

CITY OF WETUMPKA, ALABAMA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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Prepared by:
Department of Administration
and Finance

Julie Creel
Finance Director

CITY OF WETUMPKA, ALABAMA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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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 26, 2018

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, 2017. 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 2016-2017 Budget was adopted by the City Council on November 15, 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 2.9% unemployment rate. The City is actively promoting the expansion of retail businesses and the service industry with additional prospects of expanding existing industries, attracting other large industries, and expanding the tourism industry.

The City has a 3% sales tax that provides the greater part of total revenues. The City also has a 3% rental tax and a 12% lodging tax which currently comprises a very small portion of total revenue but is expected to increase in 2018 as a result of the opening of the Hampton Inn. There is a 1 cent per gallon gasoline tax that is earmarked for the general fund.

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.

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 2016-2017:

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 2018. Isom Thomas Field, a football/soccer complex, was completed and dedicated in late 2017 and includes bleachers, a concession stand with bathroom facilities, state of the art field lighting and ample parking. The field was used during the 2017 football season for practice and will be fully operational for the 2018 football/soccer 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 re-surfacing and striping of runway and taxiway and, pending approval, PAPI installation and obstruction clearing at the Wetumpka Municipal Airport.
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. Construction expected to commence early Spring 2018.
5. A 16 x 30 covered porch was added to the Senior Center through a Mid South Resource and Development grant totaling \$18,000.
6. A 2017 modified van with lift for Senior Center transportation was awarded through a Federal Grant through ALDOT.

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, 2016. This was the twenty-sixth 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, 2017.

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,

A handwritten signature in black ink, appearing to read "Julie Creel". The signature is fluid and cursive, with the first name "Julie" being more prominent than the last name "Creel".

Julie Creel
Finance Director



Government Finance Officers Association

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

Presented to

**City of Wetumpka
Alabama**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

CITY OF WETUMPKA, ALABAMA

LIST OF PRINCIPAL OFFICIALS
AS OF SEPTEMBER 30, 2017

MAYOR - JERRY WILLIS

CITY COUNCIL

Kevin Robbins

Steve Gantt

Lewis E. Washington, Sr.

Greg Jones

Lynnes S. Justiss

HEADS OF DEPARTMENTS

City Clerk

Candy Masters

Municipal Court/Magistrate

Susan Summerlin

Library

Susan E. Hayes

Fire

Greg Willis

Police

Danny Billingsley

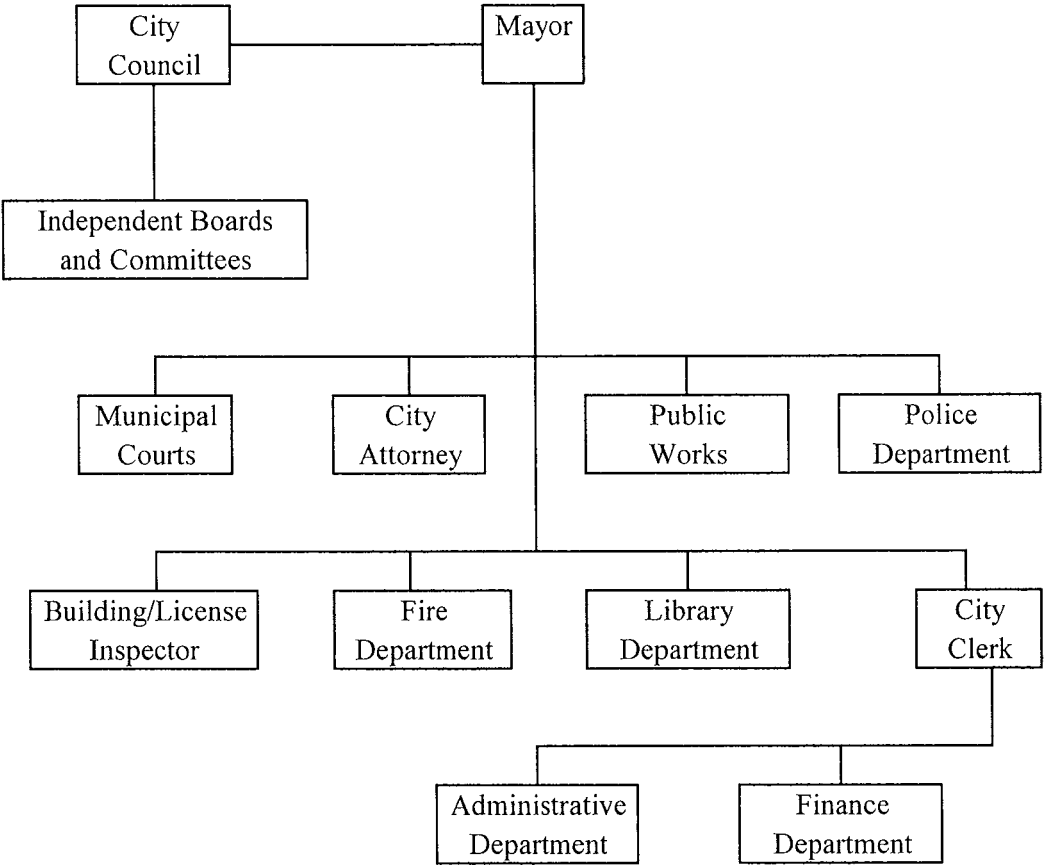
Public Works

Tex Grier

Building and License

Jason Baker

CITY OF WETUMPKA
ORGANIZATIONAL CHART



FINANCIAL SECTION

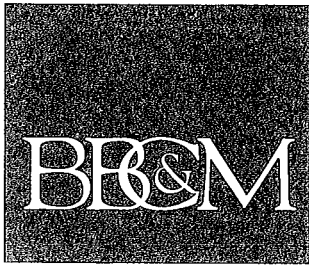
Independent auditor's report

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, 2017, 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, 2017, 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 26, 2018 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Montgomery, Alabama
February 26, 2018

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, 2017. 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, 2017, by \$25,651,935 (*net position*). Of this amount, \$1,522,050 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- During the year, the City's total net position increased by \$1,206,038, as revenues of \$12,913,249 exceeded expenses of \$11,707,211.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,077,730, an increase of \$944,983 in comparison with the prior year. Approximately 46% of this total amount, or \$3,228,700, 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.
- The City borrowed \$500,275 during the year for emergency infrastructure repairs due to significant rainfall totals early in 2017.
- The City completed its airfield drainage project at the municipal airport for a total of \$317,122.

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, business licenses and property taxes finance most of these activities. The City of Wetumpka, Alabama has no business type activities at September 30, 2017.

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, miscellaneous grant fund and the debt service fund are considered major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, miscellaneous grant fund and debt service fund. Data from the other four 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 56.

Government-Wide Financial Analysis

The City's condensed statement of net position as of September 30, 2017, derived from the government-wide statement of net position is presented below.

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2016	2017	2016-2017
Current and other assets	\$ 6,695,643	\$ 7,493,465	11.92%
Capital assets	31,606,658	31,421,231	-0.59%
Total assets	38,302,301	38,914,696	1.60%
Deferred Outflows			
Deferred amount on refunding	84,362	55,856	-33.79%
Employer retirement contributions	556,081	786,400	41.42%
Total deferred outflows	640,443	842,256	31.51%
Long-term liabilities outstanding	11,953,846	11,771,442	-1.53%
Other liabilities	2,247,815	2,091,101	-6.97%
Total liabilities	14,201,661	13,862,543	-2.39%
Deferred inflows - pensions	295,186	242,474	-17.86%
Total deferred outflows	295,186	242,474	-17.86%
Net position:			
Investment in capital assets, net	21,247,861	21,647,636	1.88%
Restricted	2,643,942	2,482,249	-6.12%
Unrestricted	554,094	1,522,050	174.69%
Total net position	\$ 24,445,897	\$ 25,651,935	4.93%

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 \$25,651,935. By far the largest portion of the City's net position (84%) 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 \$2,482,249 at September 30, 2017 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, 2017, reported positive balances in governmental type activities.

The following presents the City's condensed statement of activities for the fiscal year ended September 30, 2017 as derived from the government-wide statement of activities. Over time, increases and decreases in net position measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities increased by \$1,206,038 as presented below.

