The City of Montgomery, Alabama

Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 2009

CITY OF MONTGOMERY, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

Prepared by: Department of Finance
E. Lloyd Faulkner, Director of Finance

CITY OF MONTGOMERY, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2009

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City of Montgomery, Alabama

Lloyd Faulkner
Finance Director

Todd Strange
Mayor

Montgomery City Council Members
Charles W. Jinright - President
Tracy Larkin - Pro tem
David Burkette
Cornelius Calhoun
Willie Cook
Glen Pruitt, Jr.
Martha Roby
Charles Smith
Jim Spear

To the Citizens of
The City of Montgomery
Montgomery, Alabama

Local government is required by law to publish within six (6) months of the close of each fiscal year audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2009. We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Montgomery, Alabama (the City) for the fiscal year ended September 30, 2009. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City.

Management assumes full responsibility for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that all financial information has been recorded accurately.

Governmental accounting and auditing principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

P. O. Box 1111 ♦ Montgomery, Alabama 36101-1111 ♦ Phone (334) 241-2025 ♦ Fax (334) 241-4422

GOVERNMENT PROFILE

The City of Montgomery is the capital city of the State of Alabama, incorporated on December 3, 1819, and located in the south central section of the state. It serves a population of approximately 201,500. The City adopted a new vision in 2009 to sustain a safe, vibrant and growing Montgomery in its entirety that all citizens can be proud to call "home." The City of Montgomery operates under a Mayor/Council form of government with a fiscal year from October 1st through September 30th. The Mayor and all nine (9) Council members are each elected to four (4) year terms. City services include police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events.

The City of Montgomery is empowered to levy a property tax on both real and personal property located within its boundaries. However, a referendum must be presented to the citizenry for a vote. The City is also empowered by state statute and voluntarily petition to extend its corporate limits by annexation, which has been done from time to time.

Formal budgetary integration is employed as a management control device. On a day to be set by the Council, but no later than August 20th of each year, the Mayor shall submit to the Council a balanced budget for the next fiscal year. The Council shall schedule public hearings for the purpose of discussing and adopting the budget and may add to or delete from the budget submitted by the Mayor as long as the budget remains in balance. The Council, by a majority vote, shall adopt the budget no later than September 20th. Activities of the General Fund, State Gasoline Tax Fund, and Alabama Trust Fund are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Project Funds. The level of budgetary control (the level at which expenditures cannot legally exceed appropriated funding) is established by function within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations lapse at the end of the fiscal year unless expended or encumbered.

In order to prepare a financial report, it is necessary to identify all components of the reporting entity. Potential component units were evaluated to determine whether they should be reported in the City's financial report. A component unit was considered to be part of the City's reporting entity when it was concluded that the City was financially accountable for the entity or the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City's financial statements to be misleading or incomplete. The Montgomery City-County Public Library was determined to be the only reportable component unit and has been included in this report.

ECONOMIC CONDITION AND OUTLOOK

The City of Montgomery continues to lead the state in the creation of new manufacturing jobs, and ranks second in overall percentage increase of all net new jobs. Although the national economy continued to decline, the economic future for the City of Montgomery continues to be stable. As the decline in the economy continued in 2009, the unemployment rate nearly doubled in the City of Montgomery pushing it higher than the national average. However, with a local economy buffered by the presence of state and federal governments, including two military bases, the unemployment rate for Montgomery was less than that of the state average in 2009.

The face of Downtown Montgomery continues to change. As a result of new construction and a variety of revitalization efforts undertaken during the past decade, the occupancy rate for the central business district has increased, with no significant decline anticipated in the foreseeable future. The Convention Center was fully operational in 2009 and boasted revenue by bringing in major performances and events to the City. The construction of a bridge connecting the Intermodal Facility to a tower on the Riverfront is still in progress and is expected to be completed in 2010. The Coosa Street and Dexter Avenue municipal parking facilities were completed and fully operational for business in 2009. Although Grocer's Alley was still under construction in 2009, it has already begun to boast retail growth in Downtown Montgomery since the opening of its first restaurants.

The City's Amphitheater and Baseball Stadium are located at the Riverfront. The Amphitheater is a venue that hosts many artists who entertain the citizenry of Montgomery and surrounding areas. The City's Baseball Stadium is home to a minor league baseball team which has completed several successful seasons in Montgomery. The minor league team has won two Southern League Championships.

The City's economic development continued to expand in 2009 as detailed below:

(1) Montgomery is home to the Harriott II, a riverboat, which travels the Alabama River taking citizens and visitors on tours. This venue is expected to enhance revenue for the City.
(2) Construction of Gateway Park was completed in 2009. This venue has enhanced the West Montgomery Corridor by providing a nine (9) hole executive golf course, a lake for skiing and fishing, walking trails, baseball fields, playground areas, a gift shop and restaurant and lodge utilized for special events.
(3) Construction began in 2009 on the Bell Street Widening project. This infrastructure project will provide better access to Maxwell Air Force Base and allow a safer thoroughfare for traffic.
(4) Plans are still underway to extend the Riverwalk to Powder Magazine Park. This expansion is expected to increase private investment and development along the Riverfront.
(5) Infrastructure changes are ongoing in the City due to the widening of some major streets in order to ease traffic congestion and allow easier access to various secondary streets for a growing population.
(6) The median family income in Montgomery remained stable in 2009.

Montgomery continues to attract new businesses by emphasizing its strategic location and attractive facilities. The high technology growth associated with the United States Air Force Computer Complex is expected to remain stable in the federal employment sector.

RELEVANT FINANCIAL POLICIES

The City of Montgomery purchased a six (6) story office building to provide service to its citizens to set up a "one stop shop" for paying sales tax and purchasing business licenses and permits. The building will provide office space for those City employees who have direct contact with the public.

The City has entered into a joint agreement with Montgomery County to accept the maintenance and responsibility of roads and streets located within an area commonly referred as "No Man's Land." The City will provide police and fire protection, street lighting and street maintenance, and sanitation service for this area. As a result of the agreement, additional ad valorem tax revenue will be collected by the City.

The City has entered into a partnership with Montgomery County to open two (2) primary healthcare clinics for City employees and their dependents. Services provided by these clinics include all services that would be rendered by a family practice physician. The City hired CareHere, LLC to manage all aspects of operations for these clinics.

GOALS AND OBJECTIVES

The City will continue its fiscally sound management policies while providing its citizens excellent services, enhancing the quality of life in Montgomery, and maximizing the use of taxpayer dollars. Major industries located within the City's boundaries or in close proximity include Tier I and II suppliers for the automotive industry, office and medical suppliers, as well as several financial institutions and insurance companies. Continuing economic growth led by the automotive industry and its suppliers, Maxwell-Gunter, and Riverfront/Downtown Redevelopment is a top priority to ensure the fiscal health of the City. Working with the City's partners, whether they are public, private or governmental, the City will continue to strive to make Montgomery and the region one of the best communities in the nation.

ADDITIONAL INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants. The accounting firm of Wilson, Price, Barranco, Blankenship & Billingsley, P.C. was selected to conduct the 2009 audit. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act of 1996 and related OMB Circular A-133. The auditors' report on the basic financial statements is included in the front of the financial section of this report. The auditors' reports related specifically to the single audit are included in a separate report.

Awards - The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Montgomery for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2008. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the City's 2009 CAFR continues to meet the Certificate of Achievement Program's requirements, and it is being submitted to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the professional dedication and knowledge of our independent auditors, Wilson, Price, Barranco, Blankenship & Billingsley, P.C. The independent auditors have issued an unqualified or "clean" opinion on the City of Montgomery's financial statements for the year ended September 30, 2009.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. A special thank you goes to the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and accountable manner.

Respectfully submitted,

Todd Strange
Mayor

Lloyd Faulkner
Director of Finance

March 26, 2010

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Montgomery Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

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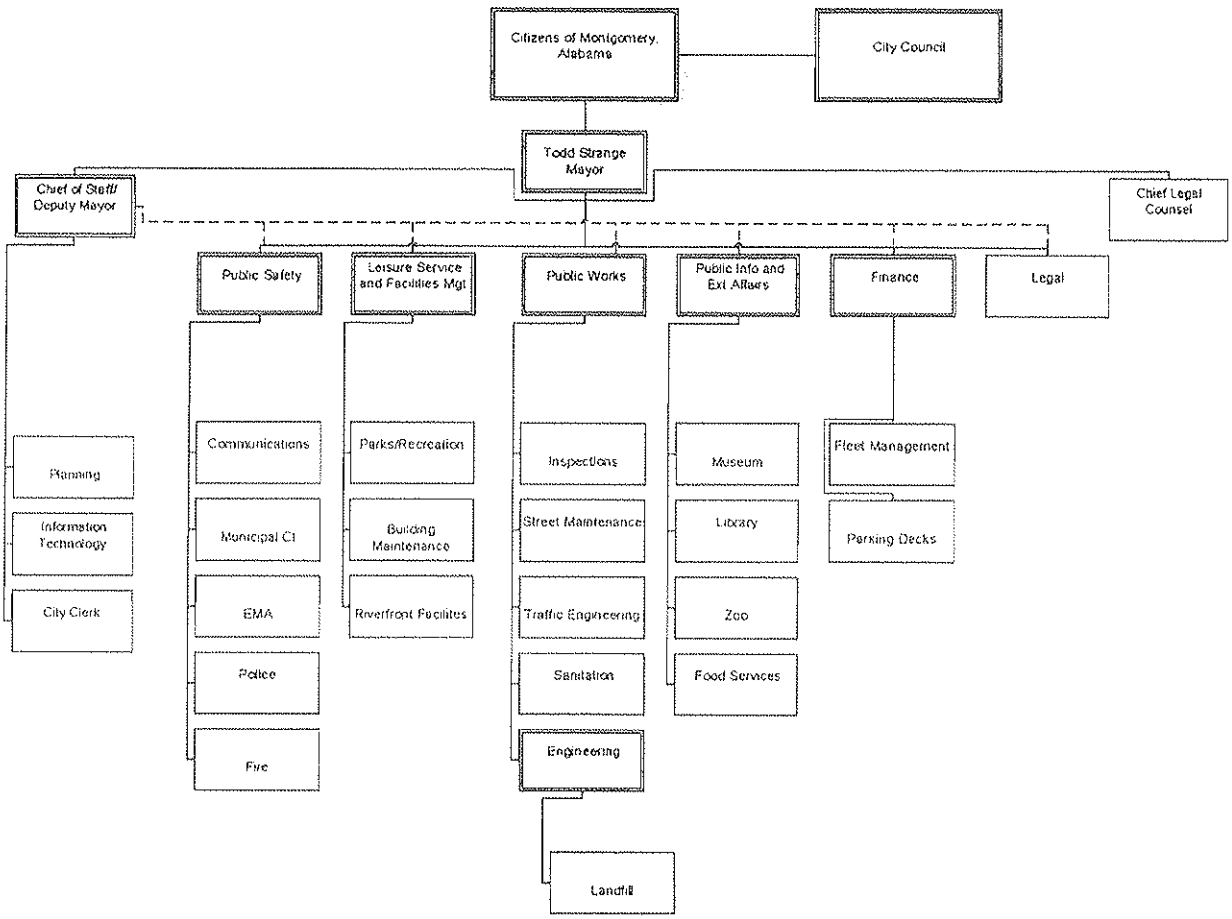
CITY OF MONTGOMERY, ALABAMA
ORGANIZATIONAL CHART



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CITY OF MONTGOMERY, ALABAMA
ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2009

Elected Officials

Mayor	Todd Strange
Council Members	
District 9	Charles W. Jinright, President
District 3	Tracy Larkin, President Pro Tem
District 1	Jim Spear
District 2	Charles W. Smith
District 4	David Burkette
District 5	Cornelius Calhoun
District 6	Willie Cook
District 7	Martha Roby
District 8	Glen O. Pruitt, Jr.

Appointed Officials

Building Maintenance	Doug Jones
Chief Legal Counsel	Walter R. Byars, Jr.
Chief of Staff / Deputy Mayor	Jeffrey Downes
City Attorney	Kim Fehl
City Clerk	Brenda Gale Blalock
Communications	Larry Fisher
Director of Public Information & External Affairs	Michael Briddell
Director of Public Works	Christopher W. Conway
Emergency Management	Steve Jones
Engineering	Patrick Dunson
Finance	E. Lloyd Faulkner, Director
	Betty P. Beville, Deputy Director
Fire	Chief Miford Jordan
Fleet Management	Terry H. Gaddis
Food Services	James H. Lisenby
Information Technology	Don McCanless
Inspections	Dorian D. Brunson
Landfill	Noah Johnson
Leisure Services	Wiley Steen
Library	Jaunita M. Owes
Maintenance	Gail J. Gipson
Montgomery Zoo	Doug Goode
Municipal Court	Judge Les Hayes
	Ken Nixon, Court Administrator
Museum	Mark M. Johnson
Parking Decks	Bryan Dunn
Parks and Recreation	Scott Miller
Planning and Development	Kenneth Groves
Police	Chief Arthur Baylor
Riverfront Facilities	Branch D. Kloess
Sanitation	Daniel R. Dickey
Traffic Engineering	Locke D. Bowden

The elected and appointed officials were those in office at September 30, 2009.

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FINANCIAL SECTION

- INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- REQUIRED SUPPLEMENTAL INFORMATION
- COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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Member
American Institute
of Certified Public
Accountants

WilsonPriceBarrancoBlankenship&BillingsleyP.C.
Certified Public Accountants & Consultants

Member
Alabama Society
of Certified Public
Accountants

Independent Auditors' Report

Honorable Mayor and Members of
The City Council
City of Montgomery, Alabama

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Alabama (the City) as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Montgomery City-County Public Library, the discretely presented component unit of the City. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Montgomery City-County Public Library, are based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Pension Trust Fund and the Montgomery City-County Public Library were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedule of funding progress of the Employees' Retirement System and the Employees' Health Insurance Plan are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Nelson, Price, Barrows, Blankenship & Billingsley, P.C.

Montgomery, Alabama
March 26, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's Management Discussion and Analysis (MD&A) is a narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2009. It is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, and identify individual fund issues or concerns.

Readers are encouraged to read the MD&A in conjunction with additional information furnished in the letter of transmittal and the City's financial statements included in this report.

The intent of this MD&A is to provide a brief, objective, and easily readable analysis of the City's financial performance for the year and its financial position at fiscal year end September 30, 2009.

Financial Highlights

The City of Montgomery's assets exceeded its liabilities at September 30, 2009, by $136,855,636 (net assets). However, $286,003,653 was either restricted or invested in capital assets leaving a deficit unrestricted balance of $149,148,017.

At September 30, 2009, the City of Montgomery's governmental funds reported combined ending fund balances of $75,263,342, a decrease of $49,562,642 over the previous fiscal year. Of the ending governmental fund balance, $51,363,266 remains in the various fund types of the City as unreserved and undesignated.

The general fund reported an unreserved, undesignated balance of $18,322,084 or 10.24% of total general fund expenditures.

Governmental Activities revenue increased by $1,714,756 or 0.76%, and expenses increased $7,463,248 or 2.81% from the previous year. The increase in revenues was primarily attributable to a 9.20% increase in charges for services, and a significant increase of 71.92% in the availability of capital grants and contributions. Operating grants and contributions, property taxes and other miscellaneous taxes also enhanced the increase for total revenue for governmental activities in 2009. Although the economy began a slight recovery during Fiscal Year 2009, sales tax remained relatively flat compared to Fiscal Year 2008.

Bonded debt decreased by $8,500,000 or 3.70% from the previous year.

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the City of Montgomery's financial statements which includes: government-wide financial statements, fund financial statements and notes to the financial statements. In addition to the basic financial statements, this report contains supplementary information which may be of interest to the reader.

Government-Wide Financial Statements

Government-wide financial statements are designed to provide the reader with a broad overview of the financial position of the City of Montgomery and are similar to private-sector financial statements. The statements include a Statement of Net Assets and a Statement of Activities.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. This statement combines and consolidates governmental funds' current financial resources (short-term expendable resources) with capital assets and long-term debt. Over time, increases or decreases may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities follows the Statement of Net Assets and presents information on how the City's net assets changed during the fiscal year. The purpose of this statement is to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidies to various business-type activities. The statement presents all underlying events, which give rise to the change in net assets, regardless of the timing of the related cash flows. Items such as accounts payable or vacation leave (earned, but unused) will produce changes in cash in a future fiscal period.

Both statements distinguish functions that are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities reported in the statements include general government, public works, public safety, cultural and recreational and miscellaneous functions. The business-type activities include Montgomery Area Transit System, Lagoon and Gateway Parks, Municipal Parking Deck, the Montgomery River Boat, and the Montgomery Zoo.

The government-wide financial statements not only include the City of Montgomery (the primary government), but also a legally separate component, the Montgomery City-County Public Library, for which the City of Montgomery is financially accountable. Financial information for this component unit is reported separately from the information presented for the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like most state and local governments, the City of Montgomery uses fund accounting to ensure and demonstrate compliance with finance-related legal matters. All funds of the City of Montgomery can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for the same functions as those reported under the government-wide Statement of Net Assets and Statement of Activities. However, unlike the government-wide financial statements, governmental fund financial statements focus on events that produce near-term inflows and outflows of expendable resources as well as the balances of expendable resources available at the end of the year.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare information presented in the governmental funds with similar information presented in the governmental activities in the government-wide financial statements. Comparing functions between the statements for governmental funds and statement of activities, the reader may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The City maintains fifteen (15) individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance of the major funds. Data from eleven (11) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section of this report.

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

Proprietary Funds

The City of Montgomery maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the Montgomery Area Transit System, Lagoon and Gateway Parks, Municipal Parking Deck, Montgomery River Boat and the Montgomery Zoo. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various cost centers. The City of Montgomery uses internal funds to account for its employees' medical insurance, workers' compensation and liability insurance. The internal service funds are presented, in total, in the fund financial statements but may be reviewed in the combining statements in the supplementary information section of this report.

Enterprise Funds - At September 30, 2009, the total net assets for enterprise funds amounted to $8,327,829. Net asset changes are a result of operations, other non-operating revenues and expenses and capital contributions. All enterprise funds receive transfer revenue from the general fund. These sources assist in offsetting losses or enhancing earnings for the various enterprise operations.

The Montgomery Zoo, the Montgomery Area Transit System (MATS), and Lagoon and Gateway Parks are the major enterprise funds of the City of Montgomery. In accordance with reporting procedures as required by the Governmental Accounting Standards Board, Lagoon and Gateway Parks met the criterion to be classified as a major enterprise fund in 2009. Individual and fund data for each nonmajor enterprise fund is provided in the form of combining statements in the supplementary information section of this report.

Internal Service Funds - Internal service funds are designed to recover the internal costs of general services provided to other fund groups. Net assets in the internal service funds reflect a negative fund balance due to the under billing of healthcare costs to the various fund groups and departments in prior years. This problem has been addressed and adjustments will continue to be made to recapture prior losses.

Fiduciary Funds

The City of Montgomery uses fiduciary funds to account for resources held for the benefit of parties outside of City government. These funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support City programs. Accounting for these funds is similar to accounting for proprietary funds.

Notes to the Financial Statements

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

Other Information

Combining and individual statements and schedules referred to earlier, which present more detailed views of nonmajor funds used in governmental and enterprise activities, can be found beginning on page 73 of this report.

Government-Wide Financial Analysis

As noted earlier, changes in net assets over time can be one of the best and most useful indicators of the City's financial position. The City of Montgomery's total assets exceeded liabilities by $136,855,636, as reflected in the following table:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets (net of internal balances)	$ 81,210,158	$ 134,366,120	$ 1,558,511	$ 2,804,003	$ 82,768,669	$ 137,170,123
Internal balances	7,299,419	6,536,248	(7,299,419)	(6,536,248)	-	-
Capital assets	360,621,080	355,810,288	14,675,876	15,775,925	375,296,956	371,586,213
Total Assets	449,130,657	496,712,656	8,934,968	12,043,680	458,065,625	508,756,336
Long-term liabilities	283,218,068	265,988,353	693,872	706,747	283,911,940	266,695,100
Other liabilities	36,551,649	52,546,633	746,400	739,285	37,298,049	53,285,918
Total Liabilities	319,769,717	318,534,986	1,440,272	1,446,032	321,209,989	319,981,018
Net assets						
Invested in capital assets, net of related debt	220,950,653	214,327,085	14,675,876	15,775,925	235,626,529	230,103,010
Restricted	50,377,124	114,015,139	-	-	50,377,124	114,015,139
Unrestricted	(141,966,837)	(150,164,554)	(7,181,180)	(5,178,277)	(149,148,017)	(155,342,831)
Total Net Assets	$ 129,360,940	$ 178,177,670	$ 7,494,696	$ 10,597,648	$ 136,855,636	$ 188,775,318

The largest portion of net assets is investment in capital assets (e.g., land, construction in progress, buildings, machinery, infrastructure, and equipment) less any related outstanding debt used to acquire those assets. Because City capital assets are used to provide services to citizens, the assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, the capital assets are not used to liquidate the liability. Consequently, other resources are used to repay any associated debt.

An additional portion of the City's resources is restricted, or has restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors. As of September 30, 2009, the City reported positive balances in both governmental and business-type activities. As reflected in the following table, the City's net assets decreased by $51,919,682 during the fiscal year. This decrease was primarily due to the following reasons:

(1) The City implemented GASB Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* in 2008. As a result, the City recognized a net other postemployment benefit (OPEB) liability of $32,316,766 as of September 30, 2009.

