

CITY OF PRATTVILLE, ALABAMA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Prepared by:
Department of Finance

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

INTRODUCTORY SECTION

CITY OF PRATTVILLE, ALABAMA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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CITY OF PRATTVILLE

BILL GILLESPIE, JR.
MAYOR

CITY COUNCIL

MIKE RENEGAR
PRESIDENT
DISTRICT 5

NATHAN D. FANK
PRESIDENT PRO TEMPORE
DISTRICT 7

ALBERT C. STRIPLIN
DISTRICT 1

WILLIE WOOD, JR.
DISTRICT 2

DENISE B. BROWN
DISTRICT 3

TOM MILLER
DISTRICT 4

RAY C. BOLES
DISTRICT 6

March 26, 2012

The Citizens of
The City of Prattville
Prattville, Alabama

The Comprehensive Annual Financial Report (CAFR) of the City of Prattville, Alabama (the City) for the fiscal year ended September 30, 2011 is hereby transmitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Prattville, Alabama's management. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City and its component units. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Report

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter. The financial section includes the management's discussion and analysis (MD&A), the basic financial statements for the primary government and its separately presented component units, and the primary government's combining and individual financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The MD&A contains a narrative introduction, overview, and analysis of the City's financial statements. It should be read in conjunction with this letter of transmittal. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. In contrast to the financial section information, the statistical section information has not been audited.

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

The component units included in the reporting entity include the Autauga-Prattville Public Library, Prattville Airport Authority, and Historical Prattville Redevelopment Authority and have been included as separately presented component units on the City's reporting entity in the CAFR.

GASB Reporting Requirements

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

GASB Statement 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” establishes new categories for reporting fund balance and revises definitions for governmental fund types. This statement became effective during the fiscal 2011 period.

GASB Statement No. 57, *OPEB Measurement by Agent Employers and Agent Multi-Employer Plans*. This statement is intended to improve consistency in the measurement and financial reporting of other post-employment benefits (OPEB) such as retiree health insurance. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2011.

City Profile

The City of Prattville, Alabama is the County seat of Autauga County, was incorporated on August 8, 1865, and is located in south central Alabama. It serves a population of approximately 33,960. The City of Prattville, Alabama operates under a Mayor/Council form of government with a fiscal year from October 1st through September 30th. The Mayor and seven (7) Council members are each elected to four (4) year terms. City services include police and fire protection; sanitation services; sewer services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events.

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

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

Economic Condition and Outlook

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

The newly completed 350,000 square foot Medline building opened during the fiscal year providing 50 new jobs to the area. It will serve hospitals, nursing homes, surgery centers, and home care agencies throughout the State of Alabama and northwest Florida.

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

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

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

Financial Information

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

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

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

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

Budget amendments are effected by resolution enacted by the governing body when needed. Activities of the General Fund and the State Gasoline Tax Fund are included in the budget. Encumbrances lapse at year-end; however, encumbrances remaining against a positive department budget balance may be re-appropriated as "prior year carryover."

The City's budget is prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP) insofar as encumbrances are included with expenditures.

Cash management and investments - It is the policy of the City to invest public funds not required for immediate operations in a manner that will provide the highest investment return. The priorities for City investments shall be legal compliance, liquidity, and safety of the investments. All financial institutions holding City deposits are Qualified Public Depositories (QPD) authorized by the Security for Alabama Funds Enhancement (SAFE) program. The SAFE program provides a collateral pool administered by the Alabama State Treasurer.

During fiscal year 2011, idle cash was held in the demand deposit account which is currently earning 0.70%.

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

General Fund reserves - Management has an informal goal of achieving a net ending fund balance in the General Fund that is equal to or greater than 15% of the total expenditures and other financing uses.

Other Information

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

Information related to this Single Audit, including the schedule of federal financial assistance, findings and recommendations, and independent auditor's reports on the internal control structure and compliance with applicable laws and regulations, are generally meaningful only to oversight agencies and therefore, have not been included in this report. This information is contained in a separate Single Audit report, which is available for review at the Finance Department in City Hall 101 West Main Street, Prattville, Alabama 36067.

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

Respectfully submitted,



Bill Gillespie, Jr.
Mayor



Douglas C. Moseley
Interim Finance Director

CITY OF PRATTVILLE, ALABAMA

LIST OF PRINCIPAL OFFICIALS
AS OF SEPTEMBER 30, 2011

Mayor

Bill Gillespie, Jr.

CITY COUNCIL

Mike Renegar, President

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

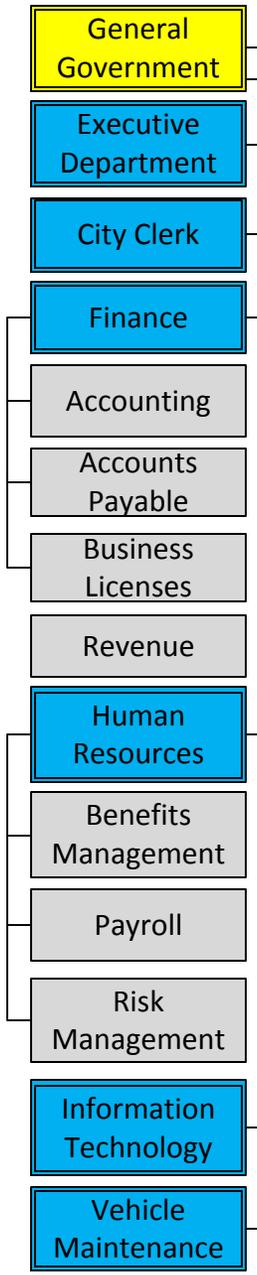
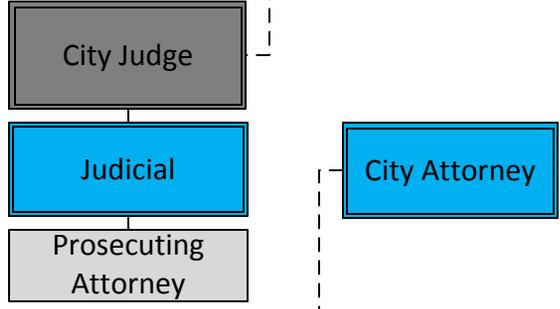
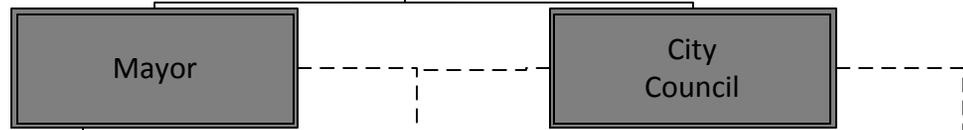
Dean R. Argo
Albert Striplin
Ray Boles

HEADS OF DEPARTMENTS

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

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

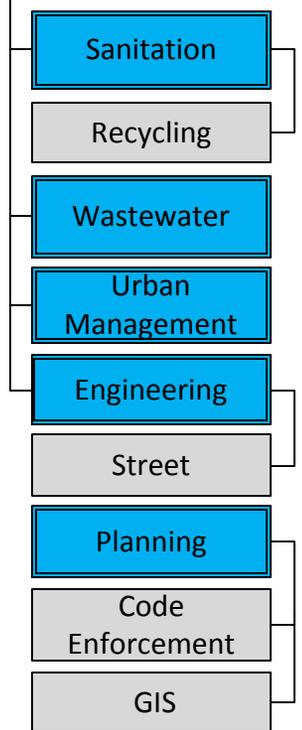
Citizens of Prattville



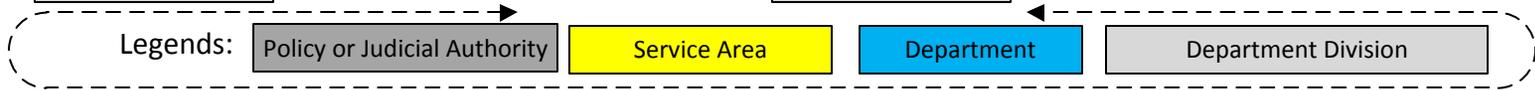
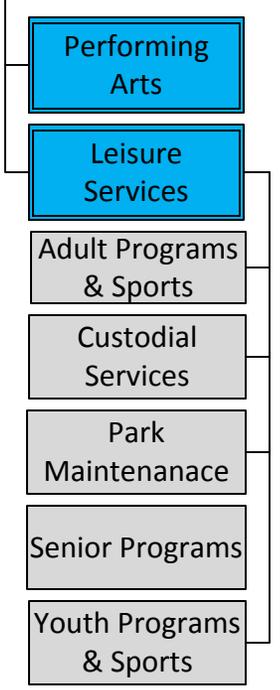
Public Safety



Public Works

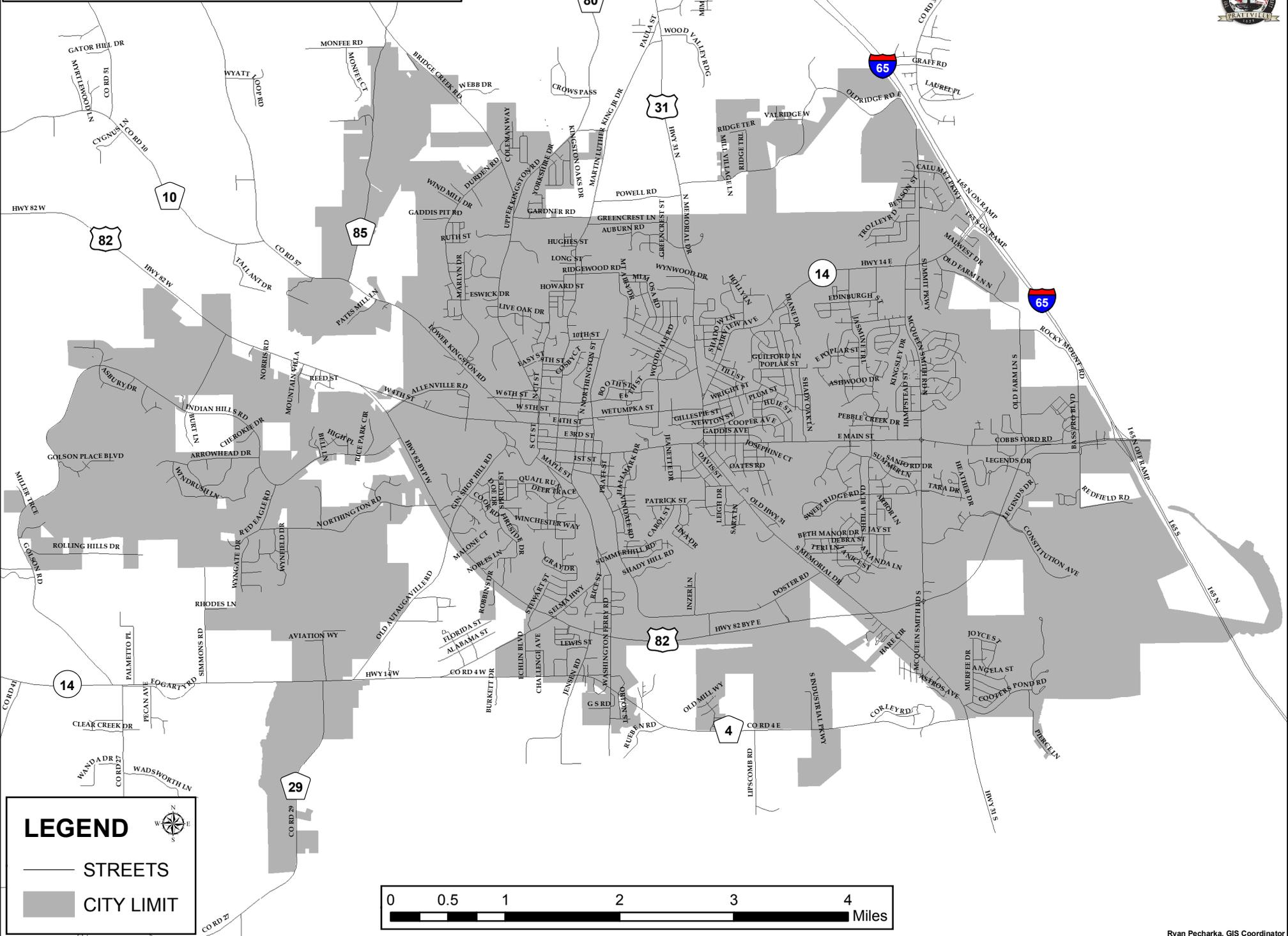


Arts & Recreation



xT

CITY OF PRATTVILLE, AL 2011



LEGEND

- STREETS
- CITY LIMIT



FINANCIAL SECTION



MONTGOMERY, ALABAMA

Dothan

Prattville

Wetumpka

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Prattville, Alabama (the City), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Prattville, Alabama's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Prattville, Alabama, as of September 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated March 26, 2012 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 and the schedule of funding progress of the Employees' Retirement System and the Employees' Health Insurance Plan are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 opinions on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Prattville, Alabama's basic financial statement. The introductory section, combining individual nonmajor fund financial statements, the nonmajor fund budgetary comparison schedules, and statistical tables are presented for the purposes of additional analysis and are not a required part of the basic financial statements. 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 and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Jackson Thornton & Co. PC

