

CITY OF PRATTVILLE, ALABAMA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Prepared by:
Department of Finance

John R. Morgan, III
Finance Director

INTRODUCTORY SECTION

CITY OF PRATTVILLE, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

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CITY OF PRATTVILLE, ALABAMA

LIST OF PRINCIPAL OFFICIALS
AS OF SEPTEMBER 30, 2009

Mayor

Jim Byard, Jr.

CITY COUNCIL

Dean R. Argo, President

Willie Lee Wood, Jr.

Nathan Fank

Thomas Miller, President Pro Tempore

Mike Renegar

Bill Gillespie, Jr.

Ray Boles

HEADS OF DEPARTMENTS

Municipal Court

City Attorney

City Prosecutor

City Clerk

Finance Director

Engineering

Streets

Sanitation

Police

Fire

Vehicle Maintenance

Wastewater

Leisure Services

Human Resources

Planning

Information Technology

Judge Louis C. Colley

David McDowell

Joy Booth

Gina P. Smith

John R. Morgan, III

Robby Anderson

George Williams

Edward Clinton

Chief Alfred Wadsworth

Chief Stanley Gann

Napoleon Steele

Kenny DeRamus

Andrew Peterson

Lisa Thrash

Joel Duke

Brad Belden

FINANCIAL SECTION



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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Prattville, Alabama's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Prattville, Alabama, as of September 30, 2009, 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 June 2, 2010 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 47 through 52 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 Shernton & Co. PC

Prattville, Alabama
June 2, 2010

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, 2009. 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, 2009, by (\$12,691,595) (net assets). Of the net asset balance amount, (\$44,366,960) (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 \$2,804,456, as expenses of \$34,495,161 exceeded revenues of \$31,690,705. The decrease 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 which were expended in the prior year. These expenditures totaled approximately \$12,500,000.
- During the year the City implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employees for Post Retirement Benefits Other than Pensions* (GASB 45). As a result, the City recognized an expense of \$532,520 in the current year to record unfunded OPEB obligation.
- The City's personnel expenses increased by approximately 5% during the current fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,524,446.
- The City's total outstanding long-term debt, excluding capital leases and compensated absences, increased during the current fiscal year. The City financed capital outlay totaling approximately \$1,400,000 and funded a City obligation of approximately \$1,100,000.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Prattville, Alabama's finances in a manner similar to a private-sector business. The basic financial statements include two kinds of statements that present different views of the City, a statement of net assets and a statement of activities.

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

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

Fund Financial Statements

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

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

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance 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 46 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 47 through 52 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 53.

Government-Wide Financial Analysis

The City's condensed statement of net assets as of September 30, 2009 and 2008, derived from the government-wide statement of net assets is presented below.

	GOVERNMENTAL ACTIVITIES	
	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 5,732,858	\$ 7,382,011
Capital assets, net of depreciation	44,017,250	42,237,973
Restricted assets	2,779,320	3,519,804
Total assets	<u>52,529,428</u>	<u>53,139,788</u>
Long-term liabilities outstanding	60,356,777	58,937,389
Other liabilities	4,864,246	4,089,538
Total liabilities	<u>65,221,023</u>	<u>63,026,927</u>
Net assets:		
Invested in capital assets, net of related debt	27,913,767	26,252,599
Restricted	3,761,598	6,238,962
Unrestricted	(44,366,960)	(42,378,700)
Total net assets	<u>\$ (12,691,595)</u>	<u>\$ (9,887,139)</u>

The largest component of the City's net assets as of September 30, 2009 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, 2009 increased by \$1,779,277 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 (\$12,691,595). The decrease in net assets is attributed to the utilization of fund reserves necessary to fund current expenditures due to a decline in revenue derived from charges for services which occurred during the recessionary period.

A portion of net assets is restricted, or has restrictions on how they may be used. Governmental activities restricted net assets totaled \$3,761,598 at September 30, 2009 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, 2009, reported a deficit balance in unrestricted net assets in governmental type activities of (\$44,366,960) 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, 2009 and 2008 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 \$2,804,456, primarily due to the recognition of the post employment benefit obligation of \$532,520 and the deficit from current year operations.

**CITY OF PRATTVILLE, ALABAMA
NET ASSETS**

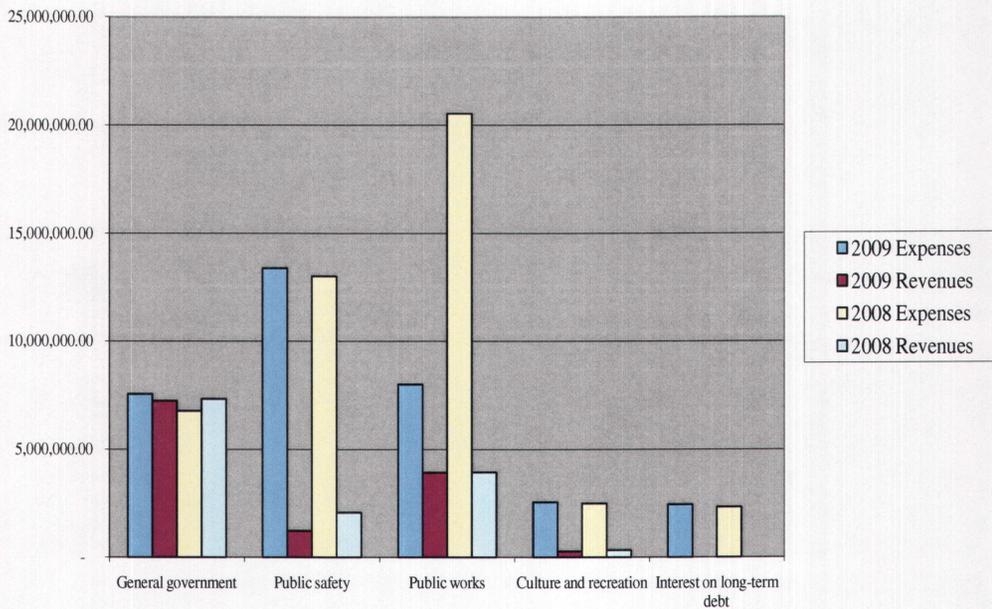
	GOVERNMENTAL ACTIVITIES	
	2009	2008
Revenues:		
Program revenues:		
Charges for services	\$ 10,293,536	\$ 11,214,057
Operating grants and contributions	2,351,405	2,435,812
Total program revenues	12,644,941	13,649,869
General revenues:		
Sales tax	15,890,723	15,965,129
Property tax	2,481,450	2,273,782
Motor fuel taxes	238,361	239,897
Intergovernmental revenues	9,159	9,092
Investment earnings and miscellaneous	426,071	1,105,283
Total general revenues	19,045,764	19,593,183
Total revenues	31,690,705	33,243,052
Expenses:		
General government	8,093,740	6,765,361
Public works	8,005,500	20,541,104
Public safety	13,401,417	13,028,713
Culture and recreation	2,549,480	2,502,375
Debt service	2,445,024	2,327,227
Total expenses	34,495,161	45,164,780
Decrease in net assets before transfers	(2,804,456)	(11,921,728)
Decrease in net assets	(2,804,456)	(11,921,728)
Net assets - beginning	(9,887,139)	2,034,589
Net assets - ending	\$(12,691,595)	\$ (9,887,139)