(2) Significant decreases in contributed capital from completion of infrastructure in new housing developments.

(3) Sales tax receipts decreased $9,819,102 or 10.46% which was due to continued conservative spending by citizens of their personal income during the economic recession. This had a direct correlation with the unemployment rate of 10.1% compared to a rate of 5.4% in 2008. Although the unemployment rate increased 4.7% in 2009, it remained less than the state average.

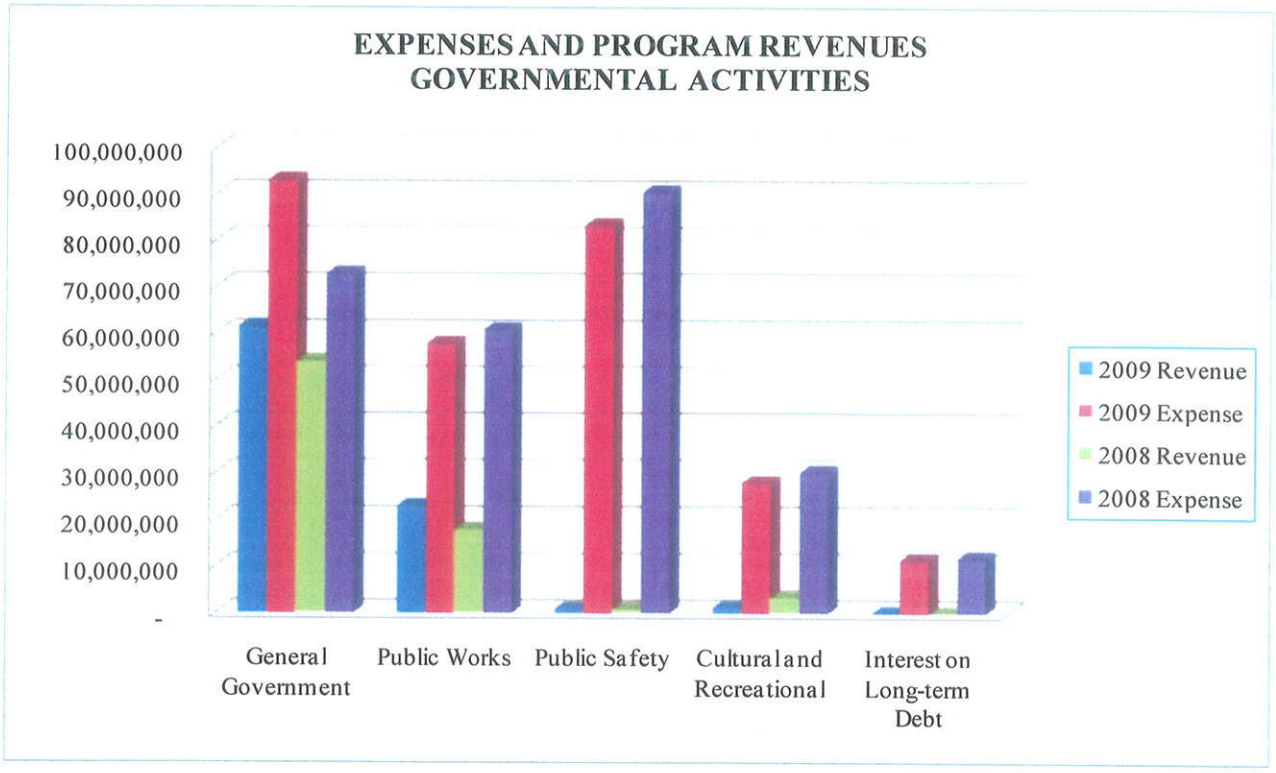
(4) Near zero interest rates sharply decreased earnings on City investments.

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Charges for services	$ 66,860,187	$ 61,204,683	$ 5,353,480	$ 5,619,802	$ 72,213,667	$ 66,824,485
Operating grants and contributions	9,522,821	9,307,772	-	-	9,522,821	9,307,772
Capital grants and contributions	10,074,229	5,859,738	-	-	10,074,229	5,859,738
General revenues						
Property taxes	31,099,699	30,241,233	-	-	31,099,699	30,241,233
Sales taxes	83,980,254	93,799,356	-	-	83,980,254	93,799,356
Other taxes	16,903,173	15,760,358	-	-	16,903,173	15,760,358
Other	10,306,797	10,859,264	14,414	15,679	10,321,211	10,874,943
Total revenues	228,747,160	227,032,404	5,367,894	5,635,481	234,115,054	232,667,885
Expenses						
General government	92,913,247	72,773,403	-	-	92,913,247	72,773,403
Public works	57,752,898	60,747,459	-	-	57,752,898	60,747,459
Public safety	83,265,102	90,376,182	-	-	83,265,102	90,376,182
Cultural and recreational	27,939,722	30,131,588	-	-	27,939,722	30,131,588
Interest on long-term debt	11,443,675	11,822,764	-	-	11,443,675	11,822,764
Montgomery Zoo	-	-	5,709,728	6,223,595	5,709,728	6,223,595
Montgomery Area Transit System	-	-	3,205,634	2,194,586	3,205,634	2,194,586
Lagoon and Gateway Parks	-	-	2,932,109	3,290,143	2,932,109	3,290,143
Municipal Parking Deck	-	-	318,963	266,244	318,963	266,244
Montgomery River Boat	-	-	553,658	-	553,658	-
Total expenses	273,314,644	265,851,396	12,720,092	11,974,568	286,034,736	277,825,964
Decrease in assets before transfers	(44,567,484)	(38,818,992)	(7,352,198)	(6,339,087)	(51,919,682)	(45,158,079)
Transfers in (out)	(4,249,246)	(4,753,802)	4,249,246	4,753,802	-	-
Decrease in net assets	(48,816,730)	(43,572,794)	(3,102,952)	(1,585,285)	(51,919,682)	(45,158,079)
Net assets - beginning	178,177,670	221,050,464	10,597,648	12,182,933	188,775,318	233,233,397
Prior period adjustments	-	700,000	-	-	-	700,000
Net assets - ending	$ 129,360,940	$ 178,177,670	$ 7,494,696	$ 10,597,648	$ 136,855,636	$ 188,775,318

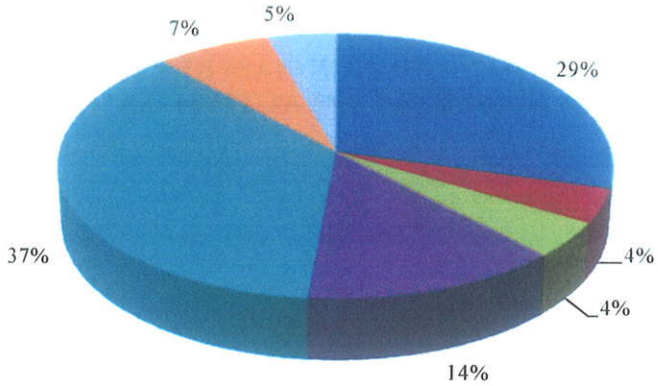
Governmental Activities

Governmental activities decreased the City's net assets by $48,816,730, thereby accounting for 94% of the total decline in net assets of the City. Key elements of the decrease in net assets were due to significant declines in the following: sales tax collections, tobacco taxes, earnings on investments, acquisition of more operating grants and contributions not restricted to specific programs.

Governmental activities restricted net assets totaled $50,377,124 and are restricted for use in public works, public safety, cultural and recreational, capital projects, and debt service.

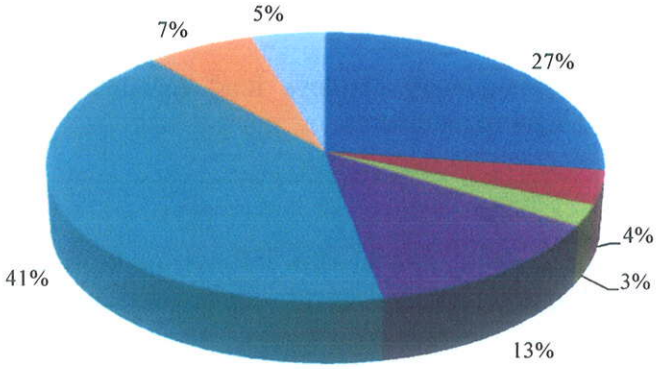


REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES FY 2009



- Charges for Services
- Operating Grants and Contributions
- Capital Grants and Contributions
- Property Taxes
- Sales Taxes
- Other Taxes
- Other

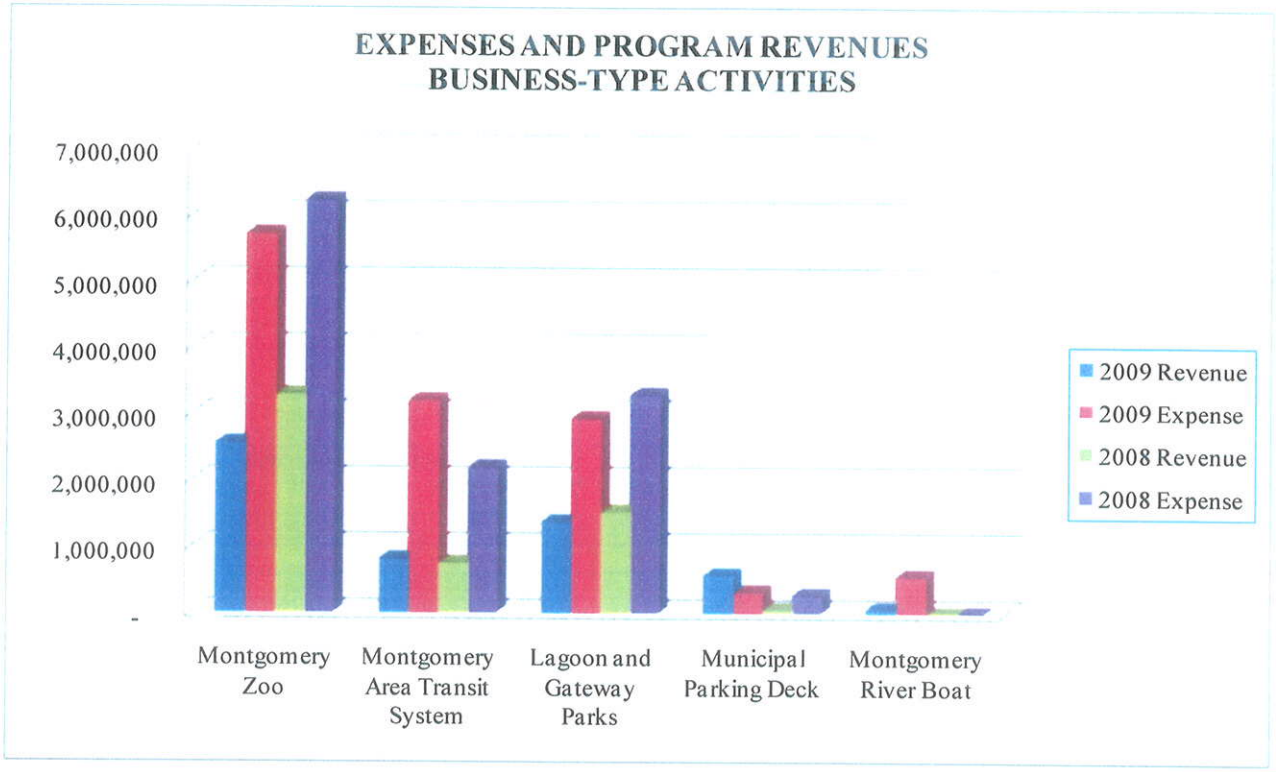
REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES FY 2008



- Charges for Services
- Operating Grants and Contributions
- Capital Grants and Contributions
- Property Taxes
- Sales Taxes
- Other Taxes
- Other

Business-type Activities

Business-type activities decreased the City's net assets by $3,102,952, thereby accounting for 5.98% of the total decline in the net assets of the City. The primary factor for the decline in net assets was due to depreciation of capital assets, and continued elevated fuel costs.



Fund Level Information

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

Governmental Funds

Governmental funds provide information on near-term inflows, outflows, and balances of expendable resources. Governmental fund types include General, Debt Service, Capital Projects and Special Revenue Funds.

In assessing the City of Montgomery's financing requirements, unreserved, undesignated fund balance is a particularly useful measure of net resources available for spending at the end of the fiscal year. As of September 30, 2009, the City of Montgomery's Governmental Funds had a balance of $51,363,266 of unreserved undesignated fund balance available for spending for governmental activities. As detailed in Note 10 in the financial statements, the City had $8,918,600 of reserved fund balance. In addition to its reserved and unreserved undesignated fund balances the City has designated $8,200,000 of fund balance for future landfill closure and postclosure costs and debt service.

The debt service funds unreserved designated funds include $2,501,349 for contractual requirements related to general obligation bonds.

At September 30, 2009, total fund balance in the general fund was $33,808,345 of which $30,802,211 was unreserved. The general fund balance decreased $9,696,345 or 22.29% from the previous year. The decline in the general fund balance was due to decreases in sales taxes, licenses and permits, intergovernmental revenue, investment interest, and other miscellaneous revenue. Additionally, fund balance decreased due to use of cash reserves to offset the decline in the aforementioned revenue sources.

Expenditures at fiscal year end were $4,856,496 or 2.64% less than the previous year which was due primarily to the continued efficient utilization of resources. Due to the continued downturn in the economy, net revenue decreased by $4,251,880 or 2.14% in 2009 compared to the previous year.

Capital Project Funds – G.O. Warrants fund balance decreased $34,407,439 from the previous year due to a decline in the inflows from other financing sources (i.e., issuance of general obligation warrants). Those net inflows were further decreased due to costs to complete several projects (i.e., Convention Center, Gateway Park, Grocer's Alleyway and municipal parking decks). Additionally, net inflows declined due to costs incurred for the renovation and building of new schools in 2009.

Series 2005B Refunding Bonds fund balance increased $406,468 over the previous year due to net inflows of other financing sources which were due primarily to the proceeds from the issuance of general obligation warrants in 2007.

Proprietary Funds

Proprietary fund statements provide the same information as in the business activities column of the government-wide statements, but in greater detail and on a fund basis for enterprise funds and the City's internal service funds.

Enterprise Funds - Net assets of the Montgomery Zoo, Montgomery Area Transit System (MATS) and Lagoon and Gateway Parks, major enterprise funds, at the end of the year was $6,247,970. This represents an increase of $648,758 or 11.59% in net assets due to the Lagoon and Gateway Parks becoming a major enterprise fund in 2009. The Montgomery Zoo and Lagoon and Gateway Parks had a decrease in expenses of $813,204 or 8.79% in 2009 compared to 2008.

Net assets for nonmajor enterprise funds which include the Municipal Parking Deck and the Montgomery River Boat were $2,079,859 which was a decrease of $3,585,700 or 63.29% from the previous year. Total net assets decreased for enterprise funds by $2,936,342 or 26.07% in 2009 from the previous year. Total operating revenue remained stable for enterprise funds.

Internal Service Funds - Internal service funds are designed to recover the internal costs of government services provided to other fund groups. At September 30, 2009, the internal service funds reported a deficit of $18,570,396 for its net asset balance, which was due to losses incurred in prior years by the undercharging of health care costs to other City funds and departments.

Capital Assets and Debt Administration

Capital Assets - The City of Montgomery's investment in capital assets for governmental and business-type activities as of September 30, 2009, was $375,296,956 (net of accumulated depreciation). Capital asset investments include land, buildings, building improvements, machinery and equipment, net of depreciation.

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	$ 43,077,092	$ 42,340,092	$ 1,047,942	$ 1,047,942	$ 44,125,034	$ 43,388,034
Buildings	105,671,950	72,402,311	9,122,997	9,392,413	114,794,947	81,794,724
Improvements other than buildings	34,756,894	9,531,337	2,199,774	2,387,235	36,956,668	11,918,572
Machinery and equipment	27,310,829	28,202,798	2,305,163	2,948,335	29,615,992	31,151,133
Infrastructure	115,310,120	124,847,081	-	-	115,310,120	124,847,081
Construction in progress	34,494,195	78,486,669	-	-	34,494,195	78,486,669
	$ 360,621,080	$ 355,810,288	$ 14,675,876	$ 15,775,925	$ 375,296,956	$ 371,586,213

Additional information on the City of Montgomery's capital assets can be found in Note 7 on page 54 of this report.

Long-Term Debt - At the end of the fiscal year the City of Montgomery had secured and bonded debt outstanding of $235,693,387. Of this amount $221,345,000 comprises debt backed by the full faith and credit of the City and $14,348,387 in long-term leases. The City's long-term debt decreased $8,353,720 or 3.42% from the previous year due to long-term debt principal payoff and not accruing any additional long-term debt in 2009.

Long-term Debt

	2009	2008	Increase (Decrease)
General Obligation Bonds	$ 221,345,000	$ 229,845,000	$ (8,500,000)
Capital Leases	14,348,387	14,202,107	146,280
	$ 235,693,387	$ 244,047,107	$ (8,353,720)

The City of Montgomery carries an Aa2 rating from Moody's and an AA rating from Standard and Poor's. These ratings reflect the strength of the City's economy and the efficiency of operations by management and its staff. See Note 8 beginning on page 55 for a detailed description of the City's total outstanding obligations.

General Fund Budgetary Highlights

Budget to actual statements and schedules are provided in the financial statements for the General, Gas Tax and Alabama Trust Funds. Columns are provided for both the original adopted budget as well as the final budget. These budgets are followed by columns for actual expenditures and for variances between the final budget and actual expenditures.

The operation of a city the size of Montgomery is a dynamic business that requires the budget be strictly controlled throughout the year. An adequate budget balance must be available for the particular line item for which a payment request has been submitted. If the budget balance is not adequate, the payment will be rejected. A payment will be approved after a budget adjustment for that cost center has been processed.

General Fund

As of September 30, 2009, actual revenues were less than budgeted revenues by $8,939,633. The primary cause of this is as follows:

- Sales Tax revenues were less than budgeted by $11,497,147 or 12.04% due to the continued state of the economy. Although personal income remained stable, sales tax receipts were still indicative of citizens spending less in 2009 than in the previous year.
- Intergovernmental revenues were less than the budget by $495,669 or 9.67% which was due to a decline in federal and state funding which was directly attributable to declining economic conditions.

As of September 30, 2009, actual expenditures were less than budgeted expenditures by $8,850,109 due to the following:

- General Government actual expenditures were less than budgeted expenditures by $2,984,725.
- Public Works actual expenditures were less than budgeted expenditures by $843,231.
- Public Safety actual expenditures were less than budgeted expenditures by $3,041,855.
- Cultural and Recreational actual expenditures were less than budgeted expenditures by $1,672,481.

Listed below are the primary reasons for variances in the General Fund:

- Efficient utilization of resources accounted for actual expenditures being less than budgeted expenditures.
- A decline in revenue in 2009 made it necessary for departments city-wide to reduce spending by 2.0%.
- Personnel costs were less than budgeted amounts due to the inability to fill and maintain budgeted personnel positions and through attrition. All positions that were considered non-essential positions were not filled in 2009.

Economic Factors and Year 2010

The following factors were considered in preparing The City of Montgomery's Budget for Fiscal Year 2010:

- Although Montgomery's unemployment rate increased from 5.4% in 2008 to 10.1% in 2009 the unemployment rate remained below the state average.

- The City of Montgomery's increased population has caused it to be ranked the second largest city in the state. The occupancy rate of the City's Downtown District continues to have steady growth. Additional city services will have to be provided for a growing population citywide.
- Gateway Park was completed and became fully operational in 2009.
- The City's Downtown Riverfront Development continues to create economic growth through tourism development. The development of Grocer's Alley is an ongoing capital project and should be totally completed during 2010. This alleyway will boast retail shops and restaurants for visitors and citizens of Montgomery. Additionally, a bridge and tower are under construction on the river. The bridge will connect the tower to the Intermodal Facility and will provide an avenue for citizens to cross over to the tower from the Intermodal Facility to see sites on the river.
- The renovation and expansion of the Montgomery Convention Center (formerly Civic Center) and the building of an adjoining hotel with a parking deck was completed in 2009 and the hotel is fully operational. The Coosa Street and Dexter Avenue Parking Decks have been completed and are open for use by the public.
- Revenues, especially sales tax revenue, decreased in 2009 due to national economic declines. It is anticipated that revenue will remain flat during the next twelve months before any real growth is recognized.
- Continued increases in industrial and residential development.

At September 30, 2009, unreserved, undesignated fund balance in the general fund was $33,808,345. The City of Montgomery has appropriated $6,207,402 from the 2009 fund balance for spending in the 2010 fiscal year budget. This will enable the City to continue services to its citizens, keep a level of essential staff to provide services to the community and pay for one-time expenditures for capital needs. Fund balance was appropriated to offset the shortfall in sales tax and other revenues created by a declining economy.

Requests for Information

This financial report is designed to provide a general overview of The City of Montgomery's finances for anyone with an interest in the economic well-being of the City. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Office of the Finance Director, 103 North Perry Street, Montgomery, Alabama 36104.

