

**CITY OF ANNISTON,
ALABAMA**

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
September 30, 2009**

CITY OF ANNISTON, ALABAMA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

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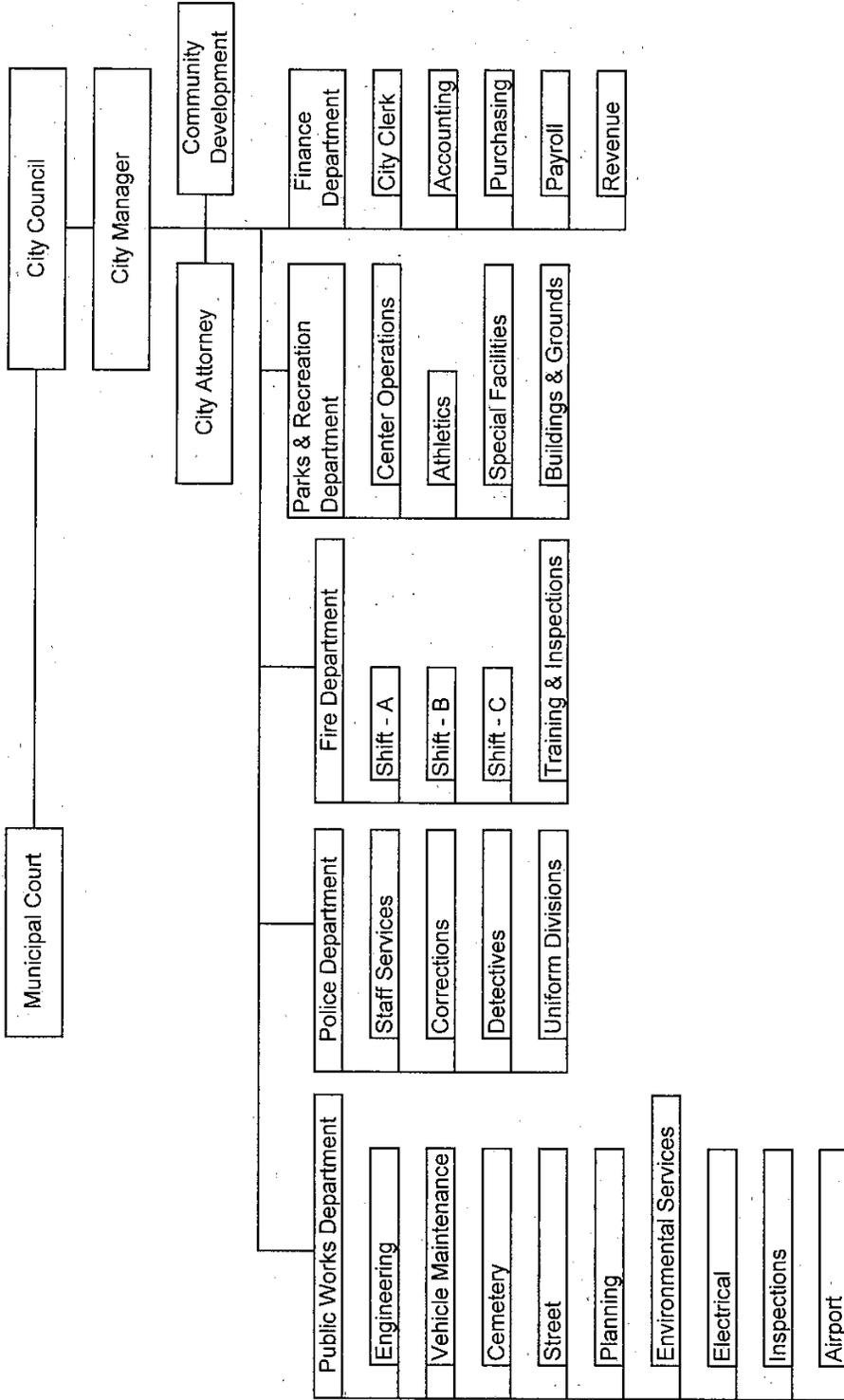
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

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INTRODUCTORY SECTION

ORGANIZATIONAL CHART



PRINCIPAL OFFICIALS

City Council

Gene D. Robinson, Mayor
John Spain
Herbert Palmore
Reverend Benjamin Little
David Dawson

City Manager

Don A. Hoyt

Finance Director

Danny McCullars, CPA

Other City Officials

Building	Phillip Caldwell, 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	Jim Hill, Superintendent
Police	Layton McGrady, Chief
Public Works	Robert Dean, Director
Community Development	Don A. Hoyt, Interim Director
Recreation	Steven Folks, Director
Streets	Phil Brown, Superintendent

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Anniston, Alabama (the "City"), as of and for the year ended September 30, 2009, 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 opinions on these financial statements based on our audit. We did not audit the financial statements of the Anniston City School Board, the Public Library of Anniston/Calhoun County, and the Farley L. Berman Foundation Inc., which represents 97% and 98% respectively, of the assets and revenue of the aggregate discretely presented component units. We did not audit the financial statements of the Policemen's and Firemen's Retirement Fund, which represents 100% and 100% respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based on the reports of the other auditors.

Except as discussed in the following paragraph, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

The financial statements of the Anniston Industrial Development Board, Anniston City Schools Foundation and Spirit of Anniston have not been audited, and we were not engaged to audit these entities financial statements as part of our audit of the City's basic financial statements. Anniston Industrial Development Board's, Anniston City Schools Foundation's and Spirit of Anniston's are included in the City's basic financial statements as discretely presented component units and represent 3% and 2% of the assets and revenues, respectively, of the City's aggregate discretely presented component units.

In our opinion, based on our audit and the report of other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had Anniston Industrial Development Board's, Anniston City Schools Foundation's and Spirit of Anniston's financial statements been audited, the financial statements referred to previously present fairly, in all material respects, the financial position of the aggregate discretely presented component units for the City of Anniston, Alabama, as of September 30, 2009, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the City of Anniston, Alabama, as of September 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund, the Fire District Tax Fund, the Cemetery Fund, the Corrections Fund, the Drug Task Force Office Fund, and the JAG Recovery Act Grant Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2010, on our consideration of the City'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 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 the Schedule of Funding Progress (on page 3 through 12 and page 57, respectively) 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 required 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's basic financial statements. The introductory section and combining fund financial statements, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied, by us and the other auditors, in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 13, 2010

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, 2009, as well as analysis looking to 2010. 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

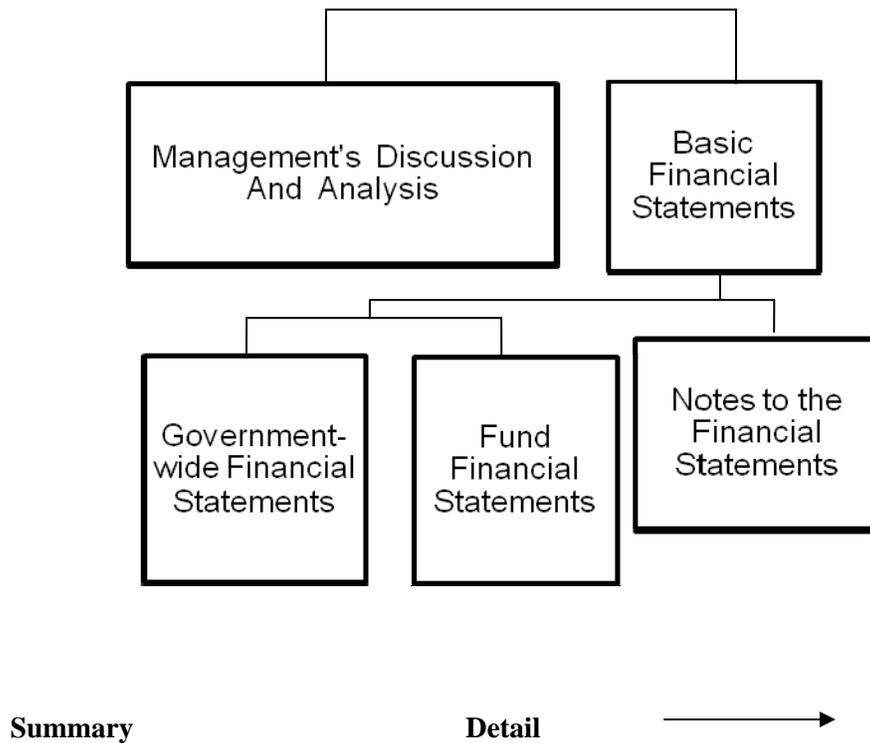
- The assets of the City of Anniston (primary government) exceeded its liabilities at the close of fiscal year 2009 by \$97.14 million. The assets of the City's component units exceeded their liabilities by \$28.36 million. Of the \$97.14 million in primary government net assets, \$16.28 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. This information is from the City's statement of net assets.
- At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$20.64 million. The combined governmental fund balances decreased by \$1.63 million from the prior year's combined fund balances. Of the \$20.64 million in combined fund balance, \$20.28 million is undesignated and therefore generally available for its varied purposes, including \$12.15 million included in this amount as unreserved, undesignated fund balance of the General Fund.
- The General Fund closed with a fund balance of \$12.38 million, a decrease from \$13.49 million in 2008. The 2009 General Fund ending fund balance represents 41.16 percent of total General Fund operating expenditures.
- In the fiscal year 2009, the City of Anniston realized an excess of General Fund operational revenues over expenditures of \$69,357. However, the fund balance of the General Fund decreased by \$1,113,535 due, in part, to significant net transfers from the General Fund to the Capital Projects Fund, the special revenue funds and the Debt Service Fund. Included is \$1,360,005 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

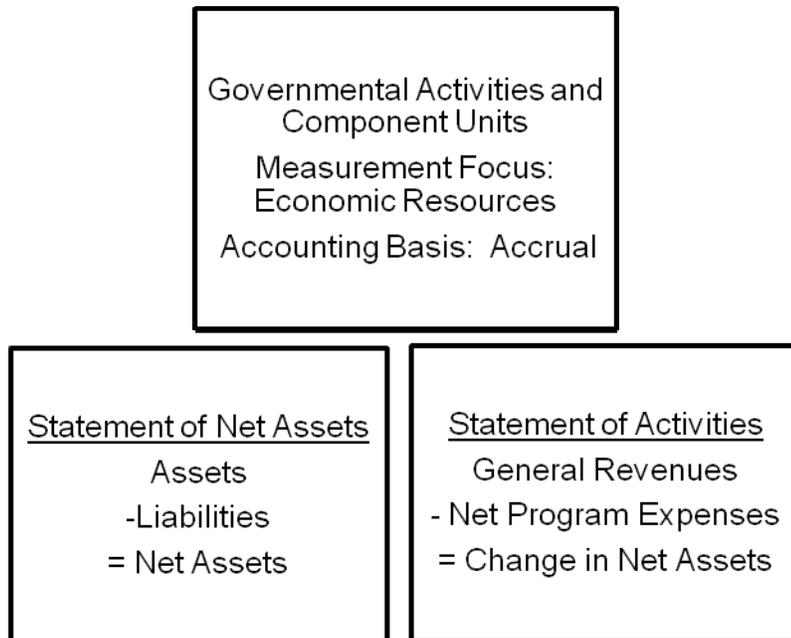
The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The *statement of net assets* includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted 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 foundation, 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.