Expenses and Program Revenues for Governmental Activities

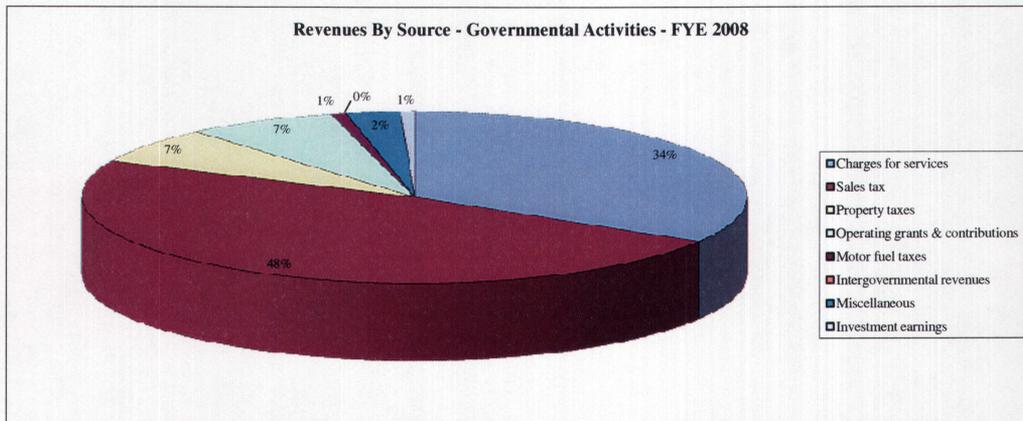
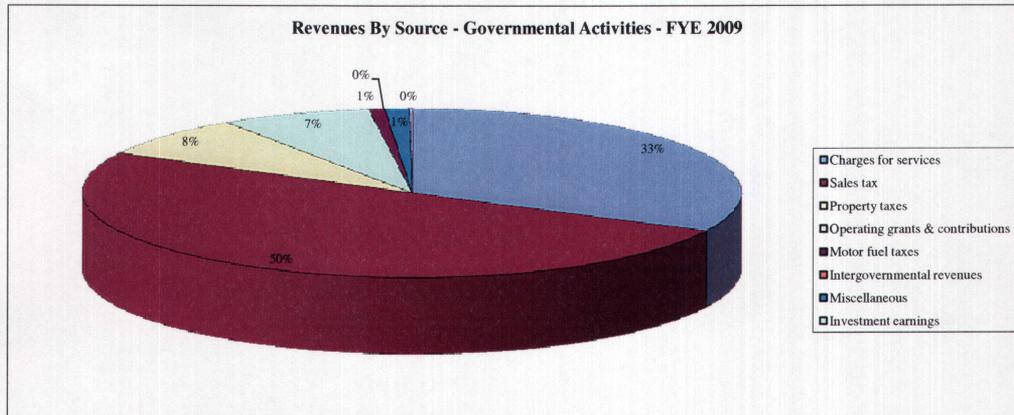
Governmental activities decreased the City of Prattville, Alabama's net assets by \$2,804,456 for fiscal year 2009. A key element of the decrease in net assets is the decrease in revenue and increase in expenses from prior year as follows:

- General government expenses increased due to the recognition of the post retirement benefits obligation other than pensions in the current year of \$532,520.
- Personnel expenditures increased over the prior year by approximately 5% which increased all functional expense categories.
- Revenues from recurring sources decreased by approximately \$1,000,000 due to the decrease in fees related to the building and construction industry decline and due to the change in the provision of ambulance services, which decreased revenues.
- Public works expenses decreased over the prior year by \$12,535,604 due to the disbursement of warrant proceeds in 2008 for real estate developments located within the municipality.

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, 2009, governmental funds reported a combined ending fund balance of \$4,524,446, a decrease of \$2,088,796 in comparison with prior year balance. Of this balance \$4,272,579 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 \$289,870 during the current fiscal year after other financing sources including fund transfers. Total revenue decreased \$1,462,790 as compared to the prior year. The most significant decrease came from charges for fees and services in the amount of \$587,454. This decline is attributed primarily to reduction in fees related to the decline in the building and construction industry and the change in provisions of ambulance services. Total miscellaneous revenues decreased over the prior year by \$549,527, due to the decrease in nonrecurring revenue sources such as grant funds and insurance proceeds received related to the 2008 tornado damage and reimbursement. Operating expenditures, including capital outlay, in excess of revenues were funded with reserves and other financing sources.

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, 2009 was \$44,017,250 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, improvements, construction in progress, vehicles, and machinery and equipment.

Major capital asset additions during the year include:

- Investment in infrastructure of \$1,710,682 resulting from road improvements and donated infrastructure from residential developments.
- Purchase of vehicles of \$612,102 including the purchase of two freightliners totaling \$246,071.
- Purchase of building improvements including \$696,791 including \$398,001 for a Fire Training Tower and \$245,449 related to completing prior year construction projects that were not completed in the prior year.
- Purchase of office, non-office, and computer equipment of \$924,919.

**CITY OF PRATTVILLE, ALABAMA
CAPITAL ASSETS**

	GOVERNMENTAL ACTIVITIES
Land	\$ 2,661,060
Construction in progress	363,015
Buildings and building improvements	9,008,658
Land improvements	9,115,059
Vehicles	7,549,525
Office, non-office, and computer equipment	6,392,654
Infrastructure	29,656,442
Totals	\$ 64,746,413

Long-term debt - As of September 30, 2009, the governmental activities had total debt outstanding of \$60,356,777.

Outstanding debt:	
Warrants and other notes payable	\$ 57,124,871
Capital lease payable	1,445,462
Post retirement benefits other than pensions	532,520
Compensated absences	1,253,924
Totals	\$ 60,356,777

The City of Prattville, Alabama's total debt outstanding increased by \$886,868 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, 2009

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 less than the budgeted amount by \$1,474,890, or 5%. The individual sources within the revenues fluctuated both positively and negatively. Revenues generated from charges for fees and services were \$31,052 more than the budgeted amount, revenues generated from fines and forfeitures were \$91,065 more than the budgeted amount. Revenues from taxes were \$1,208,327 less than the budgeted amount. General sales tax revenues were \$1,143,036 less than the budgeted amount, and lodging tax revenues were \$312,896 less than budgeted.

The actual operating expenditures for the general fund were more than the budgeted amount by \$430,730 or 3%. The individual sources within the expenses fluctuated both positively and negatively.

Economic Factors and Year 2010 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 2010. 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 2010.
- The unemployment rate for Autauga County, where the City of Prattville is located, is currently 10.3%, which is a significant increase over the prior year. However, the unemployment rate compares favorably to the state's current unemployment rate of 11% and is comparable to the national average rate of 9.7%.
- Inflationary trends in the region compare favorably to national indices.
- The 2009 - 2010 budget was based upon estimated annual revenues for the 2008 - 2009 of \$30,000,000. The total revenues for the 2009 - 2010 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.