BASIC FINANCIAL STATEMENTS

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CITY OF MONTGOMERY, ALABAMA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Library
ASSETS				
Cash and cash equivalents	$ 36,513,172	$ 1,236,681	$ 37,749,853	$ 639,463
Cash held by fiscal agent	13,285,035	-	13,285,035	-
Internal balances	7,299,419	(7,299,419)	-	-
Receivables	15,969,343	80,468	16,049,811	459
Inventories	1,316,406	240,212	1,556,618	-
Prepaid items	868,425	1,150	869,575	-
Note receivable	1,025,144	-	1,025,144	-
Mortgage receivable	188,289	-	188,289	-
Lease receivable	5,884,808	-	5,884,808	-
Warrants receivable	3,037,320	-	3,037,320	-
Deferred debt expense	1,630,290	-	1,630,290	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	1,491,926	-	1,491,926	-
Capital assets not being depreciated:				
Land	43,077,092	1,047,942	44,125,034	-
Construction in progress	34,494,195	-	34,494,195	13,624
Collections	-	-	-	10,418,925
Capital assets net of accumulated depreciation:				
Buildings and system	105,671,950	9,122,997	114,794,947	1,809,098
Improvements other than buildings	34,756,894	2,199,774	36,956,668	-
Machinery and equipment	27,310,829	2,305,163	29,615,992	330,859
Infrastructure	115,310,120	-	115,310,120	32,955
TOTAL ASSETS	449,130,657	8,934,968	458,065,625	13,245,383
LIABILITIES				
Accounts payable and accrued expenses	21,050,219	677,950	21,728,169	47,737
Retainage payable	245,974	-	245,974	-
Unearned revenue	26,007	36,554	62,561	-
Funds held in escrow	388,590	388	388,978	-
Noncurrent liabilities:				
Due within one year	14,840,859	31,508	14,872,367	-
Due in more than one year	283,218,068	693,872	283,911,940	-
TOTAL LIABILITIES	319,769,717	1,440,272	321,209,989	47,737
NET ASSETS				
Invested in capital assets, net of related debt	220,950,653	14,675,876	235,626,529	12,605,461
Restricted for:				
Public works	3,510,905	-	3,510,905	-
Public safety	1,144,993	-	1,144,993	-
Cultural and recreational	4,280,263	-	4,280,263	-
Capital projects	30,017,486	-	30,017,486	-
Debt service	11,423,477	-	11,423,477	-
Nonexpendable	-	-	-	100,000
Unrestricted	(141,966,837)	(7,181,180)	(149,148,017)	492,185
TOTAL NET ASSETS	$ 129,360,940	$ 7,494,696	$ 136,855,636	$ 13,197,646

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	$ 92,913,247	$ 51,000,292	$ 4,474,356	$ 5,940,089
Public works	57,752,898	14,943,331	4,624,748	3,301,040
Public safety	83,265,102	-	357,168	606,821
Cultural and recreational	27,939,722	916,564	66,549	226,279
Interest on long-term debt	11,443,675	-	-	-
Total governmental activities	273,314,644	66,860,187	9,522,821	10,074,229
Business-type activities:				
Montgomery Zoo	5,709,728	2,553,288	-	-
Montgomery Area Transit System	3,205,634	800,896	-	-
Lagoon and Gateway Parks	2,932,109	1,372,814	-	-
Montgomery River Boat	553,658	564,180	-	-
Municipal Parking Deck	318,963	62,302	-	-
Total business-type activities	12,720,092	5,353,480	-	-
Total primary government	$ 286,034,736	$ 72,213,667	$ 9,522,821	$ 10,074,229
Component Unit				
Public Library	$ 5,080,130	$ 105,393	$ 297,325	$ 23,542

General Revenues
- Property taxes
- Sales taxes
- Lodging taxes
- Motor fuel taxes
- Alcoholic beverage taxes
- Tobacco taxes
- Rental taxes
- Grants and contributions not restricted to specific programs
- Investment earnings
- Miscellaneous revenue
- Capital contributions
- Extraordinary item

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Public Library
$ (31,498,510)	$ -	$ (31,498,510)	$ -
(34,883,779)	-	(34,883,779)	-
(82,301,113)	-	(82,301,113)	-
(26,730,330)	-	(26,730,330)	-
(11,443,675)	-	(11,443,675)	-
(186,857,407)	-	(186,857,407)	-
-	(3,156,440)	(3,156,440)	-
-	(2,404,738)	(2,404,738)	-
-	(1,559,295)	(1,559,295)	-
-	10,522	10,522	-
-	(256,661)	(256,661)	-
-	(7,366,612)	(7,366,612)	-
(186,857,407)	(7,366,612)	(194,224,019)	-
			(4,653,870)
31,099,699	-	31,099,699	-
83,980,254	-	83,980,254	-
5,269,547	-	5,269,547	-
8,202,877	-	8,202,877	-
254,164	-	254,164	-
1,411,990	-	1,411,990	-
1,764,595	-	1,764,595	-
186,693	-	186,693	4,356,315
425,825	3,329	429,154	6,603
5,794,279	-	5,794,279	77,903
-	11,085	11,085	-
3,900,000	-	3,900,000	-
(4,249,246)	4,249,246	-	-
138,040,677	4,263,660	142,304,337	4,440,821
(48,816,730)	(3,102,952)	(51,919,682)	(213,049)
178,177,670	10,597,648	188,775,318	13,410,695
$ 129,360,940	$ 7,494,696	$ 136,855,636	$ 13,197,646

See accompanying notes to financial statements.

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CITY OF MONTGOMERY, ALABAMA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	General	Capital Project Funds - G.O. Warrants	Series 2005B Refunding Bonds	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 7,361,464	$ 2,648,770	$ 899,146	$ 25,508,000	$ 36,417,380
Cash held by fiscal agent	-	13,285,034	-	-	13,285,034
Receivables	11,181,606	-	-	4,487,700	15,669,306
Inventories	1,316,406	-	-	-	1,316,406
Prepaid items	722,174	-	-	146,251	868,425
Note receivable	700,000	325,144	-	-	1,025,144
Due from other funds	41,399,999	36,505	-	7,957,355	49,393,859
Mortgage receivable	-	-	-	188,289	188,289
Lease receivable	-	-	5,884,808	-	5,884,808
Warrants receivable	-	-	3,037,320	-	3,037,320
Advances to other funds	39,000	-	-	-	39,000
Cash - restricted	-	-	-	1,491,926	1,491,926
TOTAL ASSETS	$ 62,720,649	$ 16,295,453	$ 9,821,274	$ 39,779,521	$128,616,897
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	$ 8,500,847	$ 500,995	$ -	$ 2,343,048	$ 11,344,890
Retainage payable	-	44,731	-	201,243	245,974
Due to other funds	20,411,457	980,512	-	8,477,330	29,869,299
Funds held in escrow	-	-	-	388,590	388,590
Deferred revenue	-	-	8,922,128	2,582,674	11,504,802
TOTAL LIABILITIES	28,912,304	1,526,238	8,922,128	13,992,885	53,353,555
FUND BALANCES					
Reserved	3,006,134	595,027	-	5,317,439	8,918,600
Unreserved, designated for:					
Economic stabilization	4,280,127	-	-	-	4,280,127
Landfill closure and postclosure costs	8,200,000	-	-	-	8,200,000
Debt service	-	-	899,146	1,602,203	2,501,349
Unreserved, undesignated reported in:					
General fund	18,322,084	-	-	-	18,322,084
Capital projects funds	-	14,174,188	-	12,879,792	27,053,980
Special revenue funds	-	-	-	5,987,202	5,987,202
TOTAL FUND BALANCES	33,808,345	14,769,215	899,146	25,786,636	75,263,342
TOTAL LIABILITIES AND FUND BALANCES	$ 62,720,649	$ 16,295,453	$ 9,821,274	$ 39,779,521	$128,616,897

See accompanying notes to financial statements.

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CITY OF MONTGOMERY, ALABAMA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

Differences in amounts reported for governmental activities in the Statement of Net Assets		
Total fund balances - governmental funds		$ 75,263,342
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		360,621,080
Lease and warrants receivable are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		8,922,128
Internal service funds are used by management to charge the costs of employee medical insurance, workers compensation insurance, and general liability insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		(17,737,267)
Long-term liabilities, including bonds payable, and accrued interest are not due and payable in the current period and, therefore, are not reported in the governmental funds. Balances at September 30, 2008 were:		
Bonds, warrants, leases and notes payable	$ 235,693,387	
Deferred loss on advance refunding	(1,013,460)	
Unamortized net premiums	773,320	
Unamortized net discounts	(155,298)	
Accrued interest	3,836,372	
Compensated absences	18,006,929	
Retirement and disability benefits	7,736,126	
Postemployment benefit plans other than pensions	32,316,766	
Landfill closure and postclosure costs	4,701,158	
Total long-term liabilities		(301,895,300)
Deferred debt expenses are allocated over their estimated useful lives and are shown net of amortization expense as an asset in the Statement of Net Assets.		1,630,290
Deferred revenue represents long-term assets not available to pay for current-period expenditures and, therefore, are deferred in the funds.		2,556,667
Net assets of governmental activities		$ 129,360,940

See accompanying notes to financial statements.

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CITY OF MONTGOMERY, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	General	Capital Project Funds - G.O. Warrants	Series 2005B Refunding Bonds	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 127,489,528	$ -	$ -	$ 4,493,598	$ 131,983,126
Licenses and permits	37,845,467	-	-	29,117	37,874,584
Intergovernmental revenues	4,628,057	-	-	18,221,261	22,849,318
Charges for services	13,319,163	-	-	138,809	13,457,972
Fines and forfeitures	8,648,985	-	-	-	8,648,985
Interest	49,892	245,745	128	130,065	425,830
Miscellaneous revenues	2,488,777	-	406,340	3,729,723	6,624,840
Total revenues	194,469,869	245,745	406,468	26,742,573	221,864,655
EXPENDITURES					
Current:					
General government	36,035,732	-	-	5,726,906	41,762,638
Public works	38,659,217	254,256	-	16,897,250	55,810,723
Public safety	78,897,150	-	-	1,763,503	80,660,653
Cultural and recreational	19,835,274	-	-	603,778	20,439,052
Intergovernmental	-	25,666,518	-	-	25,666,518
Capital projects	-	6,235,920	-	13,667,676	19,903,596
Debt service:					
Principal	4,864,694	-	1,785,000	11,715,000	18,364,694
Interest	596,019	-	780,279	9,948,015	11,324,313
Total expenditures	178,888,086	32,156,694	2,565,279	60,322,128	273,932,187
Excess of revenues over (under) expenditures	15,581,783	(31,910,949)	(2,158,811)	(33,579,555)	(52,067,532)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	115,170	-	-	94,000	209,170
Transfers in	4,035,000	1,285,760	2,565,279	45,966,967	53,853,006
Transfers (out)	(33,085,840)	(8,782,250)	-	(19,700,170)	(61,568,260)
Capital leases	3,657,542	-	-	1,353,432	5,010,974
Issuance of bonds	-	5,000,000	-	-	5,000,000
Total other financing sources (uses)	(25,278,128)	(2,496,490)	2,565,279	27,714,229	2,504,890
Net change in fund balances	(9,696,345)	(34,407,439)	406,468	(5,865,326)	(49,562,642)
FUND BALANCES - BEGINNING	43,504,690	49,176,654	492,678	31,651,962	124,825,984
FUND BALANCES - ENDING	$ 33,808,345	$ 14,769,215	$ 899,146	$ 25,786,636	$ 75,263,342

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Differences in amounts reported for governmental activities in the Statement of Activities.		
Net change in fund balances - total governmental funds		$ (49,562,642)
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the Statement of Net Assets.		26,039,549
Donations of capital assets increase net assets in the Statement of Net Assets but do not appear in the governmental funds because they are not financial resources.		5,156,404
Depreciation expense on governmental capital assets included in the governmental activities in the Statement of Activities.		(24,929,261)
The net effect of transactions involving the sale and disposal of capital assets is to decrease net assets in the Statement of Net Assets.		(1,455,901)
Revenues are reported in the funds when there is an established claim to the resources and the resources are available to finance current expenditures. Revenues are reported in the Statement of Activities when there is an established claim with no availability criterion. The funds report revenue deferred in prior periods as current year revenue.		(830,561)
Loan proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets.		
Revenue warrant proceeds	$ 5,000,000	
Capital lease financing	5,010,974	
Total proceeds		(10,010,974)

(Continued)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONTINUED)
SEPTEMBER 30, 2009

Repayment of long-term debt is reported as an expenditure in governmental funds, but a reduction of long-term liabilities in the Statement of Net Assets.		
General obligation bonds	$ 13,500,000	
Capital leases	4,864,694	
Total repayments		$ 18,364,694
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(152,348)	
Retirement and disability benefits	(314,742)	
Accrued interest	(45,586)	
Postemployment benefit plans other than pensions	10,035,666	
Landfill closure and postclosure costs	1,938,296	
Additional expenses		(11,461,286)
Governmental funds report the effect of issuance costs, premiums and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Amortization	(164,948)	
Reduction of expenses		(164,948)
Revenues in the Statement of Activities that do not provide current financial resources are not reported in the funds.		2,556,667
Internal service funds are used by management to charge the costs of employee medical insurance and general liability insurance to individual funds. The net income (expense) of certain activities of internal service funds is reported with governmental activities.		(2,518,471)
Change in net assets of governmental activities		$ (48,816,730)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 136,731,210	$ 136,731,210	$ 127,489,528	$ (9,241,682)
Licenses and permits	36,869,260	36,869,260	37,845,467	976,207
Intergovernmental revenues	5,123,726	5,123,726	4,628,057	(495,669)
Charges for services	13,771,901	13,771,901	13,319,163	(452,738)
Fines and forfeitures	10,568,802	7,637,465	8,648,985	1,011,520
Interest	1,360,940	1,360,940	49,892	(1,311,048)
Miscellaneous revenues	1,915,000	1,915,000	2,488,777	573,777
Total revenues	206,340,839	203,409,502	194,469,869	(8,939,633)
EXPENDITURES				
Current:				
General government:				
Council	340,583	340,583	326,457	14,126
Mayor	959,158	1,096,827	1,096,889	(62)
Finance Department:				
Accounting	4,201,431	4,167,172	3,581,794	585,378
Purchasing Division	512,420	512,420	374,784	137,636
Information Technology	2,506,233	2,506,233	1,888,104	618,129
Retirement	7,262,216	7,262,216	7,175,525	86,691
Insurance	193,993	193,993	193,167	826
Payments to government agencies	7,634,597	7,634,597	7,274,606	359,991
Payments for education	787,284	787,284	-	787,284
Miscellaneous activities	7,124,117	4,192,780	4,695,030	(502,250)
City Clerk	281,432	281,432	251,405	30,027
Municipal Court	2,810,179	2,810,179	2,643,981	166,198
Legal Department	1,360,462	1,360,462	1,230,374	130,088
Economic Development	1,032,977	1,048,359	777,047	271,312
Planning Controls Division	520,425	536,243	491,276	44,967
Garage	4,203,161	4,203,161	3,948,777	254,384
Total general government	41,730,668	38,933,941	35,949,216	2,984,725

(Continued)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Public works:				
Engineering Department	$ 1,882,240	$ 1,882,240	$ 1,820,749	$ 61,491
Landfill Division	1,696,584	1,696,584	1,545,221	151,363
Sanitation Department	15,705,385	15,344,534	15,074,423	270,111
Maintenance	13,372,683	13,372,683	13,160,847	211,836
Inspections Division	2,755,800	2,755,800	2,497,048	258,752
Parking Meters Division	224,676	196,715	193,730	2,985
Traffic Engineering Department	3,869,871	4,258,683	4,371,990	(113,307)
Total public works	39,507,239	39,507,239	38,664,008	843,231
Public Safety:				
Police Department	46,238,796	46,238,796	44,411,859	1,826,937
Fire Department	31,316,814	31,316,814	30,514,080	802,734
Communications Department	4,159,610	4,159,610	3,750,335	409,275
Emergency Management	256,138	250,232	247,323	2,909
Total public safety	81,971,358	81,965,452	78,923,597	3,041,855
Cultural and Recreational:				
Parks and recreation	16,273,823	16,170,413	14,599,981	1,570,432
Downtown redevelopment	1,587,693	1,587,693	1,338,002	249,691
Museum	1,567,210	1,567,210	1,724,358	(157,148)
Library	2,175,170	2,175,170	2,165,664	9,506
Total cultural and recreational	21,603,896	21,500,486	19,828,005	1,672,481
Debt Service:				
Principal	5,028,447	5,028,447	4,864,694	163,753
Interest	642,083	740,083	596,019	144,064
Debt issuance cost	98,000	-	-	-
Total debt service	5,768,530	5,768,530	5,460,713	307,817
Total expenditures	190,581,691	187,675,648	178,825,539	8,850,109
Excess of revenues over expenditures	15,759,148	15,733,854	15,644,330	(89,524)

(Continued)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	$ 425,000	$ 425,000	$ 115,170	$ (309,830)
Transfers in	35,000	35,000	4,035,000	4,000,000
Transfers (out)	(33,187,706)	(44,382,627)	(33,034,594)	11,348,033
Capital leases	2,773,558	2,773,558	3,606,295	832,737
Total other financing sources (uses)	(29,954,148)	(41,149,069)	(25,278,129)	15,870,940
Net changes in fund balance	(14,195,000)	(25,415,215)	(9,633,799)	15,781,416
FUND BALANCES - BEGINNING	43,504,690	43,504,690	43,504,690	-
FUND BALANCES - ENDING	$ 29,309,690	$ 18,089,475	$ 33,870,891	$ 15,781,416

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

	Business-type Activities Enterprise Funds					Governmental Activities - Internal Service Funds
	Montgomery Zoo	Montgomery Area Transit System	Lagoon and Gateway Parks	Other Enterprise Funds	Total Enterprise Funds	
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 450,894	$ 54,343	$ 538,199	$ 193,245	$ 1,236,681	$ 95,793
Receivables	72,207	579	4,649	3,033	80,468	300,037
Inventories	94,185	105,415	30,262	10,350	240,212	-
Prepaid items	-	-	-	1,150	1,150	-
Due from other funds	6,518,255	-	4,321,396	660,984	11,500,635	1,339,161
Total current assets	7,135,541	160,337	4,894,506	868,762	13,059,146	1,734,991
NONCURRENT ASSETS						
Capital assets:						
Land	38,165	344,436	665,341	-	1,047,942	-
Buildings and system	5,903,897	3,102,583	1,316,843	3,040,299	13,363,622	-
Improvements other than buildings	4,971,009	33,941	2,760,911	6,137	7,771,998	-
Machinery and equipment	1,335,354	5,528,211	2,046,587	63,534	8,973,686	-
Less accumulated depreciation	(5,449,193)	(5,513,708)	(4,106,068)	(1,412,403)	(16,481,372)	-
Total capital net assets, net of accumulated depreciation	6,799,232	3,495,463	2,683,614	1,697,567	14,675,876	-
TOTAL ASSETS	13,934,773	3,655,800	7,578,120	2,566,329	27,735,022	1,734,991
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable and accrued expenses	245,486	268,446	116,552	47,464	677,948	1,338,674
Claims payable	-	-	-	-	-	4,530,280
Deferred revenue	-	-	-	36,554	36,554	-
Funds in escrow	-	-	-	388	388	-
Due to other funds	9,620,410	4,337,522	3,622,009	386,982	17,966,923	14,397,433
Compensated absences	17,217	-	14,291	-	31,508	-
Total current liabilities	9,883,113	4,605,968	3,752,852	471,388	18,713,321	20,266,387
NONCURRENT LIABILITIES						
Advances from other funds	-	-	-	-	-	39,000
Compensated absences	482,705	-	196,085	15,082	693,872	-
Total noncurrent liabilities	482,705	-	196,085	15,082	693,872	39,000
TOTAL LIABILITIES	10,365,818	4,605,968	3,948,937	486,470	19,407,193	20,305,387
NET ASSETS						
Invested in capital assets	6,799,232	3,495,463	2,683,614	1,697,567	14,675,876	-
Unrestricted	(3,230,277)	(4,445,631)	945,569	382,292	(6,348,047)	(18,570,396)
TOTAL NET ASSETS	$ 3,568,955	$ (950,168)	$ 3,629,183	$ 2,079,859	8,327,829	$ (18,570,396)
Adjustment to reflect the consolidation of internal service fund activities related to Enterprise Funds					(667,123)	
Net assets of business-type activities					$ 7,660,706	

See accompanying notes to financial statements.

