

**CITY OF WETUMPKA, ALABAMA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

**Prepared by:
Department of Administration
and Finance**

**Candy Masters
City Clerk**

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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INTRODUCTORY SECTION

Letter of transmittal

GFOA certificate of achievement

List of principal officials

Organizational chart

MAYOR
JERRY WILLIS
CITY CLERK/TREASURER
CANDY P. MASTERS



CITY COUNCIL
KEVIN ROBBINS
PERCY B. GILL
REBECCA WINGETT THORNTON
STEVE GANTT
GREG JONES

City of Wetumpka

March 1, 2016

The Citizens of the City of Wetumpka
Wetumpka, Alabama

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Wetumpka, Alabama (the City) for the fiscal year ended September 30, 2015. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

The City prepared the CAFR in accordance with accounting principles generally accepted in the United States of America, which included using the financial reporting requirements prescribed by GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB 34). Governmental accounting and auditing principles require that management provide a narrative overview and analysis to introduce the basic financial statements in the form of management's discussion and analysis. This letter of transmittal is designed to complement the management's discussion and analysis and should be read in conjunction with it. The management's discussion and analysis can be found immediately following the independent auditors' report.

This comprehensive annual financial report consists of management's representations concerning the City of Wetumpka, Alabama's finances. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. The management of the City is also responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected against loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

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 the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

"City of Natural Beauty"

P.O. Box 1180 • Wetumpka, Alabama 36092 • 334/567-5147 • Fax 334/567-1307

CITY PROFILE

The City of Wetumpka, Alabama is located in the south-central part of the State with an estimated population of approximately 8,000 with an additional 10,000 to 12,000 in the police jurisdiction, the area three miles around the City. The City of Wetumpka, Alabama operates under a Mayor/Council form of government with a fiscal year from October 1 to September 30. City services include: police and fire protection, the construction and maintenance of highways, streets, and infrastructure, recreational activities, and cultural events. The City is committed to providing these services to its citizens. The City discontinued services in the police jurisdiction in April 2011. Fire Service districts are set by the Elmore County Firefighters Association and do not follow city limits nor police jurisdiction boundaries.

Formal budgetary integration is employed as a management control device. On a day to be set by the Council, but no later than August 1 of each year, the mayor shall submit to the council a balanced budget for the next fiscal year. The Council may schedule 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. Cash on hand and non-restricted funds may be used to balance the budget. Only activities of the general fund are included in the annual appropriated budget. Appropriations lapse at the end of the fiscal year unless expended or encumbered. The FY 2015-2016 Budget was adopted by the City Council on September 21, 2015, as an interim budget. The Revised Budget for 2015-2016 was adopted by unanimous vote of the City Council in March 2016.

A basis for preparing the comprehensive annual financial report for the City was the identification of the reporting entity. Various potential component units were evaluated to determine whether they should be reported in the City's comprehensive annual financial report. A component unit is considered to be part of the City's reporting entity if the City is financially accountable for the entity or the nature and significance of the relationship between the City and the entity is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Industrial Development Board of the City of Wetumpka, Alabama was determined to be the only reportable component unit and has been included in this report.

ECONOMIC CONDITION AND OUTLOOK

The economic condition and outlook of the government is relatively stable since the City is located near the state capital and Maxwell Air Force Base in Montgomery. The City of Wetumpka, Alabama is also the site of three government facilities that employ approximately 600 people. The community currently has a 4.9% unemployment rate. The City is actively promoting the expansion of retail businesses and the service industry with additional prospects of expanding existing industries, attracting other large industries, and expanding the tourism industry.

The City has a 3% sales tax that provides the greater part of total revenues. The City also has a 3% rental tax and a 12% lodging tax which currently comprises a very small portion of total revenue. There is a 1 cent per gallon gasoline tax that is earmarked for the general fund.

In December 2013, a \$246 million casino and 20-story hotel opened on the Poarch Band of Creek Indian reservation within the City limits, adjacent to the City's downtown. It did not bring direct tax revenue, but has added jobs and become a catalyst to attract additional investment opportunities and expand the tourism industry for the area.

Wetumpka's assets for a dynamic destination travel economy are inestimable. The accessibility to major transportation arteries, established traditions, natural geographical features and new development can generate substantial economic growth. Traditional events, celebrations and venues including Christmas on the Coosa, July 4th celebration, Crater Tours, Crater Fest, River and Blues Festival, Ft. Toulouse/Jackson State Park Frontier Days, Mardi Gras and the beautiful Jasmine Hill Gardens are known throughout the region and attended by thousands. A thriving arts scene supports cultural activities such as the award winning Wetumpka Depot Players, Alabama River Region Arts Center and the Kelly Fitzpatrick Memorial Art Gallery. Outdoor recreational activities such as kayaking, biking, hunting, fishing and water sports are popular for local residents and visitors.

The economic outlook for the City of Wetumpka, Alabama is cautious, but optimistic as Elmore County experiences continued growth with several major highways going through the City. The City continues to actively promote the expansion of retail businesses and the service industry while continuing to support and expand existing industries and attracting others. Currently, Elmore County is the third fastest growing county in the state and there is no forecast of reversal.

MAJOR CURRENT INITIATIVES

The City continues its aggressive efforts to increase the economic stability for the area and improve the quality of life for its citizens. Major investments have been made in the recent past to improve facilities for general government, public safety, recreation and leisure services.

Other developments that took place during the fiscal year 2014-2015:

1. The City is in the final year of a \$725,000 commitment over seven years to the Wetumpka Elementary, Wetumpka Middle, and Wetumpka High Schools for information technology advancements and to equip every classroom with twenty-first century technology.
2. Construction was completed on the Baseball Complex and adjoining concession stand in time for the Spring 2015 baseball season. A maintenance facility for the Wetumpka Sports Complex is in the final planning phase.
3. Continued to work with the Wetumpka Impact Crater Commission and the Elmore County Economic Development Authority in the development of the Alabama Impact Crater and Science Center.
4. Continued Federal Aviation Grant projects for improvements for drainage and construction of perimeter fencing.
5. Application for an Appalachian Regional Commission grant to construct a pedestrian bridge for the Wetumpka River Walk on the west bank of the Coosa River in anticipation of completion in 2016.
6. Received approval from the State Legislature for Sunday alcohol sales to assist in recruiting new restaurants to the area.

FUTURE INITIATIVES

The City of Wetumpka, Alabama is committed to maintaining its tax base and is pursuing efforts to retain and attract new businesses, both commercial and industrial. The continual increase in population numbers demands additional needs for the retail and service industries. The opening of the Hyundai automotive plants in Montgomery has increased the potential for automotive supplier locations in the area. This can be beneficial to attracting new industry.

The City continues to work with the Alabama Department of Transportation for improving transportation, for better traffic flow as well as safety, along U.S. 231 and widening of Alabama Highway 14.

Residential subdivision additions and developments will continue to expand the population base for the City. The City will continue to provide and improve the basic services for the citizens as well as expand the recreational and retail opportunities. The Poarch Band of Creek Indian Casino, as well as other historic and recreational opportunities of the area, will expand the tourism industry for the City of Wetumpka, Alabama.

Other future initiatives include the following:

1. Development of downtown Wetumpka and adjacent Coosa River for retail and tourism promotion.
2. Expand the Sportsplex to add soccer fields and other recreational resources.
3. Development of the Alabama Impact Crater and Science Center at the Welcome Center Site on U.S. Highway 231.
4. Expand retail opportunities, pursue additional hotels and restaurants
5. Annex additional residential areas especially subdivisions on rights-of-way annexed by State Legislation.
6. Continue commitment to education to better educate students to compete in an ever-changing global society.

OTHER INFORMATION

Independent audit - State statutes require an annual audit by independent certified public accountants. The accounting firm of Bern, Butler, Capilouto & Massey, P.C. was selected by the Mayor. Their report is presented in the financial section of the comprehensive annual financial report.

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wetumpka, Alabama for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This was the twenty-fourth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must

satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

The Certificate of Achievement is valid for a period of only one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Respectfully submitted,

A handwritten signature in black ink that reads "Candy P. Masters". The signature is written in a cursive, flowing style.

Candy P Masters
City Clerk



Government Finance Officers Association

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

Presented to

**City of Wetumpka
Alabama**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

CITY OF WETUMPKA, ALABAMA

**LIST OF PRINCIPAL OFFICIALS
AS OF SEPTEMBER 30, 2015**

MAYOR - JERRY WILLIS

CITY COUNCIL

Kevin Robbins

Steve Gantt

Percy B. Gill

Greg Jones

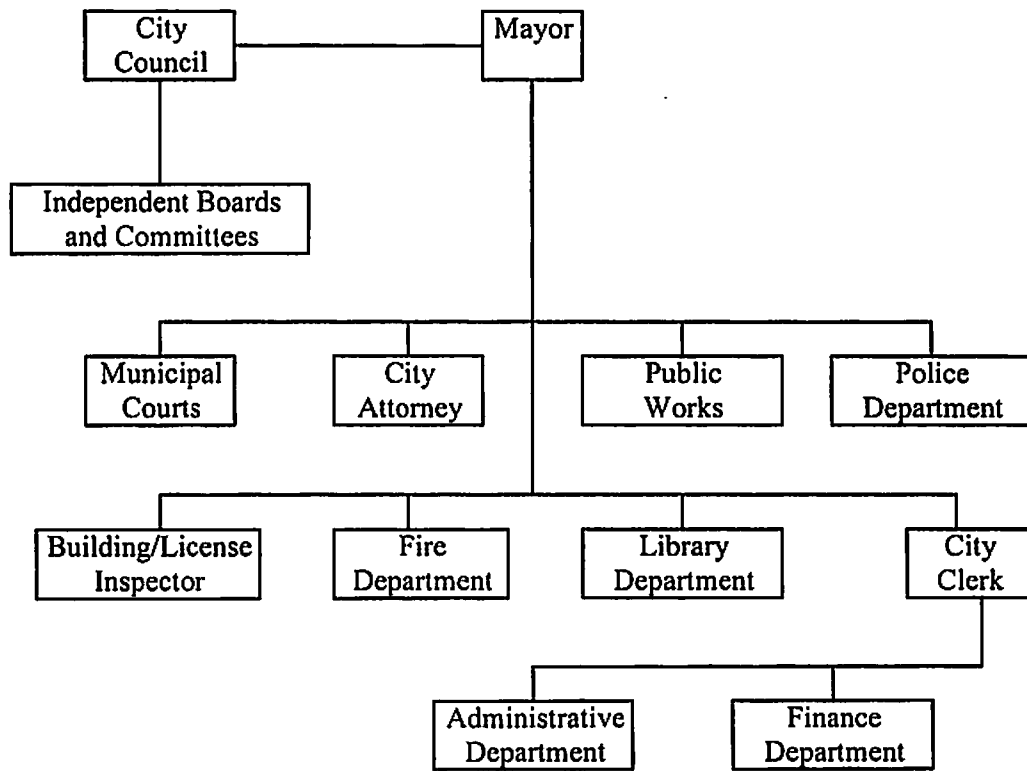
Rebecca W. Thornton

HEADS OF DEPARTMENTS

**City Clerk
Municipal Court/Magistrate
Library
Fire
Police
Public Works
Building and License**

**Candy Masters
Kenneth Harris
Susan E. Hayes
Greg Willis
Danny Billingsley
Tex Grier
Jason Baker**

**CITY OF WETUMPKA
ORGANIZATIONAL CHART**



FINANCIAL SECTION

Independent auditor's report

Management's discussion and analysis

Basic financial statements

Required supplemental information

Supplementary information



BERN BUTLER CAPILOUTO & MASSEY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Wetumpka, Alabama

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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Montgomery, AL 36106

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Montgomery, AL 36123-0250

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wetumpka, Alabama, as of September 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 13 to the financial statements, in 2015, the City adopted new accounting guidance, Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Government Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary comparison schedule and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and budgetary

comparison schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2016 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Bern, Butler, Capilento & Massey, P.C.

Montgomery, Alabama
March 1, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As City Clerk for the City of Wetumpka, Alabama, I offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. This discussion and analysis is designed to look at the City's financial performance as a whole. I encourage readers to read it in conjunction with additional information furnished in the letter of transmittal, which can be found on page 1 of this report and the City's financial statements beginning on page 20.

Financial Highlights

- The City's assets exceeded its liabilities at September 30, 2015, by \$23,663,558 (*net position*). Of this amount, \$1,421,440 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- During the year, the City's total net position increased by \$1,334,981, as revenues of \$12,448,449 exceeded expenses of \$11,113,468.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,979,828, a decrease of \$4,387,117 in comparison with the prior year. Approximately 33% of this total amount, or \$2,312,246, is available for spending at the City's discretion (*unassigned fund balance*).
- The City implemented new reporting standards related to pensions effective October 1, 2014. As a result, a net pension liability of \$2,194,817 was recorded. See details in Note 6.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Wetumpka, Alabama's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to 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 Wetumpka, Alabama.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Governmental activities reported in the statements include general government, public safety, public works, and cultural/recreational. Sales taxes and property taxes finance most of these activities. The City of Wetumpka, Alabama has no business type activities at September 30, 2015.