CITY OF WETUMPKA, ALABAMA'S CHANGES IN NET
POSITION

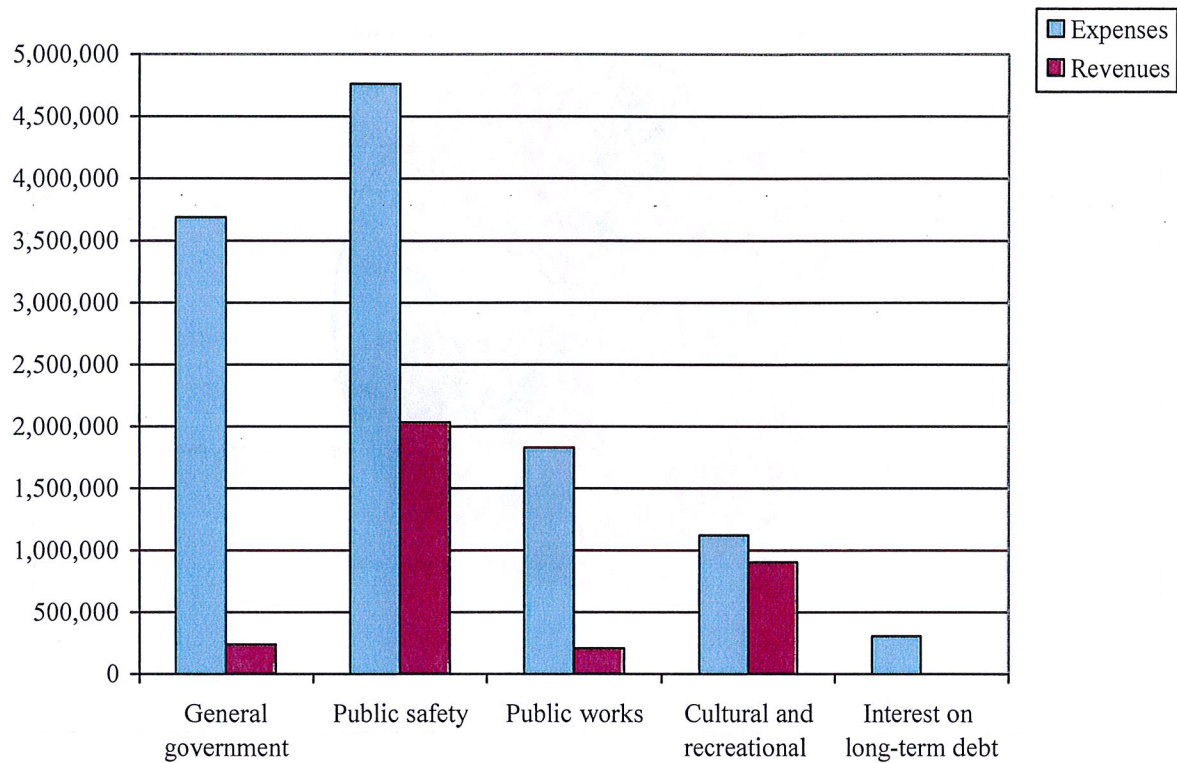
	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	<u>2016</u>	<u>2017</u>	<u>2016-2017</u>
REVENUES:			
Program revenues:			
Charges for services	\$ 1,627,136	\$ 1,702,224	4.61%
Operating grants and contributions	85,709	66,322	-22.62%
Capital grants and contributions	1,961,740	1,613,449	-17.75%
General revenues:			
Property taxes	483,820	476,220	-1.57%
Business licenses	1,340,550	1,592,691	18.81%
Sales taxes	6,088,941	6,266,562	2.92%
Motor fuel taxes	220,097	225,942	2.66%
Other taxes	814,729	828,934	1.74%
Other	92,710	140,905	51.98%
Total revenues	<u>12,715,432</u>	<u>12,913,249</u>	<u>1.56%</u>
EXPENSES:			
General government	3,867,243	3,688,164	-4.63%
Public safety	4,714,439	4,761,793	1.00%
Public works	1,855,433	1,830,770	-1.33%
Cultural and recreational	1,173,584	1,121,600	-4.43%
Interest on long-term debt	<u>322,394</u>	<u>304,884</u>	<u>-5.43%</u>
Total expenses	<u>11,933,093</u>	<u>11,707,211</u>	<u>-1.89%</u>
INCREASE IN NET POSITION	782,339	1,206,038	54.16%
NET POSITION - BEGINNING	<u>23,663,558</u>	<u>24,445,897</u>	<u>3.31%</u>
NET POSITION - ENDING	<u>\$ 24,445,897</u>	<u>\$ 25,651,935</u>	<u>4.93%</u>

Governmental activities increased the City of Wetumpka, Alabama's net position by \$1,206,038 for fiscal year 2017. Key elements of the current year activities compared to the prior year are as follows:

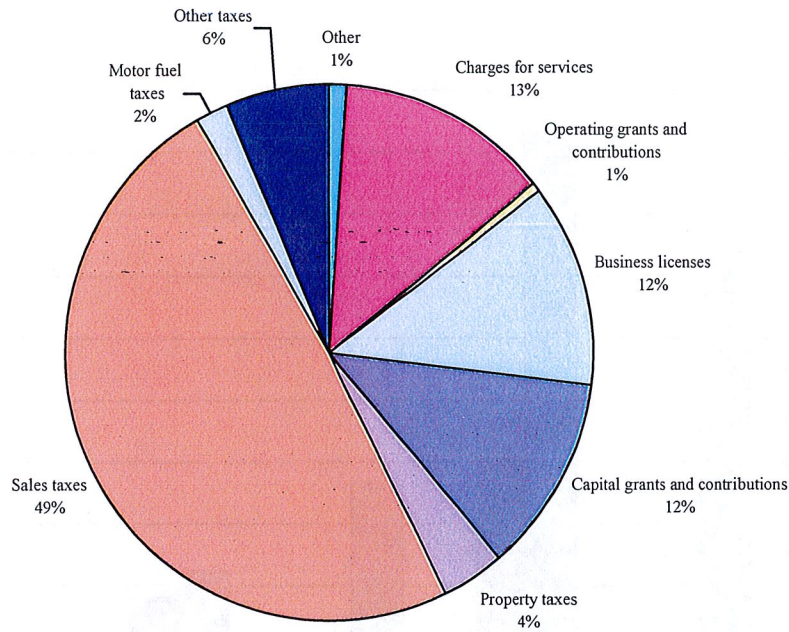
- Increase in revenues from business licenses and sales tax.

For the most part, variations in expenses closely parallel inflation and growth in the demand for services. Expenses decreased by \$225,882 from the prior year.

Expenses and Program Revenue - Governmental Activities



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, 2017, governmental funds reported a combined ending fund balance of \$7,077,730, an increase of \$944,983 in comparison with prior year. Approximately 46% of this total amount, or \$3,228,700, 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 (\$1,426,037), (2) 2018 Budget (\$150,319), or (3) other purposes (\$2,272,674).

The fund balance of the general fund increased \$828,222 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 \$1,383,084 were transferred to the Debt Service Fund to make payments on bonds and other long-term debt.
- Capital outlay expenditures decreased \$520,833 from prior year due to the completion of the Sports Complex.
- Public works expenditures decreased \$154,723 from prior year due mainly to decrease in salary and benefit costs due to turnover in the department.
- Total revenues increased \$539,593 over prior year with the largest increases coming from sales tax revenue of \$189,595 and business license revenue of \$241,771.

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, 2017, was \$31,421,231 (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 \$317,986
- Purchase of a passenger van for a total investment of \$54,864.
- Infrastructure improvements of \$492,385
- Donation of land and buildings to a local Health Care Authority of \$453,740

CITY OF WETUMPKA, ALABAMA'S CAPITAL ASSETS

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	<u>2016</u>	<u>2017</u>	<u>2016-2017</u>
Land	\$ 4,230,735	\$ 3,839,485	-9.25%
Construction in progress	1,588,291	2,348,620	47.87%
Buildings and other improvements, net	6,009,698	5,704,615	-5.08%
Infrastructure, net	18,080,874	18,129,551	0.27%
Machinery and equipment, net	1,697,060	1,398,960	-17.57%
Totals	<u>\$ 31,606,658</u>	<u>\$ 31,421,231</u>	<u>-0.59%</u>

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

Long-term debt - As of September 30, 2017, the City of Wetumpka, Alabama had total debt outstanding of \$9,829,451. Of this amount \$9,150,000 comprises general obligation warrants. The City had \$679,451 in notes payable to local banks.

CITY OF WETUMPKA, ALABAMA'S OUTSTANDING DEBT

	<u>2016</u>	<u>2017</u>	<u>INCREASE (DECREASE)</u>
General obligation	\$ 10,085,000	\$ 9,150,000	\$ (935,000)
Notes payable	<u>358,159</u>	<u>679,451</u>	<u>321,292</u>
Totals	<u>\$ 10,443,159</u>	<u>\$ 9,829,451</u>	<u>\$ (613,708)</u>

The City of Wetumpka, Alabama's total debt outstanding decreased by \$613,708 during the past fiscal year due to payments of \$1,113,983 on outstanding debt offset by new debt of \$500,275.

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 \$742,591 due mainly to more sales tax and business licenses over budgeted amounts. Total expenditures exceeded budgeted amounts by \$267,601 primarily due to unbudgeted capital outlay/special projects.

Economic Factors and Year 2018 Budget

Factors considered in preparing the City of Wetumpka, Alabama's budget for fiscal year 2018 included:

- The unemployment rate for Elmore County is currently 2.9%, which is less than last year's rate of 4.8%. This compares favorably to the state's average unemployment rate of 3.8% and the national average rate of 4.2%.
- 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 2018 budget is based upon estimated annual revenues of \$11,117,900. 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, 2017

	PRIMARY GOVERNMENT	COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	INDUSTRIAL DEVELOPMENT BOARD
ASSETS:		
Cash and temporary cash investments	\$ 5,364,013	\$ 41,816
Restricted cash investments	1,298,487	-
Receivables	666,938	-
Accrued interest receivable	158	-
Prepaid insurance	163,869	-
Properties held-for-sale, at cost	-	1,527,391
Capital assets, not being depreciated:		
Land and construction in progress	6,188,105	-
Capital assets, net of accumulated depreciation:		
Infrastructure, net	18,129,551	-
Buildings and improvements, net	5,704,615	-
Machinery and equipment, net	1,398,960	-
Total assets	38,914,696	1,569,207
DEFERRED OUTFLOWS:		
Deferred amount on refunding	55,856	-
Deferred outflows related to pensions	786,400	-
Total deferred outflows	842,256	-
LIABILITIES:		
Accounts payable	313,020	-
Accrued liabilities	241,058	-
Short-term notes payable	281,446	-
Long-term liabilities:		
Portion due or payable in one year:		
Notes and warrants payable	1,129,397	-
Compensated absences	126,180	-
Portion due or payable after one year:		
Notes and warrants payable	8,700,054	-
Post-employment benefits	469,808	-
Compensated absences	141,532	-
Aggregate net pension liability	2,460,048	-
Total liabilities	13,862,543	-
DEFERRED INFLOWS:		
Deferred inflows related to pensions	242,474	-
Total deferred inflows	242,474	-
NET POSITION:		
Investment in capital assets, net	21,647,636	-
Restricted for:		
Special events	1,949	-
Road projects	238,466	-
Fire department	602,498	-
Public safety	75,848	-
Capital acquisition and construction	585,073	-
Debt repayment	978,415	-
Unrestricted	1,522,050	1,569,207
Total net position	\$ 25,651,935	\$ 1,569,207