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CITY OF MONTGOMERY, ALABAMA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities Enterprise Funds					Governmental Activities - Internal Service Funds
	Montgomery Zoo	Montgomery Area Transit System	Lagoon and Gateway Parks	Other Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES						
Charges for goods and services	$ 2,553,288	$ 800,896	$ 1,372,814	$ 626,482	$ 5,353,480	$ 25,982,830
Total operating revenues	2,553,288	800,896	1,372,814	626,482	5,353,480	25,982,830
OPERATING EXPENSES						
Cost of sales and services	499,830	-	41,077	67,188	608,095	-
Administration	4,726,620	2,528,033	2,639,495	740,464	10,634,612	32,133,313
Depreciation	378,774	677,601	152,682	64,969	1,274,026	-
Total operating expenses	5,605,224	3,205,634	2,833,254	872,621	12,516,733	32,133,313
OPERATING LOSS	(3,051,936)	(2,404,738)	(1,460,440)	(246,139)	(7,163,253)	(6,150,483)
NONOPERATING REVENUES (EXPENSES)						
Loss on sale of capital assets	-	(37,350)	-	-	(37,350)	-
Interest income	1,881	-	-	1,448	3,329	-
Loss before transfers	(3,050,055)	(2,442,088)	(1,460,440)	(244,691)	(7,197,274)	(6,150,483)
Capital contributions	-	11,085	-	-	11,085	-
Transfers in	2,423,582	82,398	1,364,389	384,225	4,254,594	3,466,007
Transfers (out)	(5,347)	-	-	-	(5,347)	-
Change in net assets	(631,820)	(2,348,605)	(96,051)	139,534	(2,936,942)	(2,684,476)
TOTAL NET ASSETS - BEGINNING	4,200,775	1,398,437	3,725,234	1,940,325		(15,885,920)
TOTAL NET ASSETS - ENDING	$ 3,568,955	$ (950,168)	$ 3,629,183	$ 2,079,859		$ (18,570,396)

Adjustment to reflect the consolidation of internal service fund activities related to Enterprise Funds	(170,501)
Change in net assets of business-type activities	$ (3,107,443)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities Enterprise Funds					Governmental Activities - Internal Service Funds
	Montgomery Zoo	Montgomery Area Transit System	Lagoon and Gateway Parks	Other Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	$ 2,550,662	$ 800,850	$ 1,373,608	$ 660,089	$ 5,385,209	$ -
Receipts from interfund services provided	-	-	-	-	-	26,146,499
Payments to suppliers	(1,507,601)	(2,528,430)	(938,624)	(606,989)	(5,581,644)	(31,307,265)
Payments to employees	(3,385,494)	-	(1,588,620)	(155,482)	(5,129,596)	-
Payments for interfund services used	(252,484)	-	(220,448)	(12,861)	(485,793)	-
Net cash used by operating activities	(2,594,917)	(1,727,580)	(1,374,084)	(115,243)	(5,811,824)	(5,160,766)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers to other funds	(5,347)	-	-	-	(5,347)	-
Transfers from other funds	2,423,582	82,398	1,364,389	384,225	4,254,594	3,466,007
Net cash payments from other funds	(733,618)	1,739,750	(93,600)	(315,368)	597,164	1,108,118
Net cash provided by noncapital financing activities	1,684,617	1,822,148	1,270,789	68,857	4,846,411	4,574,125
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(60,961)	(139,282)	-	-	(200,243)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	1,881	-	-	1,448	3,329	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(969,380)	(44,714)	(103,295)	(44,938)	(1,162,327)	(586,641)
CASH AND CASH EQUIVALENTS, BEGINNING	1,420,274	99,057	641,494	238,183	2,399,008	682,434
CASH AND CASH EQUIVALENTS, ENDING	$ 450,894	$ 54,343	$ 538,199	$ 193,245	$ 1,236,681	$ 95,793
Noncash investing, capital and financing activities:						
Contributions of capital assets from governmental funds	$ -	$ 11,085	$ -	$ -	$ 11,085	$ -

(Continued)

See accompanying notes to financial statements.

CITY OF MONTGOMERY, ALABAMA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities Enterprise Funds					Governmental Activities - Internal Service Funds
	Montgomery Zoo	Montgomery Area Transit System	Lagoon and Gateway Parks	Other Enterprise Funds	Total Enterprise Funds	
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:						
Operating loss	$ (3,051,936)	$ (2,404,738)	$ (1,460,440)	$ (246,139)	$ (7,163,253)	$ (6,150,483)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation expense	378,774	677,601	152,682	64,969	1,274,026	-
(Increase) decrease in receivables	(2,626)	(46)	794	(2,947)	(4,825)	163,669
(Increase) decrease in inventories	(17,391)	118,857	(1,976)	(10,350)	89,140	-
Increase in prepaid items	-	-	-	(1,150)	(1,150)	-
Increase (decrease) in accounts payable and accrued expenses	74,972	(119,254)	(8,824)	41,798	(11,308)	502,708
Increase in deferred revenue	-	-	-	36,554	36,554	-
Increase in funds in escrow	-	-	-	388	388	-
Increase in claims payable	-	-	-	-	-	323,340
Increase (decrease) in compensated absences	23,290	-	(56,320)	1,634	(31,396)	-
Total adjustments	457,019	677,158	86,356	130,896	1,351,429	989,717
Net cash used by operating activities	$ (2,594,917)	$ (1,727,580)	$ (1,374,084)	$ (115,243)	$ (5,811,824)	$ (5,160,766)

See accompanying notes to financial statements.

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CITY OF MONTGOMERY, ALABAMA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2008

	Employees' Retirement System
ASSETS	
Investments, at fair value:	
United States Government Securities	$ 3,591,908
Corporate bonds and debentures	51,820,024
Stocks	29,195,221
Mutual funds	150,735,965
Cash equivalents	3,281,609
Total investments	238,624,727
Cash	288,408
Receivables:	
Accrued interest and dividends	723,695
Contributions receivable	828,849
Other receivables	14,900
Total receivables	1,567,444
Total assets	240,480,579
LIABILITIES	
Accounts payable	143,073
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 240,337,506

See accompanying notes to financial statements.

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CITY OF MONTGOMERY, ALABAMA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Employees' Retirement System
ADDITIONS	
Investment income:	
Interest	$ 3,090,071
Dividends	6,993,662
Net depreciation in fair value of investments	(78,639,307)
	(68,555,574)
Less: Investment expense	908,737
Net investment loss	(69,464,311)
Contributions:	
Employers	8,882,309
Employees	6,035,458
Total contributions	14,917,767
Other additions:	
Interest on reinstatement contributions	33,327
Total other additions	33,327
Total additions	(54,513,217)
DEDUCTIONS	
Benefit payments	22,100,312
Withdrawals and refunds	829,958
Administration expenses	150,653
Total deductions	23,080,923
Net decrease in net assets	(77,594,140)
Net assets held in trust for pension benefits at beginning of year	317,931,646
Net assets held in trust for pension benefits at end of year	$ 240,337,506

See accompanying notes to financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Montgomery (the City) was incorporated under the laws of the State of Alabama in 1837 and operates under an elected Mayor-Council form of government as required by State of Alabama Legislative Act No. 73-618 approved August 28, 1973. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component unit. The Montgomery City-County Public Library is the only entity for which the City is considered to be financially accountable. The component unit is discretely reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. It is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

The Montgomery City-County Public Library (Library) is fiscally dependent on the City because the Library's operational and capital budgets are approved by the City Council. In addition, the Library is prohibited from issuing bonded debt without the approval of the City Council. The members of the governing board of the Library are jointly appointed by the City Council and Montgomery County. The Library is presented as a governmental fund type. Complete financial statements of the individual component unit can be obtained directly from its administrative office.

The City Council is also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City Council appoints the board members of the Water Works and Sanitary Sewer Board, the Housing Authority, the Airport Authority, and the Industrial Development Board. Financial information for these entities is not reflected in the City's financial statements.

Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between governmental and business-type activities. Government-wide financial statements are comprised of the statement of net assets and the statement of activities and reports information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. The exception to this is interfund services provided and used which are eliminated in the consolidation process. Governmental activities, 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. Likewise, the primary government is reported separately from the legally separate component unit.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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

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 the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year received or when an enforceable legal claim exists, whichever comes first. 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 or soon enough thereafter to pay liabilities of the current period, considered to be sixty days for property taxes and ninety days for all other revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest 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.

The following are reported as major governmental funds:

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

Capital Project Funds – G.O. Warrants – Accounts for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Specific projects accounted for are school construction, recreational facilities, convention center and miscellaneous projects.

Series 2005B Refunding Bonds – Accounts for the reserves allocated and payments made for principal and interest on the Series 2005B General Obligation Refunding Bonds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major proprietary funds:

Montgomery Zoo Fund – Accounts for the operations of the City-owned and operated zoo and food services department.

Montgomery Area Transit System Fund – Accounts for the operations of the public transportation system within the City.

Lagoon and Gateway Parks Fund – Accounts for the operations of the City's recreational complexes.

Additionally, the City reports the following fund types:

Internal Service Funds – Accounts for the operations of the self-insured medical insurance plan, workers' compensation plan, and the self-insured liability insurance plan provided to other departments of the City on a cost reimbursement basis. The liability insurance plan includes general liability, public officials' liability and law enforcement officers' liability.

Pension Trust Fund – Accounts for the activities of the Employees' Retirement System of the City of Montgomery, Alabama, which accumulates resources for pension benefit payments to qualified City employees.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the noncurrent portion of inter-fund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available expendable financial resources.

All trade and property tax receivables are shown net of any applicable allowance for uncollectibles.

City property taxes are levied by the County Commission at its first regular meeting in February of each year based on the property on record as of the preceding October 1. The taxes are due the following October 1 and delinquent after December 31. In accordance with the non-exchange transactions provision of GASB Statement No. 33, a receivable for taxes is recorded when an enforceable legal claim has arisen or when resources are received, whichever is first. That date for the City is October 1, 2008.

Inventories and Prepaid Items

Inventories are stated at cost using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. An equivalent fund balance is reserved for inventories indicating that it does not constitute "available expendable resources" even though it is a component of net current assets. Inventories are summarized as follows:

	Governmental Activities	Business-type Activities	Total
Automotive parts	$ 292,312	$ 105,415	$ 397,727
Fuels and lubricants	189,787	-	189,787
Materials and supplies	556,486	-	556,486
Tobacco tax stamps	27,026	-	27,026
Merchandise and concessions	5,448	134,797	140,245
Police uniforms	128,976	-	128,976
Other	116,371	-	116,371
Totals	$ 1,316,406	$ 240,212	$ 1,556,618

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and Prepaid Items (Continued)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds of the City's Series 2003A revenue warrants, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "Series 2003A Reserve Fund" account is used to report resources set aside to pay debt service on the Series 2003A Warrants, but only if the amount then on deposit in the "debt service fund" is insufficient for such purpose. The "debt service fund" account is used to segregate resources accumulated for debt service payments on the Series 2003A Revenue Warrants as they become due and payable.

Portfolio Valuation Method

Investments are reported at fair value. For fixed income securities, fair value is based on quoted market prices provided by independent pricing services. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgage related securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than $5,000 for equipment and $25,000 for land, buildings, and other capital assets with an estimated useful life in excess of two years. The amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City was able to estimate the historical cost for the initial reporting of all infrastructure assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year) if the actual cost was not available. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Property, plant, and equipment of the City, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 – 99 years
Improvements	5 – 25 years
Equipment	3 – 25 years
Infrastructure	20 – 50 years

Compensated Absences

The City allows employees to accumulate vacation and sick leave up to certain limits for use in subsequent periods. Also, employees may elect to receive vacation days up to a certain limit in lieu of overtime pay. Upon termination of employment, an employee receives payment of accumulated vacation hours and one-half of accumulated sick leave hours up to certain limits at current wage rates. All leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Postemployment Benefits

The City records a liability in the government-wide financial statements for future benefits due employees who were covered by the City's previous pension plan and the Trinity Act. These benefits are determined based on an employee's years of service and the current laborers' hourly rate of pay. The liability is recorded at the present value of the retirement payments. The retirement and disability benefits liability at September 30, 2009 totaled $7,736,126.

The City also records a liability in the government-wide financial statements for future healthcare benefits for eligible retirees and their spouses. The postemployment benefit other than pension liability at September 30, 2009 totaled $32,316,766.

Long-term Obligations

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease Obligations

Capital lease obligations are stated at the original fair value of leased assets capitalized, less payments since the inception of the lease discounted at the implicit rate of interest in the lease. Also, in the year an asset is acquired by capital lease, the expenditure for the asset and the offsetting amount of the financing source are reflected in the Fund Financial Statements in the Statement of Revenues, Expenditures and Changes in Fund Balance. Capital lease obligations of proprietary funds and governmental activities in the government-wide financial statements and the cost of assets so acquired are reflected in the accounts of those funds and statements.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Management Estimates and Assumptions

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from estimates used.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Each year formal budgets are legally adopted and amended as required by the City Council for the General Fund, State Gasoline Tax Fund, and Alabama Trust Fund. Management can approve transfers within government function categories only. Transfers of appropriations or revisions between government function categories require the approval of the Council. The level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the government function category level.

In addition to the legally adopted budgets, formal budgetary integration is employed as a management control device during the year for the Grant Funds and Capital Projects Fund.

Budgets for the governmental funds are adopted on a modified accrual basis which differs from generally accepted accounting principles (GAAP) insofar as encumbrances are included with expenditures. Reconciliation of expenditures reported in accordance with GAAP and those presented in accordance with the non-GAAP budgetary basis are noted below.

Appropriations lapse at the end of the year unless expended or encumbered. Encumbered appropriations are carried forward.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities of the fund. The only exception to this rule is in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund. Actual expenditures in this statement include outstanding encumbrances at September 30, 2009, of $218,528. Encumbrances are included in the actual expenditure figures on this statement so that a meaningful comparison can be made with the adopted budget.

A reconciliation of the two statements is as follows:

Net change in fund balances (GAAP)	$ 9,696,345
Encumbrances at beginning of year	(281,074)
Encumbrances at end of year	218,528
Net change in fund balances – actual (budget)	$ 9,633,799

Excess of Expenditures over Appropriations

For the year ended September 30, 2009, no general fund functional expenditure category (the legal level of budgetary control) exceeded appropriations.

Deficit Fund Equity

The General Fund includes appropriations to the Montgomery Area Transit System, Lagoon and Gateway Parks, and the Montgomery Zoo Funds for anticipated excesses in expenses (other than depreciation) over revenues. Actual excesses of expenses (other than depreciation) over revenues have exceeded General Fund appropriations in prior years resulting in deficits. The City's intent is to appropriate funds from the General Fund.

Funds with deficit unrestricted net assets are as follows:

	Deficit Amount
Proprietary Funds:	
Montgomery Zoo	$ 3,230,277
Montgomery Area Transit System	4,445,631
Internal Service Fund:	
Employees' medical insurance	18,318,073
Liability insurance	252,323

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Deficit Fund Equity (Continued)

The Employees' Medical Insurance Fund is a self-insured medical insurance plan and workers' compensation plan. The various departments of the City are proportionately charged for the insurance provided for them. The City's intent is to appropriate funds from the General Fund and increase the amount to be paid from the participating employees in order to reduce the deficit. The Liability Insurance Fund is a self-insured liability insurance fund of the City including General Liability, Public Officials' Liability and Law Enforcement Officers' Liability. The City's intent is to appropriate funds from the General Fund in order to reduce the deficit.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

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

As of September 30, 2009, the City has $17,213,533 on deposit in a money market fund that is exposed to custodial risk because it is uninsured and collateralized with investment securities held by a financial institution's trust department, but not in the City's name. The securities are direct obligations of, or fully guaranteed by, the United States of America.

Investments

The City of Montgomery, Alabama Employees' Retirement System, (the Plan) engages money managers to invest plan assets. The System also has an investment consultant who assists the Board of Directors in monitoring compliance with the Plan's investment policy and monitoring performance of the money managers.

Investments are subject to certain types of risks including interest rate risk, credit risk (including custodial credit risk and credit quality), foreign currency risk and concentration risk. The following describes those risks.

Interest Rate Risk – The fair value of fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those instruments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments have call provisions that could result in shorter maturity periods. The adopted investment policy of the Plan does not address interest rate risk.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments (Continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails. The Plan's custodian holds all investments of the Plan in the Plan's name. The adopted investment policy of the Plan does not address custodial credit risk.

Credit Quality – Nationally recognized statistical rating organizations provide ratings of debt securities quality based on a variety of factors, such as the financial condition of the issuers, which provide investors with some idea of the issuer's ability to meet its obligations. The adopted investment policy of the Plan does not address credit quality.

Foreign Currency Risk – For an investment, foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The adopted investment policy of the Plan does not address foreign currency risk.

Concentration of Credit Risk – The investment policies of the Plan limit the aggregate amount that can be invested in each class of investments and any one issuer. The investment policy limits equity investments to 60% of the portfolio value, plus or minus 5% and limits fixed income investments to 40% of the portfolio value, plus or minus 5%. Equity investments are further limited as follows:

Asset Class of Sub Class	Target Allocation
Large/Mid Cap Equity	35%, plus or minus 5%
Small Cap Equity	12.5%, plus or minus 5%
International Equity	12.5%, plus or minus 5%

Equity investments shall be diversified within the Plan such that no single issue exceeds 5% of the portfolio value of the Plan. Also, the aggregate investment of the Plan in the equity of any one issuing corporation shall not exceed 4% of the outstanding shares of such corporation.

Fixed income securities are to be diversified so that no one issue shall exceed 5% of the total portfolio of the Plan, except for U.S. Government and Agency securities.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The following table provides information as of December 31, 2008, concerning the fair value of investments, interest rate risk, and foreign currency risk:

Type of Investment	Investment Maturities at Fair Value (in Years) Less Than 1	1 – 5	6 – 10	More Than 10	Total Fair Value	Cost
Fixed Maturity						
GNMA/FNMA/ FHLMC Pools	$ 75,004	$ -	$ 27,876	$ -	$ 102,880	$ 101,356
REMICS and Other Gov't Paydowns	-	-	3,002	986,027	989,029	936,822
U.S. Agencies	2,500,000	-	-	-	2,500,000	2,498,201
Corporate Paydown Securities	34,948	2,502,884	1,154,540	24,570,511	28,262,883	32,256,560
Preferred Stocks	-	26,471	-	-	26,471	596,918
Corporate Bonds	-	7,916,488	7,853,039	4,495,281	20,264,808	22,203,756
Foreign Bonds	-	674,404	1,063,262	1,554,666	3,292,332	4,148,723
Mutual Bond Fund	25,902,000	25,902,000	-	-	51,804,000	55,607,945
Total Fixed Maturity	$ 28,511,952	$ 37,022,247	$ 10,101,719	$ 31,606,485	107,242,403	118,350,281
Equities						
Domestic					27,701,580	38,302,701
International					1,467,170	2,851,404
Total Equities					29,168,750	41,154,105
Mutual Equity Funds					98,931,965	124,014,966
Cash Equivalents					3,281,609	3,281,609
Total Investments					$ 238,624,727	$ 286,800,961

Mortgage-Backed Securities – As of December 31, 2008, the Plan had investments in mortgage-backed securities. Embedded prepayment options cause these investments to be highly sensitive to changes in interest rates. Prepayments by the obligees of the underlying assets reduce the total interest payments to be received. Generally, when interest rates fall, obligees tend to prepay the mortgages thus eliminating the stream of interest payments that would have been received under the original amortization schedule. The resulting reduction in cash flow diminishes the fair value of mortgage-backed securities. Maturities may differ from contractual maturities (as shown in the table of investments) in mortgage-backed securities due to prepayment characteristics of these securities. Average life is an acceptable expected maturity.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash Equivalents – Cash equivalents consist of money market funds backed by securities of the U.S. Government.

The following table provides information as of December 31, 2008, concerning credit risk:

Rating of Fixed Maturity Investments

Moody's Ratings § (Unless Noted)	Fair Value	Cost	Fair Value as a Percent of Total Fixed Maturity Fair Value
Aaa	$ 48,845,377	$ 53,430,369	45.55
Aa	12,601,910	14,099,640	11.75
A1	4,536,547	4,997,091	4.23
A2	11,659,886	12,449,027	10.87
A3	1,985,804	2,104,724	1.86
Baa	13,033,324	14,860,284	12.15
Ba	2,204,240	2,361,173	2.06
B1	98,037	153,883	.09
B2	719,076	684,529	.67
B3	427,283	378,001	.40
Ca	26,471	596,918	.02
Caa	3,689,279	3,525,636	3.44
C	667,599	1,035,772	.62
Not Rated	6,747,570	7,673,234	6.29
	$ 107,242,403	$ 118,350,281	100.00

§ - The Moody's ratings are used when available. The Standard & Poor's rating is used when it is available and a Moody rating is not available. Standard & Poor's ratings are denoted by (SP).

4. RECEIVABLES

Receivables as of year-end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are considered fully collectible and are recorded at net realizable value as follows:

	General	Nonmajor Governmental Funds	Montgomery Zoo	Montgomery Area Transit System	Lagoon and Gateway Parks	Other Enterprise Funds	Internal Service Funds	Employee Retirement System	Total
Interest and dividends	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 723,695	$ 723,695
Contributions receivable	-	-	-	-	-	-	-	828,849	828,849
Taxes	8,318,820	270,948	-	-	-	-	-	-	8,589,768
Accounts	1,512,647	2,865,886	72,207	579	4,649	3,033	300,037	14,900	4,773,938
Intergovernmental	1,350,139	1,350,866	-	-	-	-	-	-	2,701,005
Total receivables	$ 11,181,606	$ 4,487,700	$ 72,207	$ 579	$ 4,649	$ 3,033	$ 300,037	$ 1,567,444	$ 17,617,255

5. INTERFUND BALANCES

Interfund balances are generally used to meet cash demands necessary to pay operating expenditures. Except for amounts due from Enterprise and Internal Service Funds, these amounts should be repaid during the next fiscal year. The composition of interfund balances as of September 30, 2009 is shown below.

