)	4,344,292	6,276,447	7,002,611	5,584,951
OTHER FINANCING SOURCES (USES):										
Insurance proceeds										37,685
Transfers in	32,254,124	4,979,825	16,586,498	7,276,949	3,149,228	5,525,970	4,610,138	5,215,833	4,896,087	7,642,691
Transfers out	(32,254,124)	(4,979,825)	(16,586,498)	(7,276,949)	(3,149,228)	(5,525,970)	(4,699,055)	(9,361,585)	(7,064,464)	(9,884,991)
Issuance of bonds	30,470,000		15,300,000	1,621,373	2,670,000					
Issuance of refunding bonds					6,315,000			9,815,000	9,955,000	12,280,000
Issuance of notes payable	625,000		136,099	1,000,000	300,000	5,637,303				
Proceeds from capital lease		307,808	451,767	930,760	260,000					
Payment to refunded bonds escrow agent					(6,322,926)			(9,434,619)	(10,067,843)	(13,445,879)
Sale of capital assets										46,779
Bond premium (discount)	480,746		(87,428)		173,741			(90,999)	206,625	1,305,095
Total other financing sources (uses)	31,575,746	307,808	15,800,438	3,552,133	3,395,815	5,637,303	(88,917)	(3,856,370)	(2,074,595)	(2,018,620)
Net change in fund balance	\$ 10,189,393	\$ (5,760,599)	\$ (666,133)	\$ (2,088,796)	\$ (5,109,019)	\$ 2,133,024	\$ 4,255,375	\$ 2,420,077	\$ 4,928,016	\$ 3,566,331
Debt service as a percentage of noncapital expenditures	8.60%	12.20%	9.00%	12.78%	13.57%	30.02%	21.60%	22.52%	16.97%	18.45%

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 5
NET TAXABLE SALES BY CATEGORY

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Apparel stores	\$ 44,070,516	\$ 44,057,973	\$ 49,891,510	\$ 61,766,373	\$ 72,438,782	\$ 81,049,639	\$ 78,698,228	\$ 78,722,449	\$ 78,062,472	\$ 81,324,939
Food stores	79,119,351	75,830,662	70,156,573	73,331,244	71,839,635	77,704,211	76,108,625	77,168,242	80,331,913	83,355,426
Automotive	78,357,966	74,734,128	65,384,586	46,030,674	58,984,572	63,159,678	62,669,770	68,449,774	72,277,636	97,027,886
Manufacturing machine			1,225,203	1,813,517	1,512,332	1,512,272	1,855,136	2,025,097	16,665,875	6,477,693
Restaurants	63,443,394	62,844,097	51,658,420	53,838,468	62,888,874	69,407,860	72,159,819	83,073,365	99,976,397	104,080,558
Home furnishings and appliances	5,138,448	6,693,246	13,638,375	21,877,677	20,566,253	17,869,458	17,145,730	16,256,815	15,752,779	16,854,830
Building materials	44,491,167	36,036,047	48,684,662	39,460,896	39,128,465	41,682,202	40,414,350	42,467,529	42,313,771	45,417,305
Service stations	9,765,852	10,784,193	21,761,093	22,983,026	22,447,212	21,425,351	15,120,821	19,967,285	17,757,144	17,840,129
Other retail stores	118,363,518	149,544,076	256,892,888	244,770,686	262,697,325	266,079,295	253,682,787	259,689,798	256,775,123	266,688,466
Totals	<u>\$ 442,750,212</u>	<u>\$ 460,524,422</u>	<u>\$ 579,293,310</u>	<u>\$ 565,872,561</u>	<u>\$ 612,503,450</u>	<u>\$ 639,889,966</u>	<u>\$ 617,855,266</u>	<u>\$ 647,820,354</u>	<u>\$ 679,913,110</u>	<u>\$ 719,067,232</u>
City direct sales tax rate	2.50%	2.50%	2.50%	2.50%	2.50%	3.50%	3.50%	3.50%	3.50%	3.50%

Source: City's Finance Department.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 6
SALES TAX REVENUE PAYERS BY CATEGORY
FISCAL YEARS 2006 THROUGH 2015

