

CITY OF PRATTVILLE, ALABAMA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Prepared by:
Department of Finance

John R. Morgan, III
Finance Director

CITY OF PRATTVILLE, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTORY SECTION	
Table of contents	i - ii
List of principal officials	iii
II. FINANCIAL SECTION	
Independent auditors' report	1 - 2
Management's discussion and analysis	3 - 12
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of net assets	13
Statement of activities	14
Fund Financial Statements	
Balance sheet - governmental funds	15
Reconciliation of balance sheet of governmental funds to statement of net assets	16
Statement of revenues, expenditures, and changes in fund balances - governmental funds	17
Reconciliation of statement of revenues, expenditures, and changes in fund balances of governmental funds to statement of activities	18
Notes to financial statements	19 - 43
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule - general fund	44 - 47
Schedule of funding progress of the City's defined benefit pension plan	48
Notes to budgetary comparison schedules	49

CITY OF PRATTVILLE, ALABAMA
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

TABLE OF CONTENTS

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION	
Combining balance sheet - nonmajor governmental funds	50
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	51
Combining balance sheet - nonmajor special revenue funds	52
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	53
Budgetary comparison schedule - state gasoline excise tax fund	54
Budgetary comparison schedule - state gasoline and lubricating oil excise tax fund	55

CITY OF PRATTVILLE, ALABAMA

LIST OF PRINCIPAL OFFICIALS
AS OF SEPTEMBER 30, 2008

Mayor

Jim Byard, Jr.

Administrative Assistant to the Mayor

Jamie Hatfield

CITY COUNCIL

Dean R. Argo, President

Willie Lee Wood, Jr.

Mike Renegar

Nathan Fank

Bill Gillespie, Jr.

Thomas Miller, President Pro Tempore

Ray Boles

HEADS OF DEPARTMENTS

Municipal Court

Judge Louis C. Colley

City Attorney

David McDowell

City Prosecutor

Joy Booth

City Clerk

Gina P. Smith

Finance Director

John R. Morgan, III

Engineering

Robby Anderson

Streets

George Williams

Sanitation

Edward Clinton

Police

Chief Alfred Wadsworth

Fire

Chief Stanley Gann

Vehicle Maintenance

Napoleon Steele

Wastewater

Kenny DeRamus

Leisure Services

Andrew Peterson

Human Resources

Lisa Thrash

Planning

Joel Duke

Information Technology

Brad Belden



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Prattville, Alabama (the City), as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Prattville, Alabama's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Prattville, Alabama, as of September 30, 2008, 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 October 30, 2009 on our consideration of the City of Prattville, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, and trend data on pension funding on pages 3 through 12 and pages 44 through 47 are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Jackson Thornton & Co. PC

Prattville, Alabama
October 30, 2009

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, 2008. This discussion and analysis is designed to look at the City's financial performance as a whole. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- The City of Prattville, Alabama's liabilities exceeded its assets at September 30, 2008, by (\$9,887,139) (net assets). Of the net asset balance amount, (\$42,378,700) (unrestricted net assets) is the deficit balance of the City representing the indebtedness incurred for incentive obligations including the purchase of development property supporting the significant retail development activities within the City.
- During the year, the City's total net assets decreased by \$11,921,728, as expenses of \$45,164,780 exceeded revenues of \$33,243,052. The increase in expenses over the prior year is primarily due to the nonrecurring scheduled disbursements of the warrant proceeds which included infrastructure, improvements, and acquisitions for real estate developments located within the municipality that are not owned by the City. The warrant proceeds were held as restricted assets in the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,613,242.
- The City's total outstanding long-term debt, excluding capital leases and compensated absences, increased during the current fiscal. The increase is due to the City incurring new debt obligations of \$15,436,099.

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.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements also include information regarding the City of Prattville, Alabama's progress in funding its obligation to provide pension benefits to its employees. The notes are presented on pages 19 through 43 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Prattville, Alabama's budgetary comparison schedules for the general fund. Required supplementary information can be found on pages 44 through 49 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information and can be found beginning on page 50.

Government-Wide Financial Analysis

The City's condensed statement of net assets as of September 30, 2008 and 2007, derived from the government-wide statement of net assets is presented below.

	GOVERNMENTAL ACTIVITIES	
	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 7,382,011	\$ 7,921,472
Capital assets net of depreciation	42,237,973	39,369,547
Restricted assets	3,519,804	3,123,748
Total assets	<u>53,139,788</u>	<u>50,414,767</u>
Long-term liabilities outstanding	58,937,389	44,672,521
Other liabilities	4,089,538	3,707,657
Total liabilities	<u>63,026,927</u>	<u>48,380,178</u>
Net assets:		
Invested in capital assets, net of related debt	26,252,599	23,286,126
Restricted	6,238,962	6,911,387
Unrestricted	<u>(42,378,700)</u>	<u>(28,162,924)</u>
Total net assets	<u>\$ (9,887,139)</u>	<u>\$ 2,034,589</u>

The largest component of the City's net assets as of September 30, 2008 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, 2008 increased by \$2,868,423 from the prior year primarily due to current year additions.

As noted earlier in this discussion, changes in net assets over time can be one of the best and most useful indicators of the City's financial position. The City of Prattville, Alabama's total liabilities exceeded assets by (\$9,887,139) primarily due to the issuance of new long-term debt in the current fiscal year totaling \$15,436,099. The proceeds of the debt issuance financed economic development incentives which did not result in capital assets to the City.

Liabilities increased \$14,646,749 from the prior year due primarily to the issuance of the new long-term debt, totaling \$15,436,099.

An additional portion of net assets is restricted, or has restrictions on how they may be used. Governmental activities restricted net assets totaled \$6,238,962 at September 30, 2008 and are restricted for use in public capital projects and debt service. The remaining balance of unrestricted net assets generally may be used to meet the City's ongoing obligations. The City, at September 30, 2008, reported a deficit balance in unrestricted net assets in governmental type activities of (\$42,378,700) which is due to outstanding general obligation warrants that were issued to finance economic development incentive obligations for retail development within the City. It is anticipated the governmental revenues generated from the retail growth will provide the primary source of revenue for repayment of this debt.

The following presents the City's condensed statement of activities for the fiscal years ended September 30, 2008 and 2007 as derived from the government-wide statement of activities. Over time, increases and decreases in net assets measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net assets of the governmental activities decreased by \$11,921,728, primarily due to the nonrecurring disbursements of warrant proceeds which include infrastructure, improvements, and acquisitions for real estate developments located within the municipality that are not owned by the City and therefore, are not included in their total capital assets.

CITY OF PRATTVILLE, ALABAMA'S NET ASSETS

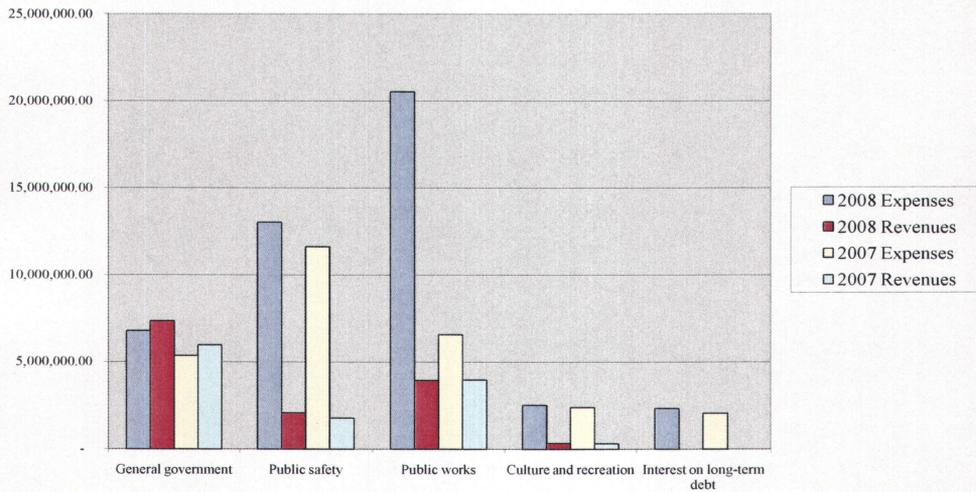
	GOVERNMENTAL ACTIVITIES	
	<u>2008</u>	<u>2007</u>
Revenues:		
Program revenues:		
Charges for services	\$ 11,214,057	\$ 10,392,114
Operating grants and contributions	2,435,812	1,630,661
Total program revenues	<u>13,649,869</u>	<u>12,022,775</u>
General revenues:		
Sales tax	15,965,129	15,365,612
Property tax	2,273,782	2,065,975
Motor fuel taxes	239,897	243,557
Intergovernmental revenues	9,092	17,753
Investment earnings and miscellaneous	1,105,283	1,175,311
Total general revenues	<u>19,593,183</u>	<u>18,868,208</u>
Total revenues	<u>33,243,052</u>	<u>30,890,983</u>
Expenses:		
General government:	6,765,361	5,350,008
Public works	20,541,104	6,548,115
Public safety	13,028,713	11,610,724
Culture and recreation	2,502,375	2,381,700
Debt service	2,327,227	2,047,213
Total expenses	<u>45,164,780</u>	<u>27,937,760</u>
Increase (decrease) in net assets before transfers	<u>(11,921,728)</u>	<u>2,953,223</u>
Increase (decrease) in net assets	(11,921,728)	2,953,223
Net assets - beginning as previously stated	2,034,589	(15,713,287)
Prior period adjustments		14,794,653
Net assets - beginning restated	<u>2,034,589</u>	<u>(918,634)</u>
Net assets - ending	<u>\$ (9,887,139)</u>	<u>\$ 2,034,589</u>

