

**CITY OF ANNISTON, ALABAMA**  
**AUDITED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**  
**SEPTEMBER 30, 2006**

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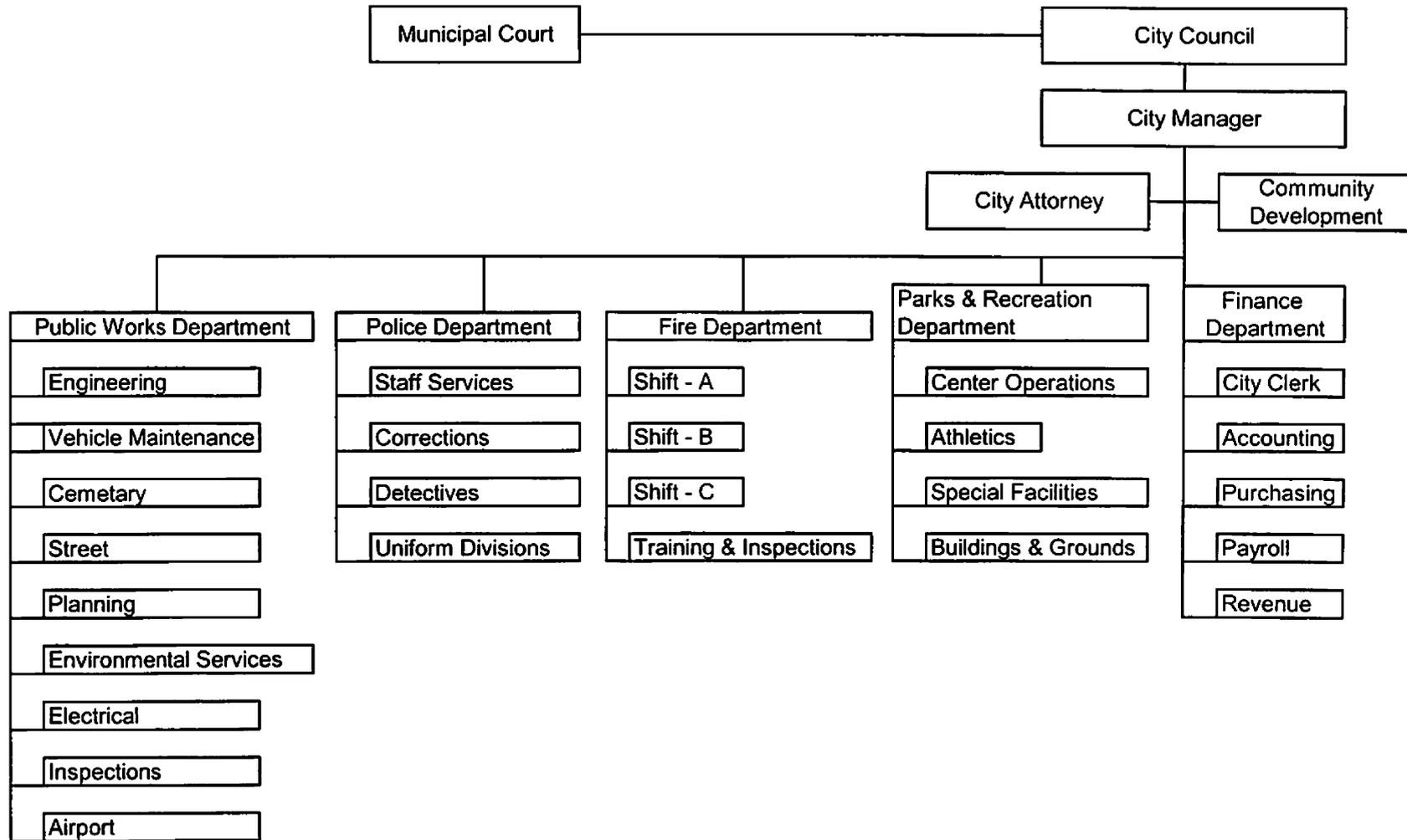
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***INTRODUCTORY SECTION***

# ORGANIZATIONAL CHART



**OFFICIALS OF THE CITY OF ANNISTON**

**City Council**

Hoyt W. "Chip" Howell, Jr., Mayor  
Floyd S. Bennett, Jr  
Herbert Palmore  
Reverend Benjamin Little  
Jeff Fink

**City Manager**

George Monk

**Finance Director**

Danny McCullars, CPA

**Other City Officials**

Building	Charles Hill, Superintendent
City Clerk	Alan Atkinson, City Clerk
Environmental Services	David Hill, Superintendent
Fire	William Fincher, Chief
Grounds	Chris Roberts, Superintendent
Municipal Court	Vaughn Stewart, Judge
Municipal Garage	Herb McCarley, Superintendent
Police	John Dryden, Chief
Public Works	Dale Garrett, Director
Purchasing	Gary Barber, Purchasing Agent
Recreation	Vacant
Streets	Phil Brown, Superintendent

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Anniston's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and other supplementary information, which follow this narrative.

### Financial Highlights

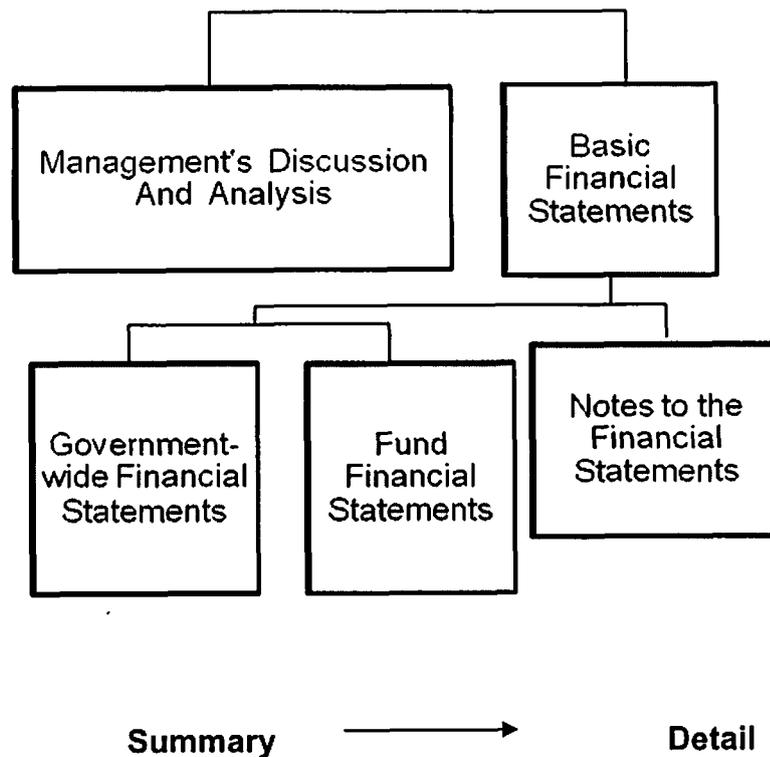
- The assets of the City of Anniston (primary government) exceeded its liabilities at the close of fiscal year 2006 by \$51 million. The assets of the City's component units exceeded their liabilities by \$27.9 million. Of the \$51 million in primary government net assets, \$13.4 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$20.9 million. The combined governmental funds fund balance increased by \$3,535,066 compared with the prior year. Of the \$20.9 million in fund balance, \$12.19 million is available for spending at the government's discretion (unreserved fund balance).
- The general fund closed with a fund balance of \$11.84 million, up from \$10.93 million in 2005. The 2006 ending general fund balance represents 44.6 percent of total general fund operating expenditures, compared with the ending general fund balance amounting to 39.8 percent of total operating expenditures in 2005 and 37.6 percent of total operating expenses in 2004.
- In the fiscal year 2006, the City of Anniston realized an excess of operational revenues over expenditures in the general fund of \$3,754,567. However, the general fund balance increased by only \$910,805 due to significant net transfers from the general fund to capital projects and debt service. Included in the capital transfers is \$210,000 to fund the South Highland Project, \$226,000 to fund the Greenbrier Road Phase 2, and \$1,486,806 to service the debt of the City.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Anniston's basic financial statements. The basic financial statements consist of three components: 1. government-wide financial statements, 2. fund financial statements, and 3. notes to the financial statements (see figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Anniston. The following diagram shows how the required components of this annual report are arranged and relate to one another.

**Required Components of Annual Financial Report (Figure 1)**



## MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

### Government-wide Financial Statements

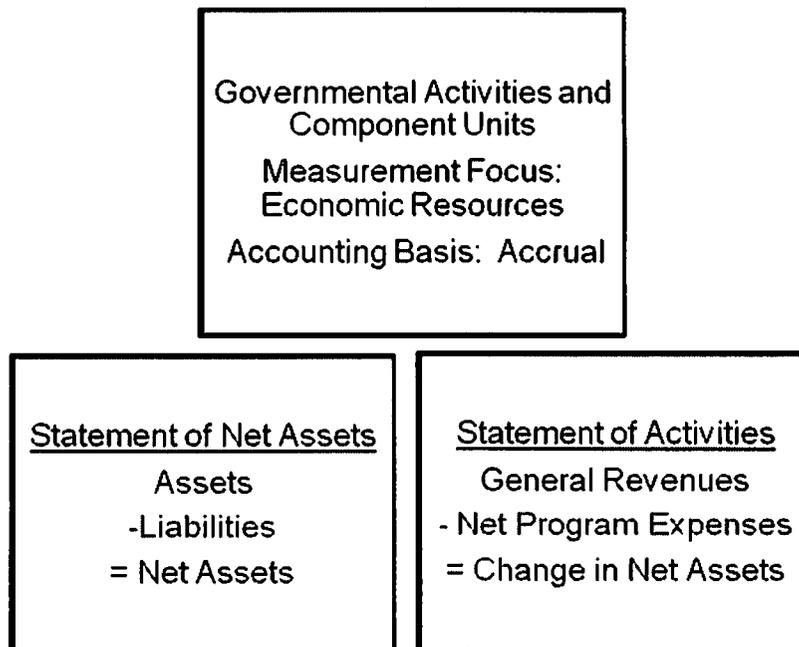
The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The *statement of net assets* includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the *statement of activities* regardless of when cash is received or paid.

The government-wide financial statements of the City are divided into two categories:

*Governmental Activities* – Most of the City's basic services are included here such as the police, fire, public works, parks and recreation, and general administration. Sales, use and property taxes, charges for services, and state and federal grants finance most of these activities.

*Discretely Presented Component units* – The City includes other legally separate entities in its report including the board of education, the museum complex, the public library, Spirit of Anniston, and industrial development board, and a school support entity. The City is financially accountable for these entities.

### Government-wide Financial Statements



## MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

The *statement of net assets* includes all of the government's assets and liabilities except fiduciary funds. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

### Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting groups that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by federal or state law while some are required by grant agreements. Other funds are established to control and manage City resources designated for specific purposes.

The City uses two types of funds:

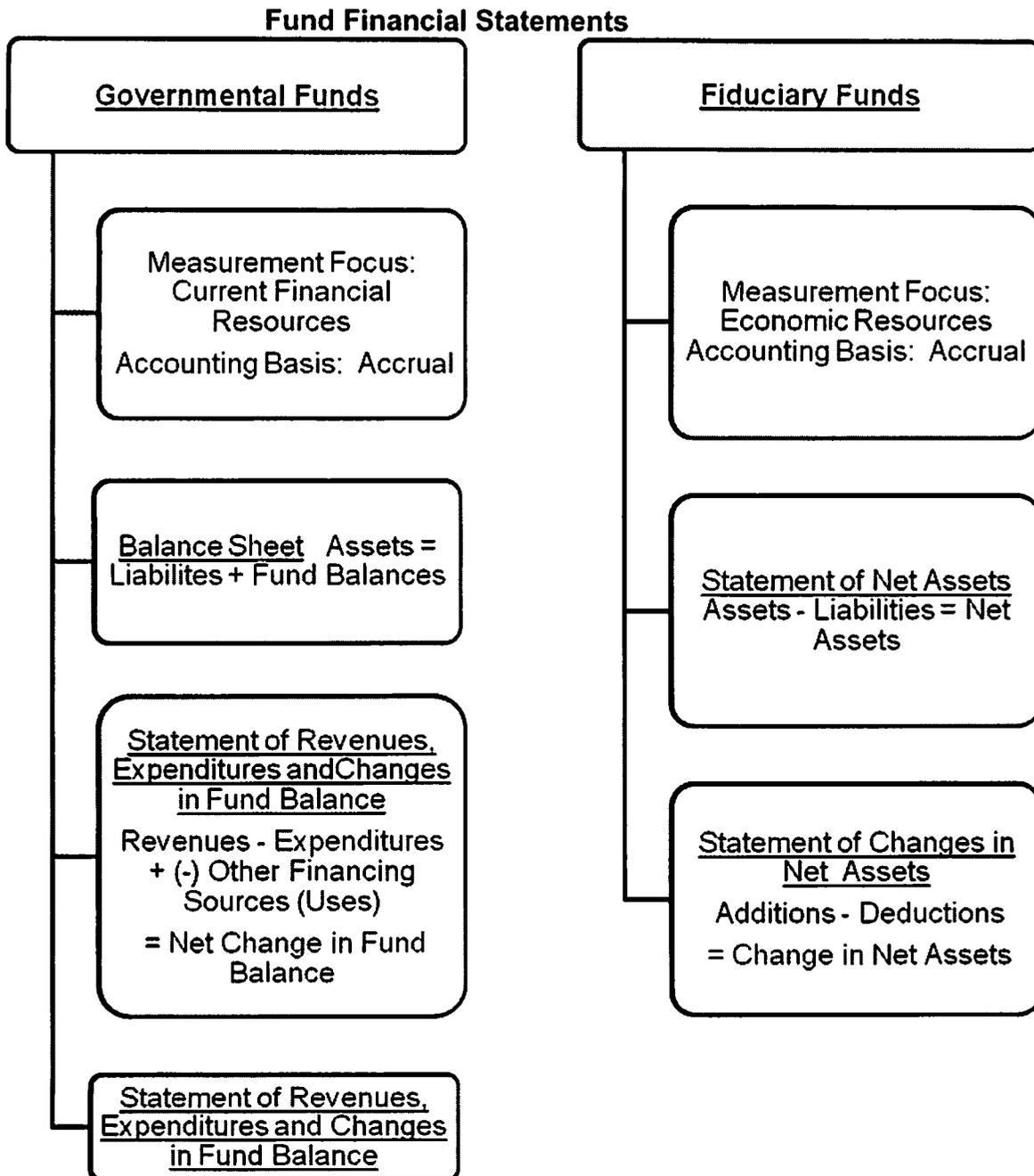
*Governmental Funds* – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow into and out of the funds and (2) the balances left at year-end that are available for spending. Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

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

*Fiduciary Fund* – The fiduciary fund statement reflects the financial relationship with the Anniston Police and Firefighters Retirement Fund which provides benefits exclusively for certain public safety employees. This fund is excluded from the City's government-wide financial statements because the City cannot use these assets to finance operations.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

The following diagram presents the major features of the fund financial statements including the types of information contained therein.



## MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

### Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information that should be considered in the evaluation of the City's financial position.

### Government-wide Financial Analysis

The government-wide financial statement for the fiscal year ended September 30, 2003, was the first of a new format of reports for the City. The accounting year 2004 and subsequent years follow this format. The changes in the financial statements are in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34. The City has not accounted for all infrastructure assets. The timeline for this presentation is no later than the fiscal year ended September 30, 2007. This deferral is allowable by GASB No. 34 due to practical considerations of inventorying and valuing infrastructure.

### Statement of Net Assets

	<u>Governmental Activities</u>	<u>Component Units</u>
<b>Assets</b>		
Cash and investments	\$20,182,144	\$ 3,361,514
Receivables, net	1,456,238	4,350
Due from other governments	2,130,782	3,382,500
Inventories	20,579	24,466
Other assets	541,564	90,946
Collections	8,275,082	8,142,578
Capital assets, net	29,445,151	20,274,920
	<hr/>	<hr/>
Total Assets	<b>\$62,051,540</b>	<b>\$35,281,274</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

### Statement of Net Assets - Continued

<b>LIABILITIES</b>		
Accounts payable and accruals	\$ 2,789,838	\$ 1,130,605
Deferred revenue	188,219	2,939,668
Due to other funds		
Accrued interest	61,618	
Non-current liabilities:		
Due within one year		
Bonds and warrants payable	1,173,053	
Notes and capital leases payable	211,335	42,697
Compensated absences	190,248	161,601
Due in more than one year		
Bonds and warrants payable	4,564,890	
Notes and capital leases payable	261,233	3,154,891
Compensated absences	1,659,253	
Total Liabilities	11,099,687	7,429,462
 <b>NET ASSETS</b>		
Invested in capital assets, net of debt	29,619,251	25,084,293
Restricted for:		
Capital projects	431,950	
Special revenues / other funds	7,528,812	863,646
Unrestricted	13,371,840	1,903,873
Total Net Assets	50,951,853	27,851,812
<b>Total Liabilities and Net Assets</b>	<b>\$62,051,540</b>	<b>\$35,281,274</b>

The assets of the City of Anniston (*primary government*) exceeded its liabilities by \$51 million as of September 30, 2006. However, the largest portion (58 percent) reflects the City's investment in capital assets less any related debt still outstanding that was issued to acquire those assets. It is of particular note that the debt outstanding includes school bonds, whose corresponding assets are not reflected in the \$51 million. The City of Anniston 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 the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional total of \$7.96 million represents net assets that are subject to external or Council placed restrictions on how they may be used. The remaining balance of \$13.37 million is unrestricted.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

### **Financial Analysis of the City's Funds**

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

### **Governmental Funds**

The focus of the City of Anniston's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Anniston'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 Anniston. At the end of the current fiscal year, unreserved fund balance of the general fund was \$11,840,205, compared with \$10,929,400 at the end of 2005. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 44.6 percent of total general fund expenditures at the end of 2006, compared with 39.8 percent at September 30, 2005. The increase is attributable, in part, to the completion of capital projects related to construction of the youth sports complex and re-working Bill Robison Parkway. Greater than expected operational revenues in 2006 improved this liquidity measure.

### **General Fund Budgetary Highlights**

Revenues for the year were \$1,322,105 above the budgeted amount. The primary source for the excess is greater than anticipated sales tax collections.

All general categories realized a favorable variance in budgeted to actual expenditures.

The operational excess for the City's general fund totaled \$3,754,567 before internal transfers to or from capital, law enforcement and debt service funds.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

### **Capital Asset and Debt Administration**

**Capital Assets:** The City of Anniston's investment in capital assets for its governmental activities as of September 30, 2006 totals \$37,720,233 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, facilities and vehicles, as well as the collection at the Anniston Museum. This capital asset total does not include infrastructure assets in service before the adoption of GASB-34. The City is utilizing the compliance relief granted in GASB-34 for reporting of infrastructure including roads, bridges, drainage systems, tunnels, lighting systems, and sewer systems. Infrastructure assets must be retroactively included in the fiscal year that ends September 30, 2007.

Additional information about the City of Anniston's fixed assets can be found in the notes to the financial statements.

**Long-term Debt:** As of September 30, 2006, the City of Anniston had bonded debt outstanding of \$4,710,000. These are entirely general obligation bonds. In addition, the City is participating in regional economic development that specifically funded certain infrastructure at Honda Manufacturing of Alabama's plant in Lincoln, Alabama. The amount outstanding for this commitment is \$1,027,943. Additionally, the City has certain unsecured notes payable that total \$230,000 that purchased the Cane Creek Golf Course facility.

### **Economic Factors and Next Year's Budget**

The regional economy remains strong. The region and City of Anniston in particular fared very well in the latest round of Base Closure and Realignment Commission recommendations with hundreds of jobs transferred to the Anniston Army Depot. The Depot is a central facility in building and refurbishment of mechanized vehicles used in Iraq and elsewhere. A commitment remains to complete the eastern by-pass that will efficiently connect the northern developments, including the former Fort McClellan with interstate 20, approximately two miles south of Anniston. The form this commitment takes is currently in negotiation between several governmental jurisdictions that stand to benefit from this significant road project.

As a result of strong economic activity, sales tax and business licenses were above projections in 2006 and the trend is continuing in 2007, albeit at a more moderate pace. Two automobile franchises have left the city limits, however the addition of Lowe's in November, 2007 is expected to more than offset any lost sales tax revenue.

Any questions about this document should be addressed to Finance Director, City of Anniston, AL. The finance director's email is [dmccullars@ci.anniston.al.us](mailto:dmccullars@ci.anniston.al.us).

***FINANCIAL SECTION***

# *Edgar and Associates, LLC*

*Certified Public Accountants*

218 East 12th Street, Anniston, AL 36201

256.494.0842

## **INDEPENDENT AUDITORS' REPORT**

July 25, 2007

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Anniston, Alabama as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units (except for Public Library of Anniston and Calhoun County), and the fiduciary funds. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Anniston, Alabama as of September 30, 2006, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT – Continued

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2007, on our consideration of the City of Anniston, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through xi and 37 through 39, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Anniston, Alabama's basic financial statements. The introductory section and the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Anniston, Alabama. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Edgar and Associates, LLC*

Anniston, Alabama

**CITY OF ANNISTON  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2006**

	<b>Primary Government</b>		<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Total</b>	
<b>ASSETS</b>			
Cash	\$ 13,844,502	\$ 13,844,502	\$ 2,387,607
Investments	6,337,642	6,337,642	973,907
Receivables, net	728,708	728,708	4,350
Due from other governments	2,130,782	2,130,782	3,382,500
Inventories	20,579	20,579	24,466
Other assets	1,269,094	1,269,094	90,946
Capital assets, net	<u>37,720,233</u>	<u>37,720,233</u>	<u>28,417,498</u>
<b>Total Assets</b>	<b><u>\$ 62,051,540</u></b>	<b><u>\$ 62,051,540</u></b>	<b><u>\$ 35,281,274</u></b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	2,789,838	2,789,838	1,130,605
Deferred revenue	188,219	188,219	2,939,668
Accrued interest	61,618	61,618	-
Noncurrent liabilities:			
Due within one year			
Bonds and warrants payable	1,173,053	1,173,053	-
Notes payable	115,000	115,000	42,697
Capital leases	96,335	96,335	-
Compensated absences	190,248	190,248	161,601
Due in more than one year:			
Bonds and warrants payable	4,564,890	4,564,890	-
Notes payable	115,000	115,000	3,154,891
Capital leases	146,233	146,233	-
Compensated absences	<u>1,659,253</u>	<u>1,659,253</u>	<u>-</u>
<b>Total Liabilities</b>	<b>11,099,687</b>	<b>11,099,687</b>	<b>7,429,462</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of debt	21,344,169	21,344,169	16,941,715
Invested in capital assets, Museum collections	8,275,082	8,275,082	8,142,578
Restricted for:			
Capital projects	431,950	431,950	-
Special revenues	4,516,690	4,516,690	863,646
Other nonmajor funds	3,012,122	3,012,122	-
Unrestricted	<u>13,371,840</u>	<u>13,371,840</u>	<u>1,903,873</u>
<b>Total Net Assets</b>	<b><u>50,951,853</u></b>	<b><u>50,951,853</u></b>	<b><u>27,851,812</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 62,051,540</u></b>	<b><u>\$ 62,051,540</u></b>	<b><u>\$ 35,281,274</u></b>

**CITY OF ANNISTON  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Activities:						
General government	\$ 3,763,925	\$ 42,422	\$ 454,617	\$ -	\$ (3,266,886)	\$ (3,266,886)
Public protection:						
Police	6,660,822	720,976	317,486	2,764	(5,619,596)	(5,619,596)
Fire	4,206,092	-	-	-	(4,206,092)	(4,206,092)
Other	824,085	1,099,146	-	-	275,061	275,061
Public works	5,908,087	811,975	484,840	-	(4,611,272)	(4,611,272)
Recreational	5,128,829	1,347,915	65,336	-	(3,715,578)	(3,715,578)
Nondepartmental	3,601,351	-	-	-	(3,601,351)	(3,601,351)
Other boards and agencies	2,088,055	-	-	-	(2,088,055)	(2,088,055)
Capital	626,527	-	-	727,656	101,129	101,129
Interest and fiscal charges	227,880	-	-	-	(227,880)	(227,880)
Miscellaneous	5,236	-	-	-	(5,236)	(5,236)
Total Governmental Activities	<u>33,040,889</u>	<u>4,022,434</u>	<u>1,322,279</u>	<u>730,420</u>	(26,965,756)	(26,965,756)
Total City	<u>\$ 33,040,889</u>	<u>\$ 4,022,434</u>	<u>\$ 1,322,279</u>	<u>\$ 730,420</u>		
General Revenues:						
Taxes:						
					24,381,959	24,381,959
					3,485,124	3,485,124
					688,568	688,568
					1,317,786	1,317,786
					-	-
					824,000	824,000
					<u>30,697,437</u>	<u>30,697,437</u>
Change in Net Assets					3,731,681	3,731,681
Net Assets, Beginning of Year					<u>47,220,172</u>	<u>47,220,172</u>
Net Assets, End of Year					<u>\$ 50,951,853</u>	<u>\$ 50,951,853</u>

See notes to financial statements.

**CITY OF ANNISTON  
BALANCE SHEETS - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2006**

	General Fund	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	8,232,051	-	5,612,451	13,844,502
Investments	3,759,592	-	2,578,050	6,337,642
Receivables, net	228,756	-	499,952	728,708
Prepaid expenses	-	-	727,530	727,530
Due from other funds	2,737,951	2,482,902	161,727	5,382,580
Due from other governments	1,767,664	58,333	304,785	2,130,782
Inventories	20,579	-	-	20,579
Other assets	1,700	-	195,822	197,522
<b>Total Assets</b>	<b>\$ 16,748,293</b>	<b>\$ 2,541,235</b>	<b>\$ 10,080,317</b>	<b>\$ 29,369,845</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	2,239,588	87,966	462,284	2,789,838
Deferred revenue	-	-	188,219	188,219
Due to other funds	2,668,500	1,236,106	1,477,974	5,382,580
Compensated absences	-	-	75,298	75,298
	4,908,088	1,324,072	2,203,775	8,435,935
<b>FUND BALANCES</b>				
Reserved for:				
Special revenue funds	-	-	4,516,690	4,516,690
Future capital projects	-	1,217,163	-	1,217,163
Other nonmajor funds	-	-	2,907,803	2,907,803
Anniston Museum fund	-	-	104,319	104,319
Unreserved, reported in:				
General funds	11,840,205	-	-	11,840,205
Debt service funds	-	-	37	37
Anniston Museum fund	-	-	347,693	347,693
	11,840,205	1,217,163	7,876,542	20,933,910
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16,748,293</b>	<b>\$ 2,541,235</b>	<b>\$ 10,080,317</b>	<b>\$ 29,369,845</b>

**CITY OF ANNISTON  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2006**

Total fund balances for governmental funds \$ 20,933,910

Total net assets reported for governmental activities in the statement of net assets is different because:

Prepaid expenses 344,042

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Governmental capital assets	57,881,259	
Less: Accumulated depreciation	<u>(20,161,026)</u>	
Total Capital Assets		37,720,233

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the statement of net assets.