	2013				2014				2015			
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
Apparel stores	22	\$ 2,755,286	12.48%	8.90%	22	\$ 2,732,187	12.37%	5.49%	22	\$ 2,846,373	12.89%	7.70%
Food stores	8	2,700,888	12.23%	11.50%	8	2,811,617	12.73%	11.62%	8	2,917,440	13.21%	11.70%
Automotive	23	342,249	1.55%		22	361,388	1.64%		24	485,139	2.20%	
Machine	22	15,188	0.07%		23	124,994	0.57%		22	48,583	0.22%	
Restaurants	85	2,907,568	13.17%		107	3,499,174	15.85%		104	3,642,820	16.50%	
Home furnishings and appliances	12	568,989	2.58%	2.00%	11	551,347	2.50%	1.81%	12	589,919	2.67%	1.80%
Building materials	8	1,486,364	6.73%	6.30%	8	1,480,982	6.71%	6.06%	8	1,589,606	7.20%	6.40%
Service stations	25	698,855	3.17%		25	621,500	2.81%		25	624,405	2.83%	
Other retail stores	931	9,089,143	44.03%	9.10%	1,181	8,987,129	40.71%	10.50%	1,261	9,334,096	42.28%	8.25%
Totals	1,136	\$ 20,564,530	96.00%		1,407	\$ 21,170,318	95.89%		1,486	\$ 22,078,381	100.00%	

	2010				2011				2012			
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
Apparel stores	17	\$ 1,810,970	12.84%	8.05%	17	\$ 2,300,008	13.81%	7.69%	20	\$ 2,754,438	13.99%	10.30%
Food stores	8	1,795,991	12.73%	11.83%	8	2,205,072	13.24%	11.97%	8	2,663,802	13.53%	12.14%
Automotive	27	294,923	2.09%		27	315,798	1.90%		23	313,349	1.59%	
Machine	25	11,342	0.08%		25	11,342	0.07%		21	13,913	0.07%	
Restaurants	90	1,572,222	11.15%		95	1,969,640	11.83%		81	2,525,594	12.82%	
Home furnishings and appliances	12	514,156	3.65%	2.44%	12	507,095	3.05%	2.18%	12	600,101	3.05%	2.23%
Building materials	8	978,212	6.94%	6.22%	8	1,182,848	7.10%	6.20%	8	1,414,502	7.18%	6.41%
Service stations	29	561,180	3.98%		28	608,003	3.65%		25	529,229	2.69%	
Other retail stores	964	6,565,423	46.55%	9.55%	918	7,550,736	45.35%	9.22%	931	8,878,898	45.08%	6.15%
Totals	1,180	\$ 14,104,419	100.00%		1,138	\$ 16,650,542	100.00%		1,129	\$ 19,693,826	100.00%	

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 6
SALES TAX REVENUE PAYERS BY CATEGORY
FISCAL YEARS 2006 THROUGH 2015

	2007				2008				2009			
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
Apparel stores	13	\$ 1,101,449	10.99%	8.10%	14	\$ 1,247,288	9.48%	6.00%	14	\$ 1,544,159	11.70%	8.49%
Food stores	7	1,895,767	18.92%	17.71%	7	1,753,914	13.33%	12.56%	8	1,833,281	13.89%	12.25%
Automotive Machine	26	373,671	3.73%	1.68%	25	326,923	2.49%	1.35%	24	230,153	1.74%	
Restaurants	75	1,571,102	15.68%		17	9,189			22	13,601	0.10%	
Home furnishings and appliances	10	167,331	1.67%		84	1,291,461	9.82%		89	1,345,962	10.20%	
Building materials	8	900,901	8.99%	7.82%	12	340,959	2.59%	1.35%	12	546,942	4.15%	2.54%
Service stations	28	269,605	2.69%		8	1,217,117	9.25%	7.90%	8	986,522	7.48%	6.74%
Other retail stores	28	269,605	2.69%		28	544,027	4.14%		30	574,576	4.35%	
	1,056	3,738,602	37.32%	10.98%	1,150	6,422,322	48.90%	12.48%	980	6,119,267	46.38%	10.70%
Totals	1,223	\$ 10,018,428	100.00%		1,345	\$ 13,153,200	100.00%		1,187	\$ 13,194,463	100.00%	

