

CITY OF WETUMPKA, ALABAMA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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Prepared by:
Department of Administration
and Finance

Candy Masters
City Clerk

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INTRODUCTORY SECTION

Letter of transmittal

GFOA certificate of achievement

List of principal officials

Organizational chart

MAYOR
JERRY WILLIS
CITY CLERK/TREASURER
CANDY P. MASTERS



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

City of Wetumpka

February 18, 2017

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, 2016. 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 2015-2016 Budget was adopted by the City Council on September 21, 2015, as an interim budget. The Revised Budget for 2015-2016 was adopted by unanimous vote of the City Council in March 2016.

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

ECONOMIC CONDITION AND OUTLOOK

The economic condition and outlook of the government is relatively stable since the City is located near the state capital and Maxwell Air Force Base in Montgomery. The City of Wetumpka, Alabama is also the site of three government facilities that employ approximately 600 people. The community currently has a 4.8% unemployment rate. The City is actively promoting the expansion of retail businesses and the service industry with additional prospects of expanding existing industries, attracting other large industries, and expanding the tourism industry.

The City has a 3% sales tax that provides the greater part of total revenues. The City also has a 3% rental tax and a 12% lodging tax which currently comprises a very small portion of total revenue but is expected to increase in 2017 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.

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

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

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

MAJOR CURRENT INITIATIVES

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

Other developments that took place during the fiscal year 2015-2016:

1. Construction was completed on the Baseball Complex and adjoining concession stand in time for the Spring 2015 baseball season. A maintenance facility for the Wetumpka Sports Complex has been constructed and expected to be occupied by August 2017. A football field has been constructed which can also be used for soccer. When complete, the area will have bleachers, a concession stand with bathroom facilities and ample parking. It is expected to be operational by August 2017, just in time for football season.
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 replacement of runway and taxi lighting and, pending approval, re-surfacing and striping of runway and taxiway.
4. Awarded an Appalachian Regional Commission grant of \$175,000 to assist in construction of a pedestrian bridge for the Wetumpka River Walk on the west bank of the Coosa River. Anticipated completion is in late 2017 or early 2018.
5. Received approval from the State Legislature for Sunday alcohol sales to assist in recruiting new restaurants to the area.

FUTURE INITIATIVES

The City of Wetumpka, Alabama is committed to maintaining its tax base and is pursuing efforts to retain and attract new businesses, both commercial and industrial. The continual increase in population numbers demands additional needs for the retail and service industries. The opening of

the Hyundai automotive plants in Montgomery has increased the potential for automotive supplier locations in the area. This can be beneficial to attracting new industry.

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

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

Other future initiatives include the following:

1. Development of downtown Wetumpka and adjacent Coosa River for retail and tourism promotion.
2. Expand the Sportsplex to add more soccer fields and other recreational resources to include an archery range.
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.

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, 2015. This was the twenty-fifth 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, 2016.

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,

Candy P Masters
City Clerk



Government Finance Officers Association

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

Presented to

**City of Wetumpka
Alabama**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

CITY OF WETUMPKA, ALABAMA

LIST OF PRINCIPAL OFFICIALS
AS OF SEPTEMBER 30, 2016

MAYOR - JERRY WILLIS

CITY COUNCIL

Kevin Robbins

Steve Gantt

Percy B. Gill

Greg Jones

Rebecca W. Thornton

HEADS OF DEPARTMENTS

City Clerk

Candy Masters

Municipal Court/Magistrate

Kenneth Harris

Library

Susan E. Hayes

Fire

Greg Willis

Police

Danny Billingsley

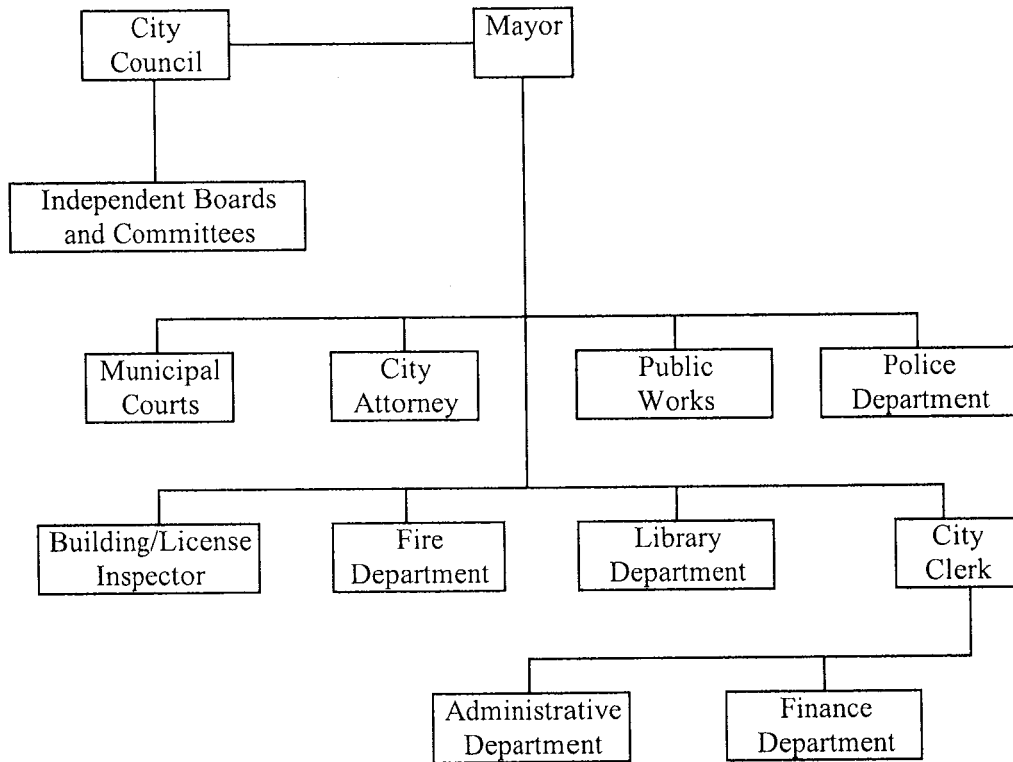
Public Works

Tex Grier

Building and License

Jason Baker

CITY OF WETUMPKA
ORGANIZATIONAL CHART



FINANCIAL SECTION

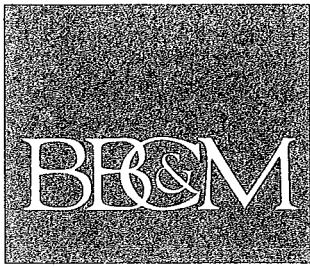
Independent auditor's report

Management's discussion and analysis

Basic financial statements

Required supplemental information

Supplementary information



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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Wetumpka, Alabama (the City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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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, 2016, 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.

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 February 18, 2017 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Montgomery, Alabama
February 18, 2017

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, 2016. This discussion and analysis is designed to look at the City's financial performance as a whole. I encourage readers to read it in conjunction with additional information furnished in the letter of transmittal, which can be found on page 1 of this report and the City's financial statements beginning on page 20.

Financial Highlights

- The City's assets exceeded its liabilities at September 30, 2016, by \$24,445,897 (*net position*). Of this amount, \$554,094 (*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 \$782,339, as revenues of \$12,715,432 exceeded expenses of \$11,933,093.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,132,747, a decrease of \$847,081 in comparison with the prior year. Approximately 28% of this total amount, or \$1,692,812, is available for spending at the City's discretion (*unassigned fund balance*).
- The City completed its construction of additional baseball fields at the sports complex for a total of \$4,831,968.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Governmental activities reported in the statements include general government, public safety, public works, and cultural/recreational. Sales taxes and property taxes finance most of these activities. The City of Wetumpka, Alabama has no business type activities at September 30, 2016.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. Like other state and local governments, the City of Wetumpka, Alabama uses fund accounting to ensure and demonstrate compliance with finance-related legal matters. Experienced readers of governmental financial statements will find these financial statements most familiar.

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

The City maintains seven individual governmental funds. The general fund and debt service fund are considered major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and debt service fund. Data from the other five governmental funds are combined into aggregated presentations. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The governmental funds financial statements begin on page 22.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are presented on pages 29 through 52 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 53-55 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, 2016, derived from the government-wide statement of net position is presented below.

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2015	2016	2015-2016
Current and other assets	\$ 7,440,374	\$ 6,695,643	-10.01%
Capital assets	30,880,359	31,606,658	2.35%
Total assets	38,320,733	38,302,301	-0.05%
Deferred Outflows			
Deferred amount on refunding	112,868	84,362	-25.26%
Employer retirement contributions	350,557	556,081	58.63%
Total deferred outflows	463,425	640,443	38.20%
Long-term liabilities outstanding	12,865,995	11,953,846	-7.09%
Other liabilities	2,063,045	2,247,815	8.96%
Total liabilities	14,929,040	14,201,661	-4.87%
Deferred inflows - pensions	191,560	295,186	54.10%
Total deferred outflows	191,560	295,186	54.10%
Net position:			
Investment in capital assets, net	19,563,248	21,247,861	8.61%
Restricted	2,678,870	2,643,942	-1.30%
Unrestricted	1,421,440	554,094	-61.02%
Total net position	\$ 23,663,558	\$ 24,445,897	3.31%

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 \$24,445,897. By far the largest portion of the City's net position (87%) reflects its investment in capital assets (i.e. land, buildings, machinery and equipment, infrastructure, etc.); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position is restricted, or has restrictions on how they may be used. Governmental activities' restricted net position totaled \$2,643,942 at September 30, 2016 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, 2016, reported positive balances in governmental type activities.

The following presents the City's condensed statement of activities for the fiscal year ended September 30, 2016 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 \$782,339 as presented below.

