

**CITY OF PRATTVILLE, ALABAMA**  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

Prepared by:  
Department of Finance

Douglas C. Moseley, CITP, CISA, CPA  
Finance Director

## INTRODUCTORY SECTION

CITY OF PRATTVILLE, ALABAMA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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# CITY OF PRATTVILLE

**BILL GILLESPIE, JR.**  
MAYOR

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## 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

**CLYDE CHAMBLISS, JR.**  
DISTRICT 5

**RAY C. BOLES**  
DISTRICT 6

**LORA LEE BOONE**  
DISTRICT 7

March 25, 2013

To 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, 2012 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.

During fiscal 1993, the City of Prattville implemented the Governmental Accounting Standards Board's (GASB) statement on defining the reporting entity. As a result, the Autauga-Prattville Public Library, Prattville Airport Authority, and Historical Prattville Redevelopment Authority have been included as separately presented component units on the City's reporting entity in the CAFR.

## **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. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," provides financial reporting guidance by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The requirements of this statement are effective for financial statements for periods beginning after December 31, 2011.

## **City Profile**

The City of Prattville is the County seat of Autauga County, was incorporated on August 8<sup>th</sup> 1865, and is located in south central Alabama. It serves a population of approximately 33,960. The City of Prattville operates under a Mayor/Council form of government with a fiscal year from October 1<sup>st</sup> through September 30<sup>th</sup>. 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, Special Revenue Funds, and Enterprise 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 Historical 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 of a department balance are released only after the approval of finance director or mayor.

Budget amendments are effected by ordinance enacted by the governing body when needed. Activities of the General Fund, Debt Service Fund, Special Revenue Funds, and Enterprise 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.

## **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), 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 this 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.

CITY OF PRATTVILLE, ALABAMA

LIST OF PRINCIPAL OFFICIALS  
AS OF SEPTEMBER 30, 2012

Mayor

Bill Gillespie, Jr.

CITY COUNCIL

Mike Renegar, President

Willie Lee Wood, Jr.  
Nathan Fank, President Pro Tempore  
Thomas Miller

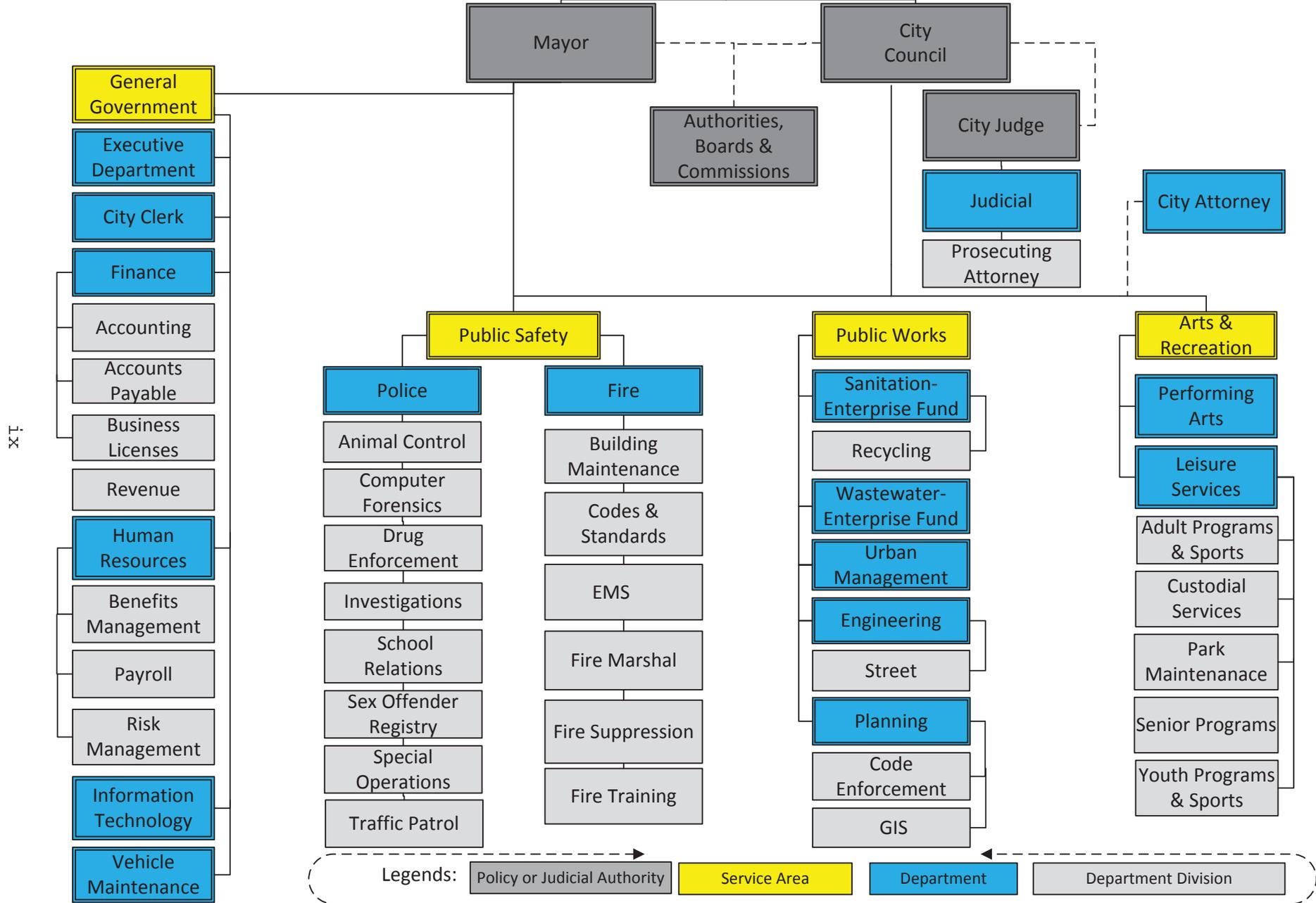
Denise Brown  
Albert Striplin  
Ray Boles

HEADS OF DEPARTMENTS

Municipal Court  
City Attorney  
City Prosecutor  
City Clerk  
Finance Director  
Engineering  
Sanitation  
Police  
Fire  
Vehicle Maintenance  
Wastewater  
Leisure Services  
Human Resources  
Planning

Judge Louis C. Colley  
David McDowell  
Robert E. Riddle  
Cathy Dickerson  
Douglas C. Mosely  
Robby Anderson  
Edward Clinton  
Chief Tim Huggins  
Chief Terry Brown  
Kenny Rawlinson  
Rick Teague  
Andrew Peterson  
Lisa Thrash  
Joel Duke

# Citizens of Prattville





FINANCIAL SECTION



MONTGOMERY, ALABAMA

Dothan

Prattville

Wetumpka

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Prattville, Alabama (the City), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Prattville, Alabama's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Autauga Prattville Public Library and the Historical Prattville Redevelopment Authority were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Prattville, Alabama, as of September 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated March 25, 2013 on our consideration of the City of Prattville, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress of the Employees' Retirement System and the Employees' Health Insurance Plan on pages 3 through 14 and pages 63 and 64 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 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.

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, combining individual nonmajor fund financial statements, the nonmajor fund budgetary comparison schedules, and statistical tables are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

*Jackson Shernton & Co. PC*

Prattville, Alabama  
March 25, 2013

## 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, 2012. 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, 2012, by \$2,166,933 (net assets). Of the net asset balance amount, (\$33,787,690) (unrestricted net assets) is the deficit balance of the City representing the indebtedness incurred for incentive obligations including the purchase of development property supporting the significant retail development activities within the City which originated in the fiscal years ended 2006 and 2008.
- During the year, the City's total net assets increased by \$10,651,643, as revenues of \$42,503,744 exceeded expenses of \$31,852,101. The increase in revenue is due to the increase in sales tax revenue, increase in charges for services, and the acceptance of donated infrastructure.
- The decrease in expenses over the prior year is primarily due to the decreased personnel costs and decreased operational costs. The City's government-wide personnel expenses decreased by approximately 5.8% during the current fiscal year.
- 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 \$276,383 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 \$5,803,826. There was an increase of \$1,548,451 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 comprise of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the City of Prattville, Alabama.

## **Government-Wide Financial Statements**

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

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

Both statements distinguish functions of the City of Prattville, Alabama that are principally supported by sales taxes, property taxes, and gasoline taxes (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities reported in the statements include general government, public safety, public works, and cultural/recreational. The 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. Data from the one non-major fund is presented in the other governmental fund column of the statements.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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. The City has no internal service funds. 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 the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements also include information regarding the City of Prattville, Alabama's progress in funding its obligation to provide pension benefits to its employees. The notes are presented on pages 28 through 62 of this report.

### Other Information

The combining statements referred to earlier, which present more detailed views of non-major funds used in governmental activities, can be found beginning on page 65 of this report.

### Government-Wide Financial Analysis

The City's condensed statement of net assets as of September 30, 2012 and 2011, derived from the government-wide statement of net assets is presented below.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 8,505,992	\$ 5,413,067	\$ 1,785,058		\$ 10,291,050	\$ 5,413,067
Capital assets, net of depreciation	45,209,029	51,205,094	6,479,196		51,688,225	51,205,094
Restricted assets	221,349	189,831			221,349	189,831
Total assets	<u>53,936,370</u>	<u>56,807,992</u>	<u>8,264,254</u>		<u>62,200,624</u>	<u>56,807,992</u>
Long-term liabilities outstanding	54,284,059	60,478,319	2,886,978		57,171,037	60,478,319
Other liabilities	2,703,564	4,814,383	159,089		2,862,653	4,814,383
Total liabilities	<u>56,987,623</u>	<u>65,292,702</u>	<u>3,046,067</u>		<u>60,033,690</u>	<u>65,292,702</u>
Net assets:						
Invested in capital assets, net of related debt	31,400,291	33,144,191	3,751,152		35,151,443	33,144,191
Restricted	803,180	653,478			803,180	653,478
Unrestricted	<u>(35,254,724)</u>	<u>(42,282,379)</u>	<u>1,467,034</u>		<u>(33,787,690)</u>	<u>(42,282,379)</u>
Total net assets	<u>\$ (3,051,253)</u>	<u>\$ (8,484,710)</u>	<u>\$ 5,218,186</u>	<u>\$ -</u>	<u>\$ 2,166,933</u>	<u>\$(8,484,710)</u>

The largest component of the City's net assets as of September 30, 2012 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, 2012 increased by \$483,131 from the prior year primarily due to the amount of donated infrastructure and current year additions in excess of current year depreciation expense of \$2,419,219.

As noted earlier in this discussion, changes in net assets over time can be one of the best and most useful indicators of the City's financial position. The City of Prattville, Alabama's total assets exceeded liabilities by \$2,166,933. The increase in net assets over the prior year is attributed primarily to the acceptance of donated infrastructure of \$2,266,800, the reduction in debt of \$3,307,282, the increase in sales tax revenues of \$3,023,847, and reduction of current liabilities of \$1,951,730.

A portion of net assets is restricted, or has restrictions on how they may be used. Governmental activities restricted net assets totaled \$803,180 at September 30, 2012 and are restricted for use in public safety, capital projects, road projects, and debt service. The remaining balance of unrestricted net assets generally may be used to meet the City's ongoing obligations. The City, at September 30, 2012, reported a deficit balance in unrestricted net assets in governmental type activities of (\$35,254,724). The large negative unrestricted net assets is the result of \$41,010,000 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 \$1,467,034 at September 30, 2012.

The following presents the City's condensed statement of activities for the fiscal years ended September 30, 2012 and 2011 as derived from the government-wide statement of activities. Over time, increases and decreases in net assets measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net assets of the primary government increased by \$10,651,643. This increase includes the acceptance of donated infrastructure of \$2,266,800 with the remainder of the increase primarily due to an increase in the rate for general sales tax, use tax, restaurant tax, and rental tax; increase in the wastewater fees; reduction in workforce and the associated personnel costs; and a reduction in operating expenses.

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

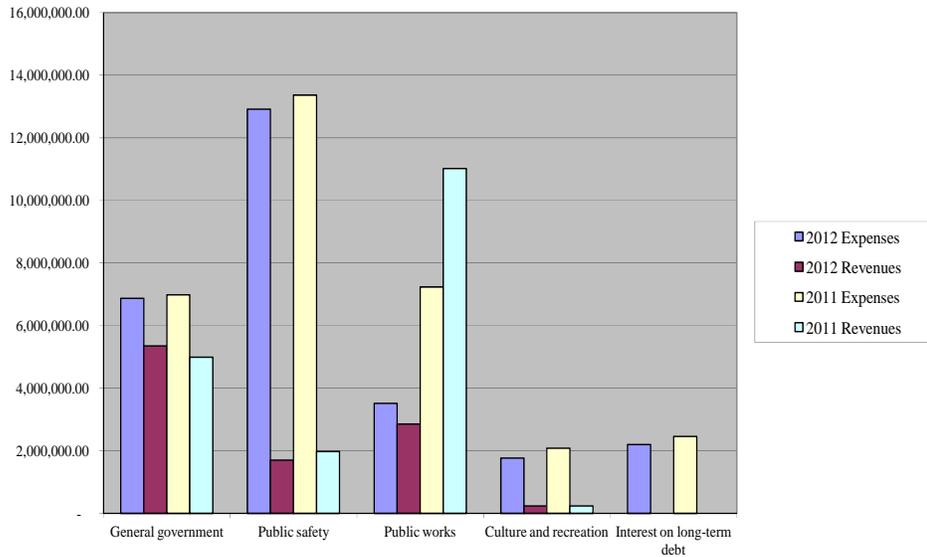
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 7,369,546	\$ 12,182,897	\$ 6,267,019		\$ 13,636,565	\$ 12,182,897
Operating grants, capital grants, and contributions	2,770,560	6,040,953	160,324		2,930,884	6,040,953
Total program revenues	<u>10,140,106</u>	<u>18,223,850</u>	<u>6,427,343</u>		<u>16,567,449</u>	<u>18,223,850</u>
<b>General revenues:</b>						
Sales tax	22,456,057	19,432,210			22,456,057	19,432,210
Property tax	2,688,777	2,545,750			2,688,777	2,545,750
Motor fuel taxes		239,616				239,616
Intergovernmental revenues	286,883	153,240			286,883	153,240
Investment earnings and miscellaneous	503,156	259,316	1,422		504,578	259,316
Total general revenues	<u>25,934,873</u>	<u>22,630,132</u>	<u>1,422</u>		<u>25,936,295</u>	<u>22,630,132</u>
Total revenues	<u>36,074,979</u>	<u>40,853,982</u>	<u>6,428,765</u>		<u>42,503,744</u>	<u>40,853,982</u>
<b>Expenses:</b>						
General government	6,868,707	6,984,318			6,868,707	6,984,318
Public safety	12,918,701	13,369,083			12,918,701	13,369,083
Public works	3,518,015	7,235,404			3,518,015	7,235,404
Culture and recreation	1,766,958	2,080,642			1,766,958	2,080,642
Debt service	2,195,048	2,460,545			2,195,048	2,460,545
Sanitation			2,069,318		2,069,318	-
Wastewater			2,515,354		2,515,354	-
Total expenses	<u>27,267,429</u>	<u>32,129,992</u>	<u>4,584,672</u>		<u>31,852,101</u>	<u>32,129,992</u>
Increase in net assets before transfers	8,807,550	8,723,990	1,844,093		10,651,643	8,723,990
Transfers	<u>(3,374,093)</u>		<u>3,374,093</u>			
Increase (decrease) in net assets	5,433,457	8,723,990	5,218,186		10,651,643	8,723,990
Net assets - beginning	<u>(8,484,710)</u>	<u>(17,208,700)</u>			<u>(8,484,710)</u>	<u>(17,208,700)</u>
Net assets - ending	<u>\$ (3,051,253)</u>	<u>\$ (8,484,710)</u>	<u>\$ 5,218,186</u>	<u>\$ -</u>	<u>\$ 2,166,933</u>	<u>\$ (8,484,710)</u>