Expenses and Program Revenues for Governmental Activities

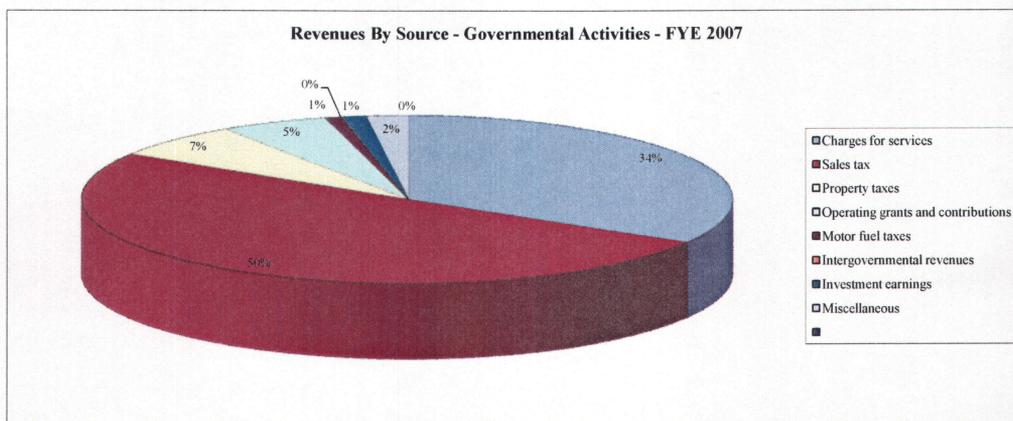
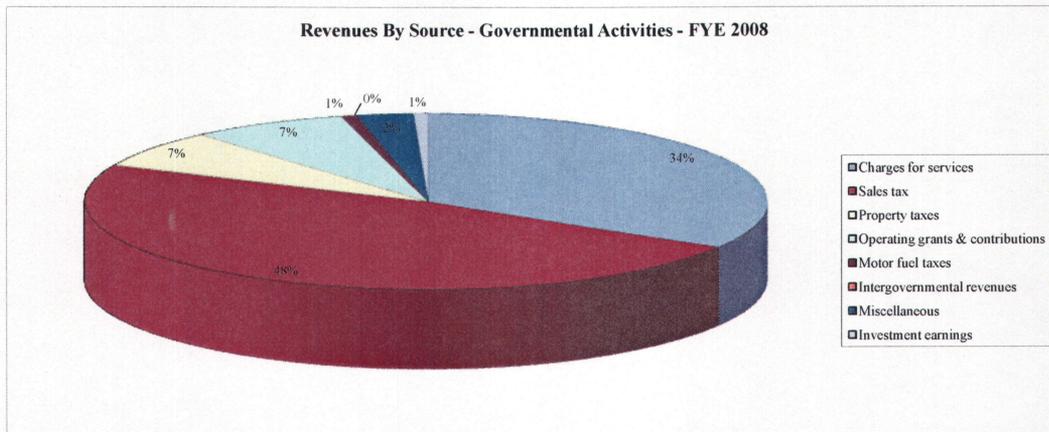
Governmental activities decreased the City of Prattville, Alabama's net assets by \$11,921,728 for fiscal year 2008. A key element of the decrease in net assets is the increase in expenses from prior year as follows:

- Public works expenses increased over the prior year by \$13,992,989 due to the disbursement of warrant proceeds for real estate developments located within the municipality and are nonrecurring.

Expenses and Program Revenue - Governmental Activity



Program and General Revenues for Governmental Activities



Financial Analysis of the City's Funds

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

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

As of September 30, 2008, governmental funds reported a combined ending fund balance of \$6,613,242, a decrease of \$666,133 in comparison with prior year balance. Of this balance \$4,884,146 has been reserved to indicate that it is not available for new spending because it has already been committed for capital projects, debt service, special revenues, and other restricted purposes.

The fund balance of the general fund increased \$38,102 during the current fiscal year. Total revenue increased \$2,107,604 as compared to prior year with tax revenues increasing by \$807,324. The most significant increase in taxes came from sales taxes of \$599,517, due in large part to a steady growth in retail sales. Total licenses and permits increased over the prior year by \$529,780 and charges for fees and services increased \$173,686. These increases reflect the steady growth in the City's population.

Capital Assets and Long-term Debt Administration

Capital assets - The City of Prattville, Alabama's investment in capital assets for its governmental activities as of September 30, 2008 was \$42,237,973 (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 \$8,668,838 resulting from **road improvements and** donated infrastructure from residential developments.
- Purchase of vehicles of \$750,569 including a 2008 fire truck totaling \$372,373.
- Purchase of building improvements including \$606,679 of roof modifications to City Hall and the City Hall Annex.
- Purchase of office, non-office, and computer equipment of \$1,162,168.

CITY OF PRATTVILLE, ALABAMA'S CAPITAL ASSETS

	<u>GOVERNMENTAL ACTIVITIES</u>	
Land	\$	2,621,060
Construction in progress		324,451
Buildings and building improvements		8,322,067
Land improvements		9,222,528
Vehicles		7,680,435
Office, non-office, and computer equipment		7,379,497
Infrastructure		<u>27,945,760</u>
 Totals	\$	<u><u>63,495,798</u></u>

Long-term debt - As of September 30, 2008, the governmental activities had total debt outstanding of \$58,937,389.

Outstanding debt:

Warrants and other notes payable	\$	57,093,927
Capital lease payable		761,348
Compensated absences		<u>1,082,114</u>
 Totals	\$	<u><u>58,937,389</u></u>

The City of Prattville, Alabama's total debt outstanding increased by \$14,264,868 during the current fiscal year. This increase is net of debt reductions for payments made in accordance with regularly scheduled maturity dates. Additional information on the City's debt can be found in Note 7 of the financial statements.

Budgetary Highlights for the fiscal year ending September 30, 2008

During the fiscal year, the City revised the annual budget for non-departmental expenditures. Any emergency items or immediate needs of any department must come before the Council for approval.

The actual operating revenues for the general fund were more than the budgeted amount by \$1,768,061, or 6%. The individual sources within the revenues fluctuated both positively and negatively. Revenues generated from licenses and permits were \$629,865 more than the budgeted amount, miscellaneous revenues were \$480,480 more than the budgeted amount. This increase in licenses and permits is due to un-projected building permit and inspection fee, fiscal year budgeted amount was \$450,000 and the actual amount of recognized revenue from these fees was \$865,875. The increase in miscellaneous revenues is from insurance proceeds from the tornado damages.

The actual operating expenditures for the general fund were more than the budgeted amount by \$3,744,546, or 14%. The individual sources within the expenses fluctuated both positively and negatively. The City incurred unbudgeted general fund expenditures resulting from emergency costs related to tornado damages and increasing personnel expenditures.