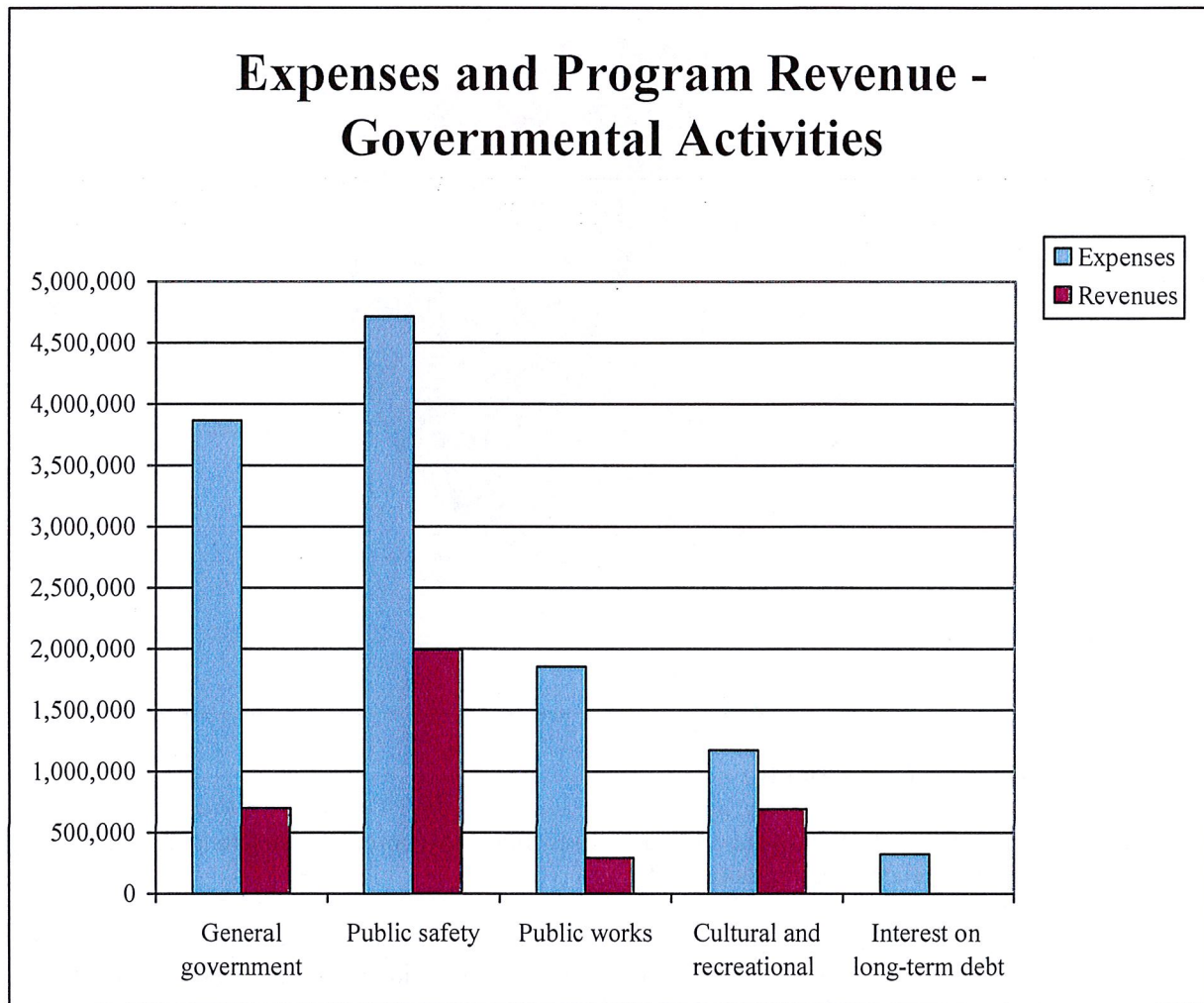
CITY OF WETUMPKA, ALABAMA'S CHANGES IN NET POSITION

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	<u>2015</u>	<u>2016</u>	<u>2015-2016</u>
REVENUES:			
Program revenues:			
Charges for services	\$ 1,324,404	\$ 1,627,136	22.86%
Operating grants and contributions	72,969	85,709	17.46%
Capital grants and contributions	2,529,147	1,961,740	-22.43%
General revenues:			
Property taxes	466,577	483,820	3.70%
Business licenses	1,063,175	1,340,550	26.09%
Sales taxes	5,914,314	6,088,941	2.95%
Motor fuel taxes	213,465	220,097	3.11%
Other taxes	751,721	814,729	8.38%
Other	112,677	92,710	-17.72%
Total revenues	<u>12,448,449</u>	<u>12,715,432</u>	<u>2.14%</u>
EXPENSES:			
General government	3,322,488	3,867,243	16.40%
Public safety	4,431,293	4,714,439	6.39%
Public works	1,989,050	1,855,433	-6.72%
Cultural and recreational	969,736	1,173,584	21.02%
Interest on long-term debt	400,901	322,394	-19.58%
Total expenses	<u>11,113,468</u>	<u>11,933,093</u>	<u>7.38%</u>
INCREASE IN NET POSITION	1,334,981	782,339	-41.40%
NET POSITION - BEGINNING	<u>22,328,577</u>	<u>23,663,558</u>	<u>5.98%</u>
NET POSITION - ENDING	<u>\$ 23,663,558</u>	<u>\$ 24,445,897</u>	<u>3.31%</u>

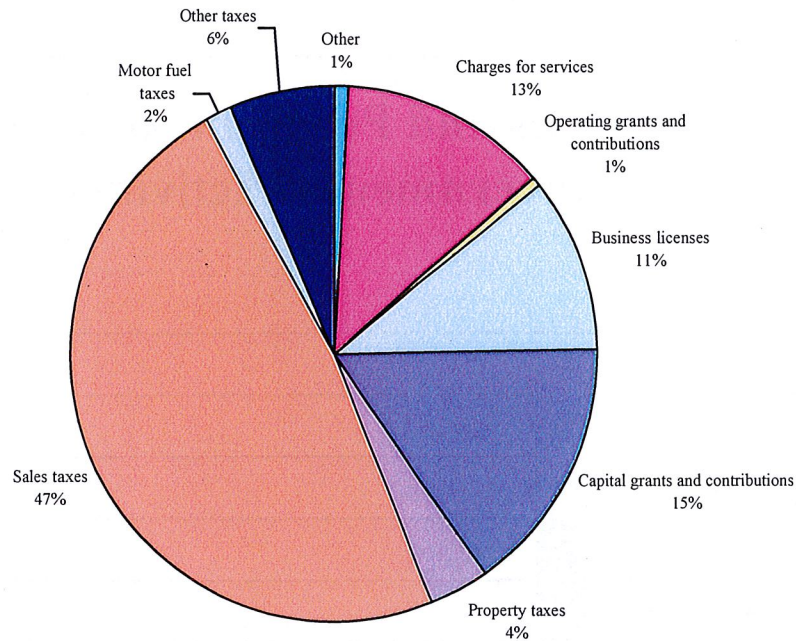
Governmental activities increased the City of Wetumpka, Alabama's net position by \$782,339 for fiscal year 2016. Key elements of the current year activities compared to the prior year are as follows:

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

For the most part, variations in expenses closely parallel inflation and growth in the demand for services. Expenses increased by \$819,625 from the prior year.



Revenue By Source - Governmental Activities



Financial Analysis of the City's Funds

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

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

As of September 30, 2016, governmental funds reported a combined ending fund balance of \$6,132,747, a decrease of \$847,081 in comparison with prior year. Approximately 28% of this total amount, or \$1,692,812, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been restricted, committed, or assigned for: (1) capital and road projects (\$1,641,094), (2) 2017 Budget (\$602,438), or (3) other purposes (\$2,196,403).

The fund balance of the general fund decreased \$838,165 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 \$1,208,269 were transferred to the Debt Service Fund to make payments on bonds and other long-term debt.
- Capital outlay expenditures decreased \$2,668,123 over prior year due to the completion of the Sports Complex.
- Public safety expenditures increased \$328,493 over prior year due mainly to increases in court cost distributions of \$105,656 and paying the fiscal year end 2015 and 2016 contract to the Drug Task Force in the amount of \$190,000.
- Revenues from Poarch Creek Indians decreased \$84,641 over prior year.

Capital Assets and Long-term Debt Administration

Capital assets - The investment in capital assets for the City's governmental-type activities as of September 30, 2016, was \$31,606,658 (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 \$737,435
- Completion of Sports Complex improvements for a total investment of \$4,831,968.
- Infrastructure improvements of \$1,008,764
- Donated land and buildings of \$453,740

CITY OF WETUMPKA, ALABAMA'S CAPITAL ASSETS

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	<u>2015</u>	<u>2016</u>	<u>2015-2016</u>
Land	\$ 3,796,460	\$ 4,230,735	11.44%
Construction in progress	7,211,434	1,588,291	-77.98%
Buildings and other improvements, net	6,000,755	6,009,698	0.15%
Infrastructure, net	12,182,926	18,080,874	48.41%
Machinery and equipment, net	1,688,784	1,697,060	0.49%
Totals	<u>\$ 30,880,359</u>	<u>\$ 31,606,658</u>	<u>2.35%</u>

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

Long-term debt - As of September 30, 2016, the City of Wetumpka, Alabama had total debt outstanding of \$10,724,612. Of this amount \$10,085,000 comprises general obligation warrants. The City had \$639,612 in notes payable to local banks and an individual.

CITY OF WETUMPKA, ALABAMA'S OUTSTANDING DEBT

	<u>2015</u>	<u>2016</u>	<u>INCREASE (DECREASE)</u>
General obligation	\$ 11,000,000	\$ 10,085,000	\$ (915,000)
Notes payable	<u>317,111</u>	<u>358,159</u>	<u>41,048</u>
Totals	<u>\$ 11,317,111</u>	<u>\$ 10,443,159</u>	<u>\$ (873,952)</u>

The City of Wetumpka, Alabama's total debt outstanding decreased by \$873,952 during the past fiscal year due to payments being made on outstanding debt.

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

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

General Fund Budgetary Highlights

The actual operating revenues for the general fund were more than the budgeted amount by \$335,648 due mainly to more sales tax, business licenses and municipal court over budgeted amounts. Total expenditures exceeded budgeted amounts by \$494,074 primarily due to unbudgeted capital outlay/special projects.

Economic Factors and Year 2017 Budget

Factors considered in preparing the City of Wetumpka, Alabama's budget for fiscal year 2017 included:

- The unemployment rate for Elmore County is currently 4.8%, which is less than last year's rate of 4.9%. This compares favorably to the state's average unemployment rate of 5.9% and the national average rate of 5.0%.
- The anticipation that the business climate of the City can better withstand the national economic downturn than some areas is due to the stability of the employment base and the number of retailers providing basic goods and services.
- The 2017 budget is based upon estimated annual revenues of \$11,550,300. Sales taxes are expected to increase over the previous year due to hotel development and new businesses.
- Capital outlay and special projects during the year will be reviewed carefully with special attention given to the national economic climate and changing economic factors attributable to the Poarch Creek Indians.
- New business development including the new Hampton Inn hotel located downtown, expansion of the Wetumpka Sports Complex, and initial re-development of the downtown infrastructure

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Wetumpka, Alabama's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, P.O. Box 1180, Wetumpka, Alabama 36092.