	2006			
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
Apparel stores	9	\$ 1,101,763	11.60%	10.31%
Food stores	6	1,977,984	20.82%	20.55%
Automotive Machine	30	391,790	4.12%	1.51%
Restaurants	69	1,586,085	16.69%	
Home furnishings and appliances	10	128,461	1.35%	
Building materials	6	1,112,279	11.71%	10.71%
Service stations	30	244,146	2.57%	
Other retail stores	955	2,959,088	31.14%	11.80%
Totals	1,115	\$ 9,501,596	100.00%	

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 7
DIRECT AND OVERLAPPING SALES TAX RATES

FISCAL YEAR	CITY DIRECT RATE	AUTAUGA COUNTY	DISTRICT TAX	STATE OF ALABAMA	TOTAL SALES TAX
2006	2.5%	2%		4.00%	8.5%
2007	2.5%	2%		4.00%	8.5%
2008	2.5%	2%		4.00%	8.5%
2009	2.5%	2%		4.00%	8.5%
2010	2.5%	2%		4.00%	8.5%
2011	3.5%	2%		4.00%	9.5%
2012	3.5%	2%		4.00%	9.5%
2013	3.5%	2%		4.00%	9.5%
2014	3.5%	2%		4.00%	9.5%
2015	3.5%	2%		4.00%	9.5%

FISCAL YEAR	CITY DIRECT RATE	ELMORE COUNTY	DISTRICT TAX	STATE OF ALABAMA	TOTAL SALES TAX
2006	2.5%	1%	1%	4.00%	8.5%
2007	2.5%	1%	1%	4.00%	8.5%
2008	2.5%	1%	1%	4.00%	8.5%
2009	2.5%	1%	1%	4.00%	8.5%
2010	3.5%	1%	1%	4.00%	9.5%
2011	3.5%	1%	1%	4.00%	9.5%
2012	3.5%	1%	1%	4.00%	9.5%
2013	3.5%	1%	1%	4.00%	9.5%
2014	3.5%	1%	1%	4.00%	9.5%
2015	3.5%	1%	1%	4.00%	9.5%

Sources: City Finance Department, Autauga County Revenue Commissioner's Office, and Elmore County Department of Finance.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 8
RATIOS OF OUTSTANDING DEBT BY TYPE

GOVERNMENTAL ACTIVITIES								
FISCAL YEAR	GENERAL OBLIGATION BONDS	TERM LOAN	LIMITED OBLIGATION WARRANT	CAPITAL LEASE	TOTAL OUTSTANDING DEBT	PERCENTAGE OF TAXABLE SALES (b)	PERCENTAGE OF PERSONAL INCOME (a)	PER CAPITA (a)
2006	\$ 44,352,609			\$ 294,946	\$ 44,647,555	10.08%	3.04%	909.23
2007	43,102,043		\$ 1,594,489	437,071	45,133,603	9.80%	2.90%	906
2008	56,994,583	\$ 99,344	1,594,489	761,348	59,449,764	10.26%	3.62%	1,181
2009	57,099,163	1,025,708	1,594,489	1,445,462	61,164,822	10.81%	3.68%	1,205
2010	57,699,065	1,803,956	1,594,489	1,239,844	62,337,354	10.18%	3.71%	1,142
2011	54,755,183	1,755,709	1,594,489	748,347	58,853,728	9.20%	3.26%	1,065
2012	49,212,046	701,035	1,580,851	88,562	51,582,494	8.35%	2.73%	929
2013	47,027,064		1,567,775		48,594,839	7.50%	2.57%	880
2014	44,415,437		1,558,312		45,973,749	6.76%	2.43%	832
2015	40,610,621		1,546,258		42,156,879	5.86%	*	*
BUSINESS-TYPE ACTIVITIES								
FISCAL YEAR	GENERAL OBLIGATION BONDS	TERM LOAN	LIMITED OBLIGATION WARRANT	CAPITAL LEASE	TOTAL OUTSTANDING DEBT	PERCENTAGE OF TAXABLE SALES (b)	PERCENTAGE OF PERSONAL INCOME (a)	PER CAPITA (a)
2012	\$ 2,490,000			\$ 238,074	\$ 2,728,074	0.44%	0.14%	49
2013	3,095,767			9,334	3,105,101	0.48%	0.16%	56
2014	2,695,120				2,695,120	0.40%	0.14%	49
2015	1,056,794				1,056,794	0.15%	*	*
PRIMARY GOVERNMENT								
FISCAL YEAR	GENERAL OBLIGATION BONDS	TERM LOAN	LIMITED OBLIGATION WARRANT	CAPITAL LEASE	TOTAL OUTSTANDING DEBT	PERCENTAGE OF TAXABLE SALES (b)	PERCENTAGE OF PERSONAL INCOME (a)	PER CAPITA (a)
2006	\$ 44,352,609			\$ 294,946	\$ 44,647,555	10.08%	3.04%	909
2007	43,102,043		\$ 1,594,489	437,071	45,133,603	9.80%	2.90%	906
2008	56,994,583	\$ 99,344	1,594,489	761,348	59,449,764	10.26%	3.62%	1,181
2009	57,099,163	1,025,708	1,594,489	1,445,462	61,164,822	10.81%	3.68%	1,205
2010	57,699,065	1,803,956	1,594,489	1,239,844	62,337,354	10.18%	3.71%	1,142
2011	54,755,183	1,755,709	1,594,489	748,347	58,853,728	9.20%	3.26%	1,065
2012	51,702,046	701,035	1,580,851	326,636	54,310,568	8.79%	2.87%	978
2013	50,122,831		1,567,775	9,334	51,699,940	7.98%	2.74%	931
2014	47,110,557		1,558,312		48,668,869	7.16%	2.58%	877
2015	41,667,415		1,546,258		43,213,673	6.01%	*	*