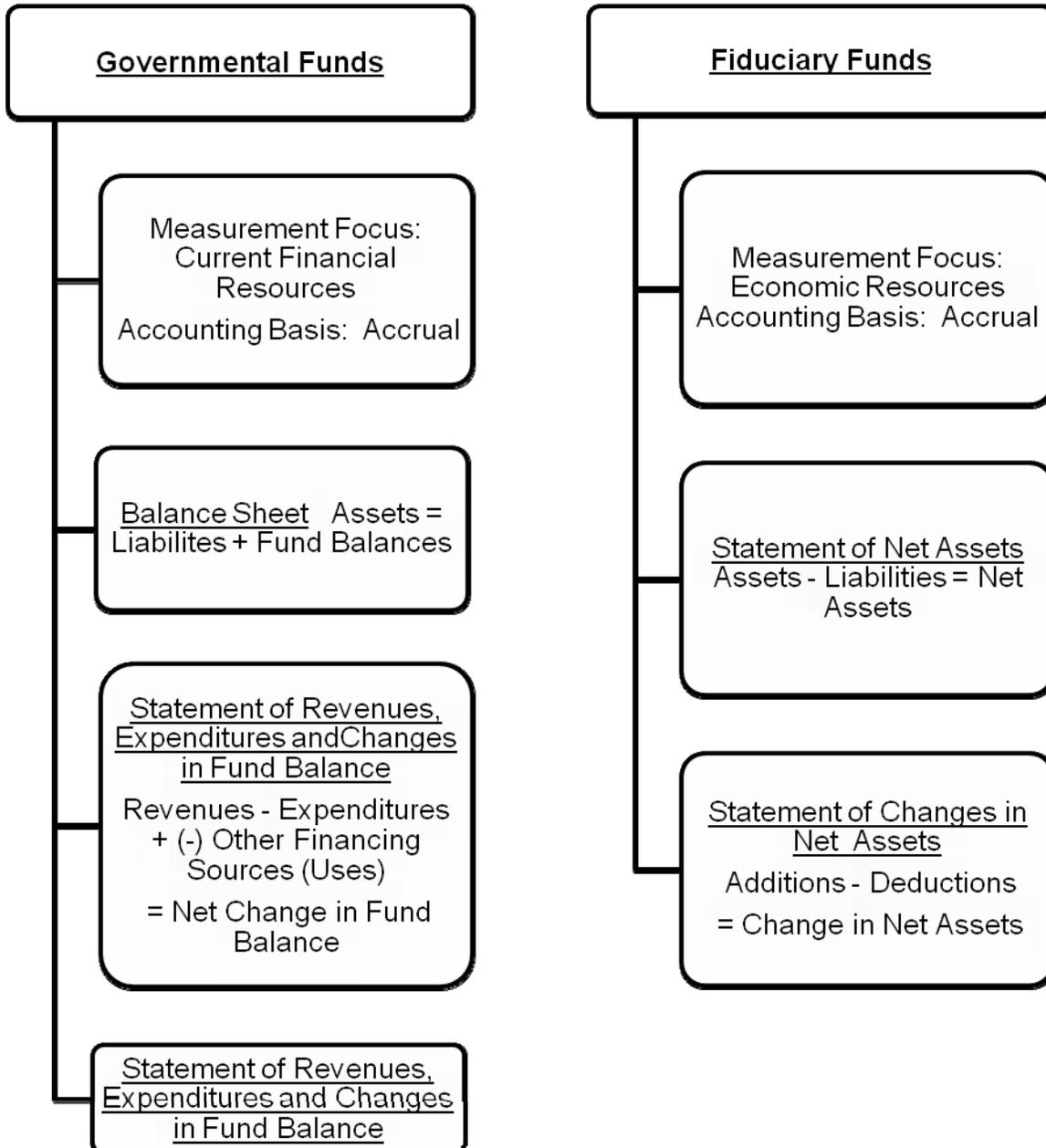
The City of Anniston adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Fiduciary Fund – The fiduciary fund statement reflects the financial relationship with the Anniston Policemen's and Firemen's 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.

Fund Financial Statements



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.

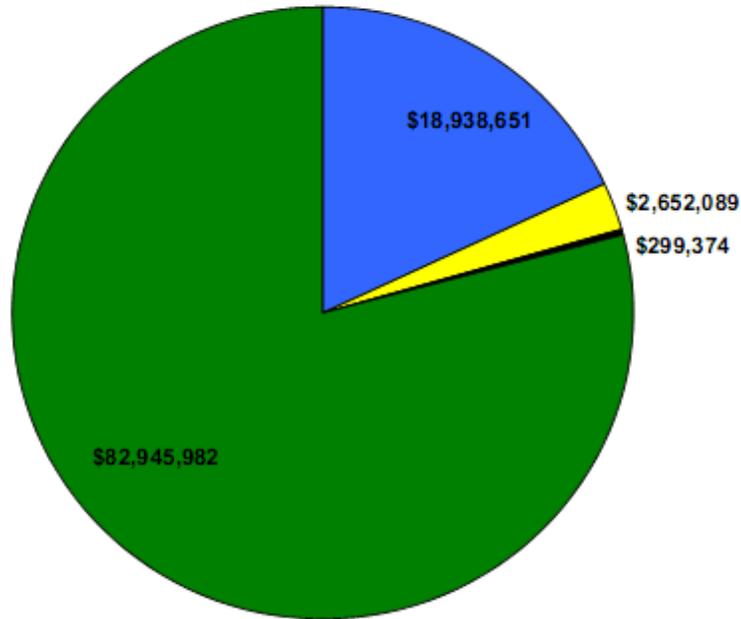
Government-wide Financial Analysis

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 accounted for all infrastructure assets and has included them in this presentation. The following charts summarize the Statement of Net Assets for the Primary Government's activities. The City's net assets at fiscal year-end are \$296,292,350. This is a \$584,811 decrease from last year's net assets of \$296,877,161. The following table provides a summary of the County's net assets:

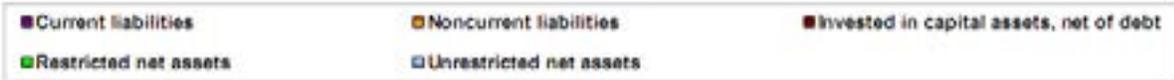
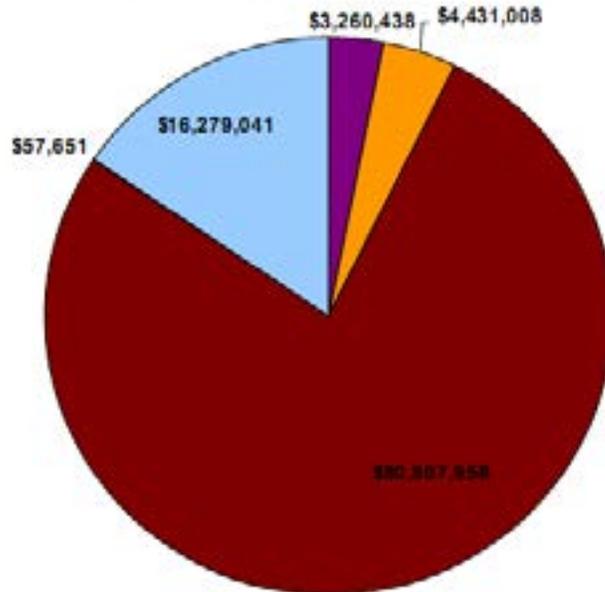
Summary of Net Assets

	Governmental Activities		Percentage of Total	
	2009	2008 Restated	2009	2008
Assets:				
Current and other assets	\$ 21,890,114	\$ 24,592,646	21%	23%
Capital assets	82,945,982	84,255,862	79%	77%
Total assets	104,836,096	108,848,508	100%	100%
Liabilities:				
Current liabilities	3,541,638	4,297,014	46%	48%
Long-term liabilities	4,149,808	4,604,437	54%	52%
Total liabilities	7,691,446	8,901,451	100%	100%
Net assets:				
Invested in capital assets, net of related debt	80,807,958	80,817,564	83%	81%
Restricted	57,651	8,175,588	0%	8%
Unrestricted	16,279,041	10,953,905	7%	5%
Total net assets	\$ 97,144,650	\$ 99,947,057	100%	100%

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued
Assets Governmental Activities (Primary)



Liabilities & Net Assets Governmental Activities (Primary)



MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

The assets of the City of Anniston (*primary government*) exceeded its liabilities by \$97.14 million as of September 30, 2009. However, the largest portion (87.76 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 \$97.14 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 \$57,651 represents net assets that are subject to external or Council placed restrictions on how they may be used. The net asset balance of \$16.28 million is unrestricted.

Summary of Changes in Net Assets

	Governmental Activities		Percentage of Total	
	2009	2008 Restated	2009	2008
Revenues:				
Program:				
Charges for Services	\$ 7,456,044	\$ 3,931,818	21%	10%
Operating grants	1,042,129	1,884,799	3%	5%
Capital grants	1,056,213	797,021	3%	2%
General:				
Property taxes	5,876,008	3,825,137	16%	10%
Sales taxes	17,081,252	25,501,089	48%	68%
Alcoholic beverage	2,603,633	-	7%	0%
Other taxes	-	212,163	0%	1%
Interest Earned	318,604	809,488	1%	2%
Other	444,904	750,206	1%	2%
Total revenues	<u>35,878,787</u>	<u>37,711,721</u>	<u>100%</u>	<u>100%</u>
Program Expenses:				
General government	12,336,567	13,127,908	32%	32%
Judicial	516,431	-	1%	0%
Public safety	12,647,968	12,359,197	33%	30%
Public works	6,439,647	5,772,778	17%	14%
Housing and development	922,942	2,702,281	2%	7%
Culture and recreation	5,749,106	6,928,957	15%	17%
Interest on debt	68,533	154,068	0%	0%
Total expenses	<u>38,681,194</u>	<u>41,045,189</u>	<u>100%</u>	<u>100%</u>
Excess (deficiency)	<u>(2,802,407)</u>	<u>(3,333,468)</u>		
Changes in net assets	(2,802,407)	(3,333,468)		
Beginning net assets	99,947,057	103,280,525		
Ending net assets	<u>\$ 97,144,650</u>	<u>\$ 99,947,057</u>		

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 \$12,153,234, compared with \$13,340,227 (restated) at the end of 2008. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total General Fund expenditures. Unreserved fund balance represents 40.50 percent of total General Fund expenditures, before non-operating transfers, at the end of 2009.

General Fund Budgetary Highlights

The challenge to the General Fund in 2009 was an overage in budgeted health costs for City employees in the amount of \$776,000. This resulted in an increase of 22 percent, shared equally by Council appropriation and employee contribution in 2010. This, along with sales taxes coming in at almost \$920,000 less than budget largely explains the deficit in 2009.

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, 2009 totals \$82,945,982 (net of accumulated depreciation). These assets include infrastructure, buildings, land, machinery and equipment, facilities and vehicles, as well as the collection at the Anniston Museum of Natural History.

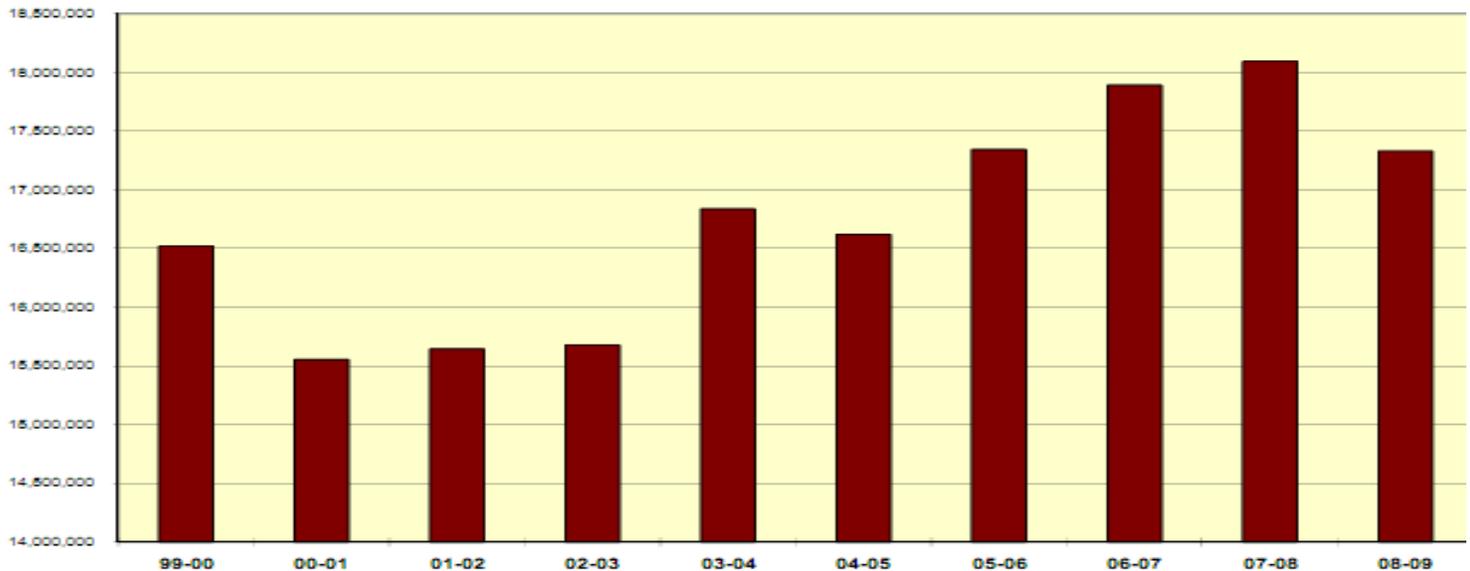
Additional information about the City of Anniston’s capital assets can be found in the notes to the financial statements.

