

CITY OF WETUMPKA, ALABAMA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Prepared by:
Department of Administration
and Finance

Julie Creel
Finance Director

CITY OF WETUMPKA, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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INTRODUCTORY SECTION

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List of principal officials

Organizational chart

**Mayor
Jerry Willis**

CITY CLERK/TREASURER
Tiffany Robinson



City of Wetumpka

CITY COUNCIL

Kevin Robbins
Lewis Edward Washington, Sr.
Lynnes S. Justiss
Steve Gantt
Greg Jones

March 8, 2019

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, 2018. 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 15,000 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 2017-2018 Budget was adopted by the City Council on September 29, 2017.

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 and the Wetumpka Downtown Redevelopment Authority were determined to be the only reportable component units and have 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 4.2% 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.

Sales tax provides the greater part of revenues for the City of Wetumpka. The City had a 3% sales tax rate for the majority of the year. On July 2, 2018, the City Council approved a 1 cent sales tax increase. This increased the general sales tax rate to 4% effective September 1, 2018. The City also has a 3% rental tax and a 12% lodging tax which has historically comprised a very small portion of total revenue but has increased in 2018 as a result of the opening of the Hampton Inn. There is a 1 cent per gallon gasoline tax that is earmarked for the general fund.

The City of Wetumpka is home to a \$246 million casino and 20-story hotel located on the Poarch Band of Creek Indian reservation within the City limits, adjacent to the City's downtown. The only revenue received by the City from the operation is rental tax from the machines located in the Casino;

however, it has created additional jobs, 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. According to an article published by AL.com on March 25, 2018, Elmore County ranks 10th as the fastest growing county in Alabama.

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 2017-2018:

1. Construction and expansion of the Wetumpka Sports Complex continued in 2017-2018 with the dedication of Isom Thomas Field, a football/soccer complex to be utilized for practice and games. The area includes bleachers, a concession stand with bathroom facilities, state of the art field lighting and ample parking area for participants/spectators. The maintenance facility is nearing completion of the interior build-out and will house offices for Sports Complex employees, a conference/umpires room, and a maintenance/storage area for equipment used at the complex. The building is expected to be occupied in the Spring of 2019. Thanks to a grant from the Alabama Department of Conservation, a regulation archery range was constructed in 2018.
2. 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.
3. Continued Federal Aviation Grant projects for installation of a REIL (Runway End Identifier Lights) system and a new wind cone at the Wetumpka Municipal Airport.
4. Thanks to an Appalachian Regional Commission grant of \$175,000, 2018 saw the completion of the pedestrian bridge for the Wetumpka River Walk on the west bank of the Coosa River. With the completed bridge in place, work will begin to complete the walking trail during the next fiscal year. Upon completion,

citizens will have the ability to walk from the Post Office south of the City to the Wetumpka Sports Complex via the Riverwalk.

5. The Wetumpka Downtown Redevelopment Authority, in cooperation with the City, renovated the Little Sam's Café building in downtown Wetumpka and secured a new tenant, The Coosa Cleaver, with expectations of opening a new restaurant mid to late December 2018.

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. Continued development of downtown Wetumpka and adjacent Coosa River for retail and tourism promotion.
2. Complete the walking trail portion of the River Walk on the West side of the Coosa River.
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.

POST FISCAL YEAR DISASTER

On January 19, 2019, at approximately 3:45 PM local time, an EF-2 tornado ripped through several city blocks on the West side of the Coosa River destroying, among other things, the historic Presbyterian Church, the Fain Senior Center and several historic homes. Among other structures damaged was the First Baptist Church Activity Center and old sanctuary, the Wetumpka Police Department and many homes in the area. At this time, assessment of City owned buildings and assets damaged or destroyed in the storm is still under investigation but there is no doubt this event will affect the City financially in the next fiscal year and, perhaps, beyond.

AWARDS AND ACKNOWLEDGEMENTS

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, 2017. This was the twenty-seventh consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity 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.

The preparation of this report could not have been accomplished without the professional dedication and knowledge of our independent auditors', Bern, Butler, Capilouto & Massey, P.C. The independent auditors' have issued an unmodified or "clean" opinion on the City of Wetumpka's financial statements for the year ended September 30, 2018.

The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to members of the City Council for their interest and unfailing support in planning, conducting, and maintaining the highest standards of professionalism in the management of the City of Wetumpka's finances.

Respectfully submitted,



Julie Creel
Finance Director



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, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF WETUMPKA, ALABAMA

LIST OF PRINCIPAL OFFICIALS
AS OF SEPTEMBER 30, 2018

MAYOR - JERRY WILLIS

CITY COUNCIL

Kevin Robbins

Steve Gantt

Lewis E. Washington, Sr.

Greg Jones

Lynnes S. Justiss

HEADS OF DEPARTMENTS

City Clerk

Tiffany Robinson

Municipal Court/Magistrate

Susan Summerlin

Library

Susan E. Hayes

Fire

Greg Willis

Police

Greg Benton

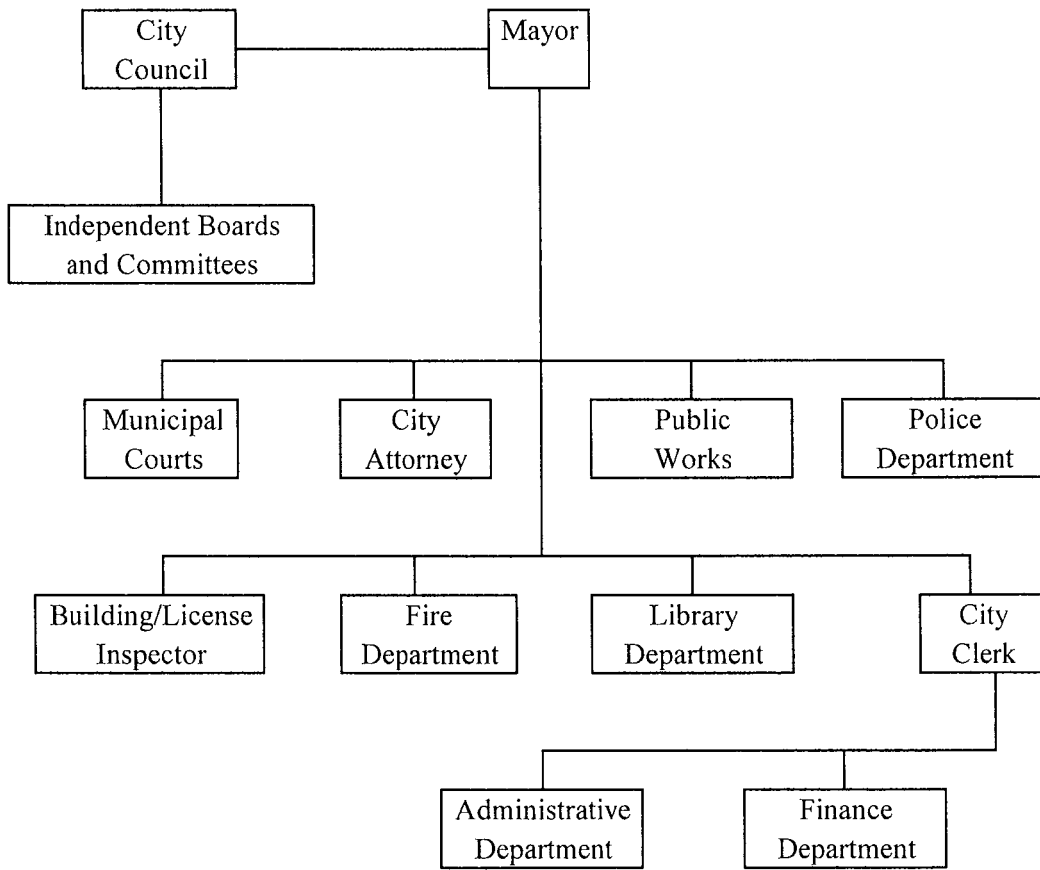
Public Works

Tex Grier

Building and License

David Robison

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, 2018, 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.

4137 Carmichael Road, Suite 200
Montgomery, AL 36106

Post Office Box 230250
Montgomery, AL 36123-0250

T 334.244.4100

F 334.244.4111

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, 2018, 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 17 to the financial statements, in 2018, the City adopted new accounting guidance, Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

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 8, 2019 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.

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

Montgomery, Alabama
March 8, 2019

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, 2018. 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 and deferred outflows exceeded its liabilities and deferred inflows at September 30, 2018, by \$28,575,250 (*net position*). Of this amount, \$1,539,710 (*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 \$1,387,200, as revenues of \$12,825,571 exceeded expenses of \$11,438,371.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,907,593, an increase of \$788,047 in comparison with the prior year. Approximately 44% of this total amount, or \$3,482,704, is available for spending at the City's discretion (*unassigned fund balance*).
- The City completed its infrastructure construction of the downtown hotel for a total of \$688,663.
- The City borrowed \$250,000 during the year for the purchase and equipping of 8 new police cruisers.
- The City completed its rehab of the runway and taxiway project at the municipal airport for a total of \$390,141.

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. These statements include the City's component unit (the Wetumpka Downtown Redevelopment Authority) which is a separate legal entity. Although legally separate, the component unit is important because the City is financially accountable for it. Complete financial statements can be obtained at their administrative office in Wetumpka, Alabama.

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, business licenses and property taxes finance most of these activities. The City of Wetumpka, Alabama has no business type activities at September 30, 2018.

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 objectives. 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 provides a conservative short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps in determining if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities in the government-wide financial statements and the governmental funds financial statements is described in a reconciliation that is a part of the fund financial statements.

The City maintains eight individual governmental funds. The general fund, miscellaneous grant fund and the 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, miscellaneous grant 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 53 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 54-56 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 57.

Government-Wide Financial Analysis

The City's condensed statement of net position as of September 30, 2018, derived from the government-wide statement of net position is presented below.

	2017 <u>AS RESTATED*</u>	<u>2018</u>	<u>CHANGE</u> <u>2017-2018</u>
Current and other assets	\$ 7,493,465	\$ 8,505,982	\$ 1,012,517
Capital assets	31,421,231	32,706,241	1,285,010
Total assets	<u>38,914,696</u>	<u>41,212,223</u>	<u>2,297,527</u>
Deferred Outflows			
Deferred amount on refunding	55,856	31,699	(24,157)
Employer retirement contributions	786,400	648,050	(138,350)
Total deferred outflows	<u>842,256</u>	<u>679,749</u>	<u>(162,507)</u>
Long-term liabilities outstanding	11,771,442	10,475,549	(1,295,893)
Other liabilities	2,091,101	2,343,599	252,498
Total liabilities	<u>13,862,543</u>	<u>12,819,148</u>	<u>(1,043,395)</u>
Deferred inflows - pensions	242,474	453,267	210,793
Deferred inflows - OPEB's	-	44,307	44,307
Total deferred outflows	<u>242,474</u>	<u>497,574</u>	<u>255,100</u>
Net position:			
Investment in capital assets, net	23,216,843	23,830,715	613,872
Restricted	2,482,249	3,204,825	722,576
Unrestricted	<u>1,488,958</u>	<u>1,539,710</u>	<u>50,752</u>
Total net position	<u>\$ 27,188,050</u>	<u>\$ 28,575,250</u>	<u>\$ 1,387,200</u>

* See Note 17, Page 53, 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 \$28,575,250. 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 \$3,204,825 at September 30, 2018 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, 2018, reported positive balances in governmental type activities.

The following presents the City's condensed statement of activities for the fiscal year ended September 30, 2018 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 \$1,387,200 as presented below.