Economic Factors and Year 2009 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 44.33 % of general fund revenues in fiscal year 2008. In the current economic climate, the City has maintained sales tax revenues comparable to the prior year to fund current operations. Sales taxes are projected to be \$13,879,500 during the fiscal year 2009.
- The unemployment rate for Autauga County, where the City of Prattville is located, is currently 9.7%, which is a significant increase over the prior year. However, the unemployment rate compares favorably to the state's current unemployment rate of 7% and is comparable to the national average rate of 8%.
- Inflationary trends in the region compare favorably to national indices.
- The 2008 - 2009 budget was based upon estimated annual revenues for the 2007 - 2008 of \$30,000,000. The total revenues for the 2008 - 2009 fiscal year are expected to exceed budgeted revenues by 4 - 6%.
- Personnel expenditures are expected to increase by approximately 5% with the increase attributed to increasing labor costs and an increased level of personnel to meet the demands created by the City's growth.
- 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.

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

	PRIMARY GOVERNMENT	COMPONENT UNITS		
	GOVERNMENTAL ACTIVITIES	AUTAUGA-PRATTVILLE PUBLIC LIBRARY	PRATTVILLE AIRPORT AUTHORITY	HISTORICAL PRATTVILLE REDEVELOPMENT AUTHORITY
ASSETS:				
Cash and cash equivalents	\$ 3,524,080	\$ 331,267	\$ 52,186	\$ 89,737
Investments	152,864			
Taxes receivable	1,451,439			
Accounts receivable, net	1,031,637		24,617	
Other current assets				
Prepaid items	118,618			
Deferred asset	25,584			
Deferred debt expense	1,077,789			
Capital assets, not depreciated	2,945,511		3,357,210	183,500
Capital assets, net of accumulated depreciation	39,292,462	66,280	4,606,911	279,842
Restricted assets:				
Cash and cash equivalents	3,519,804		197,867	
Accounts receivable, net			661,328	
Total assets	<u>53,139,788</u>	<u>397,547</u>	<u>8,900,119</u>	<u>553,079</u>
LIABILITIES:				
Accounts payable	2,478,906	2,945	656,751	
Accrued liabilities	382,587	21,652		
Accrued interest	878,754			
Deferred revenues	93,587	147,505		
Other liabilities	255,704		30	
Notes payable				401,569
Long-term liabilities:				
Portion due or payable in one year:				
General obligation warrants payable				
capital leases and other				
long-term debt	1,589,228		17,856	
Compensated absences	675,626			
Portion due or payable after one year:				
General obligation warrants payable				
capital leases and other				
long-term debt	56,266,047		159,949	
Compensated absences	406,488			
Total liabilities	<u>63,026,927</u>	<u>172,102</u>	<u>834,586</u>	<u>401,569</u>
NET ASSETS:				
Invested in capital assets, net of related debt	26,252,599	66,280	7,129,565	
Restricted for:				
Debt service	1,131,232			
Capital projects	4,982,238		859,195	
Special revenue	125,492			
Cultural and recreational		52		
Unrestricted (deficit)	(42,378,700)	159,113	76,773	151,510
Total net assets	<u>\$ (9,887,139)</u>	<u>\$ 225,445</u>	<u>\$ 8,065,533</u>	<u>\$ 151,510</u>

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

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	PROGRAM REVENUE			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT	COMPONENT UNITS		
				GOVERNMENTAL ACTIVITIES	AUTAUGA- PRATTVILLE PUBLIC LIBRARY	PRATTVILLE AIRPORT AUTHORITY	HISTORICAL PRATTVILLE REDEVELOPMENT AUTHORITY
EXPENSES							
ACTIVITIES:							
Primary government:							
Governmental activities:							
General government	\$ 6,765,361	\$ 5,183,865	\$ 174,288	\$ 1,975,504	\$ 568,296		
Public safety	13,028,713	1,781,289	286,020		(10,961,404)		
Public works	20,541,104	3,930,206			(16,610,898)		
Cultural and recreational	2,502,375	318,697			(2,183,678)		
Interest on long-term debt	2,327,227				(2,327,227)		
Total primary government	<u>\$ 45,164,780</u>	<u>\$ 11,214,057</u>	<u>\$ 460,308</u>	<u>\$ 1,975,504</u>	<u>(31,514,911)</u>		
Component units:							
Autauga - Prattville Public Library	\$ 561,868	\$ 24,047	\$ 99,993		\$ (437,828)		
City of Prattville Airport Authority	593,188	337,573		\$ 849,792		\$ 594,177	
Historical Prattville Redevelopment Authority	38,508	86,165					\$ 47,657
Total component units	<u>\$ 1,193,564</u>	<u>\$ 447,785</u>	<u>\$ 99,993</u>	<u>\$ 849,792</u>	<u>(437,828)</u>	<u>594,177</u>	<u>47,657</u>
General revenue:							
Sales taxes					15,965,129		
Real and personal property taxes					2,273,782		
Motor fuel taxes					239,897		
Intergovernmental revenues					9,092	450,000	
Investment earnings					232,387	5,250	320
Miscellaneous revenue					872,896		658
Total general revenues					<u>19,593,183</u>	<u>455,250</u>	<u>320</u>
CHANGE IN NET ASSETS					<u>(11,921,728)</u>	<u>17,422</u>	<u>594,497</u>
NET ASSETS - BEGINNING					<u>2,034,589</u>	<u>208,023</u>	<u>7,471,036</u>
NET ASSETS - ENDING					<u>\$ (9,887,139)</u>	<u>\$ 225,445</u>	<u>\$ 8,065,533</u>

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

CITY OF PRATTVILLE, ALABAMA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	GENERAL	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 2,588,218	\$ 323,634	\$ 32,292	\$ 579,936	\$ 3,524,080
Investments	152,864				152,864
Receivables:					
Taxes receivable	1,451,439				1,451,439
Accounts receivable, net	798,669	211,472			1,010,141
Due from other funds	1,208,005	3,182,657			4,390,662
Other governments				21,496	21,496
Prepaid items	118,618				118,618
Deferred asset		25,584			25,584
Restricted assets:					
Cash and cash equivalents		2,327,277	1,192,527		3,519,804
Total assets	\$ 6,317,813	6,070,624	\$ 1,224,819	\$ 601,432	\$ 14,214,688
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 2,132,618			\$ 346,288	\$ 2,478,906
Due to other funds	3,110,214	\$ 1,088,386		192,062	4,390,662
Accrued liabilities	382,587				382,587
Other liabilities	255,704		\$ 93,587		349,291
Total liabilities	5,881,123	1,088,386	93,587	538,350	7,601,446
Fund balances:					
Reserved for:					
Capital projects		2,327,277			2,327,277
Debt service funds			1,192,527		1,192,527
Self-insurance fund	863,762				863,762
Encumbrances		183,075			183,075
Department specification	198,887				198,887
Prepaid items	118,618				118,618
Unreserved	(744,577)	2,471,886			1,727,309
Unreserved, reported in:					
Debt service funds			(61,295)		(61,295)
Special revenue funds				63,082	63,082
Total fund balance	436,690	4,982,238	1,131,232	63,082	6,613,242
Total liabilities and fund balances	\$ 6,317,813	\$ 6,070,624	\$ 1,224,819	\$ 601,432	\$ 14,214,688

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, 2008

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

Total fund balances - governmental funds		\$ 6,613,242
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:		
Land		\$ 2,621,060
Construction in progress		324,451
Land improvements, net of \$3,701,310 accumulated depreciation		5,521,218
Buildings and building improvements, net of \$2,467,476 accumulated depreciation		5,854,591
Office, non-office, and computer equipment, net of \$5,355,193 accumulated depreciation		2,024,304
Vehicles, net of \$6,178,945 accumulated depreciation		1,501,490
Infrastructure, net of \$3,554,901 accumulated depreciation		<u>24,390,859</u>
Total capital assets		42,237,973
Deferred debt expenses are allocated over the life of the debt and are shown net of amortization expense as an asset on the statement of net assets.		
		1,077,789
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, 2008 were:		
Accrued interest on bonds		878,754
General obligation warrants and other notes payable		56,772,677
Unamortized net premium		321,250
Capitalized lease obligations		761,348
Compensated absences		<u>1,082,114</u>
Total long-term liabilities		<u>(59,816,143)</u>
Total net assets of governmental activities		<u>\$ (9,887,139)</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, 2008