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) See the Schedule of Demographics and Economic Statistics on page 88 for personal income and population data.

(b) See page 80 for net taxable sales.

* Information not available.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 9
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS: AMOUNTS AVAILABLE DEBT SERVICE		TOTAL	PERCENTAGE OF NET TAXABLE SALES (a)	PER CAPITA (b)
		FUND				
2006	\$ 44,352,609	\$	2,912,184	\$ 41,440,425	9.36%	\$ 844
2007	43,102,043		1,315,527	41,786,516	9.07%	839
2008	56,994,583		1,131,232	55,863,351	9.64%	1,109
2009	57,099,163		1,027,955	56,071,208	9.91%	1,105
2010	57,699,065		80,178	57,618,887	9.41%	1,056
2011	54,755,183		5	54,755,178	8.56%	991
2012	51,702,046		10	51,702,036	8.37%	931
2013	50,122,831		203,627	49,919,204	7.71%	904
2014	47,110,557		7	47,110,550	6.93%	850
2015	41,667,415		7	41,667,408	5.79%	*

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) See page 80 for net taxable sales.

(b) See the Schedule of Demographics and Economic Statistics on page 88 for population data.

* Information not available.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 10
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF SEPTEMBER 30, 2015

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (a)	ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT
Debt repaid with property taxes: Autauga County	\$ 14,917,503	77.00%	\$ 11,486,477
Debt repaid with property taxes: Autauga County Board of Education	32,543,626	77.00%	25,058,592
Debt repaid with property taxes: Elmore County	6,691,843	7.00%	468,429
Debt repaid with property taxes: Elmore County Board of Education	54,622,000	7.00%	3,823,540
Subtotal, overlapping debt			<u>40,837,038</u>
City of Prattville, Alabama direct debt			<u>42,156,879</u>
Total direct and overlapping debt			<u><u>\$ 82,993,917</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Autauga County Revenue Commissioner and Elmore County Revenue Commissioner. Debt outstanding data provided by the County.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Prattville, Alabama. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(a) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the County's boundaries and dividing it by the County's total taxable assessed value.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 11
LEGAL DEBT MARGIN INFORMATION

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net assessed value of taxable property	\$ 264,711,257	\$ 292,907,660	\$ 338,273,422	\$ 348,899,620	\$ 358,625,820	\$ 353,461,200	\$ 356,934,340	\$ 352,040,720	\$ 348,362,480	\$ 358,817,560
Debt limit	52,942,251	58,581,532	67,654,684	69,779,924	71,725,164	70,692,240	71,386,868	70,408,144	69,672,496	71,763,512
Total net debt applicable to limit	<u>9,153,937</u>	<u>9,853,367</u>	<u>9,649,304</u>	<u>11,690,201</u>	<u>14,415,694</u>	<u>12,436,482</u>	<u>9,818,857</u>	<u>18,697,026</u>	<u>26,501,875</u>	<u>37,095,437</u>
Legal debt margin	<u>\$ 43,788,314</u>	<u>\$ 48,728,165</u>	<u>\$ 58,005,380</u>	<u>\$ 58,089,723</u>	<u>\$ 57,309,470</u>	<u>\$ 58,255,758</u>	<u>\$ 61,568,011</u>	<u>\$ 51,711,118</u>	<u>\$ 43,170,621</u>	<u>\$ 34,668,075</u>
Total net debt applicable to the limit as a percentage of debt limit	17.29%	16.82%	14.26%	16.75%	20.10%	17.59%	13.75%	26.56%	38.04%	51.69%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	<u>\$ 358,817,560</u>
Debt limit (20% of total assessed value)	<u>\$ 71,763,512</u>
Debt applicable to limit:	
General obligation bonds	37,095,444
Less: Amount set aside for repayment of general obligation debt	<u>7</u>
Total net debt applicable to limit	<u>37,095,437</u>
Legal debt margin	<u>\$ 34,668,075</u>

