

**CITY OF ANNISTON, ALABAMA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**



**Kemp & Associates, CPA PC**

---

Certified Public Accountants  
303 East 11th Street • P. O. Box 2309  
Anniston, Alabama 36202  
(256) 237-5102 • FAX (256) 237-8185



**VETERANS MEMORIAL PARKWAY  
NORTH ANNISTON DEVELOPMENT CENTER  
ANNISTON, AL**

**FOR THE YEAR END SEPTEMBER 30, 2015**

---

	<b>PAGE NUMBERS</b>
<b>INTRODUCTORY SECTION</b>	
Organization Chart .....	i
Principal Officials.....	ii
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	1 - 3
Management's Discussion and Analysis .....	4 -15
 <b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position .....	16
Statement of Activities .....	17
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds .....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities .....	21
Statement of Fiduciary Net Position – Fiduciary Funds .....	22
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	23
Statement of Net Position - Proprietary Funds .....	24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds .....	25
Statement of Cash Flows - Proprietary Funds .....	26

**FOR THE YEAR END SEPTEMBER 30, 2015**

---

	<b>PAGE NUMBERS</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	
Notes to the Financial Statements.....	27 - 68
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>Statement of Revenues, Expenditures and Changes in Fund</b>	
Balances - Budget (GAAP Basis) and Actual - General Fund .....	69-70
OPEB Health Care Plan.....	71
<b>Employee Retirement System of Alabama Schedule of Changes In</b>	
Net Pension Liability and Related Ratios .....	72
<b>Policeman and Fireman’s Retirement Fund Schedule of Changes In</b>	
Net Pension Liability and Related Ratios .....	73
<b>Schedule of Proportionate Share of the Net Pension Liability-</b>	
Retirement System of Alabama .....	74
Schedule of Employer Contributions for Retirement System of Alabama .....	75
<b>Schedule of Employer Contributions for Policemen’s and Fireman’s</b>	
Retirement Fund .....	76
 <b>COMBINING FUND STATEMENTS</b>	
Combining Balance Sheet - Nonmajor Governmental Funds .....	77
<b>Combining Statement of Revenues, Expenditures, and Changes in</b>	
Fund Balances - Nonmajor Governmental Funds .....	78
Combining Balance Sheet - Nonmajor Special Revenue Governmental Funds .....	79-85
<b>Combining Statement of Revenues, Expenditures, and Changes in</b>	
Fund Balances - Nonmajor Special Revenue Governmental Funds .....	86-92

**FOR THE YEAR END SEPTEMBER 30, 2015**

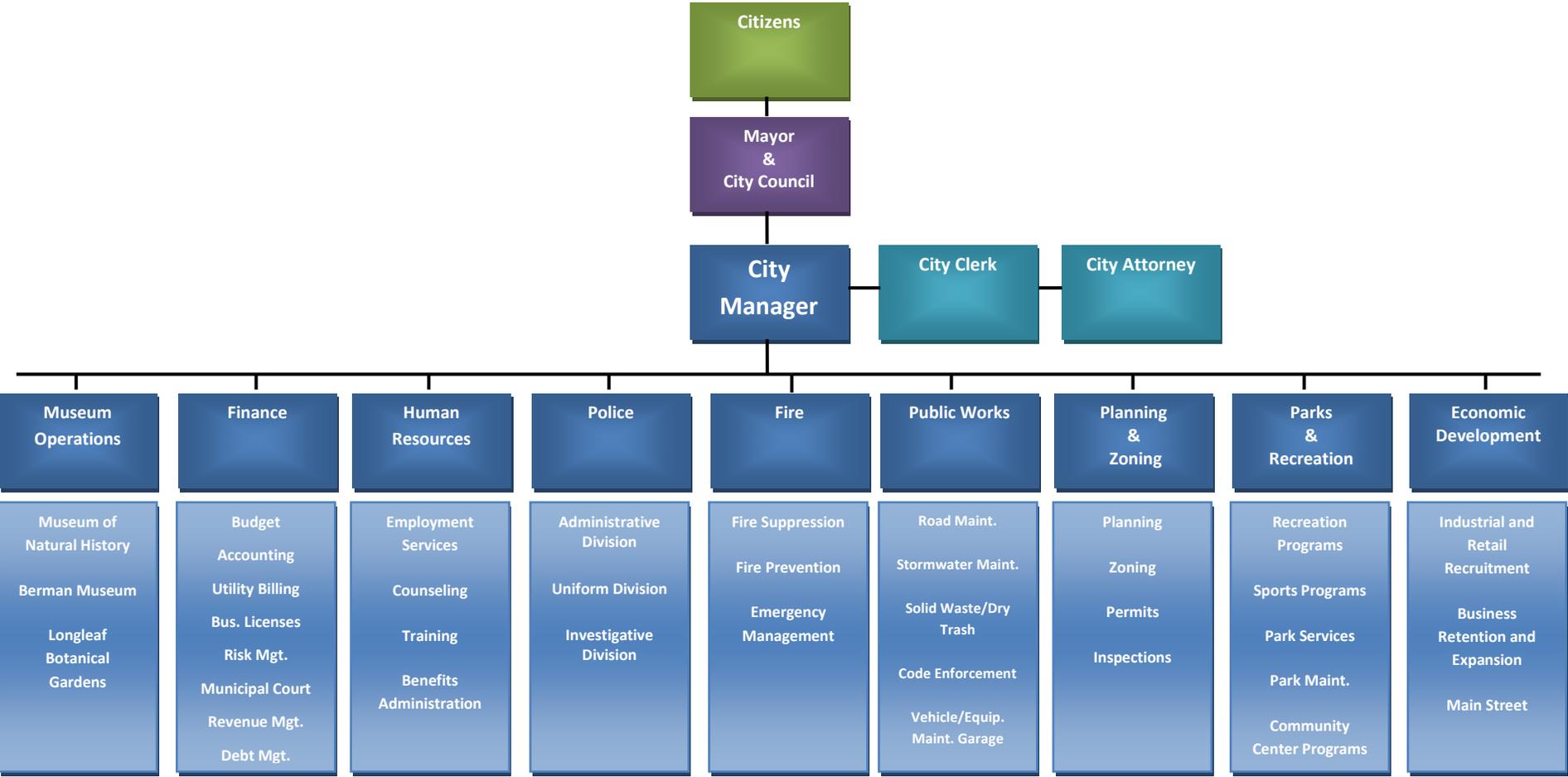
---

	<b>PAGE NUMBERS</b>
<b>COMPLIANCE SECTION</b>	
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....</b>	<b>93-94</b>
<b>Independent Auditor’s Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular -133.....</b>	<b>95-96</b>
<b>Schedule of Expenditures of Federal Awards .....</b>	<b>97</b>
<b>Notes to Schedule of Expenditures of Federal Awards .....</b>	<b>98</b>
<b>Schedule of Findings and Questioned Costs .....</b>	<b>99-100</b>
<b>Schedule of Prior Year Findings .....</b>	<b>101</b>

---

**INTRODUCTORY SECTION**

**CITY OF ANNISTON, ALABAMA  
ORGANIZATION CHART**



**FOR THE YEAR END SEPTEMBER 30, 2015**

---

**City Council**

Vaughn M. Stewart II- Mayor

Millie Harris

Jay W. Jenkins

David E. Reddick

Seyram Selase

**City Manager**

Brian Johnson

**Assistant City Manager/Finance Director**

Cory Salley

**Other City Officials**

City Attorney	Bruce J. Downey IV
City Clerk	Alan Atkinson
City Judge	James Sims
Economic Development	Eric Basinger, Director
Fire	Tony Taylor, Chief
Human Resources	Bersheba Austin, Director
Museum Operations	Alan Robison, Director
Parks & Recreation	Steven Folks, Director
Planning & Development Services	Toby Bennington, Director
Police	Shane Denham, Chief
Public Works	Robert Dean, Director

**FINANCIAL SECTION**

---



## Kemp & Associates, CPA PC

---

Certified Public Accountants  
303 East 11th Street • P. O. Box 2309  
Anniston, Alabama 36202  
(256) 237-5102 • FAX (256) 237-8185

### INDEPENDENT AUDITOR'S REPORT

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

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Anniston, Alabama (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Anniston City Board of Education, the Public Library of Anniston/Calhoun County, and the Anniston Museum Endowment Corporation, Inc., which represents 99%, 100% and 99%, respectively, of the assets and deferred outflows of resources, net position and revenue of the component unit's column. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Anniston City Board of Education, the Public Library of Anniston/Calhoun County, and the Anniston Museum Endowment Corporation, Inc., is based on the reports of the other auditors. We issued a separate audit report dated May 19, 2016, of the financial statements of the Policemen's and Firemen's Retirement Fund, which represents 99%, 100% and 100%, respectively, of the assets, net position and revenues of the fiduciary funds. 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 United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The financial statements of the Anniston Museum League have not been audited, and we were not engaged to audit its financial statements as part of our audit of the City's basic financial statements. Anniston Museum League is included in the City's basic financial statements as discretely presented component unit and represent less than 1%, less than 1%, and less than 1% of the assets, net position and revenues, respectively, of the City's aggregate discretely presented component units.

### **Emphasis of Matter**

As discussed in Note 1(N) and Note 9 to the basic financial statements, during fiscal year 2015, the City adopted Governmental Accounting Standard Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standard Board Statement No. 71, *Pension Transition for Contributions Subsequent to the Measurement Date*. As a result of the adoption, the City has restated its net position as of October 1, 2014 to comply with the pronouncements. Our opinion is not modified with respect to this matter.

### **Opinion**

In our opinion, based on our audit and the reports of other auditors except for the effects of such adjustments, if any, as might have been determined to be necessary had the Anniston Museum League financial statements been audited, the financial statements referred to previously present fairly, in all material respects, the financial position of the government activities, the business-type activities and the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the City of Anniston, Alabama, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability, schedule of employer contributions and schedule of proportionate share of net pension liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2016, on our consideration of City of Anniston'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* considering City of Anniston's internal control over financial reporting and compliance

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section 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 and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statement themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2016, on our consideration of City of Anniston'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* considering City of Anniston's internal control over financial reporting and compliance



Kemp & Associates, CPA PC  
Anniston, Alabama  
June 21, 2016

**FOR THE YEAR END SEPTEMBER 30, 2015**

---

This section of the City of Anniston's ("City") annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2015. 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 liabilities and deferred inflow of resources of the City of Anniston (primary government) exceeded its assets and deferred outflow of resources by \$24.47 million for the year ended September 30, 2015. The liabilities and deferred inflow of resources of the City's component units exceeded their assets and deferred outflow of resources by \$848,639. Of the \$24.47 million in primary government deficit net position, unrestricted net position had a deficit of \$94.65 million.
- During fiscal year 2015, the City and its component were required to report its respective net pension liability in accordance with GASB 68. (See Note 1(N) and Note 9). The City's net pension liabilities were \$95,462,045 and its component net pension liabilities were \$ 17,048,000. The recording of the net pension liabilities are primarily responsible for the deficit net position. As required by GASB 68, the City restated its beginning net position in the government wide financial statements. The restatement for the City was a reduction of \$87,163,446 in net position. The restatements for the component units were a reduction of \$16,783,694 in net position.
- At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$11.88 million. The combined governmental funds fund balance decreased by \$5.02 million compared with the prior year. Of the \$11.88 million in fund balance, \$4.32 million is available for spending at the government's discretion (unassigned fund balance).
- The general fund ended the current year with a fund balance of \$4.50 million, down from \$1.67 million in 2014. The 2015 ending fund balance of the General Fund represents 14.3% of total general fund operating expenditures.
- In the fiscal year 2015, the City of Anniston realized an excess of revenues in the general fund of (\$4,764,480). However, the fund balance of the General Fund decreased by (\$1,667,099) due to net transfers from the general fund to capital projects funds and debt service funds.

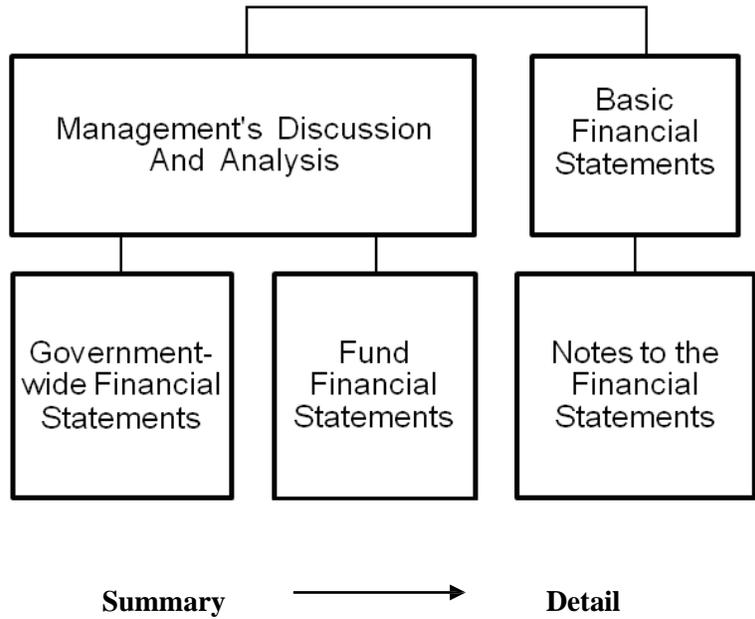
**Overview of the Financial Statements**

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.

FOR THE YEAR END SEPTEMBER 30, 2015

---

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



**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 position includes all of the government’s assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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 three 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. The *Governmental Activities* include *Blended Component units*.

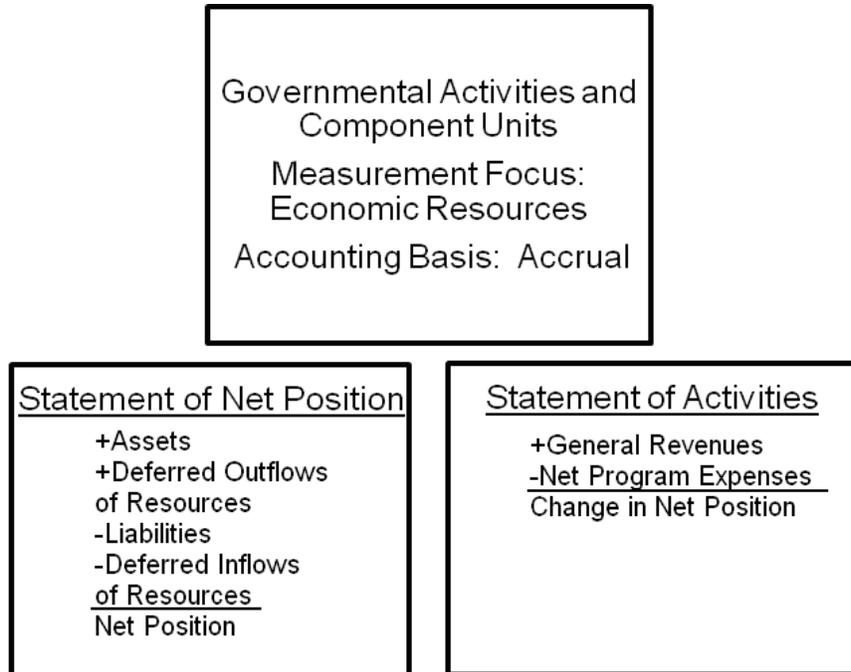
*Business-type Activities* – The City charges a fee to customers to help it cover the cost of certain services it provides. The City’s store at the Anniston Museum of Natural History, hotel operations, and stormwater activities are reported here.

*Component Units* – The City includes other legally separate entities in its report including the Anniston City Board of Education, Public Library of Anniston/Calhoun County, Anniston Museum Endowment Corporation, and Museum League. These entities are discretely presented component units, and the City is financially accountable for these entities. The City provides administrative services for the following blended component units: the Public Building Authority, Anniston Downtown Development Authority, and Industrial Development Authority.

**FOR THE YEAR END SEPTEMBER 30, 2015**

---

**Government-wide Financial Statements**



The statement of net position includes all of the government’s assets and deferred outflows of resources and liabilities and deferred inflows of resources except fiduciary funds. The statement of activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 three 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.

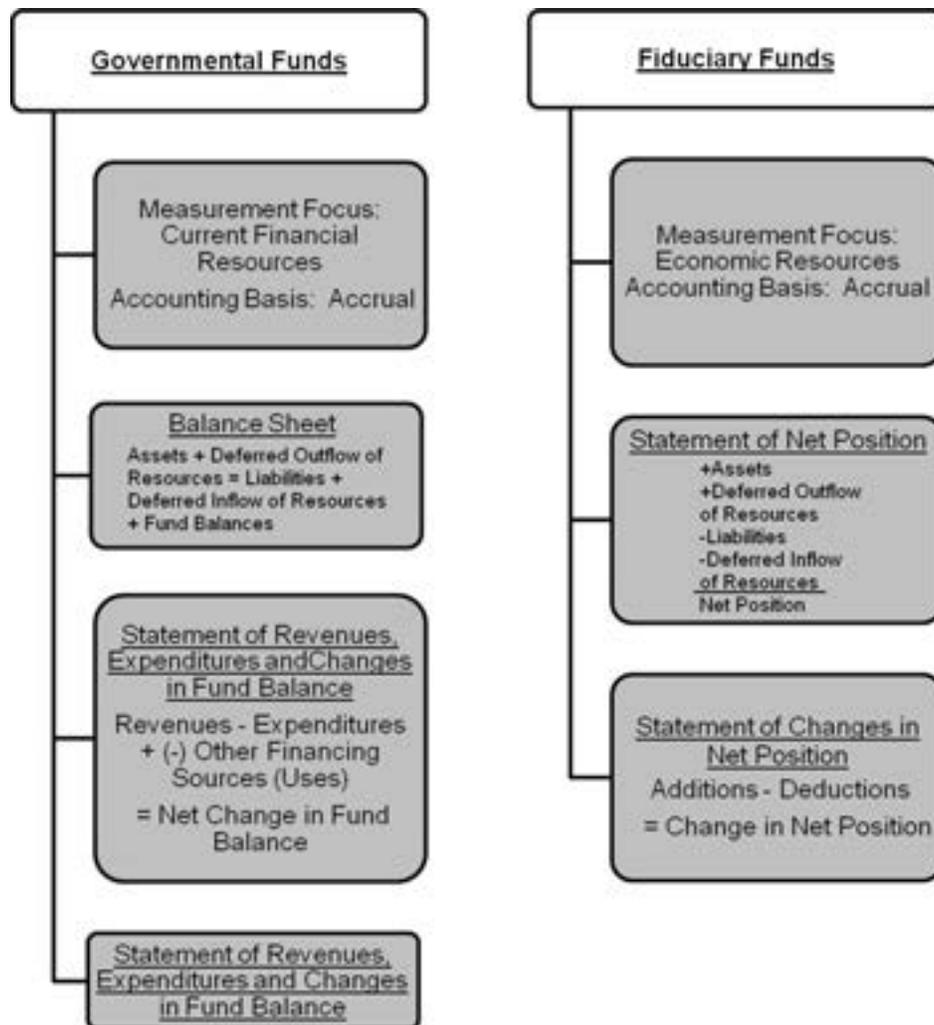
**FOR THE YEAR END SEPTEMBER 30, 2015**

**Proprietary Funds** – The City charges customers for certain services it provides, whether to outside customers or to other divisions within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. The City of Anniston maintains two types of proprietary funds: enterprise and internal service. The City has three enterprise funds (Museum Store, Victoria Hotel, and the Stormwater Fees) to record services for external customers are charged a fee. Internal Service Fund are used to record services for which internal customers are charged a fee. The City has three of these fund types: Liability Insurance, Health Insurance and Workers' Compensation.

**Fiduciary Fund** – The fiduciary fund statement reflects the financial relationship with the 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.

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

**Fund Financial Statements**



**FOR THE YEAR END SEPTEMBER 30, 2015**

---

**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****Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Anniston, liabilities and deferred inflow of resources exceeded assets and deferred outflow of resources by \$24.3 million at the close of the most recent fiscal year. Governmental activities comprise (\$24.5 million), and business-type activities make up \$132,716 of the total net position. The deficit net position is primarily a result of implementation of GASB 68, which requires the recording of net pension liabilities (\$95.5 million).

**FOR THE YEAR END SEPTEMBER 30, 2015**

Statement of Net Position and Statement of Activities for the Primary Government's activities:

**Condensed Statement of Net Position  
As of September 30, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 16,081,753	\$ 21,457,689	\$ 131,583	\$ 414,484	\$ 16,213,336	\$ 21,872,173
Capital assets, net of accumulated depreciation	102,836,336	103,534,488	10,453	683,910	102,846,789	104,218,398
<b>Total Assets</b>	<b>\$ 118,918,089</b>	<b>\$ 124,992,177</b>	<b>\$ 142,036</b>	<b>\$ 1,098,394</b>	<b>\$ 119,060,125</b>	<b>\$ 126,090,571</b>
Deferred Outflows of Resources	\$ 3,161,332	\$ 3,299	\$ -	\$ -	\$ 3,161,332	\$ 3,299
Current and other liabilities	\$ 8,647,857	\$ 5,438,366	\$ 9,320	\$ 102,126	\$ 8,657,177	\$ 5,540,492
Long-term liabilities, net of current portion	135,288,449	44,277,512	-	-	135,288,449	44,277,512
<b>Total Liabilities</b>	<b>\$ 143,936,306</b>	<b>\$ 49,715,878</b>	<b>\$ 9,320</b>	<b>\$ 102,126</b>	<b>\$ 143,945,626</b>	<b>\$ 49,818,004</b>
Deferred Outflows of Resources	\$ 2,616,567	\$ 1,961,992	\$ -	\$ -	\$ 2,616,567	\$ 1,961,992
<b>Net Position</b>						
Net investment in capital	\$ 63,405,923	\$ 62,845,714	\$ 10,453	\$ 683,910	\$ 63,416,376	\$ 63,529,624
Restricted	6,774,588	9,600,131	78,983	78,983	6,853,571	9,679,114
Committed	-	-	-	-	-	-
Assigned	-	572,606	-	-	-	-
Unrestricted	(94,653,963)	379,126	43,280	233,375	(94,610,683)	612,501
<b>Total Net Position</b>	<b>\$ (24,473,452)</b>	<b>\$ 73,397,577</b>	<b>\$ 132,716</b>	<b>\$ 996,268</b>	<b>\$ (24,340,736)</b>	<b>\$ 73,821,239</b>

The City's investment in capital assets less any related debt still outstanding that was issued to acquire those assets is \$63.4 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay the debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Additionally, \$6.8 million represents the balance of total net position that is subject to external or Council placed restrictions on how they may be used.