CITY OF WETUMPKA, ALABAMA'S CHANGES IN NET
POSITION

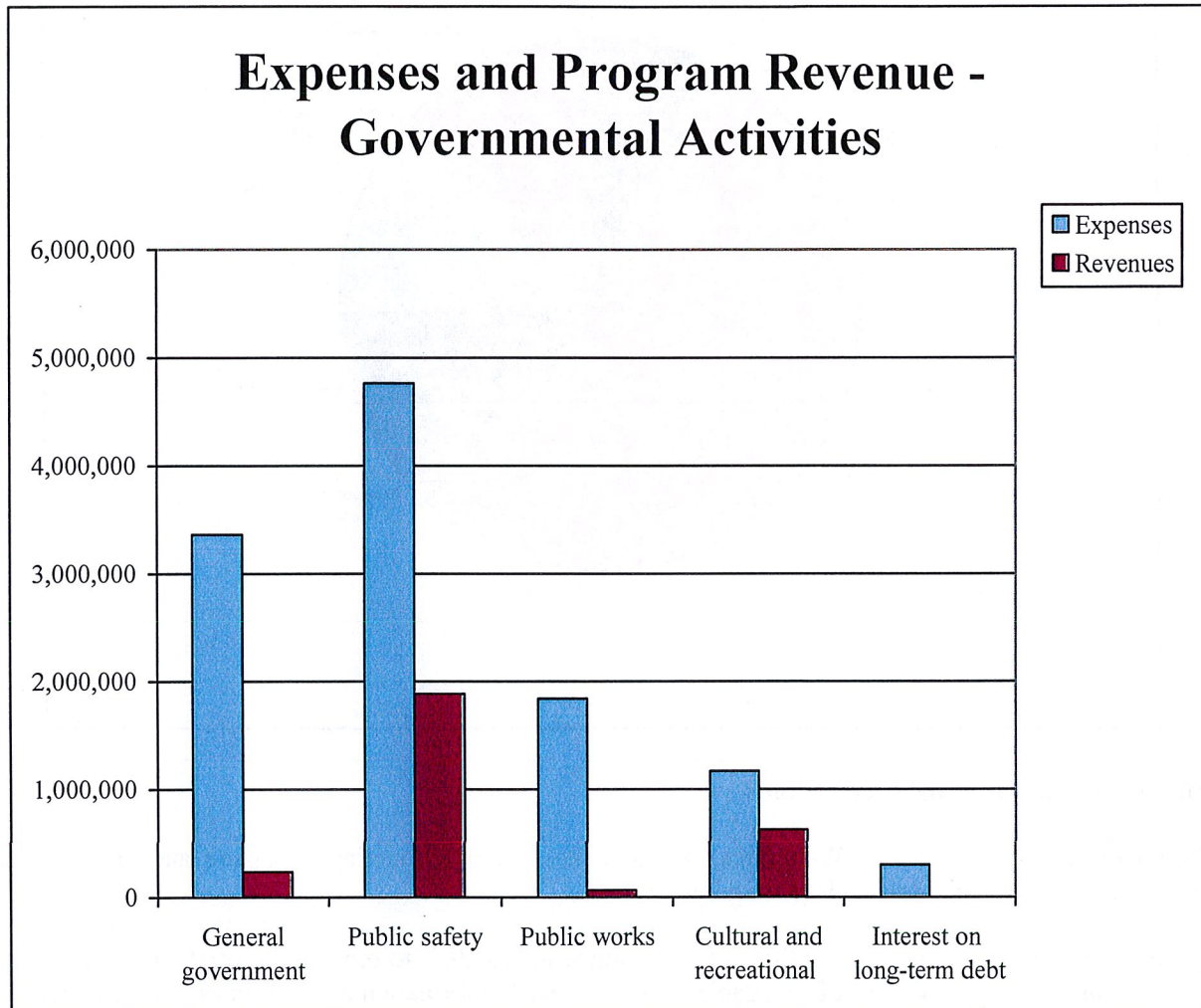
	GOVERNMENTAL ACTIVITIES		CHANGE
	2017		
	<u>AS RESTATED*</u>	<u>2018</u>	<u>2017-2018</u>
REVENUES:			
Program revenues:			
Charges for services	\$ 1,702,224	\$ 1,577,001	\$ (125,223)
Operating grants and contributions	66,322	17,709	(48,613)
Capital grants and contributions	1,613,449	1,215,994	(397,455)
General revenues:			-
Property taxes	476,220	472,904	(3,316)
Business licenses	1,592,691	1,583,003	(9,688)
Sales taxes	6,266,562	6,788,230	521,668
Motor fuel taxes	225,942	221,766	(4,176)
Other taxes	828,934	761,455	(67,479)
Other	140,905	187,509	46,604
Total revenues	<u>12,913,249</u>	<u>12,825,571</u>	<u>(87,678)</u>
EXPENSES:			
General government	3,688,164	3,361,750	(326,414)
Public safety	4,761,793	4,764,413	2,620
Public works	1,830,770	1,841,286	10,516
Cultural and recreational	1,121,600	1,169,398	47,798
Interest on long-term debt	304,884	301,524	(3,360)
Total expenses	<u>11,707,211</u>	<u>11,438,371</u>	<u>(268,840)</u>
INCREASE IN NET POSITION	1,206,038	1,387,200	181,162
NET POSITION - BEGINNING	<u>25,982,012</u>	<u>27,188,050</u>	<u>1,206,038</u>
NET POSITION - ENDING	<u>\$ 27,188,050</u>	<u>\$ 28,575,250</u>	<u>\$ 1,387,200</u>

*See Note 17, Page 53 for details of the restatement

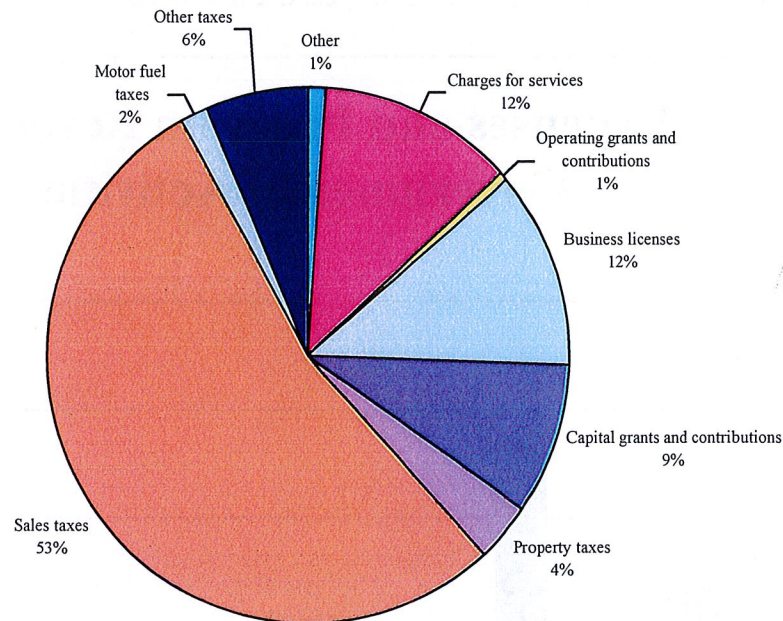
Governmental activities increased the City of Wetumpka, Alabama's net position by \$1,387,200 for fiscal year 2018. Key elements of the current year activities compared to the prior year are as follows:

- Increase in revenues from sales tax and continued control over expenses.

For the most part, variations in expenses closely parallel inflation and growth in the demand for services. Expenses decreased by \$268,840 from the prior year due to continued control over expenses.



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, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The general fund is the chief operating fund of the City of Wetumpka, Alabama.

As of September 30, 2018, governmental funds reported a combined ending fund balance of \$7,907,593, an increase of \$788,047 in comparison with prior year. Approximately 44% of this total amount, or \$3,482,704, 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) public safety, road projects, and capital improvements (\$2,210,245), (2) Debt Service (\$992,431) 2019 Budget (\$859,187), or (3) other purposes (\$363,026).

The fund balance of the general fund increased \$822,602 during the current fiscal year. Key elements of the current year activities compared to the prior year are as follows:

- Funds in the amount of \$1,202,597 were transferred to the Debt Service Fund to make payments on bonds and other long-term debt.
- Capital outlay expenditures decreased \$621,576 from prior year due to the completion of the downtown hotel and rehab of the airport runway and taxiway.
- Public works expenditures decreased \$88,066 from prior year due mainly to decrease in salary and benefit costs due to turnover in the department.
- Total revenues decreased \$125,913 over prior year mainly due to a decrease in grant revenue. Sales tax revenue of \$446,400 increased over the 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, 2018, was \$32,706,241 (net of accumulated depreciation). This includes land, infrastructure, buildings, improvements, and machinery and equipment.

Major capital asset transactions during the year include:

- Completion of airport improvements for a total investment of \$390,141
- Purchase of 8 new police cruisers for a total investment of \$247,291.
- Infrastructure improvements of \$688,663 and equipment purchases of \$125,235
- Change in purpose of the Industrial Development Board of the City of Wetumpka increased land and buildings by \$1,288,156 and \$239,235, respectively.

CITY OF WETUMPKA, ALABAMA'S CAPITAL ASSETS

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	<u>2017</u>	<u>2018</u>	<u>2017-2018</u>
Land	\$ 3,839,485	\$ 5,127,641	33.55%
Construction in progress	2,348,620	2,266,871	-3.48%
Buildings and other improvements, net	5,704,615	5,464,882	-4.20%
Infrastructure, net	18,129,551	18,416,479	1.58%
Machinery and equipment, net	1,398,960	1,430,368	2.25%
Totals	<u>\$ 31,421,231</u>	<u>\$ 32,706,241</u>	<u>4.09%</u>

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

Long-term debt - As of September 30, 2018, the City of Wetumpka, Alabama had total debt outstanding of \$8,907,225. Of this amount \$8,200,000 comprises general obligation warrants. The City had \$707,225 in notes payable to local banks.

CITY OF WETUMPKA, ALABAMA'S OUTSTANDING DEBT

	<u>2017</u>	<u>2018</u>	<u>INCREASE (DECREASE)</u>
General obligation	\$ 9,150,000	\$ 8,200,000	\$ (950,000)
Notes payable	<u>679,451</u>	<u>707,225</u>	<u>27,774</u>
Totals	<u>\$ 9,829,451</u>	<u>\$ 8,907,225</u>	<u>\$ (922,226)</u>

The City of Wetumpka, Alabama's total debt outstanding decreased by \$922,226 during the past fiscal year due to payments of \$1,172,226 on outstanding debt offset by new debt of \$250,000.

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 more than the budgeted amount by \$1,028,674 due mainly to more sales tax and business licenses over budgeted amounts. Total expenditures were less than budgeted amounts by \$494,470 primarily due to cost cutting measures in public safety and public works.

Economic Factors and Year 2019 Budget

Factors considered in preparing the City of Wetumpka, Alabama's budget for fiscal year 2019 included:

- The unemployment rate for Elmore County is currently 3.3%, which is slightly higher than last year's rate of 2.9%. This compares favorably to the state's average unemployment rate of 4.1% and the national average rate of 3.7%.
- The anticipation that the business climate of the City can better withstand a 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 2019 budget is based upon estimated annual revenues of \$12,857,725. Sales taxes are expected to increase over the previous year due to a 1% sales tax increase effective September 1, 2018 and the increase in 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.
- New business development including construction of a new state of the art medical facility, new retail locations and continued redevelopment of the City's 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, 2018

	PRIMARY GOVERNMENT	COMPONENT UNIT WETUMPKA DOWNTOWN REDEVELOPMENT AUTHORITY
	GOVERNMENTAL ACTIVITIES	
ASSETS:		
Cash and temporary cash investments	\$ 6,426,912	\$ 1,503
Restricted cash investments	1,048,964	-
Receivables	859,211	-
Accrued interest receivable	268	-
Prepaid insurance	170,627	-
Properties held-for-sale, at cost	-	-
Capital assets, not being depreciated:		
Land and construction in progress	7,394,512	222,273
Capital assets, net of accumulated depreciation:		
Infrastructure, net	18,416,479	-
Buildings and improvements, net	5,464,882	-
Machinery and equipment, net	1,430,368	-
Total assets	41,212,223	223,776
DEFERRED OUTFLOWS:		
Deferred amount on refunding	31,699	-
Deferred outflows related to pensions	648,050	-
Total deferred outflows	679,749	-
LIABILITIES:		
Accounts payable	501,691	-
Accrued liabilities	219,161	-
Short-term notes payable	281,446	222,273
Long-term liabilities:		
Portion due or payable in one year:		
Notes and warrants payable	1,200,784	-
Compensated absences	140,517	-
Portion due or payable after one year:		
Notes and warrants payable	7,706,441	-
Post-employment benefits	472,400	-
Compensated absences	163,723	-
Aggregate net pension liability	2,132,985	-
Total liabilities	12,819,148	222,273
DEFERRED INFLOWS:		
Deferred inflows related to pensions	453,267	-
Deferred inflows related to other post-employment benefits	44,307	-
Total deferred inflows	497,574	-
NET POSITION:		
Investment in capital assets, net	23,830,715	-
Restricted for:		
Special events	2,149	-
Road projects	207,470	-
Fire department	1,581,669	-
Public safety	18,058	-
Capital acquisition and construction	403,048	-
Debt repayment	992,431	-
Unrestricted	1,539,710	1,503
Total net position	\$ 28,575,250	\$ 1,503