BASIC FINANCIAL STATEMENTS

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CITY OF PRATTVILLE, ALABAMA

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	PRIMARY	COMPONENT UNITS		
	GOVERNMENT	AUTAUGA-PRATTVILLE	PRATTVILLE	HISTORICAL
	GOVERNMENTAL	PUBLIC	AIRPORT	PRATTVILLE
	ACTIVITIES	LIBRARY	AUTHORITY	REDEVELOPMENT
				AUTHORITY
ASSETS:				
Cash and cash equivalents	\$ 1,694,143	\$ 336,362	\$ 56,217	\$ 83,973
Taxes receivable	1,374,086			
Accounts receivable, net	1,508,735		19,954	8,183
Other current assets			15,845	
Prepaid items	113,757			
Deferred asset	25,584			
Deferred debt expense	1,016,553			
Capital assets, not depreciated	3,024,075		2,643,729	183,500
Capital assets, net of accumulated depreciation	40,993,175	125,374	6,069,034	268,617
Restricted assets:				
Cash and cash equivalents	2,779,320		61,566	
Accounts receivable, net			230,350	
Total assets	52,529,428	461,736	9,096,695	544,273
LIABILITIES:				
Accounts payable	2,160,873	8,556	96,452	
Accrued liabilities	475,450	21,025		
Accrued interest	893,067			
Deferred revenues		119,385		
Other liabilities	334,856		30	
Notes payable	1,000,000			
Long-term liabilities:				
Portion due or payable in one year:				
General obligation warrants payable				
capital leases, and other				
long-term debt	2,883,820		5,790	40,378
Compensated absences	737,372			
Portion due or payable after one year:				
General obligation warrants payable,				
capital leases, and other				
long-term debt	56,219,033		339,385	302,604
Compensated absences	516,552			
Total liabilities	65,221,023	148,966	441,657	342,982
NET ASSETS:				
Invested in capital assets, net of related debt	27,913,767	125,374	8,271,136	
Restricted for:				
Debt service	1,027,955			
Capital projects	2,396,363		208,139	
Special revenue	337,280			
Cultural and recreational		234		
Unrestricted (deficit)	(44,366,960)	187,162	175,763	201,291
Total net assets	\$ (12,691,595)	\$ 312,770	\$ 8,655,038	\$ 201,291

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

CITY OF PRATTVILLE, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	PROGRAM REVENUE			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
	EXPENSES	FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	COMPONENT UNITS AUTAUGA- PRATTVILLE PUBLIC LIBRARY	PRATTVILLE AIRPORT AUTHORITY	HISTORICAL PRATTVILLE REDEVELOPMENT AUTHORITY
ACTIVITIES:								
Primary government:								
Governmental activities:								
General government	\$ 8,093,740	\$ 4,901,819	\$ 296,059	\$ 2,037,803	\$ (858,059)			
Public safety	13,401,417	1,201,853	17,543		(12,182,021)			
Public works	8,005,500	3,928,435			(4,077,065)			
Cultural and recreational	2,549,480	261,429			(2,288,051)			
Interest on long-term debt	2,445,024				(2,445,024)			
Total primary government	<u>\$ 34,495,161</u>	<u>\$ 10,293,536</u>	<u>\$ 313,602</u>	<u>\$ 2,037,803</u>	<u>(21,850,220)</u>			
Component units:								
Autauga - Prattville Public Library	\$ 533,405	\$ 26,685	\$ 65,620	\$ 74,057		\$ (367,043)		
City of Prattville Airport Authority	512,736	252,350		\$ 849,127		\$ 588,741		
Historical Prattville Redevelopment Authority	49,270	98,732					\$ 49,462	
Total component units	<u>\$ 1,095,411</u>	<u>\$ 377,767</u>	<u>\$ 65,620</u>	<u>\$ 923,184</u>		<u>(367,043)</u>	<u>588,741</u>	<u>49,462</u>
General revenue:								
Sales taxes					15,890,723			
Real and personal property taxes					2,481,450			
Motor fuel taxes					238,361			
Intergovernmental revenues					9,159	450,000		
Investment earnings					39,410	4,368	760	319
Miscellaneous revenue					386,661			
Total general revenues					<u>19,045,764</u>	<u>454,368</u>	<u>760</u>	<u>319</u>
CHANGE IN NET ASSETS					<u>(2,804,456)</u>	<u>87,325</u>	<u>589,501</u>	<u>49,781</u>
NET ASSETS - BEGINNING					<u>(9,887,139)</u>	<u>225,445</u>	<u>8,065,537</u>	<u>151,510</u>
NET ASSETS - ENDING					<u>\$ (12,691,595)</u>	<u>\$ 312,770</u>	<u>\$ 8,655,038</u>	<u>\$ 201,291</u>

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

CITY OF PRATTVILLE, ALABAMA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	GENERAL	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 1,042,773	\$ 129,740	\$ 169,558	\$ 352,072	\$ 1,694,143
Receivables:					
Taxes receivable	1,374,086				1,374,086
Accounts receivable, net	1,128,624	358,615			1,487,239
Other governments				21,496	21,496
Prepaid items	113,757				113,757
Deferred asset		25,584			25,584
Restricted assets:					
Cash and cash equivalents	38,499	1,882,424	858,397		2,779,320
Total assets	<u>\$ 3,697,739</u>	<u>2,396,363</u>	<u>\$ 1,027,955</u>	<u>\$ 373,568</u>	<u>\$ 7,495,625</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 2,160,873				\$ 2,160,873
Accrued liabilities	475,450				475,450
Other liabilities	334,856				334,856
Total liabilities	<u>2,971,179</u>				<u>2,971,179</u>
Fund balances:					
Reserved for:					
Capital projects		\$ 1,882,424			1,882,424
Debt service funds			\$ 858,397		858,397
Self-insurance fund	581,802				581,802
Encumbrances	127,322	488,681			616,003
Department specification	220,196				220,196
Prepaid items	113,757				113,757
Unreserved	(316,517)	25,258			(291,259)
Unreserved, reported in:					
Debt service funds			169,558		169,558
Special revenue funds				\$ 373,568	373,568
Total fund balance	<u>726,560</u>	<u>2,396,363</u>	<u>1,027,955</u>	<u>\$ 373,568</u>	<u>4,524,446</u>
Total liabilities and fund balances	<u>\$ 3,697,739</u>	<u>\$ 2,396,363</u>	<u>\$ 1,027,955</u>	<u>\$ 373,568</u>	<u>\$ 7,495,625</u>

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

CITY OF PRATTVILLE, ALABAMA
RECONCILIATION OF BALANCE SHEET OF
GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

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

Total fund balances - governmental funds		\$ 4,524,446
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:		
Land		\$ 2,661,060
Construction in progress		363,015
Land improvements, net of \$4,116,431 accumulated depreciation		4,998,628
Buildings and building improvements, net of \$2,687,510 accumulated depreciation		6,321,148
Office, non-office, and computer equipment, net of \$3,968,983 accumulated depreciation		2,423,671
Vehicles, net of \$5,831,108 accumulated depreciation		1,718,417
Infrastructure, net of \$4,125,131 accumulated depreciation		<u>25,531,311</u>
Total capital assets		44,017,250
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.		
		1,016,553
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, 2009 were:		
Accrued interest on bonds		893,067
General obligation warrants and other notes payable		57,824,139
Unamortized net premium		300,732
Capitalized lease obligations		1,445,462
Compensated absences		1,253,924
Postemployment benefit plans other than pensions		<u>532,520</u>
Total long-term liabilities		<u>(62,249,844)</u>
Total net assets of governmental activities		<u>\$ (12,691,595)</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, 2009