Accrued interest	(61,618)	
Bonds and warrants payable	(5,737,943)	
Notes payable	(230,000)	
Capital leases	(242,568)	
Compensated absences	<u>(1,774,203)</u>	
		<u>(8,046,332)</u>

Net assets of governmental activities \$ 50,951,853

**CITY OF ANNISTON  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 23,723,499	\$ -	\$ 1,347,029	\$ 25,070,528
Licenses and permits	3,485,124	-	-	3,485,124
Charges for services	2,361,543	-	1,660,891	4,022,434
Federal and state grants	24,358	727,656	1,300,685	2,052,699
Interest	558,387	-	265,613	824,000
Other	111,810	90,381	1,115,594	1,317,785
<b>Total Revenues</b>	<b>30,264,721</b>	<b>818,037</b>	<b>5,689,812</b>	<b>36,772,570</b>
<b>Expenditures:</b>				
General government	1,730,458	34,519	1,631,827	3,396,804
Public safety	9,667,159	-	1,662,798	11,329,957
Public works	5,196,628	33,906	484,840	5,715,374
Recreation	3,909,052	-	-	3,909,052
Other boards and agencies	2,088,055	-	-	2,088,055
Nondepartmental	3,601,351	-	-	3,601,351
Capital Expenditures	317,451	1,392,654	-	1,710,105
Debt Service:				
Principal	-	-	1,253,690	1,253,690
Interest and fees	-	-	227,880	227,880
Miscellaneous	-	-	5,236	5,236
<b>Total Expenditures</b>	<b>26,510,154</b>	<b>1,461,079</b>	<b>5,266,271</b>	<b>33,237,504</b>
Excess Revenues over (under) Expendit	3,754,567	(643,042)	423,541	3,535,066
<b>Other financing sources (uses):</b>				
Operating transfers in	592,614	1,351,248	2,187,992	4,131,854
Operating transfers out	(3,436,376)	-	(695,478)	(4,131,854)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,843,762)</b>	<b>1,351,248</b>	<b>1,492,514</b>	<b>-</b>
Net change in fund balance	910,805	708,206	1,916,055	3,535,066
Fund Balance, Beginning of Year	10,929,400	508,957	5,960,487	17,398,844
Fund Balance, End of Year	<u>\$ 11,840,205</u>	<u>\$ 1,217,163</u>	<u>\$ 7,876,542</u>	<u>\$ 20,933,910</u>

**CITY OF ANNISTON  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Net change in fund balances total governmental funds \$ 3,535,066

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are capitalized and depreciated over their estimated useful lives.

Expenditures for capital assets	1,083,578	
Less: Current year depreciation	<u>(1,702,194)</u>	(618,616)

Bond proceeds provide current financial resources to governmental funds, but the repayment reduces long-term liabilities in the statement of assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Net Change in Long-Term Debt from Bond Proceeds, payment of principal, and refunding of debt 1,011,123

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 the governmental funds.

Change in accrued interest	6,246	
Change in long-term compensated absences	(346,923)	
Change in prepaid expenses	<u>144,785</u>	<u>(195,892)</u>

Change in net assets of governmental activities \$ 3,731,681

**CITY OF ANNISTON  
STATEMENT OF FIDUCIARY NET ASSETS  
SEPTEMBER 30, 2006**

**ASSETS**

Cash	<u>\$ 1,275,047</u>
	1,275,047
Investments, at Fair Value:	
U.S. Government Obligations and Corporate Bonds	17,356,105
Equity Securities	<u>6,397,842</u>
	<u>23,753,947</u>
 <b>Total Assets</b>	 <b><u>\$ 25,028,994</u></b>

**LIABILITIES**

Liabilities	<u>\$ -</u>
 <b>Total Liabilities</b>	 <u>-</u>
 <b>Net Assets held in trust for retirement benefits</b>	 <b><u>\$ 25,028,994</u></b>

**CITY OF ANNISTON  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**ADDITIONS TO NET ASSETS**

Investment Income:	
Net appreciation in fair value of investments	\$ 1,140,471
Interest	555,244
Dividends	199,063
Miscellaneous	<u>1,808</u>
	1,896,586
Less: investment expenses	<u>(85,080)</u>
	1,811,506
Contributions:	
Employer	640,200
Employees	640,200
Public Utilities	<u>362,605</u>
	<u>1,643,005</u>
<b>Total Additons to Net Assets</b>	<b>3,454,511</b>

**DEDUCTIONS FROM NET ASSETS**

Benefits paid directly to participants	3,032,766
Administrative expenses	<u>96,197</u>
<b>Total Deductions From Net Assets</b>	<b><u>3,128,963</u></b>

Net Increase 325,548

Net Assets Held in Trust for Retirement Benefits:	
Beginning of Year	<u>24,703,446</u>
End of Year	<u><u>\$ 25,028,994</u></u>

**CITY OF ANNISTON  
STATEMENT OF NET ASSETS - COMPONENT UNITS  
SEPTEMBER 30, 2006**

	<u>Anniston City School Board</u>	<u>Public Library of Anniston/ Calhoun County</u>	<u>Anniston Industrial Dev. Board</u>
<b>ASSETS</b>			
Cash	\$ 1,883,821	\$ 223,541	\$ 182,984
Investments	541,508	79,876	339,519
Inventories	23,531	-	-
Other assets	79,999	10,947	-
Receivables, net	-	-	-
Due from other governments	3,382,500	-	-
Collections	-	-	-
Capital assets (net)	<u>19,441,637</u>	<u>220,430</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 25,352,996</u></b>	<b><u>\$ 534,794</u></b>	<b><u>\$ 522,503</u></b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,118,710	2,013	-
Deferred revenue	2,939,668	-	-
Due within one year:			
Compensated absences	110,532	28,877	-
Notes payable	36,592	-	-
Due after one year:			
Compensated absences	-	-	-
Notes payable	<u>2,908,203</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<b>7,113,705</b>	<b>30,890</b>	<b>-</b>
<b>NET ASSETS</b>			
Invested in Capital Assets	16,576,841	220,430	-
Restricted	580,599	79,876	21,369
Unrestricted	<u>1,081,851</u>	<u>203,598</u>	<u>501,134</u>
<b>Total Net Assets</b>	<b><u>18,239,291</u></b>	<b><u>503,904</u></b>	<b><u>522,503</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 25,352,996</u></b>	<b><u>\$ 534,794</u></b>	<b><u>\$ 522,503</u></b>

**CITY OF ANNISTON**  
**STATEMENT OF NET ASSETS - COMPONENT UNITS - Continued**  
**SEPTEMBER 30, 2006**

	Farley L. Berman Foundation Inc.	Anniston City Schools Foundation	Spirit of Anniston	Total
<b>ASSETS</b>				
Cash	80,244	-	17,017	2,387,607
Investments	-	-	13,004	973,907
Inventories	935	-	-	24,466
Other assets	-	-	-	90,946
Receivables, net	-	4,350	-	4,350
Due from other governments	-	-	-	3,382,500
Collections	8,142,578	-	-	8,142,578
Capital assets (net)	<u>144,444</u>	<u>-</u>	<u>468,409</u>	<u>20,274,920</u>
<b>Total Assets</b>	<b><u>\$ 8,368,201</u></b>	<b><u>\$ 4,350</u></b>	<b><u>\$ 498,430</u></b>	<b><u>\$ 35,281,274</u></b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	4,444	1,288	4,150	1,130,605
Deferred revenue	-	-	-	2,939,668
Due within one year:				
Compensated absences	20,338	-	1,854	161,601
Notes payable	-	-	6,105	42,697
Due after one year:				
Compensated absences	-	-	-	-
Notes payable	<u>-</u>	<u>-</u>	<u>246,688</u>	<u>3,154,891</u>
<b>Total Liabilities</b>	<b>24,782</b>	<b>1,288</b>	<b>258,797</b>	<b>7,429,462</b>
<b>NET ASSETS</b>				
Invested in capital assets	8,287,022	-	-	25,084,293
Restricted	302	-	181,500	863,646
Unrestricted	<u>56,095</u>	<u>3,062</u>	<u>58,133</u>	<u>1,903,873</u>
<b>Total Net Assets</b>	<b><u>8,343,419</u></b>	<b><u>3,062</u></b>	<b><u>239,633</u></b>	<b><u>27,851,812</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 8,368,201</u></b>	<b><u>\$ 4,350</u></b>	<b><u>\$ 498,430</u></b>	<b><u>\$ 35,281,274</u></b>

**CITY OF ANNISTON  
STATEMENT OF ACTIVITIES - COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Program Revenues				Not (Expense) Revenue and Changes in Net Assets						Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Anniston City School Board	Public Library of Anniston/ Calhoun County	Anniston Industrial Dev. Board	Farley L. Berman Foundation	Anniston City Schools Foundation	Spirit of Anniston	
<b>Anniston City School Board</b>											
Educational	\$ 21,831,318	\$ 1,429,350	\$ 14,621,748	\$ 411,332	\$ (5,368,888)						\$ (5,368,888)
Total Anniston City School Board	21,831,318	1,429,350	14,621,748	411,332	(5,368,888)						
<b>Public Library of Anniston/Calhoun County</b>											
Culture and Recreation	1,186,738	60,771	423,826	26,500		(675,641)					(675,641)
Total Public Library of Anniston	1,186,738	60,771	423,826	26,500		(675,641)					
<b>Anniston Industrial Development Board</b>											
Community Development	-	34,100	-	-		34,100					34,100
Total Industrial Development Board	-	34,100	-	-		34,100					
<b>Farley L. Berman Foundation, Inc.</b>											
Culture and recreation	242,123	33,503	114	-			(208,506)				(208,506)
Total Farley L. Berman Foundation	242,123	33,503	114	-			(208,506)				
<b>Anniston City Schools Foundation</b>											
Educational	209,563	-	121,466	-				(88,097)			(88,097)
Total Anniston City Schools Foundation	209,563	-	121,466	-				(88,097)			
<b>Spirit of Anniston</b>											
Community Development	255,828	77,573	4,000	-					(174,255)		(174,255)
Total Spirit of Anniston	255,828	77,573	4,000	-					(174,255)		
<b>Total Component Units</b>	<b>\$ 23,725,570</b>	<b>\$ 1,635,297</b>	<b>\$ 15,171,154</b>	<b>\$ 437,832</b>	<b>(5,368,888)</b>	<b>(675,641)</b>	<b>34,100</b>	<b>(208,506)</b>	<b>(88,097)</b>	<b>(174,255)</b>	<b>(6,481,287)</b>
<b>General Revenues:</b>											
Property taxes for general, debt, capital purposes					3,273,388	-	1,500	-	-	-	3,274,888
Payment from City of Anniston					-	525,000	-	125,000	55,010	190,000	895,010
Payment from Calhoun County					-	120,000	-	15,000	-	-	135,000
Grants, entitlements and contributions not restricted to specific programs					658,927	5,080	-	29,469	-	-	693,476
Interest Income					94,366	9,445	15,227	2,546	71	881	122,536
Miscellaneous					3,387,802	7,955	1,000	-	13,710	37,299	3,447,766
<b>Total General Revenues</b>					<b>7,414,483</b>	<b>667,480</b>	<b>17,727</b>	<b>172,015</b>	<b>68,791</b>	<b>228,180</b>	<b>8,568,676</b>
<b>Change in net assets</b>					<b>2,045,595</b>	<b>(8,161)</b>	<b>51,827</b>	<b>(36,491)</b>	<b>(19,306)</b>	<b>53,925</b>	<b>2,087,389</b>
<b>Net Assets, Beginning of Year</b>					<b>16,180,413</b>	<b>460,142</b>	<b>470,676</b>	<b>8,379,910</b>	<b>22,368</b>	<b>185,708</b>	<b>25,699,217</b>
<b>Prior period adjustment</b>					<b>13,283</b>	<b>51,923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,206</b>
<b>Net Assets, End of Year</b>					<b>\$ 18,239,291</b>	<b>\$ 503,904</b>	<b>\$ 522,503</b>	<b>\$ 8,343,419</b>	<b>\$ 3,062</b>	<b>\$ 239,633</b>	<b>\$ 27,851,812</b>

See notes to financial statements.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The City of Anniston, Alabama, was incorporated in 1883 under the laws of the State of Alabama. The City operates under the Council / Manager form of government with a City Council consisting of five council members elected for concurrent terms of four years. One council member is elected at large by the qualified voters of the City and has the title of Mayor. The City Manager is appointed by the Council and has full administrative authority for the operations of the City.

**Reporting Entity**

The financial statements of the City have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board (GASB). In June 1999, GASB issued Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. This Statement was developed to make annual reports easier to understand and more useful to the people who use government financial information to make decisions. The City has adopted GASB Statement No. 34 for the fiscal year ended September 30, 2003 and all future years then ended.