The liabilities and deferred inflow of resources of the City of Anniston (primary government) exceeded its assets and deferred outflow of resources by \$24,473,452 million as of September 30, 2015. The City's investment in capital assets less any related debt still outstanding that was issued to acquire those assets is \$63,405,923. 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. Additionally, \$6,774,588 represents net position that are subject to external or Council placed restrictions on how they may be used. The deficit net position of (\$94,653,963) is primarily a result of implementation of GASB 68, which requires the recording of net pension liabilities (\$95,462,045).

**FOR THE YEAR END SEPTEMBER 30, 2015****Changes in Net Position**

The following table shows the changes in net position for fiscal year 2015.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenue						
Charges for services	\$ 3,546,852	\$ 3,590,975	\$ 486,113	\$ 751,010	\$ 4,032,965	\$ 4,341,985
Operating grants and contributions	1,916,590	1,630,158	-	-	1,916,590	1,630,158
Cap grants and contributions	812,257	612,814	-	-	812,257	612,814
General Revenue						
Taxes	28,785,901	28,326,906	-	-	28,785,901	28,326,906
Licenses and permits	4,893,133	4,347,745	-	-	4,893,133	4,347,745
Interest earnings	68,245	134,831	486	221	68,731	135,052
Stormwater fees	-	-	532,156	-	532,156	-
Other revenues	1,983,837	2,365,712	4,710	12,608	1,988,547	2,378,320
Total Revenues	<u>42,006,815</u>	<u>41,009,141</u>	<u>1,023,465</u>	<u>763,839</u>	<u>43,030,280</u>	<u>41,772,980</u>
Expenses						
General government	10,841,779	10,075,815	-	-	10,841,779	10,075,815
Judicial	315,987	318,388	-	-	315,987	318,388
Public safety	19,993,916	16,118,205	-	-	19,993,916	16,118,205
Public works	8,951,690	9,021,367	-	-	8,951,690	9,021,367
Housing and development	1,577,460	870,918	-	-	1,577,460	870,918
Public facilities	-	206,501	-	-	-	206,501
Economic development	53,149	-	-	-	53,149	-
Culture and recreation	8,444,971	8,760,790	-	-	8,444,971	8,760,790
Interest	1,793,745	1,848,994	-	-	1,793,745	1,848,994
Business-type activity						
Museum store	-	-	53,696	53,732	53,696	53,732
Victoria hotel	-	-	539,698	772,171	539,698	772,171
Stormwater fees	-	-	529,891	-	529,891	-
Total Expenditures	<u>51,972,697</u>	<u>47,220,978</u>	<u>1,123,285</u>	<u>825,903</u>	<u>53,095,982</u>	<u>48,046,881</u>
Capital Contribution from other Funds	101,756	-	149,135	680,206	250,891	680,206
Capital Contribution to other Funds	-	(699,459)	(250,891)	-	(250,891)	(699,459)
Loss on sale of assets	(843,457)	-	(661,976)	-	(1,505,433)	-
Change in Net Position	<u>\$(10,707,583)</u>	<u>\$ (6,911,296)</u>	<u>\$ (863,552)</u>	<u>\$ 618,142</u>	<u>\$(11,571,135)</u>	<u>\$ (6,293,154)</u>

**FOR THE YEAR END SEPTEMBER 30, 2015****Governmental Activities**

Revenues for governmental activities totaled \$42.0 million in 2015, which represents an increase of 2.4% over 2014. Taxes account for \$28.8 million or 68.5% of total revenue in 2015 and reported an increase of \$458,995 compared to 2014. Licenses and permits accounted for \$4.9 million or 11.7% of total revenue in 2015 and reported an increase of \$545,388 from 2014. An increase in business license taxes is responsible for this increase. Charges for services generated \$3.5 million or 8.3% of total revenue for 2015

Expenses for governmental activities totaled \$52.0 million in 2015, which represents an increase of 10.1% compared to 2014. The increase is primarily the result of implementation of GASB 68, which changed the methodology for recording pension expense.

**Business-type Activities**

Revenues for business-type activities were \$1.0 million, which represents an increase of 34.0% over 2014. This increase can be attributed to the adoption of stormwater user fees.

Expenses for business-type activities totaled \$1.1 million in 2014, which represents an increase of 36.0% compared to 2014. The increase in expenses is related to the creation of the stormwater enterprise fund.

**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, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the City of Anniston. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4.3 million, compared with \$5.2 million at the end of 2014. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 13.7 % of total general fund expenditures at the end of 2015.

**General Fund-Fund Balances  
For the Years Ended September 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>	<b>Change</b>
Nonspendable	\$ 187,853	\$ 304,177	\$ (116,324)
Assigned	-	572,606	(572,606)
Unassigned	4,315,045	5,293,214	(978,169)
Total Fund Balances	<u>\$ 4,502,898</u>	<u>\$ 6,169,997</u>	<u>\$ (1,667,099)</u>

**FOR THE YEAR END SEPTEMBER 30, 2015**

**Proprietary Funds**

The City's proprietary funds are made up of enterprise funds and internal service funds. The City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. The City has three enterprise funds, the Museum Store, Victoria Hotel, and Stormwater Fee Fund (initiated in FY 2015). The City took over operations of the Victoria Hotel on October 1, 2013; however, the City sold the hotel in FY 2015. The City operates the retail store at the Anniston Museum of Natural History. The net position of the enterprise funds was \$132,716, a decrease of \$863,552 from 2014. The decrease resulted primarily because of a loss on the sale of the Victoria Hotel.

**Business Activities-Net Position  
For the Years Ended September 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>	<b>Change</b>
Restricted	\$ 78,983	\$ 78,983	\$ -
Unrestricted	53,733	917,285	(863,552)
	<u>\$ 132,716</u>	<u>\$ 996,268</u>	<u>\$ (863,552)</u>

**Internal Service Fund-Net Position  
For the Years Ended September 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>	<b>Change</b>
Unrestricted	\$ (276,312)	-	\$ (276,312)
	<u>\$ (276,312)</u>	<u>\$ -</u>	<u>\$ (276,312)</u>

**General Fund Budgetary Highlights**

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

**General Budget Fund  
For the Years Ended September 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance From Final Budget</b>
Revenues	\$ 34,320,330	\$ 36,052,618	\$ 36,174,500	\$ 121,882
Expenditures	(32,480,387)	(31,020,362)	(31,410,020)	(389,658)
Other Sources (Uses)	(1,839,943)	(5,836,667)	(6,431,579)	(594,912)
Total	<u>\$ -</u>	<u>\$ (804,411)</u>	<u>\$ (1,667,099)</u>	<u>\$ (862,688)</u>

**FOR THE YEAR END SEPTEMBER 30, 2015****Capital Asset and Debt Administration**

**Capital Assets:** The City of Anniston's investment in capital assets for its governmental activities as of September 30, 2015 totals \$102 million (net of accumulated depreciation) and for its business-type activities as of September 30, 2015 totals \$10,453 (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 Note 6 in the Notes to the Financial Statements.

	<b>Capital Assets</b>					
	<b>As of September 30, 2015 and 2014</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land	\$ 9,115,327	\$ 9,305,017	\$ -	\$ 125,000	\$ 9,115,327	\$ 9,430,017
Collections	8,377,742	8,377,742	-	-	8,377,742	8,377,742
Construction in Progress	4,773,003	1,013,172	-	-	4,773,003	1,013,172
Building and Improvements	62,305,729	64,277,073	-	580,474	62,305,729	64,857,547
Machinery and Equipment	13,152,270	13,945,348	18,930	39,878	13,171,200	13,985,226
Improvements other than buildings	4,237,583	3,745,135	-	-	4,237,583	3,745,135
Infrastructure	105,429,666	105,429,666	-	-	105,429,666	105,429,666
	<u>207,391,320</u>	<u>206,093,153</u>	<u>18,930</u>	<u>745,352</u>	<u>207,410,250</u>	<u>206,838,505</u>
Accumulated Depreciation	(104,554,984)	(102,558,665)	(8,477)	(61,442)	(104,563,461)	(102,620,107)
Capital Assets, net	<u>\$ 102,836,336</u>	<u>\$ 103,534,488</u>	<u>\$ 10,453</u>	<u>\$ 683,910</u>	<u>\$ 102,846,789</u>	<u>\$ 104,218,398</u>

This investment in capital assets includes land, buildings and building improvements, improvement other than buildings, system improvements (drainage and streets), machinery and equipment, park facilities, roads, highways, bridges, and collections at the Anniston Museum of Natural History. Major capital asset events during the fiscal year were the completion of the Dr. David Satcher Wellness Park (a CDBG funded project), construction of Fire Station # 3, and the continued road construction on Pappy Dunn Road located in the McClellan Industrial Park.

**FOR THE YEAR END SEPTEMBER 30, 2015**

---

**Long-term Debt:**

The balance of the long-term liabilities as of September 30, 2015 were

Governmental Activities	<b>Outstanding Debt and Long Term Liabilities</b>	
	<b>As of September 30, 2015 and 2014</b>	
	<u>2015</u>	<u>2014</u>
Series 2011 DHR	\$ 15,040,000	\$ 15,610,000
Series 2011 Justice Center	14,460,000	14,735,000
Recovery Zone 2010	5,380,000	5,380,000
GO Recovery Zone	1,080,000	1,330,000
Series 2014-A McClellan Project	2,526,000	2,650,000
Less discounts	(372,980)	(395,855)
Plus premiums	33,786	36,039
Capital leases	335,335	348,104
Honda assistance	-	138,498
OPEB obligations	4,783,974	4,519,227
Compensated absences	2,438,094	2,410,190
Net Pension Liability-Employee Retirement System		
Net of Related Deferred Outflows and Deferred Inflows	6,728,295	N/A
Net Pension Liability- Anniston Policemen's and Firemen's Pension Fund		
Net of Related Deferred Outflows and Deferred Inflows	86,209,368	N/A
	<u>\$ 138,641,872</u>	<u>\$ 46,761,203</u>

State statutes limit the general obligation debt a governmental entity may issue to twenty percent (20%) of its total assessed valuation. Effective for the year beginning October 1, 2014, in accordance with GASB 68, the City is required to report the Net Pension Liability of its pension plans.

**FOR THE YEAR END SEPTEMBER 30, 2015**

---

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

With the closure of Fort McClellan in 1999 along with completion nearing on the Veterans Memorial Parkway that will connect Interstate 20 to U.S. Highway 431, Anniston has an opportunity to capitalize on significant development at the former fort as well as surrounding areas. Commitment to this effort was recently further cemented by the passage of the McClellan Area Regional Development Compact. This compact forms a partnership among other local entities in a regional effort to commit resources to achieve development goals at McClellan.

Further capitalizing on the unique landscape of Anniston, the Coldwater Mountain Bike Trail is a 4,000 acre tract of land owned by the Alabama State Lands Division of the Department of Conservation and Natural Resources. Once completed, Anniston will be home to one of the premier ride centers in the country offering up to 68 miles of trails with varying levels of difficulty. Riders are already traveling to the area from all over the country with 25 miles already in service.

The City adopted an FY 2016 general fund budget of \$36.4 million. The City is constantly reviewing opportunities to increase revenue, as well as reduce expenditures, by using its assets more efficiently and effectively.

In preparing the FY2016 budget, the City considered outside factors that affect funding decisions such as state and local economic conditions, federal and state mandates, political and social environment, citizen concerns, and outside agency considerations. Based on these factors, the following are a few key factors that were taken into account when building the budget:

- Using historical trends, revenues were budgeted basically flat from the FY 2015 amended budget. The City took several steps in FY15 to ensure that enough revenue sources are available to cover necessary expenditures. These steps included:
  - increasing business licenses for the first time in many years,
  - collecting a \$0.02 per gallon tax on retail gasoline purchases, and
  - collecting a stormwater user fee to provide additional funding source for drainage related operations and capital improvements.
- Expenditures were projected to decrease by 2.5% compared to the FY2015 amended budget. This decrease is primarily the result of assigned fund balance for economic development was used in FY2015 inflating the overall expenditures, and the City also reduced funding for non-mandatory outside agencies.

**Questions or Comments**

Any questions or comments about this document should be addressed to Cory Salley, Assistant City Manager/Finance Director, email: [csalley@anniston.al.gov](mailto:csalley@anniston.al.gov).

**BASIC FINANCIAL STATEMENTS**

---

# STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
<b>Current Assets</b>			
Pooled cash and cash equivalents	6,852,085	115,948	6,968,033
Investments	1,549,424	-	1,549,424
Cash bonds on hand	27,865	-	27,865
Taxes receivable, net	1,825,413	-	1,825,413
Accounts receivable, net	383,810	39	383,849
Notes receivable	2,302,334	-	2,302,334
Due from agency fund	30,281	-	30,281
Due from other governments	610,209	101,242	711,451
Internal balances	151,423	(151,423)	-
Inventories	124,158	65,777	189,935
Prepaid items	63,695	-	63,695
Other assets	-	-	-
<b>Total Current Assets</b>	<b>13,920,697</b>	<b>131,583</b>	<b>14,052,280</b>
<b>Non-current Assets</b>			
<b>Restricted Assets:</b>			
Cash	-	-	-
Investments	2,053,567	-	2,053,567
Deferred charges - bond issuance costs	107,489	-	107,489
Net pension asset	-	-	-
Capital assets	-	-	-
Non-depreciable assets	22,266,071	-	22,266,071
Depreciable assets, net of accumulated depreciation	80,570,265	10,453	80,580,718
<b>Total Non-current Assets</b>	<b>104,997,392</b>	<b>10,453</b>	<b>105,007,845</b>
<b>TOTAL ASSETS</b>	<b>118,918,089</b>	<b>142,036</b>	<b>119,060,125</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows as related to pensions	3,158,239	-	3,158,239
Deferred charges on refunding	3,093	-	3,093
	<b>122,079,421</b>	<b>142,036</b>	<b>122,221,457</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Salaries and benefits payable	732,022	-	732,022
Accounts payable	1,574,736	9,004	1,583,740
Accrued liabilities	377,895	316	378,211
Cash bond liabilities	37,267	-	37,267
Due to agency fund	48,132	-	48,132
Unearned revenues	-	-	-
Loan Payable	-	-	-
Capital leases payable - current	171,984	-	171,984
Bonds payable - current	1,249,000	-	1,249,000
Net other post employment benefits obligation	815,153	-	815,153
Compensated absences payable	488,000	-	488,000
<b>Total Current Liabilities</b>	<b>5,494,189</b>	<b>9,320</b>	<b>5,503,509</b>
<b>Long-term Liabilities</b>			
Capital leases payable (net of current portion)	163,351	-	163,351
Compensated absences payable - long term	1,950,094	-	1,950,094
Net other post employment benefits obligation	3,968,821	-	3,968,821
Net pension liability	95,462,045	-	95,462,045
Bonds payable (net of current portion)	36,897,806	-	36,897,806
<b>Total Long-term Liabilities</b>	<b>138,442,117</b>	<b>-</b>	<b>138,442,117</b>
<b>TOTAL LIABILITIES</b>	<b>143,936,306</b>	<b>9,320</b>	<b>143,945,626</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources as related to pensions	633,857	-	633,857
Income earned in future periods	1,922,998	-	1,922,998
Fees collected in advance	59,712	-	59,712
Unavailable revenue-property taxes	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,616,567</b>	<b>-</b>	<b>2,616,567</b>
<b>NET POSITION</b>			
Capital assets, net of related debt	63,405,923	10,453	63,416,376
Restricted for:			
Judicial	125,692	-	125,692
Public safety	3,310,715	-	3,310,715
Road improvements	1,144,227	-	1,144,227
Culture and recreation	181,133	78,983	260,116
Housing and development	473,935	-	473,935
Capital projects	1,871,736	-	1,871,736
Economic Development	264,852	-	264,852
Endowment fund	-	-	-
Unrestricted	(95,251,665)	43,280	(95,208,385)
<b>TOTAL NET POSITION</b>	<b>(24,473,452)</b>	<b>132,716</b>	<b>(24,340,736)</b>
<b>TOTAL</b>	<b>122,079,421</b>	<b>142,036</b>	<b>122,221,457</b>

**CITY OF ANNISTON, ALABAMA**

	Anniston City Board of Education	Public Library of Anniston/ Calhoun County	Museum League	Anniston Museum Endowment Corporation	Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Pooled cash and cash equivalents	1,070,422	302,082	56,624	96,998	1,526,126
Investments	57,556	91,514	74,744	1,705,800	1,929,614
Cash bonds on hand	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-
Accounts receivable, net	-	34	-	-	34
Notes receivable	-	-	-	-	-
Due from agency fund	-	-	-	-	-
Due from other governments	3,427,560	-	-	-	3,427,560
Inventories	48,444	-	-	120	48,564
Prepaid items	-	41,204	-	-	41,204
Other assets	48,000	-	-	-	48,000
<b>Total Current Assets</b>	<b>4,651,982</b>	<b>434,834</b>	<b>131,368</b>	<b>1,802,918</b>	<b>7,021,102</b>
<b>Non-current Assets</b>					
<b>Restricted Assets:</b>					
Cash	-	-	-	-	-
Investments	1,818,429	-	-	28,362	1,846,791
Deferred charges - bond issuance costs	-	-	-	-	-
Net pension asset	-	168,060	-	-	168,060
Capital assets	-	-	-	-	-
Non-depreciable assets	1,404,063	25,907	-	19,800	1,449,770
Depreciable assets, net of accumulated depreciation	13,090,151	320,304	-	-	13,410,455
<b>Total Non-current Assets</b>	<b>16,312,643</b>	<b>514,271</b>	<b>-</b>	<b>48,162</b>	<b>16,875,076</b>
<b>TOTAL ASSETS</b>	<b>20,964,625</b>	<b>949,105</b>	<b>131,368</b>	<b>1,851,080</b>	<b>23,896,178</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows in resources related to pension	1,546,408	11,037	-	-	1,557,445
Deferred charges on refunding	-	-	-	-	-
	<b>22,511,033</b>	<b>960,142</b>	<b>131,368</b>	<b>1,851,080</b>	<b>25,453,623</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Salaries and benefits payable	1,725,931	34,722	-	-	1,760,653
Accounts payable	623,819	2,517	-	-	626,336
Accrued liabilities	-	-	-	-	-
Cash bond liabilities	-	-	-	-	-
Due to agency fund	-	-	-	-	-
Unearned revenues	8,976	-	-	-	8,976
Loan Payable	750,000	-	-	-	750,000
Capital leases payable - current	-	-	-	-	-
Bonds payable - current	52,668	-	-	-	52,668
Net other post employment benefits obligation	-	-	-	-	-
Compensated absences payable	-	-	-	-	-
<b>Total current liabilities</b>	<b>3,161,394</b>	<b>37,239</b>	<b>-</b>	<b>-</b>	<b>3,198,633</b>
<b>Long-term Liabilities</b>					
Capital leases payable (net of current portion)	-	-	-	-	-
Compensated absences payable - long term	-	-	-	-	-
Net other post employment benefits obligation	-	-	-	-	-
Net pension liability	17,048,000	-	-	-	17,048,000
Bonds payable (net of current portion)	2,502,060	-	-	-	2,502,060
Total long term liabilities	19,550,060	-	-	-	19,550,060
<b>TOTAL LIABILITIES</b>	<b>22,711,454</b>	<b>37,239</b>	<b>-</b>	<b>-</b>	<b>22,748,693</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Income earned in future periods	-	-	-	-	-
Fees collected in Advance	-	-	-	-	-
Unavailable revenue-property taxes	2,195,262	-	-	-	2,195,262
Deferred inflows of resources related to pension	1,278,000	78,380	-	-	1,356,380
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,473,262</b>	<b>78,380</b>	<b>-</b>	<b>-</b>	<b>3,551,642</b>
<b>NET POSITION</b>					
Capital assets, net of related debt	11,939,486	346,211	-	-	12,285,697
Restricted for:	-	-	-	-	-
Judicial	-	-	-	-	-
Public safety	-	-	-	-	-
Road improvements	-	-	-	-	-
Culture and recreation	-	19,170	-	1,851,080	1,870,250
Housing and development	-	-	-	-	-
Capital projects	-	-	-	-	-
Economic Development	-	-	-	-	-
Endowment fund	-	91,514	-	-	91,514
Unrestricted	(15,613,169)	387,628	131,368	-	(15,094,173)
<b>TOTAL NET POSITION</b>	<b>(3,673,683)</b>	<b>844,523</b>	<b>131,368</b>	<b>1,851,080</b>	<b>(846,712)</b>
<b>TOTAL</b>	<b>22,511,033</b>	<b>960,142</b>	<b>131,368</b>	<b>1,851,080</b>	<b>25,453,623</b>