	GENERAL	CAPITAL PROJECT FUNDS	DEBT SERVICE FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Sales taxes	\$ 15,890,723				\$ 15,890,723
Real and personal property taxes	2,481,450				2,481,450
Motor fuel taxes				\$ 238,361	238,361
Licenses and permits	4,901,819				4,901,819
Intergovernmental revenues	9,159			333,997	343,156
Charges and fees for services	4,905,652				4,905,652
Fines and forfeitures	486,065				486,065
Interest	33,518		\$ 5,892		39,410
Miscellaneous revenues	483,664	\$ 481,922	144,030		1,109,616
Total revenues	<u>29,192,050</u>	<u>481,922</u>	<u>149,922</u>	<u>572,358</u>	<u>30,396,252</u>
EXPENDITURES:					
Current:					
General governmental	6,145,202	173,331			6,318,533
Public works	7,145,673	36,627			7,182,300
Public safety	12,989,658				12,989,658
Cultural and recreational	2,488,332				2,488,332
Capital outlay	2,098,807	674,026		38,257	2,811,090
Debt service:					
Principal payments	491,556		1,325,000		1,816,556
Interest and fiscal charges	102,616		2,328,096		2,430,712
Total expenditures	<u>31,461,844</u>	<u>883,984</u>	<u>3,653,096</u>	<u>38,257</u>	<u>36,037,181</u>
Excess of revenue over (under) expenditures	<u>(2,269,794)</u>	<u>(402,062)</u>	<u>(3,503,174)</u>	<u>534,101</u>	<u>(5,640,929)</u>
OTHER FINANCING SOURCES (USES):					
Warrant proceeds	1,621,373				1,621,373
Proceeds from notes payable	1,000,000				1,000,000
Proceeds from capital lease	930,760				930,760
Transfers in	2,755,655	1,121,397	3,399,897		7,276,949
Transfers out	(3,748,124)	(3,305,210)		(223,615)	(7,276,949)
Total other financing sources (uses)	<u>2,559,664</u>	<u>(2,183,813)</u>	<u>3,399,897</u>	<u>(223,615)</u>	<u>3,552,133</u>
NET CHANGE IN FUND BALANCE	289,870	(2,585,875)	(103,277)	310,486	(2,088,796)
FUND BALANCE - BEGINNING	436,690	4,982,238	1,131,232	63,082	6,613,242
FUND BALANCE - ENDING	<u>\$ 726,560</u>	<u>\$ 2,396,363</u>	<u>\$ 1,027,955</u>	<u>\$ 373,568</u>	<u>\$ 4,524,446</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, 2009

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

Net change in fund balance - total governmental funds		\$ (2,088,796)
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net assets.		2,691,258
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.		1,331,800
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(2,125,593)
The net effect of transactions involving the sale of capital assets is to decrease net assets in the statement of net assets.		(118,188)
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		(930,760)
General obligation warrants and notes payable		(2,621,373)
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	\$ 246,645	
General obligation warrants payable	<u>1,569,911</u>	1,816,556
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	(14,313)	
Compensated absences	(171,808)	
Postemployment benefit plans other than pensions	<u>(532,520)</u>	(718,641)
Governmental funds report the effect of issuance costs, premiums and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Amortization	<u>(40,719)</u>	(40,719)
Change in net assets of governmental activities		<u>\$ (2,804,456)</u>

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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, 2009. 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, 2009. The Authority also operates on a fiscal year ending September 30. Complete financial statements of the Authority can be obtained at its administrative office located in Prattville, Alabama.

The Historic Prattville Redevelopment Authority (HPRA) was formed to promote trade and commerce by inducing commercial enterprises to upgrade, improve, modernize, and expand existing facilities and to locate new facilities to the central business district of Prattville. The City annually provides operating subsidies to the HPRA and appoints its governing body. Based on this criteria, the HPRA is included as a component unit of the City for the year ended September 30, 2009.

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, 2009

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, 2009

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, 2009

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

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

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

Restricted assets - Certain proceeds of the City’s Series 2006, 2006A, 2006B, 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. Resources from Federal and state grants are also classified as restricted assets on the balance sheet.

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

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

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

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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, 2009

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

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

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS:

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

NOTE 4 - RECEIVABLES:

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2009 was as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 324,451	\$ 702,895	\$ 664,331	\$ 363,015
Land	2,621,060	40,000		2,661,060
Total capital assets, not being depreciated	<u>2,945,511</u>	<u>742,895</u>	<u>664,331</u>	<u>3,024,075</u>
Capital assets, being depreciated:				
Buildings and building improvements	8,322,067	696,791	10,200	9,008,658
Land improvements	9,222,528		107,469	9,115,059
Vehicles	7,680,435	612,102	743,012	7,549,525
Office, non-office, and computer equipment	7,379,497	924,919	1,911,762	6,392,654
Infrastructure	27,945,760	1,710,682		29,656,442
Total capital assets, being depreciated	<u>60,550,287</u>	<u>3,944,494</u>	<u>2,772,443</u>	<u>61,722,338</u>
Less accumulated depreciation for:				
Buildings and building improvements	2,467,476	220,374	340	2,687,510
Land improvements	3,701,310	502,076	86,955	4,116,431
Vehicles	6,178,945	389,866	737,703	5,831,108
Office, non-office, and computer equipment	5,355,193	443,047	1,829,257	3,968,983
Infrastructure	3,554,901	570,230		4,125,131
Total accumulated depreciation	<u>21,257,825</u>	<u>2,125,593</u>	<u>2,654,255</u>	<u>20,729,163</u>
Total capital asset, being depreciated, net	<u>39,292,462</u>	<u>1,818,901</u>	<u>118,188</u>	<u>40,993,175</u>
Governmental activity capital assets, net	<u>\$42,237,973</u>	<u>\$ 2,561,796</u>	<u>\$ 782,519</u>	<u>\$44,017,250</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 5 - CAPITAL ASSETS: (continued)

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

Governmental activities:	
General government	\$ 743,597
Public works	592,962
Public safety	450,623
Cultural and recreational	<u>338,411</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 2,125,593</u></u>

Component units - Capital asset activity for the Prattville Airport Authority for the fiscal year ended September 30, 2009 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>763,481</u>	<u>\$ 365,948</u>	<u>\$ 1,079,429</u>	<u>50,000</u>
Total capital assets, not being depreciated	<u>3,357,210</u>	<u>365,948</u>	<u>1,079,429</u>	<u>2,643,729</u>
Capital assets, being depreciated:				
Land improvements	1,442,418			1,442,418
Runways	4,854,536	1,070,573		5,925,109
Building improvements	334,921	620,928		955,849
Furniture and equipment	<u>93,991</u>	<u>33,904</u>	<u>1,325</u>	<u>126,570</u>
Total capital assets, being depreciated	<u>6,725,866</u>	<u>1,725,405</u>	<u>1,325</u>	<u>8,449,946</u>
Less: Accumulated depreciation	<u>2,118,955</u>	<u>263,282</u>	<u>1,325</u>	<u>2,380,912</u>
Total capital assets, being depreciated net	<u>4,606,911</u>	<u>1,462,123</u>		<u>6,069,034</u>
 Net total capital assets	 <u><u>\$ 7,964,121</u></u>	 <u><u>\$ 1,828,071</u></u>	 <u><u>\$ 1,079,429</u></u>	 <u><u>\$ 8,712,763</u></u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 5 - CAPITAL ASSETS: (continued)

Capital asset activity for the Autauga-Prattville Public Library for the fiscal year ended September 30, 2009 is as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Capital assets, being depreciated:				
Equipment	\$ 150,102	\$ 76,377	\$ 55,508	\$ 170,971
Total capital assets, being depreciated	150,102	76,377	55,508	170,971
Less: Accumulated depreciation	83,822	16,274	54,499	45,597
Total capital assets, being depreciated, net	<u>\$ 66,280</u>	<u>\$ 60,103</u>	<u>\$ 1,009</u>	<u>\$ 125,374</u>

Capital asset activity for the Historic Prattville Redevelopment Authority for the fiscal year ended September 30, 2009 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	40,158	\$ 11,225		51,383
Total capital assets, being depreciated, net	279,842	(11,225)		268,617
Total capital assets, net	<u>\$ 463,342</u>	<u>\$ (11,225)</u>	<u>\$ -</u>	<u>\$ 452,117</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 6 - INTERFUND BALANCES:

Interfund transactions are generally used to meet cash demands necessary to pay operating expenditures. These amounts should be repaid during the next fiscal year. Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the entity-wide governmental column of the statement of net assets. There are no interfund balances as of September 30, 2009.