Long-term Debt: As of September 30, 2009, the City of Anniston had bonded debt outstanding of \$1,385,000. 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 \$734,244.

Economic Factors and Next Year’s Budget

The city economy has suffered in conjunction with the overarching national economic downturn. Sales tax collections, shown in the chart below, were down unpredictably in Fiscal Year 2009. The trend has continued in Fiscal Year 2010. The volatile nature of consumer spending, unemployment slightly above average and the general economic climate postulate a further stagnation of revenues for Fiscal Year 2011 and beyond.

10 Year Trend - Sales, Use and Lodgings Tax Collections
(Gross collections prior to administration fee deductions for collections and audit services)



Sales taxes represent approximately 56.42 percent of the City’s budgeted revenues, consistent with past years.

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

A critical artery in the City, the eastern by-pass is nearing completion as a result of the American Recovery and Reinvestment Act of 2009. The completion of this major road is critical to development in 2011 and beyond. The City's development office continues to work with potential developers and this road will facilitate the growth at McClellan.

A budgetary concern going forward is the overall effect of the City's current entitlement structure and the related compliance with Governmental Accounting Standards Board (GASB) Statements. In 2009, actuarial reports were completed for the Policemen's and Fireman's Retirement Fund (a separate entity) and the City of Anniston Retiree Healthcare Plan. Significant unfunded liabilities associated with these entitlements exist. These liabilities must be addressed in the near future and beyond and could impact subsequent financial statements negatively. The Policemen's and Firemen's Fund is not a promise by the City of Anniston. Police and Firemen set up the fund for themselves in 1954 through legislative act that mandates the matching of ten percent of sworn police and fire pay, as well as approximately \$450,000 in business licenses from the City. Otherwise, the plan is up to the police and fire to manage and keep whole. The unfunded health plan is a liability of the City and is considered manageable.

The City of Anniston is an Alabama municipality with similar challenges facing all cities across the country. In 2010, it is the intention to invest in the City utilizing stimulus bonds for a consolidation of parks resources, that, in the aggregate, should be budget neutral due to efficiencies gained. Low interest rates could also allow the completion of a new public safety and judicial facility. The facility currently utilized is approximately 60 years old. Essentially, the City is out of debt and investment earnings are all but impossible to find. Taking advantage of low borrowing costs is a valid alternative for Anniston at this particular time. As to debt service, Anniston has adequate "revenue capacity" relative to comparable cities. It is projected, after appropriate General Fund and special revenue sharing transfers by the Corrections Fund and Capital Improvement Fund that debt service could be just over \$1 million, taking into account the savings on the new parks facility. Anniston's revenue budget could be modified at the Council's discretion.

Finally, the Finance Director reported to the Department of Health and Human Services (HUD) in April the possibility of the lack of monitoring activities in the Community Development Block Grant Program. The HUD Inspector General (IG) is evaluating all circumstances surrounding this and all staff is cooperating to the fullest. The City of Anniston expects to hear from the IG in the fall, 2010. A contingent liability of \$500,000 is reflected on the Statement of Net Assets in 2009 for any repayment that may be necessary.

Any questions about this document should be addressed to Finance Director, City of Anniston, AL. Danny McCullars' email is dmcullars@anniston.al.gov.

BASIC FINANCIAL STATEMENTS

CITY OF ANNISTON, ALABAMA
STATEMENT OF NET ASSETS
September 30, 2009

	Primary Government	
	Governmental Activities	Total
ASSETS		
Current Assets:		
Cash	\$ 11,414,836	\$ 11,414,836
Investments	7,523,815	7,523,815
Accounts receivable, net	394,601	394,601
Interest receivable	5,129	5,129
Taxes receivable, net	1,526,031	1,526,031
Due from other governments	546,328	546,328
Due from component units	180,000	180,000
Inventory	50,441	50,441
Prepaid items	248,933	248,933
Total current assets	21,890,114	21,890,114
Non Current Assets:		
Other Assets		
Capital Assets	-	-
Non-depreciable assets	17,450,158	17,450,158
Depreciable assets, net of depreciation	65,495,824	65,495,824
Deferred charges-bond issuance costs	-	-
Total noncurrent assets	82,945,982	82,945,982
TOTAL ASSETS	104,836,096	104,836,096
LIABILITIES		
Current Liabilities:		
Salaries and benefits payable	-	-
Accounts payable	466,956	466,956
Accrued liabilities	175,379	175,379
Unearned revenues	607,943	607,943
Due to primary government	-	-
Capital leases payable-current	18,780	18,780
Bonds payable-current	465,000	465,000
Net other post employment benefits obligation	281,200	281,200
Intergovernmental agreement-current	107,592	107,592
Compensated absences payable	1,316,042	1,316,042
Total current liabilities	3,438,892	3,438,892
Long-Term Liabilities:		
Contingent liability	500,000	500,000
Compensated absences payable-long term	1,173,802	1,173,802
Net other post employment benefits obligation	1,032,100	1,032,100
Intergovernmental agreement-long term	626,652	626,652
Bonds payable (net of current portion)	920,000	920,000
Total long term liabilities	4,252,554	4,252,554
TOTAL LIABILITIES	7,691,446	7,691,446
NET ASSETS		
Invested in capital assets, net of related debt	80,807,958	80,807,958
Restricted for:		
Capital projects	57,651	57,651
Other purposes:		
Debt service	-	-
Endowment Fund		
Unrestricted	16,279,041	16,279,041
TOTAL NET ASSETS	\$ 97,144,650	\$ 97,144,650

See accompanying notes to the basic financial statements

Component Units							Total Component Units
Anniston City School Board	Public Library of Anniston/ Calhoun County	Anniston Industrial Dev. Board	Farley L. Berman Foundation Inc.	Anniston City Schools Foundation	Spirit of Anniston		
\$ 3,149,474	\$ 167,218	\$ 174,982	\$ 113,200	\$ 1,002	\$ 52,164	\$ 3,658,040	
1,054,325	64,115	372,996	-	-	29,278	1,520,714	
3,756,715	-	3,761	-	-	-	3,760,476	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
45,016	-	-	7,766	-	-	52,782	
-	12,938	-	-	-	1,870	14,808	
8,005,530	244,271	551,739	120,966	1,002	83,312	9,006,820	
31,118	-	-	-	-	-	31,118	
1,715,363	25,907	-	8,391,198	-	2,000	10,134,468	
16,315,862	553,331	-	95,740	-	304,137	17,269,070	
59,993	-	-	-	-	-	59,993	
18,122,336	579,238	-	8,486,938	-	306,137	27,494,649	
26,127,866	823,509	551,739	8,607,904	1,002	389,449	36,501,469	
1,721,002	-	-	2,036	1,580	4,569	1,729,187	
64,076	-	-	1,917	-	-	65,993	
-	41,237	-	25	2,428	-	43,690	
3,281,754	-	-	-	-	-	3,281,754	
-	-	-	-	-	180,000	180,000	
-	-	-	-	-	-	-	
41,314	-	-	-	-	-	41,314	
-	-	-	-	-	-	-	
-	-	-	-	3,500	-	3,500	
-	-	-	1,207	-	1,346	2,553	
5,108,146	41,237	-	5,185	7,508	185,915	5,347,991	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
2,789,111	-	-	-	-	-	2,789,111	
2,789,111	-	-	-	-	-	2,789,111	
7,897,257	41,237	-	5,185	7,508	185,915	8,137,102	
15,260,793	579,238	-	8,486,938	-	306,137	24,633,106	
244,676	-	21,369	-	-	-	266,045	
997,664	-	-	-	-	-	997,664	
-	64,115	-	-	-	-	64,115	
1,727,476	138,919	530,370	115,781	(6,506)	(102,603)	2,403,437	
\$ 18,230,609	\$ 782,272	\$ 551,739	\$ 8,602,719	\$ (6,506)	\$ 203,534	\$ 28,364,367	

**CITY OF ANNISTON, ALABAMA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2009**

					Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Program Revenues			Primary Government	
		Charges for Services, Sales and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
PRIMARY GOVERNMENT:						
Governmental Activities:						
General Government	\$ 12,336,567	\$ 3,909,089	\$ 100,159	\$ -	\$ (8,327,319)	\$ (8,327,319)
Judicial	516,431	-	-	-	(516,431)	(516,431)
Public Safety	12,647,968	1,470,582	259,945	7,398	(10,910,043)	(10,910,043)
Public Works	6,439,647	675,971	-	191,742	(5,571,934)	(5,571,934)
Housing and Development	922,942	-	-	839,611	(83,331)	(83,331)
Culture and Recreation	5,749,106	1,400,402	682,025	17,462	(3,649,217)	(3,649,217)
Interest on Debt	68,533	-	-	-	(68,533)	(68,533)
Total Governmental Activities	38,681,194	7,456,044	1,042,129	1,056,213	(29,126,808)	(29,126,808)
Component Units						
Anniston City School Board	\$ 23,514,053	\$ 1,593,313	\$ 15,716,662	\$ 770,983		
Public Library of Anniston/Calhoun County	1,165,342	39,500	862,756	301,750		
Anniston Industrial Dev. Board	-	-	50,000	-		
Farley L. Berman Foundation Inc.	235,069	53,371	262,130	-		
Anniston City Schools Foundation	123,914	-	125,246	-		
Spirit of Anniston	247,807	63,206	190,525	-		
Total - Component Units	\$ 25,286,185	\$ 1,749,390	\$ 17,207,319	\$ 1,072,733		
GENERAL REVENUES:						
Taxes:						
Property					\$ 5,876,008	\$ 5,876,008
Sales					17,081,252	17,081,252
Alcoholic Beverage					-	-
Other					2,603,633	2,603,633
Grants and contributions not restricted for specific programs					-	-
Interest Earned					318,604	318,604
Miscellaneous					444,904	444,904
Total General Revenues					26,324,401	26,324,401
Change in Net Assets					(2,802,407)	(2,802,407)
NET ASSETS BEGINNING OF YEAR, RESTATED					99,947,057	99,947,057
NET ASSETS END OF YEAR					\$ 97,144,650	\$ 97,144,650

See accompanying notes to the basic financial statements

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Net (Expense) Revenue and Changes in Net Assets

Anniston City School Board	Component Units					Total Component Units
	Public Library of Anniston/ Calhoun County	Anniston Industrial Dev. Board	Farley L. Berman Foundation Inc.	Anniston City Schools Foundation	Spirit of Anniston	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ (5,433,095)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,433,095)
-	38,664	-	-	-	-	38,664
-	-	50,000	-	-	-	50,000
-	-	-	80,432	-	-	80,432
-	-	-	-	1,332	-	1,332
-	-	-	-	-	5,924	5,924
\$ (5,433,095)	\$ 38,664	\$ 50,000	\$ 80,432	\$ 1,332	\$ 5,924	\$ (5,256,743)
\$ 4,329,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,329,705
1,153,674	-	-	-	-	-	1,153,674
114,780	-	-	-	-	-	114,780
63,878	-	-	-	-	-	63,878
1,174	-	-	-	-	-	1,174
19,299	1,852	12,617	1,152	-	484	35,404
433,940	16,088	1,500	7,329	-	626	459,483
6,116,450	17,940	14,117	8,481	-	1,110	6,158,098
683,355	56,604	64,117	88,913	1,332	7,034	901,355
17,547,254	725,668	487,622	8,513,806	(7,838)	196,500	27,463,012
\$ 18,230,609	\$ 782,272	\$ 551,739	\$ 8,602,719	\$ (6,506)	\$ 203,534	\$ 28,364,367