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

CITY OF WETUMPKA, ALABAMA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
		PRIMARY GOVERNMENT		COMPONENT UNIT
		GOVERNMENTAL ACTIVITIES	INDUSTRIAL DEVELOPMENT BOARD	
ACTIVITIES:	EXPENSES	FINES, FEES, AND CHARGES FOR SERVICES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental:				
General government	\$ 3,688,164	\$ 179,115	\$ -	\$ 57,703
Public safety	4,761,793	1,172,599	11,078	850,000
Public works	1,830,770	19,328	-	188,163
Cultural and recreational	1,121,600	331,182	55,244	517,583
Interest on long-term debt	304,884	-	-	-
Total governmental activities	\$ 11,707,211	\$ 1,702,224	\$ 66,322	\$ 1,613,449
Component unit:				
Industrial Development Board	\$ -			
		General revenues:		
		Sales taxes	6,266,562	-
		Business licenses	1,592,691	-
		Real and personal property taxes	476,220	-
		Motor fuel taxes	225,942	-
		Miscellaneous taxes	828,934	-
		Investment earnings	18,043	50
		Miscellaneous revenue	114,086	-
		Gain (loss) on sale of assets	8,776	(5,833)
		Total general revenues	9,531,254	(5,783)
		Change in net position	1,206,038	(5,783)
		Net position - beginning	24,445,897	1,574,990
		Net position - ending	\$ 25,651,935	\$ 1,569,207

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

CITY OF WETUMPKA, ALABAMA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	GENERAL	MISCELLANEOUS GRANT FUND	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and temporary cash investments	\$ 4,915,754	\$ 88,709	\$ -	\$ 359,550	\$ 5,364,013
Restricted cash investments	320,072	-	978,415	-	1,298,487
Receivables	568,960	97,861	-	117	666,938
Accrued interest receivable	156	-	-	2	158
Prepaid insurance	163,869	-	-	-	163,869
Total assets	<u>\$ 5,968,811</u>	<u>\$ 186,570</u>	<u>\$ 978,415</u>	<u>\$ 359,669</u>	<u>\$ 7,493,465</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 264,139	\$ 48,881	\$ -	\$ -	\$ 313,020
Accrued liabilities	102,715	-	-	-	102,715
Total liabilities	<u>366,854</u>	<u>48,881</u>	<u>-</u>	<u>-</u>	<u>415,735</u>
Fund balances:					
Non-spendable:					
Prepaid insurance	163,869	-	-	-	163,869
Restricted for:					
Special events	-	-	-	1,949	1,949
Capital projects	436,930	137,689	-	10,454	585,073
Road projects	-	-	-	238,466	238,466
Public safety	75,848	-	-	-	75,848
Debt service	-	-	978,415	-	978,415
Fire department	848,629	-	-	-	848,629
Fire equipment	602,498	-	-	-	602,498
Committed to:					
Wetumpka pride	-	-	-	108,800	108,800
Assigned to:					
Airport	49,681	-	-	-	49,681
Fire department	36,971	-	-	-	36,971
Special events	8,512	-	-	-	8,512
2018 budget	150,319	-	-	-	150,319
Unassigned	3,228,700	-	-	-	3,228,700
Total fund balance	<u>5,601,957</u>	<u>137,689</u>	<u>978,415</u>	<u>359,669</u>	<u>7,077,730</u>
Total liabilities and fund balances	<u>\$ 5,968,811</u>	<u>\$ 186,570</u>	<u>\$ 978,415</u>	<u>\$ 359,669</u>	<u>\$ 7,493,465</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, 2017

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

Total fund balances - governmental funds	\$ 7,077,730
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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	\$ 6,188,105	
Infrastructure, net of \$5,040,057 accumulated depreciation	18,129,551	
Buildings and other improvements, net of \$3,189,733 accumulated depreciation	5,704,615	
Machinery and equipment, net of \$6,147,833 accumulated depreciation	<u>1,398,960</u>	
Total capital assets		31,421,231

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, 2017 were:

Notes and bonds payable	(9,829,451)	
Net pension liability	(2,460,048)	
Post-employment benefits other than pensions	(469,808)	
Compensated absences	(267,712)	
Deferred inflows of resources - pensions	(242,474)	
Deferred amount on refunding	55,856	
Deferred outflows of resources - pensions	786,400	
Short-term notes payable	(281,446)	
Accrued liabilities	<u>(138,343)</u>	
Total long-term liabilities		<u>(12,847,026)</u>
Total net position of governmental activities		<u>\$ 25,651,935</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, 2017

	GENERAL	MISCELLANEOUS GRANT FUND	DEBT SERVICE SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Taxes	\$ 7,727,613	\$ -	\$ -	\$ 70,040	\$ 7,797,653
Licenses and permits	1,725,327	-	-	-	1,725,327
Intergovernmental revenues	103,847	627,559	-	-	731,406
Charges and fees for services	692,420	-	-	-	692,420
Fines and forfeitures	811,367	-	-	-	811,367
PCI-Contributions	850,000	-	-	-	850,000
Miscellaneous	209,975	2,113	1,480	74,725	288,293
Total revenues	12,120,549	629,672	1,480	144,765	12,896,466
EXPENDITURES:					
Current:					
General governmental	2,202,860	-	-	-	2,202,860
Public safety	4,615,628	-	-	-	4,615,628
Public works	1,684,500	-	-	42,742	1,727,242
Cultural and recreational	725,551	-	-	75,915	801,466
Capital outlay	1,068,876	724,551	-	-	1,793,427
Debt service:					
Principal payments	178,984	-	935,000	-	1,113,984
Interest and fiscal charges	14,007	-	264,032	-	278,039
Total expenditures	10,490,406	724,551	1,199,032	118,657	12,532,646
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,630,143	(94,879)	(1,197,552)	26,108	363,820
OTHER FINANCING SOURCES (USES):					
Transfers in	-	175,362	1,204,852	2,870	1,383,084
Transfers out	(1,383,084)	-	-	-	(1,383,084)
Sale of surplus equipment	80,888	-	-	-	80,888
Proceeds from issuance of debt	500,275	-	-	-	500,275
Total other financing sources (uses)	(801,921)	175,362	1,204,852	2,870	581,163
NET CHANGE IN FUND BALANCE	828,222	80,483	7,300	28,978	944,983
FUND BALANCE - BEGINNING	4,773,735	57,206	971,115	330,691	6,132,747
FUND BALANCE - ENDING	\$ 5,601,957	\$ 137,689	\$ 978,415	\$ 359,669	\$ 7,077,730

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, 2017

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

Net change in fund balance - total governmental funds	\$ 944,983
The portion of capital outlay, reported as expenditures in governmental funds is shown as capital assets in the statement of net position	1,684,327
Donations of capital assets decrease net position in the statement of net position but do not appear in the governmental funds because they are reported as an expense on the statement of activities	(451,266)
Depreciation of capital assets is not recognized in the governmental fund statement but is reported as an expense on the statement of activities	(1,346,369)
The net effect of transactions involving the sale of capital assets is to decrease net assets in the statement of net position.	(72,112)
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	1,113,984
Proceeds:	
Loan proceeds	(500,275)
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	1,661
Pension expense	(35,970)
Post-employment benefits other than pensions	(93,114)
Compensated absences	(19,305)
Governmental funds report the effect of premiums and discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	
Amortization	(28,506)
Change in net position of governmental activities	<u>\$ 1,206,038</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, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY	VARIANCE WITH FINAL BUDGET -
	ORIGINAL	FINAL	BASIS	POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Sales and use	\$ 6,000,000	\$ 6,071,865	\$ 6,255,110	\$ 183,245
Real and personal property	475,000	475,323	477,676	2,353
Gasoline	150,000	155,973	154,486	(1,487)
Beer and wine	168,000	156,352	168,976	12,624
Rental lease	300,000	286,147	285,063	(1,084)
Financial institution	150,000	150,000	179,660	29,660
Tobacco	18,000	17,807	16,586	(1,221)
Revenue lodging	100,000	64,793	62,663	(2,130)
Casual sales	1,000	1,115	660	(455)
Manufactured home	8,500	6,524	5,708	(816)
Total taxes	<u>7,370,500</u>	<u>7,385,899</u>	<u>7,606,588</u>	<u>220,689</u>
Licenses and permits:				
General business	1,400,000	1,412,000	1,698,388	286,388
Building permits	35,000	21,117	21,983	866
Franchise	120,000	128,614	135,055	6,441
Other permits	14,700	7,641	7,709	68
Total licenses and permits	<u>1,569,700</u>	<u>1,569,372</u>	<u>1,863,135</u>	<u>293,763</u>
Intergovernmental revenue:				
Shared state revenue:				
Motor vehicle licenses	20,000	17,170	17,514	344
State auto license	4,000	4,500	5,836	1,336
Total intergovernmental revenue	<u>24,000</u>	<u>21,670</u>	<u>23,350</u>	<u>1,680</u>
Charges and fees for services:				
Airport	192,400	216,055	212,246	(3,809)
Fire department	281,000	281,431	295,657	14,226
Fire Department-PCI Fire Agreement	850,000	850,000	850,000	-
Parks and recreational	97,500	104,554	131,287	26,733
Public library	16,500	18,896	18,893	(3)
Landfill usage	750	459	503	44
Miscellaneous police	5,000	2,550	67,883	65,333
Highway and streets	500	1,000	-	(1,000)
Zoning and subdivision	1,250	1,259	334	(925)
Miscellaneous building	5,000	-	-	-
Total charges and fees for services	<u>1,449,900</u>	<u>1,476,204</u>	<u>1,576,803</u>	<u>100,599</u>
Fines and forfeitures:				
Municipal court	750,000	801,625	814,092	12,467
Corrections fund	130,000	-	-	-
Total fines and forfeitures	<u>880,000</u>	<u>801,625</u>	<u>814,092</u>	<u>12,467</u>
Miscellaneous:				
Sewer assessment revenue	5,000	5,000	-	(5,000)
Interest income	20,000	20,649	15,851	(4,798)
Police seizure funds	1,200	-	-	-
Alabama heritage fund	100,000	57,703	57,703	-
PCI contribution	100,000	-	-	-
Central AL aging	20,000	20,000	20,000	-
Miscellaneous	10,000	29,000	152,191	123,191
Total miscellaneous revenues	<u>256,200</u>	<u>132,352</u>	<u>245,745</u>	<u>113,393</u>
Total revenues	<u>\$ 11,550,300</u>	<u>\$ 11,387,122</u>	<u>\$ 12,129,713</u>	<u>\$ 742,591</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, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY	FINAL BUDGET -
			BASIS	POSITIVE (NEGATIVE)
EXPENDITURES:				
General government:				
Administrative	\$ 1,360,460	\$ 1,248,114	\$ 1,385,069	\$ (136,955)
Appropriations to outside agencies	135,945	100,933	143,203	(42,270)
Building inspector	214,251	186,329	185,038	1,291
Special events	99,300	72,905	64,803	8,102
Economic/industrial development	17,000	14,408	5,831	8,577
Planning and projects	9,650	5,729	7,080	(1,351)
Miscellaneous	22,500	19,680	13,657	6,023
Total general government	1,859,106	1,648,098	1,804,681	(156,583)
Public safety:				
Police department	2,695,244	2,503,649	2,545,282	(41,633)
Fire department	1,353,833	1,374,844	1,362,293	12,551
Municipal court	551,983	603,354	614,299	(10,945)
Total public safety	4,601,060	4,481,847	4,521,874	(40,027)
Public works	1,906,417	1,726,566	1,694,278	32,288
Cultural and recreational:				
Public facilities	336,650	336,464	319,619	16,845
Airport	248,764	211,690	159,486	52,204
Library	271,196	259,862	251,261	8,601
Total cultural and recreational	856,610	808,016	730,366	77,650
Capital outlay/special projects:				
General government	-	-	1,197,363	(1,197,363)
Public safety	-	-	60,094	(60,094)
Public works	-	-	63,859	(63,859)
Cultural and recreational	-	-	-	-
Total capital outlay/special projects			1,321,316	(1,321,316)
Non-departmental:				
Insurance	335,000	321,841	304,001	17,840
Demolitions	5,000	2,400	(3,250)	5,650
Tobacco stamps	5,000	8,586	6,586	2,000
Street Lights	110,000	92,694	92,948	(254)
Total non-departmental	455,000	425,521	400,285	25,236