Prattville, Alabama
March 26, 2012

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, 2011. 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, 2011, by (\$8,484,710) (net assets). Of the net asset balance amount, (\$42,282,379) (unrestricted net assets) is the deficit balance of the City representing the indebtedness incurred for incentive obligations including the purchase of development property supporting the significant retail development activities within the City which originated in the fiscal years ended 2006 and 2008.
- During the year, the City's total net assets increased by \$8,723,990, as revenues of \$40,853,982 exceeded expenses of \$32,129,992. The increase in revenue is due to the increase in sales tax revenue from the 1 cent increase in the sales tax rate, the increase in charges for services and the increase in donated infrastructure.
- The decrease in expenses over the prior year is primarily due to the decreased personnel costs and decreased operational costs. The City's personnel expenses decreased by approximately 9.9% during the current fiscal year.
- Under the Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employees for Post-Retirement Benefits Other than Pensions* (GASB 45), the City recognized an expense of \$271,840 in the current year to record unfunded OPEB obligation.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,548,451.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance of the major funds. Data from the one non-major fund is presented in the other governmental fund column of the statements.

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

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 24 through 53 of this report.

Other Information

The combining statements referred to earlier, which present more detailed views of non-major funds used in governmental activities, can be found beginning on page 56 of this report.

Government-Wide Financial Analysis

The City's condensed statement of net assets as of September 30, 2011 and 2010, derived from the government-wide statement of net assets is presented below.

	GOVERNMENTAL ACTIVITIES	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 5,413,067	\$ 4,755,426
Capital assets, net of depreciation	51,205,094	47,793,359
Restricted assets	189,831	233,307
Total assets	<u>56,807,992</u>	<u>52,782,092</u>
Long-term liabilities outstanding	60,478,319	63,708,002
Other liabilities	4,814,383	6,282,790
Total liabilities	<u>65,292,702</u>	<u>69,990,792</u>
Net assets:		
Invested in capital assets, net of related debt	33,144,191	28,197,019
Restricted	653,478	851,251
Unrestricted	<u>(42,282,379)</u>	<u>(46,256,970)</u>
Total net assets	<u>\$ (8,484,710)</u>	<u>\$ (17,208,700)</u>

The largest component of the City's net assets as of September 30, 2011 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, 2011 increased by \$3,411,735 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 (\$8,484,710). The increase in net assets over the prior year is attributed primarily to the acceptance of donated infrastructure of \$5,359,200 and the reduction in debt of \$3,229,683.

A portion of net assets is restricted, or has restrictions on how they may be used. Governmental activities restricted net assets totaled \$653,478 at September 30, 2011 and are restricted for use in public safety, 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, 2011, reported a deficit balance in unrestricted net assets in governmental type activities of (\$42,282,379), of which \$42,240,000 is due to outstanding general obligation warrants that were issued in the fiscal years ended September 30, 2006 and 2008 to finance economic development incentive obligations for retail development within the City. It is anticipated the governmental revenues generated from the retail growth will provide the primary source of revenue for repayment of this debt.

The following presents the City's condensed statement of activities for the fiscal years ended September 30, 2011 and 2010 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 increased by \$8,723,990. This increase includes the acceptance of donated infrastructure of \$5,359,200 with the remainder of the increase primarily due to an increase in the rate for general sales tax, use tax, restaurant tax, and rental tax; increase in the wastewater fees; reduction in workforce; and a reduction in operating expenses.

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

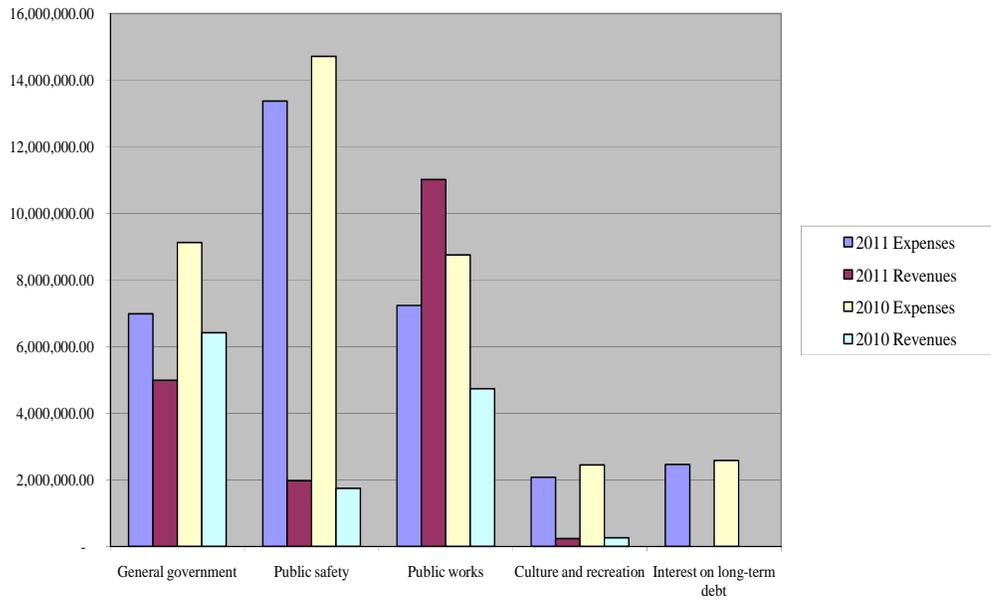
	GOVERNMENTAL ACTIVITIES	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 12,182,897	\$ 10,840,248
Operating grants, capital grants, and contributions	6,040,953	2,329,230
Total program revenues	18,223,850	13,169,478
General revenues:		
Sales tax	19,432,210	16,796,679
Property tax	2,545,750	2,500,129
Motor fuel taxes	239,616	240,547
Intergovernmental revenues	153,240	161,534
Investment earnings and miscellaneous	259,316	249,163
Total general revenues	22,630,132	19,948,052
Total revenues	40,853,982	33,117,530
Expenses:		
General government	6,984,318	9,124,172
Public works	7,235,404	8,755,792
Public safety	13,369,083	14,719,827
Culture and recreation	2,080,642	2,449,184
Debt service	2,460,545	2,585,660
Total expenses	32,129,992	37,634,635
Increase (decrease) in net assets	8,723,990	(4,517,105)
Net assets - beginning	(17,208,700)	(12,691,595)
Net assets - ending	\$ (8,484,710)	\$ (17,208,700)

Expenses and Program Revenues for Governmental Activities

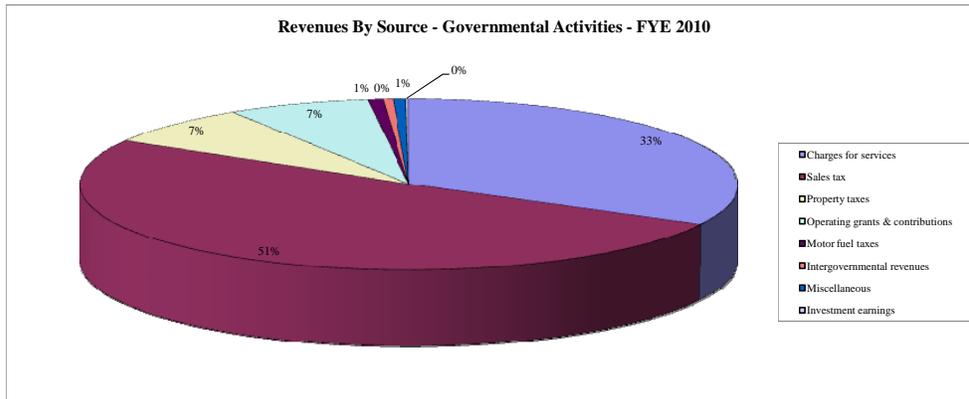
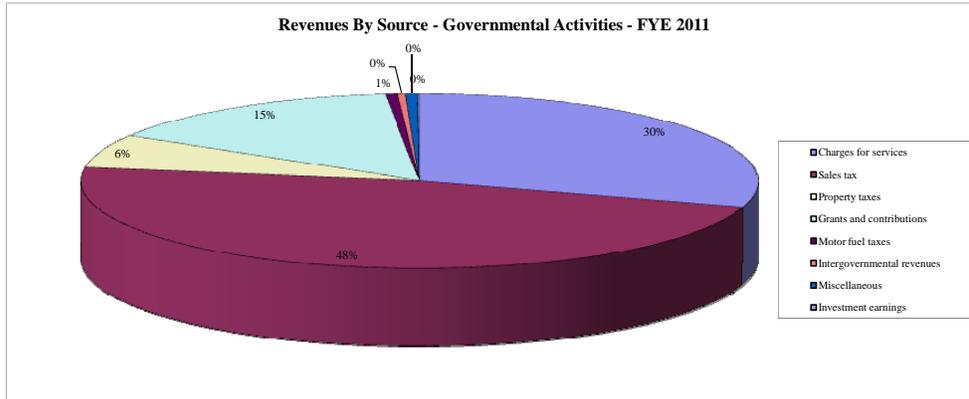
Governmental activities increased the City of Prattville, Alabama's net assets by \$8,723,990 for fiscal year 2011. The key elements of the increase in net assets are the increases in revenue and the decreases in expenses from the prior year as follows:

- Revenues from recurring sources increased by \$723,619 due to the increase in sewer fees.
- Sales tax revenue increased \$2,635,531 of which \$1,819,061 is due to the increase in the sales tax rate of 1 cent.
- Personnel expenditures decreased over the prior year by approximately 9.9% which decreased all functional expense categories.
- The decrease in public works expenses by \$1,520,388 is due to a decrease in personnel expenses and a decrease in operating expenses.
- Public safety expenses decreased over the prior year by \$1,350,744, primarily due to the decrease in personnel expenses and a decrease in operating expenses.
- General government expenses decreased \$2,139,854 due to a reduction in funding to City/County Services and Community Initiatives as well as reductions in personnel and operating costs.
- Increase in donated infrastructure of \$3,973,400.

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 expendable resources. Governmental fund types include general, debt service, capital projects, and special revenue funds. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The general fund is the chief operating fund of the City of Prattville, Alabama.

As of September 30, 2011, governmental funds reported a combined ending fund balance of \$1,548,451, an increase of \$2,133,024 in comparison with prior year balance. Of this balance \$159,850 is not available for new spending because it is a prepaid item; \$643,731 is restricted public safety and road projects, and capital improvements; \$12,185 is committed to sewer improvements; \$100,011 is assigned to debt service; and \$72,642 is assigned for other purposes.

The fund balance of the general fund increased \$2,559,815 during the current fiscal year after other financing sources including fund transfers. Total revenue increased \$3,903,647 as compared to the prior year. The most significant increase came from the increase in sales tax of \$2,635,531 of which \$1,819,061 was the result of the 1 cent sales tax increase. Amount reported as charges for fees and services increased \$1,091,142 due to an increase in the sewer charges.

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, 2011 was \$51,205,094 (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 \$5,708,670 resulting from donated infrastructure from residential developments, levee improvements, and Cooters Pond improvements.
- Purchase of vehicles of \$32,218.
- Purchase of office, non-office, and computer equipment of \$161,899.