	GENERAL	CAPITAL PROJECT FUNDS	DEBT SERVICE FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Sales taxes	\$ 15,965,129				\$ 15,965,129
Real and personal property taxes	2,273,782				2,273,782
Motor fuel taxes				\$ 239,898	239,898
Licenses and permits	5,183,865				5,183,865
Intergovernmental revenues	9,092			293,026	302,118
Charges and fees for services	5,493,106				5,493,106
Fines and forfeitures	537,086				537,086
Interest	159,589		\$ 72,798		232,387
Miscellaneous revenues	1,033,191	\$ 6,947	157,023		1,197,161
Total revenues	<u>30,654,840</u>	<u>6,947</u>	<u>229,821</u>	<u>532,924</u>	<u>31,424,532</u>
EXPENDITURES:					
Current:					
General governmental	6,133,548	146,667			6,280,215
Public works	6,356,035	12,627,980			18,984,015
Public safety	12,746,727				12,746,727
Cultural and recreational	2,152,013				2,152,013
Capital outlay	2,575,884	373,782		807,289	3,756,955
Debt service:					
Principal payments	170,912		1,275,000		1,445,912
Interest and fiscal charges	32,243		2,126,573		2,158,816
Debt issuance costs	366,450				366,450
Total expenditures	<u>30,533,812</u>	<u>13,148,429</u>	<u>3,401,573</u>	<u>807,289</u>	<u>47,891,103</u>
Excess of revenue over (under) expenditures	<u>121,028</u>	<u>(13,141,482)</u>	<u>(3,171,752)</u>	<u>(274,365)</u>	<u>(16,466,571)</u>
OTHER FINANCING SOURCES (USES):					
Warrant proceeds	15,300,000				15,300,000
Bond discount	(87,428)				(87,428)
Proceeds from notes payable	136,099				136,099
Proceeds from capital lease	451,767				451,767
Transfers in		13,599,041	2,987,457		16,586,498
Transfers out	(15,883,364)	(528,846)		(174,288)	(16,586,498)
Total other financing sources (uses)	<u>(82,926)</u>	<u>13,070,195</u>	<u>2,987,457</u>	<u>(174,288)</u>	<u>15,800,438</u>
NET CHANGE IN FUND BALANCE	38,102	(71,287)	(184,295)	(448,653)	(666,133)
FUND BALANCE - BEGINNING	398,588	5,053,525	1,315,527	511,735	7,279,375
FUND BALANCE - ENDING	<u>\$ 436,690</u>	<u>\$ 4,982,238</u>	<u>\$ 1,131,232</u>	<u>\$ 63,082</u>	<u>\$ 6,613,242</u>

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

CITY OF PRATTVILLE, ALABAMA

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

Net change in fund balance - total governmental funds		\$ (666,133)
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net assets.		3,001,223
Donations of capital assets increase net assets in the statement of net assets but do not appear in the governmental funds because they are not financial resources.		1,856,767
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(1,768,451)
The net effect of transactions involving the sale of capital assets is to decrease net assets in the statement of net assets.		(221,112)
Loan proceeds provide current financial resources to the governmental funds and thus contribute to the change in fund balance. However, issuing debt increases long-term liabilities in the statement of net assets:		
Capital lease payable		(451,767)
General obligation warrants and notes payable		(15,436,099)
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	\$ 127,490	
General obligation warrants payable	1,318,422	
		1,445,912
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	(168,410)	
Compensated absences	51,291	
		(117,119)
Governmental funds report the effect of issuance costs, premiums and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Debt issuance cost	366,450	
Bond discount	87,428	
Amortization	(18,827)	
		435,051
Change in net assets of governmental activities		<u><u>\$ (11,921,728)</u></u>

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

The Library operates for the benefit of the City and Autauga County residents. The City annually provides significant operating subsidies to the Library and appoints its governing body. Based on this criteria, the Library is included as a component unit of the City for the year ended September 30, 2008. 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, 2008. 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 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, 2008.

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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

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

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

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

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

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

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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

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

All trade and taxes receivables are shown net of an 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.

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

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

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

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

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

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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

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

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>	<u>CAPITALIZATION THRESHOLD</u>
Building and improvements	3 - 25 years	\$ 10,000
Land improvements	15 years	10,000
Furniture and equipment	5 - 7 years	500
Runways	8 - 25 years	10,000

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

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

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

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

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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

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

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

A deficit fund balance of \$744,577, at September 30, 2008 results from the City's use of pooled cash resources to subsidize the City's short-term cash requirement.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

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.

Investments - Investments are subject to certain types of risk including interest rate risk, credit risk (including custodial credit risk and credit quality), foreign currency risk, and concentration risk. The following describes those risks.

Interest rate risk - The fair value of fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those instruments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments have call provisions that could result in shorter maturity periods. The City has no policy that addresses interest rate risk.

Custodial credit risk - For an investment, custodial credit risk is the risk that an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails. The City's safekeeping agent holds all investments of the City of Prattville, Alabama in the City's name.

Credit quality - Nationally recognized statistical rating organizations provide ratings of debt securities quality based on a variety of factors, such as financial condition of the issuers, which provide investors with some idea of the issuer's ability to meet its obligations. The City's investment in the Federal National Mortgage Association is rated AAA by Standard and Poor's and Aaa by Moody's Investors Service. The City's investment in the Edward Jones Cash Portfolio is unrated.

The investment in the Government National Mortgage Association is guaranteed by the full faith and credit of the U. S. Government. The City has no policy regarding credit quality.

Foreign currency risk - For an investment, foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The City has no policy regarding foreign currency risk.

Concentration of credit risk - The City places no limit on the amount that the City may invest in any one issuer. More than five percent of the City's investments are in Federal National Mortgage Association securities. This investment is 87% of the City's total investments.

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

At September 30, 2008 the City's investment balances were as follows:

INVESTMENT TYPE	FAIR VALUE	MATURITY	RATING
Federal National Mortgage Association	\$ 146,894	March 4, 2024	AAA/Aaa
Governmental National Mortgage Association	430	August 15, 2009	Unrated
Governmental National Mortgage Association	1,393	July 15, 2023	Unrated
Governmental National Mortgage Association	<u>4,146</u>	July 15, 2023	Unrated
Total	<u><u>\$ 152,864</u></u>		

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, 2008

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2008 was as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 6,654,715	\$ 558,766	\$ 6,889,030	\$ 324,451
Land	2,621,060			2,621,060
Total capital assets, not being depreciated	<u>9,275,775</u>	<u>558,766</u>	<u>6,889,030</u>	<u>2,945,511</u>
Capital assets, being depreciated:				
Buildings and building improvements	7,998,388	606,679	283,000	8,322,067
Land improvements	9,222,528			9,222,528
Vehicles	7,257,617	750,569	327,751	7,680,435
Office, non-office, and computer equipment	7,047,046	1,162,168	829,717	7,379,497
Infrastructure	19,276,922	8,668,838		27,945,760
Total capital assets, being depreciated	<u>50,802,501</u>	<u>11,188,254</u>	<u>1,440,468</u>	<u>60,550,287</u>
Less accumulated depreciation for:				
Buildings and building improvements	2,371,631	198,432	102,587	2,467,476
Land improvements	3,198,786	502,524		3,701,310
Vehicles	6,144,988	331,198	297,241	6,178,945
Office, non-office, and computer equipment	5,834,641	340,076	819,524	5,355,193
Infrastructure	3,158,680	396,221		3,554,901
Total accumulated depreciation	<u>20,708,726</u>	<u>1,768,451</u>	<u>1,219,352</u>	<u>21,257,825</u>
Total capital asset, being depreciated, net	<u>30,093,775</u>	<u>9,419,803</u>	<u>221,116</u>	<u>39,292,462</u>
Governmental activity capital assets, net	<u>\$39,369,550</u>	<u>\$ 9,978,569</u>	<u>\$ 7,110,146</u>	<u>\$42,237,973</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 5 - CAPITAL ASSETS: (continued)