## Expenses and Program Revenues for Governmental Activities

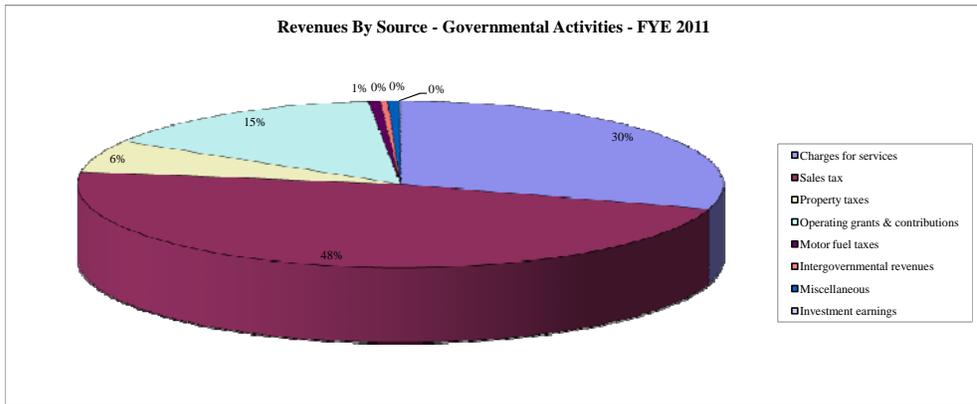
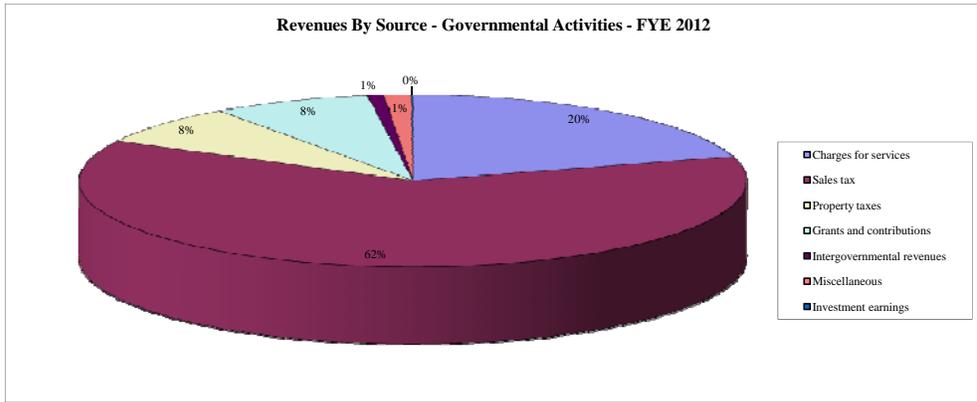
Governmental activities increased the City of Prattville, Alabama’s net assets by \$5,433,457 for fiscal year 2012. The key elements of the increase in net assets are the increases in revenue and the decreases in expenses from the prior year as follows:

- Revenues from charges for services decreased by \$4,813,351 due to sanitation and wastewater fees being recognized as revenues from business-type activities in the initial year of proprietary fund reporting.
- Sales tax revenue increased \$3,023,847 which is the result of the full year impact of the increase in the sales tax rate of 1 cent.
- Donated infrastructure of \$2,266,800 is included in total program revenues which decreased from donated infrastructure in the prior year by \$3,441,870.
- Personnel expenditures decreased over the prior year by approximately 6.81% which decreased all functional expense categories.
- Public works expenses decreased by \$3,717,389 due to the expenses totaling \$4,584,672 of the Sanitation and Wastewater Enterprise funds of which are recognized as expenses from business-type activities in the initial year of proprietary fund reporting.
- Public safety expenses decreased over the prior year by \$450,382, primarily due to the decrease in personnel expenses and a decrease in operating expenses.
- Culture and recreation expenses decreased \$313,684 due to the beginning of a critical review of programs offered to make sure they were financially sound and the decrease in personnel expenditures.

### Expenses and Program Revenue - Governmental Activity



## Program and General Revenues for Governmental Activities

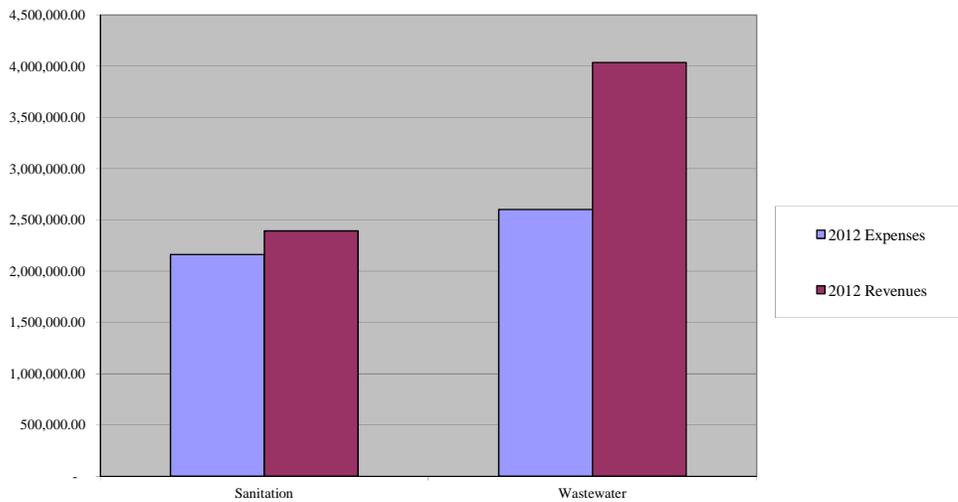


## Expenses and Program Revenues for Business-Type Activities

Business-type activities increased the City of Prattville, Alabama's net assets by \$5,218,186. Key elements of this change in net assets are as follows:

- At the beginning of the 2012 fiscal year, the Sanitation and Wastewater Enterprise funds were created to help ensure longevity of those city functions which are paid for directly by the users of those functions. In creating these funds, the city transferred governmental net assets of \$3,464,481 into these proprietary funds. These transfers included cash in dedicated accounts as well as property and equipment and the underlying debt obligations.
- Personnel expenditures from these proprietary fund operations increased over the prior year by approximately \$22,345 or .93%.
- Sanitation receipts totaling \$2,392,771 were fractionally less than the prior year revenues by approximately \$25,733 or 1%.
- Sewer charges included in the Wastewater enterprise fund increased by \$670,315.

### Expenses and Program Revenue - Business-Type Activity



## **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, 2012, governmental funds reported a combined ending fund balance of \$5,803,826, an increase of \$4,255,375 in comparison with the prior year balance. Of this balance \$98,908 is not available for new spending because it is a prepaid item; \$803,180 is restricted for public safety, road projects, and capital improvements; \$2,567,260 is committed to debt service; \$1,137,556 is assigned to the City's self-insurance fund; and \$97,754 is assigned for other purposes.

The fund balance of the general fund increased \$4,137,516 during the current fiscal year after other financing sources including fund transfers. Total revenue decreased \$1,545,046 as compared to the prior year primarily due to the change in the reporting format from the prior year. Fees and charges for services of \$5,399,875, which were included in general fund revenues in the prior year are included in the proprietary funds in the current year. Sales tax revenue increased by \$3,023,847; however \$3,838,096 of the increase was the result of the full year's impact of the 1 cent sales tax increase. This sales tax increase contributed to the City's ability to reduce short-term obligations. Total expenditures decreased \$8,739,398 as compared to the prior year. A significant amount of this decrease is due to the change in reporting format of the Sanitation and Wastewater Enterprise funds which resulted in the reduction of general fund expenses by \$4,762,555. There was a decrease of \$4,919,421 in debt service expenditures due partially to reduced utilization of bridge loans during the fiscal year. There was a decrease of \$1,114,202 in personnel costs due to the continuation of a hiring freeze established by the city council.

The fund balance of the capital projects fund decreased \$108,093 during the current fiscal year after other financing sources including fund transfers. Total revenue decreased \$209,249 as compared to the prior year. The primary revenue source of the capital projects fund is grant reimbursement. The decrease in this account is due to a reduction in number of grant projects during the year. Total expenditures decreased \$362,903 as compared to the prior year, which is also due to the reduction in the number of grant projects during the year.

Proprietary funds - The City of Prattville, Alabama's proprietary funds, which are initiated in the current fiscal year, provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the proprietary funds at the end of the year amounted to \$1,467,034. The Sanitation fund had an overall operating income of \$235,304 and Wastewater fund had an overall operating income of \$1,529,218.

The amount reported as charges for goods and services in the Wastewater Enterprise fund increased \$892,876. Of the total increase, \$670,315 is due to an increase in the sewer charges and \$222,581 is due to an increase in sewer impact fees paid.

## 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, 2012 was \$51,688,225 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, improvements, construction in progress, vehicles, and machinery and equipment.

Major capital asset additions during the year include:

- Investment in infrastructure of \$2,266,800 resulting from donated infrastructure from residential developments.
- Purchase of vehicles of \$305,350.
- Increase in construction in progress of \$184,169.

### CITY OF PRATTVILLE, ALABAMA CAPITAL ASSETS

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Land	\$ 2,322,406	\$ 338,654	\$ 2,661,060
Construction in progress	476,406	203,719	680,125
Buildings and building improvements	5,109,001	5,649,768	10,758,769
Land improvements	6,361,342	3,221,430	9,582,772
Vehicles	4,417,469	1,556,713	5,974,182
Office, nonoffice, and computer equipment	4,248,543	1,478,645	5,727,188
Infrastructure	40,134,960		40,134,960
Total	<u>\$ 63,070,127</u>	<u>\$ 12,448,929</u>	<u>\$ 75,519,056</u>

Additional information on the City's capital assets can be found in Note 5 on page 37 of this report.

Long-term debt - As of September 30, 2012, the governmental activities had total debt outstanding of \$54,284,060 and the business-type activities had a total debt outstanding of \$2,886,978.

#### Outstanding debt:

Warrants and other notes payable	\$ 53,983,930
Capital lease payable	326,636
Post-retirement benefits other than pensions	1,629,565
Compensated absences	<u>1,230,907</u>
Total	<u>\$ 57,171,038</u>

The City of Prattville, Alabama's total debt outstanding decreased by \$4,307,281 during the current fiscal year. This decrease of net of debt reductions for payments made in accordance with regularly scheduled maturity dates. Additional information on the City's debt can be found in Note 7 of the financial statements.

## **Budgetary Highlights for the fiscal year ending September 30, 2012**

Budget to actual statements and schedules are provided in the financial statements for the general fund and gasoline tax 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, 2012, actual operating revenues for the general fund were more than the budgeted amount by \$1,159,945, or 3.6%. The primary reasons for the variance are as follows:

- Licenses and permits were more than budgeted revenue by \$479,240, which consists of an increase in business license revenue of \$279,951 over what was budgeted as well as an increase in franchise fees revenue of 99,843 over what was budgeted.
- Miscellaneous revenues were more than budgeted revenue by \$605,962, which consists of an increase in grant income of \$321,327 over what was budgeted as well as an amount for overhead reimbursement of \$179,305 which was not budgeted.

As of September 30, 2012, actual expenditures were less than budgeted expenditures by \$2,547,504, or 9.27%. The primary reasons for the variance are as follows:

- Debt service actual expenditures were less than budgeted expenditures by \$1,002,097.
- General government actual expenditures were more than budgeted by \$248,814 due primarily to the cost of the Carehere clinic being assigned to the Human Resources department since the costs are not broken down by department like all other healthcare costs.
- Public safety actual expenditures were less than budgeted expenditures by \$912,083 due to reduced personnel as well as budgeted purchases that were not required during the year.
- Public works actual expenditures were less than budgeted expenditures by \$644,768. This is due to budgeted projects that were not completed during the year as well as budgeted purchases that were not made during the year.
- Cultural and recreational actual expenditures were less than budgeted expenditures by \$238,459 due primarily to reduced personnel costs.

## **Economic Factors and Year 2013 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 62% of general fund revenues in fiscal year 2012. 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.
- The unemployment rate for Autauga County, where the City of Prattville, Alabama is located, is currently 5.8%, which is a decrease over the prior year. The unemployment rate compares favorably to the state's current unemployment rate of 7.1% and is favorable to the national average rate of 7.7%.
- The level of taxes, fees, and charges for services have a direct bearing on the City's ability to (a) annex additional land into its corporate limits and (b) encourage development (office, retail, residential, and industrial) to choose to be located in the jurisdiction. The City places emphasis on encouraging both annexation and economic development.