BASIC FINANCIAL STATEMENTS

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CITY OF WETUMPKA, ALABAMA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	PRIMARY GOVERNMENT	COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	INDUSTRIAL DEVELOPMENT BOARD
ASSETS:		
Cash and temporary cash investments	\$ 4,123,749	\$ 25,466
Restricted cash investments	1,814,414	-
Receivables	590,602	-
Accrued interest receivable	189	-
Prepaid insurance	166,689	-
Properties held-for-sale, at cost	-	1,549,524
Capital assets, not being depreciated:		
Land and construction in progress	5,819,026	-
Capital assets, net of accumulated depreciation:		
Infrastructure, net	18,080,874	-
Buildings and improvements, net	6,009,698	-
Machinery and equipment, net	1,697,060	-
Total assets	38,302,301	1,574,990
DEFERRED OUTFLOWS:		
Deferred amount on refunding	84,362	-
Deferred outflows related to pensions	556,081	-
Total deferred outflows	640,443	-
LIABILITIES:		
Accounts payable	474,524	-
Accrued liabilities	236,377	-
Short-term notes payable	281,453	-
Long-term liabilities:		
Portion due or payable in one year:		
Notes and warrants payable	1,112,119	-
Compensated absences	143,342	-
Portion due or payable after one year:		
Notes and warrants payable	9,331,040	-
Post-employment benefits	376,694	-
Compensated absences	105,065	-
Aggregate net pension liability	2,141,047	-
Total liabilities	14,201,661	-
DEFERRED INFLOWS:		
Deferred inflows related to pensions	295,186	-
Total deferred inflows	295,186	-
NET POSITION:		
Investment in capital assets, net	21,247,861	-
Restricted for:		
Special events	4,598	-
Road projects	210,888	-
Fire department	444,017	-
Public safety	27,135	-
Capital acquisition and construction	986,189	-
Debt repayment	971,115	-
Unrestricted	554,094	1,574,990
Total net position	\$ 24,445,897	\$ 1,574,990

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

CITY OF WETUMPKA, ALABAMA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	EXPENSES	PROGRAM REVENUES		AND	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
		CHARGES FOR	AND		PRIMARY GOVERNMENT ACTIVITIES	COMPONENT UNIT DEVELOPMENT BOARD
ACTIVITIES:						
Governmental:						
General government	\$ 3,867,243	\$ 186,801	\$ -	\$ 513,009	\$ (3,167,433)	\$ -
Public safety	4,714,439	1,121,225	21,523	850,000	(2,721,691)	-
Public works	1,855,433	15,344	-	276,428	(1,563,661)	-
Cultural and recreational	1,173,584	303,766	64,186	322,303	(483,329)	-
Interest on long-term debt	322,394	-	-	-	(322,394)	-
Total governmental activities	\$ 11,933,093	\$ 1,627,136	\$ 85,709	\$ 1,961,740	\$ (8,258,508)	
Component unit:						
Industrial Development Board	\$ -					-
General revenues:						
					6,088,941	
					1,340,550	
					483,820	
					220,097	
					814,729	38
					24,949	
					67,761	
					9,040,847	38
					782,339	38
					23,663,558	1,574,952
					\$ 24,445,897	\$ 1,574,990

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

CITY OF WETUMPKA, ALABAMA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	GENERAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and temporary cash investments	\$ 3,732,398	\$ -	\$ 391,351	\$ 4,123,749
Restricted cash investments	843,299	971,115	-	1,814,414
Receivables	563,013	-	27,589	590,602
Due from general fund	-	-	1,872	1,872
Accrued interest receivable	187	-	2	189
Prepaid insurance	166,689	-	-	166,689
Total assets	<u>\$ 5,305,586</u>	<u>\$ 971,115</u>	<u>\$ 420,814</u>	<u>\$ 6,697,515</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 441,607	\$ -	\$ 32,917	\$ 474,524
Accrued liabilities	88,372	-	-	88,372
Due to other funds	1,872	-	-	1,872
Total liabilities	<u>531,851</u>	<u>-</u>	<u>32,917</u>	<u>564,768</u>
Fund balances:				
Non-spendable:				
Prepaid insurance	166,689	-	-	166,689
Restricted for:				
Special events	-	-	4,598	4,598
Capital projects	918,529	-	67,660	986,189
Road projects	-	-	210,888	210,888
Public safety	27,135	-	-	27,135
Debt service	-	971,115	-	971,115
Fire department	846,845	-	-	846,845
Fire equipment	444,017	-	-	444,017
Committed to:				
Wetumpka pride	-	-	104,751	104,751
Assigned to:				
Airport	34,357	-	-	34,357
Fire department	36,967	-	-	36,967
Special events	3,946	-	-	3,946
2017 budget	602,438	-	-	602,438
Unassigned	1,692,812	-	-	1,692,812
Total fund balance	<u>4,773,735</u>	<u>971,115</u>	<u>387,897</u>	<u>6,132,747</u>
Total liabilities and fund balances	<u>\$ 5,305,586</u>	<u>\$ 971,115</u>	<u>\$ 420,814</u>	<u>\$ 6,697,515</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, 2016

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

Total fund balances - governmental funds	\$ 6,132,747
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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	\$ 5,819,026	
Infrastructure, net of \$4,279,227 accumulated depreciation	18,080,874	
Buildings and other improvements, net of \$2,947,140 accumulated depreciation	6,009,698	
Machinery and equipment, net of \$5,880,496 accumulated depreciation	<u>1,697,060</u>	
Total capital assets		31,606,658

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, 2016 were:

Notes and bonds payable	(10,443,159)	
Net pension liability	(2,141,047)	
Post-employment benefits other than pensions	(376,694)	
Compensated absences	(248,407)	
Deferred inflows of resources - pensions	(295,186)	
Deferred amount on refunding	84,362	
Deferred outflows of resources - pensions	556,081	
Short-term notes payable	(281,453)	
Accrued liabilities	<u>(148,005)</u>	
Total long-term liabilities		<u>(13,293,508)</u>
Total net position of governmental activities		<u>\$ 24,445,897</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, 2016

	GENERAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 7,538,018	\$ -	\$ 69,569	\$ 7,607,587
Licenses and permits	1,483,556	-	-	1,483,556
Intergovernmental revenues	102,944	-	532,272	635,216
Charges and fees for services	613,756	-	-	613,756
Fines and forfeitures	802,422	-	-	802,422
PCI-Contributions	850,000	-	-	850,000
Miscellaneous	190,260	52	70,842	261,154
Total revenues	11,580,956	52	672,683	12,253,691
EXPENDITURES:				
Current:				
General governmental	2,349,851	-	-	2,349,851
Public safety	4,596,724	-	-	4,596,724
Public works	1,839,223	-	43,910	1,883,133
Cultural and recreational	817,298	-	75,966	893,264
Capital outlay	1,589,709	-	618,827	2,208,536
Debt service:				
Principal payments	122,624	915,000	-	1,037,624
Interest and fiscal charges	12,784	282,529	-	295,313
Total expenditures	11,328,213	1,197,529	738,703	13,264,445
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	252,743	(1,197,477)	(66,020)	(1,010,754)
OTHER FINANCING SOURCES (USES):				
Transfers in	35,000	1,208,269	81,312	1,324,581
Transfers out	(1,289,581)	-	(35,000)	(1,324,581)
Proceeds from issuance of debt	163,673	-	-	163,673
Total other financing sources (uses)	(1,090,908)	1,208,269	46,312	163,673
NET CHANGE IN FUND BALANCE	(838,165)	10,792	(19,708)	(847,081)
FUND BALANCE - BEGINNING	5,611,900	960,323	407,605	6,979,828
FUND BALANCE - ENDING	\$ 4,773,735	\$ 971,115	\$ 387,897	\$ 6,132,747

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, 2016

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

Net change in fund balance - total governmental funds	\$ (847,081)
The portion of capital outlay, reported as expenditures in governmental funds is shown as capital assets in the statement of net position	2,134,334
Donations of capital assets received increase net position in the statement of net position but do not appear in the governmental funds because they are not financial resources	453,740
Donations of capital assets made decrease net position in the statement of net position but do not appear in the governmental funds but are reported as an expense on the statement of activities	(577,379)
Depreciation of capital assets is not recognized in the governmental fund statement but is reported as an expense on the statement of activities	(1,284,397)
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	1,037,624
Proceeds:	
Loan proceeds	(163,673)
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	1,428
Pension expense	155,668
Post-employment benefits other than pensions	(90,889)
Compensated absences	(16,530)
Governmental funds report the effect of premiums and discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	
Amortization	(28,506)
Change in net position of governmental activities	<u>\$ 782,339</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, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Sales and use	\$ 5,900,000	\$ 6,000,000	6,125,928	\$ 125,928
Real and personal property	420,000	460,000	481,174	21,174
Gasoline	160,000	160,000	152,161	(7,839)
Beer and wine	135,000	142,000	151,559	9,559
Rental lease	300,000	300,000	304,509	4,509
Financial institution	137,000	137,000	150,064	13,064
Tobacco	18,000	18,000	17,179	(821)
Revenue lodging	70,000	70,000	58,606	(11,394)
Casual sales	500	1,000	486	(514)
Franchise	105,000	105,000	124,254	19,254
Manufactured home	8,500	8,500	6,063	(2,437)
Total taxes	7,254,000	7,401,500	7,571,983	170,483
Licenses and permits:				
General business	1,085,000	1,300,000	1,450,752	150,752
Building permits	35,000	35,000	19,771	(15,229)
Other permits	20,700	20,700	11,537	(9,163)
Total licenses and permits	1,140,700	1,355,700	1,482,060	126,360
Intergovernmental revenue:				
Shared state revenue:				
Motor vehicle licenses	20,000	20,000	18,756	(1,244)
State auto license	2,000	2,500	2,405	(95)
Alabama Heritage Fund	100,000	100,000	59,269	(40,731)
ABC profits	26,000	26,000	24,139	(1,861)
Total intergovernmental revenue	148,000	148,500	104,569	(43,931)
Charges and fees for services:				
Airport	237,400	242,400	184,564	(57,836)
Fire department	281,000	281,000	275,665	(5,335)
Fire Department-PCI Fire Agreement	834,641	850,000	850,000	-
Parks and recreational	92,500	97,500	119,828	22,328
PCI cross deputization	100,000	100,000	0	(100,000)
Public library	16,500	16,500	16,850	350
Landfill usage	500	750	(1,214)	(1,964)
Miscellaneous police	2,500	5,000	40,571	35,571
Highway and streets	500	500	-	(500)
Zoning and subdivision	1,000	1,000	120	(880)
Miscellaneous building	5,000	5,000	0	(5,000)
Total charges and fees for services	1,571,541	1,599,650	1,486,384	(113,266)
Fines and forfeitures:				
Municipal court	600,000	650,000	801,124	151,124
Total fines and forfeitures	600,000	650,000	801,124	151,124
Miscellaneous:				
Sewer assessment revenue	5,000	5,000	0	(5,000)
Interest income	75,000	75,000	24,333	(50,667)
Miscellaneous	31,200	31,200	131,745	100,545
Total miscellaneous revenues	111,200	111,200	156,078	44,878
Total revenues	\$ 10,825,441	\$ 11,266,550	\$ 11,602,198	\$ 335,648