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

Governmental activities:	
General government	\$ 464,820
Public works	657,914
Public safety	323,448
Cultural and recreational	<u>322,269</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 1,768,451</u></u>

Component units - Capital asset activity for the Prattville Airport Authority for the fiscal year ended September 30, 2008 is as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>ENDING BALANCE</u>
Capital assets, not being depreciated:				
Land	\$ 2,593,729			\$ 2,593,729
Construction in progress	<u>511,173</u>	<u>\$ 763,481</u>	<u>\$ 511,173</u>	<u>763,481</u>
Total capital assets, not being depreciated	<u>3,104,902</u>	<u>763,481</u>	<u>511,173</u>	<u>3,357,210</u>
Capital assets, being depreciated:				
Land improvements	868,650	573,768		1,442,418
Runways	4,854,536			4,854,536
Building improvements	334,921			334,921
Furniture and equipment	<u>91,845</u>	<u>6,000</u>	<u>3,854</u>	<u>93,991</u>
Total capital assets, being depreciated	<u>6,149,952</u>	<u>579,768</u>	<u>3,854</u>	<u>6,725,866</u>
Less: Accumulated depreciation	<u>1,849,523</u>	<u>273,286</u>	<u>3,854</u>	<u>2,118,955</u>
Total capital assets, being depreciated net	<u>4,300,429</u>	<u>306,482</u>		<u>4,606,911</u>
Net total capital assets	<u><u>\$ 7,405,331</u></u>	<u><u>\$ 1,069,963</u></u>	<u><u>\$ 511,173</u></u>	<u><u>\$ 7,964,121</u></u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 5 - CAPITAL ASSETS: (continued)

Capital asset activity for the Autauga-Prattville Public Library for the fiscal year ended September 30, 2008 is as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Capital assets, being depreciated:				
Equipment	\$ 149,412	\$ 690		\$ 150,102
Total capital assets, being depreciated	149,412	690		150,102
Less: Accumulated depreciation	58,391	25,431		83,822
Total capital assets, being depreciated, net	\$ 91,021	\$ (24,741)	\$ -	\$ 66,280

Capital asset activity for the Historic Prattville Redevelopment Authority for the fiscal year ended September 30, 2008 is as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Capital assets, not being depreciated:				
Land	\$ 183,500			\$ 183,500
Total capital assets, not being depreciated	183,500			183,500
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	320,000			320,000
Less: Accumulated depreciation	28,933	\$ 11,225		40,158
Total capital assets, being depreciated, net	291,067	(11,225)		279,842
Total capital assets, net	\$ 474,567	\$ (11,225)	\$ -	\$ 463,342

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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. The composition of interfund balances as of September 30, 2008 consist of the following:

Due to/from other funds:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
General	Capital projects	\$ 1,088,386
General	Nonmajor governmental	119,619
Capital projects	General	3,110,214
Capital projects	Nonmajor governmental	72,443
Total		<u>\$ 4,390,662</u>

Interfund transfers:

	<u>TRANSFER IN</u>		<u>TOTAL</u>
	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>MAJOR GOVERNMENTAL FUNDS</u>	
Transfer out:			
Special revenue fund		\$ 174,288	\$ 174,288
General fund		15,883,364	15,883,364
Capital projects fund		528,846	528,846
Totals	<u>\$ -</u>	<u>\$ 16,586,498</u>	<u>\$16,586,498</u>

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

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, 2008, the amount of outstanding debt applicable to this limit was equal to 3.77% of property assessments as of October 1, 2007.

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2008

NOTE 7 - LONG-TERM DEBT: (continued)

Long-term debt activity for the year ended September 30, 2008, was as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITION</u>	<u>REDUCTION</u>	<u>ENDING BALANCE</u>	<u>WITHIN ONE YEAR</u>
Governmental activities:					
Warrant and other notes payable	\$42,655,000	\$ 15,436,099	\$ 1,318,422	\$ 56,772,677	\$ 1,411,161
Add deferred amounts:					
Debt issuance premiums (discounts)	<u>447,043</u>	<u>(87,428)</u>	<u>38,365</u>	<u>321,250</u>	
Total warrants and other notes payable	43,102,043	15,348,671	1,356,787	57,093,927	1,411,161
Capital lease payable	437,071	451,767	127,490	761,348	178,067
Compensated absences	<u>1,133,407</u>	<u>512,211</u>	<u>563,504</u>	<u>1,082,114</u>	<u>675,626</u>
Totals	<u>\$44,672,521</u>	<u>\$ 16,312,649</u>	<u>\$ 2,047,781</u>	<u>\$ 58,937,389</u>	<u>\$ 2,264,854</u>

Compensated absences typically have been liquidated in the general fund.

Long-term debt at September 30, 2008 consists of the following:

General Obligation Sewer Warrant, Series 1996; due in annual principal payments each August 15 and semiannual interest payments due each February 15 and August 15; interest rate of 3.18%; final maturity date is August 15, 2017. \$ 1,650,000

General Obligation Warrant, Series 2001; due in annual principal payments each September 1 and semiannual interest payments due each March 1 and September 1; interest rate range from 4% to 4.9%; final maturity date is September 1, 2020. 2,365,000

General Obligation Warrant, Series 2002; due in annual principal payments each February 1 and semiannual interest payments due each February 1 and August 1; interest rate ranges from 4.35% to 4.90%; final maturity date is February 1, 2022. 4,750,000

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 7 - LONG-TERM DEBT: (continued)

Building Revenue Warrant, Series 2002; due in annual principal payments each October 1 and semiannual interest payments due each April 1 and October 1; interest rate of 3.70%; final maturity date is April 1, 2010.	\$ 295,000
General Obligation Sewer Warrant, Series 2004; due in annual principal payments each February 15 and semiannual interest payments due each February 15 and August 15; interest rate of 3.05%; final maturity date is February 18, 2025.	1,850,000
General Obligation Warrants, Series 2006; due in annual principal payments beginning November 1, 2009 and semiannual interest payments due each November 1 and May 1; interest at 3.63% to 3.70%; final maturity date is November 1, 2011.	1,595,000
General Obligation Economic Development Improvement Warrants, Series 2006A; due in annual principal payments beginning November 1, 2010 and semiannual interest payments due each November 1 and May 1; interest at 3.65% to 4.63%; final maturity date is November 1, 2026.	19,875,000
General Obligation Economic Development Improvement Warrants, Series 2006B; due in annual principal payments beginning November 1, 2009 and semiannual interest payments due each November 1 and May 1; interest at 3.50% to 5.00%; final maturity date is November 1, 2025.	9,000,000
General Obligation Economic Development Warrant, Series 2007; due in annual principal payments beginning November 1, 2010 and semiannual interest payments due each November 1 and May 1; interest at 3.50% to 4.375%; final maturity date is November 1, 2025.	14,920,000

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 7 - LONG-TERM DEBT: (continued)

River Bank & Trust J & N Loan; due in monthly principal and interest payments beginning May 28, 2008, interest at 4.76%; final maturity date is April 28, 2010.	\$ 99,344
General Obligation Warrant, Series 2008; due in semiannual installments of principal and interest on November 20 and May 20 of each year, beginning November 20, 2008; interest at 3.21%; final maturity date is May 20, 2018.	<u>373,333</u>
Total	<u><u>\$ 56,772,677</u></u>

Debt service requirements on long-term debt at September 30, 2008 are as follows:

	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
YEAR ENDING SEPTEMBER 30:			
2009	\$ 1,411,161	\$ 2,440,008	\$ 3,851,169
2010	1,911,516	2,378,671	4,290,187
2011	2,565,000	2,277,964	4,842,964
2012	2,660,000	2,177,121	4,837,121
2013	2,775,000	2,066,921	4,841,921
2014 - 2018	15,615,000	8,390,296	24,005,296
2019 - 2023	17,235,000	4,843,989	22,078,989
2024 - 2027	12,600,000	1,045,950	13,645,950
	<u>\$ 56,772,677</u>	<u>\$ 25,620,920</u>	<u>\$ 82,393,597</u>
Totals	<u>\$ 56,772,677</u>	<u>\$ 25,620,920</u>	<u>\$ 82,393,597</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 8 - NOTES PAYABLE:

The Historic Prattville Redevelopment Authority's notes payable at September 30, 2008 are as follows:

BankTrust secured by real estate; monthly interest payments due the 15th of every month, for 12 months beginning May 15, 2006. After 12 months the obligation converts to 47 installments of principal and interest in the amount of \$2,714, based on an 84 month amortization and a final balloon installment of all principal and accrued interest due at maturity; interest rate of 5.36%; final maturity date is April 5, 2011.	\$ 131,658
BankTrust secured by real estate; monthly principal and interest payments of \$2,061 due on the 5th of every month; interest rate of 5.38%; final maturity date is July 5, 2009.	220,261
BankTrust unsecured; interest only note, with interest payments due quarterly; interest rate of 6.25%; maturity date of August 30, 2009.	<u>49,650</u>
Total	<u>\$ 401,569</u>

Notes payable maturities at September 30, 2008 are as follows:

	HISTORIC PRATTVILLE REDEVELOPMENT AUTHORITY		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
YEAR ENDING SEPTEMBER 30:			
2009	\$ 294,818	\$ 7,705	\$ 302,523
2010	26,276	6,337	32,613
2011	<u>80,475</u>	<u>3,035</u>	<u>83,510</u>
Totals	<u>\$ 401,569</u>	<u>\$ 17,077</u>	<u>\$ 418,646</u>

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2008

NOTE 8 - NOTES PAYABLE: (continued)

Long-term debt activity for the Historic Prattville Redevelopment Authority for the year ended September 30, 2008, was as follows:

	BEGINNING BALANCE	ADDITION	REDUCTION	ENDING BALANCE	DUE WITHIN ONE YEAR
BankTrust; secured loan	\$ 156,739		\$ 25,081	\$ 131,658	\$ 24,907
BankTrust; secured loan	234,780		14,519	220,261	220,261
BankTrust; unsecured loan	49,350	\$ 300		49,650	49,650
Totals	\$ 440,869	\$ 300	\$ 39,600	\$ 401,569	\$ 294,818

The City of Prattville Airport Authority capital debt at September 30, 2008 is as follows:

Note payable - GMAC Financing Company: principal amount of \$19,492; interest rate of 8.90%; scheduled monthly payments are \$621 including interest, final payment on August 1, 2009.

\$ 5,876

Note payable - GMAC Financing Company; principal amount of \$25,366; interest rate of 8.60%; scheduled monthly payments are \$802 including interest; final payment on May 28, 2010.

14,779

Note payable - River Bank & Trust; principal amount of \$6,000; interest rate of 6.35%; scheduled monthly payments are \$273 including interest; final payment on August 27, 2010.

6,000

Revenue and Grant Anticipation Bond Series 2008 - BankTrust; \$1,000,000; amount drawn to date \$150,151; 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.

151,150

Total long-term capital debt

\$ 177,805

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 8 - NOTES PAYABLE: (continued)

Maturities on capital debt are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
YEAR ENDING SEPTEMBER 30:			
2009	\$ 17,856	\$ 6,501	\$ 24,357
2010	8,799	5,573	14,372
2011		5,290	5,290
2012	51,336	4,186	55,522
2013	53,199	2,338	55,537
2014	46,615	509	47,124
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 177,805</u>	<u>\$ 24,397</u>	<u>\$ 202,202</u>

Total interest cost on capital debt in 2008 was \$3,705.

Capital debt activity for the year ended September 30, 2008 was as follows:

	<u>BEGINNING</u> <u>BALANCE</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>ENDING</u> <u>BALANCE</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
GMAC Financing Company	\$ 13,034		\$ 7,157	\$ 5,877	\$ 5,877
GMAC Financing Company	22,917		8,139	14,778	8,679
River Bank & Trust		\$ 6,000		6,000	3,300
Revenue and grant anticipation bond - BankTrust		151,150		151,150	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 35,951</u>	<u>\$ 157,150</u>	<u>\$ 15,296</u>	<u>\$ 177,805</u>	<u>\$ 17,856</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 9 - CAPITAL LEASES:

The City leases assets with a historical cost and accumulated depreciation of \$1,988,525 and \$1,225,841 respectively, under capital lease arrangements. Future minimum lease payments at September 30, 2008 were as follows:

FISCAL YEAR ENDING SEPTEMBER 30:	<u>AMOUNT</u>
2009	\$ 208,609
2010	197,978
2011	197,978
2012	167,380
2013	<u>64,164</u>
Total minimum lease payments	<u>836,109</u>
Less: Deferred interest	<u>74,761</u>
Present value minimum lease payments	<u>\$ 761,348</u>

NOTE 10 - PENSION COSTS:

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

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

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

Funding policy - Plan members are required by statute to contribute 5% of their annual salary, except for full-time, certified firefighters and law enforcement officers, who contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 8.13% of covered payroll based on the actuarial valuation report of September 30, 2007. The contribution requirements of plan members are set by the State Legislature. The contribution requirements of the City are established and may be amended by the ERS based on actuarial valuations.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 10 - PENSION COSTS: (continued)

Annual pension cost - For the year ended September 30, 2008, the City's annual pension cost of \$1,044,800 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, 2006	\$ 832,972	100%	-0-
September 30, 2007	912,726	100%	-0-
September 30, 2008	1,044,800	100%	-0-

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

Funding status and progress - As of September 30, 2007, the most recent actuarial valuation date, the plan was 80.00% funded. The actuarial accrued liability for benefits was \$33,056,377, and the actuarial value of assets was \$26,441,912 resulting in funding deficit of \$6,614,465. The covered payroll (annual payroll of active employees covered by the plan) was \$12,483,719, and the ratio of the funding deficit to the covered payroll was 53.00%.

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.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 11 - RESERVES OF FUND BALANCES:

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

	<u>GENERAL FUND</u>	<u>CAPITAL FUND</u>
Reserved for:		
Capital projects		\$ 2,327,277
Self-insurance fund	\$ 863,762	
Encumbrances		183,075
Department specification	198,887	
Prepaid items	<u>118,618</u>	
Total reserved fund balances	<u>\$ 1,181,267</u>	<u>\$ 2,510,352</u>

Designations indicate tentative plans for future use of financial resources. A detail of the fund balances is as follows:

	<u>DEBT SERVICE FUND</u>
Reserved	\$ 1,192,527
Unreserved, reported in:	
Debt service fund	<u>(61,295)</u>
Total fund balances	<u>\$ 1,131,232</u>

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.

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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 claims in excess of coverage provided by Employee's Medical Insurance Fund and has effectively managed risk through various employee education and prevention programs. All risk management activities are accounted for in the General Fund.

Settlement amounts have not exceeded insurance coverage for the current year or the three prior 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 pay-outs), 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 \$60,000. Settlements have not exceeded coverage. Changes in the balances of claims liabilities during the year is as follows:

Unpaid claims, beginning of fiscal year	\$ 178,325
Incurred claims (including IBNRs)	2,836,049
Claim payments	<u>(2,810,774)</u>
Unpaid claims, end of fiscal year	<u>\$ 203,600</u>

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, 2008 was \$306,622.

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, 2008 was \$104,685.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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 4th Street. The term of the lease is five years with quarterly rent payments of \$8,183. The City of Prattville, Alabama paid \$40,915 in rent payments to Historic Prattville Redevelopment Authority during fiscal year ended September 30, 2008.

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.

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, 2008 was \$220,261.

On September 1, 2008, the City entered into a consulting agreement with Urban Collage, Inc. to update the existing Comprehensive Plan for the City. The contract period is September 1, 2008 through October 31, 2009. The total cost of the project is \$230,000.

As of September 30, 2008, commitments to contractors on capital projects are as follows:

Spent-to-date	\$ -
Remaining commitments	<u>183,075</u>
Total	<u>\$ 183,075</u>

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

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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 Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* - This statement establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers.

GASB Statement Number 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* - This statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

GASB Statement Number 51, *Accounting and Financial Reporting for Intangible Assets* - This statement establishes accounting and financial reporting for intangible assets including recognition, initial measurement and amortization.