## **Requests for Information**

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

**BASIC FINANCIAL STATEMENTS**

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CITY OF PRATTVILLE, ALABAMA

STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012

	PRIMARY GOVERNMENT			COMPONENT UNITS		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	AUTAUGA- PRATTVILLE PUBLIC LIBRARY	PRATTVILLE AIRPORT AUTHORITY	HISTORICAL PRATTVILLE REDEVELOPMENT AUTHORITY
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 4,739,510	\$ 1,345,160	\$ 6,084,670	\$ 270,971	\$ 343,191	\$ 72,477
Internal balances	90,309	(90,309)				
Taxes receivable	1,985,160		1,985,160			
Accounts receivable, net	663,629	442,951	1,106,580		19,069	8,183
Prepaid items	98,908	18,797	117,705			
Deferred debt expense	928,476	68,459	996,935			
Capital assets, not depreciated	2,798,812	542,373	3,341,185		2,627,466	183,500
Capital assets, net of accumulated depreciation	42,410,217	5,936,823	48,347,040	105,559	6,173,638	242,142
Restricted assets:						
Cash and cash equivalents	221,349		221,349		28,845	
Total assets	53,936,370	8,264,254	62,200,624	376,530	9,192,209	506,302
<b>LIABILITIES:</b>						
Accounts payable	794,209	159,089	953,298	3,024	42,800	
Accrued liabilities	459,887		459,887	24,402		
Accrued interest	800,099		800,099		5,030	
Deferred revenues				34,118		
Other liabilities	649,369		649,369			
Long-term liabilities:						
Portion due or payable in one year:						
General obligation warrants payable						
capital leases, and other						
long-term debt	2,960,122	422,037	3,382,159		33,746	33,510
Compensated absences	264,485	53,548	318,033			
Portion due or payable after one year:						
General obligation warrants payable,						
capital leases, and other						
long-term debt	48,622,369	2,306,037	50,928,406		563,441	161,027
Compensated absences	807,518	105,356	912,874			
Post-employment benefits	1,629,565		1,629,565			
Total liabilities	56,987,623	3,046,067	60,033,690	61,544	645,017	194,537
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	31,400,291	3,751,152	35,151,443	105,559	8,203,917	231,105
Restricted for:						
Law enforcement	154,604		154,604			
Road projects	481,959		481,959			
Debt service	10		10			
Capital projects	152,877		152,877			
Cultural and recreational	13,730		13,730			
Unrestricted (deficit)	(35,254,724)	1,467,034	(33,787,690)	209,427	343,275	80,660
Total net assets	\$ (3,051,253)	\$ 5,218,186	\$ 2,166,933	\$ 314,986	\$ 8,547,192	\$ 311,765

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

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	PROGRAM REVENUE			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS						
	EXPENSES	FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNITS		
					GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL	AUTAUGA- PRATTVILLE PUBLIC LIBRARY	PRATTVILLE AIRPORT AUTHORITY	HISTORICAL PRATTVILLE REDEVELOPMENT AUTHORITY
ACTIVITIES:										
Primary government:										
Governmental activities:										
General government	\$ 6,868,707	\$ 5,351,940			\$ (1,516,767)		\$ (1,516,767)			
Public safety	12,918,701	1,517,963	\$ 112,012	\$ 73,507	(11,215,219)		(11,215,219)			
Public works	3,518,015	264,744		2,585,041	(668,230)		(668,230)			
Cultural and recreational	1,766,958	234,899			(1,532,059)		(1,532,059)			
Interest on long-term debt	2,195,048				(2,195,048)		(2,195,048)			
Total governmental activities	27,267,429	7,369,546	112,012	2,658,548	(17,127,323)		(17,127,323)			
Business-type activities:										
Sanitation	2,069,318	2,392,771				\$ 323,453	323,453			
Wastewater	2,515,354	3,874,248		160,324		1,519,218	1,519,218			
Total business-type activities	4,584,672	6,267,019		160,324		1,842,671	1,842,671			
Total primary government	\$ 31,852,101	\$ 13,636,565	\$ 112,012	\$ 2,818,872	(17,127,323)	1,842,671	(15,284,652)			
Component units:										
Autauga-Prattville Public Library	\$ 558,010	\$ 27,235	\$ 87,223				\$ (443,552)			
Prattville Airport Authority	450,140	122,500		\$ 117,651				\$ (209,989)		
Historical Prattville Redevelopment Authority	30,320	68,733							\$ 38,413	
Total component units	\$ 1,038,470	\$ 218,468	\$ 87,223	\$ 117,651			(443,552)	(209,989)		38,413
General revenue:										
Sales taxes					22,456,057		22,456,057			
Real and personal property taxes					2,688,777		2,688,777			
Investment earnings					26,685		26,685	885	612	151
Intergovernmental revenues					286,883		286,883			
Miscellaneous revenue					476,471	1,422	477,893	410,000		5,000
Transfers					(3,374,093)	3,374,093				
Total general revenues and transfers					22,560,780	3,375,515	25,936,295	410,885	612	5,151
CHANGE IN NET ASSETS					5,433,457	5,218,186	10,651,643	(32,667)	(209,377)	43,564
NET ASSETS - BEGINNING					(8,484,710)		(8,484,710)	347,653	8,756,569	268,201
NET ASSETS - ENDING					\$ (3,051,253)	\$ 5,218,186	\$ 2,166,933	\$ 314,986	\$ 8,547,192	\$ 311,765

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

CITY OF PRATTVILLE, ALABAMA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012

	GENERAL	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 4,163,986	\$ 93,565		\$ 481,959	\$ 4,739,510
Receivables:					
Taxes receivable	1,985,160				1,985,160
Accounts receivable, net	640,677	22,952			663,629
Due from other funds	90,309				90,309
Prepaid items	98,908				98,908
Restricted assets:					
Cash and cash equivalents	221,339		\$ 10		221,349
Total assets	<u>\$ 7,200,379</u>	<u>\$ 116,517</u>	<u>\$ 10</u>	<u>\$ 481,959</u>	<u>\$ 7,798,865</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable	\$ 794,209				\$ 794,209
Accrued liabilities	459,887				459,887
Other liabilities	740,943				740,943
Total liabilities	<u>1,995,039</u>				<u>1,995,039</u>
Fund balances:					
Nonspendable:					
Prepaid items	98,908				98,908
Restricted for:					
Law enforcement	154,604				154,604
Road projects				\$ 481,959	481,959
Capital improvements	36,360	\$ 116,517			152,877
Cultural and recreational	13,730				13,730
Debt service			\$ 10		10
Committed to:					
Debt service	2,567,260				2,567,260
Assigned to:					
Self-insurance fund	1,137,556				1,137,556
Other purposes	97,754				97,754
Unassigned	1,099,168				1,099,168
Total fund balances	<u>5,205,340</u>	<u>116,517</u>	<u>10</u>	<u>481,959</u>	<u>5,803,826</u>
Total liabilities and fund balances	<u>\$ 7,200,379</u>	<u>\$ 116,517</u>	<u>\$ 10</u>	<u>\$ 481,959</u>	<u>\$ 7,798,865</u>

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

CITY OF PRATTVILLE, ALABAMA  
RECONCILIATION OF BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012

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

Total fund balances - governmental funds		\$ 5,803,826
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:		
Land	\$ 2,322,406	
Construction in progress	476,406	
Land improvements, net of \$4,259,669 accumulated depreciation	2,101,673	
Buildings and building improvements, net of \$1,028,755 accumulated depreciation	4,080,246	
Office, nonoffice, and computer equipment, net of \$3,085,753 accumulated depreciation	1,162,790	
Vehicles, net of \$3,349,323 accumulated depreciation	1,068,146	
Infrastructure, net of \$6,137,598 accumulated depreciation	<u>33,997,362</u>	
Total capital assets		45,209,029
Deferred debt expenses are allocated over the life of the debt and are shown net of amortization expense as an asset on the statement of net assets.		
		928,476
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
		91,574
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, 2012 were:		
Accrued interest on bonds	800,099	
General obligation warrants and other notes payable	51,155,314	
Unamortized net premium	338,615	
Capitalized lease obligations	88,562	
Compensated absences	1,072,003	
Post-employment benefit plans other than pensions	<u>1,629,565</u>	
Total long-term liabilities		<u>(55,084,158)</u>
Total net assets of governmental activities		<u>\$ (3,051,253)</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, 2012

	GENERAL	CAPITAL PROJECT FUNDS	DEBT SERVICE FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Sales taxes	\$ 22,456,057				\$ 22,456,057
Real and personal property taxes	2,688,777				2,688,777
Licenses and permits	5,351,940				5,351,940
Intergovernmental revenues				\$ 548,280	548,280
Charges and fees for services	1,223,888				1,223,888
Fines and forfeitures	532,321				532,321
Interest	26,677		\$ 8		26,685
Miscellaneous revenues	1,016,751	\$ 51,211			1,067,962
Total revenues	33,296,411	51,211	8	548,280	33,895,910
<b>EXPENDITURES:</b>					
Current:					
General governmental	5,757,564				5,757,564
Public works	3,315,154	17,053			3,332,207
Public safety	12,346,346				12,346,346
Cultural and recreational	1,434,309				1,434,309
Capital outlay	326,566	53,334			379,900
Debt service:					
Principal payments	1,630,296		2,440,000		4,070,296
Interest and fiscal charges	96,305		2,134,691		2,230,996
Total expenditures	24,906,540	70,387	4,574,691		29,551,618
Excess of revenue over (under) expenditures	8,389,871	(19,176)	(4,574,683)	548,280	4,344,292
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	35,450		4,574,688		4,610,138
Transfers out	(4,287,805)	(88,917)		(322,333)	(4,699,055)
Total other financing sources (uses)	(4,252,355)	(88,917)	4,574,688	(322,333)	(88,917)
NET CHANGE IN FUND BALANCE	4,137,516	(108,093)	5	225,947	4,255,375
FUND BALANCE - BEGINNING	1,067,824	224,610	5	256,012	1,548,451
FUND BALANCE - ENDING	\$ 5,205,340	\$ 116,517	\$ 10	\$ 481,959	\$ 5,803,826

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, 2012

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

Net change in fund balance - total governmental funds		\$ 4,255,375
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net assets.		389,541
Donations of capital assets increase net assets in the statement of net assets but do not appear in the governmental funds because they are not financial resources.		2,266,800
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(1,925,789)
The net effect of transactions involving the sale of capital assets is to decrease net assets in the statement of net assets.	(8,338)	
Transfer of capital assets to the proprietary funds	<u>(6,718,278)</u>	(6,726,616)
Revenues are reported in the funds when there is an established claim to the resources and the resources are available to finance current expenditures. Revenues are reported in the statement of activities when there is an established claim with no availability criterion.		91,574
Repayment of long-term debt is reported as an expenditure in governmental funds, but a reduction of long-term liabilities in the statement of net assets:		
Capitalized lease obligations	237,596	
Transfer of capitalized lease obligations to the proprietary funds	422,219	
General obligation warrants payable	2,808,181	
Transfer of general obligation warrants payable to proprietary funds	2,755,000	
Notes payable	<u>1,000,000</u>	7,222,996
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	35,948	
Compensated absences	48,886	
Transfer of compensated absences liabilities to the proprietary funds	150,522	
Post-employment benefit plans other than pensions	<u>(276,383)</u>	(41,027)
Governmental funds report the effect of issuance costs, premiums and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Amortization	<u>(99,397)</u>	<u>(99,397)</u>
Change in net assets of governmental activities		<u>\$ 5,433,457</u>

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

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2012

	BUSINESS-TYPE ACTIVITIES		
	SANITATION	WASTEWATER	TOTAL
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 225,885	\$ 1,119,275	\$ 1,345,160
Accounts receivables, net	174,184	268,767	442,951
Due from other funds		4,761	4,761
Prepaid items	10,315	8,482	18,797
Total current assets	<u>410,384</u>	<u>1,401,285</u>	<u>1,811,669</u>
Noncurrent assets:			
Deferred debt expense		68,459	68,459
Capital assets, not being depreciated	338,654	203,719	542,373
Capital assets, net of accumulated depreciation	<u>400,025</u>	<u>5,536,798</u>	<u>5,936,823</u>
Total noncurrent assets	<u>738,679</u>	<u>5,808,976</u>	<u>6,547,655</u>
Total assets	<u>1,149,063</u>	<u>7,210,261</u>	<u>8,359,324</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	73,641	85,448	159,089
Due to other funds	95,070		95,070
Current portion of long-term debt	65,121	356,916	422,037
Compensated absences	<u>22,981</u>	<u>30,567</u>	<u>53,548</u>
Total current liabilities	<u>256,813</u>	<u>472,931</u>	<u>729,744</u>
Noncurrent liabilities:			
Long-term debt	39,633	2,266,404	2,306,037
Compensated absences	<u>22,257</u>	<u>83,099</u>	<u>105,356</u>
Total noncurrent liabilities	<u>61,890</u>	<u>2,349,503</u>	<u>2,411,393</u>
Total liabilities	<u>318,703</u>	<u>2,822,434</u>	<u>3,141,137</u>
<b>NET ASSETS:</b>			
Investment in capital assets, net of related debt	633,924	3,117,228	3,751,152
Unrestricted	<u>196,436</u>	<u>1,270,598</u>	<u>1,467,034</u>
Total net assets	<u>\$ 830,360</u>	<u>\$ 4,387,826</u>	<u>\$ 5,218,186</u>

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

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	BUSINESS-TYPE ACTIVITIES		
	SANITATION	WASTEWATER	TOTAL
<b>OPERATING REVENUES:</b>			
Charges for goods and services	\$ 2,392,771	\$ 3,874,248	\$ 6,267,019
Capital grants and contributions		160,324	160,324
Total operating revenues	<u>2,392,771</u>	<u>4,034,572</u>	<u>6,427,343</u>
<b>OPERATING EXPENSES:</b>			
Cost of sales and services	677,083	294,612	971,695
Salaries and benefits	1,161,600	1,300,933	2,462,533
Repairs and maintenance	153,202	69,995	223,197
Utilities	3,639	386,215	389,854
Insurance	49,756	37,547	87,303
Other		34,809	34,809
Depreciation	112,187	381,243	493,430
Total operating expenses	<u>2,157,467</u>	<u>2,505,354</u>	<u>4,662,821</u>
OPERATING INCOME	<u>235,304</u>	<u>1,529,218</u>	<u>1,764,522</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest income	183	1,239	1,422
Interest expense	(5,017)	(96,139)	(101,156)
Total nonoperating expenses	<u>(4,834)</u>	<u>(94,900)</u>	<u>(99,734)</u>
Net income before transfers and capital contributions	230,470	1,434,318	1,664,788
CAPITAL CONTRIBUTIONS	599,890	2,864,591	3,464,481
TRANSFERS IN		88,917	88,917
CHANGE IN NET ASSETS	830,360	4,387,826	5,218,186
TOTAL NET ASSETS - BEGINNING			
TOTAL NET ASSETS - ENDING	<u>\$ 830,360</u>	<u>\$ 4,387,826</u>	<u>\$ 5,218,186</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, 2012