**CITY OF ANNISTON, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2009**

	Major Governmental Funds						Non-major Governmental Funds	Total Governmental Funds
	General	Fire District Tax	Cemetery	Corrections	Drug Task Force Office	JAG Recovery Act Grant		
ASSETS:								
Cash and cash equivalents	\$ 4,343,966	\$ 2,256,291	\$ -	\$ 1,714,714	\$ 327,137	\$ 443,414	\$ 2,329,314	\$ 11,414,836
Investments	4,349,000	1,911,523	-	1,099,000	10,000	-	154,292	7,523,815
Taxes receivable, net of allowances for uncollectibles	1,511,607	-	-	-	-	-	14,424	1,526,031
Accounts receivable, net of allowances for uncollectibles	299,392	-	-	-	-	-	95,209	394,601
Interest receivable	-	-	-	-	-	-	5,129	5,129
Due from other funds	2,062,738	-	-	-	-	-	434,299	2,497,037
Due from other governments	99,019	-	-	-	7,118	-	440,191	546,328
Due from component units	180,000	-	-	-	-	-	-	180,000
Prepaid items	173,933	-	-	-	-	-	75,000	248,933
Inventories	50,441	-	-	-	-	-	-	50,441
TOTAL ASSETS	\$ 13,070,096	\$ 4,167,814	\$ -	\$ 2,813,714	\$ 344,255	\$ 443,414	\$ 3,547,858	\$ 24,387,151
LIABILITIES:								
Accounts payable	\$ 339,632	\$ 10,376	\$ 4,960	\$ -	\$ -	\$ 16,178	\$ 95,810	\$ 466,956
Accrued liabilities	159,648	-	-	-	-	-	15,731	175,379
Due to other funds	113,795	350,288	372,941	350,304	320,503	31,989	957,217	2,497,037
Deferred revenue	79,413	-	-	-	132,283	395,247	1,000	607,943
TOTAL LIABILITIES	692,488	360,664	377,901	350,304	452,786	443,414	1,069,758	3,747,315
FUND BALANCES:								
Reserved for:								
Prepaid items	173,933	-	-	-	-	-	75,000	248,933
Inventories	50,441	-	-	-	-	-	-	50,441
Unreserved:								
Designated for grant programs and capital projects reported in:								
Capital Projects Funds	-	-	-	-	-	-	57,651	57,651
Undesignated, reported in:								
General Fund	12,153,234	-	-	-	-	-	-	12,153,234
Special Revenue Funds	-	3,807,150	(377,901)	2,463,410	(108,531)	-	2,345,449	8,129,577
TOTAL FUND BALANCES	12,377,608	3,807,150	(377,901)	2,463,410	(108,531)	-	2,478,100	20,639,836
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,070,096	\$ 4,167,814	\$ -	\$ 2,813,714	\$ 344,255	\$ 443,414	\$ 3,547,858	\$ 24,387,151

See accompanying notes to the basic financial statements

CITY OF ANNISTON, ALABAMA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
For the Fiscal Year Ended September 30, 2009

TOTAL GOVERNMENTAL FUND BALANCES		\$ 20,639,836
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost	\$ 164,787,229	
Less accumulated depreciation	<u>(81,841,247)</u>	82,945,982
Net other post employment benefits obligations are not due and payable in the current period and therefore not reported in the funds		
	<u>1,313,300</u>	(1,313,300)
Long-term liabilities, including capital leases, compensated absences, and the GMA lease contract bonds are not due and payable in the current period and therefore are not reported in the fund statements.		
Capital leases	18,780	
Compensated absences	2,489,844	
Intergovernmental agreement	734,244	
Bonds payable	1,385,000	
Contingent liability	<u>500,000</u>	<u>(5,127,868)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 97,144,650</u></u>

See accompanying notes to the basic financial statements

CITY OF ANNISTON, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	Major Governmental Funds						Non- major Governmental Funds	Total Governmental Funds
	General	Fire District Tax	Cemetery	Corrections	Drug Task Force Office	JAG Recovery Act Grant		
REVENUES:								
Taxes	\$ 24,063,647	\$ 889,988	\$ -	\$ -	\$ -	\$ -	\$ 607,258	\$ 25,560,893
Licenses and permits	3,871,121	-	-	-	-	-	-	3,871,121
Intergovernmental	5,000	-	-	-	48,679	48,161	1,996,502	2,098,342
Charges for services	1,868,931	-	-	-	-	-	264,944	2,133,875
Fines and forfeitures	23,993	-	-	164,506	272,929	-	989,620	1,451,048
Interest earned	198,768	52,786	-	43,542	358	-	23,150	318,604
Miscellaneous	44,645	-	-	-	106,100	-	294,159	444,904
TOTAL REVENUES	30,076,105	942,774	-	208,048	428,066	48,161	4,175,633	35,878,787
EXPENDITURES:								
Current:								
General government	7,872,133	-	349,227	-	-	-	98,093	8,319,453
Judicial	-	-	-	-	-	-	516,431	516,431
Public safety	10,478,844	1,118,217	-	100,202	115,124	48,161	742,502	12,603,050
Public works	5,693,664	-	-	-	-	-	-	5,693,664
Housing development	-	-	-	-	-	-	922,942	922,942
Culture and recreation	5,902,758	-	-	-	-	-	1,003,408	6,906,166
Capital outlay	-	-	-	-	-	-	1,133,191	1,133,191
Debt service								
Principal	57,528	-	-	-	-	-	1,242,746	1,300,274
Interest	1,821	-	-	-	-	-	114,949	116,770
Other charges	-	-	-	-	-	-	2,310	2,310
TOTAL EXPENDITURES	30,006,748	1,118,217	349,227	100,202	115,124	48,161	5,776,572	37,514,251
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 69,357	\$ (175,443)	\$ (349,227)	\$ 107,846	\$ 312,942	\$ -	\$ (1,600,939)	\$ (1,635,464)

continued

**CITY OF ANNISTON, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009**

	Major Governmental Funds						Non- major Governmental Funds	Total Governmental Funds
	General	Fire District Tax	Cemetery	Corrections	Drug Task Force Office	JAG Recovery Act Grant		
OTHER FINANCING SOURCES (USES)								
Proceeds from sale of capital assets	\$ 7,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,557
Transfers in	381,928	-	-	-	-	-	2,086,975	2,468,903
Transfers out	(1,572,377)	-	-	-	(320,503)	-	(576,023)	(2,468,903)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,182,892)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(320,503)</u>	<u>-</u>	<u>1,510,952</u>	<u>7,557</u>
NET CHANGE IN FUND BALANCES	(1,113,535)	(175,443)	(349,227)	107,846	(7,561)	-	(89,987)	(1,627,907)
FUND BALANCES - BEGINNING OF YEAR, RESTATED	<u>13,491,143</u>	<u>3,982,593</u>	<u>(28,674)</u>	<u>2,355,564</u>	<u>(100,970)</u>	<u>-</u>	<u>2,568,087</u>	<u>22,267,743</u>
FUND BALANCES - END OF YEAR	<u>\$ 12,377,608</u>	<u>\$ 3,807,150</u>	<u>\$ (377,901)</u>	<u>\$ 2,463,410</u>	<u>\$ (108,531)</u>	<u>\$ -</u>	<u>\$ 2,478,100</u>	<u>\$ 20,639,836</u>

See accompanying notes to the basic financial statements

CITY OF ANNISTON, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2009

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ (1,627,907)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Capital outlay	2,958,756	
Depreciation expense	<u>(4,289,527)</u>	(1,330,771)
The net effect of the disposal of capital assets is to decrease net assets.		
		(8,644)
Governmental funds do not report the acquisition of capital assets acquired through donations or capital contributions.		
However, in the statement of activities, the costs of those assets are reported at the lower of cost or market.		
Assets acquired through donation or capital contributions-current year		29,535
The receipt and repayment of bonds, notes payable and capital lease principal is a revenue and expenditure in the governmental funds, but the activity increases and decreases long-term liabilities in the statement of net assets.		
Capital lease principal payment	57,528	
Intergovernmental agreement principal payment	102,746	
Bond principal payment	<u>1,140,000</u>	1,300,274
Some expenses reported in the statement of activities, such as accrued interest, compensated absences and contingent liabilities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Accrued interest	50,547	
Compensated absences	(55,241)	
Contingent liabilities	<u>(500,000)</u>	(504,694)
Other post employment benefits obligations did not require the use of current financial resources and therefore were not reported as expenditures in governmental funds in the Statement of Net Assets		
		<u>(660,200)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ (2,802,407)</u>
See accompanying notes to the basic financial statements		

**CITY OF ANNISTON, ALABAMA
GENERAL FUND
STATEMENT OF REVENUES & EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Taxes				
Sales and use	\$ 17,965,000	\$ 17,965,000	\$ 17,081,252	\$ (883,748)
General property taxes	4,799,500	4,799,500	4,986,020	186,520
Beverage taxes	145,000	145,000	141,436	(3,564)
Anniston Housing Authority	18,000	18,000	4,957	(13,043)
Water utility fees	410,000	410,000	437,286	27,286
Cigarette and tobacco	310,000	310,000	310,384	384
Gasoline	385,000	385,000	380,107	(4,893)
Bingo	70,000	70,000	65,944	(4,056)
Lodging	145,000	145,000	110,448	(34,552)
Rental	225,000	225,000	242,479	17,479
Business	240,225	240,225	303,334	63,109
Total taxes	<u>24,712,725</u>	<u>24,712,725</u>	<u>24,063,647</u>	<u>(649,078)</u>
Licenses, permits and fees:				
Business licenses	2,950,000	2,950,000	3,049,859	99,859
Other license and penalties	907,750	907,750	821,262	(86,488)
Total licenses, permits and fees	<u>3,857,750</u>	<u>3,857,750</u>	<u>3,871,121</u>	<u>13,371</u>
Intergovernmental:				
Highway maintenance	-	-	5,000	5,000
Total intergovernmental	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Charges for Services:				
Garbage fees	700,150	700,150	643,261	(56,889)
Airport revenues	60,000	60,000	59,258	(742)
Rental income	6,100	6,100	6,000	(100)
Recreation department fees	1,197,264	1,197,264	1,090,444	(106,820)
Public works receipts	55,905	55,905	32,709	(23,196)
Public safety receipts	27,000	27,000	19,534	(7,466)
Cemetery lots	500	500	17,725	19,034
Total charges for services	<u>2,046,919</u>	<u>2,046,919</u>	<u>1,868,931</u>	<u>(176,179)</u>
Fines and forfeitures:				
Police court fines and fees	29,000	29,000	23,993	(5,007)
Total fines and forfeitures	<u>29,000</u>	<u>29,000</u>	<u>23,993</u>	<u>(5,007)</u>

continued

**CITY OF ANNISTON, ALABAMA
GENERAL FUND
STATEMENT OF REVENUES & EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Other revenues:				
Interest on investments	\$ 340,000	\$ 340,000	\$ 198,768	\$ (141,232)
Miscellaneous revenue	55,250	55,250	44,645	(10,605)
Total other revenues	<u>395,250</u>	<u>395,250</u>	<u>243,413</u>	<u>(151,837)</u>
TOTAL REVENUES	<u>31,041,644</u>	<u>31,041,644</u>	<u>30,076,105</u>	<u>(963,730)</u>
EXPENDITURES:				
GENERAL GOVERNMENT				
Finance division	822,639	822,639	\$ 790,848	\$ 31,791
General division	194,871	210,121	208,332	1,789
City Council	171,513	173,513	174,989	(1,476)
Building maintenance	972,594	972,494	984,604	(12,110)
Professional services	60,000	60,000	109,277	(49,277)
Utilities	41,000	41,000	40,454	546
Projects	1,892,646	1,892,646	927,159	965,487
Workman's compensation insurance	380,000	380,000	460,542	(80,542)
Employer funded health care	2,280,000	2,280,000	3,013,164	(733,164)
Other insurance	507,000	507,000	462,867	44,133
Other boards and agencies	682,156	682,156	674,220	7,936
Miscellaneous	132,000	132,000	25,677	106,323
TOTAL GENERAL GOVERNMENT	<u>8,136,419</u>	<u>8,153,569</u>	<u>7,872,133</u>	<u>281,436</u>
PUBLIC SAFETY				
Police	5,858,354	5,858,354	5,717,710	140,644
Municipal court	572,238	572,238	502,161	70,077
Detention facilities	244,602	244,602	237,911	6,691
Fire	3,924,118	3,954,118	4,021,062	(66,944)
TOTAL PUBLIC SAFETY	<u>10,599,312</u>	<u>10,629,312</u>	<u>10,478,844</u>	<u>150,468</u>