See accompanying notes to the basic financial statements

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Program Revenues			Primary Government		Total
		Charges for Services, Sales and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>PRIMARY GOVERNMENT:</b>							
<b>Governmental Activities</b>							
General government	10,841,779	21,867	-	-	(10,819,912)	-	(10,819,912)
Judicial	315,987	-	-	-	(315,987)	-	(315,987)
Public safety	19,993,916	1,117,748	148,271	-	(18,727,897)	-	(18,727,897)
Public works	8,951,690	959,269	99	812,257	(7,180,065)	-	(7,180,065)
Housing and development	1,577,460	-	1,321,088	-	(256,372)	-	(256,372)
Economic Development	53,149	-	97,735	-	44,586	-	44,586
Culture and recreation	8,444,971	1,447,968	349,397	-	(6,647,606)	-	(6,647,606)
Interest on debt and other expenses	1,793,745	-	-	-	(1,793,745)	-	(1,793,745)
<b>Total Governmental Activities</b>	<b>51,972,697</b>	<b>3,546,852</b>	<b>1,916,590</b>	<b>812,257</b>	<b>(45,696,998)</b>	<b>-</b>	<b>(45,696,998)</b>
<b>Business-Type Activities</b>							
Museum Store	-	-	-	-	-	1,499	1,499
Victoria Hotel	-	-	-	-	-	(104,070)	(104,070)
Stormwater Fees	-	-	-	-	-	2,265	2,265
<b>Component Units</b>							
Anniston City Board of Education	24,954,233	1,825,043	14,184,679	898,506			
Public Library of Anniston/Calhoun County	1,176,595	50,231	183,980	301,750			
Anniston Museum League	66,119	-	-	-			
Anniston Museum Endowment Corp.	19,929	-	-	-			
<b>Total Component Units</b>	<b>26,216,876</b>	<b>1,875,274</b>	<b>14,368,659</b>	<b>1,200,256</b>			
<b>GENERAL REVENUES:</b>							
Taxes:							
Property					4,869,884	-	4,869,884
Sales					20,516,002	-	20,516,002
Licenses and permits					4,893,133	-	4,893,133
Alcoholic beverage					153,830	-	153,830
Other					3,246,185	-	3,246,185
Grants and contributions not restricted for specific programs					-	-	-
Loss from sale of capital assets					(843,457)	(661,976)	(1,505,433)
Capital Contributions from other funds					101,756	149,135	250,891
Capital Contributions from to funds					-	(250,891)	(250,891)
Interest earned					68,245	486	68,731
Investment earnings					-	-	-
Miscellaneous					1,983,837	-	1,983,837
<b>Total General Revenues</b>					<b>34,989,415</b>	<b>(763,246)</b>	<b>34,226,169</b>
<b>Change in Net Position</b>					<b>(10,707,583)</b>	<b>(863,552)</b>	<b>(11,571,135)</b>
<b>NET POSITION, BEGINNING</b>					<b>73,397,577</b>	<b>996,268</b>	<b>74,393,845</b>
Restatement of net position due implementation of GASB 68					<b>(87,163,446)</b>	<b>-</b>	<b>(87,163,446)</b>
<b>NET POSITION, BEGINNING, RESTATED</b>					<b>(13,765,869)</b>	<b>996,268</b>	<b>(12,769,601)</b>
<b>NET POSITION, END</b>					<b>(24,473,452)</b>	<b>132,716</b>	<b>(24,340,736)</b>



**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2015**

	<u>General</u>	<u>McClellan Compact Pappy Dunn Rd Construction Fund</u>	<u>Major Special Revenue Fire Tax Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	1,991,196	983,731	1,466,242
Investments	21,381	-	1,185,498
Cash bonds on hand	-	-	-
Taxes receivable, net of allowance	1,825,413	-	-
Accounts receivable, net of allowance	376,951	-	-
Notes receivable, net of allowance	-	-	-
Prepaid items	63,695	-	-
Inventories	124,158	-	-
Due from other funds	1,999,726	80,729	-
Due from agency fund	30,281	-	-
Due from other governments	227,927	185,513	10,792
Restricted cash	-	-	-
<b>TOTAL ASSETS</b>	<b><u>6,660,728</u></b>	<b><u>1,249,973</u></b>	<b><u>2,662,532</u></b>
<b>LIABILITIES</b>			
Salaries and benefits payable	732,022	-	-
Accounts payable	1,054,787	29,326	257,574
Accrued liabilities	-	-	-
Cash bond liabilities	4,637	-	-
Due to other funds	304,630	-	238,453
Due to agency fund	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>2,096,076</u></b>	<b><u>29,326</u></b>	<b><u>496,027</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Income earned in future periods	2,042	-	-
Fees collected in advance	59,712	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>61,754</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid items	63,695	-	-
Inventories	124,158	-	-
Restricted for:			
Judicial	-	-	-
Public safety	-	-	2,166,505
Road improvements	-	1,220,647	-
Culture and recreation	-	-	-
Housing and development	-	-	-
Capital projects	-	-	-
Economic Development	-	-	-
Unassigned	4,315,045	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b><u>4,502,898</u></b>	<b><u>1,220,647</u></b>	<b><u>2,166,505</u></b>
<b>TOTAL</b>	<b><u>6,660,728</u></b>	<b><u>1,249,973</u></b>	<b><u>2,662,532</u></b>

**CITY OF ANNISTON, ALABAMA**

	<b>Public Building Authority</b>	<b>Major Special Revenue HOME</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	-	14,411	2,396,505	6,852,085
Investments	-	-	342,545	1,549,424
Cash bonds on hand	-	-	27,865	27,865
Taxes receivable, net of allowance	-	-	-	1,825,413
Accounts receivable, net of allowance	-	-	6,859	383,810
Notes receivable, net of allowance	-	1,305,068	997,266	2,302,334
Prepaid items	-	-	-	63,695
Inventories	-	-	-	124,158
Due from other funds	-	-	369,338	2,449,793
Due from agency fund	-	-	-	30,281
Due from other governments	-	2,563	183,414	610,209
Restricted cash	2,053,567	-	-	2,053,567
<b>TOTAL ASSETS</b>	<b>2,053,567</b>	<b>1,322,042</b>	<b>4,323,792</b>	<b>18,272,634</b>
<b>LIABILITIES</b>				
Salaries and benefits payable	-	-	-	732,022
Accounts payable	-	-	184,912	1,526,599
Accrued liabilities	-	-	521	521
Cash bond liabilities	-	-	32,630	37,267
Due to other funds	153,180	140,741	1,233,191	2,070,195
Due to agency fund	-	-	48,132	48,132
<b>TOTAL LIABILITIES</b>	<b>153,180</b>	<b>140,741</b>	<b>1,499,386</b>	<b>4,414,736</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Income earned in future periods	-	1,305,068	615,888	1,922,998
Fees collected in advance	-	-	-	59,712
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>1,305,068</b>	<b>615,888</b>	<b>1,982,710</b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	-	-	-	63,695
Inventories	-	-	-	124,158
Restricted for:				
Judicial	-	-	125,692	125,692
Public safety	-	-	1,144,210	3,310,715
Road improvements	-	-	(76,420)	1,144,227
Culture and recreation	-	-	181,133	181,133
Housing and development	-	(123,767)	597,702	473,935
Capital projects	1,900,387	-	(28,651)	1,871,736
Economic Development	-	-	264,852	264,852
Unassigned	-	-	-	4,315,045
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>1,900,387</b>	<b>(123,767)</b>	<b>2,208,518</b>	<b>11,875,188</b>
<b>TOTAL</b>	<b>2,053,567</b>	<b>1,322,042</b>	<b>4,323,792</b>	<b>18,272,634</b>

See accompanying notes to the basic financial statements

**RECONCILIATION OF TOTAL GOVERNMENTAL  
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

**CITY OF ANNISTON, ALABAMA**

**SEPTEMBER 30, 2015**

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>			11,875,188
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds			
	Cost	207,351,442	-
	Less: accumulated depreciation	<u>(104,515,106)</u>	102,836,336
Net other post employment benefits obligations are not due and payable in the current period and therefore are not reported in the funds.			
		<u>(4,783,974)</u>	(4,783,974)
Net pension liabilities are not due and payable in the current period and therefore are not reported in the funds-net of deferred outflows and inflows related to pensions			
		<u>(92,937,663)</u>	(92,937,663)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements.			
	Compensated absences	(2,438,094)	-
	Bonds payable-net of amortization of discounts/premiums	(38,146,806)	-
	Capital leases	(335,335)	-
	Unamortized deferred items	3,093	-
	Unamortized bond insurance cost	107,489	-
	Accrued interest	<u>(377,374)</u>	<u>(41,187,027)</u>
			(24,197,140)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUND-SEE PROPRIETARY FUND</b>			<u>(276,312)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>			<u>(24,473,452)</u>

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	General	McClellan Compact Pappy Dunn Rd Construction Fund	Major Special Revenue Fire Tax Fund
<b>REVENUES</b>			
Intergovernmental	97,735	614,517	-
Fines and forfeitures	24,734	-	-
Charges for services	2,666,280	-	-
Taxes	27,779,973	-	867,868
Licenses and permits	4,893,133	-	-
Interest earned	653	-	3,697
Miscellaneous	711,992	-	-
<b>TOTAL REVENUES</b>	<b>36,174,500</b>	<b>614,517</b>	<b>871,565</b>
<b>EXPENDITURES</b>			
Current:			
General government	5,924,427	-	-
Judicial	315,987	-	-
Public safety	13,026,088	-	-
Public works	5,014,465	-	767,404
Culture and recreation	6,040,035	-	-
Public facilities	-	-	-
Housing and development	-	-	-
Capital outlay	1,089,018	1,708,916	1,833,753
Economic Development	-	-	-
Debt Service	-	-	-
Principal	-	124,000	-
Interest	-	80,316	-
Bond issue costs	-	-	-
Fiscal agent fees	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>31,410,020</b>	<b>1,913,232</b>	<b>2,601,157</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,764,480</b>	<b>(1,298,715)</b>	<b>(1,729,592)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of assets	30,602	-	-
Loan Proceeds	202,503	-	-
Transfers in	260,119	204,316	-
Transfers out	(6,924,803)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(6,431,579)</b>	<b>204,316</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,667,099)</b>	<b>(1,094,399)</b>	<b>(1,729,592)</b>
<b>FUND BALANCES (DEFICIT), BEGINNING</b>	<b>6,169,997</b>	<b>2,315,046</b>	<b>3,896,097</b>
<b>FUND BALANCES (DEFICIT), END, RESTATED</b>	<b>4,502,898</b>	<b>1,220,647</b>	<b>2,166,505</b>

**CITY OF ANNISTON, ALABAMA**

	<b>Public Building Authority</b>	<b>Major Special Revenue HOME</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Intergovernmental	-	217,524	1,799,068	2,728,844
Fines and forfeitures	-	-	708,331	733,065
Charges for services	-	-	147,507	2,813,787
Taxes	-	-	138,060	28,785,901
Licenses and permits	-	-	-	4,893,133
Interest earned	641	4,227	59,027	68,245
Miscellaneous	1,029,005	-	208,668	1,949,665
<b>TOTAL REVENUES</b>	<b>1,029,646</b>	<b>221,751</b>	<b>3,060,661</b>	<b>41,972,640</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	5,924,427
Judicial	-	-	-	315,987
Public safety	-	-	604,917	13,631,005
Public works	-	-	175,552	5,957,421
Culture and recreation	-	-	1,807,644	7,847,679
Housing and development	-	236,033	642,458	878,491
Capital outlay	-	-	1,031,956	5,663,643
Economic Development	-	-	53,149	53,149
Debt Service	-	-	-	-
Principal	845,000	-	603,770	1,572,770
Interest	1,376,219	-	311,146	1,767,681
Bond issue costs	-	-	3,050	3,050
Fiscal agent fees	4,855	-	-	4,855
<b>TOTAL EXPENDITURES</b>	<b>2,226,074</b>	<b>236,033</b>	<b>5,233,642</b>	<b>43,620,158</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,196,428)</b>	<b>(14,282)</b>	<b>(2,172,981)</b>	<b>(1,647,518)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	-	30,602
Loan Proceeds	-	-	-	202,503
Transfers in	933,117	-	3,376,428	4,773,980
Transfers out	-	-	(1,453,121)	(8,377,924)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>933,117</b>	<b>-</b>	<b>1,923,307</b>	<b>(3,370,839)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(263,311)</b>	<b>(14,282)</b>	<b>(249,674)</b>	<b>(5,018,357)</b>
<b>FUND BALANCES (DEFICIT), BEGINNING</b>	<b>2,163,698</b>	<b>(109,485)</b>	<b>2,458,192</b>	<b>16,893,545</b>
<b>FUND BALANCES (DEFICIT), END, RESTATED</b>	<b>1,900,387</b>	<b>(123,767)</b>	<b>2,208,518</b>	<b>11,875,188</b>

See accompanying notes to the basic financial statements

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**CITY OF ANNISTON, ALABAMA**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

<b>NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENT</b>		(5,018,357)
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 estimates useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.		
	Capital outlay	5,663,642
	Depreciation expense	(5,487,736)
	Net cost of capital assets disposed	(843,458)
	<hr/>	(667,552)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.		
		(30,602)
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 position.		
	Loan proceeds	(202,503)
	Bond principal payment	1,219,000
	Amortization of bond insurance cost	(4,300)
	Amortization of bond discounts	(20,828)
	Capital lease principal payment	215,272
	Intergovernmental agreement principal payment	138,498
	<hr/>	1,345,139
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	6,969
	Compensated absences	(27,904)
	<hr/>	(20,935)
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 Position.		
		(264,747)
Net pension liabilities- net of deferred outflows and deferred inflows as related to pensions		
		<hr/>
		(5,774,217)
		(10,431,271)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUND-SEE PROPRIETARY FUND</b>		<hr/>
		(276,312)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<hr/> <hr/>
		(10,707,583)

See accompanying notes to the basic financial statements

**STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS**

**CITY OF ANNISTON, ALABAMA**

**SEPTEMBER 30, 2015**

	<u>Municipal Court</u>	<u>Policemen's and Firemen's Retirement Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	192,802	603,199
Accounts receivable		
Contribution Contribution		349,792
Accounts Receivable'	-	44,254
	-	394,046
Investments, at fair value		
U.S. Government obligations	-	3,080,770
Municipal obligations	-	179,757
Corporate bonds	-	3,297,424
International obligations	-	98,891
Domestic equity securities	-	12,444,440
International equity securities	-	1,116,001
Collective investment fund	-	2,875,463
Timber	-	1,041,508
Real estate	-	1,225,244
	-	25,359,498
<b>TOTAL ASSETS</b>	<u>192,802</u>	<u>26,356,743</u>
<b>LIABILITIES</b>		
Accounts payable	162,522	39,015
Due to general fund	30,280	
<b>TOTAL LIABILITIES</b>	<u>192,802</u>	<u>39,015</u>
<b>NET POSITION</b>		
Net Position Restricted for Pension Benefits (a schedule of funding progress is presented as required supplementary information)	-	26,317,728

See accompanying notes to the basic financial statements

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Policemen's and Firemen's Retirement Fund</u>
<b>ADDITIONS</b>	
Contributions	
Employer	3,332,850
Employee	<u>1,063,270</u>
<b>Total Contributions</b>	4,396,120
<b>Investment Earnings:</b>	
Interest	195,510
Dividend	266,522
Net appreciation in fair value of investments	182,596
Miscellaneous	<u>1,272</u>
Total Investment Earnings	645,900
Less: Investment expenses	<u>(80,943)</u>
<b>Net Investment Income</b>	564,957
Total Additions	4,961,077
<b>DEDUCTIONS</b>	
Administrative expenses	195,238
Benefits paid directly to participants	<u>4,688,577</u>
Total Deductions	<u>4,883,815</u>
<b>NET INCREASE IN NET POSITION</b>	77,262
<b>NET POSITION, BEGINNING</b>	<u>26,240,466</u>
<b>NET POSITION, ENDING</b>	<u>26,317,728</u>

See accompanying notes to the basic financial statements

**STATEMENT OF NET POSITION -  
PROPRIETARY FUNDS**

**CITY OF ANNISTON, ALABAMA**

**SEPTEMBER 30, 2015**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Museum Store</b>	<b>Victoria Hotel</b>	<b>Stormwater Fees</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash & cash equivalents	\$ 97,123	\$ -	\$ 18,825	\$ 115,948	\$ -
Accounts receivables	39	-	-	39	-
Inventories	65,777	-	-	65,777	-
Due from other funds	-	-	-	-	205,633
Due from other governments	-	-	101,242	101,242	-
<b>Total Current Assets</b>	<b>162,939</b>	<b>-</b>	<b>120,067</b>	<b>283,006</b>	<b>205,633</b>
<b>Property and equipment, net</b>	<b>10,453</b>	<b>-</b>	<b>-</b>	<b>10,453</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>\$ 173,392</b>	<b>\$ -</b>	<b>\$ 120,067</b>	<b>\$ 293,459</b>	<b>\$ 205,633</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 3,147	\$ -	\$ 5,857	\$ 9,004	\$ 48,137
Taxes payable	316	-	-	316	-
Due to other funds	39,478	-	111,945	151,423	433,808
<b>Total Current Liabilities</b>	<b>42,941</b>	<b>-</b>	<b>117,802</b>	<b>160,743</b>	<b>481,945</b>
<b>TOTAL LIABILITIES</b>	<b>42,941</b>	<b>-</b>	<b>117,802</b>	<b>160,743</b>	<b>481,945</b>
<b>NET POSITION</b>					
Unrestricted	51,468	-	2,265	53,733	(276,312)
Temporarily restricted	78,983	-	-	78,983	-
<b>TOTAL NET POSITION</b>	<b>130,451</b>	<b>-</b>	<b>2,265</b>	<b>132,716</b>	<b>(276,312)</b>
<b>TOTAL</b>	<b>\$ 173,392</b>	<b>\$ -</b>	<b>\$ 120,067</b>	<b>\$ 293,459</b>	<b>\$ 205,633</b>

See accompanying notes to the basic financial statements

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION -  
PROPRIETARY FUNDS**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Museum Store	Victoria Hotel	Stormwater Fees	Total	Internal Service Fund
<b>OPERATING REVENUES</b>					
Sales	\$ 55,195	\$ 430,918	\$ -	\$ 486,113	\$ -
Other income	-	4,710	-	4,710	34,178
Stormwater Fees	-	-	532,156	532,156	-
<b>TOTAL OPERATING REVENUES</b>	55,195	435,628	532,156	1,022,979	34,178
<b>OPERATING EXPENSES</b>					
Personnel services	16,007	250,444	350,000	616,451	47,220
Professional services	-	-	-	-	189,982
Purchased and contractual services	31,858	20,083	41,679	93,620	-
Management fees	-	44,574	-	44,574	-
Material , supplies and other expense	4,880	214,068	138,212	357,160	2,677
Insurance and Bonding	-	-	-	-	371,274
Insurance-Health Insurance	-	-	-	-	3,043,919
Insurance-Workmen Compensation	-	-	-	-	361,118
Depreciation	951	10,529	-	11,480	-
<b>TOTAL OPERATING EXPENSES</b>	53,696	539,698	529,891	1,123,285	4,016,190
Operating Income (Loss)	1,499	(104,070)	2,265	(100,306)	(3,982,012)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Donations	-	-	-	-	-
Interest income	486	-	-	486	-
Loss on sale of assets	-	(661,976)	-	(661,976)	-
Capital Contribution to other fund	(250,891)	-	-	(250,891)	-
Capital Contribution from other fund	-	149,135	-	149,135	3,705,700
Total Nonoperating Revenues (Expenses)	(250,405)	(512,841)	-	(763,246)	3,705,700
<b>CHANGE IN NET POSITION</b>	(248,906)	(616,911)	2,265	(863,552)	(276,312)
<b>NET POSITION - BEGINNING OF YEAR</b>	379,357	616,911	-	996,268	-
<b>NET POSITION - END OF YEAR</b>	\$ 130,451	\$ -	\$ 2,265	\$ 132,716	\$ (276,312)