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

Interfund transfers:

TRANSFER OUT	TRANSFER IN				TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	
General Fund		\$ 897,782	\$2,850,342		\$ 3,748,124
Capital Projects Fund	\$ 2,755,655		549,555		3,305,210
Other Governmental Funds		223,615			223,615
Totals	<u>\$ 2,755,655</u>	<u>\$1,121,397</u>	<u>\$3,399,897</u>	<u>\$ -</u>	<u>\$7,276,949</u>

NOTE 7 - LONG-TERM DEBT:

State statute limits the amount of long-term debt the City can incur. The amount of debt applicable to this limit during a year can be no greater than 20% of the assessed value of taxable property as of the beginning of the fiscal year. As of September 30, 2009, the amount of outstanding debt applicable to this limit was equal to 4.04% of property assessments as of October 1, 2008.

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 7 - LONG-TERM DEBT: (continued)

Long-term debt activity for the year ended September 30, 2009, was as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITION</u>	<u>REDUCTION</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Governmental activities:					
Warrant and other notes payable	\$56,772,677	\$ 1,621,373	\$ 1,569,911	\$ 56,824,139	\$ 2,270,221
Add deferred amounts:					
Debt issuance premiums (discounts)	<u>321,250</u>		<u>20,518</u>	<u>300,732</u>	
Total warrants and other notes payable	57,093,927	1,621,373	1,590,429	57,124,871	2,270,221
Capital lease payable	761,348	930,760	246,646	1,445,462	470,604
Compensated absences	1,082,114	783,827	612,017	1,253,924	737,372
Post employee benefits other than pensions		<u>644,913</u>	<u>112,393</u>	<u>532,520</u>	<u>142,995</u>
Totals	<u>\$58,937,389</u>	<u>\$ 3,980,873</u>	<u>\$ 2,561,485</u>	<u>\$ 60,356,777</u>	<u>\$ 3,621,192</u>

Compensated absences typically have been liquidated in the general fund.

Long-term debt at September 30, 2009 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.	\$ 1,495,000
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 ranges from 3.3% to 4.9%; final maturity date is September 1, 2020.	1,675,000
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 1.8% to 4.90%; final maturity date is February 1, 2022.	4,500,000

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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 ranges from 2.5% to 4.35%; final maturity date is April 1, 2010.	\$ 150,000
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.	1,765,000
General Obligation Warrants, Series 2006; due in annual principal payments beginning November 1, 2009 and semiannual interest payments due each November 1 and May 1; interest at 3.625% to 3.70%; final maturity date is November 1, 2011.	1,595,000
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 4.625%; 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 Improvement Warrant, Series 2007; due in annual principal payments beginning November 1, 2010 and semiannual interest payments due each November 1 and May 1; interest at 3.50% to 4.375%; final maturity date is November 1, 2025.	14,920,000

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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%; unsecured; final maturity date is April 28, 2010. \$ 25,708

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. 342,500

General Obligation Revenue Warrant, Series 2008, due in semiannual installments of principal and interest on May 1 and November 1 of each year, beginning May 1, 2008; interest at 3.44% until September 30, 2013 and adjusted annually thereafter to the highest prime rate published in the Money section of the Wall Street Journal.; final maturity date is November 1, 2025. 468,463

General Obligation Warrant, Series 2009, scheduled monthly payments of principal and interest; interest rate 3.69%; unsecured; final payment on February 1, 2014. 1,012,468

Total \$ 56,824,139

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 7 - LONG-TERM DEBT: (continued)

Debt service requirements on long-term debt at September 30, 2009 are as follows:

	<u>GOVERNMENTAL ACTIVITIES</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
YEAR ENDING SEPTEMBER 30:			
2010	\$ 2,270,221	\$ 2,426,737	\$ 4,696,958
2011	2,904,787	2,305,942	5,210,729
2012	3,012,350	2,193,356	5,205,706
2013	3,083,976	2,069,894	5,153,870
2014	3,002,805	1,937,681	4,940,486
2015 - 2019	16,025,000	7,673,648	23,698,648
2020 - 2024	17,410,000	4,045,940	21,455,940
2025 - 2027	9,115,000	544,396	9,659,396
	<u>\$ 56,824,139</u>	<u>\$ 23,197,594</u>	<u>\$ 80,021,733</u>
Totals			

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 7 - LONG-TERM DEBT: (continued)

The Historic Prattville Redevelopment Authority's notes payable at September 30, 2009 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.	\$ 105,159
BankTrust secured by real estate; monthly principal and interest payments of \$1,972 due on the 5th of every month; interest rate of 6.15%; final maturity date is July 5, 2014.	202,823
BankTrust unsecured; monthly principal and interest payments of \$393.02 due on the 15th of every month; interest rate of 6.15%; maturity date of September 15, 2014	<u>35,000</u>
Total	<u><u>\$ 342,982</u></u>

Notes payable maturities at September 30, 2009 are as follows:

	HISTORIC PRATTVILLE REDEVELOPMENT AUTHORITY		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
YEAR ENDING SEPTEMBER 30:			
2010	\$ 40,378	\$ 20,222	\$ 60,600
2011	93,902	16,400	110,302
2012	15,964	12,420	28,384
2013	16,980	11,405	28,385
2014	<u>175,758</u>	<u>8,896</u>	<u>184,654</u>
Totals	<u><u>\$ 342,982</u></u>	<u><u>\$ 69,343</u></u>	<u><u>\$ 412,325</u></u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 7 - LONG-TERM DEBT: (continued)

Long-term debt activity for the Historic Prattville Redevelopment Authority for the year ended September 30, 2009, was as follows:

	BEGINNING <u>BALANCE</u>	<u>ADDITION</u>	<u>REDUCTION</u>	ENDING <u>BALANCE</u>	DUE WITHIN <u>ONE YEAR</u>
BankTrust; secured loan	\$ 131,658		\$ 26,499	\$105,159	\$ 26,276
BankTrust; secured loan	220,261		17,438	202,823	11,489
BankTrust; unsecured loan	49,650		14,650	35,000	2,613
Totals	<u>\$ 401,569</u>	<u>\$ -</u>	<u>\$ 58,587</u>	<u>\$342,982</u>	<u>\$ 40,378</u>

The City of Prattville Airport Authority capital debt at September 30, 2009 is as follows:

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.

\$ 5,790

Revenue and Grant Anticipation Bond Series 2008 - BankTrust; \$1,000,000; amount drawn to date \$350,150; interest rate of 3.58% until July 1, 2013, variable rate equal to 65% of BankTrust base rate thereafter; interest due quarterly beginning October 1, 2008; principal payments due quarterly beginning October 1, 2011; remaining balance due on July 1, 2016.

339,385

Total long-term capital debt

\$ 345,175

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

Maturities on capital debt are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
YEAR ENDING SEPTEMBER 30:			
2010	\$ 5,790	\$ 12,483	\$ 18,273
2011		12,150	12,150
2012	51,336	11,039	62,375
2013	53,199	9,130	62,329
2014	55,129	7,183	62,312
2015 - 2016	<u>179,721</u>	<u>7,681</u>	<u>187,402</u>
Totals	<u>\$ 345,175</u>	<u>\$ 59,666</u>	<u>\$ 404,841</u>

Total interest cost on capital debt in 2009 was \$9,844.