Fund Financial Statements

The fund financial statements provide a more detailed look at 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 objects. Like other state and local governments, the City of Wetumpka, Alabama uses fund accounting to ensure and demonstrate compliance with finance-related legal matters. 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 focuses on current financial resources. 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 seven individual governmental funds. The general fund and debt service fund are considered major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and debt service fund. Data from the other five governmental funds are combined into aggregated presentations. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The governmental funds financial statements begin on page 22.

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 are presented on pages 29 through 50 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Wetumpka, Alabama's schedule of changes in the net pension liability, employer contributions and progress in funding its obligation to provide post-employment benefits other than pensions to its employees. Required supplementary information can be found on pages 51-53 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information and can be found beginning on page 54.

Government-Wide Financial Analysis

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

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2014 <u>AS RESTATED*</u>	2015	2014-2015
Current and other assets	\$ 12,134,853	\$ 7,440,374	-38.69%
Capital assets	26,101,497	30,880,359	18.31%
Total assets	<u>38,236,350</u>	<u>38,320,733</u>	<u>8.53%</u>
Deferred Outflows			
Deferred amount on refunding	141,374	112,868	-20.16%
Employer retirement contributions	315,769	350,557	100.00%
Total deferred outflows	<u>457,143</u>	<u>463,425</u>	<u>79.84%</u>
Long-term liabilities outstanding	14,104,783	12,865,995	-8.78%
Other liabilities	2,260,133	2,063,045	-8.72%
Total liabilities	<u>16,364,916</u>	<u>14,929,040</u>	<u>-17.50%</u>
Deferred inflows - pensions	-	191,560	100.00%
Total deferred outflows	<u>-</u>	<u>191,560</u>	<u>100.00%</u>
Net position:			
Investment in capital assets, net	13,919,088	19,563,248	40.55%
Restricted	6,558,400	2,678,870	-59.15%
Unrestricted	<u>1,851,089</u>	<u>1,421,440</u>	<u>-23.21%</u>
Total net position	<u>\$ 22,328,577</u>	<u>\$ 23,663,558</u>	<u>-41.81%</u>

* See Note 13, Page 49, for details of the restatement.

As noted earlier in this discussion, changes in net position over time can be one of the best and most useful indicators of the City's financial position. The City of Wetumpka, Alabama's total assets exceeded liabilities by \$23,663,558. By far the largest portion of the City's net position (83%) reflects its investment in capital assets (i.e. land, buildings, machinery 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.

An additional portion of net position is restricted, or has restrictions on how they may be used. Governmental activities' restricted net position totaled \$2,678,870 at September 30, 2015 and is restricted for special events, debt service, road projects, fire department, public safety, capital acquisition, and construction.

The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations. The City, at September 30, 2015, reported positive balances in governmental type activities.

The following presents the City's condensed statement of activities for the fiscal year ended September 30, 2015 as derived from the government-wide statement of activities. Over time, increases and decreases in net position measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities increased by \$1,334,981 as presented below.

CITY OF WETUMPKA, ALABAMA'S CHANGES IN NET POSITION

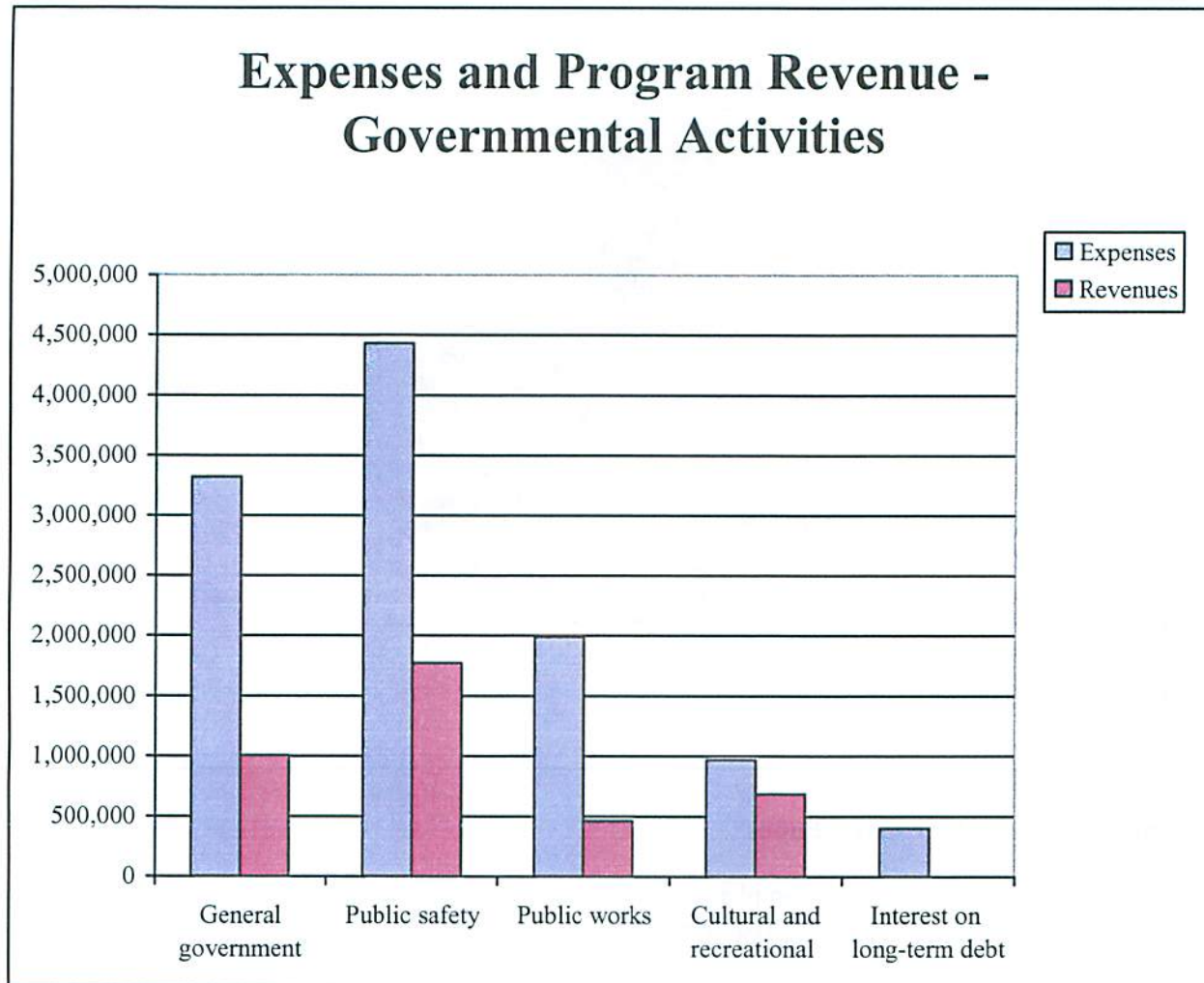
	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2014		
	<u>AS RESTATED*</u>	<u>2015</u>	<u>2014-2015</u>
REVENUES:			
Program revenues:			
Charges for services	\$ 1,487,397	\$ 1,324,404	-10.96%
Operating grants and contributions	72,690	72,969	0.38%
Capital grants and contributions	2,899,801	2,529,147	-12.78%
General revenues:			
Property taxes	419,812	466,577	11.14%
Business licenses	1,007,872	1,063,175	5.49%
Sales taxes	5,774,195	5,914,314	2.43%
Motor fuel taxes	218,227	213,465	-2.18%
Other taxes	800,146	751,721	-6.05%
Other	338,573	112,677	-66.72%
Total revenues	<u>13,018,713</u>	<u>12,448,449</u>	<u>-4.38%</u>
EXPENSES:			
General government	3,002,611	3,322,488	10.65%
Public safety	4,269,581	4,431,293	3.79%
Public works	1,950,164	1,989,050	1.99%
Cultural and recreational	927,088	969,736	4.60%
Interest on long-term debt	307,891	400,901	30.21%
Total expenses	<u>10,457,335</u>	<u>11,113,468</u>	<u>6.27%</u>
INCREASE IN NET POSITION	2,561,378	1,334,981	-47.88%
NET POSITION - BEGINNING	<u>19,767,199</u>	<u>22,328,577</u>	<u>12.96%</u>
NET POSITION - ENDING	<u>\$ 22,328,577</u>	<u>\$ 23,663,558</u>	<u>5.98%</u>

* See Note 13, Page 49 for details of the restatement.

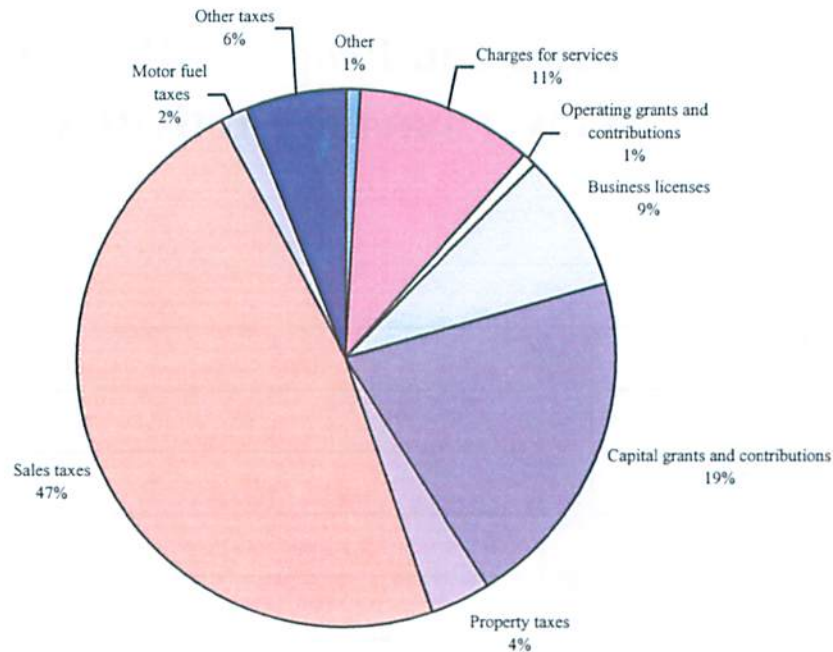
Governmental activities increased the City of Wetumpka, Alabama's net position by \$1,334,981 for fiscal year 2015. Key elements of the current year activities compared to the prior year are as follows:

- Increase in revenues from property tax, business licenses and sales tax.

For the most part, variations in expenses closely parallel inflation and growth in the demand for services. Expenses increased by \$656,133 from the prior year.



Revenue By Source - Governmental Activities



Financial Analysis of the City's Funds

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

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

As of September 30, 2015, governmental funds reported a combined ending fund balance of \$6,979,828, a decrease of \$4,387,117 in comparison with prior year. Approximately 33% of this total amount, or \$2,312,246, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been restricted, committed, or assigned for: (1) capital and road projects (\$1,702,045), (2) 2016 Budget (\$488,384), or (3) other purposes (\$2,477,153).

The fund balance of the general fund decreased \$4,387,117 during the current fiscal year. A key element of the current year activities compared to the prior year is as follows:

- Funds in the amount of \$1,396,772 were transferred to the Debt Service Fund to make payments on bonds and other long-term debt.
- Capital outlay expenditures increased \$1,984,589 over prior year for payments on the Sports Complex and other capital projects.
- Public safety expenditures increased \$372,172 over prior year due to an increase in full-time fire department employees.
- Revenues from Poarch Creek Indians decreased \$835,359 over prior year.

Capital Assets and Long-term Debt Administration

Capital assets - The investment in capital assets for the City's governmental-type activities as of September 30, 2015, was \$30,880,359 (net of accumulated depreciation). This includes land, infrastructure, buildings, improvements, and machinery and equipment.

Major capital asset transactions during the year include:

- Continued airport improvements of \$331,585
- Continued construction of Sports Complex improvements of \$3,477,128.
- Hotel development of \$158,649
- Donated infrastructure of \$796,256

CITY OF WETUMPKA, ALABAMA'S CAPITAL ASSETS

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2014	2015	2014-2015
Land	\$ 3,796,460	\$ 3,796,460	0.00%
Construction in progress	2,654,035	7,211,434	171.72%
Buildings and other improvements, net	6,193,630	6,000,755	-3.11%
Infrastructure, net	11,925,994	12,182,926	2.15%
Machinery and equipment, net	1,531,378	1,688,784	10.28%
Totals	\$ 26,101,497	\$ 30,880,359	18.31%

Additional information on capital assets can be found in Note 3 to the financial statements.

Long-term debt - As of September 30, 2015, the City of Wetumpka, Alabama had total debt outstanding of \$11,598,564. Of this amount \$11,000,000 comprises general obligation warrants. The City had \$598,564 in notes payable to a local bank and individual.

CITY OF WETUMPKA, ALABAMA'S OUTSTANDING DEBT

	2014	2015	INCREASE (DECREASE)
General obligation	\$ 11,885,000	\$ 11,000,000	\$ (885,000)
Notes payable	438,783	317,111	(121,672)
Totals	<u>\$ 12,323,783</u>	<u>\$ 11,317,111</u>	<u>\$ (1,006,672)</u>

The City of Wetumpka, Alabama's total debt outstanding decreased by \$1,006,672 during the past fiscal year due to payments being made on outstanding debt.