**CITY OF PRATTVILLE, ALABAMA
CAPITAL ASSETS**

	GOVERNMENTAL ACTIVITIES
Land	\$ 2,661,060
Construction in progress	447,072
Buildings and building improvements	10,713,673
Land improvements	9,134,531
Vehicles	5,973,010
Office, non-office, and computer equipment	5,697,600
Infrastructure	38,345,401
Total	\$ 72,972,347

Additional information on the City’s capital assets can be found in Note 5 on page 32 of this report.

Long-term debt - As of September 30, 2011, the governmental activities had total debt outstanding of \$61,478,319.

Outstanding debt:

Warrants and other notes payable	\$	58,105,381
Capital lease payable		748,347
Post-retirement benefits other than pensions		1,353,182
Compensated absences		<u>1,271,409</u>
Total	\$	<u><u>61,478,319</u></u>

The City of Prattville, Alabama's total debt outstanding decreased by \$3,229,683 during the current fiscal year. This decrease of net of debt reductions for payments made in accordance with regularly scheduled maturity dates. Additional information on the City's debt can be found in Note 7 of the financial statements.

Budgetary Highlights for the fiscal year ending September 30, 2011

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

As of September 30, 2011, actual operating revenues for the general fund were more than the budgeted amount by \$1,723,807, or 5.2%. The primary reasons for the variance are as follows:

- Tax revenues were more than budgeted revenue by \$1,044,215, which is mainly the increase in sales tax revenue of \$723,397 over what was budgeted.
- Licenses and permits were more than budgeted revenue by \$244,494, which consists of an increase in business license revenue of \$200,733 over what was budgeted.
- Charges for fees and services were more than budgeted revenue by \$216,305, which is a result in an increase in ambulance revenue and sanitation and sewer fees.

As of September 30, 2011, actual expenditures were more than budgeted expenditures by \$5,338,166 due to the following:

- Debt service actual expenditures were more than budgeted expenditures by \$5,675,506. This is due to the fact that the payment of the bridge loans that the City obtained during the year was not budgeted. Proceeds from these bridge loans were included in the City's other financing sources.
- General government actual expenditures were more than budgeted by \$260,128.
- Public works actual expenditures were less than budgeted expenditures by \$369,213.
- Cultural and recreational actual expenditures were less than budgeted expenditures by \$258,135.

Economic Factors and Year 2012 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 55.77% of general fund revenues in fiscal year 2011. In the current economic climate, the City has instituted a temporary increase to the City's sales tax rate to be used to service the City's debt.
- The unemployment rate for Autauga County, where the City of Prattville, Alabama is located, is currently 6.8%, which is a decrease over the prior year. The unemployment rate compares favorably to the state's current unemployment rate of 7.5% and is favorable to the national average rate of 8.5%.
- 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, 2011

	PRIMARY GOVERNMENT				COMPONENT UNITS			
	GOVERNMENTAL ACTIVITIES				AUTAUGA-PRATTVILLE PUBLIC LIBRARY	PRATTVILLE AIRPORT AUTHORITY	HISTORICAL PRATTVILLE REDEVELOPMENT AUTHORITY	
ASSETS:								
Cash and cash equivalents	\$	1,297,518	\$	227,110	\$	109,937	\$	43,995
Taxes receivable		1,970,774						
Accounts receivable, net		908,814				30,077		36,366
Inter-governmental receivable				44,583		106,779		
Prepaid items		159,850						
Deferred debt expense		1,076,111						
Capital assets, not depreciated		3,108,132				2,626,512		183,500
Capital assets, net of accumulated depreciation		48,096,962		133,481		6,436,303		250,967
Restricted assets:								
Cash and cash equivalents		189,831				9,554		
Accounts receivable, net						139,398		
Total assets		<u>56,807,992</u>		<u>405,174</u>		<u>9,458,560</u>		<u>514,828</u>
LIABILITIES:								
Accounts payable		1,967,859		2,619		74,102		
Accrued liabilities		492,053		22,734				
Accrued interest		836,047						
Deferred revenues				32,168				
Other liabilities		518,424						
Notes payable		1,000,000						
Long-term liabilities:								
Portion due or payable in one year:								
General obligation warrants payable capital leases, and other long-term debt								
		3,455,134				24,491		45,850
		779,233						
		71,630						
Portion due or payable after one year:								
General obligation warrants payable, capital leases, and other long-term debt								
		54,398,594				603,398		200,777
		492,176						
		1,281,552						
Total liabilities		<u>65,292,702</u>		<u>57,521</u>		<u>701,991</u>		<u>246,627</u>
NET ASSETS:								
Invested in capital assets, net of related debt		33,144,191		133,481		8,434,926		
Restricted for:								
Law enforcement		162,145						
Road projects		256,012						
Debt service		5						
Capital projects		225,574				94,405		
Cultural and recreational		8,776		251				
Self insurance fund		966						
Unrestricted (deficit)		<u>(42,282,379)</u>		<u>213,921</u>		<u>227,238</u>		<u>268,201</u>
Total net assets	\$	<u>(8,484,710)</u>	\$	<u>347,653</u>	\$	<u>8,756,569</u>	\$	<u>268,201</u>

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

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	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	\$ 6,984,318	\$ 4,990,894			\$ (1,993,424)			
Public safety	13,369,083	1,553,044	\$ 193,703	\$ 227,590	(11,394,746)			
Public works	7,235,404	5,400,680		5,619,660	3,784,936			
Cultural and recreational	2,080,642	238,279			(1,842,363)			
Interest on long-term debt	2,460,545				(2,460,545)			
Total primary government	\$ 32,129,992	\$ 12,182,897	\$ 193,703	\$ 5,847,250	(13,906,142)			
Component units:								
Autauga-Prattville Public Library	\$ 543,257	\$ 31,906	\$ 81,310	\$ 34,808	\$ (395,233)			
Prattville Airport Authority	486,606	206,588		590,334		\$ 310,316		
Historical Prattville Redevelopment Authority	42,076	60,549					\$ 18,473	
Total component units	\$ 1,071,939	\$ 299,043	\$ 81,310	\$ 625,142	(395,233)	310,316		18,473
General revenue:								
Sales taxes					19,432,210			
Real and personal property taxes					2,545,750			
Intergovernmental revenues					392,856	385,000		5,000
Investment earnings					32,621	1,500	369	116
Miscellaneous revenue					226,695			
Total general revenues					22,630,132	386,500	369	5,116
CHANGE IN NET ASSETS					8,723,990	(8,733)	310,685	23,589
NET ASSETS - BEGINNING					(17,208,700)	356,386	8,445,884	244,612
NET ASSETS - ENDING					\$ (8,484,710)	\$ 347,653	\$ 8,756,569	\$ 268,201

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

CITY OF PRATTVILLE, ALABAMA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	GENERAL	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 905,646	\$ 135,860		\$ 256,012	\$ 1,297,518
Receivables:					
Taxes receivable	1,970,774				1,970,774
Accounts receivable, net	820,064	88,750			908,814
Prepaid items	159,850				159,850
Restricted assets:					
Cash and cash equivalents	189,826		\$ 5		189,831
Total assets	<u>\$ 4,046,160</u>	<u>\$ 224,610</u>	<u>\$ 5</u>	<u>\$ 256,012</u>	<u>\$ 4,526,787</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 1,967,859				\$ 1,967,859
Accrued liabilities	492,053				492,053
Other liabilities	518,424				518,424
Total liabilities	<u>2,978,336</u>				<u>2,978,336</u>
Fund balances:					
Nonspendable:					
Prepaid items	159,850				159,850
Restricted for:					
Law enforcement	162,145				162,145
Road projects				\$ 256,012	256,012
Capital improvements	964	\$ 224,610			225,574
Cultural and recreational	8,776				8,776
Self-insurance fund	966				966
Debt service			\$ 5		5
Committed to:					
Sewer improvements	12,185				12,185
Assigned to:					
Debt service	100,011				100,011
Other purposes	72,642				72,642
Unassigned	550,285				550,285
Total fund balances	<u>1,067,824</u>	<u>224,610</u>	<u>5</u>	<u>256,012</u>	<u>1,548,451</u>
Total liabilities and fund balances	<u>\$ 4,046,160</u>	<u>\$ 224,610</u>	<u>\$ 5</u>	<u>\$ 256,012</u>	<u>\$ 4,526,787</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, 2011

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

Total fund balances - governmental funds		\$ 1,548,451
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		447,072
Land improvements, net of \$5,087,250 accumulated depreciation		4,047,281
Buildings and building improvements, net of \$3,181,100 accumulated depreciation		7,532,573
Office, non-office, and computer equipment, net of \$3,630,678 accumulated depreciation		2,066,922
Vehicles, net of \$4,484,337 accumulated depreciation		1,488,673
Infrastructure, net of \$5,383,888 accumulated depreciation		<u>32,961,513</u>
Total capital assets		51,205,094
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.		
		1,076,111
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, 2011 were:		
Accrued interest on bonds		836,047
General obligation warrants and other notes payable		57,718,523
Unamortized net premium		386,858
Capitalized lease obligations		748,347
Compensated absences		1,271,409
Post-employment benefit plans other than pensions		<u>1,353,182</u>
Total long-term liabilities		<u>(62,314,366)</u>
Total net assets of governmental activities		<u>\$ (8,484,710)</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, 2011

	GENERAL	CAPITAL PROJECT FUNDS	DEBT SERVICE FUNDS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Sales taxes	\$ 19,432,210				\$ 19,432,210
Real and personal property taxes	2,545,750				2,545,750
Licenses and permits	4,990,894				4,990,894
Intergovernmental revenues				\$ 392,856	392,856
Charges and fees for services	6,655,705				6,655,705
Fines and forfeitures	536,298				536,298
Interest	32,611		\$ 10		32,621
Miscellaneous revenues	647,989	\$ 260,460			908,449
Total revenues	<u>34,841,457</u>	<u>260,460</u>	<u>10</u>	<u>392,856</u>	<u>35,494,783</u>
EXPENDITURES:					
Current:					
General governmental	5,827,204	146,667			5,973,871
Public works	6,516,302	3,155			6,519,457
Public safety	12,712,387				12,712,387
Cultural and recreational	1,749,355				1,749,355
Capital outlay	194,668	283,468			478,136
Debt service:					
Principal payments	6,463,190		2,610,000		9,073,190
Interest and fiscal charges	182,832		2,309,834		2,492,666
Total expenditures	<u>33,645,938</u>	<u>433,290</u>	<u>4,919,834</u>		<u>38,999,062</u>
Excess of revenue over (under) expenditures	<u>1,195,519</u>	<u>(172,830)</u>	<u>(4,919,824)</u>	<u>392,856</u>	<u>(3,504,279)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from notes payable	5,637,303				5,637,303
Transfers in	549,862	136,457	4,839,651		5,525,970
Transfers out	(4,822,869)			(703,101)	(5,525,970)
Total other financing sources (uses)	<u>1,364,296</u>	<u>136,457</u>	<u>4,839,651</u>	<u>(703,101)</u>	<u>5,637,303</u>
NET CHANGE IN FUND BALANCE	2,559,815	(36,373)	(80,173)	(310,245)	2,133,024
FUND BALANCE - BEGINNING	<u>(1,491,991)</u>	<u>260,983</u>	<u>80,178</u>	<u>566,257</u>	<u>(584,573)</u>
FUND BALANCE - ENDING	<u>\$ 1,067,824</u>	<u>\$ 224,610</u>	<u>\$ 5</u>	<u>\$ 256,012</u>	<u>\$ 1,548,451</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, 2011

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

Net change in fund balance - total governmental funds		\$ 2,133,024
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net assets.		443,478
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.		5,359,200
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(2,353,180)
The net effect of transactions involving the sale of capital assets is to decrease net assets in the statement of net assets.		(37,762)
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:		
Notes payable	<u>(5,637,303)</u>	(5,637,303)
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	491,497	
General obligation warrants payable	2,944,390	
Notes payable	<u>5,637,303</u>	9,073,190
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	32,121	
Compensated absences	17,897	
Post-employment benefit plans other than pensions	<u>(271,840)</u>	(221,822)
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>(34,835)</u>	<u>(34,835)</u>
Change in net assets of governmental activities		<u>\$ 8,723,990</u>