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

CITY OF WETUMPKA, ALABAMA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
		FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	COMPONENT UNIT WETUMPKA DOWNTOWN REDEVELOPMENT AUTHORITY
ACTIVITIES:						
Governmental:						
General government	\$ 3,361,750	\$ 177,052	\$ -	\$ 57,795	\$ (3,126,903)	\$ -
Public safety	4,764,413	1,035,309	1,233	850,000	(2,877,871)	-
Public works	1,841,286	22,851	-	41,388	(1,777,047)	-
Cultural and recreational	1,169,398	341,789	16,476	266,811	(544,322)	-
Interest on long-term debt	301,524	-	-	-	(301,524)	-
Total governmental activities	<u>\$ 11,438,371</u>	<u>\$ 1,577,001</u>	<u>\$ 17,709</u>	<u>\$ 1,215,994</u>	<u>(8,627,667)</u>	
Component unit:						
Wetumpka Downtown Red Authority	<u>\$ -</u>					<u>-</u>
General revenues:						
Sales taxes					6,788,230	-
Business licenses					1,583,003	-
Real and personal property taxes					472,904	-
Motor fuel taxes					221,766	-
Miscellaneous taxes					761,455	-
Investment earnings					28,490	-
Miscellaneous revenue					112,018	83
Gain on sale of assets					47,001	-
Total general revenues					<u>10,014,867</u>	<u>83</u>
Change in net position					1,387,200	83
Net position - beginning (restated)*					<u>27,188,050</u>	<u>1,420</u>
Net position - ending					<u>\$ 28,575,250</u>	<u>\$ 1,503</u>

*See Note 17, Page 53 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, 2018

	GENERAL	MISCELLANEOUS GRANT FUND	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and temporary cash investments	\$ 5,858,871	\$ 202,595	\$ -	\$ 365,446	\$ 6,426,912
Restricted cash investments	56,533	-	992,431	-	1,048,964
Receivables	781,944	75,401	-	1,866	859,211
Accrued interest receivable	265	-	-	3	268
Prepaid insurance	170,627	-	-	-	170,627
Total assets	<u>\$ 6,868,240</u>	<u>\$ 277,996</u>	<u>\$ 992,431</u>	<u>\$ 367,315</u>	<u>\$ 8,505,982</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 346,983	\$ 153,843	\$ -	\$ 865	\$ 501,691
Accrued liabilities	96,698	-	-	-	96,698
Total liabilities	<u>443,681</u>	<u>153,843</u>	<u>-</u>	<u>865</u>	<u>598,389</u>
Fund balances:					
Non-spendable:					
Prepaid insurance	170,627	-	-	-	170,627
Restricted for:					
Special events	-	-	-	2,149	2,149
Capital projects	232,558	124,153	-	46,337	403,048
Road projects	-	-	-	207,470	207,470
Public safety	18,058	-	-	-	18,058
Debt service	-	-	992,431	-	992,431
Fire department	737,061	-	-	-	737,061
Fire equipment	844,608	-	-	-	844,608
Committed to:					
Wetumpka pride	-	-	-	110,494	110,494
Assigned to:					
Airport	39,104	-	-	-	39,104
Fire department	37,001	-	-	-	37,001
Special events	3,651	-	-	-	3,651
2019 budget	859,187	-	-	-	859,187
Unassigned	3,482,704	-	-	-	3,482,704
Total fund balance	<u>6,424,559</u>	<u>124,153</u>	<u>992,431</u>	<u>366,450</u>	<u>7,907,593</u>
Total liabilities and fund balances	<u>\$ 6,868,240</u>	<u>\$ 277,996</u>	<u>\$ 992,431</u>	<u>\$ 367,315</u>	<u>\$ 8,505,982</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, 2018

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

Total fund balances - governmental funds	\$ 7,907,593
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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	\$ 7,394,512	
Infrastructure, net of \$5,831,933 accumulated depreciation	18,416,479	
Buildings and other improvements, net of \$3,429,466 accumulated depreciation	5,464,882	
Machinery and equipment, net of \$6,085,067 accumulated depreciation	<u>1,430,368</u>	
Total capital assets		32,706,241

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, 2018 were:

Notes and bonds payable	(8,907,225)	
Net pension liability	(2,132,985)	
Post-employment benefits other than pensions	(472,400)	
Compensated absences	(304,240)	
Deferred inflows of resources - pensions	(453,267)	
Deferred inflows of resources - other post-employment benefits	(44,307)	
Deferred amount on refunding	31,699	
Deferred outflows of resources - pensions	648,050	
Short-term notes payable	(281,446)	
Accrued liabilities	<u>(122,463)</u>	
Total long-term liabilities		<u>(12,038,584)</u>
Total net position of governmental activities		<u>\$ 28,575,250</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, 2018

	GENERAL	MISCELLANEOUS GRANT FUND	DEBT SERVICE SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Taxes	\$ 8,173,896	\$ -	\$ -	\$ 70,157	\$ 8,244,053
Licenses and permits	1,725,532	-	-	-	1,725,532
Intergovernmental revenues	91,789	308,199	-	-	399,988
Charges and fees for services	705,859	-	-	-	705,859
Fines and forfeitures	688,419	-	-	-	688,419
PCI-Contributions	850,000	-	-	-	850,000
Miscellaneous	116,354	137	6,349	33,862	156,702
Total revenues	<u>12,351,849</u>	<u>308,336</u>	<u>6,349</u>	<u>104,019</u>	<u>12,770,553</u>
EXPENDITURES:					
Current:					
General governmental	2,419,712	-	-	-	2,419,712
Public safety	4,585,622	-	-	-	4,585,622
Public works	1,712,802	-	-	102,506	1,815,308
Cultural and recreational	799,007	-	-	30,548	829,555
Capital outlay	657,858	507,993	-	6,000	1,171,851
Debt service:					
Principal payments	222,226	-	950,000	-	1,172,226
Interest and fiscal charges	40,303	-	244,930	-	285,233
Total expenditures	<u>10,437,530</u>	<u>507,993</u>	<u>1,194,930</u>	<u>139,054</u>	<u>12,279,507</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,914,319</u>	<u>(199,657)</u>	<u>(1,188,581)</u>	<u>(35,035)</u>	<u>491,046</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	186,121	1,202,597	-	1,388,718
Transfers out	(1,388,718)	-	-	-	(1,388,718)
Sale of surplus equipment	47,001	-	-	-	47,001
Proceeds from issuance of debt	250,000	-	-	-	250,000
Total other financing sources (uses)	<u>(1,091,717)</u>	<u>186,121</u>	<u>1,202,597</u>	<u>-</u>	<u>297,001</u>
NET CHANGE IN FUND BALANCE	<u>822,602</u>	<u>(13,536)</u>	<u>14,016</u>	<u>(35,035)</u>	<u>788,047</u>
FUND BALANCE - BEGINNING (RESTATED)*	<u>5,601,957</u>	<u>137,689</u>	<u>978,415</u>	<u>401,485</u>	<u>7,119,546</u>
FUND BALANCE - ENDING	<u>\$ 6,424,559</u>	<u>\$ 124,153</u>	<u>\$ 992,431</u>	<u>\$ 366,450</u>	<u>\$ 7,907,593</u>

*See Note 17, Page 53 for details of restatement

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, 2018

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

Net change in fund balance - total governmental funds	\$ 788,047
The portion of capital outlay, reported as expenditures in governmental funds is shown as capital assets in the statement of net position	1,130,343
Depreciation of capital assets is not recognized in the governmental fund statement but is reported as an expense on the statement of activities	(1,372,725)
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	1,172,226
Proceeds:	
Loan proceeds	(250,000)
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	7,880
Pension expense	(22,080)
Post-employment benefits other than pensions	(13,808)
Compensated absences	(36,527)
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	(24,156)
Change in net position of governmental activities	<u>\$ 1,387,200</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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY	VARIANCE WITH FINAL BUDGET -
	ORIGINAL	FINAL	BASIS	POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Sales and use	\$ 6,092,000	\$ 6,092,000	\$ 6,614,207	\$ 522,207
Real and personal property	475,000	475,000	513,348	38,348
Gasoline	156,000	156,000	150,057	(5,943)
Beer and wine	162,000	162,000	149,163	(12,837)
Rental lease	286,000	286,000	212,582	(73,418)
Financial institution	150,000	150,000	174,121	24,121
Tobacco	18,000	18,000	15,266	(2,734)
Revenue lodging	65,000	65,000	54,358	(10,642)
Casual sales	1,000	1,000	253	(747)
Manufactured home	7,000	7,000	3,638	(3,362)
Total taxes	7,412,000	7,412,000	7,886,993	474,993
Licenses and permits:				
General business	1,100,000	1,100,000	1,700,079	600,079
Building permits	21,000	21,000	18,346	(2,654)
Franchise	135,000	135,000	143,419	8,419
Other permits	7,500	7,500	6,934	(566)
Total licenses and permits	1,263,500	1,263,500	1,868,778	605,278
Intergovernmental revenue:				
Shared state revenue:				
Motor vehicle licenses	17,000	17,000	16,541	(459)
State auto license	5,000	5,000	2,615	(2,385)
Total intergovernmental revenue	22,000	22,000	19,156	(2,844)
Charges and fees for services:				
Airport	212,400	212,400	194,693	(17,707)
Fire department	281,000	281,000	252,252	(28,748)
Fire Department-PCI Fire Agreement	850,000	850,000	850,000	-
Parks and recreational	111,500	111,500	138,937	27,437
Public library	19,500	19,500	15,562	(3,938)
Landfill usage	500	500	222	(278)
Miscellaneous police	2,000	2,000	59,924	57,924
Highway and streets	-	-	-	-
Zoning and subdivision	500	500	828	328
Miscellaneous building	-	-	-	-
Total charges and fees for services	1,477,400	1,477,400	1,512,418	35,018
Fines and forfeitures:				
Municipal court	802,000	802,000	686,499	(115,501)
Corrections fund	-	-	-	-
Total fines and forfeitures	802,000	802,000	686,499	(115,501)
Miscellaneous:				
Sewer assessment revenue	-	-	6,500	6,500
Interest income	18,000	18,000	19,925	1,925
Police seizure funds	-	-	-	-
Alabama heritage fund	58,000	58,000	57,795	(205)
PCI contribution	-	-	-	-
Central AL aging	20,000	20,000	20,100	100
Miscellaneous	45,000	45,000	68,410	23,410
Total miscellaneous revenues	141,000	141,000	172,730	31,730
Total revenues	\$ 11,117,900	\$ 11,117,900	\$ 12,146,574	\$ 1,028,674