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, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES: (continued)				
Debt service:				
Principal, interest, and fiscal charges	<u>\$ 1,308,400</u>	<u>\$ 1,308,682</u>	<u>\$ 192,991</u>	<u>\$ 1,115,691</u>
Total debt service	<u>1,308,400</u>	<u>1,308,682</u>	<u>192,991</u>	<u>1,115,691</u>
 Total expenditures	<u>10,986,593</u>	<u>10,398,730</u>	<u>10,665,791</u>	<u>(267,061)</u>
 Excess of revenues over expenditures	<u>\$ 563,707</u>	<u>\$ 988,392</u>	<u>1,463,922</u>	<u>\$ 475,530</u>
OTHER FINANCING SOURCES (USES):				
Transfers out			(1,383,084)	
Transfer in			-	
Sale of surplus equipment			80,888	
Proceeds from issuance of debt			<u>500,275</u>	
Total other financing uses			<u>(801,921)</u>	
 Net change in fund balance, budgetary basis			<u>662,001</u>	
Add (deduct) other reconciling items to adjust from budgetary basis to modified accrual basis:				
Change in accounts receivable			5,947	
Change in accrued interest receivable			(31)	
Change in prepaid insurance			(2,820)	
Change in accounts payable			177,468	
Change in accrued liabilities			<u>(14,343)</u>	
			<u>166,221</u>	
 NET CHANGE IN FUND BALANCE, MODIFIED ACCRUAL BASIS			<u>828,222</u>	
 BEGINNING FUND BALANCE			<u>4,773,735</u>	
 FUND BALANCE - ENDING			<u>\$ 5,601,957</u>	

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

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CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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. For the most part, the effect of inter-fund activity has been removed from these statements. The exception to this is interfund services provided and used which are eliminated in the consolidation process. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The 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, 2017

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.

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

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

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, 2017

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. In accordance with the non-exchange transactions provision of GASB Statement No. 33, a receivable for taxes is recorded when an enforceable legal claim has arisen or when resources are received, whichever is first. That date for the City is October 1, 2016.

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, 2017 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 acquisition value on 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, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

H. Deferred outflows of resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two types of deferred outflows of resources: (1) The City reports deferred refunding charges in its Statements of Net Position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. (2) The City also reports deferred outflows related to pensions as detailed in Note 6.

I. Deferred inflows of resources - In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has only one type 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, 2017

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 CASH, CASH EQUIVALENTS, AND INVESTMENTS:

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

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued):

In addition to the cash and temporary cash investments, the City has \$978,415 of restricted cash investments invested in a bank trust account. These funds are invested in U.S. Treasury funds. The underlying funds are held in trust for the City in the name of the trustee, not in the name of the City.

NOTE 3 CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2017 was as follows:

	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,588,291	\$ 1,609,438	\$ 849,109	\$ 2,348,620
Land	4,230,735	-	391,250	3,839,485
Total capital assets, not being depreciated	<u>5,819,026</u>	<u>1,609,438</u>	<u>1,240,359</u>	<u>6,188,105</u>
Capital assets, being depreciated:				
Infrastructure	22,360,101	809,507	-	23,169,608
Buildings and improvements	8,956,838	-	62,491	8,894,347
Machinery and equipment	7,577,557	114,484	145,248	7,546,793
Total capital assets being depreciated	<u>38,894,496</u>	<u>923,991</u>	<u>207,739</u>	<u>39,610,748</u>
Less accumulated depreciation for:				
Infrastructure	4,279,227	760,830	-	5,040,057
Buildings and improvements	2,947,140	245,066	2,474	3,189,732
Machinery and equipment	5,880,497	340,473	73,137	6,147,833
Total accumulated depreciation	<u>13,106,864</u>	<u>1,346,369</u>	<u>75,611</u>	<u>14,377,622</u>
Total capital assets being depreciated, net	<u>25,787,632</u>	<u>(422,378)</u>	<u>132,128</u>	<u>25,233,126</u>
Governmental activities capital assets, net	<u>\$ 31,606,658</u>	<u>\$ 1,187,060</u>	<u>\$ 1,372,487</u>	<u>\$ 31,421,231</u>

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 CAPITAL ASSETS (continued):

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

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
General government	\$ 670,048
Public works	57,529
Public safety	290,523
Cultural and recreation	<u>328,270</u>
Total depreciation expense - governmental activities	<u>\$ 1,346,369</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, 2017 are as follows:

<u>TRANSFERS TO, REPORTED IN FUND:</u>	<u>TRANSFERS FROM, REPORTED IN FUND:</u>	<u>AMOUNT</u>
Miscellaneous Grant Fund	General	\$ 175,362
Debt Service Fund	General	1,204,852
Other Governmental Funds	General	<u>2,870</u>
		<u>\$ 1,383,084</u>

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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, 2017, the amount of outstanding debt applicable to this limit was equal to 9.47% of property assessments as of October 1, 2016.

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, 2017 was as follows:

	BEGINNING			ENDING		DUE
	BALANCE	ADDITIONS	REDUCTIONS	BALANCE		WITHIN
						ONE YEAR
Governmental activities:						
General obligation warrants	\$ 10,085,000	\$ -	\$ 935,000	\$ 9,150,000	\$	950,000
Notes payable	358,159	500,275	178,983	679,451		179,397
Net pension liability	2,141,047	319,001	-	2,460,048		-
Post-employment benefits						
other than pensions	376,694	115,098	21,984	469,808		-
Compensated absences	248,407	162,647	143,342	267,712		126,180
Total governmental						
activity long-term						
liabilities	<u>\$ 13,209,307</u>	<u>\$ 1,097,021</u>	<u>\$ 1,279,309</u>	<u>\$ 13,027,019</u>	<u>\$</u>	<u>1,255,577</u>

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, 2017

NOTE 5 LONG-TERM LIABILITIES (continued):

Long-term debt at September 30, 2017 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.	\$ 8,060,000	\$ 745,000
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.	1,090,000	205,000
2.85% note payable to a local bank, unsecured; scheduled annual payments of \$100,000 through April 15, 2022 include interest. Proceeds were used for the improvements and repairs of infrastructure.	500,275	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.	68,817	24,849
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.	110,359	54,548
Totals	<u>\$ 9,829,451</u>	<u>\$ 1,129,397</u>

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 5 LONG-TERM LIABILITIES (continued):

Debt service requirements on long-term debt at September 30, 2017, are as follows:

<u>YEAR ENDING SEPTEMBER 30:</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2018	\$ 1,129,397	\$ 264,319
2019	1,151,749	220,504
2020	1,108,030	225,663
2021	1,115,000	182,591
2022	1,135,275	156,924
2023 - 2027	3,565,000	351,625
2028 - 2032	480,000	84,354
2033 - 2037	145,000	7,523
Totals	<u>\$ 9,829,451</u>	<u>\$ 1,493,503</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, 2017

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, 2016 (the most recent Measurement Date for funding purposes), Defined Benefit Plan membership consisted of the following:

	<u>2016</u>
Retired Members Or Their Beneficiaries	
Currently Receiving Benefits	34
Vested Inactive Members	3
Non-vested Inactive Members	17
Active Members	115
Post-DROP Retired Members Still in Active Service	<u>0</u>
Total	<u><u>169</u></u>

Contributions

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2017, the City's active employee contribution rate for Tier 1 and Tier 2 members (except certified law enforcement and firefighters) was 5% and 6%, respectively, of covered employee payroll. The City's active certified law enforcement and firefighters contribution rate for Tier 1 and Tier 2 members was 6% and 7%, respectively, of covered employee payroll. The City's average contribution rate to fund the normal and accrued liability costs was 6.59% of covered employee payroll.