The City of Wetumpka, Alabama maintains an A1 rating from Moody's for general obligation debt. This bond rating is a clear indication of the sound financial condition of the City.

Additional information on the City's debt can be found in Note 5 of the financial statements.

General Fund Budgetary Highlights

The actual operating revenues for the general fund were less than the budgeted amount by \$163,102 due mainly to less sales tax and municipal court over budgeted amounts. Total expenditures exceeded budgeted amounts by \$3,738,066 primarily due to unbudgeted capital outlay/special projects.

Economic Factors and Year 2016 Budget

Factors considered in preparing the City of Wetumpka, Alabama's budget for fiscal year 2016 included:

- The unemployment rate for Elmore County is currently 4.9%, which is less than last year's rate of 5.5%. This compares favorably to the state's average unemployment rate of 6.0% and the national average rate of 5.1%.
- The anticipation that the business climate of the City can better withstand the national economic downturn than some areas is due to the stability of the employment base and the number of retailers providing basic goods and services.
- The 2016 budget is based upon estimated annual revenues of \$10,000,000. Sales taxes are expected to increase over the previous year due to hotel development and new businesses.
- Capital outlay and special projects during the year will be reviewed carefully with special attention given to the national economic climate and changing economic factors attributable to the Poarch Creek Indians.
- New business development including the new Hampton Inn hotel located downtown, expansion of the Wetumpka Sports Complex, and initial re-development of the downtown infrastructure

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 Wetumpka, 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, P.O. Box 1180, Wetumpka, Alabama 36092.

BASIC FINANCIAL STATEMENTS

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CITY OF WETUMPKA, ALABAMA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	PRIMARY GOVERNMENT	COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	INDUSTRIAL DEVELOPMENT BOARD
ASSETS:		
Cash and temporary cash investments	\$ 4,603,396	\$ 25,428
Restricted cash investments	2,064,298	-
Receivables	612,252	-
Accrued interest receivable	163	-
Prepaid insurance	160,265	-
Properties held-for-sale, at cost	-	1,549,524
Capital assets, not being depreciated:		
Land and construction in progress	11,007,894	-
Capital assets, net of accumulated depreciation:		
Infrastructure, net	12,182,926	-
Buildings and improvements, net	6,000,755	-
Machinery and equipment, net	1,688,784	-
Total assets	38,320,733	1,574,952
DEFERRED OUTFLOWS:		
Deferred amount on refunding	112,868	-
Employer retirement contributions subsequent to measurement date	350,557	-
Total deferred outflows	463,425	-
LIABILITIES:		
Accounts payable	241,749	-
Accrued liabilities	376,228	-
Short-term notes payable	281,453	-
Long-term liabilities:		
Portion due or payable in one year:		
Notes and warrants payable	1,037,805	-
Compensated absences	125,810	-
Portion due or payable after one year:		
Notes and warrants payable	10,279,306	-
Post-employment benefits	285,805	-
Compensated absences	106,067	-
Aggregate net pension liability	2,194,817	-
Total liabilities	14,929,040	-
DEFERRED INFLOWS:		
Net difference between projected and actual earnings on plan investments	191,560	-
Total deferred inflows	191,560	-
NET POSITION:		
Investment in capital assets, net	19,563,248	-
Restricted for:		
Special events	9,854	-
Road projects	220,132	-
Fire department	191,445	-
Public safety	6,648	-
Capital acquisition and construction	1,290,468	-
Debt repayment	960,323	-
Unrestricted	1,421,440	1,574,952
Total net position	\$ 23,663,558	\$ 1,574,952

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

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

	EXPENSES	FINES, FEES, AND CHARGES FOR SERVICES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT	COMPONENT UNIT
					GOVERNMENTAL ACTIVITIES	INDUSTRIAL DEVELOPMENT BOARD
ACTIVITIES:						
Governmental:						
General government	\$ 3,322,488	\$ 152,142	\$ -	\$ 853,967	\$ (2,316,379)	\$ -
Public safety	4,431,293	832,746	2,947	936,506	(2,659,094)	-
Public works	1,989,050	26,172	-	437,368	(1,525,510)	-
Cultural and recreational	969,736	313,344	70,022	301,306	(285,064)	-
Interest on long-term debt	400,901	-	-	-	(400,901)	-
Total governmental activities	\$ 11,113,468	\$ 1,324,404	\$ 72,969	\$ 2,529,147	(7,186,948)	-
Component unit:						
Industrial Development Board	\$ -					-
General revenues:						
Sales taxes					5,914,314	
Business licenses					1,063,175	
Real and personal property taxes					466,577	
Motor fuel taxes					213,465	
Miscellaneous taxes					751,721	
Investment earnings					36,119	4,740
Miscellaneous revenue					76,558	
Total general revenues					8,521,929	4,740
Change in net position					1,334,981	4,740
Net position - beginning*					24,442,098	1,570,212
Cumulative effect of change in accounting principle					(2,113,521)	-
Net position - ending					\$ 23,663,558	\$ 1,574,952

*See Note 13, Page 49, for details of restatement.

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

CITY OF WETUMPKA, ALABAMA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	GENERAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and temporary cash investments	\$ 4,197,888	\$ -	\$ 405,508	\$ 4,603,396
Restricted cash investments	1,103,975	960,323	-	2,064,298
Receivables	597,397	-	14,855	612,252
Due from general fund	-	-	1,420	1,420
Accrued interest receivable	161	-	2	163
Prepaid insurance	160,265	-	-	160,265
Total assets	<u>\$ 6,059,686</u>	<u>\$ 960,323</u>	<u>\$ 421,785</u>	<u>\$ 7,441,794</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 227,569	\$ -	\$ 14,180	\$ 241,749
Accrued liabilities	218,797	-	-	218,797
Due to other funds	1,420	-	-	1,420
Total liabilities	<u>447,786</u>	<u>-</u>	<u>14,180</u>	<u>461,966</u>
Fund balances:				
Non-spendable:				
Prepaid insurance	160,265	-	-	160,265
Restricted for:				
Special events	-	-	9,854	9,854
Capital projects	1,218,599	-	71,869	1,290,468
Road projects	-	-	220,132	220,132
Public safety	6,648	-	-	6,648
Debt service	-	960,323	-	960,323
Fire department	1,161,188	-	-	1,161,188
Fire equipment	191,445	-	-	191,445
Committed to:				
Wetumpka pride	-	-	105,750	105,750
Assigned to:				
Airport	28,206	-	-	28,206
Fire department	36,966	-	-	36,966
Special events	7,953	-	-	7,953
2016 budget	488,384	-	-	488,384
Unassigned	2,312,246	-	-	2,312,246
Total fund balance	<u>5,611,900</u>	<u>960,323</u>	<u>407,605</u>	<u>6,979,828</u>
Total liabilities and fund balances	<u>\$ 6,059,686</u>	<u>\$ 960,323</u>	<u>\$ 421,785</u>	<u>\$ 7,441,794</u>

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

CITY OF WETUMPKA, ALABAMA

RECONCILIATION OF BALANCE SHEET OF
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Differences in amounts reported for governmental activities in the statement of net position on page 20.

Total fund balances - governmental funds	\$ 6,979,828
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Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds. Those assets consist of:

Land and construction in progress	\$ 11,007,894	
Infrastructure, net of \$3,583,809 accumulated depreciation	12,182,926	
Buildings and other improvements, net of \$2,701,818 accumulated depreciation	6,000,755	
Machinery and equipment, net of \$5,536,840 accumulated depreciation	<u>1,688,784</u>	
Total capital assets		30,880,359

Deferred inflows, deferred outflows, long-term liabilities, including notes and bonds payable and accrued interest, that are not due and payable in the current period and therefore are not reported in the governmental funds. Unamortized loss and interest payable are not reported in the funds. However, these amounts are included in the statement of net position. Balances at September 30, 2015 were:

Notes and bonds payable	(11,317,111)	
Net pension liability	(2,194,817)	
Post-employment benefits other than pensions	(285,805)	
Compensated absences	(231,877)	
Deferred inflows of resources - pensions	(191,560)	
Deferred amount on refunding	112,868	
Deferred outflows of resources - pensions	350,557	
Short-term notes payable	(281,453)	
Accrued liabilities	<u>(157,431)</u>	
Total long-term liabilities		<u>(14,196,629)</u>
Total net position of governmental activities		<u>\$ 23,663,558</u>

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

CITY OF WETUMPKA, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	GENERAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 7,279,057	\$ -	\$ 67,020	\$ 7,346,077
Licenses and permits	1,171,787	-	-	1,171,787
Intergovernmental revenues	101,055	-	740,540	841,595
Charges and fees for services	613,187	-	-	613,187
Fines and forfeitures	552,340	-	-	552,340
PCI-Contributions	934,641	-	-	934,641
Miscellaneous	93,715	47	77,827	171,589
Total revenues	<u>10,745,782</u>	<u>47</u>	<u>885,387</u>	<u>11,631,216</u>
EXPENDITURES:				
Current:				
General governmental	2,335,154	-	-	2,335,154
Public safety	4,268,231	-	-	4,268,231
Public works	1,970,359	-	62,939	2,033,298
Cultural and recreational	761,720	-	96,787	858,507
Capital outlay	4,257,832	-	957,824	5,215,656
Debt service:				
Principal payments	121,672	885,000	-	1,006,672
Interest and fiscal charges	13,266	300,525	-	313,791
Total expenditures	<u>13,728,234</u>	<u>1,185,525</u>	<u>1,117,550</u>	<u>16,031,309</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(2,982,452)</u>	<u>(1,185,478)</u>	<u>(232,163)</u>	<u>(4,400,093)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,450	1,188,371	208,401	1,398,222
Transfers out	(1,396,772)	-	(1,450)	(1,398,222)
Sale of capital assets	12,976	-	-	12,976
Total other financing sources (uses)	<u>(1,382,346)</u>	<u>1,188,371</u>	<u>206,951</u>	<u>12,976</u>
NET CHANGE IN FUND BALANCE	<u>(4,364,798)</u>	<u>2,893</u>	<u>(25,212)</u>	<u>(4,387,117)</u>
FUND BALANCE - BEGINNING	<u>9,976,698</u>	<u>957,430</u>	<u>432,817</u>	<u>11,366,945</u>
FUND BALANCE - ENDING	<u>\$ 5,611,900</u>	<u>\$ 960,323</u>	<u>\$ 407,605</u>	<u>\$ 6,979,828</u>

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

CITY OF WETUMPKA, ALABAMA

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Differences in amounts reported for governmental activities in the statement of activities on page 21.

Net change in fund balance - total governmental funds	\$ (4,387,117)
The portion of capital outlay, reported as expenditures in governmental funds is shown as capital assets in the statement of net position	5,086,763
Donations of capital assets increase net position in the statement of net position but do not appear in the governmental funds because they are not financial resources	796,256
Depreciation of capital assets is not recognized in the governmental fund statement but is reported as an expense on the statement of activities	(1,104,157)
Revenues are reported in the funds when there is an established claim to the resources and the resources are available to finance current expenditures. Revenues are reported in the statement of activities when there is an established claim with no availability criterion	8,000
The issuance of bonds and note proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position	
Repayments:	
Bonds and notes payable	1,006,672
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	(58,603)
Pension expense	77,701
Post-employment benefits other than pensions	(53,802)
Compensated absences	(8,226)
Governmental funds report the effect of premiums and discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	
Amortization	(28,506)
Change in net position of governmental activities	<u>\$ 1,334,981</u>

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

CITY OF WETUMPKA, ALABAMA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY	FINAL BUDGET -
			BASIS	POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Sales and use	\$ 5,900,000	\$ 5,900,000	5,774,825	\$ (125,175)
Real and personal property	420,000	420,000	466,724	46,724
Gasoline	160,000	160,000	146,485	(13,515)
Beer and wine	100,000	135,000	143,053	8,053
Rental lease	200,000	300,000	312,723	12,723
Financial institution	137,000	137,000	152,681	15,681
Tobacco	20,000	18,000	16,494	(1,506)
Revenue lodging	70,000	70,000	60,121	(9,879)
Casual sales	500	500	783	283
Franchise	95,000	105,000	103,396	(1,604)
Manufactured home	8,500	8,500	7,777	(723)
Total taxes	7,111,000	7,254,000	7,185,062	(68,938)
Licenses and permits:				
General business	1,150,000	1,085,000	1,135,721	50,721
Building permits	65,000	35,000	28,502	(6,498)
Other permits	24,400	20,700	9,528	(11,172)
Total licenses and permits	1,239,400	1,140,700	1,173,751	33,051
Intergovernmental revenue:				
Shared state revenue:				
Motor vehicle licenses	110,000	20,000	18,361	(1,639)
State auto license	3,000	2,000	2,369	369
Alabama Heritage Fund	100,000	100,000	57,660	(42,340)
ABC profits	26,000	26,000	24,231	(1,769)
Total intergovernmental revenue	239,000	148,000	102,621	(45,379)
Charges and fees for services:				
Airport	237,400	237,400	215,585	(21,815)
Fire department	281,000	281,000	269,644	(11,356)
Fire Department-PCI Fire Agreement	850,000	834,641	834,641	-
Parks and recreational	81,500	92,500	98,391	5,891
PCI cross deputization	100,000	100,000	100,000	-
Public library	16,500	16,500	14,853	(1,647)
Landfill usage	500	500	824	324
Miscellaneous police	2,500	2,500	16,412	13,912
Highway and streets	500	500	-	(500)
Zoning and subdivision	1,000	1,000	-	(1,000)
Miscellaneous building	5,000	5,000	135	(4,865)
Total charges and fees for services	1,575,900	1,571,541	1,550,485	(21,056)
Fines and forfeitures:				
Municipal court	625,000	600,000	553,663	(46,337)
Total fines and forfeitures	625,000	600,000	553,663	(46,337)
Miscellaneous:				
Sewer assessment revenue	5,000	5,000	10,000	5,000
Interest income	75,000	75,000	35,499	(39,501)
Miscellaneous	31,200	31,200	51,258	20,058
Total miscellaneous revenues	111,200	111,200	96,757	(14,443)
Total revenues	\$ 10,901,500	\$ 10,825,441	\$ 10,662,339	\$ (163,102)