See accompanying notes to the basic financial statements

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Business-type Activities-Enterprise Funds				Governmental Activities
	Museum Store	Victoria Hotel	Stormwater Fees	Total	Internal Service Fund
<b>Cash Flows from Operating Activities</b>					
Cash received from customers and users	\$ 55,156	\$ 444,312	\$ 430,914	\$ 930,382	\$ 34,178
Cash paid for personnel	-	(250,444)	(350,000)	(600,444)	(47,220)
Cash paid for operating expenditures	(15,694)	(356,281)	(62,089)	(434,064)	(3,692,658)
<b>Net Cash Flows Provided by (Used in) Operating Activities</b>	<b>39,462</b>	<b>(162,413)</b>	<b>18,825</b>	<b>(104,126)</b>	<b>(3,705,700)</b>
<b>Cash Flows from non-capital financing Activities</b>					
Capital Contribution to funds	(250,891)	-	-	(250,891)	-
Capital Contribution from other funds	-	148,912	-	148,912	3,705,700
<b>Net Cash Flows Provided by (Used in) Capital and related Activities</b>	<b>(250,891)</b>	<b>148,912</b>	<b>-</b>	<b>(101,979)</b>	<b>3,705,700</b>
<b>Cash Flows from Capital and related financing activities</b>					
Interest and donations	486	-	-	486	-
Sale of Capital Assets	-	1	-	1	-
<b>Net Cash Flows Provided by (Used in) Investing Activities</b>	<b>486</b>	<b>1</b>	<b>-</b>	<b>487</b>	<b>-</b>
<b>Net Increase in Cash</b>	<b>(210,943)</b>	<b>(13,500)</b>	<b>18,825</b>	<b>(205,618)</b>	<b>-</b>
<b>Cash and Cash Equivalents, Beginning</b>	<b>308,066</b>	<b>13,500</b>	<b>-</b>	<b>321,566</b>	<b>-</b>
<b>Cash and Cash Equivalents, End</b>	<b>97,123</b>	<b>-</b>	<b>18,825</b>	<b>115,948</b>	<b>-</b>
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities</b>					
<b>Operating Income (Loss)</b>	<b>1,499</b>	<b>(104,070)</b>	<b>2,265</b>	<b>(100,306)</b>	<b>(3,982,012)</b>
<b>Adjustments to Reconcile Increase (decrease) in Unrestricted Net Assets to Net Cash Provided By Operating Activities</b>					
Depreciation and amortization	951	10,529	-	11,480	-
(Increase) Decrease in:					
Accounts Receivables	(39)	8,684	(101,242)	(92,597)	-
Inventory	589	10,584	-	11,173	-
Prepaid Expenses	-	12,062	-	12,062	-
Due from other funds	-	-	-	-	(205,633)
Increase (Decrease) in:					
Accounts payable	1,761	(81,753)	5,857	(74,135)	48,138
Accrued payroll and withheld taxes	-	(18,449)	-	(18,449)	-
Due to other funds	34,701	-	111,945	146,646	433,807
	<u>37,963</u>	<u>(58,343)</u>	<u>16,560</u>	<u>(3,820)</u>	<u>276,312</u>
<b>Net Cash Flows Provided by (Used in) Operating Activities</b>	<b>\$ 39,462</b>	<b>\$ (162,413)</b>	<b>\$ 18,825</b>	<b>\$ (104,126)</b>	<b>\$ (3,705,700)</b>

See accompanying notes to the basic financial statements

**NOTES TO THE FINANCIAL STATEMENTS**

---

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**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, as amended by GASB Statement No. 39, the financial statements of the component units is discretely presented in the financial statements. Effective October 1, 2012, the City adopted GASB 61, the “*Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34.*” Effective October 1, 2013, the City adopted GASB 65, “*Items Previously Reported as Assets or Liabilities*”. Effective October 1, 2014, the City adopted GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement no.27*” and GASB Statement No. 71, “*Pension Contributions Subsequent to the Measurement Date.*”

**Discretely Presented Component Units**

Component Unit	Included in the Reporting Entity Because	Separate Financial Statements
The <b>Anniston City Board of Education</b> is the governing board for the City School System. Eligible voters in the City elect the members of the Board. The City schools are fiscally dependent upon the City since the 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 <b>Public Library of Anniston and Calhoun County</b> receives a substantial amount of financial support from the City; however, they do not approve the Library’s operations and capital budgets.	The members of the governing board are appointed by the City of Anniston and the Calhoun County Commission.	These audited financial statements are located at Anniston City Hall.
The <b>Anniston Museum Endowment Corporation</b> exists only due to its relationship with the Anniston Museum of Natural History, which is a department of the City; however, the City does not fiscally support its capital budgets or operations. The entity year end is June 30, 2015.	The Corporation sole mission is to support the Anniston Museum of Natural History, a department of the City.	These audited financial statements are located at Anniston City Hall.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Discretely Presented Component Units (continued)**

Component Unit	Included in the Reporting Entity Because	Separate Financial Statements
The <b>Museum League</b> exists only due to its relationship with the Anniston Museum of Natural History, which is a department of the City: however, the City does not fiscally support its capital budgets or operations.	The Corporation sole mission is to support the Anniston Museum of Natural History, a department of the City.	These unaudited financial statements are located at Anniston City Hall.

**Blended Component Unit**

Component Unit	Included in the Reporting Entity Because	Separate Financial Statements
The <b>Anniston Public Building Authority</b> was established to account for the construction and ongoing maintenance of City buildings. The Authority is fiscally dependent upon the City since the Authority cannot issue bonded debt directly.	The bonded debt must be issued through the City which the Council must approve.	Separate financial statements are not prepared.
The <b>Anniston Downtown Development Authority</b> was established to promote the economic development of the City's downtown area.	The Authority's Board of Directors are appointed by the City Council. The City provides administrative service for the Authority.	Separate financial statements are not prepared.
The <b>Industrial Development Authority</b> was established to assist the City in promoting economic development of the City.	The Authority's Board of Directors are appointed by the City Council. The City provides administrative service for the Authority.	Separate financial statements are not prepared.

**B. Government-wide and Fund Financial Statements**

These statements report financial information for the City as a whole. The primary government and the discretely 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 internal service fund rely on transfers from the general fund to allocate and pay for the cost of employee health insurance, workmen's compensation insurance and general and property liability insurance.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

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 included among program revenues are reported 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 fund financial statements, although the agency fund has no measurement focus. 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 are generally 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.

Property taxes are assessed by the Calhoun County Tax Assessor and collected by the Calhoun County Tax Collector. The Calhoun County property tax calendar specifies the following actions on the following dates:

Levy (assessment date)	September 30
Lien date	September 30
Due date	October 1
Collection dates	October 1 to December 31
Delinquent date	January 1

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.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

Major individual governmental 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 *McClellan Compact Construction Fund* facilitates infrastructure expansion and improvement in the McClellan Industrial Park.

The *Special Revenue Fire Tax Fund* accounts for the collection of special tax and revenues that are restricted for expenditures for specific purpose.

The *Public Building Authority Fund* facilitates the construction and financing of major facilities for lease to the City funded by building revenue bonds.

The *Special Revenue HOME Consortium Fund* accounts for the collection of federal grant money and revenues that are restricted for expenditures for specific purpose.

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 Improvement Fund* accounts for the acquisition and construction of major facilities funded by City operations.

**Fiduciary Fund Type**

The *agency fund* is used to account for the collection and disbursement of monies by the City Municipal Court, such as traffic fines.

The *Policemen's and Firemen's Retirement 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.

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.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

The proprietary and internal service funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The proprietary funds distinguish operating revenue and expense from nonoperating times. Operating revenues and expenses generally results from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise funds are charged to customers and users for sales and services. The internal service funds receive transfers from the general fund. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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. The City's policy is to use committed and assigned first before unrestricted resources.

**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. For purposes of the statement of cash flows in the proprietary fund, the City considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash and/ or cash equivalents

**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.

**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.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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:

Asset	Years
Building 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.

**I. Deferred Outflows/ Inflows of Resources**

In addition to assets, the statement of financial position and/ or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has only two items that qualify for reporting in this category. One is the deferred charges on refundings reported in the government-wide statement of net position. A deferred charge on refunded debt results from the difference in carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other deferred outflows of resources is the result of the implementation of GASB Statement No. 68, regarding pension liabilities.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items, program income and other income earned in future periods. The other deferred inflows of resources is the result of the implementation of GASB Statement No. 68, regarding pension liabilities.

**J. 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.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****K.      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*.”

**L.      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 position.”

Fund Balance

Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable* - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- *Restricted* - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Committed* - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- *Assigned* - Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager to assign fund balances.

**M.      Fund Equity**

- *Unassigned* - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.
- *Flow Assumptions* - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order:
  - Committed
  - Assigned
  - Unassigned

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- *Net Position* - Net position represent the difference between assets & deferred outflows of resources and liabilities & deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**N.      Pensions**

The City's employees (except policemen and firemen) participates in an agent multiple-employer plan administered by the Retirement Systems of Alabama. The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama. Net pension liability represents the portion of the present value of projected benefit payments attributed to past periods of service to be provided through the Pension Plan to current active and inactive employees less the fiduciary net position of the Pension Plan. It represents the City's total pension liability minus the fiduciary net position available to pay that liability. Investments that comprise the fiduciary net position are reported at fair value. The City is required to measure and disclose amounts relating to net pension liability, deferred outflows of resources and deferred inflows of resources, pension expense, and the fiduciary net position of the Pension Plan. Actuarially determined periodic contributions are made by the City in order to maintain sufficient assets to pay benefits when due.

The City's policemen and firemen participates in the Policemen's and Firemen's Retirement Fund, a Pension Trust Fund for the City of Anniston, Alabama, (Fund). Participants should refer to Act No. 2002-298, 2002 Regular Session and its amendments for a more complete description of the Fund's provisions. The Fund was substantially amended by the State of Alabama with Act No. 2012-484, effective October 1, 2012. Effective October 1, 2012, the number of trustees was increased from 3 trustees to 5 trustees

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

*Explanation of certain differences between governmental funds balance sheet and the government-wide statement of net position:*

The governmental funds balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this difference are as follows:

Land	\$ 9,115,327
Collection	8,377,742
Construction in progress	4,773,002
Buildings & Improvements	62,305,730
Less: Accumulated depreciation-Buildings & Improvements	(20,965,291)
Improvements other than Buildings	13,112,392
Less: Accumulated depreciation-Improvements other than Buildings	(8,998,072)
Machinery & Equipment	4,237,583
Less: Accumulated depreciation-Machinery & Equipment	(572,517)
Infrastructure	105,429,666
Less: Accumulated depreciation-Infrastructure	(73,979,226)
Net adjustment to increase fund balance - total government funds to arrive at net position - governmental activities	<u>\$ 102,836,336</u>

The governmental funds balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the statement of net position. One element of that reconciliation explains that long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds. The details of this difference are as follows:

Bonds Payable	\$ (38,486,000)
Deferred charge (to be amortized as interest expense)	342,287
Issuance discounts and premiums (to be amortized as interest expense)	107,489
Capital lease	(335,335)
Accrued interest payable	(377,374)
Compensated absences	(2,438,094)
OPEB Obligations	(4,783,974)
Net Pension Liabilities	<u>(92,937,663)</u>
Net adjustment to reduce fund balance - total government funds to arrive at net position - governmental activities	<u>\$ (138,908,664)</u>
Net Position of Government Activities - Internal Service Fund	<u>\$ (276,312)</u>

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

*Explanation of certain differences between governmental funds statement of revenue, expenditures and changes in fund balances and the government -wide statement of activities:*

The governmental funds statement of revenues, expenditures and changes in fund balances includes reconciliation between Net Change in Fund Balances – total governmental funds, and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that 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 and reported as depreciation expense. The details of this difference are as follows:

Outlays capitalized	\$ 5,663,642
Net value of assets disposed	(874,060)
Depreciation expense	<u>(5,487,736)</u>
Net Adjustment to increase net change in fund balances - total government funds to arrive at changes in net position of governmental activities	<u>\$ (698,154)</u>

Another element of that reconciliation states that the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Debt issued or incurred	
Proceeds from long-term debt issued	\$ (202,503)
Amortization of long-term debt related, premiums, discounts, etc.	(25,128)
Principal repayments	<u>1,572,770</u>
Net adjustment to increase net change in fund balances - total government funds to arrive at changes in net position of governmental activities	<u>\$ 1,345,139</u>

Another element of that reconciliation states some expenses reported in the statement of activities differ from amounts reported as expenditures in governmental funds. The details of this difference are as follows:

Compensated absences	\$ (27,904)
OPEB Obligations	(264,747)
Accrued interest	6,969
Net Pension Liabilities - Net of deferred outflows and deferred inflows as related to Pension	<u>(5,774,217)</u>
Net adjustment to decrease net change in fund balances - total government funds to arrive at changes in net position of governmental activities	<u>\$ (6,059,899)</u>
Net position of Governmental Activities - Internal Service Fund	<u>\$ (276,312)</u>

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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 on 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, 2015.

<b>General Government</b>	
Finance Division	\$ 28,357
General Division	36,101
Human Resources	8,166
Information Technology	7,333
City Attorney	710
Public Information	397
Economic Development	45,447
Building Maintenance	11,690
Professional Services	140,648
Civil Service Board	4,881
Miscellaneous	427,947
<b>Public Safety</b>	
Police	80,295
Fire	11,115
<b>Public Works</b>	
General	357,414
Cemetery	776
Engineering	45,129
Garage	665
<b>Culture and Receptions</b>	
Administration	4,033
Parks, Facilities and Utilities	24,789
Park Maintenance	1,724
Community Foundation of NE AL	7,250
Farley L. Berman Museum	2,311
<b>Other Financing Sources and (uses):</b>	
Transfer out	930,080

**FOR THE YEAR ENDED SEPTEMBER 30, 2015****NOTE 4 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 reverses 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, 2015, all of the deposits of the City were fully collateralized in accordance with the state statutes.

As of September 30, 2015, the City had the following deposits, classified as investments.

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of deposit	365 days or less	\$ 1,345,619
Money market	N/A	203,805
		<u>\$ 1,549,424</u>

**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.

**NOTE 5 RECEIVABLES**

Receivables at September 30, 2015, for the City's individual funds, including the applicable allowances for uncollectible accounts are as follows:

<u>Receivables</u>	<u>General</u>	<u>Special Revenue HOME</u>	<u>Non-Major Governmental</u>	<u>Total</u>
Taxes	\$ 1,825,413	\$ -	\$ -	\$ 1,825,413
Accounts	741,403	-	6,859	748,262
Notes	-	1,305,068	1,118,396	2,423,464
Gross Receivable	<u>2,566,816</u>	<u>1,305,068</u>	<u>1,125,255</u>	<u>4,997,139</u>
Less Allowance for Uncollectible	(364,452)	-	(121,130)	(485,582)
Net Total Receivable-Net	<u>\$ 2,202,364</u>	<u>\$ 1,305,068</u>	<u>\$ 1,004,125</u>	<u>\$ 4,511,557</u>

**FOR THE YEAR ENDED SEPTEMBER 30, 2015****NOTE 6 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2015 is as follows:

<b><u>Governmental Activities</u></b>	<b><u>Balance 9/30/14</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>Transfers</u></b>	<b><u>Balance 9/30/15</u></b>
<b>Non-Depreciable</b>					
Land	\$ 9,305,017	\$ 191,350	\$ (381,040)	\$ -	\$ 9,115,327
Collections	8,377,742	-	-	-	8,377,742
Construction in Progress	1,013,172	3,781,217	(21,387)	-	4,773,002
	<u>18,695,931</u>	<u>3,972,567</u>	<u>(402,427)</u>	<u>-</u>	<u>22,266,071</u>
<b>Depreciable</b>					
Buildings & Improvements	64,277,073	155,448	(2,126,791)	-	62,305,730
Machinery & Equipment	13,945,348	1,064,567	(1,897,523)	-	13,112,392
Improvements other than buildings	3,745,135	492,448	-	-	4,237,583
Infrastructure	<u>105,429,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,429,666</u>
Total other Capital Assets	<u>187,397,222</u>	<u>1,712,463</u>	<u>(4,024,314)</u>	<u>-</u>	<u>185,085,371</u>
<b>Total Capital Assets</b>	<b>206,093,153</b>	<b>5,685,030</b>	<b>(4,426,741)</b>	<b>-</b>	<b>207,351,442</b>
<b>Accumulated Depreciation</b>					
Buildings	21,118,998	1,650,814	(1,804,521)	-	20,965,291
Machinery & Equipment	9,704,731	1,020,114	(1,726,773)	-	8,998,072
Improvements other than Bldgs	435,156	137,361	-	-	572,517
Infrastructure	<u>71,299,780</u>	<u>2,679,446</u>	<u>-</u>	<u>-</u>	<u>73,979,226</u>
Total Accumulated Depreciation	<u>102,558,665</u>	<u>5,487,735</u>	<u>(3,531,294)</u>	<u>-</u>	<u>104,515,106</u>
<b>Governmental Activities Capital Assets, net</b>	<b><u>\$ 103,534,488</u></b>	<b><u>\$ 197,295</u></b>	<b><u>\$ (895,447)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 102,836,336</u></b>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 642,343
Public Safety	482,969
Public Works	3,032,330
Housing and Development	698,969
Culture and Recreation	631,124
	<u>\$ 5,487,735</u>

## FOR THE YEAR ENDED SEPTEMBER 30, 2015

## NOTE 6 CAPITAL ASSETS (continued)

<b>Business Type Activities</b>	<b>Balance 9/30/14</b>	<b>Additions</b>	<b>Deductions</b>	<b>Transfers</b>	<b>Balance 9/30/15</b>
<b>Non-Depreciable</b>					
Land	\$ 125,000	\$ -	\$ (125,000)	\$ -	\$ -
Buildings & Improvements	580,474	-	(561,544)	-	18,930
Furniture and Fixtures	39,877	-	-	-	39,877
	745,351	-	(686,544)	-	58,807
Accumulated Depreciation	(61,442)	(11,480)	24,568	-	(48,354)
	683,909	(11,480)	(661,976)	-	10,453
<b>Component Units:</b>	<b>Balance 9/30/14</b>	<b>Additions</b>	<b>Deductions</b>		<b>Balance 9/30/15</b>
<b>Non-Depreciable</b>					
Land	\$ 1,423,863	\$ -	\$ -	\$ -	\$ 1,423,863
Collections	25,907	-	-	-	25,907
	1,449,770	-	-	-	1,449,770
<b>Depreciated</b>					
Collections	831,290	42,485	-	-	873,775
Buildings	17,048,132	-	-	-	17,048,132
Building Improvements	15,590,234	8,950	-	-	15,599,184
Vehicles	704,464	-	-	-	704,464
Machinery & Equipment	2,168,271	26,716	-	-	2,194,987
Total other Capital Assets	36,342,391	78,181	-	-	36,420,542
Total Capital Assets	37,792,161	78,181	-	-	36,273,203
<b>Accumulated Depreciation</b>					
Collections	816,228	15,803	(741)	-	831,290
Buildings	11,703,744	323,184	-	-	12,026,928
Building Improvements	7,125,263	537,287	-	-	7,662,550
Land Improvements	214,834	4,655	-	-	219,489
Vehicles	514,117	29,985	-	-	544,102
Machinery & Equipment	1,642,216	83,512	-	-	1,725,728
Total Accumulated Depreciation	22,016,402	1,024,017	(741)	-	23,010,087
Governmental Activities Capital Assets, net	\$ 15,775,759	\$ (933,066)	\$ (741)	\$ -	\$ 14,860,225

**FOR THE YEAR ENDED SEPTEMBER 30, 2015****NOTE 7 LONG-TERM DEBT****Primary Government**

Long-term liability activity for the year ended September 30, 2015 is as follows:

	<u>Balance 9/30/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/15</u>	<u>Due Within One Year</u>	<u>Due In More Than One Year</u>
<b>Governmental activities</b>						
Bonds and warrants	\$ 39,705,000		\$ (1,219,000)	\$ 38,486,000	\$ 1,249,000	\$ 37,237,000
Less deferred amounts						
Unamortized refunding	(3,299)	-	(206)	(3,093)	-	(3,093)
Unamortized discount	(359,817)	-	(20,623)	(339,194)	-	(339,194)
<b>Total Bonds and Warrants</b>	<u>39,341,884</u>	<u>-</u>	<u>(1,198,171)</u>	<u>38,143,713</u>	<u>1,249,000</u>	<u>36,894,713</u>
<b>Intergovernmental</b>						
Agreement	138,498	-	(138,498)	-	-	-
Capital lease payable	348,104	202,503	(215,272)	335,335	171,984	163,351
Compensated absences	2,410,190	27,904		2,438,094	488,000	1,950,094
Net OPEB Obligations	4,519,227	1,079,900	(815,153)	4,783,974	815,153	3,968,821
Net Pension Liabilities		95,462,045		95,462,045		95,462,045
<b>Governmental activities</b>						
Long- Term Liabilities	<u>\$ 46,757,903</u>	<u>\$ 96,772,352</u>	<u>\$ (2,367,094)</u>	<u>\$ 141,163,161</u>	<u>\$ 2,724,137</u>	<u>\$ 138,439,024</u>

**Governmental activities:****Bonds and Warrants.**

During the fiscal year ended September 30, 2011, the City issued the Series 2010 general obligation bonds for purposes of (a) financing the costs of capital improvements for the City, (b) refunding of the 1998 issuance, (c) paying the expenses of issuing the bonds. The bonds are direct obligations of the City, and full faith and credit of the City is pledged against the bonds. The 2010 Series General Obligation Warrants are due semi-annually at rates ranging from 4.2% - 5.3% per annum, maturing March 1, 2035. The balance at September 30, 2015 was \$6,460,000. The carrying amount of the old debt exceeded the reacquisition price by \$19,012. This amount is being netted against the new debt and amortized over the life of the new debt, which is longer than the refunded debt. The transaction also resulted in an economic gain of \$3,917 and a reduction of \$19,707 in future debt service payments.

During the year ended September 30, 2011, The City issued bonds through the Public Building Authority of the City of Anniston in the amount of \$16,170,000 for the DHR Building Project. The proceeds from the bonds are to be used for construction of a building and pay certain costs incurred in connection with the execution and delivery of the bonds. The bonds are limited obligations of the City and are payable solely from the rent received on the building. The 2011 Series DHR Building Revenue Bonds are due semi-annually at rates ranging from 2.0% - 5.5% per annum, maturing May 1, 2033. The balance at September 30, 2015, was \$ 15,040,000.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015****NOTE 7 LONG-TERM DEBT (continued)**

During the year ended September 30, 2011, the City issued bonds through the Public Building Authority of the City of Anniston in the amount of \$15,000,000 for the Judicial Center Project. The proceeds from the bonds are to be used for construction of a building and pay certain costs incurred in connection with the execution and delivery of the bonds. The bonds are limited obligations of the City and are payable solely from the rent received on the building. The 2011 Series Judicial Center Building Revenue Bonds are due semi-annually at rates ranging from 2.25% - 5.00% per annum, maturing March 1, 2043. The balance at September 30, 2015, was \$ 14,460,000.