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6 PENSION COSTS (continued):

The City's contractually required contribution rate for the year ended September 30, 2017 was 7.95% of pensionable pay for Tier 1 employees, and 5.22% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2014, 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 \$290,045 for the year ended September 30, 2017.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2016, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2015 rolled forward to September 30, 2016 using standard roll-forward techniques as shown in the following table:

TPL Roll-Forward			
	Expected	<u>Actual-2015 Valuation Assumptions</u>	<u>Actual-2016 Valuation Assumptions</u>
(a) TPL as of September 30, 2015	\$ 8,963,004	\$ 9,109,228	\$ 9,471,087
(b) Discount rate	8.00%	8.00%	7.75%
(c) Entry Age Normal Cost for period October 1, 2015- September 30, 2016	367,623	367,623	369,462
(d) Transfers Among Employers:	-	86,880	86,880
(e) Actual Benefit Payments and Refunds for the period October 1, 2015 - September 30, 2016	<u>(545,845)</u>	<u>(545,845)</u>	<u>(545,845)</u>
(f) TPL as of September 30, 2016 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 +0.5*(b))]	<u>\$ 9,479,989</u>	<u>\$ 9,724,790</u>	<u>\$ 10,094,442</u>
(g) Difference between Expected and Actual		\$ 244,801	
(h) Less Liability Transferred for Immediate Recognition:		<u>86,880</u>	
(i) Experience (Gain)/Loss = (g) - (h)		\$ 157,921	
(j) Difference between Actual (2015 Assumptions) and Actual (2016 Assumptions): Assumption Change (Gain)/Loss			\$ 369,652

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6 PENSION COSTS (continued):

Actuarial Assumptions

The total pension liability as of September 30, 2016 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2015. The key actuarial assumptions are summarized below:

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

* Net of pension plan investment expense, including inflation

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

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

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash	3.00%	1.50%
Total	100.00%	

* Includes assumed rate of inflation of 2.50%

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6 PENSION COSTS (continued):

Discount Rate

The discount rate used to measure the total pension liability at September 30, 2016 was the long term rate of return, 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the rates currently in effect and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Projected future benefit payments for all current plan members were projected for all years.

Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability and a municipal bond rate was not used in determining the discount rate.

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at September 30, 2015	\$ 8,963,004	\$ 6,821,957	\$ 2,141,047
Changes for the year:			
Service cost	367,623	-	367,623
Interest	695,207	-	695,207
Changes in assumptions	369,652	-	369,652
Differences between expected and actual experience	157,921	-	157,921
Contributions - employer	-	326,203	(326,203)
Contributions - employee	-	244,740	(244,740)
Net investment income	-	700,459	(700,459)
Benefit payments, including refunds of employee contributions	(545,845)	(545,845)	-
Administrative expense	-	-	-
Transfers among employers	86,880	86,880	-
Net changes	1,131,438	812,437	319,001
Balances at September 30, 2016	\$ 10,094,442	\$ 7,634,394	\$ 2,460,048

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

The following presents the City's net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

NOTE 6 PENSION COSTS (continued):

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Plan's Net Pension Liability (Asset)	\$ 3,644,595	\$ 2,460,048	\$ 1,468,994

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, 2016. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2016. The auditor's report dated September 18, 2017 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

Payables to the Pension Plan

At September 30, 2017, the City reported payables of outstanding contributions due to the plan in the amounts of \$55,117. Amounts are included in accrued liabilities and accounts payable on the accompanying financial statements.

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

For the year ended September 30, 2017 the City recognized pension expense of \$311,205. At September 30, 2017, 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	\$ 135,679	\$ 242,474
Changes of assumptions	317,588	-
Net difference between projected and actual earnings on pension plan investments	57,898	-
Employer contributions subsequent to the Measurement Date	275,235	-
Total	\$ 786,400	\$ 242,474

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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				Amounts Recognized in Pension Expense / Deferred Outflow	Amounts Recognized in Pension Expense / Deferred Inflow	Ending Balance	
				Deferred Outflows	Deferred Inflows	Losses / Deferred Outflows	Gains / Deferred Inflows			Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
				(a)	(b)	(c)	(d)	(e)	(f)		
2016	\$ 157,921	\$ -	7.1	\$ -	\$ -	\$ 157,921	\$ -	\$ 22,242	\$ -	\$ 135,679	\$ -
2015	-	347,898	6.6	-	295,186	-	-	-	52,712	-	242,474
2014	-	-		-	-	-	-	-		-	-
Total				\$ -	\$ 295,186	\$ 157,921	\$ -			\$ 135,679	\$ 242,474

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				Amounts Recognized in Pension Expense / Deferred Outflow	Amounts Recognized in Pension Expense / Deferred Inflow	Ending Balance	
				Deferred Outflows	Deferred Inflows	Losses / Deferred Outflows	Gains / Deferred Inflows			Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
				(a)	(b)	(c)	(d)			(e)	(f)
2016	\$ 369,652	\$ -	7.1	\$ -	\$ -	\$ 369,652	\$ -	\$ 52,064	\$ -	\$ 317,588	\$ -
2015	-	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-	-
Total				\$ -	\$ -	\$ 369,652	\$ -			\$ 317,588	\$ -

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				Amounts Recognized in Pension Expense / Deferred Outflow	Amounts Recognized in Pension Expense / Deferred Inflow	Ending Balance	
				Deferred Outflows	Deferred Inflows	Losses / Deferred Outflows	Gains / Deferred Inflows			Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
				(a)	(b)	(c)	(d)	(e)	(f)		
2016	\$ -	\$ 150,223	5	\$ -	\$ -	\$ -	\$ 150,223	\$ -	\$ 30,045	\$ -	\$ 120,178
2015	456,428	-	5	365,142	-	-	-	91,286	-	273,856	-
2014	-	239,450	5	-	143,670	-	-	-	47,890	-	95,780
Total				\$ 365,142	\$ 143,670	\$ -	\$ 150,223			\$ 273,856	\$ 215,958

Net difference between projected and actual earnings on investments

\$ 57,898 \$ -

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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	2016	2014	2015	2016	2014	2015	2016	
2018	\$ -	\$ (52,712)	\$ 22,242	\$ -	\$ -	\$ 52,064	\$ (47,890)	\$ 91,286	\$ (30,045)	\$ 34,945
2019	-	(52,712)	22,242	-	-	52,064	(47,890)	91,286	(30,045)	34,945
2020	-	(52,712)	22,242	-	-	52,064	-	91,284	(30,045)	82,833
2021	-	(52,712)	22,242	-	-	52,064	-	-	(30,043)	(8,449)
2022	-	(31,626)	22,242	-	-	52,064	-	-	-	42,680
Thereafter	-	-	24,469	-	-	57,268	-	-	-	81,737
Total	\$ -	\$ (242,474)	\$ 135,679	\$ -	\$ -	\$ 317,588	\$ (95,780)	\$ 273,856	\$ (120,178)	\$ 268,691

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, 2017, 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, 2017 was \$52,414.

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.

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, 2017

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 \$458 monthly.

In fiscal year ended September 30, 2017, the City's portion of health care funding cost for retired employees totaled \$21,984. 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 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, 2016 is \$121,814 as set forth below:

Normal cost	\$ 91,616
30-year UAL amortization amount	<u>30,198</u>
Annual Required Contribution	<u><u>\$ 121,814</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, 2017 based on the actuarial valuation as of October 1, 2015:

Beginning net OPEB obligation	<u>\$ 376,694</u>
Annual required contribution	121,814
Interest on net OPEB obligation	15,068
ARC adjustment	<u>(21,784)</u>
Annual OPEB cost	<u>115,098</u>
Contributions made	<u>(21,984)</u>
Change in net OPEB obligation	<u>93,114</u>
Ending net OPEB obligation	<u><u>\$ 469,808</u></u>

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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 2017 and the previous two years:

FISCAL YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED	NET OPEB OBLIGATION
September 30, 2015	70,379	23.6%	\$ 285,805
September 30, 2016	112,033	18.9%	376,694
September 30, 2017	115,098	19.1%	469,808

F. Funded status and funding progress - In the fiscal year ended September 30, 2017, 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, 2017 was \$543,141 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 2017, the entire actuarial accrued liability of \$543,141 was unfunded.

Actuarial Accrued Liability (AAL)	\$ 543,141
Actuarial Value of Plan Assets (AVP)	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 543,141</u>
Funded Ratio (AVP/AAL)	0%
Covered Payroll (active plab members)	\$ 3,886,824
UAAL as a percentage of covered payroll	13.97%

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, 2017

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, 2017

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 Statement No. 45 would be used.