As required by the accounting principles in the United States, these financial statements present the primary government ("the City") and its discretely presented component units, entities for which the government is considered financially accountable. Because the City appoints the Boards of Directors for these entities and there is a financial burden or benefit from the entities, they are considered governmental fund type and component units and are reported in a separate column in the government-wide statements to emphasize that they are legally separate from the primary government. Each discretely presented component unit has a September 30 fiscal year-end.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

<b>Component Unit</b>	<b>Included in the Reporting Entity Because</b>	<b>Separate Financial Statements</b>
<b>The Anniston City School Board</b> is the governing board for the City School System. Eligible voters in the City elect the members of the Board. The City schools are fiscally dependent upon the City since the school board cannot issue bonded debt directly.	The bonded debt must be issued through the City, which the Council must approve.	These financial statements are located at Anniston City Hall.
<b>The Public Library of Anniston and Calhoun County</b> receives a substantial amount of financial support from the City; however, they do not approve the Library's operations and capital budgets.	The members of the governing board are appointed by the City of Anniston and the Calhoun County Commission.	These financial statements are located at Anniston City Hall.
<b>The Anniston Industrial Development Board</b> is fiscally dependent upon City support to carry out its mission.	The members of the board are appointed by City Council.	These financial statements are located at Anniston City Hall.
<b>The Farley L. Berman Foundation, Inc.</b> is fiscally dependent upon the City for its operational support; however, the City does not approve the Foundation's capital budgets or operations.	The City fiscally supports the entity.	These financial statements are located at Anniston City Hall.
<b>The Anniston City Schools Foundation</b> is fiscally dependent upon the City for its funding; however, the City does not approve its capital budgets or operations.	The City fiscally supports the entity.	These financial statements are located at Anniston City Hall.
<b>The Spirit of Anniston</b> is fiscally dependent upon the City since the majority of its funding comes from the City. The City does not approve its capital budgets or its funding.	The City fiscally supports the entity.	These financial statements are located at Anniston City Hall.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

The more significant of the government's accounting policies are described below.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. The effect of interfund activity has been removed from these statements. The City as the *primary government* is shown separately from its legally separate component units. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function; program revenues include (a) charges to customers who purchase, use, or directly benefit from goods, services, or privileges, provided by a given function, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. General revenues include taxes and other items not included in program revenues.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this focus and basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the cash is received or expended. Property taxes are recognized as revenues when the enforceable legal claim has occurred, grants and similar items are recognized when all the eligibility requirements of the providers have been met. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. The City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, consistent with accrual accounting. Debt service expenditures, claims and judgments, as well as expenditures related to compensated absences are recorded only when payment is due.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
Continued**

The City reports the following major governmental funds:

*General Fund* - The General Fund is the general operating fund of the City and is considered a major governmental fund. All general tax revenue and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds, are paid from the General Fund.

*Special Revenue Funds* - The Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Special Revenue Funds are considered non-major governmental funds.

*Debt Service Funds* – The Debt Service Funds are non-major governmental funds used to account for the repayment of principal and interest on the City's outstanding bond issues and other debt obligations of the City. Debt service funds used by the City are as follows:

- 1998 Warrants – This bond was used to refund other warrants.
- 2003 General Obligation Warrants – This bond was used to refinance the 1994 General Obligation Warrants and the 1996 School Warrants.
- Honda Funding Agreement – This agreement is an obligation of the City to pledge an amount to fund certain improvements to the Honda plant in Lincoln, Alabama.
- Regions Bank Loan – This loan was used to borrow money to purchase Cane Creek Golf Course.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
Continued**

*Capital Projects Funds* – The Capital Projects Funds are used to account for financial resources for the acquisition or construction major capital facilities. Capital Projects Funds used by the City are as follows:

1. Bill Robison Parkway
2. South Highland Improvements
3. Roberts Drive
4. Blue Mountain Depot
5. Multi-modal Project
6. Youth Sports Complex
7. Greenbrier Road Phase II
8. Cane Creek Subdivision
9. Henry Road
10. FEMA Buyout
11. Quintard Traffic Signal
12. West 10<sup>th</sup> Street (Moore to Ferron)
13. Apron Taxiway Improvement

*Fiduciary Funds* – The Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. The Police and Fireman's Pension fund is a pension trust fund which accounts for the assets of the defined contribution benefit plan.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Cash and Investments**

Cash consists of demand deposits, and investments consist of government securities and certificates of deposit. Cash balances and the requirements of all funds are considered in determining the amount to be invested. Interest earned on cash and investments is recorded as General Fund revenue and allocated between funds based upon balances. In accordance with Governmental Accounting Standards Board No. 31, Accounting for Financial Reporting for certain investments and for External Investment Pools, the City reports its money market investments and investments in short term debt securities that have remaining maturities of one year or less at amortized cost.

**Interfund Receivables / Payables and Transfers**

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to / from other funds”. Flow of cash or goods from one fund to another without a requirement for repayment is reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds. The government-wide statements eliminate interfund transfers and receivables/payables as reported within the segregated governmental column.

**Inventories**

All City inventories are maintained on a consumption basis of accounting where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. Inventories held by the General Fund consist principally of traffic engineering, municipal garage, public buildings, and electrical department supplies. Inventories are stated at cost. All other items purchased for consumption are recorded as expenditures of the specific fund and are not inventoried.

**Capital Assets**

In the government-wide financial statements, capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Donated capital assets are valued at their estimated fair market value on the date donated. The City capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Capital Assets**

Prior to October 1, 2001, government funds' infrastructure assets were not capitalized. In accordance with GASB Statement No. 34, infrastructure has been capitalized for additions since October 1, 2001. Pre-existing infrastructure will be included on the City's financial statements starting September 30, 2007.

Depreciation is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements	40 years
Machinery and Equipment	5-10 years
Automotive Equipment	5 years
Office Equipment	5-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition. Bond discounts, premiums and issuance costs are treated as period costs of the year of issue.

**Compensated Absences**

The City follows Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, which requires that accrued liabilities for future vacations and sick leave be recorded to the extent the future leaves (1) relate to rights attributable to employee services already rendered, (2) relate to rights that vest or accumulate, (3) where payment is probable and (4) where amounts can be reasonably estimated.

The liability for these compensated absences is recorded as current and long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the governmental fund financial statements, amounts that would normally be paid with expendable available financial resources are recorded in the General Fund, and the amounts considered non-current are held in the long-term debt account group. Vacation is earned based on a scale determined by job status and length of service. Vacation earned must be taken within one work year after it is earned. Sick leave is earned at a rate of one day per month, and leave can be

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Compensated Absences – Continued**

accumulated without limitation, except that upon termination whether voluntary or involuntary, sick leave will be paid up to a maximum of 75 days.

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Fund balance is classified as reserved or unreserved. Designations of fund balance represent tentative management plans that are subject to change. In the statement of net assets, equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets net of accumulated depreciation, and is reduced by outstanding balances of any bonds and mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Fund Equity – Continued**

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) the City's own laws through its enabling legislation and other provisions of its laws and regulations.

Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND  
FINANCIAL STATEMENTS**

**Governmental Fund Balance Sheet and Government-wide Statement of Net  
Assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

**Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund  
Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

**NOTE C – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Accounting**

The annual budget for the City is adopted on a basis consistent with generally accepted accounting principles. The fiscal year is a twelve-month period beginning October 1. The annual budget includes all general revenues and expenditures. The City adopted the annual budget for the year ending September 30, 2006; however, throughout the year, the Council amends the budget as needed. The budgeted amounts in this report are as originally budgeted as of September 30, 2006.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE C – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued**

**Budgetary Accounting – Continued**

The City follows these procedures in establishing the budgetary data presented in the accompanying financial statements:

- Prior to October 1, the City Manager submits to the City Council proposed operating budgets for the fiscal year commencing October 1.
- Public hearings are conducted at City Hall to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted through the passage of a resolution.
- The City Manager is authorized to transfer budgeted amounts within departments of any fund; however, any revisions to the total expenditures of any fund or department must be approved by the City Council.
- Formal budgetary integration is employed as a management control device during the year for all governmental funds.
- All unencumbered appropriations lapse automatically at September 30.
- State law prohibits any municipality from making expenditures in excess of budgeted amounts unless the actual revenue is more than the budgeted amounts.
- Budgets for all funds are prepared in accordance with the modified accrual basis for accounting.

The General Fund Schedule of Revenues and Expenditures–Budget to Actual present a comparison of budgetary data to actual results of operations for which annual operating budgets are legally adopted. These funds utilize the same basis of accounting for both budgetary purposes and actual results. At the end of each fiscal year, unexpended and unencumbered appropriations are closed into the fund balance accounts. At the start of the next fiscal year all encumbrances outstanding at year end are reappropriated in the new budget and therefore reestablished. Capital Project Funds are budgeted over the life of the project and adjusted as necessary and are not on an annual basis; therefore, budgetary data for these funds have not been presented in the accompanying combined financial statement.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE D – CASH AND INVESTMENTS**

The City is restricted by State statute to investments in U.S. Government Treasury and Agency securities, certificates of deposit and money market accounts, repurchase agreements and reverse repurchase agreements, banker's acceptances and commercial paper. Each of the banks holding the City's deposits, as well as those of the Component Units, is a certified participant in the SAFE program. Through the SAFE program, all public funds are protected through a collateral pool administered by the Alabama State Treasury.

The City's primary government deposits, including certificates of deposit were fully insured or collateralized at September 30, 2006. At year-end, the carrying amount of the City's demand deposit accounts were \$13,844,502. Cash deposits and savings held at local banks are insured by the FDIC or collateralized by assets administered by the state treasurer's office in accordance with the "SAFE" program.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels are as follows:

- *Category 1* – Deposits which are insured or collateralized with securities held by the City or by its agent in the City's name.
- *Category 2* – Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- *Category 3* – Deposits which are not collateralized or insured.

Based on the three levels of risk, the City's cash deposits are classified as Category 1 deposits.

Investments consist of certificates of deposits and U.S. Treasury Notes totaling \$6,337,642. All investments are considered current assets; they all mature one year or less.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE E – RECEIVABLES**

**Accounts Receivable**

Accounts receivable consists of amounts due from individuals and outside agencies. The balance at September 30, 2006 was \$728,708. The allowance for doubtful accounts is \$0.

**Due From Other Governments**

Due from other governments at September 30, 2006 was \$2,130,782 and consists of taxes and grants due to the City from other governmental entities.

**Outstanding Warrants, Municipal Court**

Outstanding warrants recorded in the court clerk's office have not been recorded in the books of the City. The warrants consist of all outstanding payments due the court from individuals. The amount of collectible warrants is undeterminable at this time. Total outstanding warrants at September 30, 2006 was \$656,384.

**Property Tax**

Property taxes are levied as of October 1 of each year on property assessed the preceding October 1. The taxes are due on October 1 and become delinquent on the lien date of January 1. Billings are mailed out on October 1 of each year. Property taxes are received monthly from Calhoun County. Taxes that are not both available and measurable are not accrued. These include property taxes, business licenses and franchise taxes.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE F – CAPITAL ASSETS**

Governmental Activities

The following is a summary of changes in capital assets for the year ended September 30, 2006:

<u>Capital Assets</u>	<u>Balance at 9/30/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 9/30/06</u>
Land	\$ 6,549,278	\$ 93,440	\$ -	\$ 6,642,718
Collections	8,210,383	64,699	-	8,275,082
Bldgs and improvements	27,923,368	373,218	-	28,296,586
Infrastructure	4,185,454	115,260	-	4,300,714
Machinery and equipment	10,151,095	436,961	(221,897)	10,366,159
<b>Total</b>	<b>57,019,578</b>	<b>1,083,578</b>	<b>(221,897)</b>	<b>57,881,259</b>
Less:				
Accumulated Depreciation	(18,680,729)	(1,702,194)	221,897	(20,161,026)
<b>Capital Assets, net</b>	<b>\$ 38,338,849</b>	<b>\$ (618,616)</b>	<b>\$ -</b>	<b>\$ 37,720,233</b>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,026,840
Public protection:	
Police	148,694
Fire	212,348
Public works	192,713
Recreational	121,599
<b>Total Depreciation Governmental Activities</b>	<b>\$ 1,702,194</b>

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE G – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Payables at September 30, 2006 consist of the following:

	2006
Accrued salaries and benefits	\$ 814,447
Vendors	1,617,371
Other	358,020
	\$ 2,789,838

**NOTE H – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The City uses interfund receivables / payables to record interfund reimbursements that arise when one fund reimburses another fund for costs incurred on its behalf. The composition of interfund balances at September 30, 2006 is as follows:

	Interfund Payables	Interfund Receivables
General Fund	\$ 2,668,500	\$ 2,737,951
Capital Projects Funds	1,236,106	2,482,902
Other Governmental Funds	1,477,974	161,727
Total Interfund Payables / Receivables	\$ 5,382,580	\$ 5,382,580

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE H – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued**

The City uses interfund transfers to record the resources one fund provides another fund with no expectation of repayment, such as occurs with companion funds. The composition of interfund transfer balances at September 30, 2006 is as follows:

	<u>Transfers – In</u>	<u>Transfers – Out</u>
<b><u>General Fund Transfers –</u></b>		
In – Municipal court	\$ 592,614	\$ -
Out – Anniston Museum	-	525,000
Out – Debt service	-	1,486,806
Out – Public safety	-	73,324
Out – Public works	-	1,141,246
Out – PARD	-	210,000
Total General Fund	<u>592,614</u>	<u>3,436,376</u>
<b><u>Capital Projects Funds Transfers –</u></b>		
In – South Highland	210,000	-
In – Roberts Drive	61,236	-
In – Blue Mountain Depot	17,114	-
In – Multi-modal	343,075	-
In – Greenbrier Road Phase II	226,000	-
In – Henry Road	188,397	-
In – FEMA Buyout	142,471	-
In – Quintard Traffic Signal Project	1,873	-
In – West 10 <sup>th</sup> from Moore to Ferron	120,000	-
In – Apron Taxiway Improvement	41,082	-
Total Capital Projects Funds	<u>1,351,248</u>	<u>-</u>
<b><u>Other Governmental Funds Transfers –</u></b>		
In – Drug task force fund	167,846	-
In – FEMA Hazmat	1,469	-
In – Bullet Proof Vest Fund	6,871	-
In – Anniston Museum	525,000	-
In – Debt Service	1,486,806	-
Out – Drug task force office fund	-	102,717
Out – LLEBG 2003	-	147
Out – Municipal court revenues	-	592,614
	<u>2,187,992</u>	<u>695,478</u>
Total Interfund Transfers	<u>\$ 4,131,854</u>	<u>\$ 4,131,854</u>

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE I – LONG-TERM DEBT**

**Bonds and Warrants**

The City issued general obligation bonds for refunding of the 1994, 1994A, and the 1996 bond issues. The bonds are direct obligations of the City, and full faith and credit of the City is pledged against the bonds. The bonds outstanding at September 30, 2006 are 1998 Series General Obligation Warrants, due semi-annually at rates ranging from 3.6% - 4.75% per annum, maturing November 15, 2013; and 2003 Series General Obligation Warrants due annually at rates ranging from 1.5% - 2.15% per annum, maturing March 1, 2011. The balances at September 30, 2006 were \$1,070,000 and \$3,640,000 respectively.