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, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET - POSITIVE (NEGATIVE)
EXPENDITURES:				
General government:				
Administrative	\$ 1,182,523	\$ 1,277,314	1,366,881	\$ (89,567)
Appropriations to outside agencies	277,090	277,090	244,750	32,340
Building inspector	200,423	205,331	206,442	(1,111)
Special events	95,800	100,800	67,641	33,159
Economic/industrial development	14,500	14,500	12,224	2,276
Planning and projects	6,250	12,250	11,993	257
Miscellaneous	30,000	30,000	14,849	15,151
Total general government	1,806,586	1,917,285	1,924,780	(7,495)
Public safety:				
Police department	2,368,367	2,546,190	2,744,682	(198,492)
Fire department	1,251,785	1,287,836	1,374,866	(87,030)
Municipal court	540,872	542,293	584,699	(42,406)
Total public safety	4,161,024	4,376,319	4,704,247	(327,928)
Public works	1,798,808	1,946,850	1,812,024	134,826
Cultural and recreational:				
Public facilities	284,050	284,050	410,445	(126,395)
Airport	247,522	248,368	176,978	71,390
Library	229,129	265,461	265,649	(188)
Miscellaneous			28,271	(28,271)
Total cultural and recreational	760,701	797,879	881,343	(83,464)
Capital outlay/special projects:				
General government			751,913	(751,913)
Public safety			424,082	(424,082)
Public works			163,673	(163,673)
Cultural and recreational			-	-
Total capital outlay/special projects			1,339,668	(1,339,668)
Non-departmental:				
Insurance	340,000	330,000	320,389	9,611
Demolitions	5,000	5,000	850	4,150
Tobacco stamps	5,000	5,000	3,419	1,581
Street Lights	100,000	110,000	114,279	(4,279)
Total non-departmental	450,000	450,000	438,937	11,063

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, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES: (continued)				
Debt service:				
Principal, interest, and fiscal charges	\$ 1,254,000	\$ 1,254,000	\$ 135,408	\$ 1,118,592
Total debt service	1,254,000	1,254,000	135,408	1,118,592
Total expenditures	10,231,119	10,742,333	11,236,407	(494,074)
Excess (deficit) of revenues over expenditures	\$ 594,322	\$ 524,217	365,791	\$ (158,426)
OTHER FINANCING SOURCES (USES):				
Transfers out			(1,289,581)	
Transfer in			35,000	
Proceeds from issuance of debt			163,673	
Total other financing uses			(1,090,908)	
Net change in fund balance, budgetary basis			(725,117)	
Add (deduct) other reconciling items to adjust from budgetary basis to modified accrual basis:				
Change in accounts receivable			(34,385)	
Change in accrued interest receivable			26	
Change in prepaid insurance			6,424	
Change in accounts payable			(215,872)	
Change in accrued liabilities			130,759	
			(113,048)	
NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS			(838,165)	
BEGINNING FUND BALANCE			5,611,900	
FUND BALANCE - ENDING			\$ 4,773,735	

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, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

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

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

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

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

The City reports the following major governmental funds:

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

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

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

Governmental Fund Financial Statements - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within 60 days after year-end. Sales taxes, gasoline taxes, grants, donations, and interest revenue are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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

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

F. Inventory and prepaid items - Governmental fund inventories are reported as an expenditure when purchased rather than capitalized as an asset. The City has no significant inventories as of September 30, 2016 and therefore none are reported on the statement of net position. Prepaid balances are payments made by the City in the current year to provide services occurring in the subsequent fiscal year. Prepaids are presented using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Capital assets - Capital assets, which include property, land, construction in progress, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental-type activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The City did not report infrastructure acquired prior to October 1, 2003. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

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

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

H. Deferred outflows of resources - In addition to assets, the Statement of Net Position and the Balance Sheet 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 6.

I. Deferred inflows of resources - In addition to liabilities, the Statement of Net Position and the Balance Sheet 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 one types of deferred inflows of resources: deferred inflows related to pensions as detailed in Note 6.

J. Compensated absences - It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide financial statements up to certain limits for use in subsequent periods. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form, or for legal or contractual requirements. This would include inventories, deposits, and prepaid items.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that can be used only for the specific purposes that are internally established by formal action of the government's highest level of decision making authority. Commitments may be modified or rescinded by the government taking the same formal action that imposed the constraint initially. Committed balances are only created by formal action of the City Council by passage of an ordinance, which is the action that constitutes the most binding constraint.

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Assigned - includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund. The City Council, Mayor, or the City Clerk is authorized to assign amounts to a specific purpose. The authorization, which is established by the City Council, is pursuant to the policy of City Council to delegate such authority.

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

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

L. Budgets and budgetary accounting - The budget is adopted annually at the beginning of each fiscal year for the general fund. The Mayor and members of the City Council are responsible for the adoption and amendments to the budget. The Council must approve transfers of appropriations between and among government function categories and revisions that increase total fund appropriations. Appropriations lapse at the end of the fiscal year. In addition to the legally adopted budget, formal budgetary integration is employed as a management control device during the year for the general fund.

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

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

NOTE 2 CREDIT RISK:

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

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 2 CREDIT RISK (continued):

Custodial credit risk - Custodial credit risk is the risk that an entity will not be able to recover the value of its deposits or investments that are in the possession of an outside party if the counterparty fails. Cash and temporary cash investments as of the balance sheet date are entirely insured by the Federal Deposit Insurance Corporation (FDIC) and the Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program is a multiple financial collateral pool administered by the State Treasurer according to State of Alabama statute.

In addition to the cash and temporary cash investments, the City has \$971,115 of restricted cash investments invested in a bank trust account. These funds are invested in U.S. Treasury funds. The underlying funds are held in trust for the City in the name of the trustee, not in the name of the City.

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

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

NOTE 3 CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2016 was as follows:

	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 7,211,434	\$ 1,532,403	\$ 7,155,546	\$ 1,588,291
Land	3,796,460	434,275	-	4,230,735
Total capital assets, not being depreciated	11,007,894	1,966,678	-	5,819,026
Capital assets, being depreciated:				
Infrastructure	15,766,734	6,593,367	-	22,360,101
Buildings and improvements	8,702,573	254,265	-	8,956,838
Machinery and equipment	7,225,625	351,932	-	7,577,557
Total capital assets being depreciated	31,694,932	7,199,564	-	38,894,496
Less accumulated depreciation for:				
Infrastructure	3,583,808	695,419	-	4,279,227
Buildings and improvements	2,701,818	245,322	-	2,947,140
Machinery and equipment	5,536,841	343,656	-	5,880,497
Total accumulated depreciation	11,822,467	1,284,397	-	13,106,864
Total capital assets being depreciated, net	19,872,465	5,915,167	-	25,787,632
Governmental activities capital assets, net	\$ 30,880,359	\$ 7,881,845	\$ -	\$ 31,606,658

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 3 CAPITAL ASSETS:

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

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
General government	\$ 633,687
Public works	55,425
Public safety	293,350
Cultural and recreation	<u>301,935</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,284,397</u></u>

NOTE 4 INTERFUND ACTIVITY:

Interfund Transfers - Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, to move proceeds on long-term debt to the general fund which is responsible for the expenditure of the proceeds, and to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. Interfund transfers for the year ended September 30, 2016 are as follows:

<u>TRANSFERS TO, REPORTED IN FUND:</u>	<u>TRANSFERS FROM, REPORTED IN FUND:</u>	<u>AMOUNT</u>
General	Other Governmental Funds	\$ 35,000
Debt Service Fund	General	1,208,269
Other Governmental Funds	General	<u>81,312</u>
		<u><u>\$ 1,324,581</u></u>

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

<u>DUE FROM FUND:</u>	<u>DUE TO FUND:</u>	<u>AMOUNT</u>
General	Other Governmental Funds	<u><u>\$ 1,872</u></u>

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 5 LONG-TERM LIABILITIES:

Covenants - There are limitations and restrictions contained in the bond indentures. 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, 2016, the amount of outstanding debt applicable to this limit was equal to 10.02% of property assessments as of October 1, 2015.

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 liabilities activity for the year ended September 30, 2016 was as follows:

	BEGINNING		ENDING		DUE
	BALANCE	ADDITIONS	REDUCTIONS	BALANCE	WITHIN
					ONE YEAR
Governmental activities:					
General obligation warrants	\$ 11,000,000	\$ -	\$ 915,000	\$ 10,085,000	\$ 935,000
Notes payable	317,111	163,673	122,625	358,159	177,119
Net pension liability	2,194,817	-	53,770	2,141,047	-
Post-employment benefits					
other than pensions	285,805	112,033	21,144	376,694	-
Compensated absences	231,877	142,340	125,810	248,407	143,342
Total governmental					
activity long-term					
liabilities	\$ 14,029,610	\$ 418,046	\$ 1,238,349	\$ 13,209,307	\$ 1,255,461

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

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 5 LONG-TERM LIABILITIES (continued):

Long-term debt at September 30, 2016 consists of the following:

	<u>TOTAL</u>	<u>CURRENT</u>
General Obligation Warrants, Series 2013-A; principal amount \$9,000,000; interest rate from 2.00% to 4.00%; rate on current bonds 2.00%; graduated principal payments are due annually on November 1 through November 2029; interest is due semiannually on May 1 and November 1; Proceeds were used for the acquisition and improvement of capital facilities, to refund debt and provide appropriation to IDB.	\$ 8,795,000	\$ 735,000
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.	1,290,000	200,000
Note payable to an individual, secured by land; scheduled annual payments of \$100,000 through July 2017, principal only. Proceeds were used for the acquisition of land.	100,000	100,000
4.30% note payable to a local bank, unsecured; rents and income from general fund airport revenue are used to repay this debt; scheduled monthly payments of \$4,276 through May 1, 2020 include interest. Proceeds were used for the acquisition and improvements of capital assets.	94,486	23,805
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.	<u>163,673</u>	<u>53,314</u>
Totals	<u>\$ 10,443,159</u>	<u>\$ 1,112,119</u>

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 5 LONG-TERM LIABILITIES (continued):

Debt service requirements on long-term debt at September 30, 2016, are as follows:

<u>YEAR ENDING SEPTEMBER 30:</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2017	\$ 1,112,119	\$ 271,326
2018	1,029,397	249,942
2019	1,051,749	120,249
2020	1,009,894	205,083
2021	1,015,000	182,591
2022 - 2026	4,465,000	476,305
2027 - 2031	545,000	107,418
2032 - 2036	<u>215,000</u>	<u>16,703</u>
Totals	<u>\$ 10,443,159</u>	<u>\$ 1,629,617</u>

NOTE 6 PENSION COSTS:

Plan Description

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

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

Benefits Provided

State law establishes retirement benefits as well as death and disability and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), are entitled to an annual retirement benefit, payable monthly for life. Service and disability benefits are based on a guaranteed minimum or formula method, with the member receiving payment 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, 2016

NOTE 6 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, 2015 (the most recent Measurement Date for funding purposes), Defined Benefit Plan membership consisted of the following:

	<u>2015</u>
Retired Members Or Their Beneficiaries	
Currently Receiving Benefits	32
Vested Inactive Members	3
Non-vested Inactive Members	14
Active Members	123
Post-DROP Retired Members Still in Active Service	<u>0</u>
Total	<u><u>172</u></u>

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 6 PENSION COSTS (continued):

Contributions

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2016, the City's active employee contribution rate for Tier 1 and Tier 2 members (except certified law enforcement and firefighters) was 5% and 6%, respectively, of covered employee payroll. The City's active certified law enforcement and firefighters contribution rate for Tier 1 and Tier 2 members was 6% and 7%, respectively, of covered employee payroll. The City's average contribution rate to fund the normal and accrued liability costs was 7.43% of covered employee payroll.