	BUSINESS-TYPE ACTIVITIES		
	SANITATION	WASTEWATER	TOTAL
<b>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 2,366,215	\$ 4,005,542	\$ 6,371,757
Payments to suppliers	(971,687)	(976,358)	(1,948,045)
Payments to employees	(1,153,659)	(1,294,408)	(2,448,067)
Net cash from operating activities	<u>240,869</u>	<u>1,734,776</u>	<u>1,975,645</u>
<b>CASH FLOWS FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers from other funds		88,917	88,917
Net cash payments from (to) other funds	95,070	(4,761)	90,309
Net cash from noncapital financing activities	<u>95,070</u>	<u>84,156</u>	<u>179,226</u>
<b>CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets		(254,347)	(254,347)
Principal paid on long-term debt	(105,220)	(350,410)	(455,630)
Interest paid on long-term debt	(5,017)	(96,139)	(101,156)
Net cash used for capital and related financing activities	<u>(110,237)</u>	<u>(700,896)</u>	<u>(811,133)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	183	1,239	1,422
Net cash from investing activities	<u>183</u>	<u>1,239</u>	<u>1,422</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>225,885</b>	<b>1,119,275</b>	<b>1,345,160</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 225,885</u></b>	<b><u>\$ 1,119,275</u></b>	<b><u>\$ 1,345,160</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM (USED FOR) OPERATING ACTIVITIES:</b>			
Operating income	\$ 235,304	\$ 1,529,218	1,764,522
Adjustments to reconcile operating income to net cash provided by operations:			
Depreciation expense	112,187	381,243	493,430
(Increase) decrease in assets:			
Accounts receivable	(26,556)	(29,030)	(55,586)
Prepaid expenses	1,620	3,453	5,073
Increase in liabilities:			
Accounts payable and accrued liabilities	(81,686)	(150,108)	(231,794)
Net cash from operating activities	<u>\$ 240,869</u>	<u>\$ 1,734,776</u>	<u>\$ 1,975,645</u>
<b>SUPPLEMENTAL CASH FLOWS INFORMATION</b>			
Noncash investing, capital and financing activities:			
Transfer of capital assets to the proprietary funds	\$ 850,866	\$ 5,867,412	\$ 6,718,278
Transfer of capital lease obligations to the proprietary funds	(209,974)	(212,245)	(422,219)
Transfer of debt to the proprietary funds		(2,755,000)	(2,755,000)
Transfer of deferred issuance cost to the proprietary funds		73,944	73,944
Transfer of compensated absences to the proprietary funds	(41,002)	(109,520)	(150,522)
Total capital contributions	<u>\$ 599,890</u>	<u>\$ 2,864,591</u>	<u>\$ 3,464,481</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, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Taxes:				
Ad valorem taxes	\$ 2,535,000	\$ 2,535,000	\$ 2,688,777	\$ 153,777
Sales taxes	14,125,907	14,125,907	14,036,668	(89,239)
Sales taxes - 1 cent	5,740,193	5,740,193	5,657,157	(83,036)
Local gasoline tax	885,000	885,000	898,009	13,009
Cigarette tax	160,000	160,000	155,396	(4,604)
Whiskey tax	50,000	50,000	52,936	2,936
Beer tax	220,000	220,000	228,415	8,415
Wine tax	15,000	15,000	14,182	(818)
ABC sales tax	44,000	44,000	42,597	(1,403)
Excise tax	16,000	16,000	18,749	2,749
Lodging tax	1,090,000	1,090,000	1,025,328	(64,672)
Rental tax	351,000	351,000	326,620	(24,380)
Total taxes	25,232,100	25,232,100	25,144,834	(87,266)
Licenses and permits:				
Business licenses	4,222,500	4,222,500	4,502,451	279,951
Yard sale permits	4,400	4,400	4,300	(100)
Franchise fees	420,000	420,000	519,843	99,843
Building permits and inspection fees	200,800	200,800	250,366	49,566
Zoning and plat fees	25,000	25,000	74,980	49,980
Total licenses and permits	4,872,700	4,872,700	5,351,940	479,240
Charges and fees for services:				
Ambulance fees	950,000	950,000	985,642	35,642
Sewer charges			2,331	2,331
Sewer impact fees			885	885
Street cut/repairs	800	800	131	(669)
Recreation rentals	233,700	233,700	234,899	1,199
Total charges and fees for services	1,184,500	1,184,500	1,223,888	39,388

(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, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES: (continued)				
Fines and forfeitures:				
Court fines	\$ 274,500	\$ 274,500	\$ 377,001	\$ 102,501
Correction fund	60,000	60,000	81,895	21,895
Drug proceeds	16,500	16,500	24,202	7,702
Court costs	58,700	58,700	49,223	(9,477)
Total fines and forfeitures	409,700	409,700	532,321	122,621
Miscellaneous revenues:				
Donations	75,000	75,000	83,052	8,052
County commission - RTJ			100,000	100,000
County commission - Ambulance		137,361	45,787	(91,574)
Interest income	30,600	30,600	26,677	(3,923)
Accident reports	8,400	8,400	10,997	2,597
Miscellaneous income	39,349	39,349	78,390	39,041
Parades	5,000	5,000	6,210	1,210
Performing and creative arts	28,876	28,876	14,146	(14,730)
Penalties	30,000	30,000	15,900	(14,100)
Sale of surplus equipment	6,000	6,000	15,324	9,324
Stanley stadium	2,800	2,800		(2,800)
Swimming pool concessions	1,500	1,500	7,072	5,572
Lambert property tower	18,060	18,060	18,211	151
Grant income	15,000	15,000	336,327	321,327
Insurance proceeds	10,000	39,520	72,859	33,339
Bullet proof vest grant			7,528	7,528
Law enforcement BG funds			25,643	25,643
Overhead reimbursement			179,305	179,305
Total miscellaneous revenues	270,585	437,466	1,043,428	605,962
Total revenues	\$ 31,969,585	\$ 32,136,466	\$ 33,296,411	\$ 1,159,945

(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, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
<b>EXPENDITURES:</b>				
<b>General government:</b>				
Executive	\$ 266,702	\$ 267,702	\$ 213,745	\$ 53,957
Legislative	219,947	219,947	164,136	55,811
Judicial	438,857	438,857	466,218	(27,361)
Administrative finance	555,779	561,779	532,661	29,118
Administrative city clerk	243,667	247,117	238,204	8,913
Human resources	346,332	349,782	586,458	(236,676)
Information technology	948,364	948,364	971,081	(22,717)
Vehicle maintenance	436,976	436,976	500,688	(63,712)
Sales tax incentives	955,000	955,000	967,795	(12,795)
City/County services	330,000	330,000	343,333	(13,333)
Community initiatives	503,165	503,165	523,184	(20,019)
Total general government	5,244,789	5,258,689	5,507,503	(248,814)
<b>Public works:</b>				
Street	263,750	263,750	125,673	138,077
Planning and development	1,546,670	1,546,670	1,310,375	236,295
Urban management	1,216,892	1,267,126	1,041,831	225,295
Engineering	919,139	919,139	874,038	45,101
Total public works	3,946,451	3,996,685	3,351,917	644,768
<b>Public safety:</b>				
Police	6,659,071	6,659,071	5,901,216	757,855
Fire	6,665,836	6,876,242	6,722,014	154,228
Total public safety	13,324,907	13,535,313	12,623,230	912,083
<b>Cultural and recreation:</b>				
Leisure services	1,520,318	1,520,318	1,315,417	204,901
Performing and creative art	152,450	152,450	118,892	33,558
Total cultural and recreation	1,672,768	1,672,768	1,434,309	238,459
<b>Debt service:</b>				
Principal	2,624,956	2,624,956	1,630,296	994,660
Interest	103,742	103,742	96,305	7,437
Total debt service	2,728,698	2,728,698	1,726,601	1,002,097

(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, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES: (continued)				
Transfers:				
Transfers to component units	\$ 280,000	\$ 280,000	\$ 281,089	\$ (1,089)
Total transfers	280,000	280,000	281,089	(1,089)
Total expenditures	27,197,613	27,472,153	24,924,649	2,547,504
Excess of revenues over expenditures	4,771,972	4,664,313	8,371,762	3,707,449
Other financing sources (uses):				
Transfers to debt service fund	(4,574,691)	(4,574,691)	(4,287,805)	286,886
Transfer from special revenue fund			35,450	35,450
Proceeds from notes payable	2,000,000	2,000,000		(2,000,000)
Total other financing uses	(2,574,691)	(2,574,691)	(4,252,355)	(1,677,664)
Net change in fund balance, budgetary basis	\$ 2,197,281	\$ 2,089,622	4,119,407	\$ 2,029,785
Deduct other reconciling items to adjust from budgetary basis to modified accrual basis:				
Change in encumbrances			18,109	
			18,109	
NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS			4,137,516	
FUND BALANCE - BEGINNING			1,067,824	
FUND BALANCE - ENDING			\$ 5,205,340	

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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, 2012. The Library operates on a fiscal year ending September 30. Complete financial statements of the Library can be obtained at its administrative office located in Prattville, Alabama.

The Prattville Airport Authority was established for the purpose of acquiring, operating, constructing, and developing airport and industrial facilities. The City appoints the governing body and became obligated under a federal grant initiated by the Authority in September 2000. Based on this criteria, the Authority is included as a component unit of the City for the year ended September 30, 2012. The Authority also operates on a fiscal year ending September 30. Complete financial statements of the Authority can be obtained at its administrative office located in Prattville, Alabama.

The Historic Prattville Redevelopment Authority (HPRA) was formed to promote trade and commerce by inducing commercial enterprises to upgrade, improve, modernize, and expand existing facilities and to locate new facilities to the central business district of Prattville. The City annually provides operating subsidies to the HPRA and appoints its governing body. Based on this criteria, the HPRA is included as a component unit of the City for the year ended September 30, 2012.

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, 2012

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 assets 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 assets for the fiscal year.

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

Management has determined that the operations of the sanitation and wastewater departments should be reported in proprietary funds as business-type activities. Therefore, the assets and liabilities have been reflected as net capital contributions to these funds. The transfer of these assets and liabilities was effective October 1, 2011 at the time the funds were created.

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.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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.

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

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

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

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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

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

*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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

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."

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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

All trade and tax receivables are shown net of any applicable allowance for uncollectibles. 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 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, 2012 and therefore none are reported on the statement of net assets.

Restricted assets - Resources from federal and state grants and drug 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 assets of the Prattville Airport Authority because their use is limited by their funding agreement.

Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the 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.

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:

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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

<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 - 25 years	5,000
Furniture and equipment	5 - 7 years	5,000
Runways	8 - 25 years	5,000

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

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>	<u>CAPITALIZATION THRESHOLD</u>
Machinery and equipment	5 - 10 years	\$ 5,000
Land improvements	20 years	25,000
Buildings	40 years	25,000

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

- 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 charged 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. Fund balance may be assigned by the City Council or the Mayor.
- 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 exceeds 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.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted or assigned fund balance and do not constitute expenditures or liabilities of the fund. The only exception to this rule is the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund. Actual expenditures in this statement include outstanding encumbrances at September 30, 2012 of \$73,776. Encumbrances are included in the actual expenditure figures on this statement so that a meaningful comparison can be made with the adopted budget.

A reconciliation of the two statements is as follows:

	<u>GENERAL FUND</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP basis)	\$ 4,137,516
Encumbrances at beginning of the year	55,667
Encumbrances at end of the year	<u>(73,776)</u>
Excess of revenues and other financing sources over expenditures and other uses - actual (non GAAP budgetary basis)	<u>\$ 4,119,407</u>

As of September 30, 2012, the City included the encumbrances as part of the major governmental funds.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS:

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

NOTE 4 - RECEIVABLES:

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2012 was as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 447,072	\$ 48,884	\$ 19,550	\$ 476,406
Land	2,661,060		338,654	2,322,406
Total capital assets, not being depreciated	3,108,132	48,884	358,204	2,798,812
Capital assets, being depreciated:				
Buildings and building improvements	10,713,673		5,604,672	5,109,001
Land improvements	9,134,531		2,773,189	6,361,342
Vehicles	5,973,010	305,350	1,860,891	4,417,469
Office, nonoffice, and computer equipment	5,697,600	35,306	1,484,363	4,248,543
Infrastructure	38,345,401	2,266,800	477,241	40,134,960
Total capital assets, being depreciated	69,864,215	2,607,456	12,200,356	60,271,315
Less accumulated depreciation for:				
Buildings and building improvements	3,181,100	133,519	2,285,864	1,028,755
Land improvements	5,087,250	347,597	1,175,178	4,259,669
Vehicles	4,484,337	324,080	1,459,094	3,349,323
Office, nonoffice, and computer equipment	3,630,678	366,883	911,808	3,085,753
Infrastructure	5,383,888	753,710		6,137,598
Total accumulated depreciation	21,767,253	1,925,789	5,831,944	17,861,098
Total capital assets, being depreciated, net	48,096,962	681,667	6,368,412	42,410,217
Governmental activities capital assets, net	\$ 51,205,094	\$ 730,551	\$ 6,726,616	\$ 45,209,029

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 5 - CAPITAL ASSETS: (continued)

Capital asset activity for the City's business-type activities for the year ended September 30, 2012 was as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress		\$ 203,719		\$ 203,719
Land		338,654		338,654
Total capital assets, not being depreciated		<u>542,373</u>		<u>542,373</u>
Capital assets, being depreciated:				
Buildings and building improvements		5,649,768		5,649,768
Land improvements		3,221,430		3,221,430
Vehicles		1,556,713		1,556,713
Office, nonoffice, and computer equipment		<u>1,478,645</u>		<u>1,478,645</u>
Total capital assets, being depreciated		<u>11,906,556</u>		<u>11,906,556</u>
Less accumulated depreciation for:				
Buildings and building improvements		2,427,719		2,427,719
Land improvements		1,315,183		1,315,183
Vehicles		1,239,918		1,239,918
Office, nonoffice, and computer equipment		<u>986,913</u>		<u>986,913</u>
Total accumulated depreciation		<u>5,969,733</u>		<u>5,969,733</u>
Total capital assets, being depreciated, net		<u>5,936,823</u>		<u>5,936,823</u>
Business-type activities capital assets, net	\$ -	<u>\$ 6,479,196</u>	\$ -	<u>\$ 6,479,196</u>

At October 1, 2011, the City transferred fixed assets, net of accumulated depreciation of \$6,718,278, from governmental activities to business-type activities.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 5 - CAPITAL ASSETS: (continued)

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

Governmental activities:	
General government	\$ 833,674
Public works	181,358
Public safety	578,108
Cultural and recreational	<u>332,649</u>
Total depreciation expense - governmental activities	<u>\$ 1,925,789</u>
Business-type activities:	
Sanitation	\$ 112,187
Wastewater	<u>381,243</u>
Total depreciation expense - business-type activities	<u>\$ 493,430</u>

Component units - Capital asset activity for the Autauga-Prattville Public Library for the fiscal year ended September 30, 2012 is as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>ENDING BALANCE</u>
Capital assets, being depreciated:				
Equipment	\$ 223,470		\$ 3,816	\$ 219,654
Total capital assets, being depreciated	<u>223,470</u>		<u>3,816</u>	<u>219,654</u>
Less: Accumulated depreciation	<u>89,989</u>	<u>\$ 27,887</u>	<u>3,781</u>	<u>114,095</u>
Total capital assets, being depreciated, net	<u>\$ 133,481</u>	<u>\$ (27,887)</u>	<u>\$ 35</u>	<u>\$ 105,559</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 5 - CAPITAL ASSETS: (continued)