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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY	FINAL BUDGET -
			BASIS	POSITIVE (NEGATIVE)
EXPENDITURES:				
General government:				
Administrative	\$ 1,316,122	\$ 1,316,122	\$ 1,391,859	\$ (75,737)
Appropriations to outside agencies	108,775	108,775	111,855	(3,080)
Building inspector	150,630	150,630	155,140	(4,510)
Special events	62,300	62,300	75,172	(12,872)
Economic/industrial development	15,000	15,000	268,536	(253,536)
Planning and projects	4,150	4,150	1,587	2,563
Miscellaneous	17,500	17,500	22,219	(4,719)
Total general government	<u>1,674,477</u>	<u>1,674,477</u>	<u>2,026,368</u>	<u>(351,891)</u>
Public safety:				
Police department	2,719,176	2,719,176	2,546,815	172,361
Fire department	1,442,581	1,442,581	1,438,434	4,147
Municipal court	628,784	628,784	548,430	80,354
Total public safety	<u>4,790,541</u>	<u>4,790,541</u>	<u>4,533,679</u>	<u>256,862</u>
Public works	<u>1,873,373</u>	<u>1,873,373</u>	<u>1,709,336</u>	<u>164,037</u>
Cultural and recreational:				
Public facilities	325,500	325,500	303,914	21,586
Airport	221,344	221,344	221,137	207
Library	268,062	268,062	256,583	11,479
Total cultural and recreational	<u>814,906</u>	<u>814,906</u>	<u>781,634</u>	<u>33,272</u>
Capital outlay/special projects:				
General government	-	-	256,013	(256,013)
Public safety	-	-	307,953	(307,953)
Public works	-	-	75,813	(75,813)
Cultural and recreational	-	-	-	-
Total capital outlay/special projects	<u>-</u>	<u>-</u>	<u>639,779</u>	<u>(639,779)</u>
Non-departmental:				
Insurance	303,000	303,000	304,962	(1,962)
Demolitions	2,000	2,000	(1,450)	3,450
Tobacco stamps	9,000	9,000	3,601	5,399
Street Lights	93,000	93,000	110,389	(17,389)
Total non-departmental	<u>407,000</u>	<u>407,000</u>	<u>417,502</u>	<u>(10,502)</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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET -
	ORIGINAL	FINAL	BUDGETARY BASIS	POSITIVE (NEGATIVE)
EXPENDITURES: (continued)				
Debt service:				
Principal, interest, and fiscal charges	\$ 1,305,000	\$ 1,305,000	\$ 262,529	\$ 1,042,471
Total debt service	<u>1,305,000</u>	<u>1,305,000</u>	<u>262,529</u>	<u>1,042,471</u>
Total expenditures	<u>10,865,297</u>	<u>10,865,297</u>	<u>10,370,827</u>	<u>494,470</u>
Excess of revenues over expenditures	<u>\$ 252,603</u>	<u>\$ 252,603</u>	<u>1,775,747</u>	<u>\$ 1,523,144</u>
OTHER FINANCING SOURCES (USES):				
Transfers out			(1,388,718)	
Transfer in			-	
Sale of surplus equipment			47,001	
Proceeds from issuance of debt			<u>250,000</u>	
Total other financing uses			<u>(1,091,717)</u>	
Net change in fund balance, budgetary basis			<u>684,030</u>	
Add (deduct) other reconciling items to adjust from budgetary basis to modified accrual basis:				
Change in accounts receivable			212,984	
Change in accrued interest receivable			109	
Change in prepaid insurance			6,758	
Change in accounts payable			(87,296)	
Change in accrued liabilities			<u>6,017</u>	
			<u>138,572</u>	
NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS			<u>822,602</u>	
BEGINNING FUND BALANCE			<u>5,601,957</u>	
FUND BALANCE - ENDING			<u>\$ 6,424,559</u>	

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, 2018

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. The Mayor is elected at large and all five council members are elected by districts for concurrent terms of four years.

The financial statements of the City have been presented in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

The accompanying financial statements present the City (the primary government) and its component units, entities for which the City of Wetumpka is considered to be financially accountable (the City is able to impose its will on the organization or there is a potential for the organization to provide specific benefits or burdens on the City). The City's discretely presented component unit is presented in total in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended component unit

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 legally separate, the Board is blended as a governmental fund component unit into the City because the structure of the Board meets the GASB Statement 61 criteria for blending. The criteria assessed and determined to result in blending is that the Board's total debt outstanding is expected to be repaid entirely with resources of the City. A separate financial report for the Board is not prepared.

Discretely presented component unit

The Wetumpka Downtown Redevelopment Authority (WDRA) was formed to promote trade and commerce by inducing commercial enterprises to upgrade, improve, modernize, and expand existing facilities and to locate new facilities to the historic downtown business district of Wetumpka. The City has guaranteed the debt of the WDRA and appoints its governing body. Based on these criteria, the WDRA is included as a component unit of the City for the year ended September 30, 2018. The WDRA operates on a fiscal year ending September 30. Financial statements of WDRA can be obtained at its administrative office located in Wetumpka, Alabama.

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.

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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. For the most part, the effect of inter-fund activity has been removed from these statements. The exception to this is interfund services provided and used which are eliminated in the consolidation process. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The City, as the primary government, is shown separately from its legally separate discretely presented component unit. The City's blended component unit is presented combined with the primary government activity.

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. Reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

The City reports the following major governmental funds:

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

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

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

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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.

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.

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

E. Property tax calendar - 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 of the following year. Property taxes that have not been paid by January 1 are considered delinquent. Tax collections received by the County Tax Collector are remitted to the City on a monthly basis.

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

Accounts receivable in governmental funds consist of fees for public services rendered, reimbursable payments paid for the benefit of other governmental entities that are collected on a periodic basis, and grants receivable from other governments. Accounts receivable is stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Receivables as of year-end are considered fully collectible and are recorded at net realizable value.

G. 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, 2018 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.

H. 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 acquisition value on the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

I. 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

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

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

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

J. Deferred outflows of resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two types of deferred outflows of resources. (1) The City reports deferred refunding charges in its Statements 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. (2) The City also reports deferred outflows related to pensions as detailed in Note 7.

K. Deferred inflows of resources - In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two types of deferred inflows of resources. (1) The City reports deferred inflows related to pensions as detailed in Note 7. (2) The City reports deferred inflows related to other post-employment benefits (OPEB) as detailed in Note 13.

L. 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.

M. 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:

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

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.

N. Pensions - The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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

P. 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.

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

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS:

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

In addition to the cash and temporary cash investments, the City has \$992,431 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.

NOTE 3 CAPITAL ASSETS:

Capital asset activity for the City's governmental activities for the year ended September 30, 2018 was as follows:

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3 CAPITAL ASSETS (continued):

	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,348,620	\$ 997,054	\$ 1,078,803	\$ 2,266,871
Land	3,839,485	1,288,156	-	5,127,641
Total capital assets, not being depreciated	6,188,105	2,285,210	1,078,803	7,394,512
Capital assets, being depreciated:				
Infrastructure	23,169,608	1,078,804	-	24,248,412
Buildings and improvements	8,894,347	-	-	8,894,347
Machinery and equipment	7,546,793	372,525	403,882	7,515,436
Total capital assets being depreciated	39,610,748	1,451,329	403,882	40,658,195
Less accumulated depreciation for:				
Infrastructure	5,040,057	791,876	-	5,831,933
Buildings and improvements	3,189,732	239,733	-	3,429,465
Machinery and equipment	6,147,833	341,117	403,882	6,085,068
Total accumulated depreciation	14,377,622	1,372,726	403,882	15,346,466
Total capital assets being depreciated, net	25,233,126	78,603	-	25,311,729
Governmental activities capital assets, net	\$ 31,421,231	\$ 2,363,813	\$ 1,078,803	\$ 32,706,241

Component unit - Capital asset activity for the Wetumpka Downtown Redevelopment Authority for the fiscal year ended September 30, 2018 was as follows:

	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 222,273	\$ -	\$ 222,273
Total capital assets, not being depreciated	-	222,273	-	222,273
Governmental activities capital assets, net	\$ -	\$ 222,273	\$ -	\$ 222,273

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

GOVERNMENTAL ACTIVITIES	AMOUNT
General government	\$ 684,087
Public works	56,016
Public safety	285,400
Cultural and recreation	347,222
Total depreciation expense - governmental activities	\$ 1,372,725

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018 are as follows:

<u>TRANSFERS TO, REPORTED IN FUND:</u>	<u>TRANSFERS FROM, REPORTED IN FUND:</u>	<u>AMOUNT</u>
Miscellaneous Grant Fund	General	\$ 186,121
Debt Service Fund	General	1,202,597
		<u>\$ 1,388,718</u>

NOTE 5 SHORT-TERM NOTES PAYABLE:

Discretely presented component unit - The Wetumpka Downtown Redevelopment Authority's capital debt at September 30, 2018 is as follows:

4.00% note payable to a local bank, secured by real estate and assignment of leases and rents; interest and principal due on April 27, 2019; the note is guaranteed by the City of Wetumpka; Proceeds were used for the acquisition of capital assets.

\$ 222,273

Blended component unit - The Industrial Development Board of the City of Wetumpka's capital debt at September 30, 2018 is as follows:

3.44% note payable to a local bank, secured by real estate and assignment of leases and rents; interest and principal was due in January 2019. The note was renewed at an interest rate of 4.00%, matures January 2020. The note is guaranteed by the City of Wetumpka; Proceeds were used for the acquisition of capital assets.

\$ 281,446

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 5 SHORT-TERM NOTES PAYABLE (continued):

Short term debt activity for the year ended September 30, 2018, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE
Governmental activities:				
Notes payable	\$ 281,446	\$ -	\$ -	\$ 281,446
Discretely presented component unit:				
Notes payable	\$ -	\$ 222,273	\$ -	\$ 222,273

NOTE 6 LONG-TERM LIABILITIES:

Covenants - 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, 2018, the amount of outstanding debt applicable to this limit was equal to 8.33% of property assessments as of October 1, 2017.

Arbitrage Compliance - As an issuer of tax-exempt obligations, the City must comply with Section 148 of the Internal Revenue Code whereby arbitrage on tax-exempt warrants, if any, is rebated to the IRS. The City is in compliance with Section 148 requirements.

Long-term liability activity for the year ended September 30, 2018 was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
General obligation warrants	\$ 9,150,000	\$ -	\$ 950,000	\$ 8,200,000	\$ 970,000
Notes payable	679,451	250,000	222,226	707,225	230,784
Net pension liability	2,460,048	1,195,885	1,522,948	2,132,985	-
Post-employment benefits other than pensions **	502,900	35,184	65,684	472,400	-
Compensated absences	267,712	162,708	126,180	304,240	140,517
Total governmental activity long-term liabilities	\$ 13,060,111	\$ 1,643,777	\$ 2,887,038	\$ 11,816,850	\$ 1,341,301

**See Note 17, Page 53 for details of restatement

Compensated absences, pension benefits, post-employment benefits other than pensions, and other governmental activity obligations are generally liquidated by the general fund.

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 6 LONG-TERM LIABILITIES (continued):

Long-term debt at September 30, 2018 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.	\$ 7,315,000	\$ 925,000
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.	885,000	45,000
2.85% note payable to a local bank, unsecured; scheduled annual payments of \$100,000 through April 15, 2022 include interest. Proceeds were used for the improvements and repairs of infrastructure.	412,790	88,183
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.	44,030	25,939
2.29% note payable to BancorpSouth Equipment Finance secured by equipment; scheduled annual payments of \$57,102 through July 11, 2019 include interest. Proceeds were used for the acquisition of capital assets.	55,810	55,810
3.49% note payable to a local bank, secured by equipment; scheduled monthly payments of \$5,604 through July 11, 2019 include interest. Proceeds were used for the acquisition of capital assets.	194,595	60,852
Totals	<u>\$ 8,907,225</u>	<u>\$ 1,200,784</u>

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 6 LONG-TERM LIABILITIES (continued):

Debt service requirements on long-term debt at September 30, 2018, are as follows:

<u>YEAR ENDING SEPTEMBER 30:</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2019	\$ 1,200,784	\$ 245,980
2020	1,171,101	221,143
2021	1,185,732	193,360
2022	1,159,608	157,083
2023	1,070,000	127,805
2024 - 2028	2,630,000	250,336
2029 - 2033	415,000	63,450
2034 - 2038	75,000	1,913
Totals	<u>\$ 8,907,225</u>	<u>\$ 1,261,070</u>

NOTE 7 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 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.

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 PENSION COSTS (continued):

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, 2017 (the most recent Measurement Date for funding purposes), Defined Benefit Plan membership consisted of the following:

	<u>2017</u>
Retired Members Or Their Beneficiaries	
Currently Receiving Benefits	35
Vested Inactive Members	3
Non-vested Inactive Members	17
Active Members	104
Post-DROP Retired Members Still in Active Service	<u>0</u>
Total	<u><u>159</u></u>

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, 2018, 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 6.42% of covered employee payroll.