Capital debt activity for the year ended September 30, 2009 was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
GMAC Financing Company	\$ 5,877		\$ 5,877		
GMAC Financing Company	14,778		8,988	\$ 5,790	\$ 5,790
River Bank & Trust	6,000		6,000		
Revenue and grant anticipation bond - BankTrust	<u>151,150</u>	<u>\$ 200,000</u>	<u>11,765</u>	<u>339,385</u>	
Totals	<u>\$ 177,805</u>	<u>\$ 200,000</u>	<u>\$ 32,630</u>	<u>\$ 345,175</u>	<u>\$ 5,790</u>

NOTE 8 - NOTES PAYABLE:

The City issued \$1,000,000 General Obligation Note, Series 2009A dated July 16, 2009 in the amount of \$1,000,000. The proceeds of the note are used as a line of credit for paying operation expenditures as needed for the City. The line of credit bears an interest rate of 2.8%. At September 30, 2009, the outstanding balance totaled \$1,000,000 with a maturity date of July 15, 2010.

Short-term debt activity for the year ended September 30, 2009, was as follows:

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 9 - CAPITAL LEASES:

The City leases assets with a historical cost and accumulated depreciation of \$2,765,405 and \$1,389,273 respectively, under capital lease arrangements. Future minimum lease payments at September 30, 2009 were as follows:

FISCAL YEAR ENDING SEPTEMBER 30:	<u>AMOUNT</u>
2010	\$ 526,397
2011	520,488
2012	450,761
2013	225,556
2014	<u>105,513</u>
Total minimum lease payments	1,828,715
Less: Deferred interest	123,253
Unadvanced amount	<u>260,000</u>
Present value minimum lease payments	<u>\$ 1,445,462</u>

NOTE 10 - PENSION COSTS:

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

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

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

Funding policy - Plan members are required by statute to contribute 5% of their annual salary, except for full-time, certified firefighters and law enforcement officers, who contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 8.53% of covered payroll based on the actuarial valuation report of September 30, 2008. 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, 2009

NOTE 10 - PENSION COSTS: (continued)

Annual pension cost - For the year ended September 30, 2009, the City's annual pension cost of \$1,244,157 was equal to the City's required and actual contributions.

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

FISCAL YEAR ENDED	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
September 30, 2007	\$ 912,726	100%	-0-
September 30, 2008	1,052,937	100%	-0-
September 30, 2009	1,244,157	100%	-0-

The required contribution was determined as part of the September 30, 2006 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, 2006 was 20 years.

Funding status and progress - As of September 30, 2008, the most recent actuarial valuation date, the plan was 77.5% funded. The actuarial accrued liability for benefits was \$36,003,149, and the actuarial value of assets was \$27,900,405 resulting in funding deficit of \$8,102,744. The covered payroll (annual payroll of active employees covered by the plan) was \$13,452,621, and the ratio of the funding deficit to the covered payroll was 60.20%.

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

NOTE 11 - POST EMPLOYMENT BENEFITS:

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 11 - POST EMPLOYMENT BENEFITS: (continued)

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

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

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

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

Annual other postemployment benefit cost - For the fiscal year ended September 30, 2009, the City's annual OPEB expense of \$532,520 is not equal to the Annual Required Contribution, which is estimated at \$644,913. Considering the City's annual OPEB cost as well the payment of current estimated health insurance premiums, which totaled \$112,393 for retirees, the result was an increase in the net OPEB obligation of \$3,311 for the year ended September 30, 2009.

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009

NOTE 11 - POST EMPLOYMENT BENEFITS: (continued)

The annual required contribution (ARC) as of September 30, 2009 was calculated as follows:

Actuarial accrued liability (AAL):	
Active	\$ 3,128,892
Retired	433,196
Total	<u>3,562,088</u>
Unfunded accrued liability	<u>\$ 3,562,088</u>
Normal cost - assumed payable:	
Active	<u>\$ 228,076</u>
30 Year AAL amortization contribution - assumed payable:	
Active	\$ 252,147
Retired	34,909
Total	<u>\$ 287,056</u>
Gross annual required contribution (ARC) - assumed payable:	
Active	\$ 480,223
Retired	34,909
Total	<u>\$ 515,132</u>
Current annual employer premium:	
Active	\$ 3,076,900
Retired	112,393
Total	<u>\$ 3,189,293</u>
Net ARC after deduction of current year's retiree premium from gross ARC	\$ 402,739
Net ARC as percentage of current annual employer premium	12.63%

In future years, three-year trend information will be presented. Fiscal year 2009 was the year of implementation of GASB Statement No. 45 and the City elected to implement prospectively, therefore, prior year comparative data is not available.

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 11 - POST EMPLOYMENT BENEFITS: (continued)

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

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

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

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 12 - RESERVES OF FUND BALANCES:

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

	<u>GENERAL FUND</u>	<u>CAPITAL FUND</u>	<u>DEBT SERVICE FUND</u>
Reserved for:			
Capital projects		\$ 1,882,424	
Self-insurance fund	\$ 581,802		
Encumbrances	127,322	488,681	
Department specification	220,196		
Prepaid items	113,757		
Debt service			\$ 858,397
	<u> </u>	<u> </u>	<u> </u>
Total reserved fund balances	<u>\$ 1,043,077</u>	<u>\$ 2,371,105</u>	<u>\$ 858,397</u>

NOTE 13 - CONTINGENT LIABILITIES:

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

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

NOTE 14 - RISK MANAGEMENT:

The City is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and self-insured employee health. The City purchases commercial insurance for 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.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

Employees' medical insurance fund - The City maintains the employees' medical insurance fund to account for and finance its uninsured risks of loss. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount, as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustments related to specific claims and other claim adjustments regardless of whether they are allocated to specific claims. Estimated recoveries are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$90,000. Settlements have not exceeded coverage. Changes in the balances of claims liabilities during the year is as follows:

Unpaid claims, beginning of fiscal year	\$ 203,600
Incurred claims (including IBNRs)	3,229,556
Claim payments	<u>(3,224,856)</u>
Unpaid claims, end of fiscal year	<u>\$ 208,300</u>

NOTE 15 - RELATED PARTY TRANSACTIONS:

The City chose the Water Works Board of the City of Prattville as the collection agent for the sewer and sanitation collection fees. The City receives the receipts for services when collected by the Water Works Board of the City of Prattville. The amount receivable to the City for sewer and sanitation collection fees not yet received at September 30, 2009 was \$326,824.

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, 2009 was \$109,512.

On May 1, 2006, the City of Prattville, Alabama entered into a lease agreement with the Historic Prattville Redevelopment Authority to lease a building on West 4th Street. The term of the lease is five years with quarterly rent payments of \$8,183. The City of Prattville, Alabama paid \$32,732 in rent payments to Historic Prattville Redevelopment Authority during fiscal year ended September 30, 2009.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 16 - 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.

In December 2008, the City of Prattville, Alabama entered into a funding agreement with The Exchange Cooperative District, a public corporation to provide assistance in connection with proposed financing, construction, and installation of a retail shopping facility and related improvements in the City (the "Project"). The funding agreement provides that the City agrees to collect Project sales tax revenues and remit 50% of the City's actual receipts from the businesses located within the Project to fund the indebtedness of The Exchange Cooperative District to The Exchange Cooperative District. The City shall have no obligation to make any payment from any other sources. Any indebtedness issued by the Exchange Cooperative District does not constitute an obligation of the City of Prattville, Alabama.

NOTE 17 - COMMITMENTS:

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

The City entered an agreement to support the indebtedness incurred to finance property of the Historic Prattville Redevelopment Authority with an annual allocation in the event that the lease arrangements on the financed property prove not to be financially viable. The initial loan balance on the property totaled \$252,200. The loan balance as of September 30, 2009 was \$202,823.

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

On July 30, 2009, the City ordered a 2010 Freightliner Vac-Con. This equipment was purchased as part of the \$1,300,000 master lease agreement with SunTrust Equipment Finance and Leasing Corporation in the amount of \$243,758. As of September 30, 2009, the City had not received this equipment and had not drawn on this lease agreement for financing. As of September 30, 2009, the City had only received \$801,360 from this master lease.