On July 1, 2000, the City Council approved participation with the East Central Alabama Industrial Development Authority along with nine other cities and four counties. The Authority issued \$15,475,000 of Special Obligation Bonds to provide infrastructure for the Honda plant located at Lincoln, Alabama. First Commercial Bank administers the bond agreement (Honda Funding Agreement). The City agreed to make annual payments of principal and interest on February 1 of each year beginning 2001 and ending 2015 of \$2,189,759 with each payment approximating \$145,984. The balance at September 30, 2006 was \$1,027,943.

The principal maturities and related interest requirements for the bonds and warrants for the next five fiscal years and thereafter are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 1,173,053	\$ 184,167	\$ 1,357,220
2008	1,202,899	151,832	1,354,731
2009	1,242,746	119,949	1,362,695
2010	572,592	84,520	657,112
2011	602,923	62,151	665,074
Thereafter	<u>943,730</u>	<u>80,339</u>	<u>1,024,069</u>
<b>Total</b>	<b>\$ <u>5,737,943</u></b>	<b>\$ <u>682,958</u></b>	<b>\$ <u>6,420,901</u></b>

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE I – LONG-TERM DEBT – Continued**

**Note Payable**

On August 26, 2003 the City took out a loan in the amount of \$575,000 with Regions Bank for the Cane Creek Golf Course located at McClellan. The payments are due quarterly with each payment approximating \$30,247 at a variable rate of 6.26% at September 30, 2006. The balance at September 30, 2006 was \$230,000.

The principal maturities and related interest requirements for the note payable for the next five fiscal years and thereafter are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 115,000	\$ 4,152	\$ 119,152
2008	115,000	1,602	116,602
<b>Total</b>	<b>\$ 230,000</b>	<b>\$ 5,754</b>	<b>\$ 235,754</b>

**Capital Leases**

The City entered into lease agreements as lessee for financing the purchase of a vehicle and equipment. The agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. The original costs of the vehicle and equipment financed under capital lease arrangements total \$380,248.

The principal maturities and related interest requirements for capital leases for the next five years are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 96,335	\$ 7,032	\$ 103,367
2008	69,926	3,770	73,696
2009	57,527	1,821	59,348
2010	18,780	201	18,981
2011	-	-	-
<b>Total</b>	<b>\$ 242,568</b>	<b>\$ 12,824</b>	<b>\$ 255,392</b>

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE J – RETIREMENT PLANS AND OTHER EMPLOYEE BENEFITS**

The City participates in two pension plans, which cover substantially all employees. Both of these plans are established by state law and are administered by outside trustees. The Retirement Systems of Alabama's accounts are not included in the accompanying financial statements; however, the accounts from the police and fireman's pension fund are included as a fiduciary fund.

**Retirement Systems of Alabama**

City employees, who elect to be included, are covered by the Retirement Systems of Alabama. This plan is funded by contributions from employees and the City. Benefits vest after ten years of creditable service. Retirement benefits are calculated by two methods with the retiree receiving payment under that method that yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method, retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to members of the plan.

The Employees' Retirement Systems was established as of October 1, 1945 under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for state employees, state police and on an elective basis to all cities, counties, towns and quasi-public organizations. The responsibility for general administration and operation of the Employees' Retirement Systems is vested in the City of Anniston, Alabama. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 3627B-1 through 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the Employees' Retirement System Board authority to accept or reject various Cost-Of-Living Adjustments (COLAs) granted to retirees.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE J – RETIREMENT PLANS AND OTHER EMPLOYEE BENEFITS – Continued**

**Retirement Systems of Alabama – Continued**

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Retirement Systems of Alabama.

Below is a chart summarizing the payroll, employer's contributions and employees' contributions for the year ended September 30, 2006. All contributions have been made.

	9/30/06
Total payroll contributions	\$ 788,988
Employer's contribution	\$ 448,068
Employee's contribution	\$ 340,920

The following schedule is based on the actuarial valuation as of September 30, 2005 (most recent information available) as provided by the Employees' Retirement System of Alabama:

**Summary of Employee Census Data**

Number of active members:	235
Annual compensation:	\$ 6,863,095

Number of retired members and beneficiaries:	86
Annual retirement allowances*:	\$ 1,013,300

\* Includes all COLAs elected through 9/30/06

**Required Employer Contribution Rates**

Normal cost	4.18%
Accrued liability	2.06%
Pre-retirement death benefit	0.15%
Administrative expense	0.18%
Total	6.57%

5% Employer contribution factor (6.57%/5%)	1.314
6% Employer contribution factor (6.57%/6%)	1.095

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE J – RETIREMENT PLANS AND OTHER EMPLOYEE BENEFITS – Continued**

**Retirement Systems of Alabama – Continued**

<b>Trend Information</b>			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
9/30/2003	\$ 309,767	100.0%	\$0
9/30/2004	\$ 357,784	100.0%	\$0
9/30/2005	\$ 412,620	100.0%	\$0

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)<sup>1</sup></u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as Percentage of Covered Payroll ( (b-a) / c )</u>
9/30/2000	\$ 15,990,233	\$ 15,343,131	\$ (647,102)	104.2%	\$5,900,297	-11.0%
9/30/2001 <sup>2</sup>	16,571,618	16,529,645	(41,973)	100.3%	6,762,334	-0.6%
9/30/2002 <sup>3</sup>	16,683,307	17,319,318	636,011	96.3%	6,588,264	9.7%
9/30/2003 <sup>4</sup>	16,961,666	18,435,404	1,473,738	92.0%	6,822,762	21.6%
9/30/2004 <sup>5</sup>	17,447,094	18,952,761	1,505,667	92.1%	7,096,260	21.2%
9/30/2005	\$ 18,240,270	\$19,908,877	\$ 1,668,607	91.6%	\$6,863,095	24.3%

1. Reflects liability for cost of living benefits increase granted on or after October 1, 1978.
2. Reflects changes in actuarial assumptions (as of September 30, 2001). Also reflects effect of DROP if unit elected to enroll.
3. Reflects effect of DROP if unit elected to enroll prior to June 20, 2003.
4. Reflects effect of DROP if unit elected to enroll prior to May 18, 2004.
5. Reflects effect of DROP if unit elected to enroll prior to August 4, 2005.

The valuation was prepared using the entry age normal actuarial cost method. An interest rate and projected salary increases of 4.61-7.75% were used for all purposes, together with other actuarial assumptions based on the experience of the system. Since the previous valuation, there have been no amendments to the system affecting the valuation.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE J – RETIREMENT PLANS AND OTHER EMPLOYEE BENEFITS – Continued**

**Retirement Systems of Alabama – Continued**

Actuarial gains and losses are reflected in the unfunded actuarial accrued liability, which is being amortized over a twenty-year period. The retirement plan is included in the financial report of the Retirement Systems of Alabama. Copies of this report may be obtained from the Retirement Systems of Alabama.

Employees are also eligible to participate in the PEIRAF Deferred Compensation Plan of the Retirement Systems of Alabama. Employees may defer a portion of their pre-tax compensation into this plan and are eligible to remove the proceeds at retirement. The City does not contribute to this plan.

An Annual Report may be obtained from the Retirement Systems of Alabama, P.O. Box 302150, Montgomery, AL 36130-2150.

**Police and Firemen's Pension Fund**

The Police and Fireman's Pension Fund is funded by contributions from employees, the City and a tax on certain utilities revenue. The plan covers all sworn members of the Police and Fire Departments of the City. Retirement benefits are paid to those members having continuous service for twenty (20) years if employed before June 1, 1979, and 25 continuous years of service if employed thereafter. An actuarial valuation of the plan is made biannually; however, contribution amounts are prescribed by state law and do not vary with the actuarial valuation. These contribution rates are as follows:

The most recent actuarial valuation was performed as of September 30, 2003, and contains the following information:

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE J – RETIREMENT PLANS AND OTHER EMPLOYEE BENEFITS – Continued**

**Police and Firemen’s Pension Fund**

Development of the Fund through September 30, 2004  
Notes on Police and Fireman’s Pension Fund

- |                              |   |
|------------------------------|---|
| • Valuation Date             | 9/30/03                                     |
| • Actuarial cost method      | Projected unit credit actuarial Cost Method |
| • Asset valuation method     | Market value less unrecognized returns      |
| • Investment Rate of Return  | 8%  |
| • Projected salary increases | 4.5% per year                               |

**NOTE K – RISK MANAGEMENT**

The City of Anniston is exposed to various risks of loss related to torts, theft, errors and omissions, job-related illnesses and injuries, and natural disasters. Risk management is the process of managing the City’s activities to minimize the adverse effects of certain types of losses and to obtain finances to provide for or restore the economic damages of those losses. The City maintains insurance coverage with the Alabama Municipal Insurance Corporation. The City believes the coverage is adequate to preclude any significant risk exposure. The City is self-insured for employee’s medical coverage for claims up to an expected level in aggregate. A specific stop loss agreement is in effect with an outside insurance company. This will cover claims exceeding \$100,000 per eligible employee per year with an outside company. As of September 30, 2006, a liability for future claims is not recorded. The liability if any for this contingency is measured in accordance with Financial Accounting Standards Boards (FASB) Statement No. 5. Expenses are recognized when incurred and offsetting revenues are recorded as a reduction against the applicable expense.

**NOTE L – COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, or expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**CITY OF ANNISTON  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**NOTE L – COMMITMENTS AND CONTINGENCIES – Continued**

The City is a defendant in various litigations of which legal counsel and City management is of the opinion that none will have a material adverse effect on the financial statements of the City. These actions include both asserted and unasserted claims. The City's legal counsel has advised that damages on any asserted claims, should an unfavorable judgment be reached, will be within the limits of the City's insurance coverage and therefore should not impact upon municipal assets. The City's maximum liability is estimated to be the \$5,000 insurance deductible for claims. No accrual has been included in these financial statements for this matter.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF ANNISTON  
SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
<b>Taxes:</b>				
Sales and use	\$ 16,245,000	\$ 16,245,000	\$ 16,953,664	\$ 708,664
General property taxes	4,421,200	4,421,200	4,355,968	(65,232)
Beverage taxes	146,000	146,000	143,534	(2,466)
Anniston Housing Authority	12,200	12,200	27,069	14,869
Water utility fees	419,000	419,000	376,165	(42,835)
Cigarette and tobacco	292,000	292,000	337,942	45,942
Gasoline	385,000	385,000	395,880	10,880
Bingo	115,000	115,000	79,732	(35,268)
Lodging	145,000	145,000	161,683	16,683
Rental	210,000	210,000	203,294	(6,706)
<b>Total Taxes</b>	<b>22,390,400</b>	<b>22,390,400</b>	<b>23,034,931</b>	<b>644,531</b>
<b>Licenses and Permits:</b>				
Business licenses	2,530,000	2,530,000	2,607,908	77,908
Other licenses and penalties	849,850	849,850	877,216	27,366
<b>Total Licenses and Permits</b>	<b>3,379,850</b>	<b>3,379,850</b>	<b>3,485,124</b>	<b>105,274</b>
<b>State Shared Revenues:</b>				
ABC Board	5,500	5,500	16,103	10,603
Financial Institution tax	81,422	81,422	468,351	386,929
Shares tax	111,800	111,800	112,675	875
Motor vehicles	91,000	91,000	91,439	439
<b>Total State Shared Revenues</b>	<b>289,722</b>	<b>289,722</b>	<b>688,568</b>	<b>398,846</b>
<b>Charges for Services:</b>				
Garbage fees	706,000	706,000	752,407	46,407
Airport revenues	45,200	45,200	38,984	(6,216)
Rental income	6,500	6,500	2,524	(3,976)
Recreation Department fees	1,283,164	1,283,164	1,211,354	(71,810)
Public works receipts	38,930	38,930	59,568	20,638
Public safety receipts	237,000	237,000	296,706	59,706
<b>Total Charges for Services</b>	<b>2,316,794</b>	<b>2,316,794</b>	<b>2,361,543</b>	<b>44,749</b>
<b>Recovery of Assets:</b>				
Sales of equipment	40,000	40,000	56,934	16,934
Sale of land	-	-	20,000	20,000
Insurance claims/refunds	1,000	1,000	75	(925)
<b>Total Recovery of Assets</b>	<b>41,000</b>	<b>41,000</b>	<b>77,009</b>	<b>36,009</b>