Note: Under state law, the City of Prattville, Alabama's outstanding general obligation debt should not exceed 20% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 12
DEMOGRAPHIC AND ECONOMIC STATISTICS

CALENDAR YEAR	POPULATION	PERSONAL INCOME (THOUSANDS OF DOLLARS)	PER CAPITA PERSONAL INCOME	MEDIAN AGE	SCHOOL ENROLLMENT	AUTAUGA COUNTY UNEMPLOYMENT RATE
2006	49,105	\$ 1,467,514	\$ 29,885	36.10	9,379 (05-06)	2.90%
2007	49,834	1,555,999	31,224	36.46	9,649 (06-07)	2.90%
2008	50,354	1,640,204	32,573	36.26	9,819 (07-08)	4.50%
2009	50,756	1,660,766	32,721	36.16	9,854 (08-09)	8.60%
2010	54,571	1,679,535	30,777	36.37	10,076 (09-10)	8.00%
2011	55,267	1,804,871	32,657	36.69	9,877 (10-11)	6.80%
2012	55,514	1,889,867	34,043	37.00	9,825 (11-12)	6.80%
2013	55,246	1,951,123	35,317	36.00	9,642 (12-13)	5.90%
2014	55,395	2,017,431	36,419	35.10	9,737 (13-14)	5.40%
2015	*	*	*	36.20	9,665 (14-15)	4.90%

Note: Population and median age information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment obtained from the local board of education is based on the census at the start of the school year.

* Unavailable

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 13
PRINCIPAL EMPLOYERS

<u>EMPLOYER</u>	<u>2011</u>		<u>2015</u>	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>
Autauga County Board of Education	1,000	6.38%	1,091	6.95%
International Paper	600	3.83%	550	3.55%
City of Prattville, Alabama	385	2.46%	372	2.37%
Prattville Baptist Hospital	235	1.50%	350	2.23%
Walmart	480	3.06%	330	2.10%
Autauga County	165	1.05%	202	1.29%
Prattville Health and Rehabilitation	154	0.98%	187	1.19%
Fras-Le	*	*	147	0.94%
M-Tek	100	0.83%	138	0.88%
LoneStar Plastics	125	0.80%	91	0.58%
Kinedyne	130	0.64%	74	0.47%
Totals	<u>3,374</u>	<u>21.53%</u>	<u>3,532</u>	<u>22.55%</u>

Source: Prattville Area Chamber of Commerce.

Note: Information does not include city government employment.

Note: This schedule presents 2011 compared to 2015. Information for 2006 (nine years ago) is not presented because it is not readily available.

Average number employed in City for 2015 was 15,706 per www2.labor.alabama.gov/LAUS/LAUScities.pdf.
<http://www2.labor.alabama.gov/LAUS/CLF/citybyyear.aspx?area=000019>