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

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Ad valorem taxes	\$ 2,484,600	\$ 2,484,600	\$ 2,545,750	\$ 61,150
Sales taxes	13,927,145	13,927,145	14,831,481	904,336
Sales taxes - 1 cent	2,000,000	2,000,000	1,819,061	(180,939)
Local gasoline tax	845,000	845,000	886,135	41,135
Cigarette tax	150,000	150,000	155,641	5,641
Whiskey tax	44,000	44,000	53,504	9,504
Beer tax	215,000	215,000	223,157	8,157
Wine tax	15,000	15,000	15,254	254
ABC sales tax	42,000	42,000	40,473	(1,527)
Excise tax	19,000	19,000	16,647	(2,353)
Lodging tax	975,000	975,000	1,090,108	115,108
Rental tax	217,000	217,000	300,749	83,749
Total taxes	20,933,745	20,933,745	21,977,960	1,044,215
Licenses and permits:				
Business licenses	4,122,000	4,122,000	4,322,733	200,733
Yard sale permits	4,900	4,900	4,475	(425)
Franchise fees	390,000	390,000	423,017	33,017
Building permits and inspection fees	211,500	211,500	202,479	(9,021)
Zoning and plat fees	18,000	18,000	38,190	20,190
Total licenses and permits	4,746,400	4,746,400	4,990,894	244,494
Charges and fees for services:				
Ambulance fees	900,000	900,000	1,016,746	116,746
Sewer charges	2,815,000	2,815,000	2,900,618	85,618
Sanitation fees	2,306,500	2,306,500	2,418,504	112,004
Sewer impact fees	147,000	147,000	80,754	(66,246)
Street cut/repairs	4,400	4,400	804	(3,596)
Recreation rentals	266,500	266,500	238,279	(28,221)
Total charges and fees for services	6,439,400	6,439,400	6,655,705	216,305

(Continued)

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

CITY OF PRATTVILLE, ALABAMA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES: (continued)				
Fines and forfeitures:				
Court fines	\$ 336,700	\$ 336,700	\$ 429,073	\$ 92,373
Correction fund			22,630	22,630
Drug proceeds	55,500	55,500	16,410	(39,090)
Court costs	57,500	57,500	68,185	10,685
Total fines and forfeitures	449,700	449,700	536,298	86,598
Miscellaneous revenues:				
Donations	75,000	75,000	85,000	10,000
County commission - RTJ	50,000	50,000		(50,000)
Interest income	45,000	45,000	32,611	(12,389)
Accident reports	10,700	10,700	8,417	(2,283)
Friday night live club	1,000	1,000		(1,000)
Miscellaneous income	52,978	52,978	40,494	(12,484)
Parades	7,800	7,800	5,245	(2,555)
Performing and creative arts	25,500	25,500	44,146	18,646
Penalties	17,000	17,000	47,836	30,836
Sale of surplus equipment	6,000	6,000	15,566	9,566
Stanley stadium	5,500	5,500	2,850	(2,650)
Swimming pool concessions			1,518	1,518
Lambert property tower	7,200	7,200	14,460	7,260
Grant income	179,749	221,727	328,745	107,018
Insurance proceeds	10,000	10,000	46,164	36,164
Bullet proof vest grant	5,700	5,700	310	(5,390)
Law enforcement BG funds	7,300	7,300	7,238	(62)
Total miscellaneous revenues	506,427	548,405	680,600	132,195
Total revenues	\$ 33,075,672	\$ 33,117,650	\$ 34,841,457	\$ 1,723,807

(Continued)

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

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES:				
General government:				
Executive	\$ 208,261	\$ 212,842	\$ 265,419	\$ (52,577)
Legislative	197,221	197,280	171,138	26,142
Judicial	270,694	278,244	399,677	(121,433)
Administrative finance	605,657	605,657	688,708	(83,051)
Administrative city clerk	257,158	258,286	339,177	(80,891)
Human resources	334,146	334,283	515,474	(181,191)
Information technology	991,928	991,928	1,097,594	(105,666)
Vehicle maintenance	891,694	892,194	852,067	40,127
Sales tax incentives	855,000	855,000	889,732	(34,732)
City/County services	145,000	145,000	145,000	
Community initiatives	500,361	500,361	167,217	333,144
Total general government	5,257,120	5,271,075	5,531,203	(260,128)
Public works:				
Street	1,136,438	1,202,001	686,553	515,448
Sanitation	1,725,955	1,729,213	1,701,084	28,129
Planning and development	1,159,794	1,159,794	1,086,954	72,840
Wastewater	2,336,999	2,336,999	2,098,085	238,914
Urban management			358,125	(358,125)
Engineering	542,820	542,820	670,813	(127,993)
Total public works	6,902,006	6,970,827	6,601,614	369,213
Public safety:				
Police	6,223,059	6,223,059	6,228,005	(4,946)
Fire	6,456,958	6,495,958	6,529,075	(33,117)
Total public safety	12,680,017	12,719,017	12,757,080	(38,063)
Cultural and recreation:				
Leisure services	1,800,048	1,800,326	1,591,184	209,142
Performing and creative art	207,164	207,164	158,171	48,993
Total cultural and recreation	2,007,212	2,007,490	1,749,355	258,135
Debt service:				
Principal	821,042	821,042	6,463,190	(5,642,148)
Interest	149,474	149,474	182,832	(33,358)
Total debt service	970,516	970,516	6,646,022	(5,675,506)

(Continued)

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

CITY OF PRATTVILLE, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES: (continued)				
Transfers:				
Transfers to component units	\$ 277,732	\$ 277,732	\$ 269,549	\$ 8,183
Total transfers	277,732	277,732	269,549	8,183
Total expenditures	28,094,603	28,216,657	33,554,823	(5,338,166)
Excess of revenues over (under) expenditures	4,981,069	4,900,993	1,286,634	(3,614,359)
Other financing sources (uses):				
Transfers to debt service fund	(4,919,903)	(4,919,903)	(4,686,412)	233,491
Transfers to capital improvement fund			(136,457)	(136,457)
Transfer from special revenue fund			549,862	549,862
Proceeds from notes payable	205,000		5,637,303	5,637,303
Total other financing sources (uses)	(4,714,903)	(4,919,903)	1,364,296	6,284,199
Net change in fund balance, budgetary basis	\$ 266,166	\$ (18,910)	2,650,930	\$ 2,669,840
Deduct other reconciling items to adjust from budgetary basis to modified accrual basis:				
Change in encumbrances			(91,115)	(91,115)
NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS			2,559,815	
FUND BALANCE - BEGINNING			(1,491,991)	
FUND BALANCE - ENDING			\$ 1,067,824	

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

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

The Library operates for the benefit of the City and Autauga County residents. The City annually provides significant operating subsidies to the Library and appoints its governing body. Based on this criteria, the Library is included as a component unit of the City for the year ended September 30, 2011. 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, 2011. 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, 2011.

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, the Capital Improvement 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, 2011

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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.

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."

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

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

Inventory - Governmental fund inventories are reported as an expenditure when purchased rather than capitalized as an asset. The City has no significant inventories as of September 30, 2011 and therefore none are reported on the statement of net assets.

Restricted assets - Resources from federal and state grants are classified as restricted assets on the balance sheet.

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

Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the 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
Buildings and building improvements	40 years	\$ 25,000
Land improvements	20 years	25,000
Vehicles	5 - 15 years	5,000
Office, non-office, and computer equipment	3 - 20 years	5,000
Infrastructure	50 years	50,000

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

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>
Land improvements	20 years	\$ 5,000
Building and improvements	3 - 25 years	5,000
Furniture and equipment	5 - 7 years	5,000
Runways	8 - 25 years	5,000

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

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

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

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, 2011

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

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

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

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

- Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form, or for legal or contractual requirements. This would include inventories, deposits, and prepaid items.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that can be used only for the specific purposes that are internally imposed by formal action of the government's highest level of decision making authority. Commitments may be charged by the government taking the same action that imposed the constraint initially. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations. Fund balance is committed by the City Council by ordinance.
- Assigned - includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purpose of that fund. Fund balance may be assigned by the City Council or the Mayor.
- Unassigned - includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed, or assigned for those specific purposes.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted or assigned fund balance and do not constitute expenditures or liabilities of the fund. The only exception to this rule is the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual - General Fund. Actual expenditures in this statement include outstanding encumbrances at September 30, 2011 of \$55,667. Encumbrances are included in the actual expenditure figures on this statement so that a meaningful comparison can be made with the adopted budget.

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

A reconciliation of the two statements is as follows:

	GENERAL FUND
Excess of revenues and other financing sources over expenditures and other uses (GAAP basis)	\$ 2,559,815
Encumbrances at beginning of the year	146,782
Encumbrances at end of the year	(55,667)
 Excess of revenues and other financing sources over expenditures and other uses - actual (non-GAAP budgetary basis)	 \$ 2,650,930

As of September 30, 2011, the City included the encumbrances as part of the major governmental funds.

Excess of expenditures over appropriations - The City exceeded budgeted appropriations by \$5,338,166 primarily due to the repayment of two short-term loans which were executed and repaid during the fiscal year. These transactions were not included in the budget. The repayment of these loans resulted in excess debt service expenditures in the amount of \$5,675,506 as compared to budget. The proceeds of the short-term loans are included in the City's other financing sources which also exceeded budgeted amounts by \$5,637,303.

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, 2011

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2011 was as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 547,182	\$ 249,360	\$ 349,470	\$ 447,072
Land	2,661,060			2,661,060
Total capital assets, not being depreciated	<u>3,208,242</u>	<u>249,360</u>	<u>349,470</u>	<u>3,108,132</u>
Capital assets, being depreciated:				
Buildings and building improvements	10,713,673			10,713,673
Land improvements	9,134,531			9,134,531
Vehicles	7,484,599	32,218	1,543,807	5,973,010
Office, non-office, and computer equipment	6,210,484	161,899	674,783	5,697,600
Infrastructure	32,636,731	5,708,670		38,345,401
Total capital assets, being depreciated	<u>66,180,018</u>	<u>5,902,787</u>	<u>2,218,590</u>	<u>69,864,215</u>
Less accumulated depreciation for:				
Buildings and building improvements	2,906,007	275,093		3,181,100
Land improvements	4,609,544	477,706		5,087,250
Vehicles	5,544,301	446,081	1,506,045	4,484,337
Office, non-office, and computer equipment	3,808,042	497,419	674,783	3,630,678
Infrastructure	4,727,007	656,881		5,383,888
Total accumulated depreciation	<u>21,594,901</u>	<u>2,353,180</u>	<u>2,180,828</u>	<u>21,767,253</u>
Total capital asset, being depreciated, net	<u>44,585,117</u>	<u>3,549,607</u>	<u>37,762</u>	<u>48,096,962</u>
Governmental activity capital assets, net	<u>\$ 47,793,359</u>	<u>\$ 3,798,967</u>	<u>\$ 387,232</u>	<u>\$ 51,205,094</u>

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

NOTE 5 - CAPITAL ASSETS: (continued)

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

Governmental activities:	
General government	\$ 721,667
Public works	681,841
Public safety	618,384
Cultural and recreational	<u>331,288</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 2,353,180</u></u>

Component units - Capital asset activity for the Autauga-Prattville Public Library for the fiscal year ended September 30, 2011 is as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>ENDING BALANCE</u>
Capital assets, being depreciated:				
Equipment	\$ 206,986	\$ 16,484		\$ 223,470
Total capital assets, being depreciated	<u>206,986</u>	<u>16,484</u>		<u>223,470</u>
Less: Accumulated depreciation	<u>60,038</u>	<u>29,951</u>		<u>89,989</u>
 Total capital assets, being depreciated, net	 <u><u>\$ 146,948</u></u>	 <u><u>\$ (13,467)</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 133,481</u></u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 5 - CAPITAL ASSETS: (continued)

Capital asset activity for the Prattville Airport Authority for the fiscal year ended September 30, 2011 is as follows:

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Capital assets, not being depreciated:				
Land	\$ 2,593,729			\$ 2,593,729
Construction in progress		32,783		32,783
Total capital assets, not being depreciated	<u>2,593,729</u>	<u>32,783</u>		<u>2,626,512</u>
Capital assets, being depreciated:				
Land improvements	1,442,418			1,442,418
Runways	5,933,707	528,447		6,462,154
Building improvements	1,415,676			1,415,676
Furniture and equipment	126,570	15,413	\$ 51,508	90,475
Total capital assets, being depreciated	<u>8,918,371</u>	<u>543,860</u>	<u>51,508</u>	<u>9,410,723</u>
Less: Accumulated depreciation				
Land improvements	342,031	72,121		414,152
Runways	1,917,372	211,760		2,129,132
Building improvements	355,246	31,423		386,669
Furniture and equipment	80,223	7,848	43,604	44,467
Total accumulated depreciation	<u>2,694,872</u>	<u>323,152</u>	<u>43,604</u>	<u>2,974,420</u>
Total capital assets, being depreciated, net	<u>6,223,499</u>	<u>220,708</u>	<u>7,904</u>	<u>6,436,303</u>
Net total capital assets	<u>\$ 8,817,228</u>	<u>\$ 253,491</u>	<u>\$ 7,904</u>	<u>\$ 9,062,815</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Capital asset activity for the Historic Prattville Redevelopment Authority for the fiscal year ended September 30, 2011 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	60,208	\$ 8,825		69,033
Total capital assets, being depreciated, net	259,792	(8,825)		250,967
Total capital assets, net	\$ 443,292	\$ (8,825)	\$ -	\$ 434,467

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, 2011.