The City's contractually required contribution rate for the year ended September 30, 2016 was 9.33% of pensionable pay for Tier 1 employees, and 7.04% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$349,815 for the year ended September 30, 2016.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2015, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014 rolled forward to September 30, 2015 using standard roll-forward techniques as shown in the following table:

	TPL Roll-Forward	
	Expected	Actual
(a) TPL as of September 30, 2014	\$ 8,849,866	\$ 8,527,739
(b) Entry Age Normal Cost for period October 1, 2014- September 30, 2015	360,164	360,164
(c) Actual Benefit Payments and Refunds for the period October 1, 2014 - September 30, 2015	<u>(583,767)</u>	<u>(583,767)</u>
(d) TPL as of September 30, 2015 = [(a) x (1.08)] + (b) - [(c) x (1.04)]	<u>\$ 9,310,902</u>	<u>\$ 8,963,004</u>
(e) Difference between Expected and Actual Experience (Gain) / Loss		<u>\$ (347,898)</u>

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 6 PENSION COSTS (continued):

Actuarial Assumptions

The total pension liability as of September 30, 2015 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2014. The key actuarial assumptions are summarized below:

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

* Net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

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

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

* Includes assumed rate of inflation of 2.5%

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 6 PENSION COSTS (continued):

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

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at September 30, 2014	\$ 8,849,866	\$ 6,655,049	\$ 2,194,817
Changes for the year:			
Service cost	360,164	-	360,164
Interest	684,639	-	684,639
Changes in assumptions	-	-	-
Differences between expected and actual experience	(347,898)	-	(347,898)
Contributions - employer	-	336,691	(336,691)
Contributions - employee	-	225,871	(225,871)
Net investment income	-	79,473	(79,473)
Benefit payments, including refunds of employee contributions	(583,767)	(583,767)	-
Administrative expense	-	-	-
Transfers among employers	-	108,640	(108,640)
Net changes	113,138	166,908	(53,770)
Balances at September 30, 2015	\$ 8,963,004	\$ 6,821,957	\$ 2,141,047

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

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

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 6 PENSION COSTS (continued):

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Plan's Net Pension Liability (Asset)	\$ 3,140,314	\$ 2,141,047	\$ 1,300,762

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, 2015. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2015. The auditor's report dated October 17, 2016 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

For the year ended September 30, 2016 the City recognized pension expense of \$178,941. At September 30, 2016, 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	\$ -	\$ 295,186
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	221,472	-
Employer contributions subsequent to the Measurement Date	334,609	-
Total	\$ 556,081	\$ 295,186

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 6 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)		
2015	\$ -	\$ 347,898	6.6	\$ -	\$ -	\$ -	\$ 347,898	\$ -	\$ 52,712	\$ -	\$ 295,186
2014	-	-		-	-	-	-	-	-	-	-
Total				<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,898</u>			<u>\$ -</u>	<u>\$ 295,186</u>

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)		
2015	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2014	-	-		-	-	-	-	-	-	-	-
Total				<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>	<u>\$ -</u>

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)		
2015	\$ 456,428	\$ -	5	\$ -	\$ -	\$ 456,428	\$ -	\$ 91,286	\$ -	\$ 365,142	\$ -
2014	-	239,450	5	-	191,560	-	-	-	47,890	-	143,670
Total				<u>\$ -</u>	<u>\$ 191,560</u>	<u>\$ 456,428</u>	<u>\$ -</u>			<u>\$ 365,142</u>	<u>\$ 143,670</u>

Net difference between projected and actual earnings on investments

\$ 221,472 \$ -

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 6 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		Total
	2014	2015	2014	2015	2014	2015	
2017	\$ -	\$ (52,712)	\$ -	\$ -	\$ (47,890)	\$ 91,286	\$ (9,316)
2018	-	(52,712)	-	-	(47,890)	91,286	(9,316)
2019	-	(52,712)	-	-	(47,890)	91,286	(9,316)
2020	-	(52,712)	-	-	-	91,284	38,572
2021	-	(52,712)	-	-	-	-	(52,712)
Thereafter	-	(31,626)	-	-	-	-	(31,626)
Total	<u>\$ -</u>	<u>\$ (295,186)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (143,670)</u>	<u>\$ 365,142</u>	<u>\$ (73,714)</u>

NOTE 7 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, 2016, the deferred compensation assets were held in a trust account 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, 2016 was \$45,483.

NOTE 8 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

A. Plan description - The City provides medical benefits through a comprehensive insured medical benefit plan. The plan is a single-employer plan. The plan does not issue a publicly available financial report. Authority to amend the benefit provisions and funding policies of the plan rests with the City Council. The plan had approximately 97 active participants and 4 retired members.

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

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

B. Contribution rates - Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. Retirees are required to contribute \$441 monthly.

In fiscal year ended September 30, 2016, the City's portion of health care funding cost for retired employees totaled \$21,144. These amounts were applied toward the Net Other Post-Employment Benefit (OPEB) Obligation.

C. Annual required contribution - The City's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Statement No. 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Statement No. 45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning October 1, 2015 is \$117,129 as set forth below:

Normal cost	\$ 88,092
30-year UAL amortization amount	<u>29,037</u>
Annual Required Contribution	<u><u>\$ 117,129</u></u>

D. Funding policy - The City establishes and amends contribution requirements. The current funding policy of the City is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB reporting.

E. Annual OPEB cost and net OPEB obligation - The table below shows the City's net OPEB obligation for fiscal year ended September 30, 2016 based on the actuarial valuation as of October 1, 2015:

Beginning net OPEB obligation	<u>\$ 285,805</u>
Annual required contribution	117,129
Interest on net OPEB obligation	11,432
ARC adjustment	<u>(16,528)</u>
Annual OPEB cost	<u>112,033</u>
Contributions made	<u>(21,144)</u>
Change in net OPEB obligation	<u>90,889</u>
Ending net OPEB obligation	<u><u>\$ 376,694</u></u>

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

The following table shows the City's annual post-employment benefits (OPEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (OPEB) liability for fiscal year 2016 and the previous two years:

FISCAL YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED	NET OPEB OBLIGATION
September 30, 2014	\$ 68,432	24.7%	\$ 232,003
September 30, 2015	70,379	23.6%	285,805
September 30, 2016	112,033	18.9%	376,694

F. Funded status and funding progress - In the fiscal year ended September 30, 2016, the City made no contributions to its post-employment benefits plan. The plan was not funded, has no assets, and hence has a funded ratio of -0-%. Based on the October 1, 2015 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year September 30, 2016 was \$522,251 which is defined as that portion, as determined by a particular actuarial cost method (the City of Wetumpka uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2016, the entire actuarial accrued liability of \$522,251 was unfunded.

Actuarial Accrued Liability (AAL)	\$ 522,251
Actuarial Value of Plan Assets (AVP)	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 522,251</u>
Funded Ratio (AVP/AAL)	<u>0%</u>
Covered Payroll (active plab members)	\$ 4,170,336
UAAL as a percentage of covered payroll	12.52%

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

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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

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

Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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

The following significant assumptions were made:

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

Turnover rate - An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%. The rates for each age are below:

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

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

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

Post-employment plan eligibility requirements - It is assumed that entitlement to benefits will commence upon actual retirement. Since most employees wait until attainment of age 60 to retire, the City has assumed actual retirement to occur at the later of attainment of age 60 and completion of 10 years of service. In addition, "Tier II" retirement plan members (those hired on and after January 1, 2013) would not be eligible to retire before age 62. Medical benefits are provided to employees upon actual retirement.

Actuarial Value of Plan Assets - There are no plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

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

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

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

Mortality rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

Method of determining value of benefits - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. After retirement, the employer pays for 50% of the retiree's individual coverage. Coverage ceases at age 65. The rates used to determine the employer cost for retiree coverage were "unblended" as required by GASB Statement No. 45 and were thus used "as is" for the OPEB valuation.

NOTE 9 EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

Certain departments of the general fund's expenditures exceed appropriations primarily due to the excess of operating expenditures of \$1,339,668 incurred in capital outlay, most of which was unbudgeted but funded by grants and long-term debt. There were also excess operating expenditures of \$7,495 incurred in general government, \$327,928 incurred in public safety, and \$83,464 incurred in cultural and recreational. 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, 2016, 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.

NOTE 11 COMMITMENTS:

As of September 30, 2016, the City had purchase commitments and commitments for construction of capital projects estimated as follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 897,043
Other Governmental Funds	<u>74,567</u>
Total construction commitments	<u>\$ 971,610</u>

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 12 CONTINGENT LIABILITIES:

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

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

The City and legal counsel feel the claims will be unsubstantiated and/or outside of the jurisdiction of the EEOC with the high probability of a favorable outcome. The City is vigorously defending the allegations made by the claimants. The case is set for trial for the former and existing employees on February 26, 2018. However, in the event of an unexpected adverse judgment or settlement, the City has adequate insurance to cover said claims, including the litigation.

NOTE 14 GUARANTEE OF DEBT:

The City guaranteed a note payable in the amount of \$281,453 for the Industrial Development Board of the City of Wetumpka. The unsecured note bears interest at 3.00% with principal and interest due in February 2017. The note was renewed in January 2017 with the interest rate remaining at 3%; it will mature on January 23, 2018. As required by GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, the City has recognized the full amount of the guaranteed debt on the Statement of Net Position.

NOTE 15 SUPPLEMENTARY COMPONENT UNIT INFORMATION:

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

Land development costs - Costs that clearly relate to land development projects are capitalized. Costs are allocated to project components by the specific identification method whenever possible. Otherwise, acquisition costs are allocated based on acreage of each lot. Interest costs are capitalized while the development is in progress. No projects are in the development stage at September 30, 2016.