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Capital Project Funds – G.O. Warrants	$ 558,313
	Nonmajor Governmental	8,477,330
	Montgomery Zoo	9,620,410
	MATS	4,337,522
	Lagoon and Gateway Parks	3,622,009
	Nonmajor Enterprise	386,982
	Internal Service	14,397,433
Capital Project Funds – G.O. Warrants	General	36,505
Nonmajor Governmental	General	7,535,156
	Capital Project Funds – G.O. Warrants	422,199
Montgomery Zoo	General	6,518,255
Lagoon and Gateway Parks	General	4,321,396
Nonmajor Enterprise	General	660,984
Internal Service	General	1,339,161
Total		$ 62,233,655

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Liability Insurance	$ 39,000

5. INTERFUND BALANCES (Continued)

Interfund Transfers:

	Transfer In:				
Transfer Out:	General	Capital Project Funds - G.O. Warrants	Series 2005B Refunding Bonds	Nonmajor Governmental	Montgomery Zoo
General	$ -	$ -	$ 2,565,279	$ 22,943,320	$ 2,362,620
Capital Project Funds – G.O. Warrants	-	1,205,640	-	7,576,610	-
Nonmajor Governmental	4,035,000	80,120	-	15,441,690	60,962
Nonmajor Enterprise	-	-	-	5,347	-
Total	$ 4,035,000	$ 1,285,760	$ 2,565,279	$ 45,966,967	$ 2,423,582

	Transfer In:				
Transfer Out:	MATS	Lagoon and Gateway Parks	Nonmajor Enterprise	Internal Service	Total
General	$ -	$ 1,364,389	$ 384,225	$ 3,466,007	$ 33,085,840
Capital Project Funds – G.O. Warrants	-	-	-	-	8,782,250
Nonmajor Governmental	82,398	-	-	-	19,700,170
Montgomery Zoo	-	-	-	-	5,347
Total	$ 82,398	$ 1,364,389	$ 384,225	$ 3,466,007	$ 61,573,607

Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, and to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

6. NOTE, WARRANTS AND LEASE RECEIVABLE

During 2001, Montgomery Development Corporation, an Alabama non-profit corporation, and Montgomery Housing Partners, Ltd., an Alabama limited partnership, issued a note payable to the City of Montgomery through 2021. Annual interest payments are due on the note at a rate of .5% per year. Principal of $700,000 is due at maturity.

During 2005, the Montgomery County Commission issued a limited obligation warrant payable to the City of Montgomery through 2018. This amount represents 15.84% of the total debt service on the $26,035,000 General Obligation Warrants, Series 2005B. The present value amount of $3,320,064 is recorded as a receivable and deferred revenue in the Debt Service Fund.

6. NOTE, WARRANTS AND LEASE RECEIVABLE (Continued)

Annual debt service receivables to maturity for limited obligation warrants are as follows:

	Governmental Activities	
	Principal	Interest
Year ending September 30:		
2010	$ 290,664	$ 115,459
2011	300,960	106,767
2012	309,672	96,015
2013	323,136	84,445
2014 – 2018	1,812,888	219,487
Total	$ 3,037,320	$ 622,173

In 2005, the Montgomery County Board of Education entered into a lease agreement with the City of Montgomery for the construction of public schools. The agreement states the School Board would pay 30.69% of the total debt service on the $26,035,000 General Obligation Warrants, Series 2005B.

The above-mentioned lease with the Montgomery County Board of Education is classified as a direct financing lease expiring in the year 2018. The following lists the components of the net investment in the lease as of September 30, 2009.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009, are as follows:

	Amount
Year ending September 30:	
2010	$ 794,960
2011	798,717
2012	798,103
2013	800,018
2014 – 2018	4,014,369
Total minimum lease payments	7,206,167
Less amount representing interest	1,321,359
Present value of minimum lease payments	$ 5,884,808

7. CAPITAL ASSETS

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 42,340,092	$ 832,000	$ 95,000	$ 43,077,092
Construction in progress	78,486,669	19,376,911	63,369,385	34,494,195
Total capital assets, not being depreciated	120,826,761	20,208,911	63,464,385	77,571,287
Capital assets, being depreciated:				
Buildings and system	112,423,940	36,025,248	-	148,449,188
Improvements other than buildings	21,491,066	26,621,324	5,720	48,106,670
Machinery and equipment	80,281,040	6,553,452	2,671,973	84,162,519
Infrastructure	499,508,236	5,156,404	-	504,664,640
Total capital assets, being depreciated	713,704,282	74,356,428	2,677,693	785,383,017
Less accumulated depreciation for:				
Buildings and system	40,021,629	2,755,609	-	42,777,238
Improvements other than buildings	11,959,729	1,390,333	286	13,349,776
Machinery and equipment	52,078,242	6,089,954	1,316,506	56,851,690
Infrastructure	374,661,155	14,693,365	-	389,354,520
Total accumulated depreciation	478,720,755	24,929,261	1,316,792	502,333,224
Total capital assets, being depreciated, net	234,983,527	49,427,167	1,360,901	283,049,793
Governmental activities capital assets, net	$ 355,810,288	$ 69,636,078	$ 64,825,286	$ 360,621,080

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 1,047,942	$ -	$ -	$ 1,047,942
Capital assets, being depreciated:				
Buildings and system	13,363,622	-	-	13,363,622
Improvements other than buildings	7,750,278	21,720	-	7,771,998
Machinery and equipment	9,177,382	189,609	393,305	8,973,686
Total capital assets being depreciated	30,291,282	211,329	393,305	30,109,306
Less accumulated depreciation for:				
Buildings and system	3,971,209	269,416	-	4,240,625
Improvements other than buildings	5,363,043	209,181	-	5,572,224
Machinery and equipment	6,229,047	795,429	355,953	6,668,523
Total accumulated depreciation	15,563,299	1,274,026	355,953	16,481,372
Total capital assets, being depreciated, net	14,727,983	(1,062,697)	37,352	13,627,934
Business-type activities capital assets, net	$ 15,775,925	$ (1,062,697)	$ 37,352	$ 14,675,876

7. CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General Government	$ 19,236,829
Public Works	1,323,143
Public Safety	2,855,803
Cultural and Recreational	1,513,486
Total depreciation expense – governmental activities	$ 24,929,261
Business-type Activities:	
Montgomery Zoo	$ 378,774
Montgomery Area Transit System	677,601
Lagoon and Gateway Parks	152,682
Municipal Parking Deck	64,969
Total depreciation expense – business-type activities	$ 1,274,026

8. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	$206,325,000	$ 5,000,000	$ 8,365,000	$202,960,000	$ 8,983,333
Less deferred amounts:					
For issuance discounts	(170,909)	-	(15,611)	(155,298)	-
On refunding	(1,128,541)	-	(115,081)	(1,013,460)	-
Add deferred amounts:					
For issuance premiums	857,244	-	83,925	773,319	-
Total general obligation bonds payable	205,882,794	5,000,000	8,318,233	202,564,561	8,983,333
Revenue warrants	23,520,000	-	5,135,000	18,385,000	180,000
Capital leases	14,202,107	5,010,974	4,864,694	14,348,387	3,546,967
Compensated absences	18,159,276	1,299,120	1,451,468	18,006,928	1,451,468
Retirement and disability benefits	8,050,868	-	314,742	7,736,126	679,091
Post employee benefits other than pensions	22,281,100	19,547,954	9,512,288	32,316,766	-
Landfill closure and postclosure	2,762,862	1,938,297	-	4,701,159	-
Governmental activity long-term liabilities	294,859,007	32,796,345	29,596,425	298,058,927	14,840,859
Business-type Activities:					
Compensated absences	756,776	112	31,508	725,380	31,508
Total long-term debt	$295,615,783	$ 32,796,457	$ 29,627,933	$298,784,307	$ 14,872,367

8. LONG-TERM DEBT (Continued)

Long-term debt payable at September 30, 2009 is comprised of the following:

General Obligation Bonds

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The original amount of general obligation bonds issued was $236,235,000 with current outstanding balances as follows:

$23,640,000 Series 2001 General Obligation Bonds due in annual installments of $555,000 to $1,430,000 on 11-01-07 to 11-01-26; with a maximum principal of $1,430,000 in fiscal year 2026; interest at 3.40% to 5.10%.	$ 17,225,000
$57,900,000 Series 2003A General Obligation Bonds due in annual installments of $1,180,000 to $6,340,000 on 11-01-07 to 11-01-23; with a maximum principal of $6,340,000 in fiscal year 2024; interest at 3.25% to 5.00%.	54,445,000
$9,005,000 Series 2003B General Obligation Refunding Bonds due in annual installments of $585,000 to $1,160,000 on 11-01-07 to 11-01-09; with a maximum principal of $1,160,000 in fiscal year 2009; interest at 1.25% to 3.00%.	585,000
$32,500,000 Series 2005A General Obligation Bonds due in annual installments of $1,065,000 to $2,485,000 on 4-01-08 to 4-01-26, with a maximum principal of $2,485,000 in fiscal year 2026, interest at 4.168% to 5.19%.	29,305,000
$26,035,000 Series 2005B General Obligation Refunding Bonds due in annual installments of $1,730,000 to $2,505,000 on 11-01-07 to 11-01-17, with a maximum principal of $2,505,000 in fiscal year 2018, interest at 2.80% to 5.00%.	19,175,000
$9,265,000 Series 2006A Taxable General Obligation Tax Increment Warrants due in annual installments of $315,000 to $785,000 on 1-01-09 to 1-01-26, with a maximum principal of $785,000 in fiscal year 2026, interest at 5.05% to 5.55%. In addition to being general obligations of the City, the Warrants are secured by a special pledge of the incremental increase in local non-educational ad valorem tax receipts attributable to the increase in equalized values of taxable properties located within the Downtown revitalization area.	8,950,000
$8,995,000 Series 2006B General Obligation Tax Increment Warrants due in annual installments of $355,000 to $690,000 on 1-01-09 to 1-01-26, with a maximum principal of $690,000 in fiscal year 2026, interest at 3.20% to 4.40%. In addition to being general obligations of the City, the Warrants are secured by a special pledge of the incremental increase in local non-educational ad valorem tax receipts attributable to the increase in equalized values of taxable properties located within the Downtown revitalization area.	8,640,000
$18,795,000 Series 2006C General Obligation Warrants due in annual installments of $640,000 to $1,405,000 on 1-01-07 to 1-01-26, with a maximum principal of $1,405,000 in fiscal year 2026, interest at 3.20% to 4.50%.	16,870,000
$44,400,000 Series 2007 General Obligation Warrants due in annual installments of $1,080,000 to $2,930,000 on 2-01-08 to 2-01-31, with a maximum principal of $2,930,000 in fiscal year 2031, interest at 4.00% to 4.375%.	42,195,000
$700,000 Series 2007 General Obligation Warrants due in annual installments of $65,000 to $75,000 on 8-15-08 to 8-15-17, with a maximum principal of $75,000 in fiscal years 2015-2017, interest at 2.20%.	570,000
$5,000,000 Series 2009 General Obligation Warrants due in annual installments of $333,333 on 4-23-10 to 4-23-14, with outstanding balance due 4-23-14, interest at a variable rate	5,000,000
Total general obligation bonds	$ 202,960,000

8. LONG-TERM DEBT (Continued)

Revenue Warrants

The City has issued revenue warrants to provide for the acquisition and construction of major capital facilities. These warrants are secured by 2.5% of the 8.5% lodging tax levied by the City of Montgomery and a letter of credit.

$18,690,000 Taxable Special Lodging Tax Revenue Warrants (Riverfront Stadium Project), Series 2003A due in annual installments of $95,000 to $1,390,000 on November 1, 2007 to November 1, 2033; with a maximum principal of $1,390,000 in fiscal year 2034; interest at 5.00% to 6.05%.	$18,385,000

The following schedule illustrates debt service to maturity for General Obligation Bonds and Revenue Warrants at September 30, 2009.

	Governmental Activities					
	General Obligation Bonds			Revenue Warrants		
	Principal	Interest	Total	Principal	Interest	Total
Year ending September 30,						
2010	$ 8,983,333	$ 9,394,695	$ 18,378,028	$ 180,000	$ 1,077,462	$ 1,257,462
2011	9,333,333	9,044,602	18,377,935	230,000	1,067,212	1,297,212
2012	9,703,333	8,651,130	18,354,463	285,000	1,054,337	1,339,337
2013	10,143,333	8,225,316	18,368,649	340,000	1,038,712	1,378,712
2014	13,911,668	7,780,277	21,691,945	400,000	1,020,212	1,420,212
2015-2019	57,115,000	30,598,253	87,713,253	2,625,000	4,687,835	7,312,835
2020-2024	61,135,000	15,644,039	76,779,039	3,480,000	3,807,830	7,287,830
2025-2029	26,900,000	3,608,023	30,508,023	4,635,000	2,612,839	7,247,839
2030-2034	5,735,000	253,641	5,988,641	6,210,000	983,424	7,193,424
	$ 202,960,000	$ 93,199,976	$ 296,159,976	$ 18,385,000	$ 17,349,863	$ 35,734,863

	Governmental Activities Total Annual Requirements		
	Principal	Interest	Total
Year ending September 30,			
2010	$ 9,163,333	$ 10,472,157	$ 19,635,490
2011	9,563,333	10,111,814	19,675,147
2012	9,988,333	9,705,467	19,693,800
2013	10,483,333	9,264,028	19,747,361
2014	14,311,668	8,800,489	23,112,157
2015-2019	59,740,000	35,286,088	95,026,088
2020-2024	64,615,000	19,451,869	84,066,869
2025-2029	31,535,000	6,220,862	37,755,862
2030-2034	11,945,000	1,237,065	13,182,065
	$ 221,345,000	$ 110,549,839	$ 331,894,839

8. LONG-TERM DEBT (Continued)

Revenue Warrants (Continued)

Interest is computed on the Series 2003B Revenue Warrants at a variable rate not to exceed 10%. The rate in effect at September 30, 2009 and utilized to compute the above schedule was 5.15%. As rates vary, payments on the Series 2003B Revenue Warrants will vary.

Covenants – There are a number of limitations and restrictions contained in various bond indentures. The amount of long-term debt the City can incur is limited by State statute. The amount of debt applicable to this limit during a year can be no greater than 20% of the assessed value of taxable property as of the beginning of the fiscal year. As of September 30, 2009, the amount of outstanding debt applicable to this limit was equal to 6.35% of property assessments as of October 1, 2009.

Arbitrage Compliance – As an issuer of tax-exempt obligations, the City must comply with Section 148 of the Internal Revenue Code whereby arbitrage on tax-exempt warrants, if any, is rebated to the IRS. The City is in compliance with Section 148 requirements.

LEASE OBLIGATIONS

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of property and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Conference center	$ 6,850,000
Machinery and equipment	8,929,906
Less accumulated depreciation	(3,397,757)
Total	$ 12,382,149

8. LONG-TERM DEBT (Continued)

LEASE OBLIGATIONS (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009, were as follows:

	Governmental Activities
Year ending September 30:	
2010	$ 5,591,507
2011	3,924,970
2012	2,225,794
2013	507,161
2014	519,130
2015 - 2019	2,852,372
Total minimum lease payments	15,620,934
Less amount representing interest	1,272,547
Present value of minimum lease payments	$ 14,348,387

Operating Leases

The City is obligated under an operating ground lease for the municipal parking deck through June 30, 2011. The lease is for $2,832 per month as adjusted for inflation and contains five five-year renewal options. Scheduled future minimum lease payments under this lease are:

Year ending September 30:	
2010	$ 33,984
2011	25,488
Total	$ 59,472

Total rental expense for the above operating lease is $33,981 for the year ended September 30, 2009.

Other Long-Term Debt

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

9. CLOSURE AND POSTCLOSURE COSTS

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenditures related to current activities of the landfill, a liability is recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used to date.

In October 1995, the City suspended use of its landfill for solid waste disposal, and began operation of a new landfill in compliance with Subtitle D at the same site area of the existing landfill. The City can continue to dispose inert waste in the old landfill and, as such, closure costs are not current and will remain a liability. The Subtitle D landfill is expected to reach capacity in the year 2043.

The estimated liability of landfill closure and postclosure costs is approximately $4,701,159 as of September 30, 2009, which is based on 100% usage of the old landfill and 36% usage of the new Subtitle D landfill. It is estimated that an additional $3,498,842 will be recognized as closure and postclosure care expenses between the balance sheet date and the date the landfill is expected to be filled to capacity (2043).

The estimated total current cost of the landfill closure and postclosure care of $8,200,000 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of September 30, 2009. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City has designated $4,852,300 of its unreserved fund balance for landfill closure and postclosure costs. Additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

10. RESERVED FUND BALANCE

The City has established certain reservations of fund equity to indicate the portion of fund balance that is not appropriable for expenditures or is legally segregated for a specific future use.

Reserved Fund Balance		
General Fund		
Prepaid items	$ 712,307	
Inventories	1,336,299	
Note receivable	700,000	
Encumbrances	218,528	
Advances to other funds	39,000	
Total general fund		$ 3,006,134
Capital Project Funds – G.O. Warrants		
Note receivable	563,030	
Encumbrances	31,997	
Total capital project funds – G.O. Warrants		595,027
Nonmajor Governmental Funds		
Encumbrances	4,984,199	
Prepaid items	144,951	
Mortgage receivable	188,289	
Total nonmajor governmental funds		5,317,439
Total reserved fund balance		$ 8,918,600

11. OPERATING LEASES

The City is the lessor of real estate under operating leases expiring in various years through 2014. Following is a summary of property held for lease as of September 30, 2009:

Real estate – Union Station	$ 2,142,853
Real estate – N. Perry St.	966,762
Real estate – N. Jackson St.	13,200
Less accumulated depreciation	(1,209,414)
	$ 1,913,401

11. OPERATING LEASES (Continued)

The minimum future rentals on noncancelable operating leases as of September 30, 2009 are:

Year ending September 30:	
2010	$ 295,381
2011	154,403
2012	114,445
2013	50,880
2014	20,200
Total minimum future rentals	$ 635,309

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and self-insured employee health. The City purchases commercial insurance for claims in excess of coverage provided by Employees' Medical Insurance Fund and the Liability Insurance Fund and for all other risks of loss.

The City maintains the Employees' Medical Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss related to employees' medical insurance and workers' compensation liability.

The City maintains the Liability Insurance Fund (an internal service fund) to account for and finance its general liability, law enforcement liability and public official liability uninsured risk of loss.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of $250,000 for employees' medical insurance and for the liabilities financed in the Liability Insurance Fund. An excess coverage insurance policy covers individual claims in excess of $600,000 for workers' compensation. Settlements have not exceeded coverage for each of the past three fiscal years. It is anticipated that all claims outstanding as of September 30, 2009 will be paid during the next fiscal year. Changes in the balances of claims liabilities during the past two years are as follows:

12. RISK MANAGEMENT (Continued)

Employees' Medical Insurance Fund	2009	2008
Unpaid claims, beginning of fiscal year	$ 2,822,298	$ 2,999,776
Incurred claims (including IBNRs)	30,277,991	30,553,825
Claim payments	(30,151,854)	(30,731,303)
Unpaid claims, end of fiscal year	$ 2,948,435	$ 2,822,298

Liability Insurance Fund	2009	2008
Unpaid claims, beginning of fiscal year	$ 1,384,642	$ 1,420,549
Incurred claims (including IBNRs)	1,855,322	1,573,111
Claim payments	(1,658,119)	(1,609,018)
Unpaid claims, end of fiscal year	$ 1,581,845	$ 1,384,642

All funds of the City, except the Montgomery Area Transit System Enterprise Fund, participate in the employees' medical insurance program and make payments to the Employees' Medical Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims.

13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Plan Description

The City contributes to the Employees' Retirement System of the City of Montgomery (the System), a cost-sharing, multiple-employer defined benefit plan. The System was established by the City to provide retirement allowances to City employees and employees of one other participating governmental unit. Responsibility for the administration and operation of the System is vested in a nine-member Board of Trustees. The System issues a publicly available financial report that includes financial statements and required supplementary information for fiscal years ending December 31. That report may be obtained by writing to the Employees' Retirement System, 103 North Perry Street, Montgomery, Alabama 36104.

Summary of Significant Accounting Policies – Basis of Accounting and Valuation of Investments

The System's financial statements have been prepared using the accrual basis of accounting under which revenues are recorded in the accounting period in which they are earned and become measurable, and expenses are recorded when the related liability is incurred. Investment purchases and sales are recorded as of their respective trade dates. All contributions, benefits and refunds are recognized in the period when due.

Plan investments are reported at fair value. For fixed income securities, fair value is based on quoted market prices provided by independent pricing services. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgage related securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments.

13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Contributions

Plan members are required to contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate. Contribution requirements of plan members and the City are established by, and may be amended by, the State Legislature. The City's contributions to the System for the years ended September 30, 2009, 2008, and 2007 were, $8,218,463, $8,587,141, and $7,443,180, respectively, equal to the required contributions for each year.

Funded Status and Funding Progress

The schedule of funding progress, reported as required supplemental information following the notes to the financial statements, summarizes the actuarial value of the System's assets and actuarial accrued liability as of January 1, 2008 (actuarial valuation date) and each of the five preceding years. The data presented in the schedule was obtained from the System's independent actuary's annual valuation report for each year presented.

The schedule is presented to provide a consistent basis for measuring the System's annual progress toward funding its actuarial accrued liability in accordance with its actuarial funding method. The primary measure of funding progress is the System's funded ratio (i.e., actuarial value of assets expressed as a percentage of the actuarial accrued liability). A decrease in the funded ratio indicates a decline in the System's ability to pay all projected benefits as they become due. During the year, the System's funded ratio decreased from 78.96% to 78.65%.