Transfers were made primarily from the general fund and nonmajor funds to major governmental funds for capital improvements, debt service payments, and to pay salaries for those employees who maintain the City's streets.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Interfund transfers:

	TRANSFER IN			TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
General fund		\$ 136,457	\$ 4,686,412	\$ 4,822,869
Other governmental funds	\$ 549,862		153,239	703,101
Totals	\$ 549,862	\$ 136,457	\$ 4,839,651	\$5,525,970

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, 2011, the amount of outstanding debt applicable to this limit was equal to 4.57% of property assessments as of October 1, 2010.

Long-term debt activity for the year ended September 30, 2011, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Warrant and other notes payable	\$ 58,068,424		\$ 2,944,390	\$ 55,124,034	\$ 3,033,135
Limited obligation warrant	1,594,489			1,594,489	
Add deferred amounts:					
Debt issuance premiums	434,597		47,739	386,858	
Total warrants and other notes payable	60,097,510		2,992,129	57,105,381	3,033,135
Capital leases	1,239,844		491,497	748,347	421,999
Compensated absences	1,289,306	\$ 633,505	651,402	1,271,409	779,233
Post-employment benefits other than pensions	1,081,342	271,840		1,353,182	71,630
Total long-term debt	\$ 63,708,002	\$ 905,345	\$ 4,135,028	\$ 60,478,319	\$ 4,305,997

Compensated absences, benefits, and other governmental activity obligations are generally been liquidated by the general fund.

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 7 - LONG-TERM DEBT: (continued)

Long-term debt at September 30, 2011 consists of the following:

	<u>TOTAL</u>
General Obligation Sewer Warrant, Series 1996; principal amount \$3,025,000; graduated principal payments are due annually on August 15 and semiannual interest payments due each February 15 and August 15; interest rate of 3.18%; final maturity date is August 15, 2017. Proceeds used for sludge digesters and wastewater treatment plant upgrade.	\$ 1,165,000
General Obligation Sewer Warrant, Series 2004; principal amount \$2,085,000; graduated principal payments are due annually on February 15 and semiannual interest payments due each February 15 and August 15; interest rate of 3.05%; final maturity date is February 18, 2025. Proceeds used to pay costs of constructing wastewater treatment and related facilities in connection with the sanitary sewer system.	1,590,000
General Obligation Warrants, Series 2006; principal amount \$1,595,000; graduated principal payments are due annually beginning November 1, 2009 and semiannual interest payments due each November 1 and May 1; interest at 3.625% to 3.70%; current rate on bonds 3.7%; final maturity date is November 1, 2011. Proceeds used for capital improvements.	760,000
General Obligation Economic Development Improvement Warrants, Series 2006A; principal amount \$19,875,000; graduated principal payments are due annually beginning November 1, 2010 and semiannual interest payments due each November 1 and May 1; interest at 3.65% to 5.00%; current rate on bonds 5%; final maturity date is November 1, 2026. Proceeds used for economic development.	19,765,000

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

NOTE 7 - LONG-TERM DEBT: (continued)

	<u>TOTAL</u>
<p>General Obligation Economic Development Improvement Warrants, Series 2006B; principal amount \$9,000,000; graduated principal payments due annually beginning November 1, 2009 and semiannual interest payments due each November 1 and May 1; interest at 3.50% to 5.00%; rate on current bonds 4.5%; final maturity date is November 1, 2025. Proceeds used for economic development.</p>	\$ 8,240,000
<p>General Obligation Economic Development Improvement Warrant, Series 2007; principal amount \$14,920,000; graduated principal payments due annually beginning November 1, 2010 and semiannual interest payments due each November 1 and May 1; interest at 3.50% to 4.375%; rate on current bonds 4%; final maturity date is November 1, 2025. Proceeds used for economic development.</p>	14,235,000
<p>General Obligation Warrant, Series 2008; principal amount \$380,000; due in semiannual installments of principal and interest on November 20 and May 20 of each year, beginning November 20, 2008; interest at 3.21%; final maturity date is May 20, 2018. Proceeds used to purchase a fire truck.</p>	276,667
<p>General Obligation Revenue Warrant, Series 2008, principal amount \$486,926; due in semiannual installments of principal and interest on May 1 and November 1 of each year, beginning May 1, 2008; interest at 3.44% until September 30, 2013 and adjusted annually thereafter to the highest prime rate published in the Money section of the Wall Street Journal; final maturity date is September 30, 2023. Proceeds used for a new roof at City Hall.</p>	415,841

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

NOTE 7 - LONG-TERM DEBT: (continued)

	<u>TOTAL</u>
<p>General Obligation Warrant, Series 2009; principal amount \$1,134,447; scheduled monthly payments of principal and interest; interest rate 3.69%; unsecured; final payment on February 1, 2014. Proceeds used to pay the amount due to Elmore County for overpayment of taxes.</p>	\$ 555,817
<p>Whitney Series 2009A; principal amount \$400,000 due in monthly principal and interest payments of \$2,387, beginning December 15, 2009; interest rate is 3.825%; final balloon payment due on November 15, 2014. Proceeds used to build a fire training tower.</p>	380,362
<p>2009 General Obligation Refunding Warrants; principal amount \$6,315,000; graduated principal payments are due annually on September 1, 2010 and semiannual interest payments due each March 1 and September 1, beginning March 1, 2010; interest rate ranges from 2% to 4%; rate on current bonds 3%; final payment is due September 1, 2022. Proceeds used to refund the 2001 and 2002 Warrants.</p>	5,570,000
<p>Whitney Series 2009B; principal amount \$450,000; due in monthly principal and interest payments of \$4,519, beginning December 15, 2009; interest rate is 3.825%; final balloon payment due November 15, 2014. Proceeds used to purchase a fire truck.</p>	375,347
<p>General Obligation Chevron Warrants Series 2009A; principal amount \$1,820,000; graduated principal payments are due annually on December 1, 2010 and semiannual interest payments due each June 1 and December 1, beginning June 1, 2010; interest rate ranges from 2.2% to 4.5%; rate on current bonds 2.2%; final payment is due December 1, 2029. Proceeds used for the acquisition, construction, installation, and equipping of certain energy efficient improvements.</p>	<u>1,795,000</u>
<p>Total</p>	<u><u>\$ 55,124,034</u></u>

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

NOTE 7 - LONG-TERM DEBT: (continued)

Limited Obligation Warrant - The City issued Limited Obligation Warrant, Series 2006B in the amount of \$1,594,489 for the construction of infrastructure. The warrant bears a -0-% interest rate and matures on August 1, 2036. The warrant was issued pursuant to an agreement with a private entity for the construction of infrastructure. Repayment of the warrant is secured by a pledge of 75% of the sales tax revenue remitted by retail establishments located on the specified property. As of September 30, 2011, the collection of sales tax revenue was pending and the City had not redeemed any portion of the outstanding warrants.

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

Debt service requirements on long-term debt at September 30, 2011 are as follows:

	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
YEAR ENDING SEPTEMBER 30:			
2012	\$ 3,033,135	\$ 2,286,375	\$ 5,319,510
2013	3,192,471	2,166,330	5,358,801
2014	3,183,430	2,030,490	5,213,920
2015	3,711,741	1,879,328	5,591,069
2016	3,296,989	1,741,805	5,038,794
2017 - 2021	17,622,634	6,612,713	24,235,347
2022 - 2026	18,613,634	2,694,455	21,308,089
2027 - 2031	2,470,000	102,822	2,572,822
	\$ 55,124,034	\$ 19,514,318	\$ 74,638,352
Totals	\$ 55,124,034	\$ 19,514,318	\$ 74,638,352

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

NOTE 7 - LONG-TERM DEBT: (continued)

Component units - The Prattville Airport Authority's capital debt at September 30, 2011 is as follows:

Revenue and Grant Anticipation Bond Series 2008 - BankTrust; \$1,000,000; amount drawn to date \$677,150; interest rate of 3.58% until July 1, 2013, variable rate equal to 65% of BankTrust base rate thereafter; interest due quarterly beginning October 1, 2008; principal payments due quarterly beginning October 1, 2011; remaining balance due on July 1, 2016; secured by pledge of all revenues, rents, receipts, income, and funds derived by the Airport Authority. Proceeds used for capital improvements.	<u>\$ 627,889</u>
Total long-term capital debt	<u><u>\$ 627,889</u></u>

Maturities on capital debt are as follows:

	PRINCIPAL	INTEREST	TOTAL
YEAR ENDING SEPTEMBER 30:			
2012	\$ 24,491	\$ 16,681	\$ 41,172
2013	33,746	20,854	54,600
2014	55,129	19,169	74,298
2015	57,129	17,151	74,280
2016	457,394	11,546	468,940
Totals	<u>\$ 627,889</u>	<u>\$ 85,401</u>	<u>\$ 713,290</u>

Total interest cost on capital debt in 2011 was \$29,219.

Capital debt activity for the year ended September 30, 2011 was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Revenue and grant anticipation Bond - BankTrust	\$ 661,864		\$ 33,975	\$ 627,889	\$ 24,491
Totals	<u>\$ 661,864</u>	<u>\$ -</u>	<u>\$ 33,975</u>	<u>\$ 627,889</u>	<u>\$ 24,491</u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 7 - LONG-TERM DEBT: (continued)

The Historic Prattville Redevelopment Authority's notes payable at September 30, 2011 are as follows:

BankTrust secured by real estate; monthly principal and interest payments of \$2,675 due on the 15th of every month; interest rate of 5.85%; final maturity date is May 15, 2013. Proceeds used to purchase real estate.	\$ 47,463
BankTrust secured by real estate; monthly principal and interest payments of \$1,972 due on the 5th of every month; interest rate of 6.15%; final maturity date is July 5, 2014. Proceeds used to purchase real estate.	172,247
BankTrust unsecured; monthly principal and interest payments of \$393.02 due on the 15th of every month; interest rate of 6.15%; maturity date of September 15, 2014. Proceeds used to pay unsecured loan.	<u>26,917</u>
Total	<u><u>\$ 246,627</u></u>

Notes payable maturities at September 30, 2011 are as follows:

	HISTORIC PRATTVILLE REDEVELOPMENT AUTHORITY		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
YEAR ENDING SEPTEMBER 30:			
2012	\$ 45,850	\$ 14,634	\$ 60,484
2013	34,557	11,872	46,429
2014	<u>166,220</u>	<u>8,896</u>	<u>175,116</u>
Totals	<u><u>\$ 246,627</u></u>	<u><u>\$ 35,402</u></u>	<u><u>\$ 282,029</u></u>

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Long-term debt activity for the Historic Prattville Redevelopment Authority for the year ended September 30, 2011, was as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Notes payable to bank	\$ 297,086	\$ 60,142	\$ 110,601	\$246,627	\$ 45,850
Totals	<u>\$ 297,086</u>	<u>\$ 60,142</u>	<u>\$ 110,601</u>	<u>\$246,627</u>	<u>\$ 45,850</u>

NOTE 8 - NOTES PAYABLE:

The City issued General Obligation Note, Series 2011 dated October 29, 2010 in the amount of \$3,100,000. The proceeds of the note were used to pay the principal and interest payments on certain General Obligation Warrant payments due November 1, 2010. The interest rate on the loan was 1.23%. As of September 30, 2011, the balance of the loan had been paid in full.