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 PENSION COSTS (continued):

The City's contractually required contribution rate for the year ended September 30, 2018 was 7.55% of pensionable pay for Tier 1 employees, and 4.69% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2015, 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 \$239,290 for the year ended September 30, 2018.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2017, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2016 rolled forward to September 30, 2017 using standard roll-forward techniques as shown in the following table:

	TPL Roll-Forward	
	Expected	Actual
(a) TPL as of September 30, 2016	\$ 10,094,442	\$ 10,126,706
(b) Discount rate	7.75%	7.75%
(c) Entry Age Normal Cost for period October 1, 2016-September 30, 2017	402,600	402,600
(d) Transfers Among Employers:	-	35,797
(e) Actual Benefit Payments and Refunds for the period October 1, 2016 - September 30, 2017	(614,169)	(614,169)
(f) TPL as of September 30, 2017 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	<u>\$ 10,641,393</u>	<u>\$ 10,711,955</u>
(g) Difference between Expected and Actual		\$ 70,562
(h) Less Liability Transferred for Immediate Recognition:		<u>35,797</u>
(i) Experience (Gain)/Loss = (g) - (h)		34,765

Actuarial Assumptions

The total pension liability as of September 30, 2017 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2016. The key actuarial assumptions are summarized below:

Inflation	2.75%
Salary Increases	3.25% - 5.00%
Investment rate of return*	7.75%

* Net of pension plan investment expense, including inflation

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 PENSION COSTS (continued):

Mortality rates for ERS were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% for males and 120% for females at ages on and after 78. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the September 30, 2016 valuation were based on the results of an actuarial experience study for the period October 1, 2010 - September 30, 2015.

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	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	100.00%	

* Includes assumed rate of inflation of 2.50%

Discount Rate

The discount rate used to measure the total pension liability at September 30, 2017 was the long term rate of return, 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the rates currently in effect and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Projected future benefit payments for all current plan members were projected for all years.

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 PENSION COSTS (continued):

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 and a municipal bond rate was not used in determining the discount rate.

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)
Balances at September 30, 2016	\$ 10,094,442	\$ 7,634,394	\$ 2,460,048
Changes for the year:			
Service cost	402,600	-	402,600
Interest	758,520	-	758,520
Changes of assumptions	-	-	-
Difference between expected and actual experience	34,765	-	34,765
Contributions - employer	-	283,641	(283,641)
Contributions - employee	-	263,776	(263,776)
Net investment income	-	975,531	(975,531)
Benefit payments, including refunds of employee contributions	(614,169)	(614,169)	-
Administrative expense	-	-	-
Transfers among employers	35,797	35,797	-
Net changes	617,513	944,576	(327,063)
Balances at September 30, 2017	\$ 10,711,955	\$ 8,578,970	\$ 2,132,985

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 7.75%, 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 (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Plan's Net Pension Liability (Asset)	\$ 3,478,512	\$ 2,132,985	\$ 1,006,551

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 PENSION COSTS (continued):

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, 2017. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2017. The auditor's report dated August 31, 2018 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.

Payables to the Pension Plan

At September 30, 2018, the City reported payables of outstanding contributions due to the plan in the amounts of \$37,232. Amounts are included in accrued liabilities and accounts payable on the accompanying financial statements.

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

For the year ended September 30, 2018 the City recognized pension expense of \$261,370. At September 30, 2018, 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	\$ 143,236	\$ 189,762
Changes of assumptions	265,524	-
Net difference between projected and actual earnings on pension plan investments	-	263,505
Employer contributions subsequent to the Measurement Date	239,290	-
Total	<u>\$ 648,050</u>	<u>\$ 453,267</u>

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 PENSION COSTS (continued):

Collective Deferred Outflows and Inflows between Expected and Actual Experience

Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gain / Deferred Inflow	Amort- ization Period	Beginning Balance		Losses / Deferred Outflows	Gains / Deferred Inflows	Amounts Recognized in Pension Expense / Deferred Outflow	Amounts Recognized in Pension Expense / Deferred Inflow	Ending Balance	
				Deferred Outflows	Deferred Inflows					Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
				(a)	(b)	(c)	(d)	(e)	(f)	(e)	(f)
2017	\$ 34,765	\$ -	7.0	\$ -	\$ -	\$ 34,765	\$ -	\$ 4,966	-	\$ 29,799	-
2016	157,921	-	7.1	135,679	-	-	-	22,242	-	113,437	-
2015	-	347,898	6.6	-	242,474	-	-	-	52,712	-	189,762
2014	-	-	-	-	-	-	-	-	-	-	-
Total				\$ 135,679	\$ 242,474	\$ 34,765	\$ -			\$ 143,236	\$ 189,762

Collective Deferred Outflows and Inflows for Differences from Assumption Changes

Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gain / Deferred Inflow	Amort- ization Period	Beginning Balance		Losses / Deferred Outflows	Gains / Deferred Inflows	Amounts Recognized in Pension Expense / Deferred Outflow	Amounts Recognized in Pension Expense / Deferred Inflow	Ending Balance	
				Deferred Outflows	Deferred Inflows					Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
				(a)	(b)	(c)	(d)	(e)	(f)	(e)	(f)
2017	\$ -	\$ -	7.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	369,652	-	7.1	317,588	-	-	-	52,064	-	265,524	-
2015	-	-	6.6	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-	-
Total				\$ 317,588	\$ -	\$ -	\$ -			\$ 265,524	\$ -

Collective Deferred Outflows and Inflows for Differences in Investment Experience

Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gain / Deferred Inflow	Amort- ization Period	Beginning Balance		Losses / Deferred Outflows	Gains / Deferred Inflows	Amounts Recognized in Pension Expense / Deferred Outflow	Amounts Recognized in Pension Expense / Deferred Inflow	Ending Balance	
				Deferred Outflows	Deferred Inflows					Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
				(a)	(b)	(c)	(d)	(e)	(f)	(e)	(f)
2017	\$ -	\$ 385,065	5	\$ -	\$ -	\$ -	\$ 385,065	\$ -	\$ 77,013	\$ -	\$ 308,052
2016	-	150,223	5	-	120,178	-	-	-	30,045	-	90,133
2015	456,428	-	5	273,856	-	-	-	91,286	-	182,570	-
2014	-	239,450	5	-	95,780	-	-	-	47,890	-	47,890
Total				\$ 273,856	\$ 215,958	\$ -	\$ 385,065			\$ 182,570	\$ 446,075

Net difference between projected and actual earnings on investments

\$ - \$ 263,505

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 PENSION COSTS (continued):

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

Summary of Amortization of Deferred Outflows and Inflows of Resources

Amortization Year	Actual and Expected Experience			Assumption Changes	Investment Gains/Losses			2017	Total
	2015	2016	2017	2016	2014	2015	2016		
2019	\$ (52,712)	\$ 22,242	\$ 4,966	\$ 52,064	\$ (47,890)	\$ 91,286	\$ (30,045)	\$ (77,013)	\$ (37,102)
2020	(52,712)	22,242	4,966	52,064	-	91,284	(30,045)	(77,013)	10,786
2021	(52,712)	22,242	4,966	52,064	-	-	(30,043)	(77,013)	(80,496)
2022	(31,626)	22,242	4,966	52,064	-	-	-	(77,013)	(29,367)
2023	-	22,242	4,966	52,064	-	-	-	-	79,272
Thereafter	-	2,227	4,969	5,204	-	-	-	-	12,400
Total	\$ (189,762)	\$ 113,437	\$ 29,799	\$ 265,524	\$ (47,890)	\$ 182,570	\$ (90,133)	\$ (308,052)	\$ (44,507)

NOTE 8 DEFINED CONTRIBUTION PLAN:

The City has made available to its employees two deferred compensation plans, created in accordance with Internal Revenue Code Section 457, whereby employees authorize the City to defer a portion of their salary to be deposited in individual investment accounts. Funds may be withdrawn by participants upon termination of employment or retirement. The City does not provide a match of employee contributions. As of September 30, 2018, the deferred compensation assets were held in trust accounts for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from the City's reported assets. The total amount of employees' contributions during the fiscal year ended September 30, 2018 was \$56,169.

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 \$639,779 incurred in capital outlay, most of which was unbudgeted but funded by grants and long-term debt. There were also excess operating expenditures of \$351,891 incurred in general government (economic/industrial development) most of which was unbudgeted. 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, 2018, 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, 2018

NOTE 11 COMMITMENTS:

The City has a contractual commitment with the Elmore County Commission (Commission) and the Elmore County Sheriff's office for the funding of dispatch personnel to handle calls for service for the Wetumpka Police Department, as well as the Wetumpka Fire Department (including volunteer) and Wetumpka Medics. The City agrees to reimburse the Commission quarterly for the dispatchers employed by the Commission. The contract can be terminated by either party with a 90 day notice. The City paid a total of \$259,696 during the fiscal year ended September 30, 2018.

As of September 30, 2018, the City had purchase commitments and commitments for construction of capital projects estimated as follows:

Fund	Amount
General Fund	\$ 139,493
Other Governmental Funds	149,612
Total construction commitments	<u>\$ 289,105</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.

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

The City is currently in litigation in the case of *City of Wetumpka v. Alabama Power Company*. In this case, the City has filed a complaint for declaratory judgement and injunctive relief seeking to require the defendant utilities to relocate their systems in connection with the City's downtown revitalization project. BellSouth Telecommunications, LLC and Charter Communications, Inc. have filed counterclaims against the City seeking declaratory and injunctive relief and award of attorney's fees and costs in unspecified amounts. The case is currently before the Alabama Supreme Court on the City's appeal of the Circuit Court's dismissal of Alabama Power Company as a party for lack of subject matter jurisdiction.

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS:

General Information about the OPEB Plan

Plan description – The City of Wetumpka (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Wetumpka's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical benefits are provided through a comprehensive insured medical benefit plan. 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 (called "Tier I members"). Employees hired on and after January 1, 2013 (called "Tier II" members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service.

Employees covered by benefit terms – At September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entities to but not yet receiving benefit payments	-
Active employees	<u>110</u>
	<u><u>114</u></u>

Total OPEB Liability

The City's total OPEB liability of \$472,400 was measured as of September 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Prior Discount rate	3.63%
Discount rate	4.18%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2018, the end of the applicable measurement period.

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (continued):

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the September 30, 2018 valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009 to September 30, 2018.

Balance at September 30, 2017	\$ 502,900
Changes for the year:	
Service cost	16,336
Interest	18,848
Differences between expected and actual experience	(24,062)
Changes in assumptions	(30,500)
Benefit payments and net transfers	(11,122)
Net changes	(30,500)
Balance at September 30, 2018	\$ 472,400

Changes in the Total OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.18%) or 1-percentage-point higher (5.18%) than the current discount rate:

	1.0% Decrease (3.18%)	Current Discount Rate (4.18%)	1.0% Increase (5.18%)
Total OPEB liability	\$ 529,847	\$ 472,400	\$ 423,069

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 419,193	\$ 472,400	\$ 534,900

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (continued):

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$32,456. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (22,859)
Changes in assumptions		(28,975)
Total	\$ -	\$ (51,834)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending September 30:	
2019	(2,728)
2020	(2,728)
2021	(2,728)
2022	(2,728)
2023	(2,728)
Thereafter	(38,193)

NOTE 14 TAX ABATEMENTS:

The City of Wetumpka entered into a tax abatement agreement with a local business under Amendment 772 to the Constitution of Alabama of 1901, as amended and City Resolution No. 2014-7-21 to assist the Company in paying for infrastructure improvements. The City has agreed to rebate an amount equal to 50 percent of the local (3) cent sales tax derived from the project and received by the City up to a maximum amount of One Hundred Thirty Thousand Dollars (\$130,000). The amount of sales tax abated for the fiscal year ending September 30, 2018 was \$28,460.

NOTE 15 SUBSEQUENT EVENTS:

The City has evaluated subsequent events through March 8, 2019, the date which the financial statements were available to be issued. All subsequent events requiring recognition as of September 30, 2018 have been incorporated into these financial statements.

On October 15, 2018, the City paid for emergency repairs to the roof at the Wetumpka Police Department for a cost of \$84,100.

On November 20, 2018, the City contributed \$49,400 to the Industrial Development Board for roof repairs to a building on 412 S. Main Street.

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 15 SUBSEQUENT EVENTS (continued):

On December 3, 2018, the City purchased a grapple truck at a cost of \$163,926.

On December 17, 2018, the City approved the purchase of a fuel system for the municipal airport at a cost of \$103,441.