As of September 30, 2009, commitments to contractors on capital projects are as follows:

Spent-to-date	\$ 1,290,887
Remaining commitments	<u>488,681</u>
Total	<u>\$ 1,779,568</u>

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

NOTE 18 - 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 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 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.

NOTE 19 - SUBSEQUENT EVENTS:

On October 6, 2009, the City adopted a resolution to enter into an agreement for a vegetation management program in the amount of \$333,545.

On November 25, 2009, the City issued General Obligation Note, Series 2009A in the amount of \$400,000 for the construction of a fire tower.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 19 - SUBSEQUENT EVENTS: (continued)

On November 25, 2009, the City issued General Obligation Note, Series 2009B in the amount of \$450,000 for the purchase of a fire truck.

On December 1, 2009, the City issued General Obligation Warrants Series 2009A in the amount of \$1,820,000 for the purpose of implementing certain energy conservation measures designed to provide energy savings in facilities utilized by the City.

On December 1, 2009, the City issued General Obligation Refunding Warrants Series 2009 in the amount of \$6,315,000 for the purpose of refunding the City's Series 2001 General Obligation Warrants and Series 2002 General Obligation Refunding Warrants.

On December 30, 2009, the City entered into a energy cost savings contract in the amount of \$1,736,265 to upgrade certain equipment and make other improvements in order to increase its energy efficiency. This project is to be funded by the General Obligation Warrants, Series 2009-A dated December 18, 2009, in the amount of \$1,820,000.

On April 21, 2010, the City entered into a contract with a construction company for the expansion of the Cooter's Pond Park boat ramp, parking lot and access road. These improvements will be paid for with a grant from the Department of Housing and Urban Development.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF PRATTVILLE, ALABAMA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Ad valorem taxes	\$ 2,308,000	\$ 2,308,000	\$ 2,481,450	\$ 173,450
Sales taxes	14,337,500	14,337,500	13,194,464	(1,143,036)
Local gasoline tax	800,000	800,000	913,279	113,279
Cigarette tax	275,000	275,000	147,490	(127,510)
Whiskey tax	30,000	30,000	42,440	12,440
Beer tax	220,000	220,000	226,080	6,080
Wine tax	10,000	10,000	13,203	3,203
ABC sales tax	25,000	25,000	27,027	2,027
Excise tax			67,061	67,061
Lodging tax	1,325,000	1,325,000	1,012,104	(312,896)
Rental tax	250,000	250,000	247,575	(2,425)
Total taxes	19,580,500	19,580,500	18,372,173	(1,208,327)
Licenses and permits:				
Business licenses	3,970,000	3,970,000	4,127,382	157,382
Yard sale permits	4,000	4,000	5,310	1,310
Franchise fees	400,000	400,000	419,519	19,519
Building permits and inspection fees	825,000	825,000	349,608	(475,392)
Zoning and plat fees	6,000	6,000		(6,000)
Total licenses and permits	5,205,000	5,205,000	4,901,819	(303,181)
Intergovernmental revenue:				
Shared state revenue:				
ABC profits			9,159	9,159
Total intergovernmental revenues			9,159	9,159
Charges and fees for services:				
Ambulance fees	675,000	675,000	551,788	(123,212)
Ambulance fees, county	35,000	35,000	164,000	129,000
Sewer charges	2,283,000	2,283,000	2,180,904	(102,096)
Sanitation fees	1,410,000	1,410,000	1,608,004	198,004
Sewer assessment fees	4,500	4,500		(4,500)
Sewer impact fees	200,000	200,000	134,348	(65,652)
Street cut/repairs			5,179	5,179
Recreation rentals	267,100	267,100	261,429	(5,671)
Total charges and fees for services	4,874,600	4,874,600	4,905,652	31,052

CITY OF PRATTVILLE, ALABAMA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES: (continued)				
Fines and forfeitures:				
Court fines	\$ 375,000	\$ 375,000	\$ 276,921	\$ (98,079)
Drug proceeds			158,478	158,478
Court costs	20,000	20,000	50,666	30,666
Total fines and forfeitures	<u>395,000</u>	<u>395,000</u>	<u>486,065</u>	<u>91,065</u>
Miscellaneous revenues:				
Donations	70,000	70,000	77,960	7,960
County commission - RTJ	61,000	61,000	50,000	(11,000)
Interest income			33,518	33,518
Accident reports			10,157	10,157
Friday night live club	2,000	2,000	1,633	(367)
Returned checks			30	30
Cemetery lots	1,000	1,000		(1,000)
Miscellaneous income	100,000	100,000	10,579	(89,421)
Parades	2,495	2,495	3,845	1,350
Performing and creative arts	29,045	29,045	38,995	9,950
Penalties	9,000	9,000	13,794	4,794
Sale of surplus equipment	25,000	25,000	36,803	11,803
Stanley stadium	800	800	6,650	5,850
Swimming pool concessions	7,000	7,000	14,970	7,970
Lambert property tower	4,500	4,500	7,281	2,781
Grant income	300,000	300,000	144,282	(155,718)
Bullet proof vest grant			4,810	4,810
Law enforcement BG funds			61,875	61,875
Total miscellaneous revenues	<u>611,840</u>	<u>611,840</u>	<u>517,182</u>	<u>(94,658)</u>
Total revenues	<u>\$ 30,666,940</u>	<u>\$ 30,666,940</u>	<u>\$ 29,192,050</u>	<u>\$ (1,474,890)</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, 2009

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES:				
General government:				
Executive	\$ 1,587,174	\$ 1,587,174	\$ 1,386,302	\$ 200,872
Legislative	189,693	189,693	183,032	6,661
Judicial	399,895	399,895	456,893	(56,998)
Administrative finance	735,889	735,889	796,912	(61,023)
Administrative city clerk	294,614	294,614	355,704	(61,090)
Human resources	872,354	872,354	359,510	512,844
Information technology	857,526	857,526	1,174,356	(316,830)
Vehicle maintenance	766,073	766,073	1,314,134	(548,061)
Total general government	5,703,218	5,703,218	6,026,843	(323,625)
Public works:				
Street	1,611,351	1,611,351	1,461,869	149,482
Sanitation	1,339,029	1,339,029	2,158,869	(819,840)
Planning and development	1,327,613	1,327,613	1,347,394	(19,781)
Wastewater	2,427,370	2,427,370	2,422,522	4,848
Engineering	507,686	507,686	522,005	(14,319)
Total public works	7,213,049	7,213,049	7,912,659	(699,610)
Public safety:				
Police	6,498,562	6,498,562	6,781,050	(282,488)
Fire	6,236,138	6,236,138	7,240,637	(1,004,499)
Total public safety	12,734,700	12,734,700	14,021,687	(1,286,987)
Cultural and recreation:				
Leisure services	2,256,887	2,274,887	2,312,201	(37,314)
Performing and creative art	368,039	386,039	290,874	95,165
Total cultural and recreation	2,624,926	2,660,926	2,603,075	57,851
Debt service:				
Principal			491,556	(491,556)
Interest			102,616	(102,616)
Total debt service			594,172	(594,172)

CITY OF PRATTVILLE, ALABAMA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES: (continued)				
Transfers:				
Transfers to component units			\$ 430,730	\$ (430,730)
Total transfers			430,730	(430,730)
Total expenditures	\$ 28,275,893	\$ 28,311,893	31,589,166	(3,277,273)
Excess of revenues over expenditures	2,391,047	2,355,047	(2,397,116)	(4,752,163)
Other financing sources (uses):				
Transfers to debt service fund	(2,505,400)	(2,505,400)	(2,850,342)	(344,942)
Transfers to capital improvement fund			(897,782)	(897,782)
Transfers from capital improvement fund			2,755,655	2,755,655
Warrant proceeds			1,621,373	1,621,373
Proceeds from notes payable			1,000,000	1,000,000
Proceeds from capital leases			930,760	930,760
Total other financing sources (uses)	(2,505,400)	(2,505,400)	2,559,664	5,065,064
Net change in fund balance, budgetary basis	\$ (114,353)	\$ (150,353)	162,548	\$ 312,901
Add (deduct) other reconciling items to adjust from budgetary basis to modified accrual basis:				
Change in encumbrances			127,322	
			127,322	
NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS			289,870	
FUND BALANCE - BEGINNING			436,690	
FUND BALANCE ENDING			\$ 726,560	

See accompanying notes to budgetary comparison schedules.