**CITY OF ANNISTON**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND BUDGET AND ACTUAL - Continued**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Miscellaneous Revenue	59,850	59,850	59,159	(691)
Interest Income	<u>465,000</u>	<u>465,000</u>	<u>558,387</u>	<u>93,387</u>
<b>Total Revenues</b>	<b><u>\$ 28,942,616</u></b>	<b><u>\$ 28,942,616</u></b>	<b><u>\$ 30,264,721</u></b>	<b><u>\$ 1,322,105</u></b>
<b>EXPENDITURES</b>				
<b>General Government:</b>				
Finance division	875,539	875,539	836,585	38,954
General division	194,742	194,742	179,963	14,779
City Council	167,313	167,313	164,776	2,537
Building maintenance	<u>541,014</u>	<u>541,014</u>	<u>549,134</u>	<u>(8,120)</u>
<b>Total General Government</b>	<b>1,778,608</b>	<b>1,778,608</b>	<b>1,730,458</b>	<b>48,150</b>
<b>Public Safety:</b>				
Police	5,242,522	5,242,522	5,166,477	76,045
Municipal Court	275,188	275,188	262,699	12,489
Detention facilities	486,012	486,012	422,227	63,785
Fire	<u>3,866,828</u>	<u>3,866,828</u>	<u>3,815,756</u>	<u>51,072</u>
<b>Total Public Safety</b>	<b>9,870,550</b>	<b>9,870,550</b>	<b>9,667,159</b>	<b>203,391</b>
<b>Public Works:</b>				
General	249,248	206,799	176,895	29,904
Cemetery	113,835	116,247	136,114	(19,867)
Electrical	551,172	551,204	552,404	(1,200)
Engineering	270,481	270,801	227,556	43,245
Garage	132,826	133,951	138,844	(4,893)
Environmental services	909,959	910,159	911,780	(1,621)
Street Department	2,621,680	2,660,040	2,760,934	(100,894)
Airport	34,750	34,750	39,173	(4,423)
Planning	<u>310,387</u>	<u>310,387</u>	<u>252,928</u>	<u>57,459</u>
<b>Total Public Works</b>	<b>5,194,338</b>	<b>5,194,338</b>	<b>5,196,628</b>	<b>(2,290)</b>
<b>Recreational:</b>				
Administration	1,053,490	1,053,930	1,044,524	9,406
Parks, facilities, and utilities	2,163,879	2,164,218	2,147,715	16,503
PARC programs	393,062	394,062	402,098	(8,036)
Park maintenance	<u>293,425</u>	<u>293,427</u>	<u>314,715</u>	<u>(21,288)</u>
<b>Total Recreational</b>	<b>3,903,856</b>	<b>3,905,637</b>	<b>3,909,052</b>	<b>(3,415)</b>

**CITY OF ANNISTON  
SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND BUDGET AND ACTUAL - Continued  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Non-Departmental:</b>				
Professional services	50,000	50,000	52,695	(2,695)
Utilities	38,875	38,875	39,060	(185)
Projects	366,632	366,632	39,906	326,726
Workmans compensation insurance	535,000	535,000	462,472	72,528
Employer funded health care	2,202,071	2,202,071	2,092,643	109,428
Other insurances	479,000	479,000	469,806	9,194
Miscellaneous	<u>613,850</u>	<u>613,850</u>	<u>444,769</u>	<u>169,081</u>
 Total Non-Departmental	 4,285,428	 4,285,428	 3,601,351	 684,077
 Capital Outlay	 277,800	 277,800	 317,451	 (39,651)
<b>Other Board and Agencies</b>				
Anniston Calhoun County Library	525,000	525,000	525,000	-
AHS Scholarship Program	90,000	90,000	79,036	10,964
Anniston City Board of Education	700,000	700,000	700,000	-
Anniston City Schools Foundation	60,000	60,000	61,010	(1,010)
Berman Museum	125,000	125,000	125,000	-
Calhoun County Health Dept	10,000	10,000	10,000	-
Calhoun County Humane Society	36,000	36,000	36,000	-
Calhoun County Juvenile Court	4,000	4,000	12,111	(8,111)
Children's Services	3,500	3,500	3,500	-
Civil Service Board	36,221	36,221	39,939	(3,718)
Community Enabler Developer	10,000	10,000	10,000	-
East Alabama Regional Planning	19,073	19,073	13,259	5,814
Greater Good	5,000	5,000	5,000	-
Human Resources Department	1,200	1,200	1,200	-
Museum of Natural History	525,000	525,000	525,000	-
Calhoun/Cleburne Mental Health	50,000	50,000	50,000	-
Alabama Coop Extension	2,000	2,000	2,000	-
Boys & Girls Clubs	6,000	6,000	6,000	-
Coosa Valley Juvenile Center	198,100	198,100	198,100	-
Red Cross	10,000	10,000	10,000	-
Retired Senior Volunteer Program	3,500	3,500	3,500	-
Salvation Army	2,500	2,500	2,500	-
School Reading Initiative	5,000	5,000	4,900	100
Spirit of Anniston/Mainstreet USA	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
 Total Board and Agencies	 <u>2,617,094</u>	 <u>2,617,094</u>	 <u>2,613,055</u>	 <u>4,039</u>
 Total Expenditures	 <u>\$ 27,927,674</u>	 <u>\$ 27,929,455</u>	 <u>\$ 27,035,154</u>	 <u>\$ 894,301</u>

# *Edgar and Associates, LLC*

*Certified Public Accountants*

218 East 12th Street, Anniston, AL 36201

256.494.0842

## **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**

July 25, 2007

Honorable Mayor and City Council  
City of Anniston, Alabama

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Anniston, Alabama as of and for the year ended September 30, 2006, which collectively comprise the City of Anniston, Alabama's basic financial statements and have issued our report thereon dated July 25, 2007. We conducted our audit in accordance with accepted 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Anniston, Alabama's internal control over financial reporting as a basis for designing our auditing procedures 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 of Anniston, Alabama's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Anniston, Alabama's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weakness. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

**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 – Continued**

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Anniston, Alabama's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Anniston, Alabama's financial statements that is more than inconsequential will not be prevented or detected by the City of Anniston, Alabama's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting (Reference number 2006-01).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Anniston, Alabama's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2006-01 to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Anniston, Alabama's financial statements are free of 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 questioned costs as item 2006-01.

**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 – Continued**

We noted certain matters that we reported to management of the City of Anniston, Alabama in a separate letter dated July 25, 2007.

City of Anniston, Alabama's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City of Anniston, Alabama's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the audit committee, City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

*Edgar and Associates, LLC*

Anniston, Alabama

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*Certified Public Accountants*

218 East 12th Street, Anniston, AL 36201

256.494.0842

## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

July 25, 2007

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

### Compliance

We have audited the compliance of City of Anniston, Alabama with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2006. City of Anniston, Alabama's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Anniston, Alabama's management. Our responsibility is to express an opinion on City of Anniston, Alabama's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Anniston, Alabama's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Anniston, Alabama's compliance with those requirements.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 – Continued**

As described in item 2006-02 in the accompanying schedule of findings and questioned costs, City of Anniston, Alabama did not comply with requirements regarding suspension and debarment that are applicable to FEMA Buyout grant. Compliance with such requirements is necessary, in our opinion, for City of Anniston, Alabama to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, City of Anniston, Alabama complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2006.

**Internal Control Over Compliance**

The management of City of Anniston, Alabama is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Anniston, Alabama's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect City of Anniston, Alabama's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2006-02.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 – Continued**

Our consideration of the internal control over compliance would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weaknesses.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Edgar and associates, LLC*

Anniston, Alabama

**CITY OF ANNISTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2006**

**SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

- The auditors' report expresses an unqualified opinion on the financial statements of the City of Anniston.
- There is a significant deficiency that is a material weakness reported in the 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*.

**Federal Awards**

- The auditors' report on compliance for the major federal award programs for City of Anniston expresses a qualified opinion on FEMA *General Operating Support (FEMA Buyout grant)*.
- The threshold used for distinguishing between Type A and B programs was \$300,000.
- City of Anniston did not qualify as a low-risk auditee.

**Identification of major programs:**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant
83.549	FEMA General Operating Support

**CITY OF ANNISTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued  
SEPTEMBER 30, 2006**

**FINANCIAL STATEMENT FINDINGS**

**2006-01 – Revolving Loans Requirements**

*Condition:* Two loans did not meet mandated City Council resolutions.

*Findings:* During the audit, it was determined two loans exceeded the limits set by City Council resolution, and one of the two loans did not have terms of repayment.

1. Two loans in the aggregate exceeded \$35,000 limit set by City Council.
2. One of the aforementioned loans did not have repayment terms specified.

*Effect:* Limits exceeded allowable loan amounts. One of the loans has not received payments and is not considered in default because repayment terms were not set.

*Recommendations:* We recommend that the Board adhere to the requirements mandated by Council resolution.

*Response:* During the fiscal year 2006, the City Council engaged the City Attorney to review the process by which loans are initiated, approved and collected. Recommendations on minor changes are forthcoming to the Revolving Loan Board on the processes to ensure the intent of the Council regarding this program.

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**2006-02 – FEMA Buyout Grant**

*Condition:* The City relied upon an outside agency to administer a federal grant and insure that compliance requirements were being met.

*Finding:* The grant administrator for the outside agency was not aware of the suspension and debarment requirements for the FEMA Buyout grant.

*Effect:* The grant monies were distributed without the required review of the excluded parties listing for suspension and debarment.

**CITY OF ANNISTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued  
SEPTEMBER 30, 2006**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

*Recommendations:* We recommend that the City verify that outside agencies used for grant administration are aware of all compliance requirements as set forth by grant agreements.

*Response:* Through the contractual process with any outside agency administering federal awards, the City will ensure the agency attests that they are aware of all federal regulations, including the suspension and debarment requirements associated now with most federal awards. Additionally, employees within the City that are associated with federal grant compliance have been notified of the process to check for suspension and debarment and awareness heightened in general to federal award compliance.

***SUPPLEMENTARY INFORMATION***

**CITY OF ANNISTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SEPTEMBER 30, 2006**

	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b><u>Federal Emergency Management Agency</u></b>		
Direct program		
General Operating Support	83.549	\$ <u>533,939</u>
<b>Total Federal Emergency Management Agency</b>		<b>533,939</b>
<b><u>U.S. Department of Health and Human Services</u></b>		
Indirect program passed through East Alabama Regional Planning and Dev. Comm.		
Grants for Supportive Services and Senior Citizens	93.044	<u>24,358</u>
<b>Total Department of Health and Human Services</b>		<b>24,358</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
Direct program		
Community Development Block Grants	14.218	<u>947,404</u>
<b>Total Department of Housing and Urban Development</b>		<b>947,404</b>
<b><u>Institute of Museum and Library Services</u></b>		
Direct program		
General Operating Support	45.301	<u>32,300</u>
<b>Total Institute of Museum and Library Services</b>		<b>32,300</b>
<b><u>U.S. Department of Justice</u></b>		
Direct program		
Edward Byrne Justice Assistance Grant	16.738	<u>140,341</u>
<b>Total Department of Justice</b>		<b>140,341</b>
<b><u>U.S. Department of Justice</u></b>		
Indirect program passed through Alabama Dept of Economic and Community Affairs		
Drug Control and System Improvement Formula Grant	16.579	<u>160,000</u>
<b>Total Department of Justice</b>		<b>160,000</b>
<b><u>U.S. Department of Transportation</u></b>		
Indirect program passed through Alabama Department of Transportation		
West 10th - Moore to Ferron	20.205	33,906
Roberts Drive	20.205	61,236
Greenbrier and Wilmer Avenue	20.205	1,000
Apron Taxiway Improvement	20.106	160,822
Multi-Modal Facility	20.205	127,380
Blue Mountain Depot Restoration	20.205	<u>20,000</u>
<b>Total Social Security Administration</b>		<b>404,344</b>
<b>Total Federal Financial Assistance</b>		<b>\$ <u>2,242,686</u></b>

**CITY OF ANNISTON  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SEPTEMBER 30, 2006**

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Board and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts may differ from amounts presented in or used in the preparation of the financial statements.

This is the same method used to prepare the financial statements for the City of Anniston.