NOTE 16 SUBSEQUENT EVENTS:

The City has evaluated subsequent events through February 18, 2017, the date which the financial statements were available to be issued.

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 17 EFFECT OF NEW PRONOUNCEMENTS:

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

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaced GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria, as well as requiring more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated. Requirements for this Statement are effective for financial statements whose fiscal year begins after June 15, 2016.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the current GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Requirements for this Statement are effective for financial statements whose fiscal year begins after June 15, 2017.

GASB 77, *Tax Abatement Disclosures*. This Statement requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. Requirements for this Statement are effective for financial statements whose fiscal year begins after December 15, 2015.

GASB 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. Requirements for this Statement are effective for financial statements whose fiscal year begins after December 15, 2015.

REQUIRED SUPPLEMENTAL INFORMATION

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CITY OF WETUMPKA, ALABAMA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

Last 10 Fiscal Years Ending September 30,

	2015	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006*
Total pension liability										
Service cost	\$ 360,164	\$ 313,665								
Interest	684,639	654,064								
Changes of benefit terms	-	-								
Differences between expected and actual experience	(347,898)	-								
Changes of assumptions	-	-								
Benefit payments, including refunds of employee contributions	(583,767)	(587,328)								
Net change in total pension liability	113,138	380,401								
Total pension liability - beginning	8,849,866	8,469,465								
Total pension liability - ending (a)	\$ 8,963,004	\$ 8,849,866								
Plan fiduciary - net position										
Contribution - employer	336,691	\$ 315,769								
Contributions - member	225,871	207,072								
Net investment income	79,473	718,518								
Benefit payments, including refunds of employee contributions	(583,767)	(587,328)								
Transfers among employers	108,640	(39,157)								
Net change in plan fiduciary net position	166,908	614,874								
Plan net position - beginning	6,655,049	6,040,175								
Plan net position - ending (b)	\$ 6,821,957	\$ 6,655,049								
Net pension liability (asset) - ending (a) - (b)	2,141,047	\$ 2,194,817								
Plan fiduciary net position as a percentage of the total pension liability	76.11%	75.20%								
Covered-employee payroll**	\$ 4,340,663	\$ 4,076,127								
Net pension liability (asset) as a percentage of covered-employee payroll	49.33%	53.85%								

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Board will present information for those years when information is available.

** Employer's covered payroll during the measurement period is the total payroll. For the FY 2016 the measurement period is October 1, 2014 - September 30, 2015.

CITY OF WETUMPKA, ALABAMA

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution*	\$ 334,609	350,557								
Contributions in relation to the actuarially determined contribution*	<u>334,609</u>	<u>350,557</u>								
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
Covered-employee payroll**	\$ 4,504,785	\$ 4,340,663								
Contributions as a percentage of covered-employee payroll	7.43%	8.08%								

*Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. For FY2016, the fiscal year is the twelve month period beginning after 10/1/2015.

**Employer's covered payroll for FY2016 is the total covered payroll for the 12 month period of the underlying financial statements.

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2016 were based on the September 30, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2015 to September 30, 2016*:

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

CITY OF WETUMPKA, ALABAMA

REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR THE CITY OF WETUMPKA, ALABAMA'S
 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) - UNIT CREDIT (b)	UNFUNDED AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL(c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL [(b-a)/c]
October 1, 2014		459,133	459,133	0.00%	3,597,924	12.8%
October 1, 2015		477,498	477,498	0.00%	3,957,672	12.1%
October 1, 2016		496,598	496,598	0.00%	4,170,336	11.9%

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COMBINING STATEMENTS

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CITY OF WETUMPKA, ALABAMA

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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CITY OF WETUMPKA, ALABAMA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2016

	SPECIAL REVENUE					
	MISCELLANEOUS	STATE GASOLINE TAX FUND	HUD GRANT FUND	SPECIAL OCCASIONS FUND	WETUMPKA PRIDE FUND	
TOTAL						
\$ 391,351	\$ 60,215	\$ 210,888	\$ 10,454	\$ 4,598	\$ 105,196	
	-	-	-	-	-	
27,589	27,476	-	-	-	113	
1,872	1,872	-	-	-	-	
2	-	-	-	-	2	
\$ 420,814	\$ 89,563	\$ 210,888	\$ 10,454	\$ 4,598	\$ 105,311	
ASSETS:						
Cash and temporary cash investments						
Restricted cash investments						
Accounts receivable						
Due from general fund						
Accrued interest receivable						
Total assets						
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts payable	\$ 32,917	\$ -	\$ -	\$ -	\$ -	\$ 560
Total liabilities	32,917	-	-	-	-	560
Fund balance:						
Restricted for:						
Special events	4,598	-	-	4,598	-	-
Capital projects	67,660		10,454	-	-	-
Road projects	210,888	210,888	-	-	-	-
Debt service	-	-	-	-	-	-
Committed to:						
Wetumpka Pride	104,751	-	-	-	-	104,751
Total fund balance	387,897	210,888	10,454	4,598	-	104,751
TOTAL LIABILITIES AND FUND BALANCE	\$ 420,814	\$ 210,888	\$ 10,454	\$ 4,598	\$ 105,311	

CITY OF WETUMPKA, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

		SPECIAL REVENUE					
		MISCELLANEOUS GRANT FUND	STATE GASOLINE TAX FUND	HUD GRANT FUND	SPECIAL OCCASIONS FUND	WETUMPKA PRIDE FUND	
	TOTAL						
REVENUES:							
Taxes	\$ 69,569	\$ -	\$ 69,569	\$ -	\$ -	\$ -	
Intergovernmental revenue	532,272	372,809	-	159,463	-	-	
Miscellaneous	70,842	1,034	97	-	41,451	28,260	
Total revenues	672,683	373,843	69,666	159,463	41,451	28,260	
EXPENDITURES:							
Current operations:							
Public works	43,910	-	43,910	-	-	-	
Cultural and recreational	75,966	-	-	-	46,707	29,259	
Capital outlay	618,827	407,618	-	211,209	-	-	
Debt service:							
Principal payments	-	-	-	-	-	-	
Interest and fiscal charges	-	-	-	-	-	-	
Total expenditures	738,703	407,618	43,910	211,209	46,707	29,259	
Excess (deficiency) of revenues over expenditures	(66,020)	(33,775)	25,756	(51,746)	(5,256)	(999)	
OTHER FINANCING SOURCES:							
Transfers in	81,312	31,967		49,345		-	
Transfers out	(35,000)		(35,000)				
Total other financing sources (uses)	46,312	31,967	(35,000)	49,345	-	-	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(19,708)	(1,808)	(9,244)	(2,401)	(5,256)	(999)	
FUND BALANCES - BEGINNING	407,605	59,014	220,132	12,855	9,854	105,750	
FUND BALANCES - ENDING	\$ 387,897	\$ 57,206	\$ 210,888	\$ 10,454	\$ 4,598	\$ 104,751	

SUPPLEMENTARY INFORMATION

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CITY OF WETUMPKA, ALABAMA

STATISTICAL SECTION

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

<u>CONTENTS</u>	<u>PAGE</u>
Financial trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	58
Revenue capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales taxes.	62
Debt capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	65
Demographic and economic information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	69
Operating information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	71

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

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CITY OF WETUMPKA, ALABAMA

NET POSITION BY COMPONENT
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:										
Investment in capital assets, net	\$ 10,898,376	\$ 11,502,725	\$ 13,773,608	\$ 17,124,083	\$ 18,044,209	\$ 18,382,233	\$ 13,458,271	\$ 13,919,088	\$ 19,563,248	\$ 21,247,861
Restricted	142,469	519,584	529,178	1,145,941	1,518,503	1,138,916	7,024,172	6,558,400	2,678,870	2,643,942
Unrestricted	4,864,165	5,854,516	5,018,413	1,770,387	1,913,544	2,289,180	1,679,730	3,964,610	1,421,440	554,094
Total governmental activities net position	<u>\$ 15,905,010</u>	<u>\$ 17,876,825</u>	<u>\$ 19,321,199</u>	<u>\$ 20,040,411</u>	<u>\$ 21,476,256</u>	<u>\$ 21,810,329</u>	<u>\$ 22,162,173</u>	<u>\$ 24,442,098</u>	<u>\$ 23,663,558</u>	<u>\$ 24,445,897</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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES:										
Governmental activities:										
General government	\$ 1,818,736	\$ 1,824,914	\$ 1,994,528	\$ 2,384,823	\$ 2,410,091	\$ 2,653,772	\$ 3,855,388	\$ 3,284,064	\$ 3,322,488	\$ 3,867,243
Public safety	2,808,285	2,936,163	3,349,797	3,620,119	3,478,890	3,691,325	3,603,374	4,269,581	4,431,293	4,714,439
Public works	1,788,755	1,918,642	1,924,086	2,118,707	1,956,231	2,114,676	2,159,333	1,950,164	1,989,050	1,855,433
Cultural and recreational	682,360	814,629	855,509	1,195,510	980,554	1,149,816	1,108,435	927,088	969,736	1,173,584
Interest on long-term debt	209,591	296,806	323,834	293,198	222,723	163,782	184,696	307,891	400,901	322,394
Total governmental activities expenses	7,307,727	7,791,154	8,447,754	9,612,357	9,048,489	9,773,371	10,911,226	10,738,788	11,113,468	11,933,093
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government	1,485,916	348,944	367,640	270,622	253,715	261,833	310,406	138,603	152,142	186,801
Public safety	545,943	620,000	785,495	937,237	925,427	899,194	914,595	994,846	832,746	1,121,225
Public works	14,495	13,635	16,210	20,636	14,740	17,318	16,151	18,118	26,172	15,344
Cultural and recreational	132,317	475,745	389,103	389,970	440,489	422,754	319,028	335,830	313,344	303,766
Operating grants and contributions	6,533	4,516	694	73,379	47,866	271,361	118,571	72,690	72,969	85,709
Capital grants and contributions	264,411	215,813	309,765	569,322	921,126	276,239	699,836	2,899,801	2,529,147	1,961,740
Total governmental activities program revenues	2,449,615	1,678,653	1,868,907	2,261,166	2,603,363	2,148,699	2,378,587	4,459,888	3,926,520	3,674,585
Total primary government net expense	(4,858,112)	(6,112,501)	(6,578,847)	(7,351,191)	(6,445,126)	(7,624,672)	(8,532,639)	(6,278,900)	(7,186,948)	(8,258,508)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Taxes:										
Sales taxes	6,018,630	5,815,478	5,563,880	5,411,114	5,454,018	5,707,773	6,000,003	5,774,195	5,914,314	6,088,941
Real and personal property taxes	302,425	364,915	396,795	416,897	400,428	408,198	424,797	419,812	466,577	483,820
Motor fuel taxes	293,932	370,895	237,822	231,668	221,268	225,430	200,154	218,227	213,465	220,097
Business licenses		884,439	931,828	967,714	1,040,727	985,326	940,370	1,007,872	1,063,175	1,340,550
Investment earnings	189,445	122,421	70,465	55,490	38,535	36,668	34,340	53,349	36,119	24,949
Miscellaneous taxes	585,010	377,557	636,927	454,363	529,872	508,069	618,366	800,146	751,721	814,729
Miscellaneous revenue	152,386	148,611	185,504	108,374	114,449	87,281	86,470	285,224	76,558	67,761
Total governmental activities general revenues	7,541,828	8,084,316	8,023,221	7,645,620	7,799,297	7,958,745	8,304,500	8,558,825	8,521,929	9,040,847
Change in net position	\$ 2,683,716	\$ 1,971,815	\$ 1,444,374	\$ 294,429	\$ 1,354,171	\$ 334,073	\$ (228,139)	\$ 2,279,925	\$ 1,334,981	\$ 782,339