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

CITY OF WETUMPKA, ALABAMA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES:				
General government:				
Administrative	\$ 1,121,444	\$ 1,182,523	1,313,017	\$ (130,494)
Appropriations to outside agencies	277,090	277,090	279,630	(2,540)
Building inspector	196,380	200,423	200,584	(161)
Special events	68,500	95,800	64,925	30,875
Economic/industrial development	14,500	14,500	7,357	7,143
Planning and projects	-	6,250	13,263	(7,013)
Miscellaneous	36,250	30,000	14,788	15,212
Total general government	1,714,164	1,806,586	1,893,564	(86,978)
Public safety:				
Police department	2,405,635	2,368,367	2,497,678	(129,311)
Fire department	1,310,179	1,251,785	1,272,487	(20,702)
Municipal court	542,253	540,872	458,606	82,266
Total public safety	4,258,067	4,161,024	4,228,771	(67,747)
Public works	1,845,112	1,798,808	1,966,764	(167,956)
Cultural and recreational:				
Public facilities	273,400	284,050	288,553	(4,503)
Airport	148,000	247,522	170,431	77,091
Library	236,743	229,129	223,888	5,241
Miscellaneous			17,768	(17,768)
Total cultural and recreational	658,143	760,701	700,640	60,061
Capital outlay/special projects:				
General government			4,012,207	(4,012,207)
Public safety			569,930	(569,930)
Public works			8,774	(8,774)
Cultural and recreational			-	-
Total capital outlay/special projects			4,590,911	(4,590,911)
Non-departmental:				
Insurance	340,000	340,000	319,251	20,749
Demolitions	5,000	5,000	6,657	(1,657)
Tobacco stamps	5,000	5,000	2,901	2,099
Street Lights	100,000	100,000	124,788	(24,788)
Total non-departmental	450,000	450,000	453,597	(3,597)

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

CITY OF WETUMPKA, ALABAMA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	BASIS	
EXPENDITURES: (continued)				
Debt service:				
Principal, interest, and fiscal charges	\$ 127,350	\$ 1,254,000	\$ 134,938	\$ 1,119,062
Total debt service	127,350	1,254,000	134,938	1,119,062
Total expenditures	9,052,836	10,231,119	13,969,185	(3,738,066)
Excess (deficit) of revenues over expenditures	\$ 1,848,664	\$ 594,322	(3,306,846)	\$ (3,901,168)
OTHER FINANCING SOURCES (USES):				
Transfers out			(1,396,772)	
Transfer in			1,450	
Sale of capital assets			12,976	
Total other financing uses			(1,382,346)	
Net change in fund balance, budgetary basis			(4,689,192)	
Add (deduct) other reconciling items to adjust from budgetary basis to modified accrual basis:				
Change in accounts receivable			55,098	
Change in accrued interest receivable			53	
Change in prepaid insurance			(8,345)	
Change in accounts payable			338,954	
Change in accrued liabilities			(61,366)	
			324,394	
NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS			(4,364,798)	
BEGINNING FUND BALANCE			9,976,698	
FUND BALANCE - ENDING			\$ 5,611,900	

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

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CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting entity - The City of Wetumpka, Alabama (the City) was incorporated under the laws of the State of Alabama in 1834 and operates under an elected Mayor-Council form of government. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component unit (the Industrial Development Board of the City of Wetumpka), an entity for which the City is considered to be financially accountable. The 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. It is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

The Industrial Development Board of the City of Wetumpka (the Board) is fiscally dependent on the City because the Board's debt has been guaranteed by the City. The members of the governing board of the Industrial Development Board are appointed by the City Council. Although the Board has the authority to obtain financing independently of the City, the City has guaranteed the debt of the Board.

The City Council is also responsible for appointing the members of the board of the Water Works and Sewer Board of the City of Wetumpka. The City's accountability for this organization does not extend beyond making the appointments. Financial information for this entity is not reflected in the City's financial statements.

B. 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 position 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 non-exchange 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 position for the fiscal year.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

Debt Service Fund - Accounts for the reserves allocated and payments made for principal and interest on general obligation debt of the City.

C. 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. Non-exchange 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. The effect of all interfund activity has been eliminated from the government-wide financial statements.

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 60 days after year-end. Sales taxes, gasoline taxes, grants, donations, and interest revenue are all considered to be susceptible to accrual. 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 judgments, are recorded only when payment is due. 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 positions available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

D. Cash and temporary cash investments - Investments of the general and special revenue funds are stated at cost, which approximates fair value, and consists primarily of bank certificates of deposit and short-term cash management accounts having maturities of six months or less and bearing interest at rates offered by local banks.

E. Receivables - All ad valorem taxes levied by the state, county, and any municipality in Elmore County are assessed by the Tax Assessor and collected by the Tax Collector of Elmore County. The Elmore County property tax calendar requires the Tax Assessor to assess and attach taxes as enforceable liens on property as of September 30, and the tax is due October 1 through December 31. 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.

F. Inventory and prepaid items - Governmental fund inventories are reported as an expenditure when purchased rather than capitalized as an asset. The City has no significant inventories as of September 30, 2015 and therefore none are reported on the statement of net position. Prepaid balances are payments made by the City in the current year to provide services occurring in the subsequent fiscal year. Prepaids are presented using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Capital assets - Capital assets, which include property, land, construction in progress, 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 City did not report infrastructure acquired prior to October 1, 2003. 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 are depreciated using the straight-line method over the following estimated useful lives:

ASSET CLASS	ESTIMATED USEFUL LIVES	CAPITALIZATION THRESHOLD
Land improvements	20 years	\$ 12,500
Buildings	20 - 40 years	25,000
Machinery and equipment	5 - 20 years	5,000
Infrastructure	20 - 50 years	50,000

Intangible assets with a finite life are amortized using the straight-line method over the predetermined life. The City has no intangible assets with a finite life.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

H. Deferred outflows of resources - Decreases in net position that relate to future periods would be reported as deferred outflows of resources in a separate section of the government-wide statement of net position and or governmental funds' balance sheet. The City has two items that qualify for reporting in this category. These items are the deferred charge on refunding and employer contributions subsequent to the measurement date and are reported in the government-wide statement of net position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The retirement contributions are being included in the calculation of retirement expense on the measurement date, which is one fiscal year after the financial statement date.

I. Deferred inflows of resources - Increases in net position that apply to a future period(s) would be reported as deferred inflows of resources in a separate section of the government-wide statement of net position and or governmental funds' balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has one item that qualifies for reporting in this category. Net difference between projected and actual earnings on plan investments is being amortized over the next four years as detailed in Note 6.

J. Compensated absences - It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation 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.

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

Non-spendable - 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 established by formal action of the government's highest level of decision making authority. Commitments may be modified or rescinded by the government taking the same formal action that imposed the constraint initially. Committed balances are only created by formal action of the City Council by passage of an ordinance, which is the action that constitutes the most binding constraint.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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 purposes of that fund. The City Council, Mayor, or the City Clerk is authorized to assign amounts to a specific purpose. The authorization, which is established by the City Council, is pursuant to the policy of City Council to delegate such authority.

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

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

L. Budgets and budgetary accounting - The budget is adopted annually at the beginning of each fiscal year for the general fund. The Mayor and members of the City Council are responsible for the adoption and amendments to the budget. The Council must approve transfers of appropriations between and among government function categories and revisions that increase total fund appropriations. 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.

The budget for the general fund is adopted on the cash basis that differs from accounting principles generally accepted in the United States of America (GAAP). Reconciliation of revenues and expenditures reported in accordance with GAAP and those presented in accordance with the Non-GAAP budgetary basis is shown in the statement comparing budget to actual information.

M. Concentration - The City has outsourced the collection of its sales tax revenues to a third party.

NOTE 2 CREDIT RISK:

The City follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*. GASB Statement No. 40 requires certain disclosures regarding policies and practices with respect to deposits and investments and certain risks associated with them.

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

NOTE 2 CREDIT RISK (continued):

Custodial credit risk - Custodial credit risk is the risk that an entity will not be able to recover the value of its deposits or investments that are in the possession of an outside party if the counterparty fails. Cash and temporary cash investments as of the balance sheet date are entirely insured by the Federal Deposit Insurance Corporation (FDIC) and 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.

In addition to the cash and temporary cash investments, the City has \$960,323 of restricted cash investments invested in a bank trust account. These funds are invested in U.S. Treasury funds. The underlying funds are held in trust for the City in the name of the trustee, not in the name of the City.

Credit risk - Investment selections are made by the City in compliance with State of Alabama statutes. The City's investment policy does not extend further than obligations of the United States government.

Interest rate risk - The City does not have a policy on interest rate risk.

NOTE 3 CAPITAL ASSETS:

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

	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,654,035	\$ 4,557,399	\$ -	\$ 7,211,434
Land	3,796,460	-	-	3,796,460
Total capital assets, not being depreciated	6,450,495	4,557,399	-	11,007,894
Capital assets, being depreciated:				
Infrastructure	14,970,478	796,256	-	15,766,734
Buildings and improvements	8,656,146	46,427	-	8,702,573
Machinery and equipment	6,811,592	482,938	68,905	7,225,625
Total capital assets being depreciated	28,953,921	1,325,621	68,905	31,694,932
Less accumulated depreciation for:				
Infrastructure	3,044,484	539,324	-	3,583,808
Buildings and improvements	2,462,516	239,302	-	2,701,818
Machinery and equipment	5,280,214	325,532	68,905	5,536,841
Total accumulated depreciation	10,787,214	1,104,158	68,905	11,822,467
Total capital assets being depreciated, net	19,651,002	221,463	-	19,872,465
Governmental activities capital assets, net	\$ 26,101,497	\$ 4,778,862	\$ -	\$ 30,880,359

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 3 CAPITAL ASSETS:

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

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
General government	\$ 608,441
Public works	56,279
Public safety	266,024
Cultural and recreation	<u>173,413</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,104,157</u></u>

NOTE 4 INTERFUND ACTIVITY:

Interfund Transfers - Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, to move proceeds on long-term debt to the general fund which is responsible for the expenditure of the proceeds, and to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. Interfund transfers for the year ended September 30, 2015 are as follows:

<u>TRANSFERS TO, REPORTED IN FUND:</u>	<u>TRANSFERS FROM, REPORTED IN FUND:</u>	<u>AMOUNT</u>
General	Other Governmental Funds	\$ 1,450
Debt Service Fund	General	1,188,371
Other Governmental Funds	General	<u>208,401</u>
		<u><u>\$ 1,398,222</u></u>

Due To/From Other Funds - Due To/From Other Funds results from the time lag between the dates interfund goods or services are provided or reimbursable expenditures occur and when the payment between funds is made.

<u>DUE FROM FUND:</u>	<u>DUE TO FUND:</u>	<u>AMOUNT</u>
General	Other Governmental Funds	<u><u>\$ 1,420</u></u>

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5 LONG-TERM LIABILITIES:

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 20.00% of the assessed value of taxable property as of the beginning of the fiscal year. As of September 30, 2015, the amount of outstanding debt applicable to this limit was equal to 57.64% of the legal debt limit as of October 1, 2014.