The City issued General Obligation Note, Series 2011 dated April 29, 2011 in the amount of \$1,000,000. The proceeds of the note were used to pay the principal and interest payments on certain General Obligation Warrant payments due May 1, 2011. The interest rate on the loan was 2.9%. As of September 30, 2011, the balance of the loan had been paid in full.

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

Short-term debt activity for the year ended September 30, 2011, was as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITION</u>	<u>REDUCTION</u>	<u>ENDING BALANCE</u>
Notes payable to bank	\$ 1,000,000	\$ 5,637,303	\$ 5,637,303	\$ 1,000,000
Totals	<u>\$ 1,000,000</u>	<u>\$ 5,637,303</u>	<u>\$ 5,637,303</u>	<u>\$ 1,000,000</u>

NOTE 9 - CAPITAL LEASES:

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

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

The assets acquired through capital leases are as follows:

<u>ASSET</u>	<u>GOVERNMENTAL ACTIVITIES</u>
Machinery and equipment	\$ 835,298
Vehicles	1,975,421
	<u>2,810,719</u>
Less: Accumulated depreciation	<u>(1,759,256)</u>
Total	<u>\$ 1,051,463</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2011, were as follows:

<u>YEAR ENDING SEPTEMBER 30:</u>	<u>AMOUNT</u>
2012	\$ 442,106
2013	230,543
2014	105,513
Total minimum lease payments	<u>778,162</u>
Less: Deferred interest	<u>29,815</u>
Present value of minimum lease payments	<u>\$ 748,347</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.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 10 - PENSION COSTS: (continued)

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.

Annual pension cost - For the year ended September 30, 2011, the City's annual pension cost of \$1,193,485 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, 2009	\$ 1,160,890	100%	-0-
September 30, 2010	1,234,847	100%	-0-
September 30, 2011	1,193,485	100%	-0-

The required contribution was determined as part of the September 30, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) an investment rate of return on assets of 8.00% per year, and (b) projected salary increases of 4.61% to 7.75% per year, including inflation of 4.50%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of September 30, 2008 was 20 years.

Funding status and progress - As of September 30, 2010, the most recent actuarial valuation date, the plan was 67.8% funded. The actuarial accrued liability for benefits was \$43,165,309, and the actuarial value of assets was \$29,286,356 resulting in funding deficit of \$13,878,953. The covered payroll (annual payroll of active employees covered by the plan) was \$14,949,370, and the ratio of the funding deficit to the covered payroll was 92.8%.

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

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

The City of Prattville administers a single-employer defined benefit (OPEB) plan for the employees of the City. From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The City recognizes the cost of post-employment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. The recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

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

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

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

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

	NUMBER OF ENROLLEES
Active employees	293
Retired employees	21
Total	314

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

In fiscal year ending September 30, 2011, the City of Prattville, Alabama's portion of health care funding cost for retired employees totaled \$56,420. These amounts were applied toward the net OPEB obligation as shown in the table on the following page.

CITY OF PRATTVILLE, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

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

Annual required contribution - The City of Prattville's Annual Required Contribution (ARC) is an amount actuarially determined. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years, (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning October 1, 2010 is \$347,541, as set forth below:

	MEDICAL
Normal cost	\$ 182,445
30 year unfunded AAL amortization amount	165,096
Annual required contribution (ARC)	\$ 347,541

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

	MEDICAL
Annual required contribution	\$ 347,541
Interest on net OPEB obligation	43,253
Adjustment to annual required contribution	(62,534)
Annual OPEB cost	328,260
Contributions made	-0-
Current year retiree premium	(56,420)
Increase in net OPEB obligation	271,840
Net OPEB obligation - beginning of year	1,081,342
Net OPEB obligation - end of year	\$ 1,353,182

The City's annual OPEB cost, percentage of the cost contributed, and the net OPEB obligation for fiscal year 2011 and the previous two years is as follows:

POST- EMPLOYMENT BENEFIT	FISCAL YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF ANNUAL COST CONTRIBUTED	NET OPEB OBLIGATION
Medical	September 30, 2009	\$ 644,913	17.43%	\$ 532,520
Medical	September 30, 2010	661,215	17.00%	1,081,342
Medical	September 30, 2011	328,260	17.19%	1,353,182

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

Funded status and funding progress - As of September 20, 2011, the actuarial accrued liability for benefits was \$2,854,883 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$14,207,131, and the ratio of the unfunded actuarial liability to the covered payroll was 20% as presented in the following table:

	<u>MEDICAL</u>
Actuarial accrued liability (AAL)	\$ 2,854,883
Actuarial value of plan assets	<u>-0-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,854,883</u>
Funded ratio (Actuarial value assets/AAL)	-0-%
Covered payroll (active plan members)	\$ 14,207,131
UAAL as a percentage of covered payroll	20%

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

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

The following significant assumptions were made:

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

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

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

Post employment benefit plan eligibility requirements - Based on past experience, it has been assumed that entitlement to benefits will commence immediately upon retiree coverage eligibility. Medical benefits are provided to employees upon actual retirement as previously described.

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

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

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

Method of determining value of benefits. The value of benefits has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The retiree pays for 100% of the cost of the medical insurance for the retiree and dependents, but it is based on the active/retiree blended rate. There is an implicit employer subsidy since a portion of the active/retired blended rate is attributable to the retiree coverage. Since use of unblended rates is required by GASB 45 for valuation purposes, we have estimated the unblended retiree total rate before age 65 to be 130% of the blended rate. The employer cost is then the difference between this total unblended rate and the portion paid by the retiree, if any. Retiree coverage ceases at age 65.

NOTE 12 - CONTINGENT LIABILITIES:

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

NOTE 13 - RISK MANAGEMENT:

The City is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and self-insured employee health. The City purchases commercial insurance for property, general liability claims, and title insurance and has effectively managed risk through various employee education and prevention programs. All risk management activities are accounted for in the general fund.

The City has estimated that the amount of actual or potential claims against the City as of September 30, 2011, will not materially affect the financial condition of the City. Settlement amounts have not exceeded insurance coverage for the current year or the three previous years.

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

EMPLOYEES' MEDICAL INSURANCE FUND	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning of fiscal year	\$ 176,300	\$ 208,300
Incurred claims (including IBNRs)	2,682,997	3,355,182
Claim payments	<u>(2,685,697)</u>	<u>(3,387,182)</u>
Unpaid claims, end of fiscal year	<u>\$ 173,600</u>	<u>\$ 176,300</u>

NOTE 14 - RELATED PARTY TRANSACTIONS:

The City chose the Water Works Board of the City of Prattville as the collection agent for the sewer and sanitation collection fees. The City receives the receipts for services when collected by the Water Works Board of the City of Prattville. The amount receivable to the City for sewer and sanitation collection fees not yet received at September 30, 2011 was \$498,636.

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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, 2011 was \$124,928.

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 \$24,549 in rent payments to Historic Prattville Redevelopment Authority during fiscal year ended September 30, 2011.

NOTE 15 - FUNDING AGREEMENT:

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

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

CITY OF PRATTVILLE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 16 - COMMITMENTS:

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

The City entered an agreement to support the indebtedness incurred to finance property of the Historic Prattville Redevelopment Authority with an annual allocation in the event that the lease arrangements on the financed property prove not to be financially viable. The initial loan balance on the property totaled \$252,200. The loan balance as of September 30, 2011 was \$172,248.

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

As of September 30, 2011, commitments to contractors on capital projects are as follows:

Commitments	\$ 852,869
Spent-to-date	<u>(447,073)</u>
Remaining commitments	<u>\$ 405,796</u>

NOTE 17 - PRIOR PERIOD ADJUSTMENT:

A prior period adjustment has been made to include Limited Obligation Warrant, Series 2006B, dated October 3, 2006, pursuant to an infrastructure agreement with a real estate developer to provide for the construction and installation of infrastructure, that had previously been omitted from the City's financial statements. The adjustment resulted in an increase of \$1,594,489 in capital assets and an increase of \$1,594,489 in long-term liabilities, resulting in no change in total net assets on the Statement of Net Assets.

NOTE 18 - EFFECT OF NEW PRONOUNCEMENTS:

In 2011, the City implemented the following statement:

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement 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. This statement also redefines the definitions of governmental funds.

CITY OF PRATTVILLE, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

GASB Statement No. 57, *OPEB Measurement by Agent Employers and Agent Multi-Employer Plans*. This statement is intended to improve consistency in the measurement and financial reporting of other post-employment benefits (OPEB) such as retiree health insurance. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2011.

NOTE 19 - SUBSEQUENT EVENTS:

On November 1, 2011, the City issued General Obligation Note, Series 2012 in the amount of \$2,000,000 to refund that portion of principal and interest on a series of General Obligation Warrants which were due and payable on November 1, 2011. The General Obligation note bears interest at a rate of 1.68% with a maturity date of March 1, 2012. This obligation was paid in full prior to maturity.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PRATTVILLE, ALABAMA

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

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (b)	UNFUNDED AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)
September 30, 2008	\$ 27,900,405	\$ 36,003,149	\$ 8,102,744	77.5%	\$13,452,621	60.2%
September 30, 2009	28,514,588	39,315,613	10,801,025	72.5%	14,254,467	75.8%
September 30, 2010	29,286,356	43,165,309	13,878,953	67.8%	14,949,370	92.8%

CITY OF PRATTVILLE, ALABAMA

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

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (b)	UNFUNDED AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)
September 30, 2008	\$ -0-	\$ 5,106,471	\$(5,106,471)	0.0%	\$ 15,252,823	33%
September 30, 2009	-0-	5,310,730	(5,310,730)	0.0%	14,483,029	37%
September 30, 2010	-0-	2,854,883	(2,854,883)	0.0%	14,207,131	20%

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

CITY OF PRATTVILLE, ALABAMA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2011

	TOTAL NONMAJOR GOVERNMENTAL FUNDS	SPECIAL REVENUE FUNDS
ASSETS:		
Cash	\$ 256,012	\$ 256,012
Total assets	\$ 256,012	\$ 256,012
FUND BALANCE:		
Restricted for road projects	\$ 256,012	\$ 256,012
Total fund balance	\$ 256,012	\$ 256,012

CITY OF PRATTVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	TOTAL NONMAJOR GOVERNMENTAL FUNDS	SPECIAL REVENUE FUNDS
	<u> </u>	<u> </u>
REVENUES:		
Intergovernmental revenue	\$ 392,856	\$ 392,856
Total revenues	<u>392,856</u>	<u>392,856</u>
OTHER FINANCING USES:		
Transfers out	(703,101)	(703,101)
Total other financing uses	<u>(703,101)</u>	<u>(703,101)</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	(310,245)	(310,245)
FUND BALANCES AT BEGINNING OF YEAR	<u>566,257</u>	<u>566,257</u>
FUND BALANCES AT END OF YEAR	<u>\$ 256,012</u>	<u>\$ 256,012</u>

CITY OF PRATTVILLE, ALABAMA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2011