CITY OF PRATTVILLE, ALABAMA

REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO BUDGETARY COMPARISON SCHEDULES

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

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

A reconciliation of the two statements is as follows:

	<u>GENERAL FUND</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP basis)	\$ 289,870
Encumbrances at beginning of the year	-0-
Encumbrances at end of the year	<u>(127,322)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses - actual (non-GAAP budgetary basis)	<u><u>\$162,548</u></u>

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

The General Fund expenditures exceeded appropriations by \$3,277,273 primarily due to the excess operating expenditures of \$1,286,987 incurred in public safety and \$699,610 incurred in public works and debt service payments made from the general fund in the amount of \$594,172. These excess expenditures were funded by current revenues and other financing sources.

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

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (b)	EXCESS (UNFUNDED) OF ASSETS OVER AAL (a-b)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	EXCESS (DEFICIT) AS A PERCENTAGE OF COVERED PAYROLL ((a-b)/c)
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%
September 30, 2008	27,900,405	36,003,149	(8,102,744)	77.5%	13,452,621	60.2%

SUPPLEMENTARY INFORMATION

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

	TOTAL NONMAJOR GOVERNMENTAL FUNDS	SPECIAL REVENUE FUNDS
ASSETS:		
Internal balances	\$ 352,072	\$ 352,072
Receivable - other government	21,496	21,496
	\$ 373,568	\$ 373,568
FUND BALANCE:		
Reserved for encumbrances		
Unreserved:		
Undesignated	\$ 373,568	\$ 373,568
	\$ 373,568	\$ 373,568

CITY OF PRATTVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	TOTAL NONMAJOR GOVERNMENTAL FUNDS	SPECIAL REVENUE FUNDS
	<u> </u>	<u> </u>
REVENUES:		
Taxes and fees	\$ 238,361	\$ 238,361
Intergovernmental revenue	333,997	333,997
Total revenues	<u>572,358</u>	<u>572,358</u>
EXPENDITURES:		
Current operations:		
Public works	38,257	38,257
Total expenditures	<u>38,257</u>	<u>38,257</u>
EXCESS OF REVENUES OVER EXPENDITURES	534,101	534,101
OTHER FINANCING USES:		
Transfers out	(223,615)	(223,615)
Total other financing uses	<u>(223,615)</u>	<u>(223,615)</u>
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	310,486	310,486
FUND BALANCES AT BEGINNING OF YEAR	<u>63,082</u>	<u>63,082</u>
FUND BALANCE AT END OF YEAR	<u>\$ 373,568</u>	<u>\$ 373,568</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 fund accounts for funding arising from miscellaneous federal and state government grants.

CITY OF PRATTVILLE, ALABAMA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2009

	<u>TOTAL</u>	<u>STATE GASOLINE EXCISE TAX FUND</u>	<u>STATE GASOLINE AND LUBRICATING OIL TAX FUND</u>	<u>MISCELLANEOUS GRANT FUND</u>
ASSETS:				
Internal balances	\$ 352,072	\$ 170,040	\$ 145,744	\$ 36,288
Receivable, other governments	<u>21,496</u>	<u>12,540</u>	<u>8,956</u>	
Total assets	<u><u>\$ 373,568</u></u>	<u><u>\$ 182,580</u></u>	<u><u>\$ 154,700</u></u>	<u><u>\$ 36,288</u></u>
FUND BALANCE:				
Fund balance:				
Reserved for encumbrances				
Unreserved:				
Undesignated	<u>\$ 373,568</u>	<u>\$ 182,580</u>	<u>\$ 154,700</u>	<u>\$ 36,288</u>
Total fund balance	<u><u>\$ 373,568</u></u>	<u><u>\$ 182,580</u></u>	<u><u>\$ 154,700</u></u>	<u><u>\$ 36,288</u></u>

CITY OF PRATTVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	TOTAL	STATE GASOLINE EXCISE TAX FUND	STATE GASOLINE AND LUBRICATING OIL TAX FUND	ALABAMA TRUST FUND	MISCELLANEOUS GRANT FUND
REVENUES:					
Taxes and fees	\$ 238,361	\$ 134,180	\$ 104,181		
Intergovernmental revenues	333,997			\$ 296,059	\$ 37,938
Total revenues	<u>572,358</u>	<u>134,180</u>	<u>104,181</u>	<u>296,059</u>	<u>37,938</u>
EXPENDITURES:					
Current operations:					
Public works	38,257	13,286	13,287		11,684
Total expenditures	<u>38,257</u>	<u>13,286</u>	<u>13,287</u>		<u>11,684</u>
OTHER FINANCING SOURCES (USES):					
Transfers out	(223,615)			(296,059)	72,444
Total other financing sources (uses)	<u>(223,615)</u>			<u>(296,059)</u>	<u>72,444</u>
Excess of revenues over expenditures	310,486	120,894	90,894		98,698
FUND BALANCE AT BEGINNING OF YEAR	<u>63,082</u>	<u>61,686</u>	<u>63,806</u>		<u>(62,410)</u>
FUND BALANCES AT END OF YEAR	<u>\$ 373,568</u>	<u>\$ 182,580</u>	<u>\$ 154,700</u>	<u>\$ -</u>	<u>\$ 36,288</u>

CITY OF PRATTVILLE, ALABAMA
 BUDGETARY COMPARISON SCHEDULE
 STATE GASOLINE EXCISE TAX FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	BUDGET	ACTUAL	OVER BUDGET
REVENUES:			
State gasoline excise tax	\$ 133,000	\$ 134,180	\$ 1,180
Total revenues	133,000	134,180	1,180
EXPENDITURES:			
Current operations:			
Public works		13,286	(13,286)
Total expenditures		13,286	(13,286)
Net change in fund balance, budgetary basis	\$ 133,000	120,894	\$ (12,106)
FUND BALANCE AT BEGINNING OF YEAR		61,686	
FUND BALANCE AT END OF YEAR		\$ 182,580	

CITY OF PRATTVILLE, ALABAMA

BUDGETARY COMPARISON SCHEDULE
 STATE GASOLINE AND LUBRICATING OIL EXCISE TAX FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER BUDGET</u>
REVENUES:			
State gasoline and lubricating oil excise tax	<u>\$ 101,500</u>	<u>\$ 104,181</u>	<u>\$ 2,681</u>
Total revenues	<u>101,500</u>	<u>104,181</u>	<u>2,681</u>
EXPENDITURES:			
Current operations:			
Public works	<u> </u>	<u>13,287</u>	<u>(13,287)</u>
Total expenditures	<u> </u>	<u>13,287</u>	<u>(13,287)</u>
Net change in fund balance, budgetary basis	<u>\$ 101,500</u>	<u>90,894</u>	<u>\$ (10,606)</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>63,806</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 154,700</u>	