**CITY OF ANNISTON  
COMBINING BALANCE SHEETS - CAPITAL PROJECTS FUNDS  
SEPTEMBER 30, 2006**

	Bill Robison Parkway	South Highland Improvements	Roberts Drive	Blue Mountain Depot	Multi- Modal Project
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	1,189,496	210,000	-	-	320,000
Due from other governments	-	-	-	-	-
	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 1,189,496</u></b>	<b><u>\$ 210,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 320,000</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,235,911	-	-	-	-
Deferred revenue	-	-	-	-	-
	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,235,911</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>					
Reserved for future projects	<u>(46,415)</u>	<u>210,000</u>	<u>-</u>	<u>-</u>	<u>320,000</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,189,496</u></b>	<b><u>\$ 210,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 320,000</u></b>

**CITY OF ANNISTON**  
**COMBINING BALANCE SHEETS - CAPITAL PROJECTS FUNDS - Continued**  
**SEPTEMBER 30, 2006**

	Youth Sports Complex	Greenbrier Road Phase II	Cane Creek Subdivision	Henry Road	FEMA Buyout
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Due from other funds	-	225,000	410,701	-	37,659
Due from other governments	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 225,000</u></b>	<b><u>\$ 410,701</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 37,659</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable and accrued liabilities	77,007	-	-	-	-
Due to other funds	195	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>77,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances					
Reserved for future projects	<u>(77,202)</u>	<u>225,000</u>	<u>410,701</u>	<u>-</u>	<u>37,659</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ -</u></b>	<b><u>\$ 225,000</u></b>	<b><u>\$ 410,701</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 37,659</u></b>

**CITY OF ANNISTON**  
**COMBINING BALANCE SHEETS - CAPITAL PROJECTS FUNDS - Continued**  
**SEPTEMBER 30, 2006**

	Quintard Traffic Signal	West 10th Street Moore to Ferron	Apron Taxiway Improvement	Total Capital Projects
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables	-	-	-	-
Due from other funds	-	89,086	960	2,482,902
Due from other governments	-	27,125	31,208	58,333
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 116,211</b>	<b>\$ 32,168</b>	<b>\$ 2,541,235</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable and accrued liabilities	-	6,940	4,019	87,966
Due to other funds	-	-	-	1,236,106
Deferred revenue	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>6,940</b>	<b>4,019</b>	<b>1,324,072</b>
Fund balances				
Reserved for future projects	-	109,271	28,149	1,217,163
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 116,211</b>	<b>\$ 32,168</b>	<b>\$ 2,541,235</b>

**CITY OF ANNISTON  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUNDS  
 SEPTEMBER 30, 2006**

<b>REVENUES</b>	<u>Bill Robison Parkway</u>	<u>South Highland Improvements</u>	<u>Roberts Drive</u>	<u>Blue Mountain Depot</u>	<u>Multi- Modal Project</u>
Intergovernmental Revenues:					
Federal and state grants	\$ -	\$ -	\$ -	\$ 20,000	\$ -
State taxes	-	-	-	-	-
Other Operating Revenues:					
Fees, fines, and charges for services	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	90,381
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>90,381</b>
<b>EXPENDITURES</b>					
General	-	-	-	-	16,058
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Projects	115,260	-	61,236	45,984	111,322
<b>Total Expenditures</b>	<b>115,260</b>	<b>-</b>	<b>61,236</b>	<b>45,984</b>	<b>127,380</b>
Excess (Deficiency) of Revenues over Expenditures	(115,260)	-	(61,236)	(25,984)	(36,999)
Other Financing Sources (Uses)					
Transfers in (out)	-	210,000	61,236	17,114	343,075
Excess (Deficiency) of Revenues over Expenditures and other Financing Sources (Uses)	(115,260)	210,000	-	(8,870)	306,076
Fund Balance, Beginning of Year	68,845	-	-	8,870	13,924
Fund Balance, End of Year	\$ (46,415)	\$ 210,000	\$ -	\$ -	\$ 320,000

**CITY OF ANNISTON  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUNDS - Continued  
 SEPTEMBER 30, 2006**

<b>REVENUES</b>	<u>Youth Sports Complex</u>	<u>Greenbrier Road Phase II</u>	<u>Cane Creek Subdivision</u>	<u>Henry Road</u>	<u>FEMA Buyout</u>
Intergovernmental Revenues:					
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ 533,939
State taxes	-	-	-	-	-
Other Operating Revenues:					
Fees, fines, and charges for services	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>533,939</u>
<b>EXPENDITURES</b>					
General	-	1,000	-	-	17,461
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Projects	<u>77,202</u>	<u>-</u>	<u>-</u>	<u>188,397</u>	<u>632,431</u>
<b>Total Expenditures</b>	<u>77,202</u>	<u>1,000</u>	<u>-</u>	<u>188,397</u>	<u>649,892</u>
Excess (Deficiency) of Revenues over Expenditures	(77,202)	(1,000)	-	(188,397)	(115,953)
Other Financing Sources (Uses)					
Transfers in (out)	<u>-</u>	<u>226,000</u>	<u>-</u>	<u>188,397</u>	<u>142,471</u>
Excess (Deficiency) of Revenues over Expenditures and other Financing Sources (Uses)	(77,202)	225,000	-	-	26,518
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>410,701</u>	<u>-</u>	<u>11,141</u>
Fund Balance, End of Year	<u>\$ (77,202)</u>	<u>\$ 225,000</u>	<u>\$ 410,701</u>	<u>\$ -</u>	<u>\$ 37,659</u>

**CITY OF ANNISTON**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUNDS - Continued**  
**SEPTEMBER 30, 2006**

<b>REVENUES</b>	<u>Quintard Traffic Signal</u>	<u>West 10th Street Moore to Ferron</u>	<u>Apron Taxiway Improvement</u>	<u>Total Capital Projects</u>
Intergovernmental Revenues:				
Federal and state grants	\$ -	\$ 27,125	\$ 146,592	\$ 727,656
State taxes	-	-	-	-
Other Operating Revenues:				
Fees, fines, and charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	90,381
<b>Total Revenues</b>	<b>-</b>	<b>27,125</b>	<b>146,592</b>	<b>818,037</b>
<b>EXPENDITURES</b>				
General	-	-	-	34,519
Public safety	-	-	-	-
Public works	-	33,906	-	33,906
Projects	-	-	160,822	1,392,654
<b>Total Expenditures</b>	<b>-</b>	<b>33,906</b>	<b>160,822</b>	<b>1,461,079</b>
Excess (Deficiency) of Revenues over Expenditures	-	(6,781)	(14,230)	(643,042)
Other Financing Sources (Uses)				
Transfers in (out)	1,873	120,000	41,082	1,351,248
Excess (Deficiency) of Revenues over Expenditures and other Financing Sources (Uses)	1,873	113,219	26,852	708,206
Fund Balance, Beginning of Year	(1,873)	(3,948)	1,297	508,957
Fund Balance, End of Year	\$ -	\$ 109,271	\$ 28,149	\$ 1,217,163

**CITY OF ANNISTON  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS - by fund types  
SEPTEMBER 30, 2006**

	Special Revenue Funds	Debt Service Fund	Community Development Fund	Other Nonmajor Funds	Total Other Governmental Funds
<b>ASSETS</b>					
Cash	\$ 3,340,761	\$ 37	\$ 1,077	\$ 2,270,576	\$ 5,612,451
Investments	1,693,000	-	-	885,050	2,578,050
Receivables net	-	-	85,005	414,947	499,952
Prepaid expenses	727,530	-	-	-	727,530
Due from other governments	68,314	-	236,471	-	304,785
Due from other funds	135,873	-	-	25,854	161,727
Other assets	-	-	156,769	39,053	195,822
<b>Total Assets</b>	<b>\$ 5,965,478</b>	<b>\$ 37</b>	<b>\$ 479,322</b>	<b>\$ 3,635,480</b>	<b>\$ 10,080,317</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 431,975	\$ -	\$ 10,439	\$ 95,168	\$ 537,582
Due to other funds	1,064,862	-	232,615	180,497	1,477,974
Deferred revenue	-	-	188,219	-	188,219
Accrued sick leave	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,496,837</b>	<b>-</b>	<b>431,273</b>	<b>275,665</b>	<b>2,203,775</b>
<b>FUND BALANCES</b>					
Reserved for:					
Special revenue funds	4,468,641	-	48,049	-	4,516,690
Future projects	-	-	-	3,028,413	3,028,413
Unreserved, reported in:					
Debt service funds	-	37	-	-	37
Anniston Museum fund	-	-	-	331,402	331,402
<b>Total Fund Balances</b>	<b>4,468,641</b>	<b>37</b>	<b>48,049</b>	<b>3,359,815</b>	<b>7,876,542</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,965,478</b>	<b>\$ 37</b>	<b>\$ 479,322</b>	<b>\$ 3,635,480</b>	<b>\$ 10,080,317</b>

**CITY OF ANNISTON  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - by fund types  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Special Revenue Funds	Debt Service Fund	Community Development Fund	Other Nonmajor Funds	Total Other Governmental Funds
<b>Revenues</b>					
Federal and state grants	\$ 320,250	\$ -	\$ 939,457	\$ 40,978	\$ 1,300,685
State taxes	1,322,029	-	-	25,000	1,347,029
Fees, fines, and charges for services	229,284	-	-	1,431,607	1,660,891
Interest	161,261	-	205	104,147	265,613
Other revenues	<u>587,588</u>	<u>-</u>	<u>-</u>	<u>528,006</u>	<u>1,115,594</u>
	2,620,412	-	939,662	2,129,738	5,689,812
<b>Expenditures</b>					
General government	377	-	182,002	1,099,147	1,281,526
Public safety	1,101,412	-	-	561,386	1,662,798
Public works	-	-	484,840	-	484,840
Other	49,043	-	280,562	20,696	350,301
Debt service	<u>-</u>	<u>1,486,806</u>	<u>-</u>	<u>-</u>	<u>1,486,806</u>
	<u>1,150,832</u>	<u>1,486,806</u>	<u>947,404</u>	<u>1,681,229</u>	<u>5,266,271</u>
Excess (Deficiency) of Revenues over Expenditures	1,469,580	(1,486,806)	(7,742)	448,509	423,541
Other Financing Sources					
Transfers in (out)	<u>73,322</u>	<u>1,486,806</u>	<u>-</u>	<u>(67,614)</u>	<u>1,492,514</u>
Excess (Deficiency) of Revenues over Expenditures and other Financing Sources (Uses)	1,542,902	-	(7,742)	380,895	1,916,055
<b>Fund Balance Beginning of Year</b>	<u>2,925,739</u>	<u>37</u>	<u>55,791</u>	<u>2,978,920</u>	<u>5,960,487</u>
<b>Fund Balance End of Year</b>	<u>\$ 4,468,641</u>	<u>\$ 37</u>	<u>\$ 48,049</u>	<u>\$ 3,359,815</u>	<u>\$ 7,876,542</u>

**CITY OF ANNISTON  
COMBINING BALANCE SHEETS - SPECIAL REVENUES FUNDS  
SEPTEMBER 30, 2006**

	Gasoline Tax Fund	7 Cent Gas Tax	Fire District Tax Fund	Alabama Trust Fund	Brownfield Project
<b>ASSETS</b>					
Cash	\$ 271,313	\$ 259,590	\$ 1,851,503	\$ 176,806	\$ -
Investments	-	-	1,683,000	-	-
Prepaid expenses	-	-	727,530	-	-
Due from other funds	-	128,030	-	-	-
Due from other governments	12,128	14,804	-	-	-
<b>Total Assets</b>	<u>283,441</u>	<u>402,424</u>	<u>4,262,033</u>	<u>176,806</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable and accrued liabilities	-	-	365,446	-	-
Due to other funds	128,105	188,853	496,875	-	-
Deferred revenue	-	-	-	-	-
<b>Total Liabilities</b>	<u>128,105</u>	<u>188,853</u>	<u>862,321</u>	<u>-</u>	<u>-</u>
Fund balances					
Reserved for future projects	<u>155,336</u>	<u>213,571</u>	<u>3,399,712</u>	<u>176,806</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 283,441</u>	<u>\$ 402,424</u>	<u>\$ 4,262,033</u>	<u>\$ 176,806</u>	<u>\$ -</u>

**CITY OF ANNISTON**  
**COMBINING BALANCE SHEETS - SPECIAL REVENUES FUNDS - Continued**  
**SEPTEMBER 30, 2006**

	Federal Seized Assets Fund	Drug Task Force Fund	Drug Task Force Office Fund	FEMA Hazmat	Bulletproof Vest Fund
<b>ASSETS</b>					
Cash	\$ 166,505	\$ -	\$ 511,834	\$ -	\$ -
Investments	-	-	10,000	-	-
Prepaid expenses	-	-	-	-	-
Due from other funds	-	7,843	-	-	-
Due from other governments	-	39,372	-	-	2,010
<b>Total Assets</b>	<b>166,505</b>	<b>47,215</b>	<b>521,834</b>	<b>-</b>	<b>2,010</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable and accrued liabilities	-	47,215	-	-	-
Due to other funds	39,267	-	148,551	-	-
Deferred revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>39,267</b>	<b>47,215</b>	<b>148,551</b>	<b>-</b>	<b>-</b>
Fund balances	-	-	-	-	-
Reserved for future projects	127,238	-	373,283	-	2,010
<b>Total Liabilities and Fund Balances</b>	<b>\$ 166,505</b>	<b>\$ 47,215</b>	<b>\$ 521,834</b>	<b>\$ -</b>	<b>\$ 2,010</b>

**CITY OF ANNISTON**  
**COMBINING BALANCE SHEETS - SPECIAL REVENUES FUNDS - Continued**  
**SEPTEMBER 30, 2006**

	LLEBG 2003	Bryne Justice Grant	Total Special Revenues
<b>ASSETS</b>			
Cash	\$ -	\$ 103,210	\$ 3,340,761
Investments	-	-	1,693,000
Prepaid expenses	-	-	727,530
Due from other funds	-	-	135,873
Due from other governments	-	-	68,314
	-	-	-
<b>Total Assets</b>	<b>-</b>	<b>103,210</b>	<b>5,965,478</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable and accrued liabilities	-	19,314	431,975
Due to other funds	-	63,211	1,064,862
Deferred revenue	-	-	-
	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>82,525</b>	<b>1,496,837</b>
Fund balances			
Reserved for future projects	-	20,685	4,468,641
	-	20,685	4,468,641
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 103,210</b>	<b>\$ 5,965,478</b>