Capital asset activity for the Prattville Airport Authority for the fiscal year ended September 30, 2012 is as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Capital assets, not being depreciated:				
Land	\$ 2,593,729			\$ 2,593,729
Construction in progress	32,783	\$ 33,737	\$ 32,783	33,737
Total capital assets, not being depreciated	<u>2,626,512</u>	<u>33,737</u>	<u>32,783</u>	<u>2,627,466</u>
Capital assets, being depreciated:				
Land improvements	1,442,418			1,442,418
Runways	6,462,154	68,591		6,530,745
Building improvements	1,415,676		13,669	1,402,007
Furniture and equipment	90,475			90,475
Total capital assets, being depreciated	<u>9,410,723</u>	<u>68,591</u>	<u>13,669</u>	<u>9,465,645</u>
Less: Accumulated depreciation				
Land improvements	414,152	72,121		486,273
Runways	2,129,132	220,040		2,349,172
Building improvements	386,669	31,422	13,669	404,422
Furniture and equipment	44,467	7,673		52,140
Total accumulated depreciation	<u>2,974,420</u>	<u>331,256</u>	<u>13,669</u>	<u>3,292,007</u>
Total capital assets, being depreciated, net	<u>6,436,303</u>	<u>(262,665)</u>		<u>6,173,638</u>
Total capital assets, net	<u>\$ 9,062,815</u>	<u>\$ (228,928)</u>	<u>\$ 32,783</u>	<u>\$ 8,801,104</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

Capital asset activity for the Historic Prattville Redevelopment Authority for the fiscal year ended September 30, 2012 is as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>ENDING BALANCE</u>
Capital assets, not being depreciated:				
Land	\$ 183,500			\$ 183,500
Total capital assets, not being depreciated	<u>183,500</u>			<u>183,500</u>
Capital assets, being depreciated:				
Land improvements	12,000			12,000
Building improvements	285,000			285,000
Machinery and equipment	23,000			23,000
Total capital assets, being depreciated	<u>320,000</u>			<u>320,000</u>
Less: Accumulated depreciation	<u>69,033</u>	\$ 8,825		<u>77,858</u>
Total capital assets, being depreciated, net	<u>250,967</u>	<u>(8,825)</u>		<u>242,142</u>
Total capital assets, net	<u>\$ 434,467</u>	<u>\$ (8,825)</u>	<u>\$ -</u>	<u>\$ 425,642</u>

NOTE 6 - INTERFUND BALANCES:

Interfund transactions are generally used to meet cash demands necessary to pay operating expenditures. These amounts should be repaid during the next fiscal year. Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the entity-wide governmental column of the statement of net assets, 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, 2012

NOTE 6 - INTERFUND BALANCES: (continued)

The composition of interfund receivables and payables as of September 30, 2012 consists of the following:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
General	Sanitation	\$ 95,070
Wastewater	General	4,761
Total		<u>\$ 99,831</u>

Transfers were made primarily from the general fund and nonmajor funds to major governmental funds for debt service payments.

The following is a schedule of interfund transfers for the year ended September 30, 2012:

<u>TRANSFER OUT</u>	<u>TRANSFER IN</u>		
	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
General fund		\$ 4,287,805	\$ 4,287,805
Other governmental funds	\$ 35,450	286,883	322,333
Totals	<u>\$ 35,450</u>	<u>\$ 4,574,688</u>	<u>\$4,610,138</u>

<u>TRANSFER OUT</u>	<u>TRANSFER IN</u>	
	<u>WASTEWATER FUND</u>	<u>TOTAL</u>
Capital projects fund	\$ 88,917	\$ 88,917
Totals	<u>\$ 88,917</u>	<u>\$ 88,917</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 7 - LONG-TERM DEBT:

State statute limits the amount of long-term debt the City can incur. The amount of debt applicable to this limit during a year can be no greater than 20% of the assessed value of taxable property as of the beginning of the fiscal year. As of September 30, 2012, the amount of outstanding debt applicable to this limit was equal to 2.66% of property assessments as of October 1, 2011.

Long-term debt activity for the year ended September 30, 2012, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Governmental activities:</b>					
Warrant and other notes payable	\$ 55,124,034		\$ 5,549,570	\$ 49,574,464	\$ 2,884,633
Limited obligation warrant	1,594,489		13,638	1,580,851	
Add deferred amounts:					
Debt issuance premiums	386,858		48,243	338,615	
Total warrants and other notes payable	57,105,381		5,611,451	51,493,930	2,884,633
Capital leases	748,347		659,785	88,562	75,489
Compensated absences	1,271,409	\$ 659,276	858,682	1,072,003	264,485
Post-employment benefits other than pensions	1,353,182	337,317	60,934	1,629,565	
Governmental activities long-term liabilities	60,478,319	996,593	7,190,852	54,284,060	3,224,607
<b>Business-type activities:</b>					
General obligation warrants		2,755,000	265,000	2,490,000	275,000
Capital leases		422,219	184,145	238,074	147,037
Compensated absences		296,680	137,776	158,904	53,548
Business-type activities long-term liabilities		3,473,899	586,921	2,886,978	475,585
Total long-term debt	\$ 60,478,319	\$ 4,470,492	\$ 7,777,773	\$ 57,171,038	\$ 3,700,192

At October 1, 2011, the City transferred \$2,755,000 of general obligation warrants, \$73,944 of debt issuance cost, \$422,219 of capital lease obligations and \$150,522 of compensated absences liabilities from governmental activities to business-type activities. Compensated absences, benefits, and other governmental activity obligations have generally been liquidated by the general fund.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 7 - LONG-TERM DEBT: (continued)

Long-term debt at September 30, 2012 consists of the following:

Governmental activities:

	<u>TOTAL</u>
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.	\$ 19,645,000
General Obligation Economic Development Improvement Warrants, Series 2006B; principal amount \$9,000,000; graduated principal payments 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.	7,840,000
General Obligation Economic Development Improvement Warrant, Series 2007; principal amount \$14,920,000; graduated principal payments due annually beginning November 1, 2010 and semiannual interest payments due each November 1 and May 1; interest at 3.50% to 4.375%; rate on current bonds 4%; final maturity date is November 1, 2025. Proceeds used for economic development.	13,525,000
General Obligation Warrant, Series 2008; principal amount \$380,000; due in semiannual installments of principal and interest on November 20 and May 20 of each year, beginning November 20, 2008; interest at 3.21%; final maturity date is May 20, 2018. Proceeds used to purchase a fire truck.	236,641

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 7 - LONG-TERM DEBT: (continued)

	<u>TOTAL</u>
General Obligation Revenue Warrant, Series 2008, principal amount \$486,926; due in semiannual installments of principal and interest on May 1 and November 1 of each year, beginning May 1, 2008; interest at 3.44% until September 30, 2013 and adjusted annually thereafter to the highest prime rate published in the Money section of the Wall Street Journal; final maturity date is September 30, 2023. Proceeds used for a new roof at City Hall.	\$ 388,172
General Obligation Warrant, Series 2009; principal amount \$1,134,447; scheduled monthly payments of principal and interest; interest rate 3.69%; unsecured; final payment on February 1, 2014. Proceeds used to pay the amount due to Elmore County for overpayment of taxes.	323,616
Whitney Series 2009A; principal amount \$400,000 due in monthly principal and interest payments of \$2,387, beginning December 15, 2009; interest rate is 3.825%; final balloon payment due on November 15, 2014. Proceeds used to build a fire training tower.	365,983
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.	5,150,000
Whitney Series 2009B; principal amount \$450,000; due in monthly principal and interest payments of \$4,519, beginning December 15, 2009; interest rate is 3.825%; final balloon payment due November 15, 2014. Proceeds used to purchase a fire truck.	335,052

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 7 - LONG-TERM DEBT: (continued)

	<u>TOTAL</u>
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.	<u>\$ 1,765,000</u>
Total governmental activities	<u>49,574,464</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.	990,000
General Obligation Sewer Warrant, Series 2004; principal amount \$2,085,000; graduated principal payments are due annually on February 15 and semiannual interest payments due each February 15 and August 15; interest rate of 3.05%; final maturity date is February 18, 2025. Proceeds used to pay costs of constructing wastewater treatment and related facilities in connection with the sanitary sewer system.	<u>1,500,000</u>
Total business-type activities	<u>2,490,000</u>
Total general obligation warrants	<u><u>\$ 52,064,464</u></u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 7 - LONG-TERM DEBT: (continued)

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, 2012, the City had redeemed \$13,638 of the outstanding warrants. The balance on the warrant at September 30, 2012 is \$1,580,851.

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

Debt service requirements on long-term debt at September 30, 2012 are as follows:

	TOTAL ANNUAL REQUIREMENTS			GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
YEAR ENDING									
SEPTEMBER 30:									
2013	\$ 3,159,633	\$ 2,166,330	\$ 5,325,963	\$ 2,884,633	\$ 2,090,547	\$ 4,975,180	\$ 275,000	\$ 75,783	\$ 350,783
2014	3,183,406	2,030,491	5,213,897	2,893,406	1,963,405	4,856,811	290,000	67,086	357,086
2015	3,717,966	1,879,329	5,597,295	3,417,966	1,821,335	5,239,301	300,000	57,994	357,994
2016	3,296,989	1,741,804	5,038,793	2,986,989	1,693,297	4,680,286	310,000	48,507	358,507
2017	3,443,133	1,602,746	5,045,879	3,118,133	1,564,036	4,682,169	325,000	38,710	363,710
2018 - 2022	18,113,837	5,885,273	23,999,110	17,523,837	5,778,218	23,302,055	590,000	107,055	697,055
2023 - 2027	16,614,500	1,886,298	18,500,798	16,214,500	1,867,845	18,082,345	400,000	18,453	418,453
2028 - 2032	535,000	35,674	570,674	535,000	35,674	570,674			
Totals	\$ 52,064,464	\$ 17,227,945	\$ 69,292,409	\$ 49,574,464	\$ 16,814,357	\$ 66,388,821	\$ 2,490,000	\$ 413,588	\$ 2,903,588

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 7 - LONG-TERM DEBT: (continued)

Component units - The Prattville Airport Authority's capital debt at September 30, 2012 is as follows:

Revenue and Grant Anticipation Bond Series 2008 - BankTrust; \$1,000,000; amount drawn to date \$677,150; interest rate of 3.58% until July 1, 2013, variable rate equal to 65% of BankTrust base rate thereafter; interest due quarterly beginning October 1, 2008; principal payments due quarterly beginning October 1, 2011; remaining balance due on July 1, 2016; secured by pledge of all revenues, rents, receipts, income, and funds derived by the Airport Authority. Proceeds used for capital improvements.	<u>\$ 597,187</u>
Total long-term capital debt	<u><u>\$ 597,187</u></u>

Maturities on capital debt are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
YEAR ENDING SEPTEMBER 30:			
2013	\$ 33,746	\$ 20,631	\$ 54,377
2014	55,129	18,946	74,075
2015	57,129	16,929	74,058
2016	<u>451,183</u>	<u>11,379</u>	<u>462,562</u>
Totals	<u><u>\$ 597,187</u></u>	<u><u>\$ 67,885</u></u>	<u><u>\$ 665,072</u></u>

Total interest cost on capital debt in 2012 was \$21,826.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 7 - LONG-TERM DEBT: (continued)

Capital debt activity for the year ended September 30, 2012 was as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Revenue and grant anticipation					
Bond - BankTrust	\$ 627,889		\$ 30,702	\$ 597,187	\$ 33,746
Totals	<u>\$ 627,889</u>	<u>\$ -</u>	<u>\$ 30,702</u>	<u>\$ 597,187</u>	<u>\$ 33,746</u>

The Historic Prattville Redevelopment Authority's notes payable at September 30, 2012 are as follows:

BankTrust secured by real estate; monthly principal and interest payments of \$2,675 due on the 15th of every month; interest rate of 5.85%; final maturity date is May 15, 2013. Proceeds used to purchase real estate.

\$ 16,531

BankTrust secured by real estate; monthly principal and interest payments of \$1,972 due on the 5th of every month; interest rate of 6.15%; final maturity date is July 5, 2014. Proceeds used to purchase real estate.

155,425

BankTrust unsecured; monthly principal and interest payments of \$393.02 due on the 15th of every month; interest rate of 6.15%; maturity date of September 15, 2014. Proceeds used to pay unsecured loan.

22,581

Total

\$ 194,537

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

Notes payable maturities at September 30, 2012 are as follows:

	HISTORIC PRATTVILLE REDEVELOPMENT AUTHORITY		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
YEAR ENDING SEPTEMBER 30:			
2013	\$ 33,511	\$ 11,872	\$ 45,383
2014	<u>161,026</u>	<u>8,896</u>	<u>169,922</u>
Totals	<u>\$ 194,537</u>	<u>\$ 20,768</u>	<u>\$ 215,305</u>

Long-term debt activity for the Historic Prattville Redevelopment Authority for the year ended September 30, 2012, was as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Notes payable to bank	\$ 246,627		\$ 52,090	\$194,537	\$ 33,511
Totals	<u>\$ 246,627</u>	<u>\$ -</u>	<u>\$ 52,090</u>	<u>\$194,537</u>	<u>\$ 33,511</u>

NOTE 8 - NOTES PAYABLE:

The City issued 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 has been renewed several times since originated. The line of credit currently bears an interest rate of 3.15%. At September 30, 2012, the balance of the loan had been paid in full.

The City issued General Obligation Note, Series 2012 dated October 31, 2011 in the amount of \$2,000,000. The proceeds of the note were used as a line of credit for paying operation expenditures as needed for the City. The note currently bears an interest rate of 1.68%. At September 30, 2012, the balance of the loan had been paid in full.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

Notes payable activity for the year ended September 30, 2012, was as follows:

	BEGINNING BALANCE	ADDITION	REDUCTION	ENDING BALANCE
Notes payable to bank	\$ 1,000,000	\$ 2,000,000	\$ 3,000,000	
Totals	<u>\$ 1,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>

NOTE 9 - CAPITAL LEASES:

The City has entered into lease agreements as lessee for financing the acquisition of property and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

ASSET	GOVERNMENTAL ACTIVITIES
Machinery and equipment	\$ 446,579
Vehicles	1,023,283
	<u>1,469,862</u>
Less: Accumulated depreciation	<u>1,168,272</u>
Total	<u>\$ 301,590</u>

ASSET	BUSINESS-TYPE ACTIVITIES
Machinery and equipment	\$ 388,719
Vehicles	952,138
	<u>1,340,857</u>
Less: Accumulated depreciation	<u>835,441</u>
Total	<u>\$ 505,416</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2012, were as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	
YEAR ENDING SEPTEMBER 30:	<u>AMOUNT</u>
2013	\$ 77,854
2014	13,259
Total minimum lease payments	<u>91,113</u>
Less: Deferred interest	<u>2,551</u>
Present value of minimum lease payments	<u>\$ 88,562</u>

<u>BUSINESS-TYPE ACTIVITIES</u>	
YEAR ENDING SEPTEMBER 30:	<u>AMOUNT</u>
2013	\$ 152,948
2014	92,254
Total minimum lease payments	<u>245,202</u>
Less: Deferred interest	<u>7,128</u>
Present value of minimum lease payments	<u>\$ 238,074</u>

NOTE 10 - PENSION COSTS:

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

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 10 - PENSION COSTS: (continued)

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

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

Annual pension cost - For the year ended September 30, 2012, the City's annual pension cost of \$1,091,702 was equal to the City's required and actual contributions.