On September 8, 2014, the City issued \$ 2,650,000 general obligation warrants (Series 2014-A) to fund road improvements on Pappy Dunn Boulevard and Iron Mountain Road. In addition, the State of Alabama will pay approximately \$1,400,000 to assist in the project. Also, municipalities located in Calhoun County have committed funds to assist the City in the debt service on the \$ 2,650,000. The 2014-A Series principal payment of \$124,000 are due annually beginning January 31, 2015 through January 31, 2022, and principal payments of \$ 237,000 are due annually beginning January 31, 2023 through January 31, 2029. The interest rate is 3.48% and interest is paid on the remaining balance each year on January 31<sup>st</sup>. The balance at September 30, 2015, was \$ 2,526,000.

Annual debt service requirements to amortize bonds and warrants outstanding, as of September 30, 2015 follow:

<b>Fiscal Year Ended September 30</b>	<b>Governmental Activity</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	1,249,000	1,734,689	2,983,689
2017	1,284,000	1,700,030	2,984,030
2018	1,314,000	1,661,946	2,975,946
2019	1,349,000	1,619,845	2,968,845
2020-2024	7,606,000	7,297,829	14,903,829
2025-2029	9,449,000	5,457,120	14,906,120
2030-2034	9,065,000	3,047,696	12,112,696
2035-2039	3,795,000	1,489,883	5,284,883
2040-2043	3,375,000	348,375	3,723,375
Total	\$ 38,486,000	\$ 24,357,412	\$ 62,843,412

**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 \$145,852 to \$152,397. The obligation was paid off as of September 30, 2015.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 7 LONG-TERM DEBT (continued)**

**Capital Leases**

The City has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of leased assets under capital leases as of September 30, 2015:

	<b>Governmental Activities</b>
Equipment	\$ 793,510
Less: Accumulated Depreciation	(451,026)
Net After Accumulated Depreciation	<u>342,484</u>
Non Capitalized Equipment	179,611
Total	<u>\$ 522,095</u>

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments as of September 30, 2015:

	<b>Governmental Activities</b>
<b>Fiscal Year End September 30,</b>	
2016	\$ 183,879
2017	61,409
2018	48,123
2019	36,934
2020	23,152
Total Minimum Lease Payment	<u>353,497</u>
Less amount representing interest	(18,162)
Present value of future minimum lease payments	<u>\$ 335,335</u>

**Component Unit: Anniston City Board of Education**

Long-term liability activity for the year ended September 30, 2015 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>
<b>Governmental activities</b>						
2003 Pool Bond	\$ 605,523	\$ -	\$ 50,795	\$ 554,728	\$ 52,668	\$ 502,060
QZAB	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
Governmental activities Long-Term Liabilities	<u>\$ 2,605,523</u>	<u>\$ -</u>	<u>\$ 50,795</u>	<u>\$ 2,554,728</u>	<u>\$ 52,668</u>	<u>\$ 2,502,060</u>

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 7 LONG-TERM DEBT (continued)**

**2003 Pool Bonds.** During the year ended September 30, 2004, the 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 4.13% 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 September 30, 2015 follow:

<b>Fiscal Year Ended September 30</b>	<b>Governmental Activity</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	52,668	22,046	74,714
2017	54,839	19,827	74,666
2018	57,104	17,516	74,620
2019	59,461	15,110	74,571
2020	91,916	12,604	74,520
2021-2023	268,740	23,121	291,861
Total	<u>\$ 554,728</u>	<u>\$ 110,224</u>	<u>\$ 664,952</u>

**NOTE 8 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of September 30, 2015, is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Fire Tax Fund	\$ 238,453
General Fund	Public Building	153,180
General Fund	Non Major	1,062,340
General Fund	Proprietary Fund	433,808
General Fund	Proprietary Fund	111,945
Non Major	Non Major	189,119
Non Major	HOME	140,741
McClellan	General Fund	80,729
Proprietary Fund	General Fund	205,633
Non Major	Proprietary Fund	39,478
		<u>\$ 2,655,426</u>

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 8 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)**

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, 2015 were:

<u>Transfers In</u>	<u>General Fund</u>	<u>Non Major Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
General Funds	\$ -	\$ 260,119	\$ -	\$ 260,119
Public Building Authority	933,117	-	-	933,117
McClellan	204,316	-	-	204,316
Non Major Governmental Funds	2,081,670	1,043,867	250,891	3,376,428
Proprietary Funds	3,705,700	149,135	-	3,854,835
	<u>\$ 6,924,803</u>	<u>\$ 1,453,121</u>	<u>\$ 250,891</u>	<u>\$ 8,628,815</u>

**NOTE 9 PENSION PLAN**

**General Information about the Pension Plan-For City employees under the Employee Retirement System of Alabama- (ERS)**

**Plan description** - The Employees’ Retirement System of Alabama, an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 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 the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

The ERS Board of Control consists of 13 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head. Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
  - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
  - b. Two vested active state employees.
  - c. Two vested active employees of an employer participating in ERS pursuant to § 36-27-6.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (continued)**

**Benefits provided** - State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity’s election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member’s age, service credit, employment status and eligibility for retirement.

The ERS serves approximately 846 local participating employers. These participating employers include 287 cities, 65 counties, and 494 other public entities. The ERS membership includes approximately 83,874 participants. As of September 30, 2014, membership consisted of:

	<b>Anniston</b>	<b>State</b>
Retirees and beneficiaries currently receiving benefits	112	21,691
Terminated employees entitled to but not yet receiving benefits	22	1,252
Terminated employees not entitled to a benefit	0	5,048
Active Members	197	55,883
<b>Total</b>	<b>331</b>	<b>83,874</b>

**Contributions** - Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (continued)**

State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2015, the City’s active employee contribution rate was 7.5% (Tier 1) and 6.0% (Tier 2) of covered employee payroll, and the City’s average contribution rate to fund the normal and accrued liability costs was 7.47% of covered employee payroll.

City’s contractually required contribution rate for the year ended September 30, 2015 was 7.80 % of pensionable pay for Tier 1 employees, and 7.56 % of pensionable pay for Tier 2 employees,. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$ 542,490 for the year ended September 30, 2015.

**Net Pension Liability**

The City’s net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2013 rolled forward to September 30, 2014 using standard roll-forward techniques as shown in the following table:

Total pension liability as of September 30, 2013	<u>\$ 27,513,669</u>
Entry age normal cost for October 1, 2013 – September 30, 2014	<u>\$ 645,593</u>
Actual benefit payments and refunds for October 1, 2013 – September 30, 2014	<u>\$ (1,782,300)</u>
Total pension liability in the September 30, 2014	<u>\$ 28,506,764</u>

**Actuarial assumptions**

The total pension liability in the September 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75 – 7.25%
Investment rate of return*	8.00%

\*Net of pension plan investment expense

**FOR THE YEAR ENDED SEPTEMBER 30, 2015****NOTE 9 PENSION PLAN (continued)**

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

The actuarial assumptions used in the September 30, 2013 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

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

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

\*Includes assumed rate of inflation of 2.50%.

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2015****NOTE 9 PENSION PLAN (continued)****Changes in Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a)-(b)</b>
<b>Balances at 9/30/2013</b>	\$ 27,513,669	\$ 20,137,908	\$ 7,375,761
Changes for the year:			
Service cost	645,593		645,593
Interest	2,129,802		2,129,802
Difference between expected and actual experience			
Contributions—employer		541,741	( 541,741)
Contributions—employee		564,320	( 564,320)
Net investment income		2,377,530	( 2,377,530)
Benefit payments, including refunds of			
Employee contributions	(1,782,300)	(1,782,300)	-
Administrative expense	-	-	-
Transfers Among Employers	-	30,637	(30,367)
Net Changes	993,095	1,731,928	(738,833)
<b>Balances at 9/30/2014</b>	<u>\$ 28,506,764</u>	<u>\$ 21,869,836</u>	<u>\$ 6,636,928</u>

**Sensitivity of the net pension liability to changes in the discount rate.**

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

	<b>1% Decrease (7.00%)</b>	<b>Current Discount Rate (8.00%)</b>	<b>1% Increase (9.00%)</b>
Plan's Net Pension Liability (Asset)	\$ 9,760,765	\$ 6,636,928	\$ (3,981,798)

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2014. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2014. The auditor's report dated June 3, 2015 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rs-al.gov](http://www.rs-al.gov).

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (Continued)**

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

For the year ended September 30, 2015, the City recognized pension expense (for employees except for policemen and firemen) \$ 436,765. September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		\$ 633,857
Employer contributions subsequent to the measurement date	\$ 542,490	
Total	<u>\$ 542,490</u>	<u>\$ 633,857</u>

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

<b>Year ended September 30:</b>	
2016	\$ 158,464
2017	158,464
2018	158,464
2019	158,465

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (continued)****ANNISTON POLICEMEN'S AND FIREMEN'S RETIREMENT FUND****DESCRIPTION OF PLAN**

The following brief description of the Policemen's and Firemen's Retirement Fund, a Pension Trust Fund for the City of Anniston, Alabama, (Fund) is provided for general information purposes only. Participants should refer to Act No. 2002-298, 2002 Regular Session and its amendments for a more complete description of the Fund's provisions. The Fund was substantially amended by the State of Alabama with Act No. 2012-484, effective October 1, 2012. Effective October 1, 2012, the number of trustees was increased from 3 trustees to 5 trustees.

**Organization**

The Fund is a single-employer benefit pension plan established by the State of Alabama and administered by a board of trustees. The Fund provides retirement, disability, and death benefits to police and firefighters of the City of Anniston, Alabama, and their beneficiaries.

**Board Composition**

The Board of Trustees is composed of five members. One member is elected by the retirees and surviving spouses of retirees of the Plan. One member of the City of Anniston Fire Department elected by members of the Fire Department. One member is a member of the City of Anniston Police Department elected member of the Police Department. One member is the City of Anniston Finance Director. One member is appointed by the City Council of the City of Anniston who is a qualified elector in the City of Anniston, who is not a member or the spouse, child, parent, sibling, or in-law of a member currently represented on the Board of Trustees.

**Funding Requirements**

Employer contributions are actuarially determined. Employee contributions are as described below and may be amended by ordinance.

**Effective Date**

The Plan was established in 1951 through the enactment of Act No. 608 of the Alabama Legislature. The Plan was amended and restated effective October 1, 2012 with Act No. 2012-484.

Amendment one was adopted August 1, 2013. Upon the amendment and restatement effective October 1, 2012, a participant's monthly benefit was defined to not exceed 75% of "monthly compensation" provided if the Accrued Benefit equals or exceeds 75% of "monthly compensation" as of October 1, 2012, the monthly benefit cannot exceed the Participant's Accrued Benefit calculated as of the end of the first full year of continuous service beginning on or after October 1, 2012. Amendment One clarified that "monthly compensation" for this purpose means the Average of the Participant's monthly compensation for the last three years preceding retirement (i.e., Average Monthly Compensation).

An amendment to the Plan was made for hires after January 1, 2016. This Plan amendment will be reflected in subsequent valuation reports.

**Plan Year**

The 12-month period from October 1<sup>st</sup> to the following September 30<sup>th</sup>.

**Participant**

An individual becomes a Participant immediately upon hire by the City of Anniston as a sworn police officer or a firefighter.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (continued)**

**ANNISTON POLICEMEN’S AND FIREMEN’S RETIREMENT FUND**

**DESCRIPTION OF PLAN**

**Credited Service**

The continuous period beginning on the first day of employment as a sworn police officer or firefighter and ending on the earliest of the date of the retirement, termination, or death. Credited Service is computed in completed years. No credit is given for partial years.

Participants who terminate prior to becoming eligible to retire lose the service credited under the Plan. .

Continuous service is credited in accordance with the Uniformed Services Employment and Reemployment Rights Act (USERRA) for a Participant who is an employee immediately prior to the commencement of qualified military service (and who gives advance written notice of the qualified military service under conditions other than a disqualifying or dishonorable discharge, and returns to work or applies for reemployment within the period specified below, if Employee Contributions are made for the period of absence.

Military Service	Return to Work after Discharge
< 31 days	One day
< 30 and < 181 days	14 days
>180 days	90 days

If a participant is hospitalized for or recovering from an illness or injury that was incurred or aggravated during qualified military service, USERRA requires the Participant return to work or apply for reemployment upon recovery (recovery being no more 2 years).

**Vesting**

Prior to October 1, 2012, 100% upon the earlier of earning 20 years of Credited Service and age 60.

Effective October 1, 2012, 100% upon the earlier of earning 20 years of Credited Service and age 65. Members who were active Participants on September 30, 2012 and who reach age 60 prior to earning 20 years of Credited Service are also 100% vested upon attaining age 60.

**Compensation**

Compensation includes regular salary, including accumulated vacation pay, overtime pay, longevity pay, comp pay, and any differential wage payment as defined in Code Section 3401(h)(2), generally relating to military pay. Bonuses and paid accumulated sick leave, expense allowances, and other non-regular forms of compensation are excluded.

**Employee Contributions**

Prior to October 1, 2012, 10% of Compensation was contributed by Participants (on a pre-tax basis effective October 1, 2002). Effective on and after October 1, 2012, 14% of Compensation is contributed by Participants on a pre-tax basis.

Employee Contributions made for a period of qualified military service are made either in a lump sum payment or over a period equal to the lesser of (1) 3 x qualified military service for (2) 5 years.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (continued)**

**ANNISTON POLICEMEN’S AND FIREMEN’S RETIREMENT FUND**

**DESCRIPTION OF PLAN**

A Member who terminates non-vested, or before becoming eligible for a benefit from the Plan, is entitled to a refund of accumulated Employee Contributions without interest and has no further claim to benefits from this Plan. Non-vested terminations who subsequently return to employment are treated as a new employee and accrual of benefits begin as of the date of reemployment.

**Other Contributions**

Prior to October 1, 2012, the City contributed 10% of Compensation. Effective on and after October 1, 2012, the City contributes amounts that are sufficient to meet the normal cost of the Plan and to amortize the Plan’s unfunded liability over 30 years.

In addition, prior to October 1, 2012, each public utility, qualified to do business under the laws of Alabama and selling electricity, electric current, natural gas, intra-city bus transportation, local exchange telephone service, or telegraph service in Anniston, annually paid into the fund a sum equal to 0.5% of gross revenues of such utilities into the Fund. Effective October 1, 2012, public utilities no longer contribute to the Plan.

Also effective October 1, 2012, if the City of Anniston’s contributions equal or exceed three times or are less than two times the Employee Contributions, the board may amend or modify Employee Contributions, the City of Anniston’s contribution, or both. Benefits may also be revised by board resolution.

**Average Monthly Compensation**

Average of monthly Compensation for the last three years preceding retirement.

**Normal Retirement Eligibility**

Prior to October 1, 2012, Normal Retirement Eligibility was defined as the earlier of age 60 regardless of Credited Service, or the following Credited Service requirements regardless of age:

<u>Hire Date</u>	<u>Service Required For Normal Retirement</u>
< 5/29/1979	20 years
< = 5/29/1979	25 years

Effective October 1, 2012, Normal Retirement Eligibility is defined as the earlier of age 65 or having earned 25 years Credited Service. However, Participants actively employed on September 30, 2012 who reach age 60 prior to earning 20 years of Credited Service are eligible for Normal Retirement at age 60.

**Normal Retirement Benefit**

Prior to October 1, 2012, the benefit payable upon reaching Normal Retirement Eligibility was the following:

$$3\% \times \text{Average Monthly Compensation} \times \text{Credited Service not more than 30 years}$$

Effective October 1, 2012, the Normal Retirement Benefit for Member hired on and after May 29, 1979 is calculated in accordance with the following formula where total Credited Service may not exceed 30 years:

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (continued)****ANNISTON POLICEMEN'S AND FIREMEN'S RETIREMENT FUND****DESCRIPTION OF PLAN**

2.5% x Average Monthly Compensation x Full Years Beginning On or After October 1, 2012

Plus

3.0% x Average Monthly Compensation x Years of Service at 3.0% Multiplier\*

\*The Years of Service at the 3.0% Multiplier equal Completed Years of Service at retirement minus Full Years of Service Beginning On or After October 1, 2012.

Note all active Members as of October 1, 2012 were hired after May 29, 1979.

However, the Normal Retirement Benefit for Participants actively employed on September 30, 2012 who reach age 60 prior to earning 20 years of Credited Service is as follows where total Credited Service may not exceed 30 years:

2.5% x Average Monthly Compensation x Credited Service on or after Age 60

Plus

3.0% x Average Monthly Compensation x Credited Service before Age 60

Note, only one Member as of October 1, 2012 reached age 60 prior to earning 20 years of Credited Service. This individual retired May 30, 2013. No other member will have benefits payable under this benefit definition in the future.

Effective October 1, 2012, the monthly benefit payable may not exceed 75% of Average Monthly Compensation except for those where the Accrued Benefit exceeds 75% of Average Monthly Compensation as of October 1, 2012. For these member, the monthly benefit payable may not exceed the participant's Accrued Benefit calculated as of the end of the first full year of continuous service beginning on or after October 1, 2012.

The normal form of payment is an unreduced 50% Joint & Survivor Annuity.

**Early Retirement Eligibility:**

Participants become eligible for Early Retirement upon earning at least 20 years of Credited Service, regardless of age.

**Early Retirement Benefit**

The Normal Retirement Benefit reduced by 4% for each year Credited Service is less than 25 years. Prior to October 1, 2012, the Normal Retirement Benefit was not reduced for Credited Service less than 25 years for Participants who were age 60 at retirement. Effective October 1, 2012, the Normal Retirement benefit is not reduced for Credited Service less than 25 years for Participants who are at least age 65 at retirement. In addition, the Normal Retirement Benefit is not reduced for Participants who are actively employed on September 30, 2012, and reach age 60 prior to earning 20 years of Credited Service.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (continued)****ANNISTON POLICEMEN'S AND FIREMEN'S RETIREMENT FUND****DESCRIPTION OF PLAN****Line-of-Duty Disability Benefits**

Prior to October 1, 2012, participants became eligible for line-of-duty disability benefits immediately upon hire. Participants who became permanently physically or mentally disabled as a result of injuries in the line-of-duty were entitled to a monthly Disability Benefit as if 30 years of Credited Service had been worked, as follows:

$$3\% \times \text{Average Monthly Compensation} \times 30 \text{ years of Credited Service} \times \text{Disability Percentage}$$

For Participants who had less than 3 years of service, Average Monthly Compensation is the average of Compensation over the entire period of employment.

For Participants hired before July 1, 2002, the Disability Percentage is 100%. For Participants hired on or after July 1, 2002, if the Participant is determined to be 50% or more physically disabled, the Disability Percentage is 100%. If the Participant is deemed to be less than 50% disabled, the Disability Percentage is the percent of physical disability as described below.

Effective October 1, 2012, participants continue to become eligible for line-of-duty disability benefits immediately upon hire. A participant who becomes physically or mentally disabled as a result of bodily injury, disease, or mental disorder received in the line-of-duty, which renders the participant incapable of continuing employment as a sworn police officer or sworn firefighter performing the same duties and having the same responsibilities as those immediately prior to the time of the disability, is entitled to receive a monthly disability benefit equal to the greater of:

$$40\% \times \text{Monthly Compensation at Disability}$$

Or

$$100\% \text{ of the Accrued Benefit at Disability (disregarding 20 year eligibility requirement)}$$

In lieu of this monthly benefit a participant may elect instead to receive Employee Contributions without interest.

**Off-Duty Disability Benefits**

Prior to October 1, 2012, effective July 1, 2002 Participants became eligible for off-duty disability benefits after completion of at least 5 years of Credited Service. Once the Participant had been physically or mentally disabled from any cause other than from injuries received in the line-of-duty for at least 3 months, a monthly Disability Benefit was payable if 25 years of Credited Service have been worked, as follows:

$$3\% \times \text{Average Monthly Compensation} \times 25 \text{ years of Credited Service} \times \text{Disability Percentage}$$

Effective October 1, 2012, the Plan does not provide a disability benefit to a Participant who becomes physically or mentally disabled, other than as a result of injuries received in the line-of-duty. However, the Participant may make a request to the retirement board for the payment of Employee Contributions without interest.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (continued)****ANNISTON POLICEMEN'S AND FIREMEN'S RETIREMENT FUND****DESCRIPTION OF PLAN****Disability Percentage**

The Participant may be sent to a physician selected by the retirement board for examination to determine the extent of the Participant's disability. The American Medical Association's Guidelines for the Evaluation of Permanent Impairment is used to determine the percentage of disability suffered by the Participant. If the retirement board determines that the Participant is no longer disabled to the degree previously approved for, the retirement board shall order that the benefits to the Participant be adjusted or discontinued as applicable.

**Life Insurance**

Prior to October 1, 2012, if any Participant dies and left a surviving spouse, a \$1,500 single lump sum life insurance benefit was payable. If there was no surviving spouse, \$1,500 was split amongst any surviving children under the age of 18 years old. No Life Insurance is payable to any participant after October 1, 2012.

**Line-of Duty Survivor Benefits**

Prior to October 1, 2012, the surviving spouse of a Participant who died as a result of injuries received in the line-of-duty was entitled to a monthly Survivor Benefit which was the Actuarial Equivalent 100% Joint & Survivor form payable based on a monthly benefit calculated as if 30 years of Credited Service had been worked, as follows:

$$3\% \times \text{Average Monthly Compensation} \times 30 \text{ years of Credited Service}$$

If there was no surviving spouse or if the surviving spouse was to die, 50% of this amount is split amongst any surviving children under the age of 18 years. In the event an active Participant died without having a surviving spouse or surviving children under the age of 18 years, an amount equal to the accumulated Employee Contributions without interest was payable.