On January 7, 2019, the City approved Resolution No. 2019-1-1-1 for the Coosa River Health Care Authority's conveyance of the Armory Property to the Industrial Development Board in lieu of a reversion to the City. Total value of land and buildings contributed is estimated at \$453,740.

On January 7, 2019, the City approved a motion to transfer \$240,000 to the Industrial Development Board for an economic project.

On January 19, 2019, a tornado devastated several city blocks on the West side of the Coosa River destroying, among other things, the historic Presbyterian Church, the Fain Senior Center and several historic homes. Among other structures damaged was the First Baptist Church Activity Center and old sanctuary, the Wetumpka Police Department and many homes in the area. At this time, assessment of City owned buildings and assets damaged or destroyed in the storm is still under investigation. The City believes that its insurance coverage is adequate to cover substantially all of the loss.

NOTE 16 EFFECT OF NEW PRONOUNCEMENTS:

During fiscal year 2018, the City adopted the following GASB Statements:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, addresses accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

With this implementation, the City's financial statements were restated to reflect the beginning net OPEB liability, deferred outflows and inflows of resources and the recognition of OPEB expense, effectively decreasing beginning net position in the government-wide Statement of Net Position by \$33,092.

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

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 16 EFFECT OF NEW PRONOUNCEMENTS (continued):

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses the accounting and reporting for asset retirement obligations (ARO) and defines an ARO as being a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of Statement No. 83 are effective for reporting periods beginning after June 30, 2018.

GASB Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 31, 2019.

NOTE 17 RESTATEMENT:

The City's financial statements were restated to reflect the changes in accounting principles upon adoption of GASB Statement No. 75 as described in Note 13. The City's financial statements have also been restated based on a change in the purpose of the Industrial Development Board of the City of Wetumpka (the Board), a component unit of the City. Prior to the change in purpose, the Board was treated as a discretely presented component unit of the City and only reflected in the government-wide financial statements. With the change in purpose, the Board now meets the blending criterion of GASB Statement 61 *The Financial Reporting Entity: Omnibus* and is treated as a Special Revenue Fund in the City's fund financial statements. Details of the restatement are as follows:

	Government-wide	Fund Level	
	Governmental Activities	Other Governmental Funds	Total Governmental Funds
Net position / fund balance at 10/1/17	\$ 25,651,935	\$ 359,669	\$ 7,077,730
Changes upon adoption of GASB Stmt. 75	(33,092)	-	-
Changes in presentation of component unit	1,569,207	41,816	41,816
Net position / fund balance restated 10/1/17	<u>\$ 27,188,050</u>	<u>\$ 401,485</u>	<u>\$ 7,119,546</u>

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF WETUMPKA, ALABAMA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

Last 10 Fiscal Years Ending September 30,

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 402,600	\$ 367,623	\$ 360,164	\$ 313,665
Interest	758,520	695,207	684,639	654,064
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	34,765	157,921	(347,898)	-
Changes of assumptions	-	369,652	-	-
Benefit payments, including refunds of employee contributions	(614,169)	(545,845)	(583,767)	(587,328)
Transfers among employers	35,797	86,880	-	-
Net change in total pension liability	617,513	1,131,438	113,138	380,401
Total pension liability - beginning	10,094,442	8,963,004	8,849,866	8,469,465
Total pension liability - ending (a)	<u>\$ 10,711,955</u>	<u>\$ 10,094,442</u>	<u>\$ 8,963,004</u>	<u>\$ 8,849,866</u>
Plan fiduciary - net position				
Contribution - employer	283,641	326,203	336,691	\$ 315,769
Contributions - member	263,776	244,740	225,871	207,072
Net investment income	975,531	700,459	79,473	718,518
Benefit payments, including refunds of employee contributions	(614,169)	(545,845)	(583,767)	(587,328)
Transfers among employers	35,797	86,880	108,640	(39,157)
Net change in plan fiduciary net position	944,576	812,437	166,908	614,874
Plan net position - beginning	7,634,394	6,821,957	6,655,049	6,040,175
Plan net position - ending (b)	<u>\$ 8,578,970</u>	<u>\$ 7,634,394</u>	<u>\$ 6,821,957</u>	<u>\$ 6,655,049</u>
Net pension liability (asset) - ending (a) - (b)	2,132,985	2,460,048	2,141,047	\$ 2,194,817
Plan fiduciary net position as a percentage of the total pension liability	80.09%	75.63%	76.11%	75.20%
Covered-employee payroll**	\$ 4,002,735	\$ 4,109,605	\$ 3,961,853	\$ 3,928,456
Net pension liability (asset) as a percentage of covered-employee payroll	53.29%	59.86%	54.04%	55.87%

This schedule is to be built prospectively until it contains 10 years of data.

** Employer's covered payroll during the measurement period is the total covered payroll. For FY 2018 the measurement period is October 1, 2016 - September 30, 2017.

CITY OF WETUMPKA, ALABAMA

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years

	2018	2017	2016	2015
Actuarially determined contribution*	\$ 239,290	\$ 275,235	\$ 334,609	350,557
Contributions in relation to the actuarially determined contribution*	239,290	275,235	334,609	336,691
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 13,866
Covered-employee payroll**	\$ 3,724,372	\$ 4,002,735	\$ 4,109,605	\$ 3,961,853
Contributions as a percentage of covered-employee payroll	6.42%	6.88%	8.14%	8.50%

*The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

**Employer's covered payroll for FY2018 is the total covered payroll for the 12 month period of the underlying financial statements.

Notes to Schedule

This schedule is to be built prospectively until it contains 10 years of data.

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2018 were based on the September 30, 2015 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2017 to September 30, 2018:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	25.3 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

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS FOR

Last 10 Fiscal Years

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 16,336
Interest	18,848
Changes of benefit terms	-
Differences between expected and actual experience	(24,062)
Changes in assumptions	(30,500)
Benefit payments	<u>(11,122)</u>
Net change in total OPEB liability	(30,500)
 Total OPEB liability - beginning	 <u>502,900</u>
 Total OPEB liability ending(a)	 <u><u>\$ 472,400</u></u>
 Covered-employee payroll	 \$ 3,704,387
 Total OPEB liability as a percentage of covered-employee payroll	 12.75%

Notes to Schedule

Benefit Changes. There were no changes of benefit terms for the year ended September 30, 2018.

Changes of Assumptions. The discount rate as of 9/30/2017 was 3.63% and it changed to 4.18% as of 9/30/2018.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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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.

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.

Industrial Development Board - accounts for funds restricted to acquire, improve, expand, lease and own properties to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises in the City of Wetumpka.

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CITY OF WETUMPKA, ALABAMA

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

	TOTAL	STATE GASOLINE TAX FUND	HUD GRANT FUND	SPECIAL OCCASIONS FUND	WETUMPKA PRIDE FUND	INDUSTRIAL DEVELOPMENT BOARD
ASSETS:						
Cash and temporary cash investments	\$ 365,446	\$ 207,470	\$ 4,454	\$ 2,149	\$ 109,490	\$ 41,883
Accounts receivable	1,866	-	-	-	1,866	-
Accrued interest receivable	3	-	-	-	3	-
Total assets	<u>\$ 367,315</u>	<u>\$ 207,470</u>	<u>\$ 4,454</u>	<u>\$ 2,149</u>	<u>\$ 111,359</u>	<u>\$ 41,883</u>
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts payable	\$ 865	\$ -	\$ -	\$ -	\$ 865	\$ -
Total liabilities	<u>865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>865</u>	<u>-</u>
Fund balance:						
Restricted for:						
Special events	2,149	-	-	2,149	-	-
Capital projects	46,337		4,454	-	-	41,883
Road projects	207,470	207,470		-	-	-
Committed to:						
Wetumpka Pride	110,494	-	-	-	110,494	-
Total fund balance	<u>366,450</u>	<u>207,470</u>	<u>4,454</u>	<u>2,149</u>	<u>110,494</u>	<u>41,883</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 367,315</u>	<u>\$ 207,470</u>	<u>\$ 4,454</u>	<u>\$ 2,149</u>	<u>\$ 111,359</u>	<u>\$ 41,883</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, 2018

		SPECIAL REVENUE				
	TOTAL	STATE GASOLINE TAX FUND	HUD GRANT FUND	SPECIAL OCCASIONS FUND	WETUMPKA PRIDE FUND	INDUSTRIAL DEVELOPMENT BOARD
REVENUES:						
Taxes	\$ 70,157	\$ 70,157	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-
Miscellaneous	33,862	1,353	-	200	32,242	67
Total revenues	<u>104,019</u>	<u>71,510</u>	<u>-</u>	<u>200</u>	<u>32,242</u>	<u>67</u>
EXPENDITURES:						
Current operations:						
Public works	102,506	102,506	-	-	-	-
Cultural and recreational	30,548	-	-	-	30,548	-
Capital outlay	6,000	-	6,000	-	-	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>139,054</u>	<u>102,506</u>	<u>6,000</u>	<u>-</u>	<u>30,548</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(35,035)</u>	<u>(30,996)</u>	<u>(6,000)</u>	<u>200</u>	<u>1,694</u>	<u>67</u>
OTHER FINANCING SOURCES:						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>(35,035)</u>	<u>(30,996)</u>	<u>(6,000)</u>	<u>200</u>	<u>1,694</u>	<u>67</u>
FUND BALANCES - BEGINNING (RESTATED)*	<u>401,485</u>	<u>238,466</u>	<u>10,454</u>	<u>1,949</u>	<u>108,800</u>	<u>41,816</u>
FUND BALANCES - ENDING	<u>\$ 366,450</u>	<u>\$ 207,470</u>	<u>\$ 4,454</u>	<u>\$ 2,149</u>	<u>\$ 110,494</u>	<u>\$ 41,883</u>

*See Note 17, Page 53 for details of restatement

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	59
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue capacity	63
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales taxes.	
Debt capacity	66
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.	
Demographic and economic information	70
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.	
Operating information	72
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.	

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

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CITY OF WETUMPKA, ALABAMA

NET POSITION BY COMPONENT
(accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities:										
Investment in capital assets, net	\$ 13,773,608	\$ 17,124,083	\$ 18,044,209	\$ 18,382,233	\$ 13,458,271	\$ 13,919,088	\$ 19,563,248	\$ 21,247,861	\$ 21,647,636	\$ 23,830,715
Restricted	529,178	1,145,941	1,518,503	1,138,916	7,024,172	6,558,400	2,678,870	2,643,942	2,482,249	3,204,825
Unrestricted	<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>	<u>554,094</u>	<u>1,522,050</u>	<u>1,539,710</u>
Total governmental activities net position	<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>	<u>\$ 24,445,897</u>	<u>\$ 25,651,935</u>	<u>\$ 28,575,250</u>

Note: Periods prior to 2013 have not been retroactively restated to reflect the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.
Periods prior to 2015 have not been retroactively restated to reflect the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, or GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to Measurement Date*.