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

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
September 30, 2010	\$ 1,234,847	100%	-0-
September 30, 2011	1,193,485	100%	-0-
September 30, 2012	1,091,702	100%	-0-

The required contribution was determined as part of the September 30, 2009 actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation included (a) an investment rate of return on assets of 8.00% per year, and (b) projected salary increases of 4.61% to 7.75% per year, including inflation of 4.50%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of September 30, 2009 was 30 years.

Funding status and progress - As of September 30, 2011, the most recent actuarial valuation date, the plan was 69.7% funded. The actuarial accrued liability for benefits was \$42,166,299, and the actuarial value of assets was \$29,406,664 resulting in funding deficit of \$12,759,635. The covered payroll (annual payroll of active employees covered by the plan) was \$13,066,762, and the ratio of the funding deficit to the covered payroll was 97.6%.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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

NOTE 11 - POST-EMPLOYMENT BENEFITS 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 year 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.

The employees are covered by the Retirement System of Alabama and must meet the eligibility provisions adopted by resolution to receive retiree medical benefits. Those eligibility provisions are as follows: 10 years of consecutive service and attainment of age 60; or, 25 years of service at any age. Complete plan provisions are included in the official plan documents.

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 September 30, 2010, the effective date of the biannual actuarial valuation, are as follows:

	NUMBER OF <u>ENROLLEES</u>
Active employees	293
Retired employees	<u>21</u>
Total	<u><u>314</u></u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS: (continued)

Funding policy - Until fiscal year ending 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 ending September 30, 2012, the City of Prattville, Alabama's portion of health care funding cost for retired employees totaled \$60,934. 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. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years, (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning October 1, 2011 is \$361,443, as set forth below:

	<u>MEDICAL</u>
Normal cost	\$ 189,743
30 year unfunded AAL amortization amount	<u>171,700</u>
Annual required contribution (ARC)	<u><u>\$ 361,443</u></u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS: (continued)

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:

	<u>MEDICAL</u>
Annual required contribution	\$ 361,443
Interest on net OPEB obligation	54,128
Adjustment to annual required contribution	<u>(78,255)</u>
Annual OPEB cost	337,316
Contributions made	-0-
Current year retiree premium	<u>(60,934)</u>
Increase in net OPEB obligation	276,382
Net OPEB obligation - beginning of year	<u>1,353,183</u>
Net OPEB obligation - end of year	<u><u>\$ 1,629,565</u></u>

The City's annual OPEB cost, percentage of the cost contributed, and the net OPEB obligation for fiscal year 2012 and the previous two years is as follows:

<u>POST EMPLOYMENT BENEFIT</u>	<u>FISCAL YEAR ENDED</u>	<u>ANNUAL OPEB COST</u>	<u>PERCENTAGE OF ANNUAL COST CONTRIBUTED</u>	<u>NET OPEB OBLIGATION</u>
Medical	September 30, 2010	\$ 661,215	17.00%	\$ 1,081,342
Medical	September 30, 2011	328,260	17.19%	1,353,182
Medical	September 30, 2012	337,315	18.06%	1,629,565

Funded status and funding progress - As of September 20, 2012, the actuarial accrued liability for benefits was \$2,969,078 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$13,110,114 and the ratio of the unfunded actuarial liability to the covered payroll was 23% as presented in the following table:

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS: (continued)

	<u>MEDICAL</u>
Actuarial accrued liability (AAL)	\$ 2,969,078
Actuarial value of plan assets	<u>-0-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,969,078</u>
Funded ratio (Actuarial value assets/AAL)	-0-%
Covered payroll (active plan members)	\$ 13,110,114
UAAL as a percentage of covered payroll	23%

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.

Actuarial value of plan assets - Since the OPEB obligation has not as yet been funded, there are not any assets.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

Turnover rate - An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an 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. Medical benefits are provided to employees upon actual retirement as previously described.

Investment return assumption (discount rate) - Since the ARC is not currently being funded and is not expected to be funded in the near future, the valuation includes a 4% annual investment return assumption.

Health care cost trend rate - The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare and Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990 - 2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later. The trend rate includes an inflation factor of 2.50% annually.

Mortality rate - Life expectancies were based on the 1994 Group Annuity Reserving (94GAR) sex-distinct table.

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, but it is based on the active/retiree blended rate. 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.

NOTE 12 - 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.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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 13 - 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, 2012, 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 to account for and finance its uninsured risks of loss. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount, as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustments related to specific claims and other claim adjustments regardless of whether they are allocated to specific claims. Estimated recoveries are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$100,000. Settlements have not exceeded coverage. Changes in the balances of claims liabilities during the year are as follows:

<u>EMPLOYEES' MEDICAL INSURANCE FUND</u>	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning of fiscal year	\$ 173,600	\$ 176,300
Incurred claims (including IBNRs)	2,561,453	2,682,997
Claim payments	<u>(2,606,753)</u>	<u>(2,685,697)</u>
Unpaid claims, end of fiscal year	<u>\$ 128,300</u>	<u>\$ 173,600</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 14 - RELATED PARTY TRANSACTIONS:

The City chose the Water Works Board of the City of Prattville as the collection agent for the sewer and sanitation collection fees. The City receives the receipts for services when collected by the Water Works Board of the City of Prattville. The amount receivable to the City for sewer and sanitation collection fees not yet received at September 30, 2012 was \$436,870.

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, 2012 was \$119,596.

On May 1, 2006, the City of Prattville, Alabama entered into a lease agreement with the Historic Prattville Redevelopment Authority to lease a building on West 4<sup>th</sup> Street. The term of the lease is five years with quarterly rent payments of \$8,183. The City of Prattville, Alabama paid \$32,732 in rent payments to Historic Prattville Redevelopment Authority during fiscal year ended September 30, 2012.

NOTE 15 - FUNDING AGREEMENT:

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.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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 16 - COMMITMENTS:

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

The City entered an agreement to support the indebtedness incurred to finance property of the Historic Prattville Redevelopment Authority with an annual allocation in the event that the lease arrangements on the financed property prove not to be financially viable. The initial loan balance on the property totaled \$252,200. The loan balance as of September 30, 2012 was \$155,425.

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

As of September 30, 2012, commitments to contractors on capital projects are as follows:

Commitments	\$ 852,869
Spent-to-date	<u>(680,126)</u>
Remaining commitments	<u>\$ 172,743</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 17 - 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. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement provides financial reporting guidance by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The requirements of this statement are effective for financial statements for periods beginning after December 31, 2011.

NOTE 18 - SUBSEQUENT EVENTS:

Subsequent to September 30, 2012, the City Council approved purchases of vehicles and equipment totaling approximately \$603,099 and construction commitments totaling approximately \$152,000.

CITY OF PRATTVILLE, ALABAMA

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

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (b)	UNFUNDED AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)
September 30, 2009	\$28,514,588	\$ 39,315,613	\$ 10,801,025	72.5%	\$14,254,467	75.8%
September 30, 2010	29,286,356	43,165,309	13,878,953	67.8%	14,949,370	92.8%
September 30, 2011	29,406,664	42,166,299	12,759,635	69.7%	13,066,762	97.6%

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, 2009	-0-	\$ 5,310,730	\$ 5,310,730	0.0%	\$14,483,029	37%
September 30, 2010	-0-	2,854,883	2,854,883	0.0%	14,207,131	20%
September 30, 2011	-0-	2,969,078	2,969,078	0.0%	13,110,114	23%

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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CITY OF PRATTVILLE, ALABAMA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2012

	TOTAL NONMAJOR GOVERNMENTAL FUNDS	SPECIAL REVENUE FUNDS
	<u>                    </u>	<u>                    </u>
ASSETS:		
Cash	\$ 481,959	\$ 481,959
	<u>                    </u>	<u>                    </u>
Total assets	\$ 481,959	\$ 481,959
	<u>                    </u>	<u>                    </u>
FUND BALANCE:		
Restricted for road projects	\$ 481,959	\$ 481,959
	<u>                    </u>	<u>                    </u>
Total fund balance	\$ 481,959	\$ 481,959
	<u>                    </u>	<u>                    </u>

CITY OF PRATTVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	TOTAL NONMAJOR GOVERNMENTAL FUNDS	SPECIAL REVENUE FUNDS
	<u>                    </u>	<u>                    </u>
REVENUES:		
Intergovernmental revenue	\$ 548,280	\$ 548,280
Total revenues	<u>548,280</u>	<u>548,280</u>
OTHER FINANCING USES:		
Transfers out	(322,333)	(322,333)
Total other financing uses	<u>(322,333)</u>	<u>(322,333)</u>
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	225,947	225,947
FUND BALANCES AT BEGINNING OF YEAR	<u>256,012</u>	<u>256,012</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 481,959</u></u>	<u><u>\$ 481,959</u></u>

CITY OF PRATTVILLE, ALABAMA

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2012

	<u>TOTAL</u>	<u>STATE GASOLINE EXCISE TAX FUND</u>	<u>STATE GASOLINE AND LUBRICATING OIL TAX FUND</u>	<u>ALABAMA TRUST FUND</u>
<b>ASSETS:</b>				
Cash	\$ 481,959	\$ 254,253	\$ 227,706	
Accounts receivable				
Total assets	<u>\$ 481,959</u>	<u>\$ 254,253</u>	<u>\$ 227,706</u>	<u>\$ -</u>
<b>FUND BALANCE:</b>				
Restricted for road projects	<u>\$ 481,959</u>	<u>\$ 254,253</u>	<u>\$ 227,706</u>	
Total fund balances	<u>\$ 481,959</u>	<u>\$ 254,253</u>	<u>\$ 227,706</u>	<u>\$ -</u>

CITY OF PRATTVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	TOTAL	STATE GASOLINE EXCISE TAX FUND	STATE GASOLINE AND LUBRICATING OIL TAX FUND	ALABAMA TRUST FUND
REVENUES:				
Intergovernmental revenues	\$ 548,280	\$ 146,893	\$ 114,504	\$ 286,883
Total revenues	<u>548,280</u>	<u>146,893</u>	<u>114,504</u>	<u>286,883</u>
OTHER FINANCING USES:				
Transfers out	(322,333)	(35,450)		(286,883)
Total other financing uses	<u>(322,333)</u>	<u>(35,450)</u>		<u>(286,883)</u>
Excess of revenues and other financing uses over expenditures	225,947	111,443	114,504	
FUND BALANCES AT BEGINNING OF YEAR	<u>256,012</u>	<u>142,810</u>	<u>113,202</u>	
FUND BALANCES AT END OF YEAR	<u>\$ 481,959</u>	<u>\$ 254,253</u>	<u>\$ 227,706</u>	<u>\$ -</u>

CITY OF PRATTVILLE, ALABAMA

BUDGETARY COMPARISON SCHEDULE  
 STATE GASOLINE EXCISE TAX FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH BUDGET</u>
REVENUES:			
State gasoline excise tax	\$ 137,000	\$ 146,893	\$ 9,893
Total revenues	<u>137,000</u>	<u>146,893</u>	<u>9,893</u>
OTHER FINANCING USES:			
Transfers out		(35,450)	(35,450)
Total other financing uses		<u>(35,450)</u>	<u>(35,450)</u>
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	<u>\$ 137,000</u>	<u>111,443</u>	<u>\$ (25,557)</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>142,810</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 254,253</u>	

CITY OF PRATTVILLE, ALABAMA

BUDGETARY COMPARISON SCHEDULE  
 STATE GASOLINE AND LUBRICATING OIL EXCISE TAX FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH BUDGET</u>
REVENUES:			
State gasoline and lubricating oil excise tax	\$ 106,000	\$ 114,504	\$ 8,504
Total revenues	<u>106,000</u>	<u>114,504</u>	<u>8,504</u>
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	<u>\$ 106,000</u>	<u>114,504</u>	<u>\$ 8,504</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>113,202</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 227,706</u>	

## 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.	71
Revenue capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales taxes.	76
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.	80
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.	84
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.	86

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 ASSETS BY COMPONENT  
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GOVERNMENTAL ACTIVITIES:										
Invested in capital assets, net of related debt	\$ 262,094	\$ (835,480)	\$ 200,301	\$ 1,747,516	\$23,286,126	\$ 26,252,599	\$ 27,913,767	\$ 28,197,019	\$33,144,191	\$31,400,291
Restricted	623,621	2,740,330	2,670,892	12,053,513	6,911,387	6,238,962	3,761,598	851,251	653,478	803,180
Unrestricted	1,799,375	838,970	(477,821)	(29,514,316)	(28,162,924)	(42,378,700)	(44,366,960)	(46,256,970)	(42,282,379)	(35,254,724)
Total governmental activities net assets	<u>\$ 2,685,090</u>	<u>\$ 2,743,820</u>	<u>\$ 2,393,372</u>	<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>
BUSINESS-TYPE ACTIVITIES:										
Invested in capital assets, net of related debt										\$ 3,751,152
Unrestricted										1,467,034
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,218,186</u>
PRIMARY GOVERNMENT:										
Invested in capital assets, net of related debt	\$ 262,094	\$ (835,480)	\$ 200,301	\$ 1,747,516	\$23,286,126	\$ 26,252,599	\$ 27,913,767	\$ 28,197,019	\$33,144,191	\$35,151,443
Restricted	623,621	2,740,330	2,670,892	12,053,513	6,911,387	6,238,962	3,761,598	851,251	653,478	803,180
Unrestricted	1,799,375	838,970	(477,821)	(29,514,316)	(28,162,924)	(42,378,700)	(44,366,960)	(46,256,970)	(42,282,379)	(33,787,690)
Total primary government activities net assets	<u>\$ 2,685,090</u>	<u>\$ 2,743,820</u>	<u>\$ 2,393,372</u>	<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>