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

	BEGINNING			ENDING		DUE
	BALANCE	ADDITIONS	REDUCTIONS	BALANCE		WITHIN
						ONE YEAR
Governmental activities:						
General obligation warrants	\$ 11,885,000	\$ -	\$ 885,000	11,000,000	\$	915,000
Notes payable	438,783	-	121,672	317,111		122,805
Post-employment benefits						
other than pensions	232,003	70,379	16,577	285,805		-
Compensated absences	223,652	105,324	97,099	231,877		125,810
Total governmental						
activity long-term						
liabilities	\$ 12,779,438	\$ 175,703	\$ 1,120,348	\$ 11,834,793	\$	1,163,615

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

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

NOTE 5 LONG-TERM LIABILITIES (continued):

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

	<u>TOTAL</u>	<u>CURRENT</u>
General Obligation Warrants, Series 2013-A; principal amount \$9,000,000; interest rate from 2.00% to 4.00%; rate on current bonds 2.00%; graduated principal payments are due annually on November 1 through November 2029; interest is due semiannually on May 1 and November 1; Proceeds were used for the acquisition and improvement of capital facilities, to refund debt and provide appropriation to IDB.	\$ 8,900,000	\$ 105,000
General Obligation Warrants, Series 2013-B; principal amount \$2,885,000; interest rate from 2.00% to 5.10%; rate on current bonds 2.00%; varying principal payments are due annually on November 1 through November 2034; interest is due semiannually on May 1 and November 1. Proceeds were used for the acquisition and improvement of capital facilities, to refund debt and provide appropriation to IDB.	2,100,000	810,000
Note payable to an individual, secured by land; scheduled annual payments of \$100,000 through July 2017, principal only. Proceeds were used for the acquisition of land.	200,000	100,000
4.30% note payable to a local bank, unsecured; rents and income from general fund airport revenue are used to repay this debt; scheduled monthly payments of \$4,276 through May 1, 2020 include interest. Proceeds were used for the acquisition and improvements of capital assets.	<u>117,111</u>	<u>22,805</u>
Totals	<u>\$ 11,317,111</u>	<u>\$ 1,037,805</u>

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

NOTE 5 LONG-TERM LIABILITIES (continued):

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

<u>YEAR ENDING SEPTEMBER 30:</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2016	\$ 1,037,805	\$ 287,039
2017	1,058,805	267,539
2018	974,849	247,388
2019	995,938	118,957
2020 - 2024	5,229,714	836,106
2025 - 2029	1,675,000	205,935
2030 - 2034	345,000	53,573
Totals	<u>\$ 11,317,111</u>	<u>\$ 2,016,537</u>

NOTE 6 PENSION COSTS:

Plan Description

The City participates in the Employees' Retirement System of Alabama (ERS), an agency multiple-employer public employee retirement system (PERS) that acts as a common investment and administrative agent for qualified persons employed by the state, state police and, on an elective basis, all cities, counties, towns and quasi-public organizations. ERS PERS is a defined benefit pension plan which provides retirement allowances and other specified benefits to plan members and beneficiaries.

The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to The Retirement Systems of Alabama, P.O. Box 302150, Montgomery, AL 36130-2150 or by calling (334) 517-7000 or at www.rsa-al.gov.

Benefits Provided

State law establishes retirement benefits as well as death and disability and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), are entitled to an annual retirement benefit, payable monthly for life. Service and disability benefits are based on a guaranteed minimum or formula method, with the member receiving payment

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 PENSION COSTS (continued):

under the method that yields the highest monthly benefit. Under the formula method, members of the ERS are allowed 2.0125% of their average final compensation (highest 3 of last 10 years) for each year of service.

ACT 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. The retirement benefit and pre-retirement benefits are calculated in the same manner as Tier 1 participants.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

Employees Covered by Benefit Terms

As of September 30, 2014 (the most recent Measurement Date for funding purposes), Defined Benefit Plan membership consisted of the following:

	<u>2014</u>
Inactive plan members or beneficiaries currently receiving benefits	31
Inactive plan members entitled to but not yet receiving benefits	18
Active plan members	<u>122</u>
Total	<u><u>171</u></u>

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

NOTE 6 PENSION COSTS (continued):

Contributions

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2015, the City's active employee contribution rate for Tier 1 and Tier 2 members (except certified law enforcement and firefighters) was 5% and 6%, respectively, of covered employee payroll. The City's active certified law enforcement and firefighters contribution rate for Tier 1 and Tier 2 members was 6% and 7%, respectively, of covered employee payroll. The City's average contribution rate to fund the normal and accrued liability costs was 7.85% of covered employee payroll.

The City's contractually required contribution rate for the year ended September 30, 2015 was 9.37% of pensionable pay for Tier 1 employees, and 7.07% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$350,557 for the year ended September 30, 2015.

Net Pension Liability

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

TPL Roll-Forward

(a) TPL as of September 30, 2013	\$ 8,469,465
(b) Entry Age Normal Cost for period October 1, 2013 - September 30, 2014	313,665
(c) Actual Benefit Payments and Refunds for the period October 1, 2013 - September 30, 2014	(587,328)
(d) TPL as of September 30, 2014	\$ 8,849,866
$= [(a) \times (1.08)] + (b) - [(c) \times (1.04)]$	

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

NOTE 6 PENSION COSTS (continued):

Actuarial Assumptions

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

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

* Net of pension plan investment expense

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

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

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stocks	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	100.00%	

* Includes assumed rate of inflation of 2.5%

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

NOTE 6 PENSION COSTS (continued):

The discount rate used to measure the total pension liability was the long term rate of return, 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

Changes in the net pension liability during the measurement years were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at September 30, 2013	\$ 8,469,465	\$ 6,040,175	\$ 2,429,290
Changes for the year:			
Service cost	313,665	-	313,665
Interest	654,064	-	654,064
Changes in assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Contributions - employer	-	315,769	(315,769)
Contributions - employee	-	207,072	(207,072)
Net investment income	-	718,518	(718,518)
Benefit payments, including refunds of employee contributions	(587,328)	(587,328)	-
Administrative expense	-	-	-
Transfers among employers	-	(39,157)	39,157
Net changes	380,401	614,874	(234,473)
Balances at September 30, 2014	\$ 8,849,866	\$ 6,655,049	\$ 2,194,817

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability calculated using the discount rate of 8%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current rate:

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

NOTE 6 PENSION COSTS (continued):

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Plan's Net Pension Liability	\$ 3,178,273	\$ 2,194,817	\$ 1,363,914

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015 the City recognized pension expense of \$272,856. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	191,560
Employer contributions subsequent to the measurement date	350,557	-
Total	<u>\$ 350,557</u>	<u>\$ 191,560</u>

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 PENSION COSTS (continued):

	<u>Years Ending September 30,</u>	
	2016	\$ 47,890
	2017	47,890
	2018	47,890
	2019	47,890

NOTE 7 DEFINED CONTRIBUTION PLAN:

The City maintains a defined contribution retirement plan under which employees, who meet certain eligibility requirements, may defer a portion of their annual compensation up to \$17,500, pursuant to Section 457 of the Internal Revenue Code. The City does not provide a match of employee contributions. Authority to amend the benefit provisions and funding policies of the plan rests with the City Council. The total amount of employees' contributions during the fiscal year ended September 30, 2015 was \$36,908.

NOTE 8 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

A. Plan description - The City provides medical benefits through a comprehensive insured medical benefit plan. The plan is a single-employer plan. The plan does not issue a publically available financial report. Authority to amend the benefit provisions and funding policies of the plan rests with the City Council. The plan had approximately 106 active participants and 3 retired members.

Medical benefits are provided to employees upon actual retirement. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service. See the section below entitled "Expected Time of Commencement of Benefits" for the assumption concerning actual assumed retirement.

B. Contribution rates - Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. Retirees are required to contribute \$409 monthly.

In fiscal year ended September 30, 2015, the City's portion of health care funding cost for retired employees totaled \$16,577. These amounts were applied toward the Net Other Post-Employment Benefit (OPEB) Obligation.

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):

C. Annual required contribution - The City's Alabama's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Statement No. 45. 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 Statement No. 45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning October 1, 2014 is \$74,516 as set forth below:

Normal cost	\$ 47,963
30-year AAL amortization amount	26,553
Total	<u>\$ 74,516</u>

D. Annual OPEB cost and net OPEB obligation - The table below shows the City's net OPEB obligation for fiscal year ended September 30, 2015 based on the actuarial valuation as of October 1, 2014:

Beginning net OPEB obligation	<u>\$ 232,003</u>
Annual required contribution	74,516
Interest on net OPEB obligation	9,280
ARC adjustment	<u>(13,417)</u>
Annual OPEB cost	<u>70,379</u>
Contributions made	<u>(16,577)</u>
Change in net OPEB obligation	<u>53,802</u>
Ending net OPEB obligation	<u>\$ 285,805</u>

The following table shows the City's annual post-employment benefits (OPEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (OPEB) liability for fiscal year 2015 and the previous two years:

FISCAL YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED	NET OPEB OBLIGATION
September 30, 2013	\$ 66,397	39.2%	\$ 180,480
September 30, 2014	68,432	24.7%	232,003
September 30, 2015	70,379	23.6%	285,805

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):

E. Funded status and funding progress - In the fiscal year ended September 30, 2015, the City made no contributions to its post-employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of -0-%. As of September 30, 2015, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$477,498, which is defined as that portion, as determined by a particular actuarial cost method (the City of Wetumpka, Alabama uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2015, the entire actuarial accrued liability of \$477,498 was unfunded.

Actuarial Accrued Liability (AAL)	\$ 477,498
Unfunded Actuarial Accrued Liability (UAAL)	\$ 477,498
Funded Ratio	<u>0%</u>

The covered payroll (annual payroll of active employees covered by the plan) was \$3,957,672, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.07%.

The schedule of funding progress, presented as required supplementary information follows the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. 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 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.

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

NOTE 8 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):

The following significant assumptions were made:

Actuarial cost method - The actuarial cost method (ARC) is determined using the Projected Unit Credit 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.

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 10%. The rates for each age are below:

AGE	PERCENT TURNOVER
18 - 25	20%
26 - 40	12%
41 - 54	8%
55+	6%

It has further been assumed based on past experience that 42% of employees decline medical coverage upon retirement because of the retiree premiums required.

G. Post-employment plan eligibility requirements - It is assumed that entitlement to benefits will commence upon actual retirement. Since most employees wait until attainment of age 60 to retire, the City has assumed actual retirement to occur at the later of attainment of age 60 and completion of 10 years of service.

H. Investment return assumption (discount rate) - GASB Statement No. 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded and not expected to be funded in the near future, this valuation has been performed using a 4% annual investment return assumption.

I. Healthcare cost trend rate - The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

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

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued):

K. Mortality rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

L. 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. After retirement, the employer pays for 50% of the retiree's individual coverage. Coverage ceases at age 65. The rates used to determine the employer cost for retiree coverage were "unblended" as required by GASB Statement No. 45 and were thus used "as is" for the OPEB valuation.

NOTE 9 EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

Certain departments of the general fund's expenditures exceed appropriations primarily due to the excess of operating expenditures of \$4,590,911 incurred in capital outlay, most of which was unbudgeted but funded by grants and long-term debt. There were also excess operating expenditures of \$86,978 incurred in general government, \$67,747 incurred in public safety, \$167,956 incurred in public works and \$3,597 incurred in non-departmental. These excess expenditures were funded by current reserves.

NOTE 10 RISK MANAGEMENT:

The City is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. The City has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. All risk management activities are accounted for in the general fund.

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

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 11 COMMITMENTS:

As of September 30, 2015, the City had purchase commitments and commitments for construction of capital projects estimated as follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 47,073
Other Governmental Funds	130,243
Total construction commitments	<u>\$ 177,316</u>

NOTE 12 CONTINGENT LIABILITIES:

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. It is the opinion of the City that such disallowances, if any, would be immaterial.

Two former employees and one existing employee of the City have filed claims against the City with the Equal Employment Opportunity Commission (EEOC). Monetary claims are not stated in the EEOC claims which were filed. Currently the EEOC is performing an investigation of the allegations claimed.

The City and legal counsel feel the claims will be unsubstantiated and/or outside of the jurisdiction of the EEOC with the high probability of a favorable outcome. The City is vigorously defending the allegations made by the claimants. The case is set for trial for the former and existing employees in February 2018. However, in the event of an unexpected adverse judgment or settlement, the City has adequate insurance to cover said claims, including the litigation.

NOTE 13 RESTATEMENT:

- A. Change in accounting principle - In fiscal year 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*--an amendment of GASB Statement No. 27 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*--an amendment of GASB Statement No. 68. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit pensions, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The Statements also requires enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope.

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

NOTE 13 RESTATEMENT (continued):

B. Restated net position - Beginning net position was restated as follows:

Net position at September 30, 2014	\$ 24,442,098
Cumulative net affect of change in accounting principle	<u>(2,113,521)</u>
Net position at September 30, 2014, as restated	<u><u>\$ 22,328,577</u></u>

NOTE 14 GUARANTEE OF DEBT:

The City guaranteed a note payable in the amount of \$281,453 for the Industrial Development Board of the City of Wetumpka. The unsecured note bears interest at 2.75% with principal and interest due in February 2016. The note was renewed in February with the interest rate increasing to 3%; it will mature on February 4, 2017. As required by GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, the City has recognizes the full amount of the guaranteed debt on the Statement of Net Position.

NOTE 15 SUPPLEMENTARY COMPONENT UNIT INFORMATION:

The financial statements of the Industrial Development Board of the City of Wetumpka (the Board) are maintained in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Land development costs - Costs that clearly relate to land development projects are capitalized. Costs are allocated to project components by the specific identification method whenever possible. Otherwise, acquisition costs are allocated based on acreage of each lot. Interest costs are capitalized while the development is in progress. No projects are in the development stage at September 30, 2015.

NOTE 16 SUBSEQUENT EVENTS:

The City has evaluated subsequent events through March 1, 2016, the date which the financial statements were available to be issued.

NOTE 17 EFFECT OF NEW PRONOUNCEMENTS:

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

GASBS Statement No. 72, *Fair Value Measurement and Application*, which is effective for financial statements for periods beginning after June 15, 2015, with earlier implementation encouraged.