The schedule of funding progress also discloses the relationship between the System's covered payroll (i.e., all elements included in compensation paid to active members on which contributions are based) and the unfunded portion of its actuarial accrued liability. This relationship, expressed as a ratio, is a measure of the significance of the unfunded actuarial liability relative to the capacity to pay it. An increase in this ratio indicates a decline in the System's strength. During the year, the System's ratio of unfunded actuarial liability to its covered payroll increased from 84.85% to 86.42%.

Funding Method

The System uses the aggregate entry age normal cost method to determine the actuarial accrued liability on which future employer contribution rates will be based. Under this funding method, a total contribution rate is determined which consists of two elements, the normal cost rate and the unfunded actuarial liability rate. Beginning in year 2006, the unfunded actuarial accrued liability was amortized as a level percentage of projected payrolls over a 30-year period. The City began phasing into the 30-year period year-by-year beginning in 1997. Thus, the 2008 cost is based on a remaining period of 28 years.

Asset Valuation Method

The System uses the long-range yield method to determine the actuarial value of assets.

13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Actuarial Assumptions

The assumptions used for the actuarial valuation were recommended by the System's independent actuary, based upon periodic analyses of the System's experience, and adopted by the Board of Trustees. Differences between assumed and actuarial experience (i.e., actuarial gains and losses) are part of the unfunded actuarial liability.

The following significant assumptions were used in the actuarial valuation as of December 31, 2008:

Rate of return - A rate of return on investments of 7%, compounded annually (the maximum interest assumption allowed by the law currently governing the System).

Salary increases - Projected salary increases based on age ranging from 2.8% to 7.1% (Due to the restriction noted above on the investment return assumption, the salary increase assumption has been consciously understated. This technique is based on the hypothesis that understatement in these two areas produces approximately the same funding requirement that would be produced by the use of explicit assumptions.)

Mortality - Life expectancies were based on the Static 1994 Group Annuity Mortality (GAM) tables.

Turnover - Rates for termination of service, disablement and retirement are based on actual experience.

Marital status - It was assumed that 75% of eligible participants will have a surviving spouse, and husbands are two years older than wives.

Plan expenses - Expenses are paid by separate appropriations.

Future employment - Future employment assumes a full year of service per year for each participant.

Employee Retention Incentive Program (ERIP) - Assumes 75% of eligible employees elect the ERIP.

Actuarial assumptions, actuarial funding method, benefit provisions and any other significant factors used to compute the pension contribution requirement for the year ended December 31, 2008 were not significantly changed from the assumptions, method, provisions and factors used in the preceding five years.

Between September 30, 2009 and the date of these financial statements, there has been significant market volatility. During this time period, there have been declines in major indexes such as the Dow Jones Industrial Average and the NASDAQ Composite. As the City's plan assets are diversified and consist of various types of investments, they are subject to these changes due to market volatility.

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City administers a multi-employer defined benefit healthcare plan ("the Employees' Medical Insurance Plan") for employees of the City and one other participating governmental unit. The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. The Employees' Medical Insurance Plan does not issue a publicly available financial report. At September 30, 2009, the plan had approximately 2,795 active participants and 2,161 retired members and beneficiaries.

Funding Policy

The employer requires monthly contributions of $20 to $200 from active participants. Retirees' or their beneficiaries are required to contribute certain amounts based on level of coverage and date of retirement as follows:

	Monthly Contribution
Retiree and spouse over 65, after January 1, 1988	$ 160
Retiree and spouse under 65, after January 1, 1988	166
Retiree and spouse over 65	91
Retiree	39
Beneficiary and family	766
Retiree and family	189
Retiree over 65	20
Beneficiary under 65	323
Retiree over 65 and family	180
Beneficiary over 65	212
Retiree and spouse (one over 65 and one under 65)	115
Blue Cross Blue Shield family W/C Beneficiary	165

Total member contributions were $3,426,188 for active participants and $1,629,269 for retirees and beneficiaries.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the unit credit actuarial cost method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows 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 to the Employees' Medical Insurance Plan:

Annual required contribution	$ 19,178,104
Interest on net OPEB obligation	1,658,368
Adjustment to ARC	(1,288,518)
Annual OPEB cost	19,547,954
Contributions made	(9,512,288)
Increase in net OPEB obligation	10,035,666
Net OPEB obligation – beginning of year	22,281,100
Net OPEB obligation – end of year	$ 32,316,766

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 and the previous two years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2007	*	*	*
9/30/2008	$ 30,761,140	27.6%	$ 22,281,100
9/30/2009	19,547,954	48.6%	32,316,766

* Information not available.

Funded Status and Funding Progress

As of September 30, 2008, the actuarial accrued liability for benefits was $235,686,390, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $104,442,140, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 226 percent.

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

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following significant assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire as follows:

Fire and Police – age 40 with 20 years of service or age 62, regardless of service
Non-Fire and Police – age 40 with 20 years of service or age 65, regardless of service

Marital status – At the calculation date, it was assumed that wives are two years younger than husbands and 60% are assumed to have an eligible spouse who will elect coverage upon retirement.

Mortality – Life expectancies were based on the 1994 GAM sex-distinct tables.

Turnover – Group-specific age-based turnover data was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate – Claim costs in future years are estimated by adjusting the starting claim costs by an assumed ongoing cost trend. Such trends are based on the healthcare cost trend rate adjusted for the impact of plan design, cost containment features and Medicare coordination. The rates used in 2009 were 7.60% for pre-65, and 6.80% for post-65, reduced to an ultimate rate of 5.50% in year 2020.

Health insurance premiums – 2009 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Discount rate – 4% per annum, compounded annually, if unfunded
6% per annum, compounded annually, if funded

The Unit Cost Actuarial Cost Method was utilized in computing actuarial liabilities and costs. The unfunded actuarial accrued liability is being amortized over the maximum permissible period under GASB 45 of 30 years. The remaining amortization period at September 30, 2009, was 28 years.

15. CONTINGENT LIABILITIES

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

The City is a defendant in various lawsuits whose outcome is not presently determinable. In the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City. The City has established reserves for future settlements in the Liability Insurance Fund.

16. CONSTRUCTION COMMITMENTS

As of September 30, 2009, the City had commitments on construction of capital projects as follows:

Gross commitments	$ 12,070,445
Spent-to-date	(8,027,950)
Net commitments	$ 4,042,495

As of February 28, 2010, the City's total net construction commitments were $6,549,753.

17. RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the year ended September 30, 2009:

The City appropriated approximately $2,200,000 to the Montgomery City-County Public Library, a component unit, for salaries, operating costs and miscellaneous capital projects. The City's appropriation is net of Montgomery County's reimbursements to the City for its share of Library appropriations.

The Montgomery Water Works and Sanitary Sewer Board paid the City $2,080,061 in lieu of taxes. The Board, as an agent for the City, collects the City's garbage collection fees from City residents. The City paid the Board $300,000 for the Board's collection services. Also, during the year, the City paid the Board $703,025 in charges for the use of fire hydrants.

The City made payments of $214,984 to a Council Member's insurance agency for City insurance coverage.

18. EXTRAORDINARY ITEM

On August 18, 2009, the City Council passed a resolution approving an agreement with the Montgomery County Commission. This agreement transferred permanent responsibility for the maintenance of certain roads and bridges known as "No Man's Land" from the Montgomery County Commission to the City of Montgomery. The City received total consideration of $3,900,000 under the terms of this agreement.

19. SUBSEQUENT EVENTS

On October 26, 2009, the City issued the Series 2009B Taxable General Obligation Warrants in the amount of $4,400,000. The warrants have a variable interest rate and are due in monthly installments on November 26, 2009 through September 26, 2014, with the outstanding balance due October 26, 2014.

20. EFFECT OF NEW PRONOUNCEMENTS

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

GASB Statement Number 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting for intangible assets including recognition, initial measurement and amortization. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009.

GASB Statement Number 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009.

GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010.

GASB Statement Number 57, *OPEB Measurement by Agent Employers and Agent Multi-Employer Plans*. This statement is intended to improve consistency in the measurement and financial reporting of other post-employment benefits (OPEB) such as retiree health insurance. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2011.

GASB Statement Number 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcy*. This statement is intended to improve consistency in the measurement and financial reporting of municipal bankruptcy. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009.

REQUIRED SUPPLEMENTAL INFORMATION

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CITY OF MONTGOMERY, ALABAMA

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MONTGOMERY, ALABAMA
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date January 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll |(b-a)/c|
2001	$ 233,055,600	$ 287,385,009	$ 54,329,409	81.10%	$ 84,722,345	64.13%
2002	269,121,306	304,711,835	35,590,529	88.32%	85,536,800	41.61%
2003	270,239,474	325,890,307	55,650,833	82.92%	90,383,037	61.57%
2004	276,199,626	319,398,748	43,199,122	86.47%	93,622,922	46.14%
2005	291,211,681	354,021,708	62,810,027	82.26%	94,998,692	66.12%
2006	276,138,290	351,283,025	75,144,735	78.61%	90,371,587	83.15%
2007	291,557,649	369,268,711	77,711,062	78.96%	91,581,898	84.85%
2008	314,139,305	399,403,756	85,264,451	78.65%	98,665,428	86.42%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual Required Contributions	Percentage Contributed
2001	$ 5,132,879	100%
2002	5,191,323	100%
2003	4,564,047	100%
2004	5,486,264	100%
2005	5,810,664	100%
2006	6,822,144	100%
2007	7,843,685	100%
2008	8,882,309	100%

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll |(b-a)/c|
9/30/2006	*	*	*	*	*	*
9/30/2007	$ -	$ 358,952,521	$ 358,952,521	0.00%	$ 103,392,796	347%
9/30/2008	-	235,686,390	235,686,390	0.00%	104,442,140	226%

* Information not available.
The 2008 Actuarial Accrued Liability reflects a reduction due to recognition of the Medicare Advantage Plan implemented October 1, 2009.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds include operating funds that are restricted as to use by the Federal or State governments and special purpose funds established by authority of the City Council.

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

Alabama Trust Fund accounts for funds received from the Alabama Trust Fund to be used solely for capital improvements and the renovation of capital improvements determined by the municipal governing body.

Riverfront Stadium Fund accounts for proceeds received from lodging tax receipts. Two and one-half (2½) percent of total lodging tax collections are earmarked for the fund. Collections from the Montgomery Pro Baseball Club for leasing and concessions sales are also accounted for in this fund. All proceeds are used for capital improvements, repairs and maintenance on the stadium and debt service payments.

Miscellaneous Grant Fund accounts for funding arising from miscellaneous federal and state government grants.

Montgomery Area Transit System Grant Fund accounts for grant funding received primarily from the Federal Transit Administration to be used for the Montgomery Area Transit System.

Housing and Urban Development Grant Fund accounts for grant funding used for Community Development Block Grant programs and Housing Development Action Grant programs.

DEBT SERVICE FUNDS

Debt service funds are used to accumulate monies for payment of principal and interest on general obligation debt of the City.

CAPITAL PROJECT FUNDS

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

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CITY OF MONTGOMERY, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	Special Revenue Funds							Capital Project Funds				
	State Gasoline Tax	Alabama Trust Fund	Riverfront Stadium	Miscellaneous Grant Fund	Montgomery Area Transit System Grant Fund	Housing and Urban Development Grant Fund	Debt Service Funds	Municipal Court Corrections	Emergency Management Fund	Landfill Upgrade Fund	Misc. Capital Project Funds	Total
ASSETS												
Cash and cash equivalents	$ 455,113	$ -	$ 536,500	$ 7,952,861	$ 950,088	$ 356,292	$ 218,486	$ 7,819,669	$ 445,810	$ 3,114,324	$ 3,658,857	$ 25,508,000
Receivables	270,948	-	133,400	360,178	628,266	249,906	-	-	168,321	-	2,676,681	4,487,700
Prepaid items	-	-	-	144,951	1,300	-	-	-	-	-	-	146,251
Due from other funds	2,672,868	-	3,221,379	776,452	274,494	3,338	-	-	49	-	1,008,775	7,957,355
Mortgage receivable	-	-	-	-	-	188,289	-	-	-	-	-	188,289
Cash - restricted	-	-	-	-	-	-	1,491,926	-	-	-	-	1,491,926
TOTAL ASSETS	$ 3,398,929	$ -	$ 3,891,279	$ 9,234,442	$ 1,854,148	$ 797,825	$ 1,710,412	$ 7,819,669	$ 614,180	$ 3,114,324	$ 7,344,313	$ 39,779,521
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accounts payable and accrued expenses	$ 336,558	$ -	$ -	$ 249,333	$ 806,416	$ 212,018	$ -	$ -	$ 86,304	$ 38,968	$ 613,451	$ 2,343,048
Retainage payable	-	-	-	37,359	103,554	-	-	-	-	34,814	25,516	201,243
Due to other funds	2,785,696	-	-	3,986,587	344,538	221,545	108,209	2,000	97,687	90,910	840,158	8,477,330
Deferred revenue	-	-	-	-	-	26,007	-	-	-	-	2,556,667	2,582,674
Funds held in escrow	-	-	-	85,960	-	302,630	-	-	-	-	-	388,590
TOTAL LIABILITIES	3,122,254	-	-	4,359,239	1,254,508	762,200	108,209	2,000	183,991	164,692	4,035,792	13,992,885
FUND BALANCES												
Reserved for:												
Encumbrances	-	-	-	625,591	2,629,585	102,804	-	-	7,440	186,775	1,432,004	4,984,199
Prepaid items	-	-	-	144,951	-	-	-	-	-	-	-	144,951
Mortgage receivable	-	-	-	-	-	188,289	-	-	-	-	-	188,289
Unreserved, designated for:												
Debt service	-	-	-	-	-	-	1,602,203	-	-	-	-	1,602,203
Unreserved, undesignated reported in:												
Capital projects funds	-	-	-	-	-	-	-	7,817,669	422,749	2,762,857	1,876,517	12,879,792
Special revenue funds	276,675	-	3,891,279	4,104,661	(2,029,945)	(255,468)	-	-	-	-	-	5,987,202
TOTAL FUND BALANCES	276,675	-	3,891,279	4,875,203	599,640	35,625	1,602,203	7,817,669	430,189	2,949,632	3,308,521	25,786,636
TOTAL LIABILITIES AND FUND BALANCES	$ 3,398,929	$ -	$ 3,891,279	$ 9,234,442	$ 1,854,148	$ 797,825	$ 1,710,412	$ 7,819,669	$ 614,180	$ 3,114,324	$ 7,344,313	$ 39,779,521

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CITY OF MONTGOMERY, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Special Revenue Funds							Capital Project Funds				
	State Gasoline Tax	Alabama Trust Fund	Riverfront Stadium	Miscellaneous Grant Fund	Montgomery Area Transit System Grant Fund	Housing and Urban Development Grant Fund	Debt Service Funds	Municipal Court Corrections	Emergency Management Fund	Landfill Upgrade Fund	Misc. Capital Project Funds	Total
REVENUES												
Taxes	$ 3,081,608	$ -	$ -	$ 1,411,990	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,493,598
Licenses and permits	29,117	-	-	-	-	-	-	-	-	-	-	29,117
Intergovernmental revenues	-	2,437,282	-	2,341,420	6,520,054	4,645,342	-	-	623,895	-	1,653,268	18,221,261
Charges for goods and services	-	-	-	138,809	-	-	-	-	-	-	-	138,809
Interest	-	-	2,672	36,993	-	-	3,558	59,740	-	27,098	4	130,065
Miscellaneous revenues	-	-	398,548	2,292,468	53,028	99,103	-	-	250,000	-	636,576	3,729,723
Total revenues	3,110,725	2,437,282	401,220	6,221,680	6,573,082	4,744,445	3,558	59,740	873,895	27,098	2,289,848	26,742,573
EXPENDITURES												
Current:												
General government	-	-	-	203,317	-	4,680,315	-	34,049	444,078	47,631	317,516	5,726,906
Public works	3,038,310	-	-	3,801,364	9,606,494	73,195	-	-	-	377,887	-	16,897,250
Public safety	-	-	-	1,757,234	-	-	-	-	-	-	6,269	1,763,503
Cultural and recreational	-	-	-	596,978	-	-	-	-	-	-	6,800	603,778
Capital projects	-	-	-	1,123,136	170,182	-	-	6,227	-	1,576,126	10,792,005	13,667,676
Debt service:												
Principal	-	-	-	-	-	-	11,715,000	-	-	-	-	11,715,000
Interest	-	-	-	-	-	-	9,948,015	-	-	-	-	9,948,015
Total expenditures	3,038,310	-	-	7,482,029	9,776,676	4,753,510	21,663,015	40,276	444,078	2,001,644	11,122,590	60,322,128
Excess of revenues over (under) expenditures	72,415	2,437,282	401,220	(1,260,349)	(3,203,594)	(9,065)	(21,659,457)	19,464	429,817	(1,974,546)	(8,832,742)	(33,579,555)
OTHER FINANCING SOURCES (USES)												
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	94,000	94,000
Transfers in	-	-	6,578,726	1,643,039	2,777,151	3,296	21,402,362	2,800,453	-	2,437,282	8,324,658	45,966,967
Transfers out	(128,603)	(2,437,282)	(6,291,669)	(3,891,487)	(294,521)	(7,830)	-	(4,078,970)	(56,351)	(1,506,049)	(1,007,408)	(19,700,170)
Capital leases	-	-	-	-	-	-	-	-	-	-	1,353,432	1,353,432
Total other financing sources (uses)	(128,603)	(2,437,282)	287,057	(2,248,448)	2,482,630	(4,534)	21,402,362	(1,278,517)	(56,351)	931,233	8,764,682	27,714,229
Net change in fund balance	(56,188)	-	688,277	(3,508,797)	(720,964)	(13,599)	(257,095)	(1,259,053)	373,466	(1,043,313)	(68,060)	(5,865,326)
FUND BALANCES - BEGINNING	332,863	-	3,203,002	8,384,000	1,320,604	49,224	1,859,298	9,076,722	56,723	3,992,945	3,376,581	31,651,962
FUND BALANCES - ENDING	$ 276,675	$ -	$ 3,891,279	$ 4,875,203	$ 599,640	$ 35,625	$ 1,602,203	$ 7,817,669	$ 430,189	$ 2,949,632	$ 3,308,521	$ 25,786,636

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CITY OF MONTGOMERY, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GASOLINE TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	$ 3,106,001	$ 3,106,001	$ 3,081,608	$ (24,393)
Licenses	60,914	60,914	29,117	(31,797)
Total revenues	3,166,915	3,166,915	3,110,725	(56,190)
EXPENDITURES				
Public works:				
Maintenance	1,325,023	1,201,420	1,196,418	(5,002)
Traffic engineering	1,841,892	1,841,892	1,841,892	-
Total expenditures	3,166,915	3,043,312	3,038,310	(5,002)
Excess of revenues over expenditures	-	123,603	72,415	(51,188)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	(128,603)	(128,603)	-
Total other financing sources (uses)	-	(128,603)	(128,603)	-
Net change in fund balance	-	(5,000)	(56,188)	(51,188)
FUND BALANCES - BEGINNING	332,866	332,866	332,866	-
FUND BALANCES - ENDING	$ 332,866	$ 327,866	$ 276,678	$ (51,188)

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CITY OF MONTGOMERY, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
ALABAMA TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 1,494,227	$ 2,437,282	$ 2,437,282	$ -
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(1,494,227)	(2,437,282)	(2,437,282)	-
Net change in fund balance	-	-	-	-
FUND BALANCES - BEGINNING	-	-	-	-
FUND BALANCES - ENDING	$ -	$ -	$ -	$ -

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NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are employed to account for the operations of a commercial nature, which private organizations do not provide. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, financing and related debt services. It is the intent of the governing body that the costs of providing these services to the general public be financed primarily through user charges.

Municipal Parking Deck Fund accounts for the operations of the City-owned parking deck adjacent to City Hall.

Montgomery River Boat Fund accounts for the operations of the City's River Boat.