CITY OF PRATTVILLE, ALABAMA

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

GOVERNMENTAL ACTIVITIES	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>EXPENSES:</b>										
Governmental activities:										
General government	\$ 3,694,611	\$ 3,536,671	\$ 4,238,631	\$ 4,861,244	\$ 5,350,008	\$ 6,765,361	\$ 8,093,740	\$ 9,124,172	\$ 6,984,318	\$ 6,868,707
Public safety	10,601,648	11,521,996	12,485,123	11,642,133	11,610,724	13,028,713	13,401,417	14,719,827	13,369,083	12,918,701
Public works	5,964,375	6,184,100	6,033,293	25,283,479	6,548,115	20,541,104	8,005,500	8,755,792	7,235,404	3,518,015
Cultural and recreational	1,851,287	2,236,072	2,362,297	2,098,474	2,381,700	2,502,375	2,549,480	2,449,184	2,080,642	1,766,958
Interest on long-term debt	794,955	678,652	606,591	1,188,315	2,047,213	2,327,227	2,445,024	2,585,660	2,460,545	2,195,048
Total governmental activities expenses	<u>22,906,876</u>	<u>24,157,491</u>	<u>25,725,935</u>	<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>
<b>PROGRAM REVENUES:</b>										
Governmental activities:										
Charges for services:										
General government	3,101,357	3,231,340	3,580,313	3,939,277	4,654,085	5,183,865	4,901,819	4,874,993	4,990,894	5,351,940
Public safety	1,105,768	1,292,271	1,310,831	1,417,909	1,464,651	1,781,289	1,201,853	1,287,322	1,553,044	1,517,963
Public works	3,215,659	3,040,210	2,993,596	3,219,938	3,969,798	3,930,206	3,928,435	4,412,889	5,400,680	264,744
Cultural and recreational	225,033	213,697	209,831	226,660	303,580	318,697	261,429	265,044	238,279	234,899
Operating grants and contributions	129,790	304,866	265,252	1,015,035	385,083	460,308	313,602	206,761	193,703	112,012
Capital grants and contributions					1,245,578	1,975,504	2,037,803	2,122,469	5,847,250	2,658,548
Total governmental activities program revenues	<u>7,777,607</u>	<u>8,082,384</u>	<u>8,359,823</u>	<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>
Total primary government net expense	<u>(15,129,269)</u>	<u>(16,075,107)</u>	<u>(17,366,112)</u>	<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>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:</b>										
Governmental activities:										
Taxes:										
Sales taxes	11,731,268	13,360,231	14,199,349	14,729,824	15,365,612	15,965,129	15,890,723	16,796,679	19,432,210	22,456,057
Real and personal property taxes	1,308,033	1,543,217	1,638,862	1,798,544	2,065,975	2,273,782	2,481,450	2,500,129	2,545,750	2,688,777
Motor fuel taxes	234,541	241,512	242,684	242,416	243,557	239,897	238,361	240,547	239,616	239,616
Intergovernmental	179,052	16,458	15,357	20,228	17,753	9,092	9,159	161,534	153,240	286,883
Investment earnings	193,336	160,646	165,783	182,995	644,767	232,387	39,410	42,318	32,621	26,685
Miscellaneous revenue	384,042	740,819	772,830	742,006	530,544	872,896	386,661	206,845	226,695	476,471
Gain (loss) on sale of capital assets	383,017	70,955	(19,201)							
Transfers										(3,374,093)
Total governmental activities general revenues and other changes in net assets	<u>14,413,289</u>	<u>16,133,838</u>	<u>17,015,664</u>	<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>22,560,780</u>
Total governmental activities change in net assets	<u>\$ (715,980)</u>	<u>\$ 58,731</u>	<u>\$ (350,448)</u>	<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>\$ 5,433,457</u>

CITY OF PRATTVILLE, ALABAMA

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>BUSINESS-TYPE ACTIVITIES</b>										
<b>EXPENSES:</b>										
Sanitation										\$ 2,069,318
Wastewater										2,515,354
Total business-type activities expenses										<u>4,584,672</u>
<b>REVENUES:</b>										
Charges for services										
Sanitation										2,392,771
Wastewater										3,874,248
Capital grants and contributions										
Wastewater										160,324
Total business-type activities revenues										<u>6,427,343</u>
Total business-type activities net program revenue										<u>1,842,671</u>
<b>OTHER CHANGES IN NET ASSETS</b>										
Miscellaneous revenue										1,422
Transfers										3,374,093
										<u>3,375,515</u>
Total business-type activities change in net assets										<u>\$ 5,218,186</u>
Total primary government change in net assets	\$ (715,980)	\$ 58,731	\$ (350,448)	\$ (17,538,813)	\$ 2,953,223	\$ (11,921,728)	\$ (2,804,456)	\$ (4,517,105)	\$ 8,723,990	<u>\$ 10,651,643</u>

CITY OF PRATTVILLE, ALABAMA

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL FUND:										
Reserved	\$ 171,457	\$ 2,063,054	\$ 1,777,114	\$ 2,031,204	\$ 944,030	\$ 1,181,267	\$ 1,043,077	\$ 821,293		
Unreserved	(641,630)	(520,470)	(1,429,357)	(1,370,935)	(545,442)	(744,577)	(316,517)	(2,313,284)		
Nonspendable									\$ 159,850	\$ 98,908
Restricted									653,478	204,694
Committed									12,185	2,567,260
Assigned									172,653	1,235,310
Unassigned									550,285	1,099,168
Total general fund	<u>\$ (470,173)</u>	<u>\$ 1,542,584</u>	<u>\$ 347,757</u>	<u>\$ 660,269</u>	<u>\$ 398,588</u>	<u>\$ 436,690</u>	<u>\$ 726,560</u>	<u>\$ (1,491,991)</u>	<u>\$ 1,548,451</u>	<u>\$ 5,205,340</u>
ALL OTHER GOVERNMENTAL FUNDS:										
Reserved, reported in:										
Capital projects fund		\$ 492,482	\$ 664,592	\$ 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	\$ 286,373	350,577	88,158	326,192	511,735	63,082	373,568	566,257		
Unreserved, reported in:										
Debt service fund	153,567	270,241	264,820	258,009	255,061	(61,295)	169,558			
Unreserved, reported in:										
Capital projects fund	3,156,586	2,425,627	2,053,100	2,964,424	2,445,873	2,471,886	25,258	(357,885)		
Restricted									\$ 480,627	\$ 598,486
Total all other governmental funds	<u>\$ 3,596,526</u>	<u>\$ 3,538,927</u>	<u>\$ 3,070,670</u>	<u>\$ 12,379,705</u>	<u>\$ 6,880,787</u>	<u>\$ 6,176,552</u>	<u>\$ 3,797,886</u>	<u>\$ 907,418</u>	<u>\$ 480,627</u>	<u>\$ 598,486</u>

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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES:</b>										
Sales taxes	\$ 13,273,842	\$ 15,144,960	\$ 14,199,349	\$ 14,729,824	\$ 15,365,612	\$ 15,965,129	\$ 15,890,723	\$ 16,796,679	\$ 19,432,210	\$ 22,456,057
Real and personal property taxes			1,638,862	1,798,544	2,065,975	2,273,782	2,481,450	2,500,129	2,545,750	2,688,777
Motor fuel taxes			242,684	242,416	243,557	239,898	238,361	240,547	239,616	
Licenses and permits	3,101,357	3,231,340	3,580,313	3,939,277	4,654,085	5,183,865	4,901,819	4,874,993	4,990,894	5,351,940
Intergovernmental revenues	308,842	321,324	280,609	780,502	222,043	302,118	343,156	217,701	153,240	548,280
Charges and fees for services	4,285,668	4,133,786	4,177,380	4,511,611	5,319,420	5,493,106	4,905,652	5,564,563	6,655,705	1,223,888
Fines and forfeitures	260,792	412,392	336,878	352,896	418,609	537,086	486,065	400,692	536,298	532,321
Interest					644,772	232,387	39,410	44,844	32,621	26,685
Miscellaneous	577,378	901,465	938,613	1,170,940	849,160	1,197,161	1,109,616	1,099,914	908,449	1,067,962
Total revenues	<u>21,807,879</u>	<u>24,145,267</u>	<u>25,394,688</u>	<u>27,526,010</u>	<u>29,783,233</u>	<u>31,424,532</u>	<u>30,396,252</u>	<u>31,740,062</u>	<u>35,494,783</u>	<u>33,895,910</u>
<b>EXPENDITURES:</b>										
Unreserved, reported in:										
Current:										
General governmental	3,596,816	3,488,777	4,161,340	4,825,371	5,261,945	6,280,215	6,318,533	7,537,961	5,973,871	5,757,564
Public safety	9,404,225	10,733,001	11,665,559	11,141,574	11,153,949	12,746,727	12,989,658	14,023,058	12,712,387	12,346,346
Public works	4,914,907	5,017,663	5,613,345	24,664,571	5,588,300	18,984,015	7,182,300	8,007,685	6,519,457	3,332,207
Cultural and recreation	1,330,782	1,761,700	1,780,612	1,796,512	2,005,573	2,152,013	2,488,332	2,371,770	1,749,355	1,434,309
Capital outlay	1,176,805	1,391,229	2,193,165	2,493,938	8,505,999	3,756,955	2,811,090	3,290,520	478,136	379,900
Debt service:										
Principal payments	1,506,896	1,567,485	1,476,500	2,599,045	1,418,665	1,445,912	1,816,556	2,331,364	9,073,190	4,070,296
Interest and fiscal charges	712,955	674,599	650,279	650,342	1,917,209	2,158,816	2,430,712	2,465,127	2,492,666	2,230,996
Bond issuance costs		85,000		741,010		366,450		217,411		
Total expenditures	<u>22,643,386</u>	<u>24,719,454</u>	<u>27,540,800</u>	<u>48,912,363</u>	<u>35,851,640</u>	<u>47,891,103</u>	<u>36,037,181</u>	<u>40,244,896</u>	<u>38,999,062</u>	<u>29,551,618</u>
Excess of revenues over (under) expenditures	<u>(835,507)</u>	<u>(574,187)</u>	<u>(2,146,112)</u>	<u>(21,386,353)</u>	<u>(6,068,407)</u>	<u>(16,466,571)</u>	<u>(5,640,929)</u>	<u>(8,504,834)</u>	<u>(3,504,279)</u>	<u>4,344,292</u>
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers in	4,699,240	3,209,831	4,461,246	32,254,124	4,979,825	16,586,498	7,276,949	3,149,228	5,525,970	4,610,138
Transfers out	(4,699,240)	(3,209,831)	(4,461,246)	(32,254,124)	(4,979,825)	(16,586,498)	(7,276,949)	(3,149,228)	(5,525,970)	(4,699,055)
Transfers to component units	(444,647)	(201,750)	(302,350)							
Issuance of bonds		2,085,000		30,470,000		15,300,000	1,621,373	2,670,000		
Issuance of refunding bonds								6,315,000		
Issuance of notes payable			625,000	625,000		136,099	1,000,000	300,000	5,637,303	
Proceeds from capital lease		373,259	157,792		307,808	451,767	930,760	260,000		
Payment to refunded bonds escrow agent								(6,322,926)		
Sale of capital assets	383,017	272,836	2,586							
Bond premium (discount)				480,746		(87,428)		173,741		
Total other financing sources (uses)	<u>(61,630)</u>	<u>2,529,345</u>	<u>483,028</u>	<u>31,575,746</u>	<u>307,808</u>	<u>15,800,438</u>	<u>3,552,133</u>	<u>3,395,815</u>	<u>5,637,303</u>	<u>(88,917)</u>
Net change in fund balance	<u>\$ (897,137)</u>	<u>\$ 1,955,158</u>	<u>\$ (1,663,084)</u>	<u>\$ 10,189,393</u>	<u>\$ (5,760,599)</u>	<u>\$ (666,133)</u>	<u>\$ (2,088,796)</u>	<u>\$ (5,109,019)</u>	<u>\$ 2,133,024</u>	<u>\$ 4,255,375</u>
Debt service as a percentage of noncapital expenditures	10.24%	9.78%	8.49%	8.60%	12.21%	8.85%	12.74%	13.54%	30.00%	21.61%

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 5  
NET TAXABLE SALES BY CATEGORY

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Apparel stores	\$ 37,317,474	\$ 40,062,414	\$ 45,541,937	\$ 44,070,516	\$ 44,057,973	\$ 49,891,510	\$ 61,766,373	\$ 72,438,782	\$ 81,049,639	\$ 78,698,228
Food stores	74,336,069	75,475,573	78,477,260	79,119,351	75,830,662	70,156,573	73,331,244	71,839,635	77,704,211	76,108,625
Automotive	93,894,984	96,341,702	90,016,728	78,357,966	74,734,128	65,384,586	46,030,674	58,984,572	63,159,678	62,669,770
Manufacturing machine						1,225,203	1,813,517	1,512,332	1,512,272	1,855,136
Restaurants	50,107,828	57,047,006	59,626,869	63,443,394	62,844,097	51,658,420	53,838,468	62,888,874	69,407,860	72,159,819
Home furnishings and appliances	4,494,332	5,157,160	4,599,982	5,138,448	6,693,246	13,638,375	21,877,677	20,566,253	17,869,458	17,145,730
Building materials	31,644,832	37,753,391	44,164,704	44,491,167	36,036,047	48,684,662	39,460,896	39,128,465	41,682,202	40,414,350
Service stations	5,838,760	6,428,097	8,639,890	9,765,852	10,784,193	21,761,093	22,983,026	22,447,212	21,425,351	15,120,821
Other retail stores	79,051,188	104,053,618	111,509,853	118,363,518	149,544,076	256,892,888	244,770,686	262,697,325	266,079,295	253,682,787
<b>Totals</b>	<b>\$ 376,685,467</b>	<b>\$ 422,318,961</b>	<b>\$ 442,577,223</b>	<b>\$ 442,750,212</b>	<b>\$ 460,524,422</b>	<b>\$ 579,293,310</b>	<b>\$ 565,872,561</b>	<b>\$ 612,503,450</b>	<b>\$ 639,889,966</b>	<b>\$ 617,855,266</b>
City direct sales tax rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	3.50%	3.50%

Source: City's Finance Department.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 6  
SALES TAX REVENUE PAYERS BY CATEGORY  
FISCAL YEARS 2003 THROUGH 2012

	2010				2011				2012						
	NUMBER	TAX	PERCENTAGE	PERCENT OF	NUMBER	TAX	PERCENTAGE	PERCENT OF	NUMBER	TAX	PERCENTAGE	PERCENT OF			
	OF	LIABILITY	OF	TAX REMITTED	OF	LIABILITY	OF	TAX REMITTED	OF	LIABILITY	OF	TAX REMITTED			
FILERS		TOTAL TAX	BY TOP TEN	FILERS		TOTAL TAX	BY TOP TEN	FILERS		TOTAL TAX	BY TOP TEN	FILERS		TOTAL TAX	BY TOP TEN
		LIABILITY	TAXPAYERS			LIABILITY	TAXPAYERS			LIABILITY	TAXPAYERS			LIABILITY	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	46.54%	9.55%	918	7,550,736	45.35%	9.22%	931	8,878,898	45.08%	6.15%			
<b>Totals</b>	<b>1,180</b>	<b>\$ 14,104,419</b>	<b>100.00%</b>		<b>1,138</b>	<b>\$ 16,650,542</b>	<b>100.00%</b>		<b>1,129</b>	<b>\$ 19,693,825</b>	<b>100.00%</b>				