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, 2017

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 \$1,321,316 incurred in capital outlay, most of which was unbudgeted but funded by grants and long-term debt. There were also excess operating expenditures of \$156,583 incurred in general government and \$40,027 incurred in public safety. 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, 2017, 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, 2017, the City had purchase commitments and commitments for construction of capital projects estimated as follows:

Fund	Amount
General Fund	\$ 109,285
Other Governmental Funds	215,189
Total construction commitments	<u>\$ 324,474</u>

CITY OF WETUMPKA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 12 CONTINGENT LIABILITIES:

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

The City is currently in litigation in the case of *City of Wetumpka v. Alabama Power Company*. In this case, the City seeks a declaratory judgement concerning the validity and enforceability of Ordinance No. 2017-2 which requires the defendant utilities to relocate their systems in Downtown Wetumpka underground or elsewhere. During fiscal year ending September 30, 2017, BellSouth Telecommunications, LLC, d/b/a AT&T Alabama and Charter Communications, Inc. d/b/a Charter Spectrum filed counterclaims against the City seeking a declaratory judgement that the Ordinance is unconstitutional and violates Alabama and federal law. Both companies are seeking injunctive relief, an award of attorneys fees and costs, and any additional relief that the Court deems just and proper. The City has denied liability in its responsive pleadings to AT&T's and Charter's counterclaims and is vigorously defending those counterclaims. The City has filed a motion for Summary Judgement with respect to AT&T's and Charter's counterclaims that is currently set for a hearing on April 30, 2018.

NOTE 13 GUARANTEE OF DEBT:

The City guaranteed a note payable in the amount of \$281,446 for the Industrial Development Board of the City of Wetumpka. The unsecured note bears interest at 3.00% with principal and interest due in January 2018. The note was renewed in January 2018 with the interest rate at 3.4%; it will mature on January 10, 2019. 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 14 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, 2017.

CITY OF WETUMPKA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 15 TAX ABATEMENTS:

The City of Wetumpka entered into a tax abatement agreement with a local business under Amendment 772 to the Constitution of Alabama of 1901, as amended and City Resolution No. 2014-7-21 to assist the Company in paying for infrastructure improvements. The City has agreed to rebate an amount equal to 50 percent of the local (3) cent sales tax derived from the project and received by the City up to a maximum amount of One Hundred Thirty Thousand Dollars (\$130,000). The amount of sales tax abated for the fiscal year ending September 30, 2017 was \$32,315.

NOTE 16 SUBSEQUENT EVENTS:

The City has evaluated subsequent events through February 26, 2018, the date which the financial statements were available to be issued.

NOTE 17 EFFECT OF NEW PRONOUNCEMENTS:

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

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 Statement No. 81, Irrevocable Split-Interest Agreements. This Statement addresses the accounting and reporting for irrevocable split-interest agreements in which a government is a beneficiary. GASB No. 81 is effective for periods beginning after December 15, 2016.

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,

	2016	2015	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*
Total pension liability										
Service cost	\$ 367,623	\$ 360,164	\$ 313,665							
Interest	695,207	684,639	654,064							
Changes of benefit terms	-	-	-							
Differences between expected and actual experience	157,921	(347,898)	-							
Changes of assumptions	369,652	-	-							
Benefit payments, including refunds of employee contributions	(545,845)	(583,767)	(587,328)							
Transfers among employers	86,880	-	-							
Net change in total pension liability	1,131,438	113,138	380,401							
Total pension liability - beginning	8,963,004	8,849,866	8,469,465							
Total pension liability - ending (a)	\$ 10,094,442	\$ 8,963,004	\$ 8,849,866							
Plan fiduciary - net position										
Contribution - employer	326,203	336,691	\$ 315,769							
Contributions - member	244,740	225,871	207,072							
Net investment income	700,459	79,473	718,518							
Benefit payments, including refunds of employee contributions	(545,845)	(583,767)	(587,328)							
Transfers among employers	86,880	108,640	(39,157)							
Net change in plan fiduciary net position	812,437	166,908	614,874							
Plan net position - beginning	6,821,957	6,655,049	6,040,175							
Plan net position - ending (b)	\$ 7,634,394	\$ 6,821,957	\$ 6,655,049							
Net pension liability (asset) - ending (a) - (b)	2,460,048	2,141,047	\$ 2,194,817							
Plan fiduciary net position as a percentage of the total pension liability	75.63%	76.11%	75.20%							
Covered-employee payroll**	\$ 4,504,785	\$ 4,340,663	\$ 4,076,127							
Net pension liability (asset) as a percentage of covered-employee payroll	54.61%	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 2017 the measurement period is October 1, 2015 - September 30, 2016.

CITY OF WETUMPKA, ALABAMA

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution*	\$ 275,235	\$ 334,609	350,557							
Contributions in relation to the actuarially determined contribution*	275,235	334,609	336,691							
Contribution deficiency (excess)	\$ -	\$ -	\$ 13,866							
Covered-employee payroll**	\$ 4,175,779	\$ 4,504,785	\$ 4,340,663							
Contributions as a percentage of covered-employee payroll	6.59%	7.43%	7.76%							

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

**Employer's covered payroll for FY2017 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 2017 were based on the September 30, 2014 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2016 to September 30, 2017:

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, 2017

FISCAL YEAR END DATE	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]
September 30, 2015	October 1, 2012	\$ -	\$ 477,498	\$ 477,498	0.00%	\$ 3,597,924	13.3%
September 30, 2016	October 1, 2015	-	522,251	522,251	0.00%	4,170,336	12.5%
September 30, 2017	October 1, 2015	-	543,141	543,141	0.00%	3,886,824	14.0%

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COMBINING STATEMENTS

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CITY OF WETUMPKA, ALABAMA

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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CITY OF WETUMPKA, ALABAMA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	TOTAL	STATE GASOLINE TAX FUND	HUD GRANT FUND	SPECIAL OCCASIONS FUND	WETUMPKA PRIDE FUND
ASSETS:					
Cash and temporary cash investments	\$ 359,550	\$ 238,466	\$ 10,454	\$ 1,949	\$ 108,681
Restricted cash investments	-	-	-	-	-
Accounts receivable	117	-	-	-	117
Accrued interest receivable	2	-	-	-	2
Total assets	<u>\$ 359,669</u>	<u>\$ 238,466</u>	<u>\$ 10,454</u>	<u>\$ 1,949</u>	<u>\$ 108,800</u>
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Restricted for:					
Special events	1,949	-	-	1,949	-
Capital projects	10,454	-	10,454	-	-
Road projects	238,466	238,466	-	-	-
Debt service	-	-	-	-	-
Committed to:					
Wetumpka Pride	108,800	-	-	-	108,800
Total fund balance	<u>359,669</u>	<u>238,466</u>	<u>10,454</u>	<u>1,949</u>	<u>108,800</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 359,669</u>	<u>\$ 238,466</u>	<u>\$ 10,454</u>	<u>\$ 1,949</u>	<u>\$ 108,800</u>

CITY OF WETUMPKA, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		SPECIAL REVENUE				WETUMPKA
		STATE	HUD	SPECIAL	OCCASIONS	PRIDE
		GASOLINE	GRANT	FUND	FUND	FUND
		TAX FUND	FUND			
	TOTAL					
REVENUES:						
Taxes	\$ 70,040	\$ 70,040	\$ -	\$ -	\$ -	-
Intergovernmental revenue	-	-	-	-	-	-
Miscellaneous	74,725	280	-	32,083	-	42,362
Total revenues	144,765	70,320	-	32,083	-	42,362
EXPENDITURES:						
Current operations:						
Public works	42,742	42,742	-	-	-	-
Cultural and recreational	75,915	-	-	37,602	-	38,313
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	118,657	42,742	-	37,602	-	38,313
Excess (deficiency) of revenues over expenditures	26,108	27,578	-	(5,519)	-	4,049
OTHER FINANCING SOURCES:						
Transfers in	2,870	-	-	2,870	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	2,870	-	-	2,870	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	28,978	27,578	-	(2,649)	-	4,049
FUND BALANCES - BEGINNING	330,691	210,888	10,454	4,598	-	104,751
FUND BALANCES - ENDING	\$ 359,669	\$ 238,466	\$ 10,454	\$ 1,949	\$ -	\$ 108,800

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Investment in capital assets, net	\$ 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	\$ 21,647,636
Restricted	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	2,482,249
Unrestricted	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	1,522,050
Total governmental activities net position	\$ 17,876,825	\$ 19,321,199	\$ 20,040,411	\$ 21,476,256	\$ 21,810,329	\$ 22,162,173	\$ 24,442,098	\$ 23,663,558	\$ 24,445,897	\$ 25,651,935

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EXPENSES:										
Governmental activities:										
General government	\$ 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	\$ 3,688,164
Public safety	2,956,163	3,349,797	3,620,119	3,478,890	3,691,325	3,603,374	4,269,581	4,431,293	4,714,439	4,761,793
Public works	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	1,830,770
Cultural and recreational	814,629	855,509	1,195,510	980,554	1,149,816	1,108,435	927,088	969,736	1,173,584	1,121,600
Interest on long-term debt	296,806	323,834	293,198	222,723	163,782	184,696	307,891	400,901	322,394	304,884
Total governmental activities expenses	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	11,707,211
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government	348,944	367,640	270,622	253,715	261,833	310,406	138,603	152,142	186,801	179,115
Public safety	620,000	785,495	937,237	925,427	899,194	914,595	994,846	832,746	1,121,225	1,172,599
Public works	13,635	16,210	20,636	14,740	17,318	16,151	18,118	26,172	15,344	19,328
Cultural and recreational	475,745	389,103	389,970	440,489	422,754	319,028	335,830	313,344	303,766	331,182
Operating grants and contributions	4,516	694	73,379	47,866	271,361	118,571	72,690	72,969	85,709	66,322
Capital grants and contributions	215,813	309,765	569,322	921,126	276,239	699,836	2,899,801	2,529,147	1,961,740	1,613,449
Total governmental activities program revenues	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	3,381,995
Total primary government net expense	(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)	(8,325,216)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Taxes:										
Sales taxes	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	6,266,562
Real and personal property taxes	364,915	396,795	416,897	400,428	408,198	424,797	419,812	466,577	483,820	476,220
Motor fuel taxes	370,895	237,822	231,668	221,268	225,430	200,154	218,227	213,465	220,097	225,942
Business licenses	884,439	931,828	967,714	1,040,727	985,326	940,370	1,007,872	1,063,175	1,340,550	1,592,691
Investment earnings	122,421	70,465	55,490	38,535	36,668	34,340	53,349	36,119	24,949	18,043
Miscellaneous taxes	377,557	636,927	454,363	529,872	508,069	618,366	800,146	751,721	814,729	828,934
Miscellaneous revenue	148,611	185,504	108,374	114,449	87,281	86,470	285,224	76,558	67,761	114,086
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-	8,776
Total governmental activities general revenues	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	9,531,254
Change in net position	\$ 1,971,815	\$ 1,444,374	\$ 294,429	\$ 1,354,171	\$ 334,073	\$ (228,139)	\$ 2,279,925	\$ 1,334,981	\$ 782,339	\$ 1,206,038