	<u>TOTAL</u>	<u>STATE GASOLINE EXCISE TAX FUND</u>	<u>STATE GASOLINE AND LUBRICATING OIL TAX FUND</u>	<u>ALABAMA TRUST FUND</u>	<u>MISCELLANEOUS GRANT FUND</u>
ASSETS:					
Cash	\$ 256,012	\$ 142,810	\$ 113,202		
Accounts receivable					
Total assets	<u>\$ 256,012</u>	<u>\$ 142,810</u>	<u>\$ 113,202</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE:					
Restricted for road projects	\$ 256,012	\$ 142,810	\$ 113,202		\$ -
Total fund balances	<u>\$ 256,012</u>	<u>\$ 142,810</u>	<u>\$ 113,202</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PRATTVILLE, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	TOTAL	STATE GASOLINE EXCISE TAX FUND	STATE GASOLINE AND LUBRICATING OIL TAX FUND	ALABAMA TRUST FUND	MISCELLANEOUS GRANT FUND
REVENUES:					
Intergovernmental revenues	\$ 392,856	\$ 134,558	\$ 105,058	\$ 153,240	
Total revenues	<u>392,856</u>	<u>134,558</u>	<u>105,058</u>	<u>153,240</u>	
OTHER FINANCING USES:					
Transfers out	(703,101)	(273,875)	(219,819)	(153,240)	\$ (56,167)
Total other financing uses	<u>(703,101)</u>	<u>(273,875)</u>	<u>(219,819)</u>	<u>(153,240)</u>	<u>(56,167)</u>
Deficiency of revenues and other financing uses over expenditures	(310,245)	(139,317)	(114,761)		(56,167)
FUND BALANCES AT BEGINNING OF YEAR	<u>566,257</u>	<u>282,127</u>	<u>227,963</u>		<u>56,167</u>
FUND BALANCES AT END OF YEAR	<u>\$ 256,012</u>	<u>\$ 142,810</u>	<u>\$ 113,202</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PRATTVILLE, ALABAMA
 BUDGETARY COMPARISON SCHEDULE
 STATE GASOLINE EXCISE TAX FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGET	ACTUAL	UNDER BUDGET
REVENUES:			
State gasoline excise tax	\$ 137,000	\$ 134,558	\$ (2,442)
Total revenues	137,000	134,558	(2,442)
OTHER FINANCING USES:			
Transfers out		(273,875)	(273,875)
Total other financing uses		(273,875)	(273,875)
DEFICIENCY OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	\$ 137,000	(139,317)	\$ (276,317)
FUND BALANCE AT BEGINNING OF YEAR		282,127	
FUND BALANCE AT END OF YEAR		\$ 142,810	

CITY OF PRATTVILLE, ALABAMA

BUDGETARY COMPARISON SCHEDULE
 STATE GASOLINE AND LUBRICATING OIL EXCISE TAX FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>UNDER BUDGET</u>
REVENUES:			
State gasoline and lubricating oil excise tax	\$ 106,000	\$ 105,058	\$ (942)
Total revenues	<u>106,000</u>	<u>105,058</u>	<u>(942)</u>
OTHER FINANCING USES:			
Transfers out		<u>(219,819)</u>	<u>(219,819)</u>
Total other financing uses		<u>(219,819)</u>	<u>(219,819)</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	<u>\$ 106,000</u>	<u>(114,761)</u>	<u>\$ (220,761)</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>227,963</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 113,202</u>	

STATISTICAL SECTION

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

<u>CONTENTS</u>	<u>PAGE</u>
Financial trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	62
Revenue capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales taxes.	66
Debt capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	69
Demographic and economic information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	73
Operating information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	75

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

Note: Information in the statistical section is provided for the last nine years since implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statement, and Management's Discussion and Analysis for State and Local Governments (MD&A).

CITY OF PRATTVILLE, ALABAMA

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
GOVERNMENTAL ACTIVITIES:									
Invested in capital assets, net of related debt	\$ 262,094	\$ (835,480)	\$ 200,301	\$ 1,747,516	\$ 23,286,126	\$ 26,252,599	\$ 27,913,767	\$ 28,197,019	\$ 33,144,191
Restricted	623,621	2,740,330	2,670,892	12,053,513	6,911,387	6,238,962	3,761,598	851,251	653,478
Unrestricted	1,799,375	838,970	(477,821)	(29,514,316)	(28,162,924)	(42,378,700)	(44,366,960)	(46,256,970)	(42,282,379)
Total governmental activities net assets	<u>\$ 2,685,090</u>	<u>\$ 2,743,820</u>	<u>\$ 2,393,372</u>	<u>\$ (15,713,287)</u>	<u>\$ 2,034,589</u>	<u>\$ (9,887,139)</u>	<u>\$ (12,691,595)</u>	<u>\$ (17,208,700)</u>	<u>\$ (8,484,710)</u>

CITY OF PRATTVILLE, ALABAMA

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
EXPENSES:									
Governmental activities:									
General government	\$ 3,694,611	\$ 3,536,671	\$ 4,238,631	\$ 4,861,244	\$ 5,350,008	\$ 6,765,361	\$ 8,093,740	\$ 9,124,172	\$ 6,984,318
Public safety	10,601,648	11,521,996	12,485,123	11,642,133	11,610,724	13,028,713	13,401,417	14,719,827	13,369,083
Public works	5,964,375	6,184,100	6,033,293	25,283,479	6,548,115	20,541,104	8,005,500	8,755,792	7,235,404
Cultural and recreational	1,851,287	2,236,072	2,362,297	2,098,474	2,381,700	2,502,375	2,549,480	2,449,184	2,080,642
Interest on long-term debt	794,955	678,652	606,591	1,188,315	2,047,213	2,327,227	2,445,024	2,585,660	2,460,545
Total governmental activities expenses	<u>22,906,876</u>	<u>24,157,491</u>	<u>25,725,935</u>	<u>45,073,645</u>	<u>27,937,760</u>	<u>45,164,780</u>	<u>34,495,161</u>	<u>37,634,635</u>	<u>32,129,992</u>
PROGRAM REVENUES:									
Governmental activities:									
Charges for services:									
General government	3,101,357	3,231,340	3,580,313	3,939,277	4,654,085	5,183,865	4,901,819	4,874,993	4,990,894
Public safety	1,105,768	1,292,271	1,310,831	1,417,909	1,464,651	1,781,289	1,201,853	1,287,322	1,553,044
Public works	3,215,659	3,040,210	2,993,596	3,219,938	3,969,798	3,930,206	3,928,435	4,412,889	5,400,680
Cultural and recreational	225,033	213,697	209,831	226,660	303,580	318,697	261,429	265,044	238,279
Operating grants and contributions	129,790	304,866	265,252	1,015,035	385,083	460,308	313,602	206,761	193,703
Capital grants and contributions					1,245,578	1,975,504	2,037,803	2,122,469	5,847,250
Total governmental activities program revenues	<u>7,777,607</u>	<u>8,082,384</u>	<u>8,359,823</u>	<u>9,818,819</u>	<u>12,022,775</u>	<u>13,649,869</u>	<u>12,644,941</u>	<u>13,169,478</u>	<u>18,223,850</u>
Total primary government net expense	<u>(15,129,269)</u>	<u>(16,075,107)</u>	<u>(17,366,112)</u>	<u>(35,254,826)</u>	<u>(15,914,985)</u>	<u>(31,514,911)</u>	<u>(21,850,220)</u>	<u>(24,465,157)</u>	<u>(13,906,142)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:									
Governmental activities:									
Taxes:									
Sales taxes	11,731,268	13,360,231	14,199,349	14,729,824	15,365,612	15,965,129	15,890,723	16,796,679	19,432,210
Real and personal property taxes	1,308,033	1,543,217	1,638,862	1,798,544	2,065,975	2,273,782	2,481,450	2,500,129	2,545,750
Motor fuel taxes	234,541	241,512	242,684	242,416	243,557	239,897	238,361	240,547	239,616
Intergovernmental	179,052	16,458	15,357	20,228	17,753	9,092	9,159	161,534	153,240
Investment earnings	193,336	160,646	165,783	182,995	644,767	232,387	39,410	42,318	32,621
Miscellaneous revenue	384,042	740,819	772,830	742,006	530,544	872,896	386,661	206,845	226,695
Gain (loss) on sale of capital assets	383,017	70,955	(19,201)						
Total governmental activities general revenues	<u>14,413,289</u>	<u>16,133,838</u>	<u>17,015,664</u>	<u>17,716,013</u>	<u>18,868,208</u>	<u>19,593,183</u>	<u>19,045,764</u>	<u>19,948,052</u>	<u>22,630,132</u>
Change in net assets	<u>\$ (715,980)</u>	<u>\$ 58,731</u>	<u>\$ (350,448)</u>	<u>\$ (17,538,813)</u>	<u>\$ 2,953,223</u>	<u>\$ (11,921,728)</u>	<u>\$ (2,804,456)</u>	<u>\$ (4,517,105)</u>	<u>\$ 8,723,990</u>

CITY OF PRATTVILLE, ALABAMA

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
GENERAL FUND:									
Reserved	\$ 171,457	\$ 2,063,054	\$ 1,777,114	\$ 2,031,204	\$ 944,030	\$ 1,181,267	\$ 1,043,077	\$ 821,293	
Unreserved	(641,630)	(520,470)	(1,429,357)	(1,370,935)	(545,442)	(744,577)	(316,517)	(2,313,284)	
Nonspendable									\$ 159,850
Restricted									653,478
Committed									12,185
Assigned									172,653
Unassigned									550,285
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total general fund	<u>\$ (470,173)</u>	<u>\$ 1,542,584</u>	<u>\$ 347,757</u>	<u>\$ 660,269</u>	<u>\$ 398,588</u>	<u>\$ 436,690</u>	<u>\$ 726,560</u>	<u>\$ (1,491,991)</u>	<u>\$ 1,548,451</u>
ALL OTHER GOVERNMENTAL FUNDS:									
Reserved, reported in:									
Capital projects fund		\$ 492,482	\$ 664,592	\$ 6,176,905	\$ 2,607,652	\$ 2,510,352	\$ 2,371,105	\$ 618,868	
Reserved, reported in:									
Debt service fund				2,654,175	1,060,466	1,192,527	858,397	80,178	
Unreserved, reported in:									
Special revenue funds	\$ 286,373	350,577	88,158	326,192	511,735	63,082	373,568	566,257	
Unreserved, reported in:									
Debt service fund	153,567	270,241	264,820	258,009	255,061	(61,295)	169,558		
Unreserved, reported in:									
Capital projects fund	3,156,586	2,425,627	2,053,100	2,964,424	2,445,873	2,471,886	25,258	(357,885)	
Restricted									\$ 480,627
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total all other governmental funds	<u>\$ 3,596,526</u>	<u>\$ 3,538,927</u>	<u>\$ 3,070,670</u>	<u>\$ 12,379,705</u>	<u>\$ 6,880,787</u>	<u>\$ 6,176,552</u>	<u>\$ 3,797,886</u>	<u>\$ 907,418</u>	<u>\$ 480,627</u>

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

CITY OF PRATTVILLE, ALABAMA

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

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

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 5
NET TAXABLE SALES BY CATEGORY

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Apparel stores	\$ 37,317,474	\$ 40,062,414	\$ 45,541,937	\$ 44,070,516	\$ 44,057,973	\$ 49,891,510	\$ 61,766,373	\$ 72,438,782	\$ 89,597,781
Food stores	74,336,069	75,475,573	78,477,260	79,119,351	75,830,662	70,156,573	73,331,244	71,839,635	85,899,518
Automotive	93,894,984	96,341,702	90,016,728	78,357,966	74,734,128	65,384,586	46,030,674	58,984,572	63,159,678
Manufacturing machine						1,225,203	1,813,517	1,512,332	1,512,272
Restaurants	50,107,828	57,047,006	59,626,869	63,443,394	62,844,097	51,658,420	53,838,468	62,888,874	76,728,168
Home furnishings and appliances	4,494,332	5,157,160	4,599,982	5,138,448	6,693,246	13,638,375	21,877,677	20,566,253	19,754,114
Building materials	31,644,832	37,753,391	44,164,704	44,491,167	36,036,047	48,684,662	39,460,896	39,128,465	46,078,340
Service stations	5,838,760	6,428,097	8,639,890	9,765,852	10,784,193	21,761,093	22,983,026	22,447,212	23,685,040
Other retail stores	79,051,188	104,053,618	111,509,853	118,363,518	149,544,076	256,892,888	244,770,686	262,697,325	294,142,143
Totals	<u>\$ 376,685,467</u>	<u>\$ 422,318,961</u>	<u>\$ 442,577,223</u>	<u>\$ 442,750,212</u>	<u>\$ 460,524,422</u>	<u>\$ 579,293,310</u>	<u>\$ 565,872,561</u>	<u>\$ 612,503,450</u>	<u>\$ 700,557,054</u>
City direct sales tax rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	3.50%

Source: City's Finance Department.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 6
SALES TAX REVENUE PAYERS BY CATEGORY
FISCAL YEARS 2003 THROUGH 2011