GASB Statement Number 52, *Land and Other Real Estate Held as Investments by Endowments will amend GASB 31 paragraph 2* - This statement establishes consistent standards for the reporting of land and other real estate held as investments by essential similar entities.

GASB Statement Number 53, *Accounting and Financial Reporting for Derivative Instruments* - This statement specifically requires governments to measure most derivative instruments at fair value in the financial statements that are prepared using economic resources measurement focus and the accrual basis of accounting.

GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* - This statement provides clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. It establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 18 - SUBSEQUENT EVENTS:

On November 3, 2008, the City entered into a contract for the construction of the Autauga Creek Walk for \$337,789. This project is 80% funded by federal transportation enhancement funds.

On November 7, 2008, the City authorized the issuance and sale of General Obligation Revenue Warrants Series 2008 in the amount of \$486,926 to fund the roof repairs of city hall and the city hall annex buildings.

On January 26, 2009, the City entered into a lease purchase agreement with Regions Equipment Finance Corporation in the amount of \$129,400 for the purchase of a van.

On February 3, 2009, the City authorized the issuance and sale of General Obligation Warrants Series 2009 in the amount of \$1,134,447 to satisfy the City's obligation to Elmore County, Alabama with respect to refunding an overpayment of sales tax revenues in prior years.

On June 30, 2009, the City entered into a master lease agreement with SunTrust Equipment Finance and Leasing Corporation in the amount of \$474,207, to purchase a hydrovac, two packers for sanitation, and an ambulance remount.

On June 2, 2009, the City adopted a resolution authorizing the issuance and sale of General Obligation Warrant Series 2009A in the amount of \$1,000,000 to provide funds for general operating expenditures.

On June 2, 2009, the City adopted a resolution to enter into an agreement for the construction of a fire training tower for the fire department in the amount \$350,000.

On June 2, 2009, the City also adopted a resolution to enter into a loan agreement with Whitney National Bank not to exceed \$400,000 to pay for the purchase and installation of the fire training tower for the fire department.

On October 6, 2009, the City adopted a resolution to enter into an agreement for herbicide application in various locations throughout the City in the amount of \$333,545.

CITY OF PRATTVILLE, ALABAMA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Ad valorem taxes	\$ 1,977,379	\$ 1,977,379	\$ 2,273,782	\$ 296,403
Sales taxes	13,300,000	13,300,000	13,153,200	(146,800)
Local gasoline tax	930,000	930,000	874,676	(55,324)
Cigarette tax	135,000	135,000	135,752	752
Whiskey tax	15,000	15,000	36,073	21,073
Beer tax	200,000	200,000	229,686	29,686
Wine tax	15,000	15,000	13,734	(1,266)
ABC sales tax		0	35,213	35,213
Excise tax	55,000	55,000	72,181	17,181
Lodging tax	1,200,000	1,200,000	1,185,871	(14,129)
Rental tax	250,000	250,000	228,743	(21,257)
Total taxes	18,077,379	18,077,379	18,238,911	161,532
Licenses and permits:				
Business licenses	3,800,000	3,800,000	3,956,688	156,688
Yard sale permits	4,000	4,000	5,169	1,169
Franchise fees	280,000	280,000	350,505	70,505
Building permits and inspection fees	450,000	450,000	865,875	415,875
Zoning and plat fees	20,000	20,000	5,628	(14,372)
Total licenses and permits	4,554,000	4,554,000	5,183,865	629,865
Intergovernmental revenue:				
Shared state revenue:				
ABC profits	6,000	6,000	9,092	3,092
Total intergovernmental revenues	6,000	6,000	9,092	3,092
Charges and fees for services:				
Ambulance fees	1,000,000	1,000,000	1,039,203	39,203
Ambulance fees, county	105,000	105,000	205,000	100,000
Sewer charges	2,200,000	2,200,000	2,268,228	68,228
Sanitation fees	1,400,000	1,400,000	1,424,707	24,707
Sewer assessment fees	30,000	30,000	4,650	(25,350)
Sewer impact fees	280,000	280,000	231,756	(48,244)
Street cut/repairs	1,000	1,000	865	(135)
Recreation rentals	245,100	245,100	318,697	73,597
Total charges and fees for services	5,261,100	5,261,100	5,493,106	232,006

CITY OF PRATTVILLE, ALABAMA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES: (continued)				
Fines and forfeitures:				
Court fines	\$ 265,000	\$ 265,000	\$ 393,795	\$ 128,795
Domestic violence Elmore County	4,400	4,400	4,501	101
Drug proceeds			111,408	111,408
Court costs	6,600	6,600	27,382	20,782
Total fines and forfeitures	<u>276,000</u>	<u>276,000</u>	<u>537,086</u>	<u>261,086</u>
Miscellaneous revenues:				
Donations	75,000	75,000	76,937	1,937
County commission - RTJ			61,000	61,000
Interest income	60,000	60,000	159,589	99,589
Accident reports	9,500	9,500	9,943	443
Friday night live club	4,900	4,900	2,089	(2,811)
Returned checks	5,500	5,500		(5,500)
Cemetery lots	5,000	5,000	1,100	(3,900)
Miscellaneous income	55,000	55,000	514,718	459,718
Parades	6,700	6,700	2,555	(4,145)
Performing and creative arts	42,000	42,000	34,129	(7,871)
Penalties	66,000	66,000	12,366	(53,634)
Sale of surplus equipment	7,700	7,700	32,334	24,634
Grant income	375,000	375,000	251,656	(123,344)
Bullet proof vest grant			2,873	2,873
Law enforcement BG funds			31,491	31,491
Total miscellaneous revenues	<u>712,300</u>	<u>712,300</u>	<u>1,192,780</u>	<u>480,480</u>
Total revenues	<u>\$ 28,886,779</u>	<u>\$ 28,886,779</u>	<u>\$ 30,654,840</u>	<u>\$ 1,768,061</u>

See accompanying notes to budgetary comparison schedules.

CITY OF PRATTVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES:				
General government:				
Executive	\$ 323,025	\$ 323,025	\$ 549,977	\$ (226,952)
Legislative	237,926	237,926	183,282	54,644
Judicial	401,324	401,324	402,040	(716)
Administrative finance	647,490	647,490	786,427	(138,937)
Administrative city clerk	364,836	364,836	825,964	(461,128)
Personnel department	469,609	469,609	333,739	135,870
Information technology	849,927	849,927	1,048,594	(198,667)
Vehicle maintenance	1,077,683	1,077,683	1,258,036	(180,353)
Nondepartmental	1,533,000	1,826,000	934,046	891,954
Total general government	<u>5,904,820</u>	<u>6,197,820</u>	<u>6,322,105</u>	<u>(124,285)</u>
Public works:				
Street	1,405,446	1,405,446	1,332,297	73,149
Sanitation	1,221,519	1,221,519	1,836,695	(615,176)
Planning and development	1,075,762	1,075,762	1,023,629	52,133
Wastewater	2,094,282	2,094,282	2,293,326	(199,044)
Engineering	493,588	493,588	532,763	(39,175)
Total public works	<u>6,290,597</u>	<u>6,290,597</u>	<u>7,018,710</u>	<u>(728,113)</u>
Public safety:				
Police	6,022,268	6,022,268	6,561,584	(539,316)
Fire	5,944,339	5,944,339	7,058,474	(1,114,135)
Total public safety	<u>11,966,607</u>	<u>11,966,607</u>	<u>13,620,058</u>	<u>(1,653,451)</u>
Cultural and recreation:				
Leisure services	2,104,855	2,122,855	2,285,606	(162,751)
Total cultural and recreation	<u>2,104,855</u>	<u>2,122,855</u>	<u>2,285,606</u>	<u>(162,751)</u>
Debt service:				
Debt issuance cost			366,450	(366,450)
Principal			170,912	(170,912)
Interest			32,243	(32,243)
Total debt service			<u>569,605</u>	<u>(569,605)</u>

CITY OF PRATTVILLE, ALABAMA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES: (continued)				
Transfers:				
Transfers to component units			\$ 418,913	\$ (418,913)
Total transfers			418,913	(418,913)
Total expenditures	\$ 26,266,879	\$ 26,577,879	30,234,997	(3,657,118)
Excess of revenues over expenditures	2,619,900	2,308,900	419,843	(1,889,057)
Other financing sources (uses):				
Transfers to debt service fund	(2,426,329)	(2,426,329)	(2,458,611)	(32,282)
Transfers to capital improvement fund			(13,424,753)	(13,424,753)
Warrant proceeds			15,300,000	15,300,000
Bond discount			(87,428)	(87,428)
Proceeds from notes payable			136,099	136,099
Proceeds from capital leases			451,767	451,767
Total other financing sources (uses)	(2,426,329)	(2,426,329)	(82,926)	2,343,403
Net change in fund balance, budgetary basis	\$ 193,571	\$ (117,429)	336,917	\$ 454,346
Add (deduct) other reconciling items to adjust from budgetary basis to modified accrual basis:				
Change in encumbrances			(298,815)	(298,815)
NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS			38,102	
FUND BALANCE - BEGINNING			398,588	
FUND BALANCE ENDING			\$ 436,690	

See accompanying notes to budgetary comparison schedules.