**CITY OF ANNISTON  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - SPECIAL REVENUES FUNDS  
 SEPTEMBER 30, 2006**

<b>REVENUES</b>	<u>Gasoline Tax Fund</u>	<u>7 Cent Gas Tax Fund</u>	<u>Fire District Tax Fund</u>	<u>Alabama Trust Fund</u>	<u>Brownfield Project</u>
Intergovernmental Revenues:					
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -
State taxes	135,827	166,677	873,708	145,817	-
Other Operating Revenues:					
Fees, fines, and charges for services	-	-	-	-	-
Interest	7,458	8,013	127,747	4,050	-
Other	-	-	-	-	48,881
<b>Total Revenues</b>	<u>143,285</u>	<u>174,690</u>	<u>1,001,455</u>	<u>149,867</u>	<u>48,881</u>
<b>EXPENDITURES</b>					
General	30	-	-	-	-
Public safety	-	-	177,988	-	-
Public works	-	-	-	-	-
Projects	84	38	-	40	48,881
<b>Total Expenditures</b>	<u>114</u>	<u>38</u>	<u>177,988</u>	<u>40</u>	<u>48,881</u>
Excess (Deficiency) of Revenues over Expenditures	143,171	174,652	823,467	149,827	-
Other Financing Sources (Uses)					
Transfers in (out)	-	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures and other Financing Sources (Uses)	143,171	174,652	823,467	149,827	-
Fund Balance, Beginning of Year	<u>12,165</u>	<u>38,919</u>	<u>2,576,245</u>	<u>26,979</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 155,336</u>	<u>\$ 213,571</u>	<u>\$ 3,399,712</u>	<u>\$ 176,806</u>	<u>\$ -</u>

**CITY OF ANNISTON**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - SPECIAL REVENUES FUNDS - Continued**  
**SEPTEMBER 30, 2006**

<b>REVENUES</b>	<u>Federal Seized Assets Fund</u>	<u>Drug Task Force Fund</u>	<u>Drug Task Force Office Fund</u>	<u>FEMA Hazmat</u>	<u>Bulletproof Vest Fund</u>
Intergovernmental Revenues:					
Federal and state grants	\$ -	\$ 160,000	\$ -	\$ -	\$ 2,764
State taxes	-	-	-	-	-
Other Operating Revenues:					
Fees, fines, and charges for services	-	-	229,284	-	-
Interest	6,953	-	3,354	-	-
Other	-	168,032	370,675	-	-
<b>Total Revenues</b>	<u>6,953</u>	<u>328,032</u>	<u>603,313</u>	<u>-</u>	<u>2,764</u>
<b>EXPENDITURES</b>					
General	-	-	-	347	-
Public safety	39,306	495,878	242,372	-	5,527
Public works	-	-	-	-	-
Projects	-	-	-	-	-
<b>Total Expenditures</b>	<u>39,306</u>	<u>495,878</u>	<u>242,372</u>	<u>347</u>	<u>5,527</u>
Excess (Deficiency) of Revenues over Expenditures	(32,353)	(167,846)	360,941	(347)	(2,763)
Other Financing Sources (Uses)					
Transfers in (out)	-	167,846	(102,717)	1,469	6,871
Excess (Deficiency) of Revenues over Expenditures and other Financing Sources (Uses)	(32,353)	-	258,224	1,122	4,108
Fund Balance, Beginning of Year	<u>159,591</u>	<u>-</u>	<u>115,059</u>	<u>(1,122)</u>	<u>(2,098)</u>
Fund Balance, End of Year	<u>\$ 127,238</u>	<u>\$ -</u>	<u>\$ 373,283</u>	<u>\$ -</u>	<u>\$ 2,010</u>

**CITY OF ANNISTON**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - SPECIAL REVENUES FUNDS - Continued**  
**SEPTEMBER 30, 2006**

<b>REVENUES</b>	<u>LLEBG 2003</u>	<u>Byrne Justice Grant</u>	<u>Total Special Revenues</u>
Intergovernmental Revenues:			
Federal and state grants	\$ -	\$ 157,486	\$ 320,250
State taxes	-	-	1,322,029
Other Operating Revenues:			
Fees, fines, and charges for services	-	-	229,284
Interest	147	3,539	161,261
Other	-	-	587,588
	<u>147</u>	<u>161,025</u>	<u>2,620,412</u>
<b>Total Revenues</b>	<b>147</b>	<b>161,025</b>	<b>2,620,412</b>
<b>EXPENDITURES</b>			
General	-	-	377
Public safety	-	140,341	1,101,412
Public works	-	-	-
Projects	-	-	49,043
	<u>-</u>	<u>140,341</u>	<u>1,150,832</u>
<b>Total Expenditures</b>	<b>-</b>	<b>140,341</b>	<b>1,150,832</b>
Excess (Deficiency) of Revenues over Expenditures	147	20,684	1,469,580
Other Financing Sources (Uses)			
Transfers in (out)	<u>(147)</u>	<u>-</u>	<u>73,322</u>
Excess (Deficiency) of Revenues over Expenditures and other Financing Sources (Uses)	-	20,684	1,542,902
Fund Balance, Beginning of Year	<u>-</u>	<u>1</u>	<u>2,925,739</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 20,685</u>	<u>\$ 4,468,641</u>

**CITY OF ANNISTON  
BALANCE SHEET - DEBT SERVICE FUND  
SEPTEMBER 30, 2006**

**ASSETS**

Cash	\$ 37
Receivables net	-
Due from other funds	-
Other assets	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 37</u></b>

**LIABILITIES**

Accounts payable and accrued liabilities	<u>-</u>
	-

**FUND BALANCES**

Reserved for debt service funds	<u>37</u>
	<u>37</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 37</u></b>

**CITY OF ANNISTON  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - DEBT SERVICE FUND  
SEPTEMBER 30, 2006**

<b>Revenues</b>	
Taxes	\$ -
Interest	-
Proceeds from new debt	<u>-</u>
	-
 <b>Expenditures</b>	
Principal retirement	1,253,690
Interest charges and transfer fees	227,880
Miscellaneous	<u>5,236</u>
	<u>1,486,806</u>
Excess (deficiency) of revenue over expenditures	(1,486,806)
Other financing sources (uses)	
Transfers in (out)	<u>1,486,806</u>
Excess (deficit) of revenue and other sources over expenditures and other uses	-
Fund Balance, Beginning of Year	<u>37</u>
Fund Balance, End of Year	<u>\$ 37</u>

**CITY OF ANNISTON  
BALANCE SHEET - COMMUNITY DEVELOPMENT FUND  
SEPTEMBER 30, 2006**

**ASSETS**

Cash	\$ 1,077
Investments	-
Receivables, net	85,005
Due from other governments	236,471
Other assets	<u>156,769</u>
<b>Total Assets</b>	<b><u>\$ 479,322</u></b>

**LIABILITIES**

Accounts payable and accrued liabilities	\$ 10,439
Due to other funds	232,615
Deffered revenue	<u>188,219</u>
	431,273

**FUND BALANCES**

Reserved for future projects	48,049
Unrestricted	<u>-</u>
	<u>48,049</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 479,322</u></b>

**CITY OF ANNISTON  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - COMMUNITY DEVELOPMENT FUND  
SEPTEMBER 30, 2006**

<b>Revenues</b>	
Charges for services	\$ -
Operating grants and contributions	939,457
Capital grants and contributions	-
Interest income	205
Other revenues	<u>-</u>
	939,662
<b>Expenditures</b>	
General	182,002
Public safety	-
Public works	484,840
Other	<u>280,562</u>
	<u>947,404</u>
Excess (deficiency) of revenue over expenditures	(7,742)
Other financing sources (uses)	<u>-</u>
Transfers in (out)	
Excess (deficit) of revenue and other sources over expenditures and other uses	(7,742)
Fund Balance, Beginning of Year	<u>55,791</u>
Fund Balance, End of Year	<u>\$ 48,049</u>

**CITY OF ANNISTON  
COMBINING BALANCE SHEETS - OTHER NONMAJOR FUNDS  
SEPTEMBER 30, 2006**

	Cemetery Trust Fund	Corrections Fund	Ambulance Service Fund	Cane Creek Restaurant	Municipal Court Revenue
<b>ASSETS</b>					
Cash	\$ -	\$ 1,265,327	\$ 4,391	\$ -	\$ 237,628
Investments	-	694,000	-	-	-
Receivables	-	-	-	-	-
Other assets	-	-	-	-	-
Due from other funds	25,634	-	-	220	-
Due from other governments	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 25,634</u></b>	<b><u>\$ 1,959,327</u></b>	<b><u>\$ 4,391</u></b>	<b><u>\$ 220</u></b>	<b><u>\$ 237,628</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable and accrued liabilities	-	-	-	220	-
Due to other funds	-	17,902	4,080	-	158,279
Deferred revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>17,902</b>	<b>4,080</b>	<b>220</b>	<b>158,279</b>
Fund balances					
Reserve for future projects	<u>25,634</u>	<u>1,941,425</u>	<u>311</u>	<u>-</u>	<u>79,349</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 25,634</u></b>	<b><u>\$ 1,959,327</u></b>	<b><u>\$ 4,391</u></b>	<b><u>\$ 220</u></b>	<b><u>\$ 237,628</u></b>

**CITY OF ANNISTON**  
**COMBINING BALANCE SHEETS - OTHER NONMAJOR FUNDS - Continued**  
**SEPTEMBER 30, 2006**

	Anniston Revolving Loan Fund	Anniston Museum Fund	Total Other Nonmajor Funds
<b>ASSETS</b>			
Cash	\$ 446,373	\$ 316,857	\$ 2,270,576
Investments	-	191,050	885,050
Receivables	414,947	-	414,947
Other assets	-	39,053	39,053
Due from other funds	-	-	25,854
Due from other governments	-	-	-
<b>Total Assets</b>	<b>\$ 861,320</b>	<b>\$ 546,960</b>	<b>\$ 3,635,480</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable and accrued liabilities	-	94,948	95,168
Due to other funds	236	-	180,497
Deferred revenue	-	-	-
<b>Total Liabilities</b>	<b>236</b>	<b>94,948</b>	<b>275,665</b>
Fund balances			
Reserve for future projects	861,084	452,012	3,359,815
<b>Total Liabilities and Fund Balances</b>	<b>\$ 861,320</b>	<b>\$ 546,960</b>	<b>\$ 3,635,480</b>

**CITY OF ANNISTON  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - OTHER NONMAJOR FUNDS  
 SEPTEMBER 30, 2006**

	Cemetery Trust Fund	Corrections Fund	Ambulance Service Fund	Cane Creek Restaurant	Municipal Court Revenue
<b>REVENUES</b>					
Intergovernmental Revenues:					
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -
State taxes	-	-	-	-	-
Other Operating Revenues:					
Fees, fines, and charges for services	-	194,986	-	-	1,099,146
Interest	-	63,004	-	-	-
Other	50	-	-	-	21,833
<b>Total Revenues</b>	<b>50</b>	<b>257,990</b>	<b>-</b>	<b>-</b>	<b>1,120,979</b>
<b>EXPENDITURES</b>					
General	-	969	-	-	-
Public safety	-	-	-	-	561,386
Public works	-	-	-	-	-
Projects	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>969</b>	<b>-</b>	<b>-</b>	<b>561,386</b>
Excess (Deficiency) of Revenues over Expenditures	50	257,021	-	-	559,593
Other Financing Sources (Uses)					
Transfers in (out)	-	-	-	-	(592,614)
Excess (Deficiency) of Revenues over Expenditures and other Financing Sources (Uses)	50	257,021	-	-	(33,021)
Fund Balance, Beginning of Year	25,584	1,684,404	311	-	112,370
Fund Balance, End of Year	\$ 25,634	\$ 1,941,425	\$ 311	\$ -	\$ 79,349

**CITY OF ANNISTON  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - OTHER NONMAJOR FUNDS - Continued  
 SEPTEMBER 30, 2006**

	Anniston Revolving Loan Fund	Anniston Museum Fund	Total Other Nonmajor Funds
<b>REVENUES</b>			
Intergovernmental Revenues:			
Federal and state grants	\$ -	\$ 40,978	\$ 40,978
State taxes	-	25,000	25,000
Other Operating Revenues:			
Fees, fines, and charges for services	914	136,561	1,431,607
Interest	28,765	12,378	104,147
Other	<u>149,016</u>	<u>357,107</u>	<u>528,006</u>
<b>Total Revenues</b>	<b>178,695</b>	<b>572,024</b>	<b>2,129,738</b>
<b>EXPENDITURES</b>			
General	-	1,098,178	1,099,147
Public safety	-	-	561,386
Public works	-	-	-
Projects	<u>20,696</u>	<u>-</u>	<u>20,696</u>
<b>Total Expenditures</b>	<b><u>20,696</u></b>	<b><u>1,098,178</u></b>	<b><u>1,681,229</u></b>
Excess (Deficiency) of Revenues over Expenditures	157,999	(526,154)	448,509
Other Financing Sources (Uses)			
Transfers in (out)	<u>-</u>	<u>525,000</u>	<u>(67,614)</u>
Excess (Deficiency) of Revenues over Expenditures and other Financing Sources (Uses)	157,999	(1,154)	380,895
Fund Balance, Beginning of Year	<u>703,085</u>	<u>453,166</u>	<u>2,978,920</u>
Fund Balance, End of Year	<u>\$ 861,084</u>	<u>\$ 452,012</u>	<u>\$ 3,359,815</u>