continued

**CITY OF ANNISTON, ALABAMA
GENERAL FUND
STATEMENT OF REVENUES & EXPENDITURES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
PUBLIC WORKS				
General	214,353	143,103	97,011	46,092
Cemetery	139,112	139,112	137,722	1,390
Electrical	649,985	649,985	667,935	(17,950)
Engineering	187,338	187,338	175,222	12,116
Garage	175,970	175,970	222,979	(47,009)
Environmental services	1,326,403	1,326,403	1,230,087	96,316
Street department	3,029,680	3,029,804	2,804,229	225,575
Airport	72,500	72,500	71,789	711
Planning	300,425	300,425	286,690	13,735
TOTAL PUBLIC WORKS	<u>6,095,766</u>	<u>6,024,640</u>	<u>5,693,664</u>	<u>330,976</u>
CULTURE AND RECREATION				
Administration	672,917	665,417	658,336	7,081
Parks, facilities, and utilities	2,258,002	2,265,502	2,245,865	19,637
PARD programs	391,689	391,689	353,585	38,104
Park maintenance	469,101	469,101	434,972	34,129
Anniston Calhoun County Library	550,000	550,000	550,000	-
Anniston City Board of Education	1,010,000	1,034,000	1,010,000	24,000
Museum of Natural History	525,000	525,000	525,000	-
Berman Museum	125,000	125,000	125,000	-
TOTAL CULTURE AND RECREATION	<u>6,001,709</u>	<u>6,025,709</u>	<u>5,902,758</u>	<u>122,951</u>
DEBT SERVICE				
Principal	60,000	60,000	57,528	2,472
Interest	2,000	2,000	1,821	179
TOTAL DEBT SERVICE	<u>62,000</u>	<u>62,000</u>	<u>59,349</u>	<u>2,651</u>
TOTAL EXPENDITURES	<u>30,895,206</u>	<u>30,895,230</u>	<u>30,006,748</u>	<u>888,482</u>
OTHER FINANCING SOURCES AND USES:				
Proceeds from sale of capital assets	115,000	115,000	7,557	(107,443)
Transfers in	625,000	625,000	381,928	(243,072)
Transfers out	(1,679,193)	(1,679,193)	(1,572,377)	106,816
TOTAL OTHER FINANCING SOURCES (USES)	<u>(939,193)</u>	<u>(939,193)</u>	<u>(1,182,892)</u>	<u>(243,699)</u>
Net change in fund balance	(792,755)	(792,779)	(1,113,535)	
FUND BALANCE, BEGINNING OF YEAR, RESTATED	<u>13,491,143</u>	<u>13,491,143</u>	<u>13,491,143</u>	
FUND BALANCE, END OF YEAR	<u>\$ 12,698,388</u>	<u>\$ 12,698,364</u>	<u>\$ 12,377,608</u>	

See accompanying notes to the basic financial statements

**CITY OF ANNISTON, ALABAMA
FIRE DISTRICT TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009**

	Fire District Tax			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 875,000	\$ 875,000	\$ 889,988	\$ 14,988
Interest earned	100,000	100,000	52,786	(47,214)
Total revenues	<u>975,000</u>	<u>975,000</u>	<u>942,774</u>	<u>(32,226)</u>
EXPENDITURES				
Public safety	1,335,700	1,335,700	1,118,217	217,483
Total expenditures	<u>1,335,700</u>	<u>1,335,700</u>	<u>1,118,217</u>	<u>217,483</u>
NET CHANGE IN FUND BALANCES	(360,700)	(360,700)	(175,443)	185,257
FUND BALANCE, BEGINNING OF YEAR	<u>3,982,593</u>	<u>3,982,593</u>	<u>3,982,593</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,621,893</u>	<u>\$ 3,621,893</u>	<u>\$ 3,807,150</u>	<u>\$ 185,257</u>

See accompanying notes to the basic financial statements

**CITY OF ANNISTON, ALABAMA
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009**

	<u>Cemetery</u>			Variance Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
General government	275,000	275,000	349,227	(74,227)
Total expenditures	275,000	275,000	349,227	(74,227)
NET CHANGE IN FUND BALANCES	(275,000)	(275,000)	(349,227)	(74,227)
FUND BALANCE, BEGINNING OF YEAR	(28,674)	(28,674)	(28,674)	-
FUND BALANCE, END OF YEAR	<u>\$ (303,674)</u>	<u>\$ (303,674)</u>	<u>\$ (377,901)</u>	<u>\$ (74,227)</u>

See accompanying notes to the basic financial statements

**CITY OF ANNISTON, ALABAMA
CORRECTIONS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009**

	Corrections			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Fines and forfeitures	\$ 195,000	\$ 195,000	\$ 164,506	\$ (30,494)
Interest earned	50,000	50,000	43,542	(6,458)
Total revenues	<u>245,000</u>	<u>245,000</u>	<u>208,048</u>	<u>(36,952)</u>
EXPENDITURES				
Public safety	100,000	100,000	100,202	(202)
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>100,202</u>	<u>(202)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>145,000</u>	<u>145,000</u>	<u>107,846</u>	<u>(37,154)</u>
NET CHANGE IN FUND BALANCES	145,000	145,000	107,846	(37,154)
FUND BALANCE, BEGINNING OF YEAR	<u>2,355,564</u>	<u>2,355,564</u>	<u>2,355,564</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,500,564</u>	<u>\$ 2,500,564</u>	<u>\$ 2,463,410</u>	<u>\$ (37,154)</u>

See accompanying notes to the basic financial statements

**CITY OF ANNISTON, ALABAMA
DRUG TASK FORCE OFFICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009**

	Drug Task Force Office			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 48,679	\$ 48,679
Fines and forfeitures	185,000	185,000	272,929	87,929
Interest earned	4,000	4,000	358	(3,642)
Miscellaneous	110,000	110,000	106,100	(3,900)
Total revenues	<u>299,000</u>	<u>299,000</u>	<u>428,066</u>	<u>129,066</u>
EXPENDITURES				
Public safety	-	-	115,124	(115,124)
Total expenditures	<u>-</u>	<u>-</u>	<u>115,124</u>	<u>(115,124)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>299,000</u>	<u>299,000</u>	<u>312,942</u>	<u>13,942</u>
OTHER FINANCING SOURCES				
Transfers out	-	-	(320,503)	-
	<u>-</u>	<u>-</u>	<u>(320,503)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	299,000	299,000	(7,561)	(306,561)
FUND BALANCE, BEGINNING OF YEAR	<u>(100,970)</u>	<u>(100,970)</u>	<u>(100,970)</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 198,030</u>	<u>\$ 198,030</u>	<u>\$ (108,531)</u>	<u>\$ (306,561)</u>

See accompanying notes to the basic financial statements

**CITY OF ANNISTON, ALABAMA
JAG RECOVERY ACT GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2009**

	JAG Recovery Act Grant			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental	\$ 445,000	\$ 445,000	\$ 48,161	\$ (396,839)
Total revenues	<u>445,000</u>	<u>445,000</u>	<u>48,161</u>	<u>(396,839)</u>
EXPENDITURES				
Public safety	445,000	445,000	48,161	396,839
Total expenditures	<u>445,000</u>	<u>445,000</u>	<u>48,161</u>	<u>396,839</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

CITY OF ANNISTON, ALABAMA
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUND
September 30, 2009

	<u>Policemen's and Firemen's Retirement Fund</u>
ASSETS	
Cash	\$ 426,331
Investments, at Fair Value:	
U.S. Government obligations	2,234,276
Corporate bonds	3,138,637
International obligations	188,105
Domestic equity securities	12,627,195
International equity securities	183,270
Timber	1,100,136
Real estate	821,701
Accounts receivable	<u>55,097</u>
TOTAL ASSETS	<u><u>\$ 20,774,748</u></u>
LIABILITIES	
Accounts payable	\$ 26,893
NET ASSETS	
Net Assets Held in Trust for Pension Benefits	<u>20,747,855</u>
TOTAL NET ASSETS AND LIABILITIES	<u><u>\$ 20,774,748</u></u>

See accompanying notes to the basic financial statements

CITY OF ANNISTON, ALABAMA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND
For the Fiscal Year Ended September 30, 2009

	<u>Policemen's and Firemen's Retirement Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 731,559
Employees	731,559
Public utilities	450,709
Total Contributions	<u>1,913,827</u>
Investment earnings:	
Interest	328,855
Dividend	187,574
Net depreciation in fair value of investments	(1,290,109)
Loss on investment	(6,395)
Miscellaneous	5,418
Total Investment Earnings	<u>(774,657)</u>
Less: Investment expenses	<u>(81,985)</u>
Net Investment Income	(856,642)
 Total Additions	 <u>1,057,185</u>
DEDUCTIONS	
Benefits paid directly to participants	3,180,439
Administrative expenses	94,107
Total deductions	<u>3,274,546</u>
 NET DECREASE IN NET ASSETS	 (2,217,361)
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
 NET ASSETS, BEGINNING OF YEAR	 <u>22,965,216</u>
 NET ASSETS, END OF YEAR	 <u>\$ 20,747,855</u>

See accompanying notes to the basic financial statements

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Anniston, Alabama (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (the “GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

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. The City provides the following services to its citizens as authorized by its charter: public safety (police and fire), recreation, water, and general and administrative services. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Anniston, Alabama (the “primary government”) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of its operational or financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, the financial statements of the component units are discretely presented in the financial statements.

**CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units

Component Unit	Included in the Reporting Entity Because	Separate Financial Statements
The Anniston City School Board 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 audited financial statements are located at Anniston City Hall.
The Public Library of Anniston and Calhoun County 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 audited financial statements are located at Anniston City Hall.
The Anniston Industrial Development Board is fiscally dependent upon the City support to carry out its mission.	The members of the board are appointed by City Council.	These unaudited financial statements are located at Anniston City Hall.
The Farley L. Berman Foundation, Inc. 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 audited financial statements are located at Anniston City Hall.
The Anniston City Schools Foundation 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 unaudited financial statements are located at Anniston City Hall.
The Spirit of Anniston, Inc. 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 unaudited financial statements are located at Anniston City Hall.

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

These statements report financial information for the County as a whole. The primary government and the discreetly presented component units are presented separately within these financial statements with the focus on the primary government. 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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City had no business-type activities during the year ended September 30, 2009.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are for fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to long-term debt, compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, sales taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," the corresponding assets (receivables) in nonexchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City reports the following major governmental funds:

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

The *Fire District Tax Fund* accounts for all activities in the provision of fire protection services to the residents of the City.

The *Cemetery Fund* accounts for all activities in the City's cemetery.

The *Corrections Fund* accounts for all activities in the City's jail.

The *Drug Task Force Office Fund* accounts for the administrative activities of the Drug Task Force.

The *JAG Recovery Act Grant Fund* accounts for all activities of the justice grant.

The City also reports the following fund types within the non-major governmental funds:

Debt service fund accounts for the repayment of principal and interest on the City's outstanding bond issues and other debt obligations of the City.

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital projects fund accounts for the acquisition and construction of major facilities funded by City operations.

Fiduciary Fund Type

The *Police and Fireman's Pension Trust Fund* accounts for assets held by the City as an agent or trustee to be invested and expended in accordance with the conditions of the trustee capacity. The City uses this fund to account for the assets of the defined benefit plan.

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. 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. All other investments are stated at fair value based on quoted market prices.

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

F. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased. Inventories reported in the governmental funds are equally offset by a fund balance reserve, which indicates that they do not constitute “available, spendable resources” even though they are a component of net current assets.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	20-40
Improvements other than buildings	25-40
Machinery and equipment	5-10
Infrastructure	25-75

Infrastructure assets acquired prior to September 30, 1980 are included in the amounts reported.

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as other assets and amortized over the term of the related debt.

At the governmental fund financial reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

J. Compensated Absences

Accumulated sick pay benefits have not been recorded as a liability because these benefits are paid upon the illness of an employee and the amount of such payments cannot be reasonably estimated. Accumulated unpaid vacation costs are accrued when incurred in the government-wide financial statements.

Governmental funds report the compensated absence liability at the fund reporting level only “*when due*.”

K. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net assets.”

Fund Balance

In the fund financial statements governmental funds reserve portions of the fund balance that are legally segregated and restricted by an outside party or legal mandate. Designations of fund balance represent managements’ intent to set aside these resources for specific uses. At the fund reporting level, fund balance is also reserved for any prepaids and inventories.