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Reserved	\$ 120,034	\$ 121,825	\$ 131,752	\$ 1,001,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,285,622	5,449,891	4,887,086	3,349,329	-	-	-	-	-	-
Non-spendable	-	-	-	-	146,695	146,695	162,485	168,611	160,265	166,689
Restricted	-	-	-	-	706,130	533,669	6,750,195	5,295,989	2,577,880	2,236,526
Assigned	-	-	-	-	567,588	256,449	392,127	400,211	561,509	677,708
Unassigned	-	-	-	-	3,125,742	3,775,892	3,964,049	4,111,887	2,312,246	1,692,812
Total general fund	\$ 4,405,656	\$ 5,571,716	\$ 5,018,838	\$ 4,350,859	\$ 4,546,155	\$ 4,712,705	\$ 11,268,856	\$ 9,976,698	\$ 5,611,900	\$ 4,773,735
All other governmental funds:										
Reserved, reported in:										
Debt service fund	\$ 142,469	\$ 397,759	\$ 397,426	\$ 393,208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	435,717	415,859	510,284	501,673	-	-	-	-	-	-
Restricted	-	-	-	-	819,818	625,329	273,977	1,262,411	1,262,178	1,254,261
Committed	-	-	-	-	153,582	171,168	152,001	127,836	105,750	104,751
Unassigned	-	-	-	-	-	(2,681)	(9,986)	-	-	-
Total all other governmental funds	\$ 578,186	\$ 813,618	\$ 907,710	\$ 894,881	\$ 973,400	\$ 793,816	\$ 415,992	\$ 1,390,247	\$ 1,367,928	\$ 1,359,012

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES:										
Taxes	\$ 7,241,157	\$ 6,971,822	\$ 6,907,089	\$ 6,514,041	\$ 6,605,584	\$ 6,849,470	\$ 7,243,320	\$ 7,212,379	\$ 7,346,077	\$ 7,607,587
Licenses and permits	1,153,435	1,189,946	1,179,620	1,123,012	1,172,197	1,123,865	1,169,057	1,113,685	1,171,787	1,483,556
Intergovernmental revenues	189,723	263,766	422,460	696,966	500,503	583,236	710,257	470,860	841,595	635,216
Charges and fees for services	667,963	849,995	767,942	769,551	704,288	814,835	720,116	826,711	613,187	613,756
Fines and forfeitures	312,113	259,385	422,866	573,839	577,149	623,751	542,983	526,742	552,340	802,422
PCI Contributions	-	-	-	-	-	-	-	1,770,000	934,641	850,000
Miscellaneous	297,067	228,055	171,180	227,107	200,848	206,256	171,509	188,028	171,589	261,154
Total revenues	9,861,458	9,762,969	9,871,157	9,904,516	9,760,569	10,201,413	10,557,242	12,108,405	11,631,216	12,253,691
EXPENDITURES:										
Current:										
General governmental	1,497,085	1,449,867	1,549,354	1,813,218	1,878,707	2,014,194	2,988,026	2,344,435	2,335,154	2,349,851
Public safety	2,533,552	2,656,284	3,019,245	3,271,290	3,130,053	3,313,300	3,343,685	3,896,059	4,268,231	4,596,724
Public works	1,646,334	1,762,223	1,782,153	1,953,442	1,822,089	1,923,621	1,909,046	1,851,010	2,033,298	1,883,133
Cultural and recreational	619,876	750,379	791,502	908,624	795,145	963,273	1,069,342	754,339	858,507	893,264
Capital outlay	3,737,407	5,085,056	1,977,843	1,172,949	682,847	1,320,463	1,752,545	3,231,067	5,215,656	2,208,536
Debt service:										
Principal payments	552,964	1,577,482	1,300,713	1,187,408	1,039,777	927,332	1,715,475	119,654	1,006,672	1,037,624
Interest and fiscal charges	209,591	280,628	370,120	280,662	231,783	199,164	209,909	239,694	313,791	295,313
Bond issuance costs	-	-	-	-	-	-	184,106	-	-	-
Total expenditures	10,796,809	13,561,919	10,790,930	10,587,593	9,580,401	10,661,347	13,172,134	12,436,258	16,031,309	13,264,445
Excess of revenue over (under) expenditures	(935,351)	(3,798,950)	(919,773)	(683,077)	180,168	(459,934)	(2,614,892)	(327,853)	(4,400,093)	(1,010,754)
OTHER FINANCING SOURCES (USES):										
Transfers in	81,501	127,234	100,000	1,197,182	1,279,978	851,758	8,663,704	1,227,322	1,398,222	1,324,581
Transfers out	(81,501)	(127,234)	(100,000)	(1,197,182)	(1,279,978)	(851,758)	(8,663,704)	(1,227,322)	(1,398,222)	(1,324,581)
Issuance of note payable	1,000,000	5,200,442	-	-	38,500	446,900	824,109	-	-	163,673
Issuance of refunding bonds/warrants	-	-	-	-	-	-	11,885,000	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-	-	(3,910,000)	-	-	-
Discount on bonds	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	13,890	-	36,204	2,269	29,456	-	15,384	9,950	12,976	-
Total other financing sources	1,013,890	5,200,442	36,204	2,269	67,956	446,900	8,814,493	9,950	12,976	163,673
Net change in fund balance	\$ 78,539	\$ 1,401,492	\$ (883,569)	\$ (680,808)	\$ 248,124	\$ (13,034)	\$ 6,199,601	\$ (317,903)	\$ (4,387,117)	\$ (847,081)
Debt service as a percentage of non-capital expenditures	10.80%	21.92%	18.85%	15.11%	14.12%	11.70%	16.75%	3.84%	12.07%	11.98%

CITY OF WETUMPKA, ALABAMA

NET TAXABLE SALES BY CATEGORY

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General merchandise	\$ 199,448,228	\$ 176,255,290	\$ 175,952,559	\$ 169,266,746	\$ 169,948,042	\$ 174,884,778	\$ 186,505,018	\$ 181,601,981	\$ 187,859,218	\$ 191,256,520
Auto dealers and supplies	51,766,290	37,012,554	27,890,160	29,567,235	29,884,658	30,066,955	29,203,326	29,391,374	32,714,734	33,274,936
Manufacturing machine	3,865,221	595,345	192,233	422,206	972,603	937,440	697,300	1,073,551	1,021,064	441,804
Linen	106,262	-	-	-	-	-	-	-	-	-
Vending	39,268	44,028	69,931	83,328	78,643	100,739	330,352	308,632	600,870	143,141
Agriculture	77,604	85,284	57,792	92,088	69,848	57,496	75,590	184,222	204,462	154,266
Amusement	-	-	4,914	-	-	-	-	-	-	217,166
Totals	\$ 255,302,873	\$ 213,992,501	\$ 204,167,589	\$ 199,431,603	\$ 200,953,794	\$ 206,047,408	\$ 216,811,586	\$ 212,559,760	\$ 222,400,348	\$ 225,487,833

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: Revenue Discovery Systems (RDS)/AlaTax/Alabama Department of Revenue - Sales & Use Tax Division

CITY OF WETUMPKA, ALABAMA

SALES TAX REVENUE PAYERS BY CATEGORY
FISCAL YEARS 2007 THROUGH 2016

	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	2.8780%	*
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	*	-	-	*	*	-	-	*
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	3.5533%	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%	

	2007				2008			
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
General merchandise	1,910	\$ 6,016,371	95.6092%	60.13%	1,935	\$ 5,122,789	96.3910%	96.39%
Auto dealers and supplies	75	253,855	4.0341%	90.40%	79	184,028	3.4627%	3.46%
Manufacturing machine	78	18,883	0.3001%	86.60%	83	2,918	0.0549%	5.49%
Linen	5	2,064	0.0328%	100.00%	5	3,192	0.0601%	6.01%
Vending	5	1,120	0.0178%	100.00%	4	1,255	0.0236%	0.02%
Agriculture	2	375	0.0060%	100.00%	5	411	0.0077%	0.77%
Amusement	4	-	0.0000%	100.00%	-	-	-	100.00%
Totals	2,079	\$ 6,292,668	100%		2,111	\$ 5,314,593	100%	

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

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

* Information not available.

CITY OF WETUMPKA, ALABAMA

DIRECT AND OVERLAPPING SALES TAX RATES

<u>FISCAL YEAR</u>	<u>CITY DIRECT RATE</u>	<u>ELMORE COUNTY</u>	<u>STATE OF ALABAMA</u>	<u>TOTAL SALES TAX</u>
2007	3.00%	1.00%	4.00%	8.00%
2008	3.00%	1.00%	4.00%	8.00%
2009	3.00%	1.00%	4.00%	8.00%
2010	3.00%	1.00%	4.00%	8.00%
2011	3.00%	1.00%	4.00%	8.00%
2012	3.00%	1.00%	4.00%	8.00%
2013	3.00%	1.00%	4.00%	8.00%
2014	3.00%	1.00%	4.00%	8.00%
2015	3.00%	1.00%	4.00%	8.00%
2016	3.00%	1.00%	4.00%	8.00%

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

CITY OF WETUMPKA, ALABAMA

RATIOS OF OUTSTANDING DEBT BY TYPE

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

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 69 for personal income and population data.

(b) See page 62 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)
2007	2,860,000	142,469	2,717,531	1.06%	391
2008	6,775,000	397,759	6,377,241	3.12%	893
2009	6,240,000	397,426	5,842,574	2.93%	808
2010	5,690,000	393,208	5,296,792	2.66%	872
2011	5,110,000	395,163	4,714,837	2.35%	762
2012	4,515,000	391,796	4,123,204	2.00%	671
2013	11,885,000	61,895	11,823,105	5.45%	1,673
2014	11,885,000	957,430	10,927,570	5.45%	1,608
2015	11,000,000	960,323	10,039,677	4.51%	1,541
2016	10,085,000	971,115	9,113,885	4.04%	1,413

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

(a) See page 62 for net taxable sales by category.