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund:										
Reserved	\$ 121,825	\$ 131,752	\$ 1,001,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,449,891	4,887,086	3,349,329	-	-	-	-	-	-	-
Non-spendable	-	-	-	146,695	146,695	162,485	168,611	160,265	166,689	163,869
Restricted	-	-	-	706,130	533,669	6,750,195	5,295,989	2,577,880	2,236,526	1,963,905
Assigned	-	-	-	567,588	256,449	392,127	400,211	561,509	677,708	245,483
Unassigned	-	-	-	3,125,742	3,775,892	3,964,049	4,111,887	2,312,246	1,692,812	3,228,700
Total general fund	\$ 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	\$ 5,601,957
All other governmental funds:										
Reserved, reported in:										
Debt service fund	\$ 397,759	\$ 397,426	\$ 393,208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	415,859	510,284	501,673	-	-	-	-	-	-	-
Restricted	-	-	-	819,818	625,329	273,977	1,262,411	1,262,178	1,254,261	1,366,973
Committed	-	-	-	153,582	171,168	152,001	127,836	105,750	104,751	108,800
Unassigned	-	-	-	-	(2,681)	(9,986)	-	-	-	-
Total all other governmental funds	\$ 813,618	\$ 907,710	\$ 894,881	\$ 973,400	\$ 793,816	\$ 415,992	\$ 1,390,247	\$ 1,367,928	\$ 1,359,012	\$ 1,475,773

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES:										
Taxes	\$ 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	\$ 7,797,653
Licenses and permits	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	1,725,327
Intergovernmental revenues	263,766	422,460	696,966	500,503	583,236	710,257	470,860	841,595	635,216	731,406
Charges and fees for services	849,995	767,942	769,551	704,288	814,835	720,116	826,711	613,187	613,756	692,420
Fines and forfeitures	259,385	422,866	573,839	577,149	623,751	542,983	526,742	552,340	802,422	811,367
PCI Contributions	-	-	-	-	-	-	1,770,000	934,641	850,000	850,000
Miscellaneous	228,055	171,180	227,107	200,848	206,256	171,509	188,028	171,589	261,154	288,293
Total revenues	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	12,896,466
EXPENDITURES:										
Current:										
General governmental	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	2,202,860
Public safety	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	4,615,628
Public works	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	1,727,242
Cultural and recreational	750,379	791,502	908,624	795,145	963,273	1,069,342	754,339	858,507	893,264	801,466
Capital outlay	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	1,793,427
Debt service:										
Principal payments	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	1,113,984
Interest and fiscal charges	280,628	370,120	280,662	231,783	199,164	209,909	239,694	313,791	295,313	278,039
Bond issuance costs	-	-	-	-	-	184,106	-	-	-	-
Total expenditures	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	12,532,646
Excess of revenue over (under) expenditures	(3,798,950)	(919,773)	(683,077)	180,168	(459,934)	(2,614,892)	(327,853)	(4,400,093)	(1,010,754)	363,820
OTHER FINANCING SOURCES (USES):										
Transfers in	127,234	100,000	1,197,182	1,279,978	851,758	8,663,704	1,227,322	1,398,222	1,324,581	1,383,084
Transfers out	(127,234)	(100,000)	(1,197,182)	(1,279,978)	(851,758)	(8,663,704)	(1,227,322)	(1,398,222)	(1,324,581)	(1,383,084)
Issuance of note payable	5,200,442	-	-	38,500	446,900	824,109	-	-	163,673	500,275
Issuance of refunding bonds/warrants	-	-	-	-	-	11,885,000	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-	(3,910,000)	-	-	-	-
Discount on bonds	-	-	-	-	-	-	-	-	-	-
Sale of surplus equipment	-	36,204	2,269	29,456	-	15,384	9,950	12,976	163,673	80,888
Total other financing sources	5,200,442	36,204	2,269	67,956	446,900	8,814,493	9,950	12,976	163,673	581,163
Net change in fund balance	\$ 1,401,492	\$ (883,569)	\$ (680,808)	\$ 248,124	\$ (13,034)	\$ 6,199,601	\$ (317,903)	\$ (4,387,117)	\$ (847,081)	\$ 944,983
Debt service as a percentage of non-capital expenditures	21.92%	18.85%	15.11%	14.12%	11.70%	16.75%	3.84%	12.07%	11.98%	12.83%

CITY OF WETUMPKA, ALABAMA

NET TAXABLE SALES BY CATEGORY

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General merchandise	\$ 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	\$ 194,097,926
Auto dealers and supplies	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	31,106,843
Manufacturing machine	595,345	192,233	422,206	972,603	937,440	697,300	1,073,551	1,021,064	441,804	685,138
Linen	-	-	-	-	-	-	-	-	-	-
Vending	44,028	69,931	83,328	78,643	100,739	330,352	308,632	600,870	143,141	136,652
Agriculture	85,284	57,792	92,088	69,848	57,496	75,590	184,222	204,462	154,266	181,278
Amusement	-	4,914	-	-	-	-	-	-	217,166	661,459
Totals	\$ 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	\$ 226,869,296
City direct sales tax rate (General merchandise)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

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

CITY OF WETUMPKA, ALABAMA

SALES TAX REVENUE PAYERS BY CATEGORY
FISCAL YEARS 2008 THROUGH 2017

	2016				2017			
	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	*	\$ 5,798,409	96.8608%	*	*	\$ 6,650,022	96.8488%	*
Auto dealers and supplies	*	168,132	2.8086%	*	*	190,095	2.7685%	*
Manufacturing machine	*	7,651	0.1278%	*	*	2,692	0.0392%	*
Linen	*	-	-	*	*	-	-	*
Vending	*	5,114	0.0854%	*	*	3,552	0.0517%	*
Agriculture	*	662	0.0111%	*	*	623	0.0091%	*
Amusement	*	6,364	0.1063%	*	*	19,411	0.2827%	*
Totals		\$ 5,986,332	100%			\$ 6,866,395	100%	
	2014				2015			
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
General merchandise	*	\$ 5,206,872	97.1426%	*	*	\$ 5,336,877	77.7246%	*
Auto dealers and supplies	*	143,543	2.6780%	*	*	159,024	2.3160%	*
Manufacturing machine	*	3,339	0.0623%	*	*	3,957	0.0576%	*
Linen	*	-	-	*	*	-	-	*
Vending	*	5,620	0.1049%	*	*	6,430	0.0936%	*
Agriculture	*	656	0.0122%	*	*	825	0.0120%	*
Amusement	*	-	-	*	*	-	-	*
Totals		\$ 5,360,030	100%			\$ 5,507,113	80%	
	2012				2013			
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
General merchandise	*	\$ 5,051,508	97.0188%	*	*	\$ 5,335,728	96.8879%	*
Auto dealers and supplies	*	147,682	2.8364%	*	*	142,033	2.5791%	*
Manufacturing machine	*	4,381	0.0841%	*	*	2,015	0.0366%	*
Linen	*	-	-	*	*	-	-	*
Vending	*	2,929	0.0563%	*	*	3,965	0.0720%	*
Agriculture	*	230	0.0044%	*	*	206	0.0037%	*
Amusement	*	-	-	*	*	-	-	*
Totals	-	\$ 5,206,730	100%		-	\$ 5,483,947	100%	
	2010				2011			
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
General merchandise	*	\$ 4,929,101	97.0462%	*	*	\$ 4,883,327	89.0477%	*
Auto dealers and supplies	*	144,853	2.8519%	*	*	145,494	2.6531%	*
Manufacturing machine	*	2,223	0.0438%	*	*	3,693	0.0673%	*
Linen	*	-	-	*	*	-	-	*
Vending	*	2,513	0.0495%	*	*	2,144	0.0391%	*
Agriculture	*	438	0.0086%	*	*	199	0.0036%	*
Amusement	*	-	-	*	*	-	-	*
Totals	-	\$ 5,079,128	100%		-	\$ 5,034,857	92%	
	2008				2009			
	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS	NUMBER OF FILERS	TAX LIABILITY	PERCENTAGE OF TOTAL TAX LIABILITY	PERCENT OF TAX REMITTED BY TOP TEN TAXPAYERS
General merchandise	1,935	\$ 5,122,789	96.3910%	60.13%	3,691	\$ 3,408,234	96.0039%	59.80%
Auto dealers and supplies	79	184,028	3.4627%	90.40%	75	126,217	3.5533%	85.90%
Manufacturing machine	83	2,918	0.0549%	86.60%	79	10,558	0.2974%	92.70%
Linen	5	3,192	0.0601%	100.00%	6	2,900	0.0817%	100.00%
Vending	4	1,255	0.0236%	100.00%	4	1,871	0.0527%	100.00%
Agriculture	5	411	0.0077%	100.00%	9	248	0.0070%	100.00%
Amusement	-	-	0.0000%	100.00%	2	72	-	100.00%
Totals	2,111	\$ 5,314,593	100%		3,866	\$ 3,550,100	100%	

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

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

* Information not available.