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)	EXCESS (UNFUNDED) OF ASSETS OVER AAL (a-b)	FUNDED RATION (a/b)	COVERED PAYROLL (c)	EXCESS (DEFICIT) AS A PERCENTAGE OF COVERED PAYROLL ((a-b)/c)
September 30, 2005	\$ 21,957,848	\$ 27,902,811	\$ (5,944,963)	78.7%	\$ 12,626,377	47.1%
September 30, 2006	23,895,735	30,224,790	(6,329,055)	79.1%	11,543,925	54.8%
September 30, 2007	26,441,912	33,056,377	(6,614,465)	80.0%	12,483,719	53.0%

CITY OF PRATTVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES

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

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

A reconciliation of the two statements is as follows:

	<u>GENERAL FUND</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP basis)	\$ 38,102
Encumbrances at beginning of the year	298,815
Encumbrances at end of the year	<u>-0-</u>
Excess of revenues and other financing sources over (under) expenditures and other uses - actual (non-GAAP budgetary basis)	<u><u>\$336,917</u></u>

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

The General Fund expenditures exceeded appropriations by \$3,657,118 primarily due to the excess operating expenditures of \$1,653,451 incurred in public safety and \$728,113 incurred in public works and debt service payments made from the general fund in the amount of \$569,605. These excess expenditures were funded by current revenues and warrant proceeds.

CITY OF PRATTVILLE, ALABAMA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	TOTAL NONMAJOR GOVERNMENTAL FUNDS	SPECIAL REVENUE FUNDS
	<u> </u>	<u> </u>
ASSETS:		
Internal balances	\$ 579,936	\$ 579,936
Receivable - other government	21,496	21,496
	<u> </u>	<u> </u>
Total assets	<u>\$ 601,432</u>	<u>\$ 601,432</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable	\$ 346,288	\$ 346,288
Internal balances	192,062	192,062
Total liabilities	<u>538,350</u>	<u>538,350</u>
Fund balance:		
Reserved for encumbrances		
Unreserved:		
Undesignated	63,082	63,082
Total fund balance	<u>63,082</u>	<u>63,082</u>
	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 601,432</u>	<u>\$ 601,432</u>

CITY OF PRATTVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	TOTAL NONMAJOR GOVERNMENTAL FUNDS	SPECIAL REVENUE FUNDS
REVENUES:		
Taxes and fees	\$ 239,898	\$ 239,898
Intergovernmental revenue	293,026	293,026
Total revenues	<u>532,924</u>	<u>532,924</u>
EXPENDITURES:		
Current operations:		
Public works	807,289	807,289
Total expenditures	<u>807,289</u>	<u>807,289</u>
EXCESS OF REVENUES OVER EXPENDITURES	(274,365)	(274,365)
OTHER FINANCING USES:		
Transfers out	(174,288)	(174,288)
Total other financing uses	<u>(174,288)</u>	<u>(174,288)</u>
EXCESS OF REVENUES (DEFICIENCY) AND OTHER FINANCING USES OVER EXPENDITURES	(448,653)	(448,653)
FUND BALANCES AT BEGINNING OF YEAR	<u>511,735</u>	<u>511,735</u>
FUND BALANCE AT END OF YEAR	<u>\$ 63,082</u>	<u>\$ 63,082</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

CITY OF PRATTVILLE, ALABAMA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2008

	TOTAL	STATE GASOLINE EXCISE TAX FUND	STATE GASOLINE AND LUBRICATING OIL TAX FUND	MISCELLANEOUS GRANT FUND
ASSETS:				
Internal balances	\$ 579,936	\$ 260,117	\$ 277,974	\$ 41,845
Receivable, other governments	21,496	12,540	8,956	
Total assets	\$ 601,432	\$ 272,657	\$ 286,930	\$ 41,845
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable	\$ 346,288	\$ 173,144	\$ 173,144	
Internal balances	192,062	37,827	49,980	\$ 104,255
Total liabilities	538,350	210,971	223,124	104,255
Fund balance:				
Reserved for encumbrances				
Unreserved:				
Undesignated	63,082	61,686	63,806	(62,410)
Total fund balance	63,082	61,686	63,806	(62,410)
Total liabilities and fund balance	\$ 601,432	\$ 272,657	\$ 286,930	\$ 41,845

CITY OF PRATTVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	TOTAL	STATE GASOLINE EXCISE TAX FUND	STATE GASOLINE AND LUBRICATING OIL TAX FUND	ALABAMA TRUST FUND	MISCELLANEOUS GRANT FUND
REVENUES:					
Taxes and fees	\$ 239,898	\$ 134,651	\$ 105,247		
Intergovernmental revenues	293,026			\$ 174,288	\$ 118,738
Total revenues	<u>532,924</u>	<u>134,651</u>	<u>105,247</u>	<u>174,288</u>	<u>118,738</u>
EXPENDITURES:					
Current operations:					
Public works	807,289	328,370	328,371		150,548
Total expenditures	<u>807,289</u>	<u>328,370</u>	<u>328,371</u>		<u>150,548</u>
OTHER FINANCING SOURCES (USES):					
Transfers out	(174,288)			(174,288)	
Total other financing sources (uses)	<u>(174,288)</u>			<u>(174,288)</u>	
Deficiency of revenues over expenditures	(448,653)	(193,719)	(223,124)		(31,810)
FUND BALANCE AT BEGINNING OF YEAR	<u>511,735</u>	<u>255,405</u>	<u>286,930</u>		<u>(30,600)</u>
FUND BALANCES AT END OF YEAR	<u>\$ 63,082</u>	<u>\$ 61,686</u>	<u>\$ 63,806</u>	<u>\$ -</u>	<u>\$ (62,410)</u>

CITY OF PRATTVILLE, ALABAMA

BUDGETARY COMPARISON SCHEDULE
 STATE GASOLINE EXCISE TAX FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER BUDGET</u>
REVENUES:			
State gasoline excise tax	\$ 125,000	\$ 134,651	\$ 9,651
Total revenues	<u>125,000</u>	<u>134,651</u>	<u>9,651</u>
EXPENDITURES:			
Current operations:			
Public works		328,370	(328,370)
Total expenditures		<u>328,370</u>	<u>(328,370)</u>
Net change in fund balance, budgetary basis	<u>\$ 125,000</u>	<u>(193,719)</u>	<u>\$ (318,719)</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>255,405</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 61,686</u>	

CITY OF PRATTVILLE, ALABAMA

BUDGETARY COMPARISON SCHEDULE
 STATE GASOLINE AND LUBRICATING OIL EXCISE TAX FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER BUDGET</u>
REVENUES:			
State gasoline and lubricating oil excise tax	<u>\$ 105,000</u>	<u>\$ 105,247</u>	<u>\$ 247</u>
Total revenues	<u>105,000</u>	<u>105,247</u>	<u>247</u>
EXPENDITURES:			
Current operations:			
Public works		<u>328,371</u>	<u>(328,371)</u>
Total expenditures		<u>328,371</u>	<u>(328,371)</u>
Net change in fund balance, budgetary basis	<u>\$ 105,000</u>	<u>(223,124)</u>	<u>\$ (328,124)</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>286,930</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 63,806</u>	