Net Assets

Net assets represent the difference between assets and liabilities. Amounts shown as net assets invested in capital assets, net of related debt are made up of capital asset costs, net of accumulated depreciation and any outstanding debt used to acquire, construct or improve the associated assets. Net assets are reported as restricted when there are legal limitations or external restrictions imposed upon their use. All other net assets are reported as unrestricted.

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 2. LEGAL COMPLIANCE - BUDGETS

The following procedures are used by the City in establishing the budgetary data reflected in the 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.

Budgeted amounts are as originally adopted, or as amended by the City Council.

The following funds had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended September 30, 2009.

General Fund:

General Government		
City Council	\$	1,476
Building maintenance		12,110
Professional services		49,277
Workman's compensation insurance		80,542
Employer funded health care		733,164
Public safety		
Fire		66,944
Public works		
Electrical		17,950
Garage		47,009
Cemetery Fund: General Government		74,227
Corrections Fund: Public Safety		202
Drug Task Force Office Fund: Public Safety		115,124

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 3. DEPOSITS AND INVESTMENTS

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

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. 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.

At September 30, 2009, all of the deposits of the City were fully collateralized in accordance with the state statutes.

As of September 30, 2009, the City had the following deposits, classified as investments.

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	1 day to 350 days	\$ 7,523,815

Interest Rate Risk:

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, all investments are reviewed on a monthly basis for interest rate fluctuations and appropriate actions are taken to minimize this risk.

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 4. RECEIVABLES

Receivables at September 30, 2009, for the City's individual funds, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Drug Task Force Office</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Receivables:				
Taxes	\$ 1,511,607	\$ -	\$ 14,424	\$ 1,526,031
Accounts	299,392	-	95,209	394,601
Interest	-	-	5,129	5,129
Gross receivables	<u>1,810,999</u>	<u>-</u>	<u>114,762</u>	<u>1,925,761</u>
Less allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u><u>\$ 1,810,999</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 114,762</u></u>	<u><u>\$ 1,925,761</u></u>

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, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 is as follows:

	Balance 9/30/2008	Additions	Deductions	Balance 9/30/2009
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,675,305	\$ 45,000	\$ -	\$ 8,720,305
Collections	8,329,797	-	-	8,329,797
Construction in progress	-	400,056	-	400,056
Total capital assets not being depreciated	<u>17,005,102</u>	<u>445,056</u>	<u>-</u>	<u>17,450,158</u>
Other capital assets:				
Buildings	29,101,739	1,013,601	-	30,115,340
Machinery and equipment	11,298,965	742,459	20,747	12,020,677
Improvements other than buildings	1,618,337	126,487	-	1,744,824
Infrastructure	<u>102,795,542</u>	<u>660,688</u>	<u>-</u>	<u>103,456,230</u>
Total other capital assets	<u>144,814,583</u>	<u>2,543,235</u>	<u>20,747</u>	<u>147,337,071</u>
Total capital assets	<u>161,819,685</u>	<u>2,988,291</u>	<u>20,747</u>	<u>164,787,229</u>
Accumulated depreciation:				
Buildings	14,764,109	859,744	-	15,623,853
Machinery and equipment	7,567,760	715,504	12,103	8,271,161
Improvements other than buildings	44,046	46,848	-	90,894
Infrastructure	<u>55,187,908</u>	<u>2,667,431</u>	<u>-</u>	<u>57,855,339</u>
Total accumulated depreciation	<u>77,563,823</u>	<u>4,289,527</u>	<u>12,103</u>	<u>81,841,247</u>
Governmental activities capital assets, net	<u>\$ 84,255,862</u>	<u>\$ (1,301,236)</u>	<u>\$ 8,644</u>	<u>\$ 82,945,982</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 898,391
Public safety	479,163
Public works	2,833,590
Culture and recreation	<u>78,383</u>
Total governmental activities depreciation expense	<u>\$ 4,289,527</u>

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 5. CAPITAL ASSETS (Continued)

Component units:	9/30/2008	Additions	Deductions	9/30/2009
Capital assets not being depreciated:				
Land	\$ 1,406,063	\$ -	\$ -	\$ 1,406,063
Collections	8,417,105	-	-	8,417,105
Construction in progress	-	311,300	-	311,300
Total capital assets not being depreciated	9,823,168	311,300	-	10,134,468
Other capital assets:				
Buildings	17,048,132	-	-	17,048,132
Building improvements	13,662,447	-	-	13,662,447
Vehicles	443,011	-	-	443,011
Machinery and equipment	3,060,468	232,150	(45,149)	3,337,767
Total other capital assets	34,214,058	232,150	(45,149)	34,491,357
Total capital assets	44,037,226	543,450	(45,149)	44,625,825
Accumulated depreciation:				
Buildings	9,718,538	338,717	-	10,057,255
Building improvements	4,171,551	497,059	-	4,668,610
Vehicles	410,456	9,097	-	419,553
Machinery and equipment	1,923,599	153,270	-	2,076,869
Total accumulated depreciation	16,224,144	998,143	-	17,222,287
Component units capital assets, net	\$ 27,813,082	\$ (454,693)	\$ (45,149)	\$ 27,403,538

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 6. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended September 30, 2009 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due In More Than One Year</u>
Governmental activities:						
Bonds and warrants	\$ 2,525,000	\$ -	\$ 1,140,000	\$ 1,385,000	\$ 465,000	\$ 920,000
Intergovernmental Agreement	836,990	-	102,746	734,244	107,592	626,652
Capital lease payable	76,308	-	57,528	18,780	18,780	-
Contingent grant liability	-	500,000	-	500,000	-	500,000
Compensated absences	2,434,603	1,923,728	1,868,487	2,489,844	639,511	1,850,333
Net OPEB Obligation	653,100	1,128,600	468,400	1,313,300	281,200	1,032,100
Governmental activities long-term liabilities	<u>\$ 6,526,001</u>	<u>\$ 3,552,328</u>	<u>\$ 3,637,161</u>	<u>\$ 6,441,168</u>	<u>\$ 1,512,083</u>	<u>\$ 4,929,085</u>

The compensated absences liability will be paid from the General Fund or Museum Fund from which employees' salaries are paid. The capital leases, other long term debt and notes payable will be paid by the General Fund. The OPEB obligation and contingent liability will be paid by the General Fund.

Governmental Activities:

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, 2009 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, 2009 were \$685,000 and \$700,000 respectively.

Annual debt service requirements to amortize bonds and warrants outstanding, as of September 30, 2009 follow:

Year	Governmental Activities		
	Principal	Interest	Total
2010	\$ 465,000	\$ 46,280	\$ 511,280
2011	490,000	29,200	519,200
2012	145,000	16,834	161,834
2013	150,000	9,938	159,938
2014	135,000	3,206	138,206
Total	<u>\$ 1,385,000</u>	<u>\$ 105,458</u>	<u>\$ 1,490,458</u>

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 6. LONG-TERM DEBT (Continued)

Intergovernmental Agreement. 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 with principal and interest payments ranging from \$145,853 to \$146,117. The balance at September 30, 2009 was \$734,244.

Annual debt service requirements to amortize the intergovernmental agreement outstanding, as of September 30, 2009 follow:

Year	Governmental Activities		
	Principal	Interest	Total
2010	\$ 107,592	\$ 38,331	\$ 145,923
2011	112,923	32,951	145,874
2012	118,739	27,192	145,931
2013	125,040	21,077	146,117
2014	131,340	14,512	145,852
2015	138,610	7,486	146,096
Total	\$ 734,244	\$ 141,549	\$ 875,793

Capital Lease Payable. The City entered into a lease agreement as lessee for financing the purchase of vehicles and equipment. The agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The capital lease is secured by the vehicles and equipment. The capital lease has a maturity date of February 2010 with an interest rate of 5.59%. The original costs of the vehicles and equipment financed under the capital lease arrangements total \$227,418.

	Governmental-type Activities
Fiscal year ending September 30, 2010	\$ 18,981
Total minimum lease payments	18,981
Less amount representing interest	201
Present value of minimum lease payments	18,780
Less current maturities	18,780
Long term liabilities	\$ -

**CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 6. LONG-TERM DEBT (Continued)

Component Unit: Anniston City School Board

Long-term liability activity for the year ended September 30, 2009 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due In More Than One Year</u>
Governmental activities:						
2003 Pool Bonds	\$ 870,100	\$ -	\$ 39,675	\$ 830,425	\$ 41,314	\$ 789,111
QZAB	2,000,000	-	-	2,000,000	-	2,000,000
Governmental activities long-term liabilities	<u>\$ 2,870,100</u>	<u>\$ -</u>	<u>\$ 39,675</u>	<u>\$ 2,830,425</u>	<u>\$ 41,314</u>	<u>\$ 2,789,111</u>

2003 Pool Bonds. During the year ended September 30, 2004, the School Board borrowed \$1,021,738 to finance the acquisition and construction of certain capital improvements to the public schools under the jurisdiction and control of the Board. The Capital Improvement Pool Bonds Series 2003 are payable, as both principal and interest, solely out of and secured by a first priority pledge and assignment of pledged capital outlay funds. The principal is payable on December 1 of each year. Interest computed at 4.129% is payable on June 1 and December 1 of each year beginning June 1, 2004. The maturity date of the Pool Bonds is December 1, 2023.

Annual debt service requirements to amortize bonds and warrants outstanding, as of September 30, 2009 follow:

Year	Governmental Activities		
	Principal	Interest	Total
2010	\$ 41,314	\$ 33,632	\$ 74,946
2011	43,020	31,891	74,911
2012	44,796	30,078	74,874
2013	46,645	28,190	74,835
2014	48,571	26,224	74,795
2015-2019	274,646	98,676	373,322
2020-2024	331,432	35,829	367,261
Total	<u>\$ 830,424</u>	<u>\$ 284,520</u>	<u>\$ 1,114,944</u>

Qualified Zone Academy Bonds (QZAB). During the year ended September 30, 2003, the Board borrowed \$2,000,000 from the Qualified Zone Academy Bond Program. The funds will be used to renovate and repair school buildings and to purchase equipment (the Project) under the jurisdiction and control of the Board. The Board entered into a lease purchase agreement to lease the Project to the Alabama School Finance Cooperative which will advance the funds for the Project. The Board has the option to purchase the project for \$1.00 at the end of the lease. The payments made by the Board will be deposited into an investment account with a guaranteed yield to maturity which will pay off the debt in a balloon payment of \$2,000,000 at its maturity in May 2018. The lease payments will be \$157,784 annually through May 2013.

**CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2009, is as follows:

<u>Funds</u>	<u>Due From</u>	<u>Due To</u>
General Fund:		
Fire District Tax Fund	\$ 350,288	\$ -
Cemetery Fund	372,941	-
JAG Recovery Act Grant Fund	31,989	-
Nonmajor governmental funds	1,307,520	113,795
Fire District Tax Fund		
General Fund	-	350,288
Cemetery Fund		
General Fund	-	372,941
Corrections Fund		
General Fund	-	350,304
Drug Task Force Office		
Nonmajor governmental funds	-	320,503
JAG Recovery Act Grant	-	31,989
Nonmajor governmental funds:		
General Fund	113,796	957,217
Drug Task Force Office Fund	320,503	-
Total governmental funds	<u>\$ 2,497,037</u>	<u>\$ 2,497,037</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds are made.

Interfund transfers for the year ended September 30, 2009 were:

<u>Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Nonmajor governmental funds	\$ 381,928	\$ 1,572,377
Drug Task force Office Fund:		
Nonmajor governmental funds	-	320,503
Nonmajor governmental funds:		
General Fund	1,766,472	381,928
Drug Task force Office Fund	320,503	-
Nonmajor governmental funds	-	194,095
Total governmental funds	<u>\$ 2,468,903</u>	<u>\$ 2,468,903</u>

These transfers were used to assist other funds in meeting operating requirements for the year ended September 30, 2009.

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 8. RETIREMENT PLANS

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 Firefighters Retirement Fund for the City of Anniston 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 36-27B-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.

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, 2009. All contributions have been made.