	2009				2010				2011			
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
Apparel stores	14	\$ 1,544,159	11.70%	8.49%	17	\$ 1,810,970	12.84%	8.05%	17	\$ 2,300,008	13.81%	7.69%
Food stores	8	1,833,281	13.89%	12.25%	8	1,795,991	12.73%	11.83%	8	2,205,072	13.24%	11.97%
Automotive	24	230,153	1.74%		27	294,923	2.09%		27	315,798	1.90%	
Machine	22	13,601	0.10%		25	11,342	0.08%		25	11,342	0.07%	
Restaurants	89	1,345,962	10.20%		90	1,572,222	11.15%		95	1,969,640	11.83%	
Home furnishings and appliances	12	546,942	4.15%	2.54%	12	514,156	3.65%	2.44%	12	507,095	3.05%	2.18%
Building materials	8	986,522	7.48%	6.74%	8	978,212	6.94%	6.22%	8	1,182,848	7.10%	6.20%
Service stations	30	574,576	4.35%		29	561,180	3.98%		28	608,004	3.65%	
Other retail stores	980	6,119,267	46.39%	10.70%	964	6,565,423	46.54%	9.55%	918	7,550,736	45.35%	9.22%
Totals	1,187	\$ 13,194,463	100.00%		1,180	\$ 14,104,419	100.00%		1,138	\$ 16,650,543	100.00%	

	2006				2007				2008			
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
Apparel stores	9	\$ 1,101,763	11.60%	10.31%	13	\$ 1,101,449	10.99%	8.10%	14	\$ 1,247,288	9.48%	6.00%
Food stores	6	1,977,984	20.82%	20.55%	7	1,895,767	18.92%	17.71%	7	1,753,914	13.33%	12.56%
Automotive	30	391,790	4.12%	1.51%	26	373,671	3.73%	1.68%	25	326,923	2.49%	1.35%
Machine									17	9,189	0.07%	
Restaurants	69	1,586,085	16.69%		75	1,571,102	15.68%		84	1,291,461	9.82%	
Home furnishings and appliances	10	128,461	1.35%		10	167,331	1.67%		12	340,959	2.59%	1.35%
Building materials	6	1,112,279	11.71%	10.71%	8	900,901	8.99%	7.82%	8	1,217,117	9.25%	7.90%
Service stations	30	244,146	2.57%		28	269,605	2.69%		28	544,027	4.14%	
Other retail stores	955	2,959,088	31.14%	11.80%	1,056	3,738,602	37.33%	10.98%	1,150	6,422,322	48.83%	12.48%
Totals	1,115	\$ 9,501,596	100.00%		1,223	\$ 10,018,428	100.00%		1,345	\$ 13,153,200	100.00%	

	2005				2004				2003			
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
Apparel stores	9	\$ 1,138,548	12.29%	11.15%	9	\$ 1,001,560	11.60%	10.45%	8	\$ 932,937	12.37%	11.32%
Food stores	6	1,961,932	21.18%	21.11%	6	1,886,889	21.86%	21.78%	6	1,858,402	24.65%	24.21%
Automotive	31	450,084	4.86%	2.82%	30	481,709	5.58%	2.43%	23	469,475	6.23%	2.91%
Machine												
Restaurants	70	1,490,672	16.09%		65	1,426,175	16.52%		60	1,252,696	16.62%	
Home furnishings and appliances	10	115,000	1.24%		7	128,929	1.49%		7	112,358	1.49%	
Building materials	6	1,104,118	11.92%	10.92%	6	943,835	10.94%	10.18%	5	791,121	10.49%	9.93%
Service stations	30	215,997	2.33%		28	160,702	1.86%		28	145,969	1.94%	
Other retail stores	943	2,787,746	30.09%	11.93%	882	2,601,340	30.14%	12.00%	898	1,976,280	26.21%	13.03%
Totals	1,105	\$ 9,264,097	100.00%		1,033	\$ 8,631,139	100.00%		1,035	\$ 7,539,238	100%	

Source:

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

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 7
DIRECT AND OVERLAPPING SALES TAX RATES

<u>FISCAL YEAR</u>	<u>CITY DIRECT RATE</u>	<u>AUTAUGA COUNTY</u>	<u>STATE OF ALABAMA</u>	<u>TOTAL SALES TAX</u>
2003	2.5%	2%	4.00%	8.5%
2004	2.5%	2%	4.00%	8.5%
2005	2.5%	2%	4.00%	8.5%
2006	2.5%	2%	4.00%	8.5%
2007	2.5%	2%	4.00%	8.5%
2008	2.5%	2%	4.00%	8.5%
2009	2.5%	2%	4.00%	8.5%
2010	2.5%	2%	4.00%	8.5%
2011	3.5%	2%	4.00%	9.5%

<u>FISCAL YEAR</u>	<u>CITY DIRECT RATE</u>	<u>ELMORE COUNTY</u>	<u>STATE OF ALABAMA</u>	<u>TOTAL SALES TAX</u>
2003	2.5%	1%	4.00%	7.5%
2004	2.5%	1%	4.00%	7.5%
2005	2.5%	1%	4.00%	7.5%
2006	2.5%	1%	4.00%	7.5%
2007	2.5%	1%	4.00%	7.5%
2008	2.5%	1%	4.00%	7.5%
2009	2.5%	1%	4.00%	7.5%
2010	2.5%	1%	4.00%	7.5%
2011	3.5%	1%	4.00%	8.5%

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

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 8
RATIOS OF OUTSTANDING DEBT BY TYPE

FISCAL YEAR	GENERAL OBLIGATION BONDS	TERM LOAN	LIMITED OBLIGATION WARRANT	CAPITAL LEASE	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF TAXABLE SALES (b)	PERCENTAGE OF PERSONAL INCOME (a)	PER CAPITA (a)
2003	\$ 14,920,985			\$ 588,921	\$ 15,509,906	4.12%	1.29%	\$ 339
2004	15,811,724			588,956	16,400,680	3.88%	1.29%	349
2005	14,595,000			486,973	15,081,973	3.41%	1.10%	315
2006	44,352,609			294,946	44,647,555	10.08%	3.04%	909
2007	43,102,043		\$ 1,594,489	437,071	45,133,603	9.80%	2.90%	906
2008	56,994,583	\$ 99,344	1,594,489	761,348	59,449,764	10.26%	3.62%	1,181
2009	57,099,163	1,025,708	1,594,489	1,445,462	61,164,822	10.81%	3.68%	1,205
2010	57,699,065	1,803,956	1,594,489	1,239,844	62,337,354	10.18%	*	1,142
2011	54,755,183	1,755,709	1,594,489	748,347	58,853,728	8.40%	*	*

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

(a) See the Schedule of Demographics and Economic Statistics on page 73 for personal income and population data.

(b) See page 66 for net taxable sales.

* Information not available.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 9
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS: AMOUNTS AVAILABLE DEBT SERVICE FUND	TOTAL	PERCENTAGE OF NET TAXABLE SALES (a)	PER CAPITA (b)
2003	\$ 14,920,985	\$ 153,567	\$ 14,767,418	3.92%	\$ 323
2004	15,811,724	270,241	15,541,483	3.68%	331
2005	14,595,000	264,820	14,330,180	3.24%	299
2006	44,352,609	2,912,184	41,440,425	9.36%	844
2007	43,102,043	1,315,527	41,786,516	9.07%	839
2008	56,994,583	1,131,232	55,863,351	9.64%	1,109
2009	57,099,163	1,027,955	56,071,208	9.91%	1,105
2010	57,699,065	80,178	57,618,887	9.41%	1,056
2011	54,755,183	5	54,755,178	7.82%	*

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

(a) See page 66 for net taxable sales.

(b) See the Schedule of Demographics and Economic Statistics on page 73 for population data.

* Information not available.

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 10
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF SEPTEMBER 30, 2011

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (a)	ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT
Debt repaid with property taxes: Autauga County			
Subtotal, overlapping debt	\$ 12,916,258	46.48%	<u>\$ 6,003,348</u>
City of Prattville, Alabama direct debt			<u>58,853,728</u>
Total direct and overlapping debt			<u><u>\$ 64,857,076</u></u>

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

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

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

CITY OF PRATTVILLE, ALABAMA
 SCHEDULE 11
 LEGAL DEBT MARGIN INFORMATION

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$40,847,972	\$42,639,348	\$45,188,970	\$52,942,251	\$58,581,532	\$67,654,684	\$69,779,924	\$71,725,164	\$ 70,692,240
Total net debt applicable to limit	<u>13,006,339</u>	<u>11,845,439</u>	<u>10,899,363</u>	<u>9,153,937</u>	<u>9,853,367</u>	<u>9,649,304</u>	<u>11,690,201</u>	<u>14,415,694</u>	<u>12,436,482</u>
Legal debt margin	<u>\$27,841,633</u>	<u>\$30,793,909</u>	<u>\$34,289,607</u>	<u>\$43,788,314</u>	<u>\$48,728,165</u>	<u>\$58,005,380</u>	<u>\$58,089,723</u>	<u>\$57,309,470</u>	<u>\$ 58,255,758</u>
Total net debt applicable to the limit as a percentage of debt limit	31.84%	27.78%	24.12%	17.29%	16.82%	14.26%	16.75%	20.10%	17.59%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	<u>\$ 353,461,200</u>
Debt limit (20% of total assessed value)	<u>\$ 70,692,240</u>
Debt applicable to limit:	
General obligation bonds	9,760,183
Notes payable	1,927,957
Lease payable	748,347
Less: Amount set aside for repayment of general obligation debt	<u>5</u>
Total net debt applicable to limit	<u>12,436,482</u>
Legal debt margin	<u>\$ 58,255,758</u>

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

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 12
DEMOGRAPHIC AND ECONOMIC STATISTICS

CALENDAR YEAR	POPULATION	PERSONAL INCOME (THOUSANDS OF DOLLARS)	PER CAPITA PERSONAL INCOME	MEDIAN AGE	SCHOOL ENROLLMENT	AUTAUGA COUNTY UNEMPLOYMENT RATE
2003	45,762	\$ 1,201,705	\$ 26,260		8,960 (02-03)	4.60%
2004	46,933	1,273,284	27,130		9,083 (03-04)	4.30%
2005	47,870	1,371,084	28,642		9,282 (04-05)	3.20%
2006	49,105	1,467,514	29,885	36.10	9,379 (05-06)	2.90%
2007	49,834	1,555,999	31,224	36.46	9,649 (06-07)	2.90%
2008	50,354	1,640,204	32,573	36.26	9,819 (07-08)	4.50%
2009	50,756	1,660,766	32,721	36.16	9,854 (08-09)	8.60%
2010	54,571	*	*	36.37	10,076 (09-10)	8.00%
2011	*	*	*	*	9,877 (10-11)	6.80%

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

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

* Unavailable

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 13
PRINCIPAL EMPLOYERS

<u>EMPLOYER</u>	2011	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>
Autauga County Board of Education	1,000	6.38%
International Paper	600	3.83%
Wal-Mart	480	3.06%
City of Prattville, Alabama	385	2.46%
Prattville Baptist Hospital	235	1.50%
Autauga County	165	1.05%
Prattville Health and Rehabilitation	154	0.98%
Kinedyne	130	0.83%
LoneStar Plastics	125	0.80%
M-Tek	100	0.64%
Totals	<u>3,374</u>	<u>21.53%</u>

Source: Prattville Area Chamber of Commerce.

Note: Information does not include government employment

*Ninth previous year information not available

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 14
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

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

Source: Human Resources.

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

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 15
OPERATING INDICATORS BY FUNCTION/PROGRAM

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

Sources: Various City departments

CITY OF PRATTVILLE, ALABAMA

SCHEDULE 16
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Function/Program</u>									
Public safety:									
Police:									
Stations	1	1	1	1	1	1	1	1	1
Patrol cars	65	65	70	66	66	71	81	82	81
Motorcycles	11	11	11	10	11	11	11	11	9
Fire stations	3	3	3	3	3	3	3	3	3
Refuse collection									
Collection trucks	12	12	11	12	14	15	15	15	15
Public works:									
Streets (miles)									209
Highways (miles)									23
Streetlights									2,450
Traffic signal heads									270
Cultural and recreation:									
Acreage	330	330	330	330	330	330	354	354	354
Playgrounds	9	9	9	9	9	9	10	10	10
Baseball/softball diamonds	16	16	16	16	16	16	16	16	16
Soccer fields	9	9	9	9	9	9	9	9	9
Community centers	2	2	2	2	2	2	2	2	2
Senior citizens center	1	1	1	1	1	1	1	1	1

Sources: Various City departments.

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