* Unavailable

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 14
 FULL-TIME EQUIVALENT CITY
 GOVERNMENT EMPLOYEES BY FUNCTION

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Function/Program</u>										
General government:										
Executive	5	5	5	3	3	3	2	3	3	3
Legislative	7	7	7	7	7	7	7	7	7	7
Finance	6	7	8	7	7	6	6	5	6	7
City Clerk	4	4	4	5	5	2	3	3	3	3
Human resources	2	4	4	4	4	4	4	4	3	4
Judicial	4	4	4	6	6	5	6	6	6	6
Information technology	3	3	3	4	3	1	1	1	2	3
Vehicle maintenance	9	9	10	12	10	6	6	6	5	6
Public safety:										
Police:										
Officers	87	85	87	90	92	85	81	81	82	82
Civilians	5	7	9	11	9	7	8	9	9	10
Fire:										
Officers	75	85	89	89	88	84	81	79	83	83
Civilians	5	4	4	4	4	8	7	7	2	2
Building division									4	6
Public works:										
Public works										4
Engineering	4	4	5	4	4	9	9	10	9	9
Facilities maintenance									4	8
Planning and development	9	13	13	16	14	7	7	4	4	5
Street	14	18	22	22	21					
Sanitation	26	28	28	30	29	28	28	32	34	36
Wastewater	26	25	26	29	28	25	23	23	25	25
Urban management						21	19	23	30	30
Culture and recreation:										
Leisure services	22	23	24	24	24	15	12	12	14	14
Performing and creative arts				2	2	2	1		1	1
Totals	<u>313</u>	<u>335</u>	<u>352</u>	<u>369</u>	<u>360</u>	<u>325</u>	<u>311</u>	<u>315</u>	<u>336</u>	<u>354</u>

Source: Human Resources.

Note: This report includes regular full time employees, regular part time employees (based on full time equivalent employment calculated by dividing labor hours by 2,080 hours), elected and appointed officials as of September 30 each year.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 15
OPERATING INDICATORS BY FUNCTION/PROGRAM

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Function/Program</u>										
General government:										
Building permits issued:										
Residential	351	260	173	106	135	106	128	120	131	161
Residential remodel							392	327	343	333
Commercial	17	26	16	17	10	11	8	8	12	17
Commercial buildout, remodel, addition							43	49	56	74
Building inspections conducted	8,727	7,493	7,455	6,472	3,658	3,142	3,512	4,506	5,688	4,148
Building plan reviews		317	325	177	149	147	212	181	441	659
Public safety:										
Police:										
Physical arrests	3,302	3,252	3,288	2,651	3,035	3,208	2,208	2,128	2,757	2,342
Parking violations	89	77	253	143	348	373	259	122	86	98
Traffic violations	3,942	6,398	6,236	7,914	6,299	6,450	4,460	4,782	4,897	4,418
Fire:										
Emergency responses	6,449	7,026	6,184	4,989	5,199	5,221	5,673	5,786	5,893	5,118
Fires extinguished	143	142	115	132	115	113	75	101	113	105
Inspections	2,395	2,522	2,766	3,772	2,996	2,725	2,846	2,846	2,775	2,791
Public works:										
Potholes repaired	2,000	3,000	2,000	3,000	2,000	2,000	1,500	1,750	2,000	2,500
Street resurfacing (miles)	7		8		3			2	7	5
Wastewater:										
Average daily sewage treatment (millions of gallons):										
Autauga Creek	2.06	1.75	1.90	2.35	2.18	1.60	1.72	1.92	1.62	1.47
Pine Creek	1.77	1.70	1.88	1.99	1.87	1.90	1.90	2.01	1.88	1.81
Refuse collection:										
Garbage (tons per day)									38.5	36.33
Trash (yards per day)									189	260
Recyclables (tons per day)									1	1

Sources: Various City departments

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 16
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Function/Program</u>										
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	66	66	71	81	82	81	84	84	81	84
Motorcycles	10	11	11	11	11	9	9	9	10	10
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Fire engines	6	6	6	6	7	7	7	8	8	8
Ambulances	6	6	7	7	7	7	7	7	7	7
Refuse collection:										
Trash trucks	5	6	6	6	6	6	6	6	6	6
Garbage trucks	7	8	9	9	9	9	9	8	8	8
Parkan Truck										1
Public works:										
Streets (miles)						209	209	212	212	217
Highways (miles)						23	23	23	23	23
Streetlights						2,450	2,450	2,450	2,450	2,475
Traffic signal heads						270	270	270	270	270
Cultural and recreation:										
Acreage	330	330	330	354	354	354	354	354	354	354
Playgrounds	9	9	9	10	10	10	10	10	10	10
Baseball/softball diamonds	16	16	16	16	16	16	16	16	16	16
Soccer fields	9	9	9	9	9	9	9	9	9	9
Community centers	2	2	2	2	2	2	2	2	2	2
Senior citizens center	1	1	1	1	1	1	1	1	1	1

Sources: Various City departments.

Note: No capital asset indicators are available for the general government.