Effective October 1, 2012, the surviving spouse of a Participant dies as a result of injuries received in the line-of-duty is entitled to a monthly Survivor Benefit equal to 62.5% of the Participant's monthly Accrued Benefit calculated as if 25 years of Credited Service had been worked. This monthly benefit is discontinued upon the remarriage of the surviving spouse. If there is no surviving spouse or if the surviving spouse should die, this benefit is split amongst any surviving children under the age of 18 years. In the event an active Participant dies without having a surviving spouse or surviving children under the age of 18 years, an amount equal to the accumulated Employee Contributions without interest is payable.

The surviving spouse of a Participant who retired prior to January 1, 1989 receives 50% of the monthly amount that was in payment to the Participant at the time of death. If there is no surviving spouse, 25% of the monthly amount that was in payment is split amongst any surviving children under the age of 18 years.

**Off-Duty Survivor Benefits**

Prior to October 1, 2012, the surviving spouse of a Participant who earned at least 20 years of Credited Service and who died not as a result of injuries received in the line-of-duty was entitled to a monthly Survivor Benefit which is the actuarially equivalent 100% Joint & Survivor form of the benefit defined for Normal Retirement, unreduced for commencement prior to Normal Retirement Eligibility. If there was no surviving spouse or if the surviving spouse should die, 50% of this amount was split amongst any surviving children under the age of 18 years. In the event an active Participant died without having a surviving spouse or surviving children under the age of 18 years, an amount equal to the accumulated Employee Contributions without interest is payable. The survivor of a Participant who died off-duty with less than 20 years of Credited Service is due a refund of Employee Contributions without interest.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (continued)****ANNISTON POLICEMEN'S AND FIREMEN'S RETIREMENT FUND****DESCRIPTION OF PLAN**

Effective October 1, 2012, the Plan does not provide a Survivor Benefit for deaths not as a result of injuries received in the line-of-duty. However, the surviving spouse or children under the age of 18 years may make a request to the retirement board for the payment of Employee Contributions without interest.

The surviving spouse of a Participant who retired prior to January 1, 1989, receives 50% of the monthly amount that was in payment to the Participant at the time of death. If there is no surviving spouse, 25% of the monthly amount that was in payment is split amongst any surviving children under the age of 18 years.

**Optional Forms of Benefit**

Members entitled to a Normal Retirement Benefit or an Early Retirement Benefit may elect to receive a 50% Joint & Survivor Annuity (Option A), an actuarially equivalent 100% Joint & Survivor Annuity (Option B) or an actuarially equivalent Life Only Annuity (Option C).

A Participant having elected a 50% Joint & Survivor Annuity (Option A) will receive the benefit described under Normal Retirement or Early Retirement. Upon the death of such Participant who leaves a surviving spouse, 50% of the amount being paid to the Participant at the time of death is payable to the surviving spouse. If the Participant does not leave a surviving spouse but leaves surviving children under the age of 18, 25% of the monthly amount that was in payment is split amongst any surviving children under the age of 18 years. Effective for retirements occurring on and after October 1, 2012, if the deceased Participant's spouse remarries, monthly pension benefits cease.

A Participant having elected a 50% Joint & Survivor Annuity (Option B) will receive a monthly benefit in an amount which is the Actuarial Equivalent which would have been payable had the participant elected Option A. This monthly amount is payable to the Participant during his or her lifetime and then upon his or her death to the spouse, without reduction. Upon the death of the surviving spouse, 50% of the monthly amount that was in payment is split amongst any surviving children under the age 18 years. Effective for retirements occurring on and after October 1, 2012, if the deceased Participant's spouse remarries, monthly pension benefits cease.

A Participant having elected a Life Only Annuity (Option C) will receive a monthly benefit which is the Actuarial Equivalent of the amount which would have been paid if the participant had elected Option A. No death benefits are payable to any survivor or dependents of the Participant who selects this form of payment.

**Actuarial Equivalence**

Based on the 1971 Group Annuity Mortality Table and an interest rate of 7%. In practice, Participant mortality is as under the 1971 Group Annuity Mortality table for males and spouse mortality is as under the 1971 Group Annuity Mortality for males set forward 7 years. The computation of the Life Only annuity for unmarried members assumes an actuarial increase from the normal 50% Joint & Survivor form assuming a spouse who is three years younger.

**Partial Lump Sum Option**

Prior to October 1, 2012, Participants were allowed to elect to receive a monthly retirement benefit on a reduced basis in return for the payment of a lump sum amount, in cash, at the time the monthly retirement benefit is first payable. The Participant could elect to receive the lump sum, based on the monthly Normal or Early Retirement Benefit payable as a Life Only annuity.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (continued)**

**ANNISTON POLICEMEN’S AND FIREMEN’S RETIREMENT FUND**

**DESCRIPTION OF PLAN**

The monthly life only retirement benefit after deducting for the partial lump sum payment is monthly life only retirement benefit prior to reduction times the reduction factor. The monthly retirement benefit after deducting for the partial lump sum payment is then reduced appropriately for optional forms which provide survivor benefit continuance.

Effective October 1, 2012, the Plan does not provide a Partial Lump Sum Option.

**Thirteenth-Checks**

When the actuary certifies that the necessary funds are available, the board may increase the benefits provided retirees by passing a resolution which declares that the monthly benefit paid to each retiree, surviving spouse, or other beneficiary of the retiree shall be increased by a flat dollar amount per month, increased by a flat dollar amount per year of active service per month, or be increased to a minimum monthly amount. Additionally, the board may pass a resolution to issue 13<sup>th</sup> checks.

**Participants**

	<u>2015</u>	<u>2014</u>
	<u>Membership Activity</u>	<u>Membership Activity</u>
New Members	18	19
Withdrawn Members	14	16
Service Retirement	8	9
Disability Retirements	0	0
Surviving Spouses	2	3
	Total Membership (Total as of September 30, 2015)	Total Membership (Total as of September 30, 2014)
Active	162	165
Retired	179	177
	<hr/>	<hr/>
Total	341	342
	<hr/>	<hr/>

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (continued)**

**ANNISTON POLICEMEN’S AND FIREMEN’S RETIREMENT FUND**

**NET PENSION LIABILITY OF THE FUND**

The components of the net pension liability at September 30, 2015 were as follows:

	<b>2015</b>
Total pension liability	\$ 115,142,845
Plan fiduciary net position	(26,317,726)
Net pension liability	<u>\$ 88,825,117</u>

Plan fiduciary net position as a percentage of the total pension liability	22.9%
--	-------

The total pension liability was determined by an actuarial valuation as of October 1, 2014 using the following actuarial assumptions applied to all periods included in the measurement.

	<b>2015</b>
Salary increases	5.50%
Single Discount	3.55%
Mortality	RP-00 Blue Collar Mortality Table (set forward 10 years for disabled member) with mortality improvements assumed using Scale AA projected from 2000 to the valuation year.

Assumptions are based on the assumptions used by the prior actuary supplemented with changed retirement expectations resulting from Plan changes that became effective October 1, 2012.

Further information regarding the calculation of the discount rate is found in the following section entitled “Calculation of the Discount Rate”.

Sensitivity of the net pension liability to changes in the discount rate follows.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability – 9-30-15	<u>\$ 106,624,381</u>	<u>\$ 88,825,117</u>	<u>\$ 74,525,702</u>

Note: See “Actuarial Assumptions and methods” for a full description of the assumptions used in the determination of the total pension liability.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015****Statement of Changes in Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a)-(b)</b>
<b>Balances at 9/30/2014</b>	\$ 110,018,362	\$ 26,240,466	\$ 83,777,896
Changes for the year:			
Service cost	2,864,088		2,864,088
Interest	4,037,240		4,037,240
Changes of benefit terms	51,201		51,201
Difference between expected and actual experience	769,346		769,346
Changes of assumptions	2,091,185		2,091,185
Contributions—employer		3,332,850	(3,332,850)
Contributions—employee		1,063,270	(1,063,270)
Net investment income*		369,719	(369,719)
Benefit payments, including refunds of employee contributions	(4,688,577)	(4,688,577)	
Other Changes			
Net Changes	<u>5,124,483</u>	<u>77,262</u>	<u>5,047,221</u>
<b>Balances at 9/30/2015</b>	<u>\$ 115,142,845</u>	<u>\$ 26,317,728</u>	<u>\$ 88,825,117</u>

\*Net of administrative expense as well as the investment expense

**FOR THE YEAR ENDED SEPTEMBER 30, 2015****NOTE 9 PENSION PLAN (continued)****ANNISTON POLICEMEN'S AND FIREMEN'S RETIREMENT FUND****NET PENSION LIABILITY OF THE FUND****Calculation of the Discount Rate**

The long-term expected net rate of return on investments was first determined using a building-block method. Best-estimate ranges of expected future real rates of return (expected returns net of administrative expense, investment expense and inflation) are developed for each major asset class. The long-term expected net rate of return on investments is the best-estimate ranges weighted by the asset allocation plus expected inflation. Best estimates of arithmetic real rates of return for each major asset class as provided by the investment monitor are shown in the following table as of September 30, 2014:

Investment Category	Target Allocation	Long Term Real Annualized Return*	Long Term Real Annualized Return Weighted by Target Allocation
Large Cap	32%	8.1%	2.6%
Smid Cap	20%	9.6%	1.9%
Foreign Equity	8%	5.2%	0.4%
Real Assets	10%	6.4%	0.6%
Fixed Income	30%	2.9%	0.9%
	100%		6.4%

\*For illustrative purposes, historical long term average returns have been used as a reasonable expectation of returns.

The expected rate of inflation is 3%. The long term real annualized return weighted by target allocation plus the expected rate of inflation is 9.4%.

Whereas the funding valuation of the Plan assumes the fund will earn 8.0% per year (net of investment and administrative expenses, but including inflation), the discount rate used to measure the total pension liability was 3.67%. This is the single rate that reflects the long-term expected gross rate of return on pension plan investments expected to be used to finance the payment of benefits based on the 8.0% per year funding assumption used in years where assets were sufficient to pay for projected benefit payments and a rate of 2.83% per year in years where assets are not sufficient to pay for projected benefit payments. The 2.83% rate was supplied by the investment monitor. It is the rate as of September 30, 2014 for the Barclays 20 year Muni Bond index with average quality AA3/A1. We have found that the fiduciary net position is projected to not be sufficient to make projected benefit payments.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (continued)**

**ANNISTON POLICEMEN’S AND FIREMEN’S RETIREMENT FUND**

**PENSION EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

<u>Description</u>	<u>Amount</u>
Service Cost	\$ 2,864,088
Interest on the total pension liability	4,037,240
Changes of benefit terms	51,201
Differences between expected and actual experience	192,337
Changes of assumptions	522,796
Employee Contributions	(1,063,270)
Projected earnings on pension plan investments	(957,658)
Differences between projected and actual earnings on plan investments	117,588
Other changes in fiduciary net position	-
Total pension expense	<u>\$ 5,764,322</u>

At September 30, 2015 there are deferred outflows and inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 577,009	\$ -
Changes of Assumptions	1,568,389	-
Net difference between projected and actual earnings	470,351	-
Total	<u>\$ 2,615,749</u>	<u>\$ -</u>

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

**Measurement Year ended September 30:**

2016	\$ 832,721
2017	832,721
2018	832,720
2019	117,587

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 9 PENSION PLAN (continued)****Change in Accounting Principle**

Net position as of October 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, as amended by GASB Statement 71.

Net position as previously reported at September 30, 2014	\$ 73,397,577
For the Employee's Retirement System of Alabama:	

Prior period adjustment:	
--------------------------	--

Net pension liability (ERS) (measurement date as of September 30, 2013)	(7,375,761)
---	-------------

Deferred outflows (ERS):	
--------------------------	--

Board contributions made during fiscal year 2014	541,741
--	---------

For the Policemen's and Firemen's Retirement Fund:	
--	--

Prior period adjustment:	
--------------------------	--

Net pension liability (measurement date as of September 30, 2014)	(83,777,896)
---	--------------

Deferred outflows:	
--------------------	--

Board contributions made during fiscal year 2014	3,448,470
--	-----------

Net position as restated, October 1, 2014	<u>\$ (13,765,869)</u>
---	------------------------

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 10 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.

*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, 2013

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Health Care Plan as of October 1, 2013

Active members	347
Retired members	82
Total	<u>429</u>

*Contributions*

The City contributed \$ 815,153 to the OPEB Health Care Plan in fiscal year 2015. 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	<u>\$ 1,079,900</u>
Annual OPEB Cost	1,079,900
Interest on net OPEB obligation	168,600
Adjustment on net OPEB obligation	(168,600)
Actual Contribution	<u>(815,153)</u>
Increase in net OPEB obligation.	264,076
Net OPEB obligation, September 30, 2014	<u>4,519,748</u>
Net OPEB obligation, September 30, 2015	<u><u>\$ 4,783,974</u></u>

**FOR THE YEAR ENDED SEPTEMBER 30, 2015****NOTE 10 OTHER POST EMPLOYMENT BENEFITS-(continued)**

<b>Fiscal Year Ended September 30,</b>	<b>Annual OPEB Cost</b>	<b>Actual OPEB Contribution</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2008	\$ 1,128,600	\$ 475,500	42.13%	\$ 653,100
2009	1,129,000	468,800	41.52%	1,313,300
2010	922,200	281,200	30.49%	1,954,300
2011	967,400	313,900	32.45%	2,607,800
2012	1,232,200	397,917	32.29%	3,437,783
2013	1,296,400	512,332	39.50%	4,216,151
2014	1,038,700	735,624	70.82%	4,519,227
2015	1,079,900	815,153	75.48%	4,783,974

*Funding Status and Funding Progress*

As of October 1, 2011, the most recent actuarial valuation date, the funded status of the Plan was as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liabilities (AAL)</b>	<b>Funded Ratio (1)/(2)</b>	<b>Unfunded (1)-(2)</b>	<b>Annual Covered Payroll</b>	<b>Percentage of Covered Payroll</b>
10/1/2011	-	\$ 13,679,400	0.0%	(\$ 13,679,400)	-	0.0%
10/1/2013	-	\$ 11,827,100	0.0%	(\$ 11,827,100)	-	0.0%

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, 2013. The assumptions used in the October 1, 2013 actuarial valuation are as follows:

Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Assumed Rate of Return on Investments	4.00%
Medical Cost Trend Rate	8.00%
Ultimate Medical Cost Trend Rate	8.00-5.00%
Year of Ultimate Trend Rate	2018
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.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 11 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 12 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 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.

Prior to November 1, 2015, the City retained insurance coverage under the following brokers and providers: Municipal Workers Compensation Fund, Inc. (MCWF) for workers' compensation insurance, Alabama Municipal Insurance Corporation (AMIC) for liability insurance, and Insurance Planning Services (IPS) for property insurance.

Effective November 1, 2014, the City of Anniston was granted authorization by the State of Alabama Department of Labor to operate as a self-insurer under the Alabama Workers' Compensation Law and terminated coverage with MCWF on March 15, 2015.

While the City maintains its Property Insurance coverage under IPS, during fiscal year 2014-2015, the City transitioned to General Liability and Workers' Compensation Insurance through Brit Global Specialty ("Brit") as brokered by Marsh, USA. Furthermore, the City engaged CCMSI Inc. to act as our third party administrator (TPA) for all claims against the City. The City transitioned into the Brit policy after receiving notice from AMIC that it would no longer cover claims made against municipal employees in their individual capacities, without regard to whether the acts were committed in the line and scope of their employment. AMIC's policy amendment was prompted by an Alabama Supreme Court ruling holding that the statutory municipal liability caps did not apply to individual capacity claims made against municipal employees. Had the City renewed with AMIC, its employees would have faced the potential of personal, uninsured risk for nonintentional acts committed in the line and scope of their employment. The City's liability policy with Brit covers its employees without regard to whether the claim is characterized as an individual or official capacity claim, which removes the risk the employees would have faced if the City had renewed with AMIC. By combining its liability and workers compensation insurance with Brit, the City was able to provide substantially better coverage for its employees, gain a measure of control over its claims process and risk exposure, realize a financial benefit from enhanced risk management, and reduce its overall insurance costs.

The City carefully considered proposals before deciding on new coverages, including alternative duty-to-defend risk policies, and we are confident that these changes do not increase the exposure of the City to settlements, claims, or carry any other adverse financial effect. The City uses management to seek out and mitigate areas of exposure. The City contracted with Marsh USA as the casualty consultant. Finally, premiums have been reduced and the maximum expected costs are similar under both the old and new insurance coverages. The City simply has more control over their loss reduction and prevention program.

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 13      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.

**Other Contingencies**

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 from \$10,000 up to \$100,000 insurance deductible for claims. No accrual has been included in these financial statements for this matter.

**NOTE 14      ACCOUNTING STANDARDS****Accounting Changes and Accounting Standards**

The GASB issued Statement No. 72, Fair Value Measurement and Application in February 2015. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City is currently evaluating the impact, if any, that this Statement will have on its financial statements.

The GASB issued Statement no. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68 in June 2015. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The City is currently evaluating the impact, if any, that this Statement will have on its financial statements.

The GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans in June 2015. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The City is currently evaluating the impact, if any, that this Statement will have on its financial statements.

The GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in June 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The City is currently evaluating the impact, if any, that this Statement will have on its financial statements.

The GASB issued Statement no. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments in June 2015. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP).

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 14      ACCOUNTING STANDARDS (continued)****Accounting Changes and Accounting Standards**

This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The City is currently evaluating the impact, if any, that this Statement will have on its financial statements.

**NOTE 15      RELATED-PARTY TRANSACTION**

Jay Jenkins, City of Anniston Council Member, is a partner at Munroe + Jenkins Architects, LLC (the "Firm"). Mr. Jenkins was appointed to City Council in 2011 to fill a vacant seat. He won a full term in 2012. The Department of Museum Operations was created in March 2014 by the City of Anniston (the "City"). This department is responsible for operating and maintaining the Anniston Museum of Natural History, the Berman Museum, and the Longleaf Botanical Gardens (the "Gardens").

The Museum first retained the Firm in 2010, prior to Mr. Jenkins appointment to the City Council, to provide master planning services. The Firm also assisted the Museum with subsequent phases by securing mechanical and electrical engineers to design the fire sprinkler system, fire alarm system, and new lighting at no charge. In an effort to save time and money, the Museum approached the Firm in May of 2014 to provide architectural services for bathroom renovations at the Gardens as a continuation of the master planning services. Prior to agreeing to perform the services, the Firm contacted and received approval from the State of Alabama Ethics Commission.

The fee for this project is 8% of the construction contract. Mayor and Council approved the construction contract of \$213,987, making the Firm's fee \$17,119. Council member Jenkins recused himself from the vote. As of September 30, 2015, the total amount of the contract outstanding is \$271.