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CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2009

	Municipal Parking Deck	Montgomery River Boat	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 88,595	$ 104,650	$ 193,245
Receivables	86	2,947	3,033
Inventories	-	10,350	10,350
Prepaid items	-	1,150	1,150
Due from other funds	620,512	40,472	660,984
Total current assets	709,193	159,569	868,762
NONCURRENT ASSETS			
Capital assets:			
Buildings and system	3,040,299	-	3,040,299
Improvements other than buildings	6,137	-	6,137
Machinery and equipment	63,534	-	63,534
Less accumulated depreciation	(1,412,403)	-	(1,412,403)
Total capital net assets, net of accumulated depreciation	1,697,567	-	1,697,567
TOTAL ASSETS	2,406,760	159,569	2,566,329
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	11,374	36,090	47,464
Deferred revenue	-	36,554	36,554
Funds in escrow	-	388	388
Due to other funds	310,991	75,991	386,982
Total current liabilities	322,365	149,023	471,388
NONCURRENT LIABILITIES			
Compensated absences	15,082	-	15,082
Total noncurrent liabilities	15,082	-	15,082
TOTAL LIABILITIES	337,447	149,023	486,470
NET ASSETS			
Invested in capital assets, net of related debt	1,697,567	-	1,697,567
Unrestricted	371,746	10,546	382,292
TOTAL NET ASSETS	$ 2,069,313	$ 10,546	$ 2,079,859

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CITY OF MONTGOMERY, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Municipal Parking Deck	Montgomery River Boat	Total
OPERATING REVENUES			
Charges for goods and services	$ 62,302	$ 564,180	$ 626,482
Total operating revenues	62,302	564,180	626,482
OPERATING EXPENSES			
Cost of sales and services	-	67,188	67,188
Administration	253,994	486,470	740,464
Depreciation	64,969	-	64,969
Total operating expenses	318,963	553,658	872,621
OPERATING INCOME (LOSS)	(256,661)	10,522	(246,139)
NONOPERATING REVENUES (EXPENSES)			
Interest income	1,424	24	1,448
Income (loss) before transfers	(255,237)	10,546	(244,691)
Transfers in	384,225	-	384,225
Change in net assets	128,988	10,546	139,534
TOTAL NET ASSETS - BEGINNING	1,940,325	-	1,940,325
TOTAL NET ASSETS - ENDING	$ 2,069,313	$ 10,546	$ 2,079,859

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Municipal Parking Deck	Montgomery River Boat	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 62,302	$ 597,787	$ 660,089
Payments to suppliers	(153,301)	(453,688)	(606,989)
Payments to employees	(80,490)	(74,992)	(155,482)
Payments for interfund services used	(12,861)	-	(12,861)
Net cash used by operating activities	(184,350)	69,107	(115,243)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	384,225	-	384,225
Net cash payments from other funds	(350,887)	35,519	(315,368)
Net cash provided by noncapital financing activities	33,338	35,519	68,857
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	1,424	24	1,448
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(149,588)	104,650	(44,938)
CASH AND CASH EQUIVALENTS, BEGINNING	238,183	-	238,183
CASH AND CASH EQUIVALENTS, ENDING	$ 88,595	$ 104,650	$ 193,245

(Continued)

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Municipal Parking Deck	Montgomery River Boat	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ (256,661)	$ 10,522	$ (246,139)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	64,969	-	64,969
Decrease in receivables	-	(2,947)	(2,947)
Increase in inventories	-	(10,350)	(10,350)
Increase in prepaid items	-	(1,150)	(1,150)
Increase in accounts payable and accrued expenses	5,708	36,090	41,798
Increase in deferred revenue	-	36,554	36,554
Increase in funds in escrow	-	388	388
Increase in compensated absences	1,634	-	1,634
Total adjustments	72,311	58,585	130,896
Net cash provided (used) by operating activities	$ (184,350)	$ 69,107	$ (115,243)

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Employees' Medical Insurance Fund accounts for the operations of the self-insured medical insurance plan and the workers' compensation plan of the City.

Liability Insurance Fund accounts for the operations of the self-insured liability insurance fund of the City including General Liability, Public Officials' Liability and Law Enforcement Officers' Liability.

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CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF NET ASSETS (DEFICIT)
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2009

	Employees' Medical Insurance	Liability Insurance	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 47,549	$ 48,244	$ 95,793
Receivables	236,037	64,000	300,037
Due from other funds	7,692	1,331,469	1,339,161
TOTAL ASSETS	291,278	1,443,713	1,734,991
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	1,336,080	2,594	1,338,674
Claims payable	2,948,435	1,581,845	4,530,280
Due to other funds	14,324,836	72,597	14,397,433
Total current liabilities	18,609,351	1,657,036	20,266,387
NONCURRENT LIABILITIES			
Advances from other funds	-	39,000	39,000
TOTAL LIABILITIES	18,609,351	1,696,036	20,305,387
NET ASSETS (DEFICIT)			
Unrestricted	$ (18,318,073)	$ (252,323)	$ (18,570,396)

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CITY OF MONTGOMERY, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS (DEFICIT)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Employees' Medical Insurance	Liability Insurance	Total
OPERATING REVENUES			
Charges for services	$ 25,978,076	$ 4,754	$ 25,982,830
Total operating revenues	25,978,076	4,754	25,982,830
OPERATING EXPENSES			
Benefits paid	30,277,991	1,855,322	32,133,313
OPERATING LOSS BEFORE TRANSFERS	(4,299,915)	(1,850,568)	(6,150,483)
NONOPERATING REVENUE			
Transfers in	1,800,000	1,666,007	3,466,007
Change in net assets	(2,499,915)	(184,561)	(2,684,476)
TOTAL NET ASSETS (DEFICIT) - BEGINNING	(15,818,158)	(67,762)	(15,885,920)
TOTAL NET ASSETS (DEFICIT) - ENDING	$ (18,318,073)	$ (252,323)	$ (18,570,396)

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Employees' Medical Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	$ 26,141,745	$ 4,754	$ 26,146,499
Payments to suppliers	(29,646,942)	(1,660,323)	(31,307,265)
Net cash used by operating activities	(3,505,197)	(1,655,569)	(5,160,766)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	1,800,000	1,666,007	3,466,007
Net cash payments to other funds	1,112,362	(4,244)	1,108,118
Net cash provided by noncapital financing activities	2,912,362	1,661,763	4,574,125
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(592,835)	6,194	(586,641)
CASH AND CASH EQUIVALENTS, BEGINNING	640,384	42,050	682,434
CASH AND CASH EQUIVALENTS, ENDING	$ 47,549	$ 48,244	$ 95,793

(Continued)

CITY OF MONTGOMERY, ALABAMA
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Employees' Medical Insurance	Liability Insurance	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	$ (4,299,915)	$ (1,850,568)	$ (6,150,483)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Decrease in accounts receivable	163,669	-	163,669
Increase (decrease) in accounts payable and accrued expenses	504,912	(2,204)	502,708
Increase in claims payable	126,137	197,203	323,340
Total adjustments	794,718	194,999	989,717
Net cash used by operating activities	$ (3,505,197)	$ (1,655,569)	$ (5,160,766)

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STATISTICAL SECTION

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

Contents **Page**

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 85

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales taxes. 90

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 95

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. 101

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. 103

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

Note: Information in the statistical section is provided for the six years since implementation of Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments (MD&A). Information for the four years prior to 2002 is not readily available.

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CITY OF MONTGOMERY, ALABAMA

SCHEDULE 1

NET ASSETS BY COMPONENT

(accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities:								
Invested in capital assets, net of related debt	$ 67,436,526	$ 74,362,844	$ 205,346,513	$ 199,904,624	$ 221,977,996	$ 225,335,184	$ 214,327,085	$ 220,950,653
Restricted:								
Public works	4,180,492	2,225,395	3,351,095	2,378,291	2,954,236	5,367,112	4,084,839	3,510,905
Public safety	1,014,792	1,350,902	2,257,121	1,390,644	950,068	1,365,804	1,821,728	1,144,993
Cultural and recreational	7,045,719	-	-	1,839,281	2,925,208	4,880,585	7,314,372	4,280,263
Capital projects	-	40,439,649	27,590,513	44,321,792	64,066,096	84,775,102	89,389,536	30,017,486
Debt reserve	14,388,721	14,018,447	14,065,589	15,748,287	16,251,227	13,601,228	12,104,664	11,423,477
Unrestricted	(48,934,138)	(88,709,817)	(90,925,777)	(58,500,583)	(92,420,194)	(114,274,551)	(150,164,554)	(141,966,837)
Total governmental activities net assets	$ 45,132,112	$ 43,687,420	$ 161,685,054	$ 207,082,336	$ 216,704,637	$ 221,050,464	$ 178,877,670	$ 129,360,940
Business-type activities:								
Invested in capital assets, net of related debt	$ 36,691,500	$ 36,915,948	$ 31,334,654	$ 14,801,042	$ 17,355,041	$ 16,311,677	$ 15,775,925	$ 14,675,876
Unrestricted	(3,282,856)	(2,940,521)	(2,731,319)	(3,238,311)	(4,022,236)	(4,128,744)	(5,178,277)	(7,181,180)
Total business-type activities net assets	$ 33,318,644	$ 33,975,427	$ 28,603,335	$ 11,562,731	$ 13,332,805	$ 12,182,933	$ 10,597,648	$ 7,494,696
Primary government:								
Invested in capital assets, net of related debt	$ 104,038,026	$ 111,278,792	$ 236,681,167	$ 214,705,666	$ 239,333,037	$ 241,646,861	$ 230,103,010	$ 235,626,529
Restricted	26,629,724	58,034,393	47,264,318	65,678,295	87,146,835	109,989,831	114,715,139	50,377,124
Unrestricted	(52,216,994)	(91,650,338)	(93,657,096)	(61,738,894)	(96,442,430)	(118,403,295)	(155,342,831)	(149,148,017)
Total primary government net assets	$ 78,450,756	$ 77,662,847	$ 190,288,389	$ 218,645,067	$ 230,037,442	$ 233,233,397	$ 189,475,318	$ 136,855,636

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 2
CHANGES IN NET ASSETS
(accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:								
Expenses								
Governmental activities:								
General government	$ 34,138,712	$ 34,591,410	$ 78,931,937	$ 66,537,712	$ 66,407,230	$ 64,197,483	$ 72,773,403	$ 92,913,247
Public works	36,177,853	42,859,229	41,488,912	47,787,350	53,005,558	52,259,298	60,747,459	57,744,148
Public safety	58,908,851	70,673,837	68,384,575	79,464,966	72,695,668	75,159,784	90,376,182	83,265,102
Cultural and recreational	25,040,795	26,759,700	21,730,045	24,672,173	20,414,279	23,220,119	30,131,588	27,939,722
Economic development	220,915	8,761	4,185,554	-	-	-	-	-
Interest on long-term debt	3,356,214	3,058,130	7,534,729	7,805,568	9,089,961	11,467,071	11,822,764	11,452,425
Total governmental activities expenses	157,843,340	177,951,067	222,255,752	226,267,769	221,612,696	226,303,755	265,851,396	273,314,644
Program revenues								
Governmental activities:								
Charges for services:								
General government	30,013,528	32,768,067	54,760,806	45,312,166	41,954,623	44,037,361	47,421,394	51,000,292
Public works	11,144,484	12,456,115	12,114,646	17,459,232	13,075,274	12,906,112	12,795,231	14,943,331
Public safety	3,886,419	3,418,400	1,337,736	6,445,108	-	-	-	-
Cultural and recreational	804,074	773,392	739,958	2,962,792	1,045,697	1,141,386	988,058	916,564
Operating grants and contributions	9,062,069	11,603,891	8,396,585	13,576,462	11,280,471	12,694,612	9,307,772	9,522,521
Capital grants and contributions	3,097,525	5,575,502	5,463,137	22,831,189	19,777,090	9,351,999	5,859,738	10,074,229
Total governmental activities program revenues	58,008,099	66,595,367	82,806,868	108,586,949	87,133,155	80,131,470	76,372,193	86,457,237
Total primary government net expense	(99,835,241)	(111,355,700)	(139,448,884)	(117,680,820)	(134,479,541)	(146,172,285)	(189,479,203)	(186,857,407)
General revenues and other changes in net assets								
Governmental activities:								
Taxes								
Property taxes	21,496,585	21,882,127	23,444,630	24,529,629	26,763,925	28,552,456	30,241,233	31,099,699
Sales taxes	58,846,775	84,681,283	88,398,951	93,272,301	96,432,102	98,174,542	93,799,356	83,980,254
Lodging taxes	2,905,311	4,091,513	4,425,295	5,099,540	5,656,263	5,444,264	5,550,268	5,269,547
Motor fuel taxes	8,281,319	8,259,778	8,756,356	9,237,249	8,645,857	8,560,057	8,363,071	8,202,877
Alcoholic beverage taxes	214,159	212,452	183,272	210,227	177,033	248,883	227,511	254,164
Tobacco tax	278,055	259,525	291,787	1,951,430	1,781,887	1,761,227	1,619,508	1,411,990
Rental taxes	-	-	-	-	-	-	-	1,764,595
Grants and contributions not restricted to specific programs	2,157,437	1,785,138	118,246	122,422	131,995	158,378	141,631	186,693
Investment earnings	1,356,478	1,409,449	844,348	2,191,059	5,937,376	6,875,303	3,862,641	425,825
Miscellaneous revenue	3,129,884	2,149,735	4,172,305	5,397,967	6,189,366	5,514,223	6,531,834	5,794,279
Gain on sale of assets	-	247,543	131,625	155,785	-	41,745	323,158	-
Change in accounting estimate	-	-	5,485,022	-	-	-	-	-
Extraordinary item	-	-	-	-	-	-	-	3,900,000
Transfers	(5,130,469)	(5,125,186)	(3,881,742)	12,308,550	(7,613,962)	(4,812,966)	(4,753,862)	(4,249,246)
Total governmental activities general revenues and other changes in net assets	94,535,534	119,853,357	132,860,095	154,476,159	144,101,842	150,518,112	145,906,409	138,040,677
Total governmental activities change in net assets	$ (5,299,707)	$ 8,497,657	$ (6,588,789)	$ 36,795,339	$ 9,622,301	$ 4,345,827	$ (43,572,794)	$ (48,816,730)

(Continued)

CITY OF MONTGOMERY, ALABAMA

SCHEDULE 2

CHANGES IN NET ASSETS (CONTINUED)

(accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Business-type Activities:								
Expenses:								
Montgomery Zoo	$ 3,497,558	$ 4,110,764	$ 4,934,524	$ 5,235,307	$ 5,632,383	$ 5,953,913	$ 6,223,595	$ 5,709,728
Montgomery Area Transit System	3,418,439	1,183,154	1,163,388	1,306,932	1,741,793	1,749,082	2,194,586	3,205,634
Lagoon and Gateway Parks	2,258,095	2,078,425	1,999,766	2,170,024	2,803,024	3,043,118	3,290,143	2,932,109
Civic Center	3,120,364	3,148,573	3,121,091	609,094	-	-	-	553,658
Municipal Parking Deck	155,916	160,436	201,244	203,308	199,525	217,947	266,244	318,963
Total business-type activities expenses	12,450,372	10,681,352	11,420,013	9,524,662	10,376,725	10,964,060	11,974,568	12,720,092
Revenues:								
Charges for services:								
Montgomery Zoo	1,729,089	2,094,816	2,478,257	2,524,089	2,685,908	2,931,547	3,284,339	2,553,288
Montgomery Area Transit System	455,642	487,290	551,530	629,508	613,269	605,931	750,752	800,896
Lagoon and Gateway Parks	1,456,936	1,038,230	1,133,254	941,163	1,069,817	1,347,708	1,528,342	1,372,814
Civic Center	1,833,516	2,302,715	2,319,784	495,378	-	-	-	-
Montgomery River Boat	-	-	-	-	-	-	-	564,180
Municipal Parking Deck	140,548	138,219	155,138	159,087	152,555	99,604	56,369	62,302
Operating grants and contributions:								
Montgomery Area Transit System	35,361	-	-	-	-	-	-	-
Total business-type activities revenues	5,651,092	6,061,270	6,637,963	4,749,225	4,521,549	4,984,790	5,619,802	5,353,480
Total business-type activities net program expense	(6,799,280)	(4,620,082)	(4,782,050)	(4,775,437)	(5,855,176)	(5,979,270)	(6,354,766)	(7,366,612)
Other changes in net assets:								
Investment earnings	-	794	779	8,341	11,288	16,432	15,679	3,329
Capital contributions	-	-	-	-	-	-	-	11,085
Gain on sale of assets	-	-	-	35,042	-	-	-	4,249,246
Transfers	5,130,469	5,125,186	3,881,742	(12,308,550)	7,613,962	4,812,966	4,753,802	-
	5,130,469	5,125,980	3,882,521	(12,265,167)	7,625,250	4,829,398	4,769,481	4,263,660
Total business-type activities change in net assets	$ (1,668,811)	$ 505,898	$ (899,529)	$ (17,040,604)	$ 1,770,074	$ (1,149,872)	$ (1,585,285)	$ (3,102,952)
Total primary government change in net assets	$ (6,968,518)	$ 9,003,555	$ (7,488,318)	$ 19,754,735	$ 11,392,375	$ 3,195,955	$ (45,158,079)	$ (51,919,682)

CITY OF MONTGOMERY, ALABAMA

SCHEDULE 3

FUND BALANCES OF GOVERNMENTAL FUNDS

(modified accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
General fund:								
Reserved	$ 2,543,186	$ 2,382,924	$ 2,122,008	$ 2,517,653	$ 3,234,275	$ 2,536,789	$ 2,538,295	$ 3,006,134
Unreserved, designated	4,852,300	4,852,300	4,852,300	4,852,300	4,852,300	4,852,300	4,852,300	12,480,127
Unreserved	7,138,397	18,636,297	22,097,748	39,562,340	46,083,120	48,725,745	36,114,095	18,322,084
Total general fund	$ 14,533,883	$ 25,871,521	$ 29,072,056	$ 46,932,293	$ 54,169,695	$ 56,114,834	$ 43,504,690	$ 33,808,345
All other governmental funds:								
Reserved	$ 3,276,075	$ 17,771,002	$ 15,458,107	$ 13,192,117	$ 17,436,580	$ 8,184,796	$ 12,773,443	$ 5,912,466
Unreserved, designated, reported in:								
Debt service funds	1,922,097	2,119,567	2,760,685	4,443,282	4,137,141	2,808,696	2,351,976	2,501,349
Capital projects funds	-	-	-	50,000	50,000	-	-	-
Unreserved, undesignated, reported in:								
Capital projects funds	7,784,941	24,057,239	13,471,615	40,427,193	54,274,757	80,089,520	56,863,500	27,053,980
Special revenue funds	1,139,129	2,101,629	4,269,007	(450,272)	(639,014)	8,114,287	9,332,375	5,987,202
Total all other governmental funds	$ 14,122,242	$ 46,049,437	$ 35,959,414	$ 57,662,320	$ 75,259,464	$ 99,197,299	$ 81,321,294	$ 41,454,997

CITY OF MONTGOMERY, ALABAMA

SCHEDULE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

(modified accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:								
Taxes	$ 92,022,204	$ 119,386,678	$ 123,263,827	$ 134,300,376	$ 139,457,067	$ 142,741,429	$ 139,800,947	$ 131,983,126
Licenses and permits	27,464,309	28,127,922	32,414,716	31,241,991	33,263,521	35,066,083	37,956,968	37,874,584
Intergovernmental revenues	13,514,031	19,689,700	18,406,321	22,121,849	28,314,508	20,493,406	17,382,785	22,849,318
Charges and fees for services	12,425,605	11,949,627	11,326,781	11,343,893	11,685,509	11,599,115	11,360,885	13,457,972
Fines and forfeitures	3,555,762	4,461,474	4,393,491	4,434,492	4,769,262	5,574,497	6,817,336	8,648,985
Interest	1,356,478	1,366,462	808,659	2,138,199	5,780,989	6,766,329	3,862,641	425,830
Contributions	251,947	-	-	-	-	-	-	-
Miscellaneous	3,619,031	3,228,487	4,927,604	9,504,326	6,055,198	7,070,652	7,336,803	6,624,840
Total revenues	154,209,367	188,210,350	195,541,399	215,085,126	229,326,054	229,311,511	224,518,365	221,864,655
Expenditures:								
Current:								
General government	27,697,380	31,163,708	38,659,335	40,831,666	42,878,968	41,644,554	40,290,264	41,762,638
Public works	35,434,666	44,061,582	43,949,580	45,702,938	57,770,842	56,619,086	54,863,215	55,801,973
Public safety	56,029,695	66,777,416	68,160,583	68,816,756	72,042,280	75,033,957	81,551,085	80,660,653
Cultural and recreational	15,676,613	22,388,605	20,664,500	21,395,371	24,549,676	24,983,988	26,859,709	26,439,052
Economic development	10,781,990	13,433,799	4,185,121	-	-	-	-	-
Intergovernmental	-	-	-	-	5,614,812	3,088,263	3,870,401	25,666,518
Capital projects	10,243,582	12,970,591	28,487,344	22,038,981	19,431,041	21,074,966	22,574,761	19,903,596
Debt service:								
Principal payments	4,394,118	16,362,858	21,982,120	5,608,882	6,266,217	11,173,939	11,429,727	18,364,694
Interest	3,553,148	3,058,130	6,686,245	6,709,210	8,440,090	11,030,577	11,794,593	11,324,313
Debt issuance costs	-	1,391,659	642,647	964,232	570,965	546,817	-	-
Total expenditures	163,811,192	211,608,348	233,417,475	212,068,036	237,564,891	245,196,147	253,233,755	273,923,437
Excess of revenue over (under) expenditures	(9,601,825)	(23,397,998)	(37,876,076)	3,017,090	(8,238,837)	(15,884,636)	(28,715,390)	(52,058,782)
Other Financing Sources (Uses):								
Proceeds from sale of assets	-	-	-	-	217,810	499,260	461,044	269,170
Transfers in	7,132,065	21,003,783	37,125,537	25,252,973	32,220,327	52,478,773	36,134,376	53,853,006
Transfers out	(13,687,168)	(29,001,558)	(44,014,889)	(32,681,963)	(40,375,233)	(60,534,047)	(43,999,008)	(61,568,260)
Capital leases	2,591,652	2,592,724	3,079,891	946,756	3,795,309	4,715,409	4,923,829	5,010,974
Bond anticipation notes	9,152,171	9,696,463	8,106,054	-	-	-	-	-
Bonds issued	-	58,400,000	26,690,000	32,500,000	37,055,000	44,400,000	-	5,000,000
Refunding bonds issued	-	8,505,000	-	26,035,000	-	-	-	-
Bond refunding	-	(8,505,000)	-	(25,267,700)	-	-	-	-
Bond premium and discount, net	-	3,971,417	-	509,672	160,270	208,215	-	-
Total other financing sources (uses)	5,188,720	66,662,829	30,986,593	27,294,738	33,073,383	41,767,610	(2,470,759)	2,504,890
Net change in fund balance	$ (4,413,105)	$ 43,264,831	$ (6,889,483)	$ 30,311,828	$ 24,834,546	$ 25,882,974	$ (31,186,149)	$ (49,553,892)
Debt service as a percentage of noncapital expenditures	5.38%	10.67%	14.43%	6.69%	7.34%	10.52%	10.45%	11.98%

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 5
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

FISCAL YEAR	CITY SALES TAX	REAL AND PERSONAL PROPERTY TAX	MOTOR FUEL TAX	LODGING TAX	ALCOHOLIC BEVERAGE TAX	TOBACCO TAX	RENTAL TAX	TOTAL
2002	$ 58,846,775	$ 21,496,585	$ 8,281,319	$ 2,905,311	$ 214,159	$ 278,055	$ -	$ 92,022,204
2003	84,681,283	21,882,127	8,259,778	4,091,513	212,452	259,525	-	119,386,678
2004	88,388,951	23,444,630	8,756,356	4,425,295	183,272	791,787	-	125,990,291
2005	93,272,301	24,529,629	9,237,249	5,099,540	210,227	1,951,430	-	134,300,376
2006	96,432,102	26,763,925	8,645,857	5,656,263	177,033	1,781,887	-	139,457,067
2007	98,174,542	28,552,456	8,560,057	5,444,264	248,883	1,761,227	-	142,741,429
2008	93,799,356	30,241,233	8,363,071	5,550,268	227,511	1,619,508	-	139,800,947
2009	83,980,254	31,099,698	8,202,877	5,269,547	254,164	1,411,990	1,764,595	131,983,125

Note: The City of Montgomery raised the sales tax rate by one (1) percent in 2003 to a total sales tax rate of ten (10) percent. See schedule 8 for sales tax rates.