REQUIRED SUPPLEMENTAL INFORMATION

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CITY OF WETUMPKA, ALABAMA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

Last 10 Fiscal Years Ending September 30,

	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006*	2005*
Total pension liability										
Service cost	\$ 313,665									
Interest	654,064									
Changes of benefit terms	-									
Differences between expected and actual experience	-									
Changes of assumptions	-									
Benefit payments, including refunds of employee contributions	<u>(587,328)</u>									
Net change in total pension liability	380,401									
Total pension liability - beginning	<u>8,469,465</u>									
Total pension liability - ending (a)	<u>\$ 8,849,866</u>									
Plan fiduciary - net position										
Contribution - employer	\$ 315,769									
Contributions - member	207,072									
Net investment income	718,518									
Benefit payments, including refunds of employee contributions	<u>(587,328)</u>									
Transfers among employers	<u>(39,157)</u>									
Net change in plan fiduciary net position	614,874									
Plan net position - beginning	<u>6,040,175</u>									
Plan net position - ending (b)	<u>\$ 6,655,049</u>									
Net pension liability (asset) - ending (a) - (b)	\$ 2,194,817									
Plan fiduciary net position as a percentage of the total pension liability	75.20%									
Covered-employee payroll**	\$ 4,076,127									
Net pension liability (asset) as a percentage of covered-employee payroll	53.85%									

* GASB Statement No. 68 was implemented as of September 30, 2014. Information from 2005 - 2013 is not available and this schedule will be presented on a prospective basis.

** Employer's covered payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). For FY2014 the measurement period is October 1, 2013 - September 30, 2014.

CITY OF WETUMPKA, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution*	\$ 350,557									
Contributions in relation to the actuarially determined contribution*	<u>350,557</u>									
Contribution deficiency (excess)	<u>\$ -</u>									
Covered-employee payroll**	\$4,463,021									
Contributions as a percentage of covered-employee payroll	7.85%									

*Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. For FY2015, the fiscal year is the twelve month period beginning after 10/1/2014.

**Employer's covered-payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). For FY2015, the fiscal year is the twelve month period beginning after 10/1/2014.

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2015 were based on the September 30, 2012 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	26 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

CITY OF WETUMPKA, ALABAMA

**REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR THE CITY OF WETUMPKA, ALABAMA'S
POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUE OF ASSETS (a)</u>	<u>ACTUARIAL ACCRUED LIABILITY (AAL) - UNIT CREDIT (b)</u>	<u>UNFUNDED AAL (UAAL) (b-a)</u>	<u>FUNDED RATIO (a/b)</u>	<u>COVERED PAYROLL(c)</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL [(b-a)/c]</u>
October 1, 2013		441,474	441,474	0.00%	3,501,034	12.6%
October 1, 2014		459,133	459,133	0.00%	3,597,924	12.8%
October 1, 2015		477,498	477,498	0.00%	3,957,672	12.1%

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COMBINING STATEMENTS

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CITY OF WETUMPKA, ALABAMA
NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Miscellaneous Grant Fund - accounts for funds arising from miscellaneous grants. Although the funds are consolidated, each grant is accounted for individually.

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

Housing and Urban Development (HUD) Grant Fund - accounts for funds used for community development block grant programs.

Special Occasions Fund - accounts for funds restricted by donors for the coordination of special events for the community.

Wetumpka Pride Fund - accounts for funds committed to improve the appearance of the community through recycling, cleaning, and plan designs. Funds are committed through City ordinance.

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CITY OF WETUMPKA, ALABAMA

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

	SPECIAL REVENUE					WETUMPKA PRIDE FUND
	TOTAL	MISCELLANEOUS GRANT FUND	STATE GASOLINE TAX FUND	HUD GRANT FUND	SPECIAL OCCASIONS FUND	
ASSETS:						
Cash and temporary cash investments	\$ 405,508	\$ 59,014	\$ 220,132	\$ 12,855	\$ 9,854	\$ 103,653
Restricted cash investments	-	-	-	-	-	-
Accounts receivable	14,855	12,760	-	-	-	2,095
Due from general fund	1,420	1,420				
Accrued interest receivable	2	-	-	-	-	2
Total assets	<u>\$ 421,785</u>	<u>\$ 73,194</u>	<u>\$ 220,132</u>	<u>\$ 12,855</u>	<u>\$ 9,854</u>	<u>\$ 105,750</u>
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts payable	\$ 14,180	\$ 14,180	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>14,180</u>	<u>14,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:						
Restricted for:						
Special events	9,854	-	-	-	9,854	-
Capital projects	71,869	59,014		12,855	-	-
Road projects	220,132	-	220,132		-	-
Debt service	-	-	-	-	-	-
Committed to:						
Wetumpka Pride	105,750	-	-	-	-	105,750
Total fund balance	<u>407,605</u>	<u>59,014</u>	<u>220,132</u>	<u>12,855</u>	<u>9,854</u>	<u>105,750</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 421,785</u>	<u>\$ 73,194</u>	<u>\$ 220,132</u>	<u>\$ 12,855</u>	<u>\$ 9,854</u>	<u>\$ 105,750</u>

CITY OF WETUMPKA, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

\$

	SPECIAL REVENUE					
	TOTAL	MISCELLANEOUS GRANT FUND	STATE GASOLINE TAX FUND	HUD GRANT FUND	SPECIAL OCCASIONS FUND	WETUMPKA PRIDE FUND
REVENUES:						
Taxes	\$ 67,020	\$ -	\$ 67,020	\$ -	\$ -	\$ -
Intergovernmental revenue	740,540	303,171	-	437,369	-	-
Miscellaneous	77,827	65	64	-	45,566	32,132
Total revenues	885,387	303,236	67,084	437,369	45,566	32,132
EXPENDITURES:						
Current operations:						
Public works	62,939	-	62,939	-	-	-
Cultural and recreational	96,787	-	-	-	42,569	54,218
Capital outlay	957,824	388,836	-	568,988	-	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	1,117,550	388,836	62,939	568,988	42,569	54,218
Excess (deficiency) of revenues over expenditures	(232,163)	(85,600)	4,145	(131,619)	2,997	(22,086)
OTHER FINANCING SOURCES:						
Transfers in	208,401	71,032	-	137,369	-	-
Transfers out	(1,450)	-	-	-	(1,450)	-
Total other financing sources (uses)	206,951	71,032	-	137,369	(1,450)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(25,212)	(14,568)	4,145	5,750	1,547	(22,086)
FUND BALANCES - BEGINNING	432,817	73,582	215,987	7,105	8,307	127,836
FUND BALANCES - ENDING	\$ 407,605	\$ 59,014	\$ 220,132	\$ 12,855	\$ 9,854	\$ 105,750

SUPPLEMENTARY INFORMATION

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CITY OF WETUMPKA, ALABAMA

STATISTICAL SECTION

This part of the City of Wetumpka, 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.	56
Revenue capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales taxes.	60
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.	63
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.	67
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.	69

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

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CITY OF WETUMPKA, ALABAMA

NET POSITION BY COMPONENT
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:										
Investment in capital assets, net	\$ 8,248,475	\$ 10,898,376	\$ 11,502,725	\$ 13,773,608	\$ 17,124,083	\$ 18,044,209	\$ 18,382,233	\$ 13,458,271	\$ 13,919,088	\$ 19,563,248
Restricted	284,177	142,469	519,584	529,178	1,145,941	1,518,503	1,138,916	7,024,172	6,558,400	2,678,870
Unrestricted	<u>4,688,642</u>	<u>4,864,165</u>	<u>5,854,516</u>	<u>5,018,413</u>	<u>1,770,387</u>	<u>1,913,544</u>	<u>2,289,180</u>	<u>1,679,730</u>	<u>3,964,610</u>	<u>1,421,440</u>
Total governmental activities net position	<u>\$ 13,221,294</u>	<u>\$ 15,905,010</u>	<u>\$ 17,876,825</u>	<u>\$ 19,321,199</u>	<u>\$ 20,040,411</u>	<u>\$ 21,476,256</u>	<u>\$ 21,810,329</u>	<u>\$ 22,162,173</u>	<u>\$ 24,442,098</u>	<u>\$ 23,663,558</u>

CITY OF WETUMPKA, ALABAMA

CHANGES IN NET POSITION
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
EXPENSES:										
Governmental activities:										
General government	\$ 2,770,796	\$ 1,818,736	\$ 1,824,914	\$ 1,994,528	\$ 2,384,823	\$ 2,410,091	\$ 2,653,772	\$ 3,855,388	\$ 3,284,064	\$ 3,322,488
Public safety	2,658,628	2,808,285	2,936,163	3,349,797	3,620,119	3,478,890	3,691,325	3,603,374	4,269,581	4,431,293
Public works	1,877,802	1,788,755	1,918,642	1,924,086	2,118,707	1,956,231	2,114,676	2,159,333	1,950,164	1,989,050
Cultural and recreational	643,798	682,360	814,629	855,509	1,195,510	980,554	1,149,816	1,108,435	927,088	969,736
Interest on long-term debt	169,901	209,591	296,806	323,834	293,198	222,723	163,782	184,696	307,891	400,901
Total governmental activities expenses	<u>8,120,925</u>	<u>7,307,727</u>	<u>7,791,154</u>	<u>8,447,754</u>	<u>9,612,357</u>	<u>9,048,489</u>	<u>9,773,371</u>	<u>10,911,226</u>	<u>10,738,788</u>	<u>11,113,468</u>
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government	1,425,271	1,485,916	348,944	367,640	270,622	253,715	261,833	310,406	138,603	152,142
Public safety	519,111	545,943	620,000	785,495	937,237	925,427	899,194	914,595	994,846	832,746
Public works	18,541	14,495	13,635	16,210	20,636	14,740	17,318	16,151	18,118	26,172
Cultural and recreational	91,959	132,317	475,745	389,103	389,970	440,489	422,754	319,028	335,830	313,344
Operating grants and contributions	4,540	6,533	4,516	694	73,379	47,866	271,361	118,571	72,690	72,969
Capital grants and contributions	3,534,684	264,411	215,813	309,765	569,322	921,126	276,239	699,836	2,899,801	2,529,147
Total governmental activities program revenues	<u>5,594,106</u>	<u>2,449,615</u>	<u>1,678,653</u>	<u>1,868,907</u>	<u>2,261,166</u>	<u>2,603,363</u>	<u>2,148,699</u>	<u>2,378,587</u>	<u>4,459,888</u>	<u>3,926,520</u>
 Total primary government net expense	<u>(2,526,819)</u>	<u>(4,858,112)</u>	<u>(6,112,501)</u>	<u>(6,578,847)</u>	<u>(7,351,191)</u>	<u>(6,445,126)</u>	<u>(7,624,672)</u>	<u>(8,532,639)</u>	<u>(6,278,900)</u>	<u>(7,186,948)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Taxes:										
Sales taxes	5,410,412	6,018,630	5,815,478	5,563,880	5,411,114	5,454,018	5,707,773	6,000,003	5,774,195	5,914,314
Real and personal property taxes	297,703	302,425	364,915	396,795	416,897	400,428	408,198	424,797	419,812	466,577
Motor fuel taxes	229,969	293,932	370,895	237,822	231,668	221,268	225,430	200,154	218,227	213,465
Business licenses			884,439	931,828	967,714	1,040,727	985,326	940,370	1,007,872	1,063,175
Investment earnings	148,529	189,445	122,421	70,465	55,490	38,535	36,668	34,340	53,349	36,119
Miscellaneous taxes	494,362	585,010	377,557	636,927	454,363	529,872	508,069	618,366	800,146	751,721
Miscellaneous revenue	270,496	152,386	148,611	185,504	108,374	114,449	87,281	86,470	285,224	76,558
Total governmental activities general revenues	<u>6,851,471</u>	<u>7,541,828</u>	<u>8,084,316</u>	<u>8,023,221</u>	<u>7,645,620</u>	<u>7,799,297</u>	<u>7,958,745</u>	<u>8,304,500</u>	<u>8,558,825</u>	<u>8,521,929</u>
 Change in net position	<u>\$ 4,324,652</u>	<u>\$ 2,683,716</u>	<u>\$ 1,971,815</u>	<u>\$ 1,444,374</u>	<u>\$ 294,429</u>	<u>\$ 1,354,171</u>	<u>\$ 334,073</u>	<u>\$ (228,139)</u>	<u>\$ 2,279,925</u>	<u>\$ 1,334,981</u>