**NOTE 16      SUBSEQUENT EVENTS**

In preparing the financial statements, management evaluated subsequent events through June 21, 2016, the date the financial statements were available to be issued, and have determined that no subsequent event, except as discussed in the notes above, has occurred that requires additional disclosures in the Notes to the Financial Statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

---

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
<b>Taxes</b>				
Sales and use	20,550,000	20,775,000	20,516,002	(258,998)
General property taxes	4,867,500	4,866,000	4,869,884	3,884
Beverage taxes	146,000	159,000	153,830	(5,170)
Anniston Housing Authority	6,000	4,600	9,564	4,964
Water utility fees	530,000	587,000	626,423	39,423
Cigarette and tobacco	280,000	290,000	295,787	5,787
Gasoline	343,000	540,000	567,889	27,889
Bingo	40,000	35,000	36,972	1,972
Lodging	100,000	95,000	90,881	(4,119)
Rental	440,000	400,000	409,881	9,881
Business	163,000	163,000	202,860	39,860
<b>Total Taxes</b>	<b>27,465,500</b>	<b>27,914,600</b>	<b>27,779,973</b>	<b>(134,627)</b>
<b>Licenses, permits and fees:</b>				
Business licenses	3,300,000	3,960,000	3,989,371	29,371
Other license and penalties	893,300	871,775	903,762	31,987
Total licenses, permits and fees	4,193,300	4,831,775	4,893,133	61,358
<b>Intergovernmental</b>				
Planning grant	30,000	1,000	97,735	96,735
<b>Total Intergovernmental</b>	<b>30,000</b>	<b>1,000</b>	<b>97,735</b>	<b>96,735</b>
<b>Charges for services:</b>				
Garbage fees	790,730	940,730	926,327	(14,403)
Airport revenue	65,000	65,000	62,887	(2,113)
Rental income		22,000	21,867	(133)
Recreation department fees	1,259,500	1,342,768	1,237,574	(105,194)
Public works receipts	38,500	38,500	384,683	346,183
Public safety receipts	10,500	13,500	32,942	19,442
<b>Total Charges for Services</b>	<b>2,164,230</b>	<b>2,422,498</b>	<b>2,666,280</b>	<b>243,782</b>
<b>Fines and forfeitures</b>				
Police court fines and fees	19,500	29,500	24,734	(4,766)
<b>Total Fines and Forfeitures</b>	<b>19,500</b>	<b>29,500</b>	<b>24,734</b>	<b>(4,766)</b>
<b>Other revenue:</b>				
Interest on investments	20,000	1,000	653	(347)
Miscellaneous revenue	427,800	852,245	711,992	(140,253)
<b>Total Other Revenue</b>	<b>447,800</b>	<b>853,245</b>	<b>712,645</b>	<b>(140,600)</b>
<b>TOTAL REVENUES</b>	<b>34,320,330</b>	<b>36,052,618</b>	<b>36,174,500</b>	<b>121,882</b>
<b>EXPENDITURES:</b>				
<b>GENERAL GOVERNMENT</b>				
Finance division	555,566	916,130	944,487	(28,357)
Food service & special		479,006	478,064	942
General division	730,313	794,215	830,316	(36,101)
Human resources			8,166	(8,166)
Information technology			7,333	(7,333)
City attorney			710	(710)
Public information			397	(397)
Economic Development		156,815	202,262	(45,447)
City Council	182,813	182,813	169,503	13,310
Building maintenance	1,355,257	1,337,757	1,349,447	(11,690)
Professional services	200,000	600,000	740,648	(140,648)
Utilities	42,000	75,000	66,462	8,538
Projects	-	55,000		55,000
Workman's compensation insurance	564,000			-
Employer funded healthcare	2,680,000			-
Other insurance	540,000	25,000	15,723	9,277
Civil Service Board	45,000	45,000	49,881	(4,881)
Other boards and agencies	417,500	355,000	347,653	7,347
Miscellaneous	1,161,809	930,385	912,947	17,438
<b>TOTAL GENERAL GOVERNMENT</b>	<b>8,474,258</b>	<b>5,952,121</b>	<b>6,123,999</b>	<b>(171,878)</b>

See accompanying notes to the basic financial statements

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>PUBLIC SAFETY</b>				
Police	6,814,190	7,343,980	7,424,275	(80,295)
City court	322,210	331,510	315,987	15,523
Detention facilities	570,978	537,978	505,370	32,608
Fire	4,944,885	5,259,463	5,270,578	(11,115)
<b>TOTAL PUBLIC SAFETY</b>	<b>12,652,263</b>	<b>13,472,931</b>	<b>13,516,210</b>	<b>(43,279)</b>
<b>PUBLIC WORKS</b>				
General	381,505	376,810	734,224	(357,414)
Cemetery	79,799	81,706	82,482	(776)
Engineering	217,254	213,641	258,770	(45,129)
Garage	162,614	276,035	276,700	(665)
Environmental services	1,186,138	1,171,138	1,121,822	49,316
Street department	2,602,715	2,648,215	2,493,531	154,684
Airport	95,648	113,148	108,466	4,682
Code Enforcement & Inspection	198,912	192,612	173,175	19,437
Planning	270,398	300,398	281,384	19,014
<b>TOTAL PUBLIC WORKS</b>	<b>5,194,983</b>	<b>5,373,703</b>	<b>5,530,554</b>	<b>(156,851)</b>
<b>CULTURE AND RECREATION</b>				
Administration	766,171	787,228	791,261	(4,033)
Parks, facilities, and utilities	2,368,259	2,475,726	2,500,515	(24,789)
PARD programs	108,084	95,584	85,127	10,457
Park maintenance	486,369	501,069	502,793	(1,724)
Community Foundation of Northeast Alabama	200,000	200,000	207,250	(7,250)
Anniston/Calhoun County Library	550,000	550,000	550,000	-
Anniston City Board of Education	1,680,000	1,612,000	1,600,000	12,000
Farley L. Berman Museum			2,311	(2,311)
<b>TOTAL CULTURE AND RECREATION</b>	<b>6,158,883</b>	<b>6,221,607</b>	<b>6,239,257</b>	<b>(17,650)</b>
<b>DEBT SERVICE</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>TOTAL DEBT SERVICE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>32,480,387</b>	<b>31,020,362</b>	<b>31,410,020</b>	<b>(389,658)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,839,943</b>	<b>5,032,256</b>	<b>4,764,480</b>	<b>(267,776)</b>
<b>OTHER FINANCING SOURCES AND (USES):</b>				
Proceeds from sale of capital assets	32,100	26,000	30,602	(4,602)
Capital lease		190,056	202,503	(12,447)
Transfers in	250,000	260,000	260,119	(119)
Transfers out	(2,122,043)	(6,312,723)	(6,924,803)	612,080
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,839,943)</b>	<b>(5,836,667)</b>	<b>(6,431,579)</b>	<b>594,912</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(804,411)</b>	<b>(1,667,099)</b>	<b>(862,688)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>6,169,997</b>	<b>6,169,997</b>	<b>6,169,997</b>	<b>-</b>
<b>FUND BALANCE, END</b>	<b>6,169,997</b>	<b>5,365,586</b>	<b>4,502,898</b>	<b>(862,688)</b>

See accompanying notes to the basic financial statements

**EMPLOYEE RETIREMENT SYSTEM OF ALABAMA  
SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (1)</b>	<b>Actuarial Accrued Liability (AAL) (2)</b>	<b>Funded Ratio (1)/(2) (3)</b>	<b>Over (Under) Funded (UAAL) (2)-(1) (4)</b>	<b>Annual Covered Payroll (5)</b>	<b>UAAL as a Percentage of Covered Payroll (6)</b>
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%
10/1/2011	-	13,679,400	0.00%	(13,679,400)	N/A	0.00%
10/1/2013	-	11,827,100	0.00%	(11,827,100)	14,003,100	84.46%

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

\*\*First year of implementation

**EMPLOYEE RETIREMENT SYSTEM OF ALABAMA  
SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

This schedule will be updated each year until a 10-year history is accumulated. GASB 68 was effective for year ending September 30, 2014; therefore information is not available for year ended September 30, 2013.

<b>Year Ending September 30,</b>	<b>2014</b>
<b>Total pension liability</b>	
Service Cost	\$ 645,593
Interest	2,129,802
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes of assumptions	0
Benefits payments, including refunds of member contributions	(1,782,300)
<b>Net change in total pension liability</b>	<b>993,095</b>
<b>Total pension liability - beginning</b>	<b>27,513,669</b>
<b>Total pension liability – ending (a)</b>	<b>\$ 28,506,764</b>
 <b>Plan fiduciary net position</b>	
Contributions – employer	\$ 541,741
Contributions – employee	564,320
Net investment income	2,377,530
Benefit payments, including refunds of member contributions	(1,782,300)
Transfers among employers	30,637
<b>Net change in plan fiduciary net position</b>	<b>1,731,928</b>
<b>Plan fiduciary net position – beginning</b>	<b>20,137,908</b>
<b>Plan fiduciary net position – ending (b)</b>	<b>21,869,836</b>
 <b>Net pension liability – ending (a) – (b)</b>	<b>\$ 6,636,928</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>76,72%</b>
 <b>Covered employee payroll</b>	<b>\$ 7,231,287</b>
 <b>Net pension liability as a percentage of covered employee payroll</b>	<b>91.78%</b>

**POLICEMEN AND FIREMEN'S RETIREMENT FUND  
SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

This schedule will be updated each year until a 10-year history is accumulated. GASB 68 was effective for year ending September 30, 2015; therefore information is not available for year ended September 30, 2013.

<b>Year Ending September 30,</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>		
Service Cost	\$ 2,864,088	\$ 1,105,270
Interest	4,037,240	5,054,431
Changes of benefit terms	51,201	131,764
Differences between expected and actual experience	769,346	248,886
Changes of assumptions	2,091,185	43,617,061
Benefits payments, including refunds of member contributions	(4,688,577)	(4,428,334)
<b>Net change in total pension liability</b>	<b>5,124,483</b>	<b>45,729,078</b>
<b>Total pension liability - beginning</b>	<b>110,018,362</b>	<b>64,289,284</b>
<b>Total pension liability – ending (a)</b>	<b>\$ 115,142,845</b>	<b>\$ 110,018,362</b>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$3,332,850	\$3,067,464
Contributions - employee	1,063,270	1,122,594
Net investment income	564,957	2,720,956
Benefit payments, including refunds of member contributions	(4,688,577)	(4,428,334)
Administrative Expense	(195,238)	(132,727)
Other	-	-
<b>Net change in plan fiduciary net position</b>	<b>77,262</b>	<b>2,349,953</b>
<b>Plan fiduciary net position - beginning</b>	<b>26,240,466</b>	<b>23,890,513</b>
<b>Plan fiduciary net position – ending (b)</b>	<b>26,317,728</b>	<b>26,240,466</b>
 <b>Net pension liability – ending (a) – (b)</b>	<b>\$ 88,825,117</b>	<b>\$ 83,777,896</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>22.9%</b>	<b>23.9%</b>
 <b>Covered employee payroll</b>	<b>\$ 7,594,786</b>	<b>\$ 8,018,529</b>
 <b>Net pension liability as a percentage of covered employee payroll</b>	<b>1169.6%</b>	<b>1044.8%</b>

**SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY - RETIREMENT SYSTEM OF ALABAMA**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>Year Ended</b>	<b>Proportion of the Net Pension Liability</b>	<b>Proportionate Share of the Net Pension Liability</b>	<b>Actual Covered Employee Payroll</b>	<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>Fiduciary Net Position as a Percentage of Total Pension Liability</b>
9/30/2014*	0.140%	\$ 6,636,928	\$ 7,231,287	91.78%	76.71%

Note: This schedule is intended to show informatio for ten years. Additional years will be displayed as they become available.

\*The date provided in the schedule is as of the measurement date of The Board's net pension liability, which is as of the beginning of the City's fiscal year.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR  
RETIREMENT SYSTEM OF ALABAMA**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30,**

---

	2015
Actuarially determined contribution*	\$ 542,490
Contributions in relation to actuarially determined contribution*	<u>542,490</u>
Contributions deficiency (excess)	<u>\$ -</u>
Covered employee payroll**	\$ 7,258,581
Contributions as a percentage of covered-employee payroll	7.47%

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported.

Contributions for fiscal year 2015 were based on the September 30,2012 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	29 years
Asset valuation method	Five year smoothed market
Inflation	3.0%
Salary Increases	3.75-7.25%, including inflation
Investment rate of return	8.0% net of pension plan investment expense, including inflation

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR  
POLICEMEN'S AND FIREMEN'S RETIREMENT FUND**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30,**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 9,811,904	\$ 9,930,690	\$ 9,738,007	\$ 8,797,577	\$ 8,065,253	\$ 5,883,520	\$ 4,119,320	\$ 1,917,333	\$ 1,236,124	\$ 1,190,772
Contributions in relation to actuarially determined contribution	<u>3,332,850</u>	<u>3,067,464</u>	<u>2,738,006</u>	<u>1,184,715</u>	<u>1,212,363</u>	<u>1,233,630</u>	<u>1,207,937</u>	<u>1,099,448</u>	<u>1,072,762</u>	<u>1,002,805</u>
Contributions deficiency (excess)	<u>\$ 6,479,054</u>	<u>\$ 6,863,226</u>	<u>\$ 7,000,001</u>	<u>\$ 7,612,862</u>	<u>\$ 6,852,890</u>	<u>\$ 4,649,890</u>	<u>\$ 2,911,383</u>	<u>\$ 817,885</u>	<u>\$ 163,362</u>	<u>\$ 187,967</u>
Covered employee payroll	\$ 7,594,786	\$ 8,018,529	\$ 7,729,129	\$ 7,652,450	\$ 7,666,590	\$ 7,823,830	\$ 7,572,280	\$ 6,775,030	\$ 6,645,830	\$ 6,402,000
Actuarially determined contribution as a percentage of covered-employee payroll	129.2%	123.8%	126.0%	115.0%	105.2%	75.2%	54.4%	28.3%	18.6%	18.6%
Actual contributions as a percentage of covered-employee payroll	43.9%	38.3%	35.4%	15.5%	15.8%	15.8%	16.0%	16.2%	16.1%	15.7%

**Notes to Schedule**

The actuarially determined contribution includes the total funding deficiency in each year. Each year's contribution deficiency includes the non-payment of deficiency in prior years.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll assuming 3% annual total payroll increases.
Remaining amortization period	30 years for each new base
Asset valuation method	Market value
Inflation	3.0%
Salary Increases	5.5%, including inflation
Investment rate of return	8.0% net of investment and administrative expenses, including inflation
Retirement age	See "Description of Assumptions and Methods" for the assumed retirement age assumption
Mortality	Mortality is assumed under the RP 2000 Blue Collar Mortality Table (set forward 10 years for disabled members) with mortality improvements assumed using Scale AA projected from 2000 to the valuation year.

**COMBINING FUND STATEMENTS**

---

**COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS**

**CITY OF ANNISTON, ALABAMA**

**SEPTEMBER 30, 2015**

	Nonmajor Debt Service Fund	Nonmajor Special Revenue Funds	Nonmajor Capital Improvement Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	-	2,396,505	-	2,396,505
Investments	-	342,545	-	342,545
Cash bond on hand	-	27,865	-	27,865
Taxes receivable, net of allowance	-	-	-	-
Accounts receivable, net of allowance	-	6,859	-	6,859
Notes receivable, net of allowance	-	997,266	-	997,266
Prepaid items	-	-	-	-
Inventories	-	-	-	-
Due from other funds	-	366,956	2,382	369,338
Due from agency funds	-	-	-	-
Due from other governments	-	183,414	-	183,414
Restricted cash	-	-	-	-
<b>TOTAL ASSETS</b>	<b>-</b>	<b>4,321,410</b>	<b>2,382</b>	<b>4,323,792</b>
<b>LIABILITIES</b>				
Salaries and benefits payable	-	-	-	-
Accounts payable	-	184,650	262	184,912
Accrued liabilities	-	521	-	521
Cash bond liabilities	-	32,630	-	32,630
Due to other funds	-	1,088,953	144,238	1,233,191
Due to agency funds	-	48,132	-	48,132
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>1,354,886</b>	<b>144,500</b>	<b>1,499,386</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Income earned in future periods	-	615,888	-	615,888
Fees collected in advance	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>615,888</b>	<b>-</b>	<b>615,888</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Prepaid items	-	-	-	-
Restricted for:	-	-	-	-
Judicial	-	125,692	-	125,692
Public safety	-	1,144,210	-	1,144,210
Road improvements	-	(78,802)	2,382	(76,420)
Culture and recreation	-	181,133	-	181,133
Housing and development	-	597,702	-	597,702
Capital Outlay	-	115,849	(144,500)	(28,651)
Economic Development	-	264,852	-	264,852
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>-</b>	<b>2,350,636</b>	<b>(142,118)</b>	<b>2,208,518</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>-</b>	<b>4,321,410</b>	<b>2,382</b>	<b>4,323,792</b>

See accompanying notes to the basic financial statements

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Nonmajor Debt Service Fund	Nonmajor Special Revenue Funds	Nonmajor Capital Improvement Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Intergovernmental	-	1,798,969	99	1,799,068
Fines and forfeitures	-	708,331		708,331
Charges for services	-	147,507		147,507
Taxes	-	138,060		138,060
Interest earned	-	4,664	54,363	59,027
Miscellaneous	-	208,668		208,668
<b>TOTAL REVENUES</b>	-	3,006,199	54,462	3,060,661
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	604,917		604,917
Public works	-	173,697	1,855	175,552
Culture and recreation	-	1,807,644		1,807,644
Housing and development	-	642,458		642,458
Capital outlay	-	1,031,956		1,031,956
Economic Development	-	53,149		53,149
Debt Service				
Principal	353,770	-	250,000	603,770
Interest	16,281	-	294,865	311,146
Bond Exchange Cost	-	-	3,050	3,050
Fiscal Agent Fee	-	-	-	-
<b>TOTAL EXPENDITURES</b>	370,051	4,313,821	549,770	5,233,642
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(370,051)	(1,307,622)	(495,308)	(2,172,981)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	-	-
Transfers in	370,051	2,283,112	723,265	3,376,428
Transfers out	-	(1,301,065)	(152,056)	(1,453,121)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	370,051	982,047	571,209	1,923,307
<b>NET CHANGE IN FUND BALANCES</b>	-	(325,575)	75,901	(249,674)
<b>FUND BALANCES (DEFICIT), BEGINNING</b>	-	2,676,211	(218,019)	2,458,192
<b>FUND BALANCES (DEFICIT), END</b>	-	2,350,636	(142,118)	2,208,518

See accompanying notes to the basic financial statements

**COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS**

**CITY OF ANNISTON, ALABAMA**

**SEPTEMBER 30, 2015**

	<u>Department of Museum Operations</u>	<u>Department of Berman Museum of World History</u>	<u>Department of Longleaf Botanical Gardens</u>
<b>ASSETS</b>			
Cash and cash equivalents	362,190		
Investments	75,000		
Cash bond on hand			
Taxes receivable, net of allowance			
Accounts receivable, net of allowance	6,817	42	
Notes receivable, net of allowance			
Prepaid items			
Inventories			
Due from other funds			
Due from agency funds			
Due from other governments	16,292		
Restricted cash			
<b>TOTAL ASSETS</b>	<u>460,299</u>	<u>42</u>	<u>-</u>
<b>LIABILITIES</b>			
Salaries and benefits payable			
Accounts payable	29,521	12,269	4,950
Accrued liabilities			
Cash Bonds liabilities			
Due to other funds	231,940	22,230	2,306
Due to agency funds	-	-	-
<b>TOTAL LIABILITIES</b>	261,461	34,499	7,256
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Income earned in future periods	-	-	-
Fees collected in advance	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	-	-	-
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid items	-	-	-
Restricted for:			
Judicial	-	-	-
Public safety	-	-	-
Road improvements	-	-	-
Culture and recreation	198,838	(34,457)	(7,256)
Housing and development	-	-	-
Capital Outlay			
Economic Development			
Unassigned	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>198,838</u>	<u>(34,457)</u>	<u>(7,256)</u>
<b>TOTAL</b>	<u>460,299</u>	<u>42</u>	<u>(0)</u>

See accompanying notes to the basic financial statements

**COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS (CONTINUED)**

**CITY OF ANNISTON, ALABAMA**

**SEPTEMBER 30, 2015**

	<u>Corrections Fund</u>	<u>Federal Seized Assets Fund</u>	<u>State Seized Assets Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	711,265	21,038	15,700
Investments	267,545		
Cash bond on hand	-		
Taxes receivable, net of allowance	-		
Accounts receivable, net of allowance	-		
Notes receivable, net of allowance	-		
Prepaid items	-		
Inventories	-		
Due from other funds	6,673		
Due from agency funds	-		
Due from other governments	-		
Restricted cash	-		
<b>TOTAL ASSETS</b>	<u>985,483</u>	<u>21,038</u>	<u>15,700</u>
<b>LIABILITIES</b>			
Salaries and benefits payable			
Accounts payable	-		
Accrued liabilities	-		
Cash Bonds liabilities	-		
Due to other funds	-		13,895
Due to agency funds	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	13,895
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Income earned in future periods	-	-	-
Fees collected in advance	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	-	-	-
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid items	-	-	-
Restricted for:			
Judicial	-	-	-
Public safety	985,483	21,038	1,805
Road improvements	-		
Culture and recreation	-		
Housing and development	-		
Capital Outlay	-		
Economic Development	-		
Unassigned	-		
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>985,483</u>	<u>21,038</u>	<u>1,805</u>
<b>TOTAL</b>	<u>985,483</u>	<u>21,038</u>	<u>15,700</u>

See accompanying notes to the basic financial statements

**COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS (CONTINUED)**

**CITY OF ANNISTON, ALABAMA**

**SEPTEMBER 30, 2015**

	<u>Alabama Trust Fund</u>	<u>Public Safety Grant Fund</u>	<u>Bulletproof Vest Grant Fund</u>	<u>Airport Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	77,231			
Investments				
Cash bond on hand				
Taxes receivable, net of allowance				
Accounts receivable, net of allowance				
Notes receivable, net of allowance				
Prepaid items				
Inventories				
Due from other funds	38,618	18,986		
Due from agency funds				
Due from other governments			4,127	104,126
Restricted cash				
<b>TOTAL ASSETS</b>	<u>115,849</u>	<u>18,986</u>	<u>4,127</u>	<u>104,126</u>
<b>LIABILITIES</b>				
Salaries and benefits payable				
Accounts payable			2,012	38,365
Accrued liabilities				
Cash Bonds liabilities				
Due to other funds			5,332	41,753
Due to agency funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	7,344	80,118
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Income earned in future periods	-	-	-	-
Fees collected in advance	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	-	-	-	-
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	-	-	-	-
Restricted for:				
Judicial	-	-	-	-
Public safety	-	18,986	(3,217)	-
Road improvements				
Culture and recreation	-			24,008
Housing and development	-			
Capital Outlay	115,849			
Economic Development				
Unassigned				
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>115,849</u>	<u>18,986</u>	<u>(3,217)</u>	<u>24,008</u>
<b>TOTAL</b>	<u>115,849</u>	<u>18,986</u>	<u>4,127</u>	<u>104,126</u>

See accompanying notes to the basic financial statements

**COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS (CONTINUED)**

**CITY OF ANNISTON, ALABAMA**

**SEPTEMBER 30, 2015**

	Gasoline Fund	Seven Cent Gas Fund	Anniston Industrial Development Authority	Anniston Downtown Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	7,388	43,969	14,876	249,976
Investments				-
Cash bond on hand				-
Taxes receivable, net of allowance				-
Accounts receivable, net of allowance				-
Notes receivable, net of allowance				-
Prepaid items				-
Inventories				-
Due from other funds				-
Due from agency funds			-	-
Due from other governments	6,067	7,738	-	-
Restricted cash				-
<b>TOTAL ASSETS</b>	<b>13,455</b>	<b>51,707</b>	<b>14,876</b>	<b>249,976</b>
<b>LIABILITIES</b>				
Salaries and benefits payable				-
Accounts payable				-
Accrued liabilities				-
Cash Bonds liabilities				-
Due to other funds	143,964			-
Due to agency funds				-
<b>TOTAL LIABILITIES</b>	<b>143,964</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Income earned in future periods	-	-	-	-
Fees collected in advance	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	-	-	-	-
Restricted for:				
Judicial	-	-		-
Public safety	-	-		-
Road improvements	(130,509)	51,707		-
Culture and recreation	-	-		-
Housing and development	-	-		-
Capital Outlay				
Economic Development			14,876	249,976
Unassigned	-	-		-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>(130,509)</b>	<b>51,707</b>	<b>14,876</b>	<b>249,976</b>
<b>TOTAL</b>	<b>13,455</b>	<b>51,707</b>	<b>14,876</b>	<b>249,976</b>