Fiscal Period	Contributions		
Ending	Employer	Employee	Total
September 30, 2009	\$ 504,609	\$ 365,615	\$ 870,224

**CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 8. RETIREMENT PLANS (Continued)

Retirement Systems of Alabama – Continued

The following schedule is based on the actuarial valuation as of September 30, 2008 (most recent information available) as provided by the Employees' Retirement System of Alabama:

**Summary of Employee Census Data
Effective For Period Beginning October 1, 2009**

Number of active members:	232
Annual compensation:	\$7,696,743
Number of retired members and beneficiaries:	91
Annual retirement allowances*:	\$1,193,185

**Required Employer Contribution Rates
Effective For Period Beginning October 1, 2008**

Normal cost	3.64%
Accrued liability	2.60%
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

**Required Employer Contribution Rates
Effective For Period Beginning October 1, 2010**

Normal cost	3.59%
Accrued liability	3.03%
Pre-retirement death benefit	0.15%
Administrative expense	0.18%
Total	6.95%
5% Employer contribution factor (6.57%/5%)	1.390
6% Employer contribution factor (6.57%/6%)	1.158

**CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 8. RETIREMENT PLANS (Continued)

Retirement Systems of Alabama – Continued

The chart below shows the annual pension cost which equaled the annual required contribution for the current year and prior two years along with the percentage actually contributed by the City.

Fiscal Period Ending	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
September 30, 2008	\$ 526,024	100%	-
September 30, 2007	449,105	100%	-
September 30, 2006	447,970	100%	-

As of the most recent valuation date, September 30, 2008, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio (1)/(2)	(4) Unfunded (1)-(2)	Annual Covered Payroll	Percentage of Covered Payroll
9/30/2008	\$ 19,966,441	\$ 23,330,034	85.6%	\$ (3,363,593)	\$ 7,696,743	43.7%

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.

Actuarial gains and losses are reflected in the unfunded actuarial accrued liability, which is being amortized over a twenty-year period. The amortization period is closed. 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, P.O. Box 302150, Montgomery, Alabama 36130-2150.

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2008.

**CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 8. RETIREMENT PLANS (Continued)

Police and Firefighters Retirement Fund for the City of Anniston

The Police and Firefighters Retirement 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 October 1, 2009, and contains the following information:

Valuation date	October 1, 2009
Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	29 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return*	8.0%
Projected salary increases*	5.5%
*Includes inflation at 3%	

Below is a chart summarizing the payroll, employer's contributions and employees' contributions for the year ended September 30, 2009. All contributions have been made.

Fiscal Period	Contributions			
	Ending	Employer	Employee	Utilities
September 30, 2009	\$ 757,228	\$ 757,228	\$ 450,709	\$ 1,514,456

The following schedule is based on the actuarial valuation as of October 1, 2009 (most recent information available):

Summary of Employee Census Data

Number of active members:	179
Annual compensation:	\$7,854,449
Number of retired members and beneficiaries:	159
Benefit payments:	\$3,153,545

Required Employer Contribution Rates

Normal cost	12.5%
Accrued liability	15.0%
Total	27.5%

**CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 8. RETIREMENT PLANS (Continued)

Police and Firefighters Retirement Fund for the City of Anniston – Continued

The chart below shows the annual pension cost which equaled the annual required contribution for the current year and prior two years along with the percentage actually contributed by the City.

Fiscal Period Ending	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
September 30, 2009	\$ 1,965,165	100%	-
September 30, 2008	1,776,951	100%	-

As of the most recent valuation date, October 1, 2009, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio (1)/(2)	(4) Unfunded (1)-(2)	Annual Covered Payroll	Percentage of Covered Payroll
10/1/2009	\$ 20,471,581	\$ 55,360,777	37.0%	\$ (34,889,196)	\$ 7,854,449	444.2%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of October 1, 2009.

NOTE 9. OTHER POST EMPLOYMENT BENEFITS

Description

Effective October 1, 2007, the City adopted the provisions of GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The City, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single-employer defined benefit plan to provide certain postretirement healthcare benefits to all former employees who have 25 years of continuous service, regardless of age, or who have 10 years of continuous service and are age 60. Such benefits are available to spouses or dependents of retiree until the spouse and / or other dependent attains medicare eligibility

Funding Policy

The City pays for postemployment healthcare benefits on a pay-as-you-go basis. The City is studying the establishment of trusts that would be used to accumulate and invest assets necessary to pay for the accumulated liability. These financial statements assume that pay-as-you-go funding will continue.

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table illustrates the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Health Care Plan as of October 1, 2009.

Active members	349
Retired members	69
Total	418

Contributions

The City contributed \$468,800 to the OPEB Health Care Plan in fiscal year 2009. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Commission. The Council establishes and may amend the funding policy for the OPEB Health Care Plan.

Annual Required Contribution	\$ 1,128,600
Annual OPEB Cost	1,128,600
Interest on net OPEB obligation	29,400
Adjustment on net OPEB obligation	(29,000)
Actual Contribution	(468,800)
Increase in net OPEB obligation	660,200
Net OPEB obligation, September 30, 2008, restated	653,100
Net OPEB obligation, September 30, 2009	\$ 1,313,300

Ended September 30,	OPEB Cost	OPEB Contribution	OPEB Cost Contributed	OPEB Obligation
2008	\$ 1,128,600	\$ 475,500	42.13%	\$ 653,100
2009	1,129,000	468,800	41.52%	1,313,300

Because 2008 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 has been implemented prospectively; therefore, the above illustration does not reflect similar information respective of the year ending September 30, 2007.

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Status and Funding Progress

As of October 1, 2009, the most recent actuarial valuation date, the funded status of the Plan was as follows:

Actuarial Value of Asset	-
Actuarial Accrued Liability (AAL)	\$ 10,135,000
Unfunded Actuarial Accrued Liability (UAAL)	\$ 10,135,000
Funded Ratio	0.00%
Covered Payroll	\$ 13,342,472
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	75.96%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the plan in effect at October 1, 2009. The assumptions used in the October 1, 2009 actuarial valuation are as follows:

Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Assumed Rate of Return on Investments	4.50%
Medical Cost Trend Rate	10.00%
Ultimate Medical Cost Trend Rate	5.00%
Year of Ultimate Trend Rate	2017
Amortization Method	Level dollar, closed
Remaining Amortization Period	30 years
Payroll Inflation Rate	2.50%

The schedule of funding progress, presented as RSI following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, because 2008 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the RSI only reflects similar information respective of the years ending September 30, 2008 and 2009.

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 10. DEFERRED COMPENSATION PLAN

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.

NOTE 11. RISK MANAGEMENT

The City 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. A specific stop loss agreement is in effect with an outside insurance company. This will cover claims exceeding \$125,000 per eligible employee per year with an outside company. As of September 30, 2008, 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 expenditure. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Grant 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.

During the fiscal year ended September 30, 2009, a contingent liability was determined in the CDBG program of the City. The City was not properly monitoring the rehabilitation of certain houses in the program. The construction was done by one contractor during the fiscal year ended September 30, 2009. The City has determined by reviewing the payments made to the contractor that the City will have to remit back to the United States Department of Housing and Development or incur additional costs to complete the rehabilitation of the houses. The amount of expenditures which may be disallowed by the grantor or that the City expects to pay out to complete the rehabilitation of the homes is approximately \$500,000. This contingent liability has been recorded on the Statement of Net Assets for the year ended September 30, 2009.

The City is a defendant in various litigations of which legal counsel and City management are 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.

CITY OF ANNISTON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 13. PRIOR PERIOD ADJUSTMENT

The City has determined that a restatement of the fund balance of the General Fund and the non-major governmental fund, the Museum Fund, is required to reflect corrections to beginning balances of compensated absences and prepaid items. Compensated absences of \$533,759 in the General Fund and \$87,531 in the Museum Fund were improperly recognized in the September 30, 2008 financial statements in error, resulting in an overall understatement of fund balance. These amounts were not due and payable and did not meet the definition of a governmental fund liability. Also, prepaid items of \$150,916 in the General Fund and \$50,000 in the Museum Fund were not properly recognized in the September 30, 2008 financial statements in error, resulting in an overall understatement of fund balance. The OPEB obligation for the year ended September 30, 2008 was not properly recorded in the Government Wide Statements. The obligation did not include the reduction of actual contributions of \$475,500 paid by the City during the year ending September 30, 2008.

Fund Balance, General Fund, September 30, 2008, as previously reported	\$ 12,806,468
Adjustment for proper recognition of compensated absences	533,759
Adjustment for proper recognition of prepaid items	150,916
Fund Balance, General Fund, September 30, 2008, as restated	\$ 13,491,143
Fund Balance, Non-major governmental funds, September 30, 2008, as previously reported	\$ 2,430,556
Adjustment for proper recognition of compensated absences	87,531
Adjustment for proper recognition of prepaid items	50,000
Fund Balance, Non-major governmental funds, September 30, 2008, as restated	\$ 2,568,087
Fund Balance, Museum Fund, September 30, 2008, as previously reported	\$ 466,194
Adjustment for proper recognition of compensated absences	87,531
Adjustment for proper recognition of prepaid items	50,000
Fund Balance, Museum Fund, September 30, 2008, as restated	\$ 603,725
Governmental Activities, September 30, 2008, as previously reported	\$ 99,421,557
Adjustment for proper recognition of OPEB contributions	475,500
Adjustment for proper recognition of prepaid items	50,000
Governmental Activities, September 30, 2008, as restated	\$ 99,947,057

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANNISTON, ALABAMA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended September 30, 2009

SCHEDULES OF FUNDING PROGRESS

Retirement Systems of Alabama

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Over (Under) Funded (UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
9/30/2003	16,961,666	18,435,404	92.01%	(1,473,738)	6,822,762	-21.60%
9/30/2004	17,447,094	18,952,761	92.06%	(1,505,667)	7,096,260	-21.22%
9/30/2005	18,240,270	19,908,877	91.62%	(1,668,607)	6,863,095	-24.31%
9/30/2006	19,027,654	20,685,845	91.98%	(1,658,191)	6,952,331	-23.85%
9/30/2007	19,804,701	21,957,493	90.20%	(2,152,792)	6,870,025	-31.34%
9/30/2008	19,966,441	23,330,034	85.58%	(3,363,593)	7,696,743	-43.70%

Note: See assumptions used for these schedules disclosed in the notes to the financial statements.

Police and Firefighters Retirement Fund of the City of Anniston

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Over (Under) Funded (UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
10/1/2001	\$ 23,846,591	\$ 38,531,561	61.89%	\$(14,684,970)	\$ 5,647,923	-260.01%
10/1/2003	25,704,942	39,873,805	64.47%	(14,168,863)	5,565,899	-254.57%
10/1/2005	24,632,743	42,810,623	57.54%	(18,177,880)	6,249,403	-290.87%
10/1/2007	27,089,478	49,792,153	54.41%	(22,702,675)	6,665,540	-340.60%
10/1/2009	20,471,581	55,360,777	36.98%	(34,889,196)	7,854,449	-444.20%

Note: See assumptions used for these schedules disclosed in the notes to the financial statements.

OPEB Health Care Plan

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Over (Under) Funded (UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
10/1/2007**	\$ -	\$ 12,216,500	0.00%	\$(12,216,500)	13,085,683	-93.36%
10/1/2009	-	10,135,000	0.00%	(10,135,000)	13,342,472	-75.96%

Note: See assumptions used for these schedules disclosed in the notes to the financial statements.