CITY OF WETUMPKA, ALABAMA

CHANGES IN NET POSITION
(accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
EXPENSES:										
Governmental activities:										
General government	\$ 1,994,528	\$ 2,384,823	\$ 2,410,091	\$ 2,653,772	\$ 3,855,388	\$ 3,284,064	\$ 3,322,488	\$ 3,867,243	\$ 3,688,164	\$ 3,361,750
Public safety	3,349,797	3,620,119	3,478,890	3,691,325	3,603,374	4,269,581	4,431,293	4,714,439	4,761,793	4,764,413
Public works	1,924,086	2,118,707	1,956,231	2,114,676	2,159,333	1,950,164	1,989,050	1,855,433	1,830,770	1,841,286
Cultural and recreational	855,509	1,195,510	980,554	1,149,816	1,108,435	927,088	969,736	1,173,584	1,121,600	1,169,398
Interest on long-term debt	323,834	293,198	222,723	163,782	184,696	307,891	400,901	322,394	304,884	301,524
Total governmental activities expenses	<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>	<u>11,933,093</u>	<u>11,707,211</u>	<u>11,438,371</u>
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government	367,640	270,622	253,715	261,833	310,406	138,603	152,142	186,801	179,115	177,052
Public safety	785,495	937,237	925,427	899,194	914,595	994,846	832,746	1,121,225	1,172,599	1,035,309
Public works	16,210	20,636	14,740	17,318	16,151	18,118	26,172	15,344	19,328	22,851
Cultural and recreational	389,103	389,970	440,489	422,754	319,028	335,830	313,344	303,766	331,182	341,789
Operating grants and contributions	694	73,379	47,866	271,361	118,571	72,690	72,969	85,709	66,322	17,709
Capital grants and contributions	309,765	569,322	921,126	276,239	699,836	2,899,801	2,529,147	1,961,740	1,613,449	1,215,994
Total governmental activities program revenues	<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>	<u>3,674,585</u>	<u>3,381,995</u>	<u>2,810,704</u>
Total primary government net expense	<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>	<u>(8,258,508)</u>	<u>(8,325,216)</u>	<u>(8,627,667)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Taxes:										
Sales taxes	5,563,880	5,411,114	5,454,018	5,707,773	6,000,003	5,774,195	5,914,314	6,088,941	6,266,562	6,788,230
Real and personal property taxes	396,795	416,897	400,428	408,198	424,797	419,812	466,577	483,820	476,220	472,904
Motor fuel taxes	237,822	231,668	221,268	225,430	200,154	218,227	213,465	220,097	225,942	221,766
Business licenses	931,828	967,714	1,040,727	985,326	940,370	1,007,872	1,063,175	1,340,550	1,592,691	1,583,003
Investment earnings	70,465	55,490	38,535	36,668	34,340	53,349	36,119	24,949	18,043	28,490
Miscellaneous taxes	636,927	454,363	529,872	508,069	618,366	800,146	751,721	814,729	828,934	761,455
Miscellaneous revenue	185,504	108,374	114,449	87,281	86,470	285,224	76,558	67,761	114,086	112,018
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	8,776	47,001
Total governmental activities general revenues	<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>	<u>9,040,847</u>	<u>9,531,254</u>	<u>10,014,867</u>
Change in net position	<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>	<u>\$ 782,339</u>	<u>\$ 1,206,038</u>	<u>\$ 1,387,200</u>

Note: Periods prior to 2013 have not been retroactively restated to reflect the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Periods prior to 2015 have not been retroactively restated to reflect the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, or GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to Measurement Date*.

CITY OF WETUMPKA, ALABAMA

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund:										
Reserved	\$ 131,752	\$ 1,001,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,887,086	3,349,329	-	-	-	-	-	-	-	-
Non-spendable	-	-	146,695	146,695	162,485	168,611	160,265	166,689	163,869	170,627
Restricted	-	-	706,130	533,669	6,750,195	5,295,989	2,577,880	2,236,526	1,963,905	1,832,285
Assigned	-	-	567,588	256,449	392,127	400,211	561,509	677,708	245,483	938,943
Unassigned	-	-	3,125,742	3,775,892	3,964,049	4,111,887	2,312,246	1,692,812	3,228,700	3,482,704
Total general fund	<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>	<u>\$ 4,773,735</u>	<u>\$ 5,601,957</u>	<u>\$ 6,424,559</u>
All other governmental funds:										
Reserved, reported in:										
Debt service fund	\$ 397,426	\$ 393,208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	510,284	501,673	-	-	-	-	-	-	-	-
Restricted	-	-	819,818	625,329	273,977	1,262,411	1,262,178	1,254,261	1,366,973	1,372,540
Committed	-	-	153,582	171,168	152,001	127,836	105,750	104,751	108,800	110,494
Unassigned	-	-	-	(2,681)	(9,986)	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 1,359,012</u>	<u>\$ 1,475,773</u>	<u>\$ 1,483,034</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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES:										
Taxes	\$ 6,907,089	\$ 6,514,041	\$ 6,605,584	\$ 6,849,470	\$ 7,243,320	\$ 7,212,379	\$ 7,346,077	\$ 7,607,587	\$ 7,797,653	\$ 8,244,053
Licenses and permits	1,179,620	1,123,012	1,172,197	1,123,865	1,169,057	1,113,685	1,171,787	1,483,556	1,725,327	1,725,532
Intergovernmental revenues	422,460	696,966	500,503	583,236	710,257	470,860	841,595	635,216	731,406	399,988
Charges and fees for services	767,942	769,551	704,288	814,835	720,116	826,711	613,187	613,756	692,420	705,859
Fines and forfeitures	422,866	573,839	577,149	623,751	542,983	526,742	552,340	802,422	811,367	688,419
PCI Contributions	-	-	-	-	-	1,770,000	934,641	850,000	850,000	850,000
Miscellaneous	171,180	227,107	200,848	206,256	171,509	188,028	171,589	261,154	288,293	156,702
Total revenues	<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>	<u>12,253,691</u>	<u>12,896,466</u>	<u>12,770,553</u>
EXPENDITURES:										
Current:										
General governmental	1,549,354	1,813,218	1,878,707	2,014,194	2,988,026	2,344,435	2,335,154	2,349,851	2,202,860	2,419,712
Public safety	3,019,245	3,271,290	3,130,053	3,313,300	3,343,685	3,896,059	4,268,231	4,596,724	4,615,628	4,585,622
Public works	1,782,153	1,953,442	1,822,089	1,923,621	1,909,046	1,851,010	2,033,298	1,883,133	1,727,242	1,815,308
Cultural and recreational	791,502	908,624	795,145	963,273	1,069,342	754,339	858,507	893,264	801,466	829,555
Capital outlay	1,977,843	1,172,949	682,847	1,320,463	1,752,545	3,231,067	5,215,656	2,208,536	1,793,427	1,171,851
Debt service:										
Principal payments	1,300,713	1,187,408	1,039,777	927,332	1,715,475	119,654	1,006,672	1,037,624	1,113,984	1,172,226
Interest and fiscal charges	370,120	280,662	231,783	199,164	209,909	239,694	313,791	295,313	278,039	285,233
Bond issuance costs	-	-	-	-	184,106	-	-	-	-	-
Total expenditures	<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>	<u>13,264,445</u>	<u>12,532,646</u>	<u>12,279,507</u>
Excess of revenue over (under) expenditures	<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>	<u>(1,010,754)</u>	<u>363,820</u>	<u>491,046</u>
OTHER FINANCING SOURCES (USES):										
Transfers in	100,000	1,197,182	1,279,978	851,758	8,663,704	1,227,322	1,398,222	1,324,581	1,383,084	1,388,718
Transfers out	(100,000)	(1,197,182)	(1,279,978)	(851,758)	(8,663,704)	(1,227,322)	(1,398,222)	(1,324,581)	(1,383,084)	(1,388,718)
Issuance of note payable	-	-	38,500	446,900	824,109	-	-	163,673	500,275	250,000
Issuance of refunding bonds/warrants	-	-	-	-	11,885,000	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	(3,910,000)	-	-	-	-	-
Sale of surplus equipment	36,204	2,269	29,456	-	15,384	9,950	12,976	-	80,888	47,001
Total other financing sources	<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>	<u>163,673</u>	<u>581,163</u>	<u>297,001</u>
Net change in fund balance	<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>	<u>\$ (847,081)</u>	<u>\$ 944,983</u>	<u>\$ 788,047</u>
Debt service as a percentage of non-capital expenditures	18.85%	15.11%	14.12%	11.70%	16.75%	3.84%	12.07%	11.98%	12.83%	13.07%

CITY OF WETUMPKA, ALABAMA

NET TAXABLE SALES BY CATEGORY

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General merchandise	\$ 175,952,559	\$ 169,266,746	\$ 169,948,042	\$ 174,884,778	\$ 186,505,018	\$ 181,601,981	\$ 187,859,218	\$ 191,256,520	\$ 194,097,926	\$ 202,180,806
Auto dealers and supplies	27,890,160	29,567,235	29,884,658	30,066,955	29,203,326	29,391,374	32,714,734	33,274,936	31,106,843	30,238,449
Manufacturing machine	192,233	422,206	972,603	937,440	697,300	1,073,551	1,021,064	441,804	685,138	216,212
Vending	69,931	83,328	78,643	100,739	330,352	308,632	600,870	143,141	136,652	147,755
Agriculture	57,792	92,088	69,848	57,496	75,590	184,222	204,462	154,266	181,278	298,789
Amusement	4,914	-	-	-	-	-	-	217,166	661,459	1,304,929
Totals	<u>\$ 204,167,589</u>	<u>\$ 199,431,603</u>	<u>\$ 200,953,794</u>	<u>\$ 206,047,408</u>	<u>\$ 216,811,586</u>	<u>\$ 212,559,760</u>	<u>\$ 222,400,348</u>	<u>\$ 225,487,833</u>	<u>\$ 226,869,296</u>	<u>\$ 234,386,940</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%

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

Note: Effective 9/1/18, the City's direct sales tax rate increased to 4%.

CITY OF WETUMPKA, ALABAMA

SALES TAX REVENUE PAYERS BY CATEGORY
FISCAL YEARS 2009 THROUGH 2018

	2017				2018			
	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	*	\$ 6,650,022	96.8488%	*	*	\$ 5,988,953	96.8594%	*
Auto dealers and supplies	*	190,095	2.7685%	*	*	148,420	2.4004%	*
Manufacturing machine	*	2,692	0.0392%	*	*	1,195	0.0193%	*
Linen	*	-	-	*	*	-	-	*
Vending	*	3,552	0.0517%	*	*	3,711	0.0600%	*
Agriculture	*	623	0.0091%	*	*	1,348	0.0218%	*
Amusement	*	19,411	0.2827%	*	*	39,515	0.6391%	*
Totals		\$ 6,866,395	100%			\$ 6,183,142	100%	

	2015				2016			
	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	*	\$ 5,336,877	96.9088%	*	*	\$ 5,798,409	96.8608%	*
Auto dealers and supplies	*	159,024	2.8876%	*	*	168,132	2.8086%	*
Manufacturing machine	*	3,957	0.0719%	*	*	7,651	0.1278%	*
Linen	*	-	-	*	*	-	-	*
Vending	*	6,430	0.1168%	*	*	5,114	0.0854%	*
Agriculture	*	825	0.0150%	*	*	662	0.0111%	*
Amusement	*	-	-	*	*	6,364	0.1063%	*
Totals		\$ 5,507,113	100%			\$ 5,986,332	100%	

	2013				2014			
	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	*	\$ 5,335,728	97.2972%	*	*	\$ 5,206,872	97.1426%	*
Auto dealers and supplies	*	142,033	2.5900%	*	*	143,543	2.6780%	*
Manufacturing machine	*	2,015	0.0367%	*	*	3,339	0.0623%	*
Linen	*	-	-	*	*	-	-	*
Vending	*	3,965	0.0723%	*	*	5,620	0.1049%	*
Agriculture	*	206	0.0038%	*	*	656	0.0122%	*
Amusement	*	-	-	*	*	-	-	*
Totals	-	\$ 5,483,947	100%		-	\$ 5,360,030	100%	

	2011				2012			
	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	*	\$ 4,883,327	96.9904%	*	*	\$ 5,051,508	97.0188%	*
Auto dealers and supplies	*	145,494	2.8897%	*	*	147,682	2.8364%	*
Manufacturing machine	*	3,693	0.0733%	*	*	4,381	0.0841%	*
Linen	*	-	-	*	*	-	-	*
Vending	*	2,144	0.0426%	*	*	2,929	0.0563%	*
Agriculture	*	199	0.0040%	*	*	230	0.0044%	*
Amusement	*	-	-	*	*	-	0.0000%	*
Totals	-	\$ 5,034,857	100%		-	\$ 5,206,730	100%	

	2009				2010			
	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	3,691	\$ 3,408,234	96.0039%	59.80%	*	\$ 4,929,101	97.0462%	*
Auto dealers and supplies	75	126,217	3.5553%	85.90%	*	144,853	2.8519%	*
Manufacturing machine	79	10,558	0.2974%	92.70%	*	2,223	0.0438%	*
Linen	6	2,900	0.0817%	100.00%	*	-	-	*
Vending	4	1,871	0.0527%	100.00%	*	2,513	0.0495%	*
Agriculture	9	248	0.0070%	100.00%	*	438	0.0086%	*
Amusement	2	72	0.0020%	100.00%	*	-	-	*
Totals	3,866	\$ 3,550,100	100%		-	\$ 5,079,128	100%	

Source: 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

FISCAL YEAR	CITY DIRECT RATE	ELMORE COUNTY	STATE OF ALABAMA	TOTAL SALES TAX
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%
2016	3.00%	1.00%	4.00%	8.00%
2017	3.00%	1.00%	4.00%	8.00%
2018	3.00%	1.00%	4.00%	8.00%

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

Note: Effective 9/1/18, the City's direct rate increased to 4%

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)
2009	\$ 6,240,000	\$ 1,788,230	\$ 8,028,230	6.04%	4.48%	1,040
2010	5,690,000	1,150,822	6,840,822	6.18%	4.78%	1,049
2011	5,110,000	729,542	5,839,542	6.13%	4.28%	872
2012	4,515,000	844,109	5,359,109	5.98%	3.27%	797
2013	11,885,000	558,437	12,443,437	5.68%	9.56%	1,752
2014	11,885,000	438,783	12,323,783	5.80%	7.64%	1,667
2015	11,000,000	317,111	11,317,111	5.09%	8.42%	1,586
2016	10,085,000	358,159	10,443,159	4.63%	6.87%	1,463
2017	9,150,000	679,451	9,829,451	4.33%	6.07%	1,284
2018	8,200,000	707,225	8,907,225	3.80%	5.06%	1,142

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 70 for personal income and population data.