CITY OF WETUMPKA, ALABAMA

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund:										
Reserved	\$ 257,370	\$ 120,034	\$ 121,825	\$ 131,752	\$ 1,001,530	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,071,887	4,285,622	5,449,891	4,887,086	3,349,329	-	-	-	-	-
Non-spendable	-	-	-	-	-	146,695	146,695	162,485	168,611	160,265
Restricted	-	-	-	-	-	706,130	533,669	6,750,195	5,295,989	2,577,880
Assigned	-	-	-	-	-	567,588	256,449	392,127	400,211	561,509
Unassigned	-	-	-	-	-	3,125,742	3,775,892	3,964,049	4,111,887	2,312,246
Total general fund	<u>\$ 4,329,257</u>	<u>\$ 4,405,656</u>	<u>\$ 5,571,716</u>	<u>\$ 5,018,838</u>	<u>\$ 4,350,859</u>	<u>\$ 4,546,155</u>	<u>\$ 4,712,705</u>	<u>\$ 11,268,856</u>	<u>\$ 9,976,698</u>	<u>\$ 5,611,900</u>
All other governmental funds:										
Reserved, reported in:										
Debt service fund	\$ 137,298	\$ 142,469	\$ 397,759	\$ 397,426	\$ 393,208	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	438,748	435,717	415,859	510,284	501,673	-	-	-	-	-
Restricted	-	-	-	-	-	819,818	625,329	273,977	1,262,411	1,262,178
Committed	-	-	-	-	-	153,582	171,168	152,001	127,836	105,750
Unassigned	-	-	-	-	-	-	(2,681)	(9,986)	-	-
Total all other governmental funds	<u>\$ 576,046</u>	<u>\$ 578,186</u>	<u>\$ 813,618</u>	<u>\$ 907,710</u>	<u>\$ 894,881</u>	<u>\$ 973,400</u>	<u>\$ 793,816</u>	<u>\$ 415,992</u>	<u>\$ 1,390,247</u>	<u>\$ 1,367,928</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 WETUMPKA, ALABAMA

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
REVENUES:										
Taxes	\$ 6,432,445	\$ 7,241,157	\$ 6,971,822	\$ 6,907,089	\$ 6,514,041	\$ 6,605,584	\$ 6,849,470	\$ 7,243,320	\$ 7,212,379	\$ 7,346,077
Licenses and permits	1,073,620	1,153,435	1,189,946	1,179,620	1,123,012	1,172,197	1,123,865	1,169,057	1,113,685	1,171,787
Intergovernmental revenues	382,703	189,723	263,766	422,460	696,966	500,503	583,236	710,257	470,860	841,595
Charges and fees for services	601,143	667,963	849,995	767,942	769,551	704,288	814,835	720,116	826,711	613,187
Fines and forfeitures	324,192	312,113	259,385	422,866	573,839	577,149	623,751	542,983	526,742	552,340
PCI Contributions	-	-	-	-	-	-	-	-	1,770,000	934,641
Miscellaneous	267,467	297,067	228,055	171,180	227,107	200,848	206,256	171,509	188,028	171,589
Total revenues	<u>9,081,570</u>	<u>9,861,458</u>	<u>9,762,969</u>	<u>9,871,157</u>	<u>9,904,516</u>	<u>9,760,569</u>	<u>10,201,413</u>	<u>10,557,242</u>	<u>12,108,405</u>	<u>11,631,216</u>
EXPENDITURES:										
Current:										
General governmental	2,145,278	1,497,085	1,449,867	1,549,354	1,813,218	1,878,707	2,014,194	2,988,026	2,344,435	2,335,154
Public safety	2,394,932	2,533,552	2,656,284	3,019,245	3,271,290	3,130,053	3,313,300	3,343,685	3,896,059	4,268,231
Public works	1,725,802	1,646,334	1,762,223	1,782,153	1,953,442	1,822,089	1,923,621	1,909,046	1,851,010	2,033,298
Cultural and recreational	566,249	619,876	750,379	791,502	908,624	795,145	963,273	1,069,342	754,339	858,507
Capital outlay	3,065,968	3,737,407	5,085,056	1,977,843	1,172,949	682,847	1,320,463	1,752,545	3,231,067	5,215,656
Debt service:										
Principal payments	347,850	552,964	1,577,482	1,300,713	1,187,408	1,039,777	927,332	1,715,475	119,654	1,006,672
Interest and fiscal charges	170,433	209,591	280,628	370,120	280,662	231,783	199,164	209,909	239,694	313,791
Bond issuance costs	-	-	-	-	-	-	-	184,106	-	-
Total expenditures	<u>10,416,512</u>	<u>10,796,809</u>	<u>13,561,919</u>	<u>10,790,930</u>	<u>10,587,593</u>	<u>9,580,401</u>	<u>10,661,347</u>	<u>13,172,134</u>	<u>12,436,258</u>	<u>16,031,309</u>
Excess of revenue over (under) expenditures	<u>(1,334,942)</u>	<u>(935,351)</u>	<u>(3,798,950)</u>	<u>(919,773)</u>	<u>(683,077)</u>	<u>180,168</u>	<u>(459,934)</u>	<u>(2,614,892)</u>	<u>(327,853)</u>	<u>(4,400,093)</u>
OTHER FINANCING SOURCES (USES):										
Transfers in	307,907	81,501	127,234	100,000	1,197,182	1,279,978	851,758	8,663,704	1,227,322	1,398,222
Transfers out	(307,907)	(81,501)	(127,234)	(100,000)	(1,197,182)	(1,279,978)	(851,758)	(8,663,704)	(1,227,322)	(1,398,222)
Issuance of note payable	1,000,000	1,000,000	5,200,442	-	-	38,500	446,900	824,109	-	-
Issuance of refunding bonds/warrants	-	-	-	-	-	-	-	11,885,000	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-	-	-	(3,910,000)	-	-
Discount on bonds	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	353,830	13,890	-	36,204	2,269	29,456	-	15,384	9,950	12,976
Total other financing sources	<u>1,353,830</u>	<u>1,013,890</u>	<u>5,200,442</u>	<u>36,204</u>	<u>2,269</u>	<u>67,956</u>	<u>446,900</u>	<u>8,814,493</u>	<u>9,950</u>	<u>12,976</u>
Net change in fund balance	<u>\$ 18,888</u>	<u>\$ 78,539</u>	<u>\$ 1,401,492</u>	<u>\$ (883,569)</u>	<u>\$ (680,808)</u>	<u>\$ 248,124</u>	<u>\$ (13,034)</u>	<u>\$ 6,199,601</u>	<u>\$ (317,903)</u>	<u>\$ (4,387,117)</u>
Debt service as a percentage of non-capital expenditures	7.05%	10.80%	21.92%	18.85%	15.11%	14.12%	11.70%	16.75%	3.84%	12.07%

CITY OF WETUMPKA, ALABAMA

NET TAXABLE SALES BY CATEGORY

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General merchandise	\$ 182,665,554	\$ 199,448,228	\$ 176,255,290	\$ 175,952,559	\$ 169,266,746	\$ 169,948,042	\$ 174,884,778	\$ 186,505,018	\$ 181,601,981	\$ 187,859,218
Auto dealers and supplies	47,873,504	51,766,290	37,012,554	27,890,160	29,567,235	29,884,658	30,066,955	29,203,326	29,391,374	32,714,734
Manufacturing machine	2,290,155	3,865,221	595,345	192,233	422,206	972,603	937,440	697,300	1,073,551	1,021,064
Linen	114,006	106,262	-	-	-	-	-	-	-	-
Vending	11,712	39,268	44,028	69,931	83,328	78,643	100,739	330,352	308,632	600,870
Agriculture	9,390	77,604	85,284	57,792	92,088	69,848	57,496	75,590	184,222	204,462
Amusement	2,495	-	-	4,914	-	-	-	-	-	-
Totals	<u><u>\$ 232,966,816</u></u>	<u><u>\$ 255,302,873</u></u>	<u><u>\$ 213,992,501</u></u>	<u><u>\$ 204,167,589</u></u>	<u><u>\$ 199,431,603</u></u>	<u><u>\$ 200,953,794</u></u>	<u><u>\$ 206,047,408</u></u>	<u><u>\$ 216,811,586</u></u>	<u><u>\$ 212,559,760</u></u>	<u><u>\$ 222,400,348</u></u>
City direct sales tax rate (General merchandise)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

CITY OF WETUMPKA, ALABAMA
SALES TAX REVENUE PAYERS BY CATEGORY
FISCAL YEARS 2006 THROUGH 2015

2014					2015				
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS		NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
General merchandise	*	\$ 5,206,872	97.1426%	*	*	\$ 5,336,877	96.9088%	*	
Auto dealers and supplies	*	143,543	2.6710%	*	*	159,024	2.8876%	*	
Manufacturing machine	*	3,339	0.0623%	*	*	3,957	0.0719%	*	
Linen	*	-	-	*	*	-	-	*	
Vending	*	5,620	0.1048%	*	*	6,430	0.1168%	*	
Agriculture	*	656	0.0122%	*	*	825	0.0150%	*	
Amusement	*	-	-	*	*	-	-	*	
Totals		\$ 5,360,030	100%			\$ 5,507,112	100%		
2012					2013				
	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
General merchandise	*	\$ 5,051,508	97.0186%	*	*	\$ 5,335,728	97.2972%	*	
Auto dealers and supplies	*	147,682	2.8364%	*	*	142,033	2.5900%	*	
Manufacturing machine	*	4,381	0.0841%	*	*	2,015	0.0367%	*	
Linen	*	-	-	*	*	-	-	*	
Vending	*	2,929	0.0563%	*	*	3,965	0.0723%	*	
Agriculture	*	230	0.0044%	*	*	206	0.0038%	*	
Amusement	*	-	-	*	*	-	-	*	
Totals		\$ 5,206,730	100%			\$ 5,483,947	100%		
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
General merchandise	*	\$ 4,929,101	97.0462%	*	*	\$ 4,883,327	96.9904%	*	
Auto dealers and supplies	*	144,853	2.8519%	*	*	145,494	2.8897%	*	
Manufacturing machine	*	2,223	0.0438%	*	*	3,693	0.0733%	*	
Linen	*	-	-	*	*	-	-	*	
Vending	*	2,513	0.0495%	*	*	2,144	0.0426%	*	
Agriculture	*	438	0.0086%	*	*	199	0.0040%	*	
Amusement	*	-	-	*	*	-	-	*	
Totals		\$ 5,079,128	100%			\$ 5,034,857	100%		
2008					2009				
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS		NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
General merchandise	1,935	\$ 5,122,789	96.3910%	57.10%	3,691	\$ 3,408,234	96.0039%	59.80%	
Auto dealers and supplies	79	184,028	3.4627%	85.90%	75	126,217	3.5553%	83.90%	
Manufacturing machine	83	2,918	0.0549%	95.50%	79	10,558	0.2974%	92.70%	
Linen	5	3,192	0.0601%	100.00%	6	2,900	0.0817%	100.00%	
Vending	4	1,255	0.0236%	100.00%	4	1,871	0.0527%	100.00%	
Agriculture	5	411	0.0077%	100.00%	9	248	0.0070%	100.00%	
Amusement	-	-	0.0000%		2	72	0.0020%	100.00%	
Totals	2,111	\$ 5,314,593	100%		3,866	\$ 3,550,100	100%		
2006					2007				
	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
General merchandise	1,606	\$ 5,291,952	95.5290%	60.13%	1,910	\$ 6,016,371	95.6092%	60.13%	
Auto dealers and supplies	74	233,364	4.2162%	90.40%	75	253,855	4.0341%	90.40%	
Manufacturing machine	60	11,382	0.2055%	86.60%	78	18,883	0.3001%	86.60%	
Linen	4	2,280	0.0412%	100.00%	5	2,064	0.0328%	100.00%	
Vending	1	334	0.0060%	100.00%	5	1,120	0.0178%	100.00%	
Agriculture	3	44	0.0008%	100.00%	2	375	0.0060%	100.00%	
Amusement	4	72	0.0013%	100.00%	4	-	-	100.00%	
Totals	1,752	\$ 5,539,628	100%		2,079	\$ 6,292,668	100%		

Source: RDS/AlaTax/Alabama Department of Revenue - Sales & Use Tax Division

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.

* Information not available.

CITY OF WETUMPKA, ALABAMA

DIRECT AND OVERLAPPING SALES TAX RATES

<u>FISCAL YEAR</u>	<u>CITY DIRECT RATE</u>	<u>ELMORE COUNTY</u>	<u>STATE OF ALABAMA</u>	<u>TOTAL SALES TAX</u>
2006	3.00%	1.00%	4.00%	8.00%
2007	3.00%	1.00%	4.00%	8.00%
2008	3.00%	1.00%	4.00%	8.00%
2009	3.00%	1.00%	4.00%	8.00%
2010	3.00%	1.00%	4.00%	8.00%
2011	3.00%	1.00%	4.00%	8.00%
2012	3.00%	1.00%	4.00%	8.00%
2013	3.00%	1.00%	4.00%	8.00%
2014	3.00%	1.00%	4.00%	8.00%
2015	3.00%	1.00%	4.00%	8.00%

Sources: City Budget Office and Elmore County Department of Finance.

CITY OF WETUMPKA, ALABAMA

RATIOS OF OUTSTANDING DEBT BY TYPE

FISCAL YEAR	GENERAL OBLIGATION BONDS/WARRANTS	TERM LOAN	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF TAXABLE SALES (b)	PERCENTAGE OF PERSONAL INCOME (a)	PER CAPITA (a)
2006	\$ 3,035,000	\$ 2,223,949	\$ 5,258,949	2.26%	4.43%	\$ 860
2007	2,860,000	2,845,985	5,705,985	2.23%	4.54%	780
2008	6,775,000	2,553,945	9,328,945	4.36%	6.90%	1,230
2009	6,240,000	1,788,230	8,028,230	3.93%	4.48%	1,040
2010	5,690,000	1,150,822	6,840,822	3.43%	4.78%	1,049
2011	5,110,000	729,542	5,839,542	2.91%	4.28%	872
2012	4,515,000	844,109	5,359,109	2.60%	3.27%	797
2013	11,885,000	558,437	12,443,437	5.74%	9.56%	1,752
2014	11,885,000	438,783	12,323,783	5.80%	7.64%	1,667
2015	11,000,000	598,564	11,598,564	5.22%	8.63%	1,625

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

(a) See the Schedule of Demographic and Economic Statistics on page 67 for personal income and population data.