**First year of implementation

COMBINING FUND STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

**CITY OF ANNISTON, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009**

	Nonmajor Governmental Funds			
	Nonmajor Debt Service Funds	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds (Capital Improvement Fund)	Total Nonmajor Governmental Funds
ASSETS				
Cash	\$ -	\$ 2,329,314	\$ -	\$ 2,329,314
Investments	-	154,292	-	154,292
Taxes receivable, net of allowance for uncollectibles	-	14,424	-	14,424
Accounts receivable	-	95,209	-	95,209
Interest receivable	-	5,129	-	5,129
Due from other funds	-	321,237	113,062	434,299
Due from other governments	-	359,969	80,222	440,191
Prepaid items	-	75,000	-	75,000
Total assets	<u>\$ -</u>	<u>\$ 3,354,574</u>	<u>\$ 193,284</u>	<u>\$ 3,547,858</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 87,170	8,640	\$ 95,810
Accrued liabilities	-	15,731	-	15,731
Deferred revenue	-	1,000	-	1,000
Due to other governments	-	-	-	-
Due to other funds	-	830,224	126,993	957,217
Total liabilities	<u>-</u>	<u>934,125</u>	<u>135,633</u>	<u>1,069,758</u>
FUND BALANCES				
Reserved for:				
Prepaid items	-	75,000	-	75,000
Undesignated	-	2,345,449	57,651	2,403,100
Total fund balances	<u>-</u>	<u>2,420,449</u>	<u>57,651</u>	<u>2,478,100</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 3,354,574</u>	<u>\$ 193,284</u>	<u>\$ 3,547,858</u>

CITY OF ANNISTON, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	Nonmajor Governmental Funds			Total Nonmajor Governmental Funds
	Nonmajor Debt Service Funds	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds (Capital Improvement Fund)	
REVENUES				
Intergovernmental	\$ -	\$ 1,804,760	191,742	\$ 1,996,502
Fines and forfeitures	-	989,620	-	989,620
Charges for services	-	264,944	-	264,944
Taxes	-	607,258	-	607,258
Interest earned	-	23,150	-	23,150
Miscellaneous	-	294,159	-	294,159
TOTAL REVENUES	-	3,983,891	191,742	4,175,633
EXPENDITURES				
Public safety	-	742,502	-	742,502
Judicial	-	516,431	-	516,431
Cultural and recreation	-	1,003,408	-	1,003,408
Housing development	-	922,942	-	922,942
General government	-	98,093	-	98,093
Capital outlay	-	-	1,133,191	1,133,191
Debt service:				
Principal	1,242,746	-	-	1,242,746
Interest	114,949	-	-	114,949
Other charges	2,310	-	-	2,310
TOTAL EXPENDITURES	1,360,005	3,283,376	1,133,191	5,776,572
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,360,005)	700,515	(941,449)	(1,600,939)
OTHER FINANCING SOURCES AND USES				
Transfers in	1,360,005	653,739	73,231	2,086,975
Transfers out	-	(576,023)	-	(576,023)
	1,360,005	77,716	73,231	1,510,952
NET CHANGE IN FUND BALANCES	-	778,231	(868,218)	(89,987)
FUND BALANCES - BEGINNING OF YEAR, RESTATED	-	1,642,218	925,869	2,568,087
FUND BALANCES - END OF YEAR	\$ -	\$ 2,420,449	\$ 57,651	\$ 2,478,100

**CITY OF ANNISTON, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
September 30, 2009**

	Special Revenue Funds				
	Museum Fund	Gasoline Fund	Seven Cent Gas Tax	Alabama Trust Fund	CDBG Fund
ASSETS					
Cash	\$ 543,142	\$ 135,524	\$ 76,260	\$ 839,334	\$ 2,964
Investments	154,292	-	-	-	-
Taxes receivable	-	-	14,424	-	-
Accounts receivable	-	-	-	-	-
Interest Receivable	5,129	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	6,159	11,756	-	-	254,255
Prepaid items	75,000	-	-	-	-
Total assets	<u>\$ 783,722</u>	<u>\$ 147,280</u>	<u>\$ 90,684</u>	<u>\$ 839,334</u>	<u>\$ 257,219</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 4,804	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	15,210	-	-	-	521
Due to other governments	-	-	-	-	-
Due to other funds	-	111,302	-	33,585	232,113
Deferred revenue	-	-	-	-	1,000
Total liabilities	<u>20,014</u>	<u>111,302</u>	<u>-</u>	<u>33,585</u>	<u>233,634</u>
FUND BALANCES					
Reserved for:					
Prepaid items	75,000	-	-	-	-
Unreserved, undesignated	688,708	35,978	90,684	805,749	23,585
Total fund balances	<u>763,708</u>	<u>35,978</u>	<u>90,684</u>	<u>805,749</u>	<u>23,585</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 783,722</u>	<u>\$ 147,280</u>	<u>\$ 90,684</u>	<u>\$ 839,334</u>	<u>\$ 257,219</u>

**CITY OF ANNISTON, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
September 30, 2009**

	Special Revenue Funds					
	Emergency Shelter Grant	Municipal Court Revenue	Federal Seized Assets Agency Fund	State Seized Assets Fund	Drug Task Force Fund	Job Training Grant
ASSETS						
Cash	\$ -	\$ 5,064	\$ 133,469	\$ 36,438	\$ -	\$ -
Investments	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Interest Receivable	-	-	-	-	-	-
Due from other funds	51	-	-	-	320,503	-
Due from other governments	-	-	-	-	33,352	37,125
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 51</u>	<u>\$ 5,064</u>	<u>\$ 133,469</u>	<u>\$ 36,438</u>	<u>\$ 353,855</u>	<u>\$ 37,125</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 51	\$ -	\$ -	\$ -	\$ 58,453	\$ 5,754
Accrued liabilities	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Due to other funds	-	4,255	-	31,848	295,402	31,371
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>51</u>	<u>4,255</u>	<u>-</u>	<u>31,848</u>	<u>353,855</u>	<u>37,125</u>
FUND BALANCES						
Reserved for:						
Prepaid items	-	-	-	-	-	-
Unreserved, undesignated	-	809	133,469	4,590	-	-
Total fund balances	<u>-</u>	<u>809</u>	<u>133,469</u>	<u>4,590</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 51</u>	<u>\$ 5,064</u>	<u>\$ 133,469</u>	<u>\$ 36,438</u>	<u>\$ 353,855</u>	<u>\$ 37,125</u>

**CITY OF ANNISTON, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
September 30, 2009**

	Special Revenue Funds						Total Nonmajor Special Revenue Funds
	Bulletproof Vest Grant Fund	Airport Grant 2007 Fund	Airport Grant Fund	JAG Grant Fund	UDAG Revolving Loan Fund	Byrne Justice Grant Fund	
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ 23,156	\$ 533,963	\$ -	\$ 2,329,314
Investments	-	-	-	-	-	-	154,292
Taxes receivable	-	-	-	-	-	-	14,424
Accounts receivable	-	-	-	-	95,209	-	95,209
Interest Receivable	-	-	-	-	-	-	5,129
Due from other funds	-	-	444	-	-	239	321,237
Due from other governments	-	-	17,322	-	-	-	359,969
Prepaid items	-	-	-	-	-	-	75,000
Total assets	\$ -	\$ -	\$ 17,766	\$ 23,156	\$ 629,172	\$ 239	\$ 3,354,574
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 17,766	\$ -	\$ 342	\$ -	\$ 87,170
Accrued liabilities	-	-	-	-	-	-	15,731
Due to other governments	-	-	-	-	-	-	-
Due to other funds	1,039	48,934	-	22,961	17,414	-	830,224
Deferred revenue	-	-	-	-	-	-	1,000
Total liabilities	1,039	48,934	17,766	22,961	17,756	-	934,125
FUND BALANCES							
Reserved for:							
Prepaid items	-	-	-	-	-	-	75,000
Unreserved, undesignated	(1,039)	(48,934)	-	195	611,416	239	2,345,449
Total fund balances	(1,039)	(48,934)	-	195	611,416	239	2,420,449
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ 17,766	\$ 23,156	\$ 629,172	\$ 239	\$ 3,354,574

CITY OF ANNISTON, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	Special Revenue Funds				
	Museum Fund	Gasoline Fund	Seven Cent Gas Tax	Alabama Trust Fund	CDBG Fund
REVENUES					
Intergovernmental	\$ 682,025	\$ -	\$ -	\$ -	\$ 839,611
Fines and Forfeitures	-	-	-	-	-
Charges for services	250,699	-	14,245	-	-
Taxes	25,000	133,430	150,278	298,550	-
Interest earned	8,011	2,003	551	2,416	1,852
Miscellaneous	148,582	-	-	-	9,359
TOTAL REVENUES	1,114,317	135,433	165,074	300,966	850,822
EXPENDITURES					
Judicial	-	-	-	-	-
Public safety	-	-	-	-	-
Culture and recreation	954,334	-	-	-	-
Housing and development	-	-	-	-	891,395
General government	-	-	-	-	-
TOTAL EXPENDITURES	954,334	-	-	-	891,395
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	159,983	135,433	165,074	300,966	(40,573)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets	-	-	-	-	-
Transfers in	-	194,095	-	-	-
Transfers out	-	-	(194,095)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	194,095	(194,095)	-	-
NET CHANGE IN FUND BALANCES	159,983	329,528	(29,021)	300,966	(40,573)
FUND BALANCES - BEGINNING OF YEAR, RESTATED	603,725	(293,550)	119,705	504,783	64,158
FUND BALANCES - END OF YEAR	\$ 763,708	\$ 35,978	\$ 90,684	\$ 805,749	\$ 23,585

CITY OF ANNISTON, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	Special Revenue Funds					
	Emergency Shelter Grant	Municipal Court Revenue	Federal Seized Assets Agency Fund	State Seized Assets Fund	Drug Task Force Fund	Job Training Grant
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 135,000	\$ 100,159
Fines and Forfeitures	-	972,667	9,108	7,845	-	-
Charges for services	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Interest earned	-	539	511	110	-	-
Miscellaneous	-	-	-	-	136,218	-
TOTAL REVENUES	-	973,206	9,619	7,955	271,218	100,159
EXPENDITURES						
Judicial	-	516,431	-	-	-	-
Public safety	-	-	-	10,703	691,953	-
Culture and recreation	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-
General government	-	-	-	-	-	98,093
TOTAL EXPENDITURES	-	516,431	-	10,703	691,953	98,093
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	456,775	9,619	(2,748)	(420,735)	2,066
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of assets	-	-	-	-	-	-
Transfers in	-	-	-	-	450,763	-
Transfers out	-	(381,928)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(381,928)	-	-	450,763	-
NET CHANGE IN FUND BALANCES	-	74,847	9,619	(2,748)	30,028	2,066
FUND BALANCES - BEGINNING OF YEAR, RESTATED	-	(74,038)	123,850	7,338	(30,028)	(2,066)
FUND BALANCES - END OF YEAR	\$ -	\$ 809	\$ 133,469	\$ 4,590	\$ -	\$ -

CITY OF ANNISTON, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	Special Revenue Funds						Total Nonmajor Special Revenue Funds
	Bulletproof Vest Grant Fund	Airport Grant 2007 Fund	Airport Grant Fund	JAG Grant Fund	UDAG Revolving Loan Fund	Byrne Justice Grant Fund	
REVENUES							
Intergovernmental	\$ 7,398	\$ 140	\$ 17,322	\$ 23,105	\$ -	\$ -	\$ 1,804,760
Fines and Forfeitures	-	-	-	-	-	-	989,620
Charges for services	-	-	-	-	-	-	264,944
Taxes	-	-	-	-	-	-	607,258
Interest earned	-	-	-	62	7,095	-	23,150
Miscellaneous	-	-	-	-	-	-	294,159
TOTAL REVENUES	<u>7,398</u>	<u>140</u>	<u>17,322</u>	<u>23,167</u>	<u>7,095</u>	<u>-</u>	<u>3,983,891</u>
EXPENDITURES							
Judicial	-	-	-	-	-	-	516,431
Public safety	16,874	-	-	22,972	-	-	742,502
Culture and recreation	-	49,074	-	-	-	-	1,003,408
Housing and development	-	-	17,766	-	13,781	-	922,942
General government	-	-	-	-	-	-	98,093
TOTAL EXPENDITURES	<u>16,874</u>	<u>49,074</u>	<u>17,766</u>	<u>22,972</u>	<u>13,781</u>	<u>-</u>	<u>3,283,376</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,476)</u>	<u>(48,934)</u>	<u>(444)</u>	<u>195</u>	<u>(6,686)</u>	<u>-</u>	<u>700,515</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of assets	-	-	-	-	-	-	-
Transfers in	8,437	-	444	-	-	-	653,739
Transfers out	-	-	-	-	-	-	(576,023)
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,437</u>	<u>-</u>	<u>444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,716</u>
NET CHANGE IN FUND BALANCES	<u>(1,039)</u>	<u>(48,934)</u>	<u>-</u>	<u>195</u>	<u>(6,686)</u>	<u>-</u>	<u>778,231</u>
FUND BALANCES - BEGINNING OF YEAR, RESTATED	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>618,102</u>	<u>239</u>	<u>1,642,218</u>
FUND BALANCES - END OF YEAR	<u>\$ (1,039)</u>	<u>\$ (48,934)</u>	<u>\$ -</u>	<u>\$ 195</u>	<u>\$ 611,416</u>	<u>\$ 239</u>	<u>\$ 2,420,449</u>