	2007				2008				2009						
	NUMBER	TAX	PERCENTAGE	PERCENT OF	NUMBER	TAX	PERCENTAGE	PERCENT OF	NUMBER	TAX	PERCENTAGE	PERCENT OF			
	OF	LIABILITY	OF	TAX REMITTED	OF	LIABILITY	OF	TAX REMITTED	OF	LIABILITY	OF	TAX REMITTED			
FILERS		TOTAL TAX	BY TOP TEN	FILERS		TOTAL TAX	BY TOP TEN	FILERS		TOTAL TAX	BY TOP TEN	FILERS		TOTAL TAX	BY TOP TEN
		LIABILITY	TAXPAYERS			LIABILITY	TAXPAYERS			LIABILITY	TAXPAYERS			LIABILITY	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	26	373,671	3.73%	1.68%	25	326,923	2.49%	1.35%	24	230,153	1.74%				
Machine					17	9,189	0.07%		22	13,601	0.10%				
Restaurants	75	1,571,102	15.68%		84	1,291,461	9.82%		89	1,345,962	10.20%				
Home furnishings and appliances	10	167,331	1.67%		12	340,959	2.59%	1.35%	12	546,942	4.15%	2.54%			
Building materials	8	900,901	8.99%	7.82%	8	1,217,117	9.25%	7.90%	8	986,522	7.48%	6.74%			
Service stations	28	269,605	2.69%		28	544,027	4.14%		30	574,576	4.35%				
Other retail stores	1,056	3,738,602	37.33%	10.98%	1,150	6,422,322	48.83%	12.48%	980	6,119,267	46.39%	10.70%			
<b>Totals</b>	<b>1,223</b>	<b>\$ 10,018,428</b>	<b>100.00%</b>		<b>1,345</b>	<b>\$ 13,153,200</b>	<b>100.00%</b>		<b>1,187</b>	<b>\$ 13,194,463</b>	<b>100.00%</b>				

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 6  
SALES TAX REVENUE PAYERS BY CATEGORY  
FISCAL YEARS 2003 THROUGH 2012

	2004				2005				2006						
	NUMBER	TAX	PERCENTAGE	PERCENT OF	NUMBER	TAX	PERCENTAGE	PERCENT OF	NUMBER	TAX	PERCENTAGE	PERCENT OF			
	OF	LIABILITY	OF	TAX REMITTED	OF	LIABILITY	OF	TAX REMITTED	OF	LIABILITY	OF	TAX REMITTED			
FILERS		TOTAL TAX	BY TOP TEN	FILERS		TOTAL TAX	BY TOP TEN	FILERS		TOTAL TAX	BY TOP TEN	FILERS		TOTAL TAX	BY TOP TEN
		LIABILITY	TAXPAYERS			LIABILITY	TAXPAYERS			LIABILITY	TAXPAYERS			LIABILITY	TAXPAYERS
Apparel stores	9	\$ 1,001,560	11.61%	10.45%	9	\$ 1,138,548	12.29%	11.15%	9	\$ 1,101,763	11.60%	10.31%			
Food stores	6	1,886,889	21.86%	21.78%	6	1,961,932	21.18%	21.11%	6	1,977,984	20.82%	20.55%			
Automotive Machine	30	481,709	5.58%	2.43%	31	450,084	4.86%	2.82%	30	391,790	4.12%	1.51%			
Restaurants	65	1,426,175	16.52%		70	1,490,672	16.09%		69	1,586,085	16.69%				
Home furnishings and appliances	7	128,929	1.49%		10	115,000	1.24%		10	128,461	1.35%				
Building materials	6	943,835	10.94%	10.18%	6	1,104,118	11.92%	10.92%	6	1,112,279	11.71%	10.71%			
Service stations	28	160,702	1.86%		30	215,997	2.33%		30	244,146	2.57%				
Other retail stores	882	2,601,340	30.14%	12.00%	943	2,787,746	30.09%	11.93%	955	2,959,088	31.14%	11.80%			
<b>Totals</b>	<b>1,033</b>	<b>\$ 8,631,139</b>	<b>100.00%</b>		<b>1,105</b>	<b>\$ 9,264,097</b>	<b>100.00%</b>		<b>1,115</b>	<b>\$ 9,501,596</b>	<b>100.00%</b>				

	2003			
	NUMBER	TAX	PERCENTAGE	PERCENT OF
	OF	LIABILITY	TOTAL TAX	TAX REMITTED
FILERS		LIABILITY	BY TOP TEN	
			TAXPAYERS	
Apparel stores	8	\$ 932,937	12.37%	11.32%
Food stores	6	1,858,402	24.65%	24.21%
Automotive Machine	23	469,475	6.23%	2.91%
Restaurants	60	1,252,696	16.62%	
Home furnishings and appliances	7	112,358	1.49%	
Building materials	5	791,121	10.49%	9.93%
Service stations	28	145,969	1.94%	
Other retail stores	898	1,976,280	26.21%	13.03%
<b>Totals</b>	<b>1,035</b>	<b>\$ 7,539,238</b>	<b>100%</b>	

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

<u>FISCAL YEAR</u>	<u>CITY DIRECT RATE</u>	<u>AUTAUGA COUNTY</u>	<u>DISTRICT TAX</u>	<u>STATE OF ALABAMA</u>	<u>TOTAL SALES TAX</u>
2003	2.5%	2%		4.00%	8.5%
2004	2.5%	2%		4.00%	8.5%
2005	2.5%	2%		4.00%	8.5%
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%

<u>FISCAL YEAR</u>	<u>CITY DIRECT RATE</u>	<u>ELMORE COUNTY</u>	<u>DISTRICT TAX</u>	<u>STATE OF ALABAMA</u>	<u>TOTAL SALES TAX</u>
2003	2.5%	1%	1%	4.00%	8.5%
2004	2.5%	1%	1%	4.00%	8.5%
2005	2.5%	1%	1%	4.00%	8.5%
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	2.5%	1%	1%	4.00%	8.5%
2011	3.5%	1%	1%	4.00%	9.5%
2012	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)
2003	\$ 14,920,985			\$ 588,921	\$ 15,509,906	4.12%	1.29%	\$ 339
2004	15,811,724			588,956	16,400,680	3.88%	1.29%	349
2005	14,595,000			486,973	15,081,973	3.41%	1.10%	315
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%	*	1,142
2011	54,755,183	1,755,709	1,594,489	748,347	58,853,728	8.40%	*	*
2012	49,212,046	701,035	1,580,851	88,562	51,582,494	8.61%	*	*
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	0.46%	*	*
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)
2003	\$ 14,920,985			\$ 588,921	\$ 15,509,906	4.12%	1.29%	\$ 339
2004	15,811,724			588,956	16,400,680	3.88%	1.29%	349
2005	14,595,000			486,973	15,081,973	3.41%	1.10%	315
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%	*	1,142
2011	54,755,183	1,755,709	1,594,489	748,347	58,853,728	8.40%	*	*
2012	51,702,046	701,035	1,580,851	326,636	54,310,568	9.06%	*	*

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 84 for personal income and population data.

(b) See page 76 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 FUND	TOTAL	PERCENTAGE OF NET TAXABLE SALES (a)	PER CAPITA (b)
2003	\$ 14,920,985	\$ 153,567	\$ 14,767,418	3.92%	\$ 323
2004	15,811,724	270,241	15,541,483	3.68%	331
2005	14,595,000	264,820	14,330,180	3.24%	299
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	7.82%	*
2012	51,702,046	5	51,702,041	8.63%	*

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

(a) See page 76 for net taxable sales.

(b) See the Schedule of Demographics and Economic Statistics on page 84 for population data.

\* Information not available.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 10  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF SEPTEMBER 30, 2012

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (a)	ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT
Debt repaid with property taxes: Autauga County			
Subtotal, overlapping debt	\$ 12,441,774	47.23%	<u>\$ 5,876,001</u>
City of Prattville, Alabama direct debt			<u>58,853,728</u>
Total direct and overlapping debt			<u><u>\$ 64,729,729</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Autauga 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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 40,847,972	\$ 42,639,348	\$ 45,188,970	\$ 52,942,251	\$ 58,581,532	\$ 67,654,684	\$ 69,779,924	\$ 71,725,164	\$ 70,692,240	\$ 71,386,868
Total net debt applicable to limit	<u>13,006,339</u>	<u>11,845,439</u>	<u>10,899,363</u>	<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>
Legal debt margin	<u>\$ 27,841,633</u>	<u>\$ 30,793,909</u>	<u>\$ 34,289,607</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	31.84%	27.78%	24.12%	17.29%	16.82%	14.26%	16.75%	20.10%	17.59%	13.75%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	<u>\$ 356,934,340</u>
Debt limit (20% of total assessed value)	<u>\$ 71,386,868</u>
Debt applicable to limit:	
General obligation bonds	8,540,661
Notes payable	856,460
Lease payable	421,741
Less: Amount set aside for repayment of general obligation debt	<u>5</u>
Total net debt applicable to limit	<u>9,818,857</u>
Legal debt margin	<u>\$ 61,568,011</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

<u>CALENDAR YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME (THOUSANDS OF DOLLARS)</u>	<u>PER CAPITA PERSONAL INCOME</u>	<u>MEDIAN AGE</u>	<u>SCHOOL ENROLLMENT</u>	<u>AUTAUGA COUNTY UNEMPLOYMENT RATE</u>
2003	45,762	\$ 1,201,705	\$ 26,260		8,960 (02-03)	4.60%
2004	46,933	1,273,284	27,130		9,083 (03-04)	4.30%
2005	47,870	1,371,084	28,642		9,282 (04-05)	3.20%
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	30,740	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	*	*	*	*	9,825 (11-12)	6.80%

Sources: Population, personal income, and median age information provided by the Bureau of Economic Analysis and the Central Alabama Regional Planning and Development Commission. Unemployment data provided by the Alabama Department of Industrial Relations and the United States Department of Labor Bureau of Labor Statistics. School enrollment data provided by the Autauga County Board of Education.

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 is based on the census at the start of the school year.

\* Unavailable

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 13  
PRINCIPAL EMPLOYERS

<u>EMPLOYER</u>	2012	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>
Autauga County Board of Education	1,120	7.30%
International Paper	550	3.59%
Wal-Mart	480	3.13%
City of Prattville, Alabama	385	2.51%
Prattville Baptist Hospital	250	1.63%
Autauga County	200	1.30%
Prattville Health and Rehabilitation	151	0.98%
Kinedyne	95	0.62%
LoneStar Plastics	87	0.57%
M-Tek	80	0.52%
Totals	<u>3,398</u>	<u>22.15%</u>

Source: Prattville Area Chamber of Commerce.

Note: Information does not include government employment.

\*Ninth previous year information not available.

Number employed in City at December 2012 was 15,340  
per [www2.labor.alabama.gov/LAUS/LAUScities.pdf](http://www2.labor.alabama.gov/LAUS/LAUScities.pdf).

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 14  
 FULL-TIME EQUIVALENT CITY  
 GOVERNMENT EMPLOYEES BY FUNCTION

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General government:</b>										
Executive	3	3	4	5	5	5	3	3	3	2
Legislative	7	7	7	7	7	7	7	7	7	7
Finance	7	7	7	6	7	8	7	7	6	6
City Clerk	6	4	4	4	4	4	5	5	2	3
Human resources	1	2	2	2	4	4	4	4	4	4
Judicial	6	4	4	4	4	4	6	6	5	6
Information technology	2	3	3	3	3	3	4	3	1	1
Vehicle maintenance	10	10	10	9	9	10	12	10	6	6
<b>Public safety:</b>										
<b>Police:</b>										
Officers	86	88	86	87	85	87	90	92	85	81
Civilians	5	5	5	5	7	9	11	9	7	8
<b>Fire:</b>										
Officers	76	81	82	75	85	89	89	88	84	81
Civilians	2	4	4	5	4	4	4	4	8	7
<b>Public works:</b>										
Engineering	7	4	4	4	4	5	4	4	9	9
Planning and development	5	9	10	9	13	13	16	14	7	7
Street	18	18	16	14	18	22	22	21		
Sanitation	29	27	27	26	28	28	30	29	28	28
Wastewater	26	23	26	26	25	26	29	28	25	23
Urban management									21	19
<b>Culture and recreation:</b>										
Leisure services	21	22	22	22	23	24	24	24	15	12
Performing and creative arts							2	2	2	1
<b>Totals</b>	<u>317</u>	<u>321</u>	<u>323</u>	<u>313</u>	<u>335</u>	<u>352</u>	<u>369</u>	<u>360</u>	<u>325</u>	<u>311</u>

Source: Human Resources.

Notes: 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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Function/Program</u>										
General government:										
Building permits issued:										
Residential	282	367	313	351	260	173	106	135	106	128
Commercial	26	27	18	17	26	16	17	10	11	8
Building inspections conducted			6,537	8,727	7,493	7,455	6,472	3,658	3,142	3,512
Building plan reviews					317	325	177	149	147	212
Public safety:										
Police:										
Physical arrests	2,988	2,955	3,283	3,302	3,252	3,288	2,651	3,035	3,208	2,208
Parking violations	320	274	105	89	77	253	143	348	373	259
Traffic violations	4,425	4,454	3,531	3,942	6,398	6,236	7,914	6,299	6,450	4,460
Fire:										
Emergency responses	5,191	5,547	6,199	6,449	7,026	6,184	4,989	5,199	5,221	5,673
Fires extinguished	107	135	96	143	142	115	132	115	113	75
Inspections	1,998	2,229	2,291	2,395	2,522	2,766	3,772	2,996	2,725	2,846
Public works:										
Potholes repaired	3,000	2,000	3,000	2,000	3,000	2,000	3,000	2,000	2,000	1,500
Street resurfacing (miles)		9		7		8		3		
Wastewater:										
Average daily sewage treatment (millions of gallons):										
Autauga Creek	1.69	1.82	2.54	2.06	1.75	1.90	2.35	2.18	1.60	1.72
Pine Creek	1.65	1.49	1.67	1.77	1.70	1.88	1.99	1.87	1.90	1.90
Refuse collection:										
Refuse collected (tons per day)	35	37	38	39	41	42	44	45	46	49
Recyclables collected (tons per day)	16,000	17,500	18,500	20,000	25,000	27,000	28,000	29,000	30,000	32,000

Sources: Various City departments

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 16  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Function/Program</u>										
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	65	65	70	66	66	71	81	82	81	84
Motorcycles	11	11	11	10	11	11	11	11	9	9
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Engines	5	6	6	6	6	6	6	7	7	7
Ambulances	6	6	6	6	6	7	7	7	7	7
Refuse collection										
Collection trucks	12	12	11	12	14	15	15	15	15	15
Public works:										
Streets (miles)									209	209
Highways (miles)									23	23
Streetlights									2,450	2,450
Traffic signal heads									270	270
Cultural and recreation:										
Acreage	330	330	330	330	330	330	354	354	354	354
Playgrounds	9	9	9	9	9	9	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.

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