(b) See the Schedule of Demographic and Economic Statistics on page 69 for population data.

CITY OF WETUMPKA, ALABAMA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2016

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (a)	ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT
Debt repaid with property taxes: Elmore County	\$ 1,340,722	9.00%	\$ 120,665
Subtotal, overlapping debt			<u>120,665</u>
City of Wetumpka, Alabama direct debt			<u>10,443,159</u>
Total direct and overlapping debt			<u><u>\$ 10,563,824</u></u>

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

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

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

CITY OF WETUMPKA, ALABAMA

LEGAL DEBT MARGIN INFORMATION

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015
Debt limit	\$ 14,814,884	\$ 15,703,648	\$ 16,788,112	\$ 16,119,956	\$ 18,009,067	\$ 16,494,592	\$ 16,459,716	\$ 18,457,192	\$ 18,457,192	\$ 18,904,184
Total net debt applicable to limit	5,563,516	8,931,186	7,630,804	6,993,396	6,993,396	4,967,313	12,381,542	11,366,353	10,638,241	9,472,044
Legal debt margin	\$ 9,251,368	\$ 6,772,462	\$ 9,157,308	\$ 9,126,560	\$ 11,015,671	\$ 11,527,279	\$ 4,078,174	\$ 7,090,839	\$ 7,818,951	\$ 9,432,140
Total net debt applicable to the limit as a percentage of debt limit	37.55%	56.87%	45.45%	43.38%	38.83%	30.11%	75.22%	61.58%	57.64%	50.11%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$ 94,520,920
Debt limit (20% of total assessed value)	18,904,184
Debt applicable to limit:	
General obligation bonds	10,085,000
Notes payable	358,159
Less: Amount set aside for repayment of general obligation debt	971,115
Total net debt applicable to limit	9,472,044
Legal debt margin	\$ 9,432,140

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
2007	7,313	125,674	17,185	38.70	3,595	2.8%
2008	7,585	135,165	17,820	38.00	3,644	5.6%
2009	7,719	179,374	23,238	39.60	2,968	8.7%
2010	6,528	143,120	21,924	36.60	3,040	7.9%
2011	6,703	136,285	20,332	35.00	2,970	7.4%
2012	6,725	163,888	24,370	38.30	3,029	6.8%
2013	7,103	130,198	18,330	37.00	2,866	6.1%
2014	7,391	161,249	21,817	40.50	3,080	5.1%
2015	7,136	134,349	18,827	37.50	3,171	4.9%
2016	7,136	152,018	21,303	38.50	3,124	4.8%

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

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

Note: Statistics updated for 2010 Census.

CITY OF WETUMPKA, ALABAMA

PRINCIPAL EMPLOYERS

<u>EMPLOYER</u>	<u>2007</u>		<u>2016</u>	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>
Wind Creek Wetumpka	200	2.73%	1,000	14.01%
Wal-Mart Supercenter	455	6.22%	300	4.20%
Elmore Community Hospital	147	2.01%	215	3.01%
ITS	-		96	1.35%
Frontier Spinning	125	1.71%	120	1.68%
Wetumpka Health and Rehabilitation	122	1.67%	125	1.75%
Lowe's	-		100	1.40%
Winn-Dixie	75	1.03%	113	1.58%
McDonalds	73	1.00%	57	0.80%
Bass Lumber, Inc.	40	0.55%	40	0.56%
Russell Corporation	400	5.47%		0.00%
Quality Networks, Inc.	325	4.44%		0.00%
AG Manufacturing	-		110	1.54%
Totals	<u>1,962</u>	<u>26.83%</u>	<u>2,276</u>	<u>31.89%</u>

Source: Wetumpka Chamber of Commerce.

Note: Information does not include government employment.

CITY OF WETUMPKA, ALABAMA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Function/Program</u>										
General government:										
Management	4	6	4	4	4	4	6	5	5	5
Finance	3	3	3	3	3	3	3	4	4	4
Building	3	3	3	3	2	2	2	2	2	2
Other	4	7	7	7	6	6	11	11	11	11
Public safety:										
Police:										
Police officers	26	29	29	29	27	28	26	27	29	30
Civilians	10	8	8	8	10	9	10	7	8	8
Fire:										
Officers	1	1	1	1	1	5	12	12	8	13
Volunteers (not City employees)	40	42	42	42	44	30	29	29	16	21
Public works:										
Management	1	1	1	1	1	1	1	6	6	6
Technical	3	3	3	2	2	2	5	2	2	2
Street	10	12	9	6	7	8	10	6	6	4
Landfill	1	2	2	1	1	1	1	1	1	1
Recycling	1	1	1	1	1	2	2	1	1	1
Other	2	2	4	4	4	2	1	3	3	5
Cultural and recreational:										
Building and grounds	4	4	4	4	4	3	3	6	6	3
Ballfields	1	1	2	2	3	3	3	3	3	4
Civic Center	1	1	1	1		1	1	1	1	1
Totals	<u>115</u>	<u>126</u>	<u>124</u>	<u>119</u>	<u>120</u>	<u>110</u>	<u>126</u>	<u>126</u>	<u>112</u>	<u>121</u>

Source: City Clerk's Office.

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

CITY OF WETUMPKA, ALABAMA

OPERATING INDICATORS BY FUNCTION/PROGRAM

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government:										
Building permits issued	283	190	220	158	125	120	145	114	117	133
Public safety:										
Police:										
Building security checks					6,832	6,200	6,234	5,973	3,871**	
Physical arrests	690	580	1,040	1,048	1,034	1,020	1,062	904	1,032	1,144
Parking violations	23	6	15	26	63	26	16	5	35	16
Traffic violations	1,712	2,261	4,235	4,314	4,562	4,881	4,486	2,796	4,524	5,998
Fire:										
Emergency responses	278	253	262	323	324	420	425	442	590	687
Fires extinguished	112	106	100	108	116	75	68	86	78	134
Inspections	140	131	95	98	700	1,106	500	914	869	634
Public works:										
Recycle:										
Tons of recyclables collected/day	3.23	3.50	3.50	3.75	4.00	4.00	4.50	4.50	4.50	4.50
Cultural and recreational:										
Library:										
Volumes in collection	24,776	25,626	27,737	28,735	36,300	29,786	31,845	29,077	27,470	27,400
Total volumes borrowed	76,370	73,885	86,684	87,138	78,266	85,465	86,636	83,104	75,362	61,685

Sources: Various City departments.

** Building security checks ended August 2015

CITY OF WETUMPKA, ALABAMA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Function/Program</u>										
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	12	19	25	24	19	24	32	24	29	26
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	50	51	51	51	51	51	52	53	57	57
Highways (miles)	20	20	20	20	20	20	20	20	20	20
Traffic signal heads	164	165	165	165	165	165	165	168	168	168
Cultural and recreational:										
Acreage	491	496	496	496	496	496	522	522	522	522
Playgrounds	4	4	4	4	4	4	4	6	6	6
Baseball/softball diamonds	8	8	8	13	13	13	13	13	14	14
Soccer fields	1	1	1	2	2	2	2	2	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Senior citizens center	1	1	1	1	1	1	1	1	1	1
Civic center	1	1	1	1	1	1	1	1	1	1
Public meetings facility	1	1	1	1	1	1	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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 18, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses.

City of Wetumpka, Alabama's Response to Findings

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

Purpose of this Report

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

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

Montgomery, Alabama
February 18, 2017

CITY OF WETUMPKA, ALABAMA
SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended September 30, 2016

DEFICIENCIES IN INTERNAL CONTROL

MATERIAL WEAKNESSES

2016-001 Donation of Infrastructure

Criteria: Internal controls should be in place that provides reasonable assurance that infrastructure donated to local governments is properly valued and recorded.

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

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

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

Recommendation: The City should implement a process to identify assets recorded in construction in progress that will be considered infrastructure of the City versus infrastructure to be donated to local governments.

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.

2016-002 Credit Cards

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 purchases were found to not have proper documentation.

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

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

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

2016-003 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.

2016-004 Prior Period Audit Adjustments

Criteria: Internal controls should be in place that provide reasonable assurance that all audit adjustments reviewed and approved by management will be recorded.

Statement of Condition: Management failed to record audit adjustments from the prior period.

Effect: The failure to record prior period audit adjustments could cause the financial statements to be misstated.

Cause: Procedures are in place where management reviews and approves audit adjustments, but are not being adhered to.

Recommendation: Procedures should be implemented to ensure that audit adjustments are recorded on a timely basis.

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.

NONCOMPLIANCE AND OTHER MATTERS

2016-005 Cash Management

Criteria: Internal controls should be in place that provide reasonable assurance that grant expenditures are paid in a timely manner after receipt of federal funds.

Statement of Condition: Management failed to minimize the time elapsing between transfer of funds from the U.S. Treasury and disbursement.

Effect: The failure to pay grant expenditures within the timeline required by the grant agreement could result in a liability to the granting agency.

Cause: Procedures are in place to minimize the time elapsing between transfer of funds from the U.S. Treasury and disbursement, but are not being adhered to.

Recommendation: Procedures should be implemented to centralize the management of grants either by establishing a new position or outsourcing grant management.

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, 2016

FINANCIAL STATEMENT FINDINGS:

Finding 2015-001: Corrective action was taken

Finding 2015-002: 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 2016-002.

MAYOR
JERRY WILLIS
CITY CLERK/TREASURER
CANDY P. MASTERS



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

City of Wetumpka

CORRECTIVE ACTION PLAN

February 18, 2017

City of Wetumpka respectfully submits the following corrective action plan for the year ended September 30, 2016.

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, 2016

The findings from the September 30, 2016 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

2016 - 001 Donation of Infrastructure

Recommendation: The City should implement a process to identify assets recorded in construction in progress that will be considered infrastructure of the City versus infrastructure to be donated to local governments

Action Taken: We concur with the recommendation, and it was implemented effective February 18, 2017.

2016 - 002 Credit Cards

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

Action Taken: We concur with the recommendation, and it was implemented effective February 18, 2017.

2016-003 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 February 18, 2017.

"City of Natural Beauty"

2016-004 Prior Period Audit Adjustments

Recommendation: Procedures should be implemented to ensure that audit adjustments are recorded on a timely basis.

Action Taken: We concur with the recommendation, and it was implemented effective February 18, 2017.

2016-005 Cash Management

Recommendation: Procedures should be implemented to centralize the management of grants either by establishing a new position or outsourcing grant management.

Action Taken: We concur with the recommendation, and it was implemented effective February 18, 2017

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

Sincerely yours,



Julie Creel
Finance Director