(b) See page 63 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)
2009	\$ 6,240,000	\$ 397,426	\$ 5,842,574	2.86%	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	5.14%	1,608
2015	11,000,000	960,323	10,039,677	4.51%	1,541
2016	10,085,000	971,115	9,113,885	4.04%	1,413
2017	9,150,000	978,415	8,171,585	3.60%	1,195
2018	8,200,000	992,431	7,207,569	3.08%	1,051

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

(a) See page 63 for net taxable sales by category.

(b) See the Schedule of Demographic and Economic Statistics on page 70 for population data.

CITY OF WETUMPKA, ALABAMA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2018

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (a)	ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT
Debt repaid with property taxes: Elmore County	\$ 16,360,041	9.80%	\$ 1,603,284
Debt repaid with property taxes: Elmore County Board of Education	54,077,439	9.80%	5,299,589
Subtotal, overlapping debt			6,902,873
City of Wetumpka, Alabama direct debt			8,907,225
Total direct and overlapping debt			\$ 15,810,098

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

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 16,788,112	\$ 16,119,956	\$ 18,009,067	\$ 16,494,592	\$ 16,459,716	\$ 18,457,192	\$ 18,457,192	\$ 18,904,184	\$ 18,688,168	\$ 18,997,688
Total net debt applicable to limit	<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>	<u>9,472,044</u>	<u>8,851,036</u>	<u>7,914,794</u>
Legal debt margin	<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>	<u>\$ 9,432,140</u>	<u>\$ 9,837,132</u>	<u>\$ 11,082,894</u>
Total net debt applicable to the limit as a percentage of debt limit	45.45%	43.38%	38.83%	30.11%	75.22%	61.58%	57.64%	50.11%	47.36%	41.66%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	<u>\$ 94,988,440</u>
Debt limit (20% of total assessed value)	<u>18,997,688</u>
Debt applicable to limit:	
General obligation bonds	8,200,000
Notes payable	707,225
Less: Amount set aside for repayment of general obligation debt	<u>992,431</u>
Total net debt applicable to limit	<u>7,914,794</u>
Legal debt margin	<u>\$ 11,082,894</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
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%
2016	7,136	152,018	21,303	38.50	3,124	4.8%
2017	7,654	161,874	21,149	38.00	3,065	2.9%
2018	7,799	175,929	22,558	37.80	3,044	3.3%

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>	2009		2018	
	EMPLOYEES	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Wind Creek Wetumpka	330	4.28%	850	11.11%
Wal-Mart Supercenter	375	4.86%	300	3.92%
Elmore Community Hospital	217	2.81%	215	2.81%
ITS	58	0.75%	96	1.25%
Frontier Spinning	104	1.37%	125	1.63%
Wetumpka Health and Rehabilitation	130	1.68%	127	1.66%
Lowe's	93	1.20%	100	1.31%
Winn-Dixie	75	0.97%	110	1.44%
McDonalds	73	0.95%	57	0.74%
Bass Lumber, Inc.	40	0.52%	40	0.52%
Quality Networks, Inc.	85	1.10%	-	0.00%
Totals	1,580	20.49%	2,020	26.39%

Source: Factfinder.census.gov American Community 5 Year Estimates

Note: Information does not include government employment.

CITY OF WETUMPKA, ALABAMA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Function/Program</u>										
General government:										
Management	4	4	4	4	6	5	5	5	4	6
Finance	3	3	3	3	3	4	4	4	2	2
Building	3	3	2	2	2	2	2	2	2	2
Other	7	7	6	6	11	11	11	11	11	12
Public safety:										
Police:										
Police officers	29	29	27	28	26	27	29	30	27	29
Civilians	8	8	10	9	10	7	8	8	2	2
Fire:										
Officers	1	1	1	5	12	12	8	13	16	16
Volunteers (not City employees)	42	42	44	30	29	29	16	21	22	20
Public works:										
Management	1	1	1	1	1	6	6	6	5	6
Technical	3	2	2	2	5	2	2	2	2	4
Street	9	6	7	8	10	6	6	4	4	3
Landfill	2	1	1	1	1	1	1	1	0	0
Recycling	1	1	1	2	2	1	1	1	1	4
Other	4	4	4	2	1	3	3	5	7	1
Cultural and recreational:										
Building and grounds	4	4	4	3	3	6	6	3	2	3
Ballfields	2	2	3	3	3	3	3	4	4	3
Civic Center	1	1		1	1	1	1	1	1	1
Totals	<u>124</u>	<u>119</u>	<u>120</u>	<u>110</u>	<u>126</u>	<u>126</u>	<u>112</u>	<u>121</u>	<u>112</u>	<u>114</u>

Source: City Clerk's Office.

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

CITY OF WETUMPKA, ALABAMA

OPERATING INDICATORS BY FUNCTION/PROGRAM

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Function/Program</u>										
General government:										
Building permits issued	220	158	125	120	145	114	117	133	141	97
Public safety:										
Police:										
Building security checks			6,832	6,200	6,234	5,973	3,871**			
Physical arrests	1,040	1,048	1,034	1,020	1,062	904	1,032	1,144	1,379	1,105
Parking violations	15	26	63	26	16	5	35	16	8	10
Traffic violations	4,235	4,314	4,562	4,881	4,486	2,796	4,524	5,998	6,258	4,204
Fire:										
Emergency responses	262	323	324	420	425	442	590	687	852	667
Fires extinguished	100	108	116	75	68	86	78	134	112	60
Inspections	95	98	700	1,106	500	914	869	634	722	478
Public works:										
Recycle:										
Tons of recyclables collected/day	3.50	3.75	4.00	4.00	4.50	4.50	4.50	4.50	4.50	4.50
Cultural and recreational:										
Library:										
Volumes in collection	27,737	28,735	36,300	29,786	31,845	29,077	27,470	27,400	62,002**	80,333***
Total volumes borrowed	86,684	87,138	78,266	85,465	86,636	83,104	75,362	61,685	88,863**	104,621***

Sources: Various City departments

** Building security checks ended August 2015

*** Includes physical and digital volumes

CITY OF WETUMPKA, ALABAMA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Function/Program</u>										
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	25	24	19	24	32	24	29	26	24	21
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	51	51	51	51	52	53	57	57	57	57
Highways (miles)	20	20	20	20	20	20	20	20	20	20
Traffic signal heads	165	165	165	165	165	168	168	168	168	168
Cultural and recreational:										
Acreage	496	496	496	496	522	522	522	522	526	526
Playgrounds	4	4	4	4	4	6	6	6	6	6
Baseball/softball diamonds	8	13	13	13	13	13	14	14	14	14
Soccer fields	1	2	2	2	2	2	2	2	3	3
Football field	-	-	-	-	-	-	-	-	1	1
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	2	2	2	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, 2018, 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 8, 2019.

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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2018-001 through 2018-003 that we consider 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, Capilanto & Massey, P.C.

Montgomery, Alabama
March 8, 2019

CITY OF WETUMPKA, ALABAMA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2018

DEFICIENCIES IN INTERNAL CONTROL

MATERIAL WEAKNESSES

2018-001 Credit Card and Expenditure Support

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

Statement of Condition: Several credit card charges and cash disbursement 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 and approve purchase 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 expenditure. In addition, itemized receipts should 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 80 in this audit report.

2018-002 Pension Plan

Criteria: Internal controls should be in place that provide reasonable assurance that all significant adjustments to net pension liability and the related plan deferred outflows and inflows be recorded.

Statement of Condition: Adjustments provided by the RSA, in order for the City to comply with GASB 68, were not recorded.

Effect: The failure to record adjustments to net pension liability and related deferred outflows and inflows could cause the financial statements to be misstated.

Cause: Procedures are in place for management to review and record pension information from the RSA, but are not being adhered to.

Recommendation: Procedures should be implemented to ensure that once the City receives the annual valuation package from RSA that adjustments are made to the pension liability and related deferred outflows and inflows.

Views of Management and Planned Corrective Action: The city agrees with this finding and will adhere to the corrective action plan on page 80 in this audit report.

2018-003 Accounts Payable

Criteria: Management does not utilize the accounts payable module, but rather a cash to accrual method to record accounts payable at fiscal year-end. Internal controls should be in place that provide reasonable assurance that all significant adjustments to accounts payable be recorded.

Statement of Condition: During accounts payable testing, we noted a significant unrecorded payable and a significant prior period payable that was not reversed.

Effect: Accounts payable and expenditures could be materially misstated.

Cause: Management did not include all transactions subsequent to fiscal year-end in their consideration of expenditures that should be included in accounts payable. Management also did not include all payables from the prior period in the reversal in order to properly record accounts payable at current year-end.

Recommendation: We recommend that the accounts payable module be utilized properly or management should put a procedure in place to approve the fiscal year-end cash to accrual adjustments to record accounts payable.

Views of Management and Planned Corrective Action: The city agrees with this finding and will adhere to the corrective action plan on page 80 in this audit report.

CITY OF WETUMPKA, ALABAMA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2018

FINANCIAL STATEMENT FINDINGS:

Finding 2017-001: Credit Cards

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

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.

Current Status: The accounts payable clerk is to be provided with purchase requisitions prior to use of a credit card and itemized receipts prior to payment. However, this procedure was not fully implemented. There were improvements made based on the results of testing, but both missing invoices and purchase requisitions still exist. See finding 2018-001.

Finding 2017-002: Pension Plan

Statement of Condition: Adjustments provided by the RSA, in order for the City to comply with GASB 68, were not recorded.

Recommendation: Procedures should be implemented to ensure that once the City receives the annual valuation package from RSA that adjustments are made to the pension liability and related deferred outflows and inflows.

Current Status: Procedures are in place for management to review and record pension information from the RSA, but are not being adhered to. See Finding 2018-002.

**Mayor
Jerry Willis**

CITY CLERK/TREASURER
Tiffany Robinson



City of Wetumpka

CITY COUNCIL

Kevin Robbins
Lewis Edward Washington, Sr.
Lynnes S. Justiss
Steve Gantt
Greg Jones

CORRECTIVE ACTION PLAN

March 8, 2019

City of Wetumpka respectfully submits the following corrective action plan for the year ended September 30, 2018.

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, 2018

The findings from the September 30, 2018 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

2018 - 001 Credit Cards and Expenditure Support

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

Action Taken: We concur with the recommendation, and it was implemented effective March 8, 2019.

2018-002 Pension Plan

Recommendation: Procedures should be implemented to ensure that once the City receives the annual valuation package from RSA that adjustments are made to the pension liability and related deferred outflows and inflows.

Action Taken: We concur with the recommendation, and it was implemented effective March 8, 2019.

2018-003 Accounts Payable

Recommendation: We recommend that the accounts payable module be utilized properly or management should put a procedure in place to approve the fiscal year-end cash to accrual adjustments to record accounts payable.

Action Taken: We concur with the recommendation, and it was implemented effective March 8, 2019

"City of Natural Beauty"

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

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

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Julie Creel".

Julie Creel
Finance Director