(b) See page 60 for net taxable sales by category.

CITY OF WETUMPKA, ALABAMA

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

FISCAL YEAR	GENERAL OBLIGATION DEBT	LESS: AMOUNTS AVAILABLE DEBT SERVICE FUND	TOTAL	PERCENTAGE OF NET TAXABLE SALES (a)	PER CAPITA (b)
2006	\$ 3,035,000	\$ 137,298	\$ 2,897,702	1.24%	\$ 496
2007	2,860,000	142,469	2,717,531	1.06%	391
2008	6,775,000	397,759	6,377,241	3.12%	893
2009	6,240,000	397,426	5,842,574	2.93%	808
2010	5,690,000	393,208	5,296,792	2.66%	872
2011	5,110,000	395,163	4,714,837	2.35%	762
2012	4,515,000	391,796	4,123,204	2.00%	671
2013	11,885,000	61,895	11,823,105	5.45%	1,673
2014	11,885,000	957,430	10,927,570	5.45%	1,608
2015	11,000,000	960,323	10,039,677	4.51%	1,541

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

(a) See page 60 for net taxable sales by category.

(b) See the Schedule of Demographic and Economic Statistics on page 67 for population data.

CITY OF WETUMPKA, ALABAMA

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

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (a)	ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT
Debt repaid with property taxes: Elmore County	\$ 1,646,655	9.00%	\$ 148,199
Subtotal, overlapping debt			<u>148,199</u>
City of Wetumpka, Alabama direct debt			<u>11,598,564</u>
Total direct and overlapping debt			<u>\$ 11,746,763</u>

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

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Wetumpka, 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 WETUMPKA, ALABAMA

LEGAL DEBT MARGIN INFORMATION

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 13,586,238	\$ 14,814,884	\$ 15,703,648	\$ 16,788,112	\$ 16,119,956	\$ 18,009,067	\$ 16,494,592	\$ 16,459,716	\$ 18,457,192	\$ 18,457,192
Total net debt applicable to limit	<u>5,121,651</u>	<u>5,563,516</u>	<u>8,931,186</u>	<u>7,630,804</u>	<u>6,993,396</u>	<u>6,993,396</u>	<u>4,967,313</u>	<u>12,381,542</u>	<u>11,366,353</u>	<u>10,638,241</u>
Legal debt margin	<u>\$ 8,464,587</u>	<u>\$ 9,251,368</u>	<u>\$ 6,772,462</u>	<u>\$ 9,157,308</u>	<u>\$ 9,126,560</u>	<u>\$ 11,015,671</u>	<u>\$ 11,527,279</u>	<u>\$ 4,078,174</u>	<u>\$ 7,090,839</u>	<u>\$ 7,818,951</u>
Total net debt applicable to the limit as a percentage of debt limit	37.70%	37.55%	56.87%	45.45%	43.38%	38.83%	30.11%	75.22%	61.58%	57.64%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	<u>\$ 92,285,960</u>
Debt limit (20% of total assessed value)	<u>18,457,192</u>
Debt applicable to limit:	
General obligation bonds	11,000,000
Notes payable	598,564
Less: Amount set aside for repayment of general obligation debt	<u>960,323</u>
Total net debt applicable to limit	<u>10,638,241</u>
Legal debt margin	<u>\$ 7,818,951</u>

Note: Under state law, the City of Wetumpka, 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 WETUMPKA, ALABAMA
DEMOGRAPHIC AND ECONOMIC STATISTICS

CALENDAR YEAR	POPULATION	PERSONAL INCOME (THOUSANDS OF DOLLARS)	PER CAPITA PERSONAL INCOME	MEDIAN AGE	SCHOOL ENROLLMENT	ELMORE COUNTY UNEMPLOYMENT RATE
2006	6,115	\$ 118,796	\$ 19,427	36.86	3,584	2.5%
2007	7,313	125,674	17,185	38.70	3,595	2.8%
2008	7,585	135,165	17,820	38.00	3,644	5.6%
2009	7,719	179,374	23,238	39.60	2,968	8.7%
2010	6,528	143,120	21,924	36.60	3,040	7.9%
2011	6,703	136,285	20,332	35.00	2,970	7.4%
2012	6,725	163,888	24,370	38.30	3,029	6.8%
2013	7,103	130,198	18,330	37.00	2,866	6.1%
2014	7,391	161,249	21,817	40.50	3,080	5.1%
2015	7,136	134,349	18,827	37.50	3,171	4.9%

Sources: Population, personal income, and median age information provided by the Elmore County Economic Development Authority and the Central Alabama Regional Planning and Development Commission. Unemployment data provided by the State Department of Commerce and Labor. School enrollment data provided by the Elmore County Board of Education.

Note: Population and median age information are based on surveys conducted during the last quarter of the calendar year.

Note: Statistics updated for 2010 Census.

CITY OF WETUMPKA, ALABAMA

PRINCIPAL EMPLOYERS

<u>EMPLOYER</u>	<u>2006</u>		<u>2015</u>	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>
Wind Creek Wetumpka	200	3.27%	1,000	13.53%
Wal-Mart Supercenter	455	7.44%	300	4.06%
Elmore Community Hospital	147	2.40%	100	1.35%
ITS			96	1.30%
Frontier Yarns	125	2.04%		0.00%
Wetumpka Health and Rehabilitation	122	2.00%		0.00%
Lowe's			100	1.35%
Winn-Dixie	75	1.23%	110	1.49%
McDonalds	73	1.19%	57	0.77%
Bass Lumber, Inc.	40	0.65%	40	0.54%
Russell Corporation	400	6.54%		0.00%
Quality Networks, Inc.	325	5.31%		0.00%
Totals	<u>1,962</u>	<u>32.07%</u>	<u>1,803</u>	<u>24.39%</u>

Source: Wetumpka Chamber of Commerce.

Note: Information does not include government employment.

CITY OF WETUMPKA, ALABAMA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Function/Program</u>										
General government:										
Management	2	4	6	4	4	4	4	6	5	5
Finance	3	3	3	3	3	3	3	3	4	4
Building	3	3	3	3	3	2	2	2	2	2
Other	4	4	7	7	7	6	6	11	11	11
Public safety:										
Police:										
Police officers	27	26	29	29	29	27	28	26	27	29
Civilians	13	10	8	8	8	10	9	10	7	8
Fire:										
Officers	1	1	1	1	1	1	5	12	12	8
Volunteers (not City employees)	40	40	42	42	42	44	30	29	29	16
Public works:										
Management	1	1	1	1	1	1	1	1	6	6
Technical	4	3	3	3	2	2	2	5	2	2
Street	9	10	12	9	6	7	8	10	6	6
Landfill	2	1	2	2	1	1	1	1	1	1
Recycling	1	1	1	1	1	1	2	2	1	1
Other	1	2	2	4	4	4	2	1	3	3
Cultural and recreational:										
Building and grounds	4	4	4	4	4	4	3	3	6	6
Ballfields	1	1	1	2	2	3	3	3	3	3
Civic Center	1	1	1	1	1		1	1	1	1
Totals	<u>117</u>	<u>115</u>	<u>126</u>	<u>124</u>	<u>119</u>	<u>120</u>	<u>110</u>	<u>126</u>	<u>126</u>	<u>112</u>

Source: City Clerk's Office.

Notes: A full-time employee is scheduled to work 2,088 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,088.

CITY OF WETUMPKA, ALABAMA

OPERATING INDICATORS BY FUNCTION/PROGRAM

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government:										
Building permits issued	269	283	190	220	158	125	120	145	114	117
Public safety:										
Police:										
Building security checks						6,832	6,200	6,234	5,973	3,871**
Physical arrests	649	690	580	1,040	1,048	1,034	1,020	1,062	904	1,032
Parking violations	42	23	6	15	26	63	26	16	5	35
Traffic violations	2,246	1,712	2,261	4,235	4,314	4,562	4,881	4,486	2,796	4,524
Fire:										
Emergency responses	262	278	253	262	323	324	420	425	442	590
Fires extinguished	109	112	106	100	108	116	75	68	86	78
Inspections	100	140	131	95	98	700	1,106	500	914	869
Public works:										
Recycle:										
Tons of recyclables collected/day	3.28	3.23	3.50	3.50	3.75	4.00	4.00	4.50	4.50	4.50
Cultural and recreational:										
Library:										
Volumes in collection	24,609	24,776	25,626	27,737	28,735	36,300	29,786	31,845	29,077	27,470
Total volumes borrowed	72,433	76,370	73,885	86,684	87,138	78,266	85,465	86,636	83,104	75,362

Sources: Various City departments.

** Building security checks ended August 2015

CITY OF WETUMPKA, ALABAMA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Function/Program</u>										
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	12	12	19	25	24	19	24	32	24	29
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	50	50	51	51	51	51	51	52	53	57
Highways (miles)	20	20	20	20	20	20	20	20	20	20
Traffic signal heads	163	164	165	165	165	165	165	165	168	168
Cultural and recreational:										
Acreage	491	491	496	496	496	496	496	522	522	522
Playgrounds	4	4	4	4	4	4	4	4	6	6
Baseball/softball diamonds	8	8	8	8	13	13	13	13	13	14
Soccer fields	1	1	1	1	2	2	2	2	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Senior citizens center	1	1	1	1	1	1	1	1	1	1
Civic center	1	1	1	1	1	1	1	1	1	1
Public meetings facility	1	1	1	1	1	1	1	2	2	2
Welcome center	1	1	1	1	1	1	1	1	1	1

Sources: Various City departments.

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

OTHER REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the City Council
City of Wetumpka, Alabama

We have audited, in accordance with the 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 financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wetumpka, Alabama, (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 1, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not

express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Wetumpka, Alabama's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bern, Butler, Capilouto & Massey, P.C.

Montgomery, Alabama
March 1, 2016

CITY OF WETUMPKA, ALABAMA
SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended September 30, 2015

MATERIAL WEAKNESS

2015-001 Infrastructure

Criteria: Internal controls should be in place that provide reasonable assurance that donated infrastructure is properly valued and recorded.

Statement of Condition: The City failed to identify and record donated infrastructure.

Effect: Because of the failure to properly record donated infrastructure, the financial statements could be materially misstated.

Cause: Procedures are in place for management to value donated infrastructure and report them to the accounting function, but are not being adhered to.

Recommendation: Prior to acceptance of donated infrastructure, management should provide a schedule of values to Council members and the accounting function.

Views of Management and Planned Corrective Action: The city agrees with this finding and will adhere to the corrective action plan on page 75 in this audit report.

2015-002 Credit Cards

Criteria: Internal controls should be in place that provide reasonable assurance that proper documentation be reviewed prior to approval of payment.

Statement of Condition: Several credit card purchases were found to not have proper documentation.

Effect: In these instances, because of the failure to review proper documentation prior to payment, unauthorized purchases could occur.

Cause: Procedures are in place for management to review credit card activity, but were not always adhered to.

Recommendation: Procedures should be implemented to ensure that the accounts payable clerk is provided with purchase requisitions prior to use of a credit card. In addition, itemized receipts be provided to accounts payable clerk prior to payment.

Views of Management and Planned Corrective Action: The city agrees with this finding and will adhere to the corrective action plan on page 75 in this audit report.

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MAYOR
JERRY WILLIS
CITY CLERK/TREASURER
CANDY P. MASTERS



CITY COUNCIL
KEVIN ROBBINS
PERCY B. GILL
REBECCA WINGETT THORNTON
STEVE GANTT
GREG JONES

City of Wetumpka

CORRECTIVE ACTION PLAN

March 1, 2016

City of Wetumpka respectfully submits the following corrective action plan for the year ended September 30, 2015.

Name and address of independent public accounting firm:

Bern, Butler, Capilouto & Massey, P.C.
4137 Carmichael Road, Suite 200
Montgomery, AL 36106

Audit period:

September 30, 2015

The findings from the September 30, 2015 schedule of findings and responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2015 - 001 Infrastructure

Recommendation: Prior to acceptance of donated infrastructure, management should provide a schedule of values to Council members and the accounting function.

Action Taken: We concur with the recommendation, and it was implemented effective March 1, 2016.

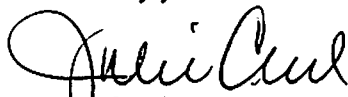
2015 - 002 Credit Cards

Recommendation: Procedures should be implemented to ensure that the accounts payable clerk is provided with purchase requisitions prior to use of credit card. In addition, itemized receipts to be provided to accounts payable clerk prior to payment.

Action Taken: We concur with the recommendation, and it was implemented effective March 1, 2016.

For any questions regarding this plan, please call Julie Creel at (334) 567-5147.

Sincerely yours,


Julie Creel
Finance Director

"City of Natural Beauty"

P.O. Box 1180 • Wetumpka, Alabama 36092 • 334/567-5147 • Fax 334/567-1307