CITY OF WETUMPKA, ALABAMA

DIRECT AND OVERLAPPING SALES TAX RATES

<u>FISCAL YEAR</u>	<u>CITY DIRECT RATE</u>	<u>ELMORE COUNTY</u>	<u>STATE OF ALABAMA</u>	<u>TOTAL SALES TAX</u>
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%
2017	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)
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
2017	9,150,000	679,451	9,829,451	4.33%	6.07%	1,284

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)
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
2017	9,150,000	978,415	8,171,585	3.62%	1,195

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, 2017

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (a)	ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT
Debt repaid with property taxes: Elmore County	\$ 2,296,795	9.00%	\$ 206,712
Subtotal, overlapping debt			<u>206,712</u>
City of Wetumpka, Alabama direct debt			<u>9,829,451</u>
Total direct and overlapping debt			<u>\$ 10,036,163</u>

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

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

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

CITY OF WETUMPKA, ALABAMA

LEGAL DEBT MARGIN INFORMATION

	<u>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>2017</u>
Debt limit	\$ 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	\$ 18,688,168
Total net debt applicable to limit	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	8,851,036
Legal debt margin	<u>\$ 6,772,462</u>	<u>\$ 9,157,308</u>	<u>\$ 9,126,560</u>	<u>\$ 11,015,671</u>	<u>\$ 11,527,279</u>	<u>\$ 4,078,174</u>	<u>\$ 7,090,839</u>	<u>\$ 7,818,951</u>	<u>\$ 9,432,140</u>	<u>\$ 9,837,132</u>
Total net debt applicable to the limit as a percentage of debt limit	56.87%	45.45%	43.38%	38.83%	30.11%	75.22%	61.58%	57.64%	50.11%	47.36%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	<u>\$ 93,440,840</u>
Debt limit (20% of total assessed value)	<u>18,688,168</u>
Debt applicable to limit:	
General obligation bonds	9,150,000
Notes payable	679,451
Less: Amount set aside for repayment of general obligation debt	<u>978,415</u>
Total net debt applicable to limit	<u>8,851,036</u>
Legal debt margin	<u>\$ 9,837,132</u>

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

CITY OF WETUMPKA, ALABAMA
DEMOGRAPHIC AND ECONOMIC STATISTICS

CALENDAR YEAR	POPULATION	PERSONAL INCOME (THOUSANDS OF DOLLARS)	PER CAPITA PERSONAL INCOME	MEDIAN AGE	SCHOOL ENROLLMENT	ELMORE COUNTY UNEMPLOYMENT RATE
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%
2017	7,654	161,874	21,149	38.00	3,065	2.9%

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

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

Note: Statistics updated for 2010 Census.

CITY OF WETUMPKA, ALABAMA

PRINCIPAL EMPLOYERS

<u>EMPLOYER</u>	<u>2008</u>		<u>2017</u>	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>
Wind Creek Wetumpka	330	4.35%	1,000	14.01%
Wal-Mart Supercenter	350	4.61%	300	4.20%
Elmore Community Hospital	219	2.89%	215	3.01%
ITS	80	1.05%	96	1.35%
Frontier Spinning	104	1.37%	120	1.68%
Wetumpka Health and Rehabilitation	123	1.62%	125	1.75%
Lowe's	95	1.25%	100	1.40%
Winn-Dixie	80	1.05%	113	1.58%
McDonalds	70	0.92%	57	0.80%
Bass Lumber, Inc.	31	0.41%	40	0.56%
Wendy's	25	0.33%	-	0.00%
Quality Networks, Inc.	47	0.62%	-	0.00%
AG Manufacturing	-		110	1.54%
Totals	<u>1,554</u>	<u>20.47%</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>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>2017</u>
<u>Function/Program</u>										
General government:										
Management	6	4	4	4	4	6	5	5	5	4
Finance	3	3	3	3	3	3	4	4	4	2
Building	3	3	3	2	2	2	2	2	2	2
Other	7	7	7	6	6	11	11	11	11	11
Public safety:										
Police:										
Police officers	29	29	29	27	28	26	27	29	30	27
Civilians	8	8	8	10	9	10	7	8	8	2
Fire:										
Officers	1	1	1	1	5	12	12	8	13	16
Volunteers (not City employees)	42	42	42	44	30	29	29	16	21	22
Public works:										
Management	1	1	1	1	1	1	6	6	6	5
Technical	3	3	2	2	2	5	2	2	2	2
Street	12	9	6	7	8	10	6	6	4	4
Landfill	2	2	1	1	1	1	1	1	1	0
Recycling	1	1	1	1	2	2	1	1	1	1
Other	2	4	4	4	2	1	3	3	5	7
Cultural and recreational:										
Building and grounds	4	4	4	4	3	3	6	6	3	2
Ballfields	1	2	2	3	3	3	3	3	4	4
Civic Center	1	1	1		1	1	1	1	1	1
Totals	<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>	<u>112</u>

Source: City Clerk's Office.

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

CITY OF WETUMPKA, ALABAMA

OPERATING INDICATORS BY FUNCTION/PROGRAM

<u>Function/Program</u>	<u>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>2017</u>
General government:										
Building permits issued	190	220	158	125	120	145	114	117	133	141
Public safety:										
Police:										
Building security checks				6,832	6,200	6,234	5,973	3,871**		
Physical arrests	580	1,040	1,048	1,034	1,020	1,062	904	1,032	1,144	1,379
Parking violations	6	15	26	63	26	16	5	35	16	8
Traffic violations	2,261	4,235	4,314	4,562	4,881	4,486	2,796	4,524	5,998	6,258
Fire:										
Emergency responses	253	262	323	324	420	425	442	590	687	852
Fires extinguished	106	100	108	116	75	68	86	78	134	112
Inspections	131	95	98	700	1,106	500	914	869	634	722
Public works:										
Recycle:										
Tons of recyclables collected/day	3.50	3.50	3.75	4.00	4.00	4.50	4.50	4.50	4.50	4.50
Cultural and recreational:										
Library:										
Volumes in collection	25,626	27,737	28,735	36,300	29,786	31,845	29,077	27,470	27,400	62,002***
Total volumes borrowed	73,885	86,684	87,138	78,266	85,465	86,636	83,104	75,362	61,685	88,863***

Sources: Various City departments.

** Building security checks ended August 2015

*** Includes physical and digital volumes

CITY OF WETUMPKA, ALABAMA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

	<u>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>2017</u>
<u>Function/Program</u>										
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	19	25	24	19	24	32	24	29	26	24
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	51	51	51	51	51	52	53	57	57	57
Highways (miles)	20	20	20	20	20	20	20	20	20	20
Traffic signal heads	165	165	165	165	165	165	168	168	168	168
Cultural and recreational:										
Acreage	496	496	496	496	496	522	522	522	522	526
Playgrounds	4	4	4	4	4	4	6	6	6	6
Baseball/softball diamonds	8	8	13	13	13	13	13	14	14	14
Soccer fields	1	1	2	2	2	2	2	2	2	3
Football field	-	-	-	-	-	-	-	-	-	1
Community centers	1	1	1	1	1	1	1	1	1	1
Senior citizens center	1	1	1	1	1	1	1	1	1	1
Civic center	1	1	1	1	1	1	1	1	1	1
Public meetings facility	1	1	1	1	1	2	2	2	2	2
Welcome center	1	1	1	1	1	1	1	1	1	1

Sources: Various City departments.

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

OTHER REPORT

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wetumpka, Alabama, (the City) as of and for the year ended September 30, 2017, 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 26, 2018.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Montgomery, Alabama
February 26, 2018

CITY OF WETUMPKA, ALABAMA
SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended September 30, 2017

DEFICIENCIES IN INTERNAL CONTROL

MATERIAL WEAKNESSES

2017-001 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 79 in this audit report.

2017-002 Pension Plan

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

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

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

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

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

Views of Management and Planned Corrective Action: The city agrees with this finding and will adhere to the corrective action plan on page 79 in this audit report.

NONCOMPLIANCE AND OTHER MATTERS

2017-003 Policies and Procedures

Criteria: 2 CFR 200 of the Office of Management and Budget's uniform guidance requires nonfederal entities to have certain written policies and procedures surrounding the management of their federal awards.

Statement of Condition: Management has not formalized all policies and procedures into written form as required by the uniform guidance.

Effect: The failure to have written policies and procedures as required by the uniform guidance results in noncompliance with grant agreements signed by the City.

Cause: The City has informal policies and procedures in respect to internal control over grant funds, but has not put them in written form.

Recommendation: The City should identify all policies and procedures that the Office of Management and Budget require to be in written form, examine existing organizational policies and procedures and update as necessary and draft both existing and new policies and procedures into written form.

Views of Management and Planned Corrective Action: The city agrees with this finding and will adhere to the corrective action plan on page 79 in this audit report.

CITY OF WETUMPKA, ALABAMA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2017

FINANCIAL STATEMENT FINDINGS:

Finding 2016-001: Corrective action was taken

Finding 2016-002: 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 2017-001.

Finding 2016-003: Pension Plan

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

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

Current Status: Procedures are in place for management to review and record pension information from the RSA, but are not being adhered to. See Finding 2017-002.

Finding 2016-004: Corrective action was taken

COMPLIANCE FINDINGS:

Finding 2016-005: Corrective action was taken

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 26, 2018

City of Wetumpka respectfully submits the following corrective action plan for the year ended September 30, 2017.

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, 2017

The findings from the September 30, 2017 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

2017 - 001 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 26, 2018.

2017-002 Pension Plan

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

Action Taken: We concur with the recommendation, and it was implemented effective February 26, 2018.

"City of Natural Beauty"

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

2017-003 Policies and Procedures

Recommendation: The City should identify all policies and procedures that the Office of Management and Budget require to be in written form, examine existing organizational policies and procedures and update as necessary and draft both existing and new policies and procedures into written form.

Action Taken: We concur with the recommendation, and it was implemented effective February 26, 2018

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

Sincerely yours,

A handwritten signature in black ink that reads "Julie Creel". The signature is written in a cursive, flowing style.

Julie Creel
Finance Director