See accompanying notes to the basic financial statements

**COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS (CONTINUED)**

**CITY OF ANNISTON, ALABAMA**

**SEPTEMBER 30, 2015**

	<b>JAG 2012 Grant Fund</b>	<b>JAG 2013 Grant Fund</b>	<b>JAG 2014 Grant Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	-	100	12,690
Investments	-	-	-
Cash bond on hand	-	-	-
Taxes receivable, net of allowance	-	-	-
Accounts receivable, net of allowance	-	-	-
Notes receivable, net of allowance	-	-	-
Prepaid items	-	-	-
Inventories	-	-	-
Due from other funds	-	-	-
Due from agency funds	-	-	-
Due from other governments	-	-	-
Restricted cash	-	-	-
<b>TOTAL ASSETS</b>	<b>-</b>	<b>100</b>	<b>12,690</b>
<b>LIABILITIES</b>			
Salaries and benefits payable	-	-	-
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Cash Bonds liabilities	-	-	-
Due to other funds	-	2,543	12,668
Due to agency funds	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>2,543</b>	<b>12,668</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Income earned in future periods	-	-	-
Fees collected in advance	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Prepaid items	-	-	-
Restricted for:	-	-	-
Judicial	-	-	-
Public safety	-	(2,443)	22
Road improvements	-	-	-
Culture and recreation	-	-	-
Housing and development	-	-	-
Capital Outlay	-	-	-
Economic Development	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>-</b>	<b>(2,443)</b>	<b>22</b>
<b>TOTAL</b>	<b>-</b>	<b>100</b>	<b>12,690</b>

See accompanying notes to the basic financial statements

**COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS (CONTINUED)**

**CITY OF ANNISTON, ALABAMA**

**SEPTEMBER 30, 2015**

	Victoria City Fund	City Court Fund	Cemetery Fund	Special Drug Task Force Fund
<b>ASSETS</b>				
Cash and cash equivalents	-	217,767	-	-
Investments	-	-	-	-
Cash bond on hand	-	27,865	-	-
Taxes receivable, net of allowance	-	-	-	-
Accounts receivable, net of allowance	-	-	-	-
Notes receivable, net of allowance	-	-	-	-
Prepaid items	-	-	-	-
Inventories	-	-	-	-
Due from other funds	-	-	-	239,037
Due from agency funds	-	-	-	-
Due from other governments	-	-	-	20,095
Restricted cash	-	-	-	-
<b>TOTAL ASSETS</b>	<b>-</b>	<b>245,632</b>	<b>-</b>	<b>259,132</b>
<b>LIABILITIES</b>				
Salaries and benefits payable	-	-	-	-
Accounts payable	-	-	-	43,336
Accrued liabilities	-	-	-	-
Cash Bonds liabilities	-	32,630	-	-
Due to other funds	-	39,178	-	334,107
Due to agency funds	-	48,132	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>119,940</b>	<b>-</b>	<b>377,443</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Income earned in future periods	-	-	-	-
Fees collected in advance	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Prepaid items	-	-	-	-
Restricted for:	-	-	-	-
Judicial	-	125,692	-	-
Public safety	-	-	-	(118,311)
Road improvements	-	-	-	-
Culture and recreation	-	-	-	-
Housing and development	-	-	-	-
Capital Outlay	-	-	-	-
Economic Development	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>-</b>	<b>125,692</b>	<b>-</b>	<b>(118,311)</b>
<b>TOTAL</b>	<b>-</b>	<b>245,632</b>	<b>-</b>	<b>259,132</b>

See accompanying notes to the basic financial statements

**COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS (CONTINUED)**

**CITY OF ANNISTON, ALABAMA**

**SEPTEMBER 30, 2015**

	<b>Drug Task Force Office Fund</b>	<b>CDBG Fund</b>	<b>UDAG Revolving Loan Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	648,091	375	13,849	2,396,505
Investments				342,545
Cash bond on hand				27,865
Taxes receivable, net of allowance				-
Accounts receivable, net of allowance				6,859
Notes receivable, net of allowance		447,681	549,585	997,266
Prepaid items				-
Inventories				-
Due from other funds		63,642		366,956
Due from agency funds	-		-	-
Due from other governments	-	24,969	-	183,414
Restricted cash				-
<b>TOTAL ASSETS</b>	<b>648,091</b>	<b>536,667</b>	<b>563,434</b>	<b>4,321,410</b>
<b>LIABILITIES</b>				
Salaries and benefits payable				184,650
Accounts payable	-	53,855	342	184,650
Accrued liabilities	-	521		521
Cash Bonds liabilities				32,630
Due to other funds	239,037		-	1,088,953
Due to agency funds	-			48,132
<b>TOTAL LIABILITIES</b>	<b>239,037</b>	<b>54,376</b>	<b>342</b>	<b>1,354,886</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Income earned in future periods	168,207	447,681	-	615,888
Fees collected in advance	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>168,207</b>	<b>447,681</b>	<b>-</b>	<b>615,888</b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	-		-	-
Restricted for:				
Judicial	-			125,692
Public safety	240,847			1,144,210
Road improvements	-			(78,802)
Culture and recreation	-			181,133
Housing and development	-	34,610	563,092	597,702
Capital Outlay				115,849
Economic Development				264,852
Unassigned	-	-		-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>240,847</b>	<b>34,610</b>	<b>563,092</b>	<b>2,350,636</b>
<b>TOTAL</b>	<b>648,091</b>	<b>536,667</b>	<b>563,434</b>	<b>4,321,410</b>

See accompanying notes to the basic financial statements

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Department of Museum Operations</u>	<u>Department of Berman Museum of World History</u>	<u>Department of Longleaf Botanical Gardens</u>
<b>REVENUES</b>			
Intergovernmental	59,300	14,700	
Fines and forfeitures			
Charges for services	125,507	21,610	390
Taxes			
Interest earned	231		
Miscellaneous	98,285	13,402	
<b>TOTAL REVENUES</b>	<b>283,323</b>	<b>49,712</b>	<b>390</b>
<b>EXPENDITURES</b>			
General government			
Judicial			
Public safety			
Public works			
Culture and recreation	1,172,805	216,257	116,960
Housing and development			
Capital outlay	122,881	-	249,939
Economic Development			
Debt Service			
Principal			
Interest			
Bond Exchange Cost			
Fiscal Agent Fee			
<b>TOTAL EXPENDITURES</b>	<b>1,295,686</b>	<b>216,257</b>	<b>366,899</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,012,363)</b>	<b>(166,545)</b>	<b>(366,509)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of assets	-	-	-
Transfers in	699,988	132,088	359,253
Transfers out	(280,000)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>419,988</b>	<b>132,088</b>	<b>359,253</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(592,375)</b>	<b>(34,457)</b>	<b>(7,256)</b>
<b>FUND BALANCES (DEFICIT), BEGINNING</b>	<b>791,213</b>		
<b>FUND BALANCES (DEFICIT), END</b>	<b>198,838</b>	<b>(34,457)</b>	<b>(7,256)</b>

See accompanying notes to the basic financial statements

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS (CONTINUED)**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Corrections Fund	Federal Seized Assets Fund	State Seized Assets Fund
<b>REVENUES</b>			
Intergovernmental			1,955
Fines and forfeitures	299,426		
Charges for services			
Taxes		-	-
Interest earned	695	-	-
Miscellaneous		-	-
<b>TOTAL REVENUES</b>	300,121	-	1,955
<b>EXPENDITURES</b>			
General government			
Judicial			
Public safety			
Public works			
Culture and recreation			
Housing and development			
Capital outlay			
Economic Development			
Debt Service			
Principal			
Interest			
Bond Exchange Cost			
Fiscal Agent Fee			
<b>TOTAL EXPENDITURES</b>	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	300,121	-	1,955
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of assets		-	-
Transfers in		-	-
Transfers out	(606,526)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(606,526)	-	-
<b>NET CHANGE IN FUND BALANCES</b>	(306,405)	-	1,955
<b>FUND BALANCES (DEFICIT), BEGINNING</b>	1,291,888	21,038	(150)
<b>FUND BALANCES (DEFICIT), END</b>	985,483	21,038	1,805

See accompanying notes to the basic financial statements

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS (CONTINUED)**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Alabama Trust Fund	Public Safety Grant Fund	Bulletproof Vest Grant Fund	Airport Fund
<b>REVENUES</b>				
Intergovernmental	197,740	8,750	1,509	275,397
Fines and forfeitures				
Charges for services				
Taxes		-	-	-
Interest earned		-	-	-
Miscellaneous		-	-	-
<b>TOTAL REVENUES</b>	<b>197,740</b>	<b>8,750</b>	<b>1,509</b>	<b>275,397</b>
<b>EXPENDITURES</b>				
General government				
Judicial				
Public safety			5,029	
Public works	137,138			
Culture and recreation				293,191
Housing and development				
Capital outlay	148,766			
Economic Development				
Debt Service				
Principal				
Interest				
Bond Exchange Cost				
Fiscal Agent Fee				
<b>TOTAL EXPENDITURES</b>	<b>285,904</b>	<b>-</b>	<b>5,029</b>	<b>293,191</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(88,164)</b>	<b>8,750</b>	<b>(3,520)</b>	<b>(17,794)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	-	-
Transfers in	-	37,343	1,509	14,495
Transfers out	(50,000)		-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(50,000)</b>	<b>37,343</b>	<b>1,509</b>	<b>14,495</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(138,164)</b>	<b>46,093</b>	<b>(2,011)</b>	<b>(3,299)</b>
<b>FUND BALANCES (DEFICIT), BEGINNING</b>	<b>254,013</b>	<b>(27,107)</b>	<b>(1,206)</b>	<b>27,307</b>
<b>FUND BALANCES (DEFICIT), END</b>	<b>115,849</b>	<b>18,986</b>	<b>(3,217)</b>	<b>24,008</b>

See accompanying notes to the basic financial statements

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS (CONTINUED)**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Gasoline Fund	Seven Cent Gas Fund	Anniston Industrial Development Authority	Anniston Downtown Development Authority
<b>REVENUES</b>				
Intergovernmental				
Fines and forfeitures				
Charges for services				
Taxes	65,267	72,793		
Interest earned				1
Miscellaneous		10,979		
<b>TOTAL REVENUES</b>	<b>65,267</b>	<b>83,772</b>	<b>-</b>	<b>1</b>
<b>EXPENDITURES</b>				
General government			-	
Judicial			-	
Public safety			-	
Public works	36,559		-	
Culture and recreation			-	
Housing and development			-	
Capital outlay	-		-	
Economic Development			53,124	25
Debt Service				
Principal				
Interest				
Bond Exchange Cost				
Fiscal Agent Fee				
<b>TOTAL EXPENDITURES</b>	<b>36,559</b>	<b>-</b>	<b>53,124</b>	<b>25</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>28,708</b>	<b>83,772</b>	<b>(53,124)</b>	<b>(24)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	-	
Transfers in			68,000	250,000
Transfers out	(80,000)	(80,120)	-	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(80,000)</b>	<b>(80,120)</b>	<b>68,000</b>	<b>250,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(51,292)</b>	<b>3,652</b>	<b>14,876</b>	<b>249,976</b>
<b>FUND BALANCES (DEFICIT), BEGINNING</b>	<b>(79,217)</b>	<b>48,055</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICIT), END</b>	<b>(130,509)</b>	<b>51,707</b>	<b>14,876</b>	<b>249,976</b>

See accompanying notes to the basic financial statements

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS (CONTINUED)**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	JAG 2012 Grant Fund	JAG 2013 Grant Fund	JAG 2014 Grant Fund
<b>REVENUES</b>			
Intergovernmental		4,138	41,590
Fines and forfeitures			-
Charges for services			-
Taxes			-
Interest earned			-
Miscellaneous			-
<b>TOTAL REVENUES</b>	-	4,138	41,590
<b>EXPENDITURES</b>			
General government	-	-	-
Judicial	-	-	-
Public safety	-	4,138	41,568
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	-	-	-
Capital outlay	-	-	-
Economic Development			
Debt Service			
Principal			
Interest			
Bond Exchange Cost			
Fiscal Agent Fee			
<b>TOTAL EXPENDITURES</b>	-	4,138	41,568
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	22
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of assets	-	-	-
Transfers in	1,538	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	1,538	-	-
<b>NET CHANGE IN FUND BALANCES</b>	1,538	-	22
<b>FUND BALANCES (DEFICIT), BEGINNING</b>	(1,538)	(2,443)	-
<b>FUND BALANCES (DEFICIT), END</b>	-	(2,443)	22

See accompanying notes to the basic financial statements

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS (CONTINUED)**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Victoria City Fund	City Court Fund	Cemetery Fund	Special Drug Task Force Fund
<b>REVENUES</b>				
Intergovernmental				90,329
Fines and forfeitures		61,981		
Charges for services	-	-		-
Taxes	-	-		
Interest earned	-	-		
Miscellaneous				85,000
<b>TOTAL REVENUES</b>	-	61,981	-	175,329
<b>EXPENDITURES</b>				
General government	-	-		
Judicial				
Public safety				461,665
Public works				
Culture and recreation	8,431			
Housing and development				
Capital outlay		17,922		
Economic Development				
Debt Service				
Principal				
Interest				
Bond Exchange Cost				
Fiscal Agent Fee				
<b>TOTAL EXPENDITURES</b>	8,431	17,922	-	461,665
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(8,431)	44,059	-	(286,336)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	-	-
Transfers in	8,431	-	432,050	278,417
Transfers out	-	(50,000)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	8,431	(50,000)	432,050	278,417
<b>NET CHANGE IN FUND BALANCES</b>	-	(5,941)	432,050	(7,919)
<b>FUND BALANCES (DEFICIT), BEGINNING</b>	-	131,633	(432,050)	(110,392)
<b>FUND BALANCES (DEFICIT), END</b>	-	125,692	-	(118,311)

See accompanying notes to the basic financial statements

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS (CONTINUED)**

**CITY OF ANNISTON, ALABAMA**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Drug Task Force Office Fund	CDBG Fund	UDAG Revolving Loan Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>				
Intergovernmental		1,103,561		1,798,969
Fines and forfeitures	346,924			708,331
Charges for services				147,507
Taxes				138,060
Interest earned	6	2,795	936	4,664
Miscellaneous		1,002		208,668
<b>TOTAL REVENUES</b>	<b>346,930</b>	<b>1,107,358</b>	<b>936</b>	<b>3,006,199</b>
<b>EXPENDITURES</b>				
General government			-	-
Judicial			-	-
Public safety	92,517			604,917
Public works				173,697
Culture and recreation				1,807,644
Housing and development		642,458		642,458
Capital outlay	-	492,448	-	1,031,956
Economic Development				53,149
Debt Service				-
Principal				-
Interest				-
Bond Exchange Cost				-
Fiscal Agent Fee				-
<b>TOTAL EXPENDITURES</b>	<b>92,517</b>	<b>1,134,906</b>	<b>-</b>	<b>4,313,821</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>254,413</b>	<b>(27,548)</b>	<b>936</b>	<b>(1,307,622)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-		-	-
Transfers in			-	2,283,112
Transfers out	(154,419)		-	(1,301,065)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(154,419)</b>	<b>-</b>	<b>-</b>	<b>982,047</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>99,994</b>	<b>(27,548)</b>	<b>936</b>	<b>(325,575)</b>
<b>FUND BALANCES (DEFICIT), BEGINNING</b>	<b>140,853</b>	<b>62,158</b>	<b>562,156</b>	<b>2,676,211</b>
<b>FUND BALANCES (DEFICIT), END</b>	<b>240,847</b>	<b>34,610</b>	<b>563,092</b>	<b>2,350,636</b>

See accompanying notes to the basic financial statements

**COMPLIANCE SECTION**

---



## Kemp & Associates, CPA PC

---

Certified Public Accountants  
303 East 11th Street • P. O. Box 2309  
Anniston, Alabama 36202  
(256) 237-5102 • FAX (256) 237-8185

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Anniston, Alabama as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City of Anniston, Alabama's basic financial statements, and have issued our report thereon dated June 21, 2016. Our report includes a reference to other auditors who audited the financial statements of Anniston City Board of Education, the Public Library of Anniston-Calhoun County, and the Anniston Museum Endowment Corporation, Inc., as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

#### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given our limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

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

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

A handwritten signature in cursive script that reads "Kemp & Associates, CPAs PC".

Kemp & Associates, CPAs PC  
Anniston, Alabama  
June 21, 2016



## Kemp & Associates, CPA PC

---

Certified Public Accountants  
303 East 11th Street • P. O. Box 2309  
Anniston, Alabama 36202  
(256) 237-5102 • FAX (256) 237-8185

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

#### **Report on Compliance for Each Major Federal Program**

We have audited the City of Anniston, Alabama's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Anniston, Alabama's major federal programs for the year ended September 30, 2015. The City of Anniston, Alabama's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Anniston City Board of Education, which received \$4,349,423, in federal awards, which is not included in the schedule during the year ended September 30, 2015. Our audit, described below, did not include the operations of the Anniston City Board of Education because it was required to have a separate audit in accordance with OMB Circular A-133.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance of the City of Anniston, Alabama's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about City of Anniston, Alabama's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of City of Anniston, Alabama's compliance.

#### **Opinion on Each Major Program**

In our opinion, the City of Anniston, Alabama complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended September 30, 2015.

## Report on Internal Control Over Compliance

Management of the City of Anniston, Alabama, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Anniston, Alabama's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purposes of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Anniston, Alabama's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suited for any other purpose.



Kemp & Associates, CPAs PC  
Anniston, Alabama  
June 21, 2016

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Federal Grantor/Pass-Through Program Title	CFDA Number	Pass-through Entity Identification Number	Expenditures
<b>U.S. Department of Transportation</b>			
Passed through the Alabama Department of Transportation			
Airport Grant	20.106		\$278,531
Total U.S. Department of Transportation			<u>278,531</u>
<b>U.S. Department of Justice</b>			
Direct Award			
Justice Assistance Grant	16.738		45,706
Bulletproof Vest Partnership Program	16.607		2,514
Subtotal Direct Awards			<u>48,220</u>
Passed through the Alabama Department of Economic and Community Affairs			
Justice Assistance Grant	16.738	14DJ 01 006	90,330
Subtotal Alabama Department of Economic and Community Affairs			<u>90,330</u>
Total U.S. Department of Justice			<u>138,550</u>
<b>U.S. Department of Housing and Urban Development</b>			
Direct Award			
Community Development Block Grants – Recovery Act	14.218		1,134,906
HOME Investment Partnership Grant Program	14.239		236,033
Total U.S. Department of Housing and Urban Development			<u>1,370,939</u>
<b>U.S. Department of Defense</b>			
Direct Award			
Surplus from the Defense Reutilization and Marketing Service	12.unknown		25,000
Total U.S. Department of Defense			<u>25,000</u>
<b>U.S. Department of Interior</b>			
Passed through the Alabama Historical Commission			
Historical Preservation Fund	15.904		1,875
Total U.S. Department of Interior			<u>1,875</u>
<b>Appalachian Regional Commission</b>			
Direct Award			
Research, Technical Assistance, and Demonstration Project	23.011		18,000
Total Appalachian Regional Commission			<u>18,000</u>
<b>U.S. Department of Agriculture</b>			
Direct Award			
Farmer's Market and Local Food Promotion Program	10.168		38,482
Total U.S. Department of Agriculture			<u>38,482</u>
<b>U.S. Department of Homeland Security</b>			
Direct Award			
Reimbursement from Marshall Service	97.unknown		41,902
Total U.S. Department of Homeland Security			<u>41,902</u>
Total Expenditures of Federal Awards			<u><u>\$1,913,279</u></u>

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Anniston, Alabama (the "City") under programs of the federal government for the year ended September 30, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniformed Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 SUBRECIPIENTS**

During the fiscal year ended September 30, 2015, disbursements were made to subrecipients of the following grant program:

<b>Program</b>	<b>CFDA Number</b>	<b>Expenditures</b>
Community Development Block Grant Cluster – Recovery Act	14.218	<u>\$ 273,527</u>

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued Unqualified

Internal control over financial reporting:  
 Material weaknesses identified? \_\_\_\_\_ yes   X   no

Significant deficiencies identified not considered  
 to be material weaknesses? \_\_\_\_\_ yes   X   no

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

**Federal Awards**

Internal Control over major programs: Material  
 weaknesses identified? \_\_\_\_\_ yes   X   no

Significant deficiencies identified not considered  
 to be material weaknesses? \_\_\_\_\_ yes   X   no

Type of auditor's report issued on compliance for  
 major programs Unqualified

Any audit findings disclosed that are required to be reported  
 in accordance with OMB Circular A-133, Section 510(a) \_\_\_\_\_ yes   X   no

**Identification of major programs:**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant

Dollar threshold used to distinguish between  
 Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes   X   no

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**2015 - SECTION II- FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None

**2015 - SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COST**

None

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

---

**2014 - SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COST**

None