Note: The City of Montgomery increased the tobacco tax rate from $0.02 to $0.12 per pack of cigarettes in 2004. This significant increase was due to a state law that capped the tobacco tax rate for all municipalities.

Note: The City of Montgomery instituted a rental tax in 2009 of four (4) percent for tangible personal property, linens and garmets and one and one-half (1.5) percent for vehicles, truck trailers and house trailers.

CITY OF MONTGOMERY, ALABAMA

SCHEDULE 6

NET TAXABLE SALES BY CATEGORY

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
General merchandise	$2,189,615,465	$2,230,132,067	$2,348,673,951	$2,481,480,428	$2,556,259,577	$2,580,287,236	$2,485,139,504	$2,259,586,708
Auto and agriculture	448,367,162	463,793,934	431,431,271	447,811,511	461,498,197	486,483,247	420,546,870	323,164,949
Manufacturing machine	59,488,356	47,573,930	45,282,889	47,028,557	68,243,989	82,408,703	69,707,851	52,592,609
Total	$2,697,470,983	$2,741,499,931	$2,825,388,111	$2,976,320,496	$3,086,001,763	$3,149,179,186	$2,975,394,225	$2,635,344,266
City direct sales tax rate	2.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%

Source: City Revenue Division of the Department of Finance

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 7
SALES TAX REVENUE PAYERS BY CATEGORY

	2002			2003			2004			2005		
	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers
General merchandise	$54,740,416	5,250	26.95%	$78,051,314	5,398	26.50%	$82,203,608	5,356	25.36%	$86,851,656	5,524	23.65%
Auto and agriculture	3,362,754	154	70.75%	5,797,425	164	66.14%	5,392,892	165	67.28%	5,597,645	175	66.59%
Manufacturing machine	743,605	276	49.59%	832,544	273	45.78%	792,451	283	35.75%	823,000	270	40.74%
Total	$58,846,775	5,680		$84,681,283	5,835		$88,388,951	5,804		$93,272,301	5,969	

	2006			2007			2008			2009		
	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers	Tax Remitted	Number of Taxpayers	Top Ten Taxpayers
General merchandise	$89,469,104	5,546	22.86%	$90,622,355	6,544	22.57%	$87,322,631	6,327	21.87%	$78,160,260	6,311	23.25%
Auto and agriculture	5,768,728	182	67.03%	6,110,034	262	63.29%	5,256,837	251	67.53%	4,723,801	276	59.06%
Manufacturing machine	1,194,270	257	52.99%	1,442,153	362	43.88%	1,219,888	360	51.55%	1,096,193	352	53.75%
Total	$96,432,102	5,985		$98,174,542	7,168		$93,799,356	6,938		$83,980,254	6,939	

Note: Top ten taxpayers represents the percentage of total tax remitted by the largest ten sales tax remitters per sales category.

Source: City Revenue Division of the Department of Finance

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 8
DIRECT AND OVERLAPPING SALES TAX RATES

Fiscal Year	City Direct Rate	Montgomery County	State of Alabama	Total Sales Tax
2002	2.50%	2.50%	4.00%	9.00%
2003	3.50%	2.50%	4.00%	10.00%
2004	3.50%	2.50%	4.00%	10.00%
2005	3.50%	2.50%	4.00%	10.00%
2006	3.50%	2.50%	4.00%	10.00%
2007	3.50%	2.50%	4.00%	10.00%
2008	3.50%	2.50%	4.00%	10.00%
2009	3.50%	2.50%	4.00%	10.00%

Sources: City Revenue Division of the Department of Finance and Montgomery County Department of Finance

CITY OF MONTGOMERY, ALABAMA

SCHEDULE 9

PRINCIPAL SALES TAX REMITTERS

	2002		2003		2004		2005		2006		2007		2008		2009	
Tax Remitter	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted	Rank	Percentage of Total Sales Tax Remitted
Wal-Mart East, LP	1	6.46%	1	6.83%	1	6.61%	1	6.21%	1	6.33%	1	7.20%	1	6.06%	1	6.36%
Winn Dixie of Montgomery	2	4.83%	2	4.46%	2	3.93%	2	3.43%	2	2.79%	3	2.81%	2	2.71%	2	2.95%
Brunos Super Markets	3	2.92%	4	2.64%	4	2.70%	4	2.36%	5	1.51%	7	1.22%	5	1.20%	-	-
Sam's East	4	2.53%	3	2.89%	3	2.94%	3	2.77%	3	2.78%	2	2.91%	3	2.59%	4	2.81%
K - Mart Corporation	5	1.84%	9	1.03%	-	-	-	-	-	-	-	-	-	-	-	-
Gayfers/Dillards	6	1.72%	5	1.56%	9	1.09%	-	-	-	-	-	-	8	1.09%	6	1.27%
Lowes of Montgomery	7	1.44%	6	1.51%	5	1.51%	6	1.42%	6	1.35%	6	1.37%	6	1.20%	8	1.14%
Home Depot USA, Inc	8	1.43%	7	1.45%	6	1.43%	5	1.45%	8	1.16%	9	0.96%	-	-	10	0.79%
Sears Roebuck & Company	9	1.09%	8	1.04%	7	1.20%	-	-	-	-	-	-	-	-	-	-
Capitol Chevrolet/IMF, Inc	10	0.85%	-	-	-	-	9	0.85%	-	-	-	-	-	-	-	-
Parisian	-	-	10	1.01%	-	-	10	0.82%	10	0.99%	10	0.91%	-	-	-	-
Target Store	-	-	-	-	8	1.18%	7	1.15%	7	1.30%	5	1.42%	7	1.19%	7	1.21%
Best Buy Stores, LP	-	-	-	-	10	1.00%	8	0.90%	9	0.96%	8	1.00%	10	0.93%	9	0.91%
Publix Ala, LLC	-	-	-	-	-	-	-	-	4	1.77%	4	2.23%	4	2.43%	3	2.89%
Costco Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	9	0.97%	5	1.31%
Total		25.11%		24.42%		23.59%		21.36%		20.85%		22.03%		20.37%		21.64%

Source: City Revenue Division of the Department of Finance

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 10
RATIOS OF OUTSTANDING DEBT BY TYPE

	Governmental Activities						
Fiscal Year	General Obligation Bonds	Revenue Warrants	Capital Leases	Total Outstanding Debt	Percentage of Taxable Sales (b)	Percentage of Personal Income (a)	Liability Per Capita Population (a)
2002	$ 58,915,000	$ -	$ 8,612,247	$ 67,527,247	2.50%	1.73%	$ 335.01
2003	113,300,000	-	9,847,805	123,147,805	4.49%	3.15%	610.95
2004	109,175,000	26,690,000	11,384,571	147,249,571	5.21%	3.77%	730.52
2005	141,665,000	26,190,000	9,472,445	177,327,445	5.96%	4.54%	879.74
2006	176,420,000	24,670,000	10,821,537	211,911,537	6.87%	4.63%	1,051.32
2007	213,765,000	24,115,000	12,673,007	250,553,007	7.96%	5.35%	1,243.02
2008	206,325,000	23,520,000	14,202,107	244,047,107	8.20%	5.14%	1,210.74
2009	202,960,000	18,385,000	13,897,106	235,242,106	8.93%	4.91%	1,167.06

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

(a) See Schedule 15 for personal income and population data.

(b) See Schedule 6 for net taxable sales.

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CITY OF MONTGOMERY, ALABAMA

SCHEDULE 11

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Fiscal Year	General Obligation Bonds	Percentage of Net Taxable Sales (a)	Liability Per Capita Population (b)
2002	$ 58,915,000	2.18%	$ 292.28
2003	113,300,000	4.13%	562.09
2004	109,175,000	3.86%	541.63
2005	141,665,000	4.76%	702.81
2006	176,420,000	5.72%	875.24
2007	213,765,000	6.79%	1,060.51
2008	206,325,000	6.93%	1,023.60
2009	202,960,000	7.70%	1,006.91

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

(a) See Schedule 6 for net taxable sales.

(b) See Schedule 15 for population data.

CITY OF MONTGOMERY, ALABAMA

SCHEDULE 12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
2002			
City Direct Debt	$ 76,679,418	100.00%	$ 76,679,418
Overlapping			
County of Montgomery:			
Montgomery County general and limited obligation warrants	35,169,580	86.57%	30,446,305
Total direct and overlapping debt	$ 111,848,998		$ 107,125,723
2003			
City Direct Debt	$ 123,147,805	100.00%	$ 123,147,805
Overlapping			
County of Montgomery:			
Montgomery County general and limited obligation warrants	47,203,428	88.59%	41,817,517
Total direct and overlapping debt	$ 170,351,233		$ 164,965,322
2004			
City Direct Debt	$ 147,249,571	100.00%	$ 147,249,571
Overlapping			
County of Montgomery:			
Montgomery County general and limited obligation warrants	44,500,000	87.43%	38,906,350
Total direct and overlapping debt	$ 191,749,571		$ 186,155,921
2005			
City Direct Debt	$ 177,327,445	100.00%	$ 177,327,445
Overlapping			
County of Montgomery:			
Montgomery County general and limited obligation warrants	41,270,000	85.81%	35,413,787
Total direct and overlapping debt	$ 218,597,445		$ 212,741,232
2006			
City Direct Debt	$ 211,911,537	100.00%	$ 211,911,537
Overlapping			
County of Montgomery:			
Montgomery County general and limited obligation warrants	112,877,677	85.03%	95,976,480
Total direct and overlapping debt	$ 324,789,214		$ 307,888,017

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 12
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (CONTINUED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
2007			
City Direct Debt	$ 250,553,007	100.00%	$ 250,553,007
Overlapping			
County of Montgomery:			
Montgomery County general and limited obligation warrants	144,875,820	85.02%	123,173,422
Total direct and overlapping debt	$ 395,428,827		$ 373,726,429
2008			
City Direct Debt	$ 244,047,107	100.00%	$ 244,047,107
Overlapping			
County of Montgomery:			
Montgomery County general and limited obligation warrants	140,090,000	79.48%	111,336,779
Total direct and overlapping debt	$ 384,137,107		$ 355,383,886
2009			
City Direct Debt	$ 235,693,387	100.00%	$ 235,693,387
Overlapping			
County of Montgomery:			
Montgomery County general and limited obligation warrants	130,750,000	85.58%	111,893,615
Total direct and overlapping debt	$ 366,443,387		$ 347,587,002

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

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

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

CITY OF MONTGOMERY, ALABAMA

SCHEDULE 13

LEGAL DEBT MARGIN INFORMATION

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	$ 303,867,792	$ 322,265,419	$ 355,876,420	$ 390,490,584	$ 453,968,000	$ 453,972,540	$ 549,783,152	$ 565,013,780
Total net debt applicable to limit	57,679,418	104,147,805	128,249,571	158,327,445	192,911,537	189,994,144	185,430,207	179,504,887
Legal debt margin	$ 246,188,374	$ 218,117,614	$ 227,626,849	$ 232,163,139	$ 261,056,463	$ 263,978,396	$ 364,352,945	$ 385,508,893
Total net debt applicable to the limit as a percentage of debt limit	18.98%	32.32%	36.04%	40.55%	42.49%	41.85%	33.72%	31.77%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed property value	$ 2,825,068,900
Debt limit (20% of assessed property value)	$ 565,013,780
Debt applicable to limit:	
General obligation debt including capital leases	235,693,387
Less: Debt attributable to construction of school houses	(56,188,500)
Total net debt applicable to limit	179,504,887
Legal debt margin	$ 385,508,893

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 14
PLEDGED-REVENUE COVERAGE

	Revenue Warrants			
		Debt Service		
Fiscal Year	Lodging Tax Revenue	Principal	Interest	Coverage
2002	$ -	$ -	$ -	$ -
2003	1,128,133	-	-	-
2004	1,301,557	-	495,863	2.62
2005	1,499,865	500,000	1,301,632	0.83
2006	1,599,457	1,520,000	1,445,468	0.54
2007	1,613,870	555,000	1,417,613	0.82
2008	1,622,584	595,000	1,288,115	0.86
2009	6,587,815	5,135,000	1,105,969	1.06

Notes: Details regarding the City's revenue warrants can be found in the notes to the financial statements. The revenue warrants issued in December 2003 are secured by 2.5% of the 8.5% lodging tax levied by the City.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 15
DEMOGRAPHIC AND ECONOMIC STATISTICS

Calendar Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Montgomery County Unemployment Rate
2002	201,568	$ 3,907,395,680	$ 19,385	32,692	4.7%
2003	201,568	3,907,395,680	19,385	32,587	4.8%
2004	201,568	3,907,395,680	19,385	32,106	5.1%
2005	201,568	3,907,395,680	19,385	32,653	4.3%
2006	201,568	4,572,368,512	22,684	32,520	3.4%
2007	201,568	4,682,223,072	23,229	31,939	3.7%
2008	201,568	4,743,902,880	23,535	31,588	5.4%
2009	201,568	4,791,271,360	23,770	31,743	10.1%

Sources: Population information provided by the 2000 Census. Personal income information provided by the Economic Development Partnership of Alabama. Unemployment data provided by the State Department of Commerce and Labor. School enrollment data provided by Montgomery County Public School Board.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 16
PRINCIPAL EMPLOYERS

	2002		2009	
Employer	**Employees**	**Percentage of Total City Employment**	**Employees**	**Percentage of Total City Employment**
Maxwell-Gunter Air Force Base	15,000	7.81%	12,280	6.31%
State of Alabama	9,500	4.95%	9,500	4.88%
Baptist Health Systems	4,300	2.24%	4,524	2.32%
Montgomery Public Schools	4,000	2.08%	4,300	2.21%
Hyundai Motor Manufacturing AL	-	-	3,171	1.63%
ALFA Insurance Companies	2,267	1.18%	2,568	1.32%
City of Montgomery	2,300	1.20%	2,500	1.28%
754th Electronic Systems Group	-	-	1,300	0.67%
Jackson Hospital & Clinic, Inc.	1,300	0.68%	1,000	0.51%
Rheem Water Heaters	1,150	0.60%	977	0.50%
Baptist Medical Center South	1,400	0.73%	-	-
Regions Bank	977	0.51%	-	-
Total	42,194	21.98%	42,120	21.63%

Source: Montgomery Chamber of Commerce

Note: This schedule presents 2009 compared to 2002. Information for 2000 (nine years ago) is not presented because it is not readily available.

CITY OF MONTGOMERY, ALABAMA

SCHEDULE 17

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

	Full-time Equivalent Employees as of September 30							
	2002	2003	2004	2005	2006	2007	2008	2009
Function/Program								
General government:								
Mayor	7	7	6	6	6	6	6	9
City Clerk	3	3	3	3	3	3	4	4
City Attorney	7	8	8	5	9	9	13	7
Finance	81	81	76	69	76	55	59	54
Information Technology	-	-	-	-	-	19	24	14
Garage	71	75	77	77	77	80	75	78
Municipal Court	31	32	31	40	40	43	48	52
Municipal Parking Deck	2	2	2	2	2	3	4	5
Planning and Development	33	33	37	35	36	38	36	36
Public safety:								
Police:								
Officers	466	538	527	501	483	485	512	507
Civilians	164	186	191	143	141	142	147	173
Fire:								
Officers	529	527	549	550	536	515	542	539
Civilians	19	23	24	7	7	7	8	9
City/County Emergency Mgt. Agency	2	3	3	3	3	4	3	5
Communications	-	-	-	84	85	79	88	86
Public works:								
Engineering	86	86	88	88	87	89	87	84
Maintenance	158	159	326	340	324	313	326	276
Sanitation	138	142	324	322	323	336	311	316
Traffic Engineering	40	42	42	41	43	45	44	41
Cultural and recreational:								
Parks and Recreation	178	179	318	304	306	304	294	389
Civic Center	31	32	43	6	-	-	-	-
Downtown Redevelopment	-	-	-	-	6	9	9	8
Lagoon and Gateway Parks	17	16	30	30	41	41	42	31
Library	55	60	67	72	67	67	67	65
Montgomery Zoo and Food Services	40	72	92	82	91	92	87	92
Museum	37	39	38	39	36	37	40	36
Old Alabama Town	-	-	-	-	4	4	4	4
Total	2,195	2,345	2,902	2,849	2,832	2,825	2,880	2,920

Source: City Finance Department

Notes: A full-time employee is scheduled to work 40 hours per week (including vacation and sick leave).

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 18
OPERATING INDICATORS BY FUNCTION/PROGRAM

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Function/Program								
General government:								
Business licenses issued	18,465	16,652	17,092	17,264	17,664	17,811	16,909	16,922
Building permits issued	11,774	11,208	11,237	12,457	11,176	10,649	7,813	5,919
Public safety:								
Police:								
Physical arrests	9,481	8,430	7,378	8,773	8,423	10,104	6,981	10,436
Parking violations	77,093	74,113	74,816	77,476	77,205	68,667	73,006	57,674
Traffic violations	42,820	54,704	50,603	46,244	56,777	66,669	119,416	117,158
Fire:								
Emergency responses	23,775	24,424	26,248	27,564	29,042	30,032	30,211	28,578
Fires extinguished	5,197	4,914	4,608	5,487	5,341	5,236	5,666	5,006
Inspections	16,772	21,210	20,622	19,178	24,122	28,792	18,140	18,966
Public works:								
Refuse collected (tons per year)	128,718	137,000	152,463	141,959	132,813	130,537	132,645	123,504
Recyclables collected (tons per year)	2,212	2,316	2,052	2,225	2,222	2,185	2,690	2,775
Streets resurfaced (tons (of paving materials)	17,924	44,635	46,400	43,680	52,884	42,885	44,228	44,247
Transit:								
Passengers	511,162	562,923	632,277	749,554	907,999	1,086,762	1,328,459	1,336,936
Cultural and recreational:								
Library:								
Total circulation	433,973	449,521	447,157	471,328	497,872	445,882	458,072	450,285
Parks and Recreation:								
Golf rounds played	32,859	33,838	29,277	25,386	27,926	39,871	39,926	40,053
Youth baseball/softball games played	6,314	6,208	6,189	6,296	6,231	6,278	6,295	6,361
League and tournament games played	3,447	3,448	2,970	2,663	2,845	2,920	2,935	2,568
Games played in athletic facilities:								
Basketball	750	749	750	739	765	790	810	825
Volleyball	56	58	58	58	58	75	84	75
Football	375	378	377	375	378	385	395	408
Soccer	1,109	1,120	1,205	1,230	1,245	1,275	1,290	1,305

Sources: Various City departments.

CITY OF MONTGOMERY, ALABAMA
SCHEDULE 19
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Function/Program	Fiscal Year 2002	2003	2004	2005	2006	2007	2008	2009
Public safety:								
Police:								
Stations	1	1	1	1	1	1	1	1
Patrol cars	255	255	260	270	270	224	224	248
Fire stations	15	15	15	15	15	15	15	15
Public works:								
Streets (miles)	-	-	-	-	1,079	1,085	1,099	1,107
Traffic signals	388	397	406	420	429	438	438	470
Street lights	27,486	27,623	27,682	27,812	27,906	28,011	28,230	28,230
Refuse collection trucks	120	121	136	119	134	130	128	125
Transit:								
Busses	54	69	55	43	43	43	50	50
Cultural and recreational:								
Acreage	1,626	1,626	1,690	1,720	1,722	1,722	1,822	1,827
Golf courses (acres)	410	410	410	410	610	610	610	610
Playgrounds	59	59	60	60	60	60	60	60
Baseball/softball fields	84	84	84	84	84	90	90	87
Tennis courts	42	42	42	42	42	42	42	46
Special facilities	6	6	6	6	6	6	6	6
Community centers	28	28	28	28	28	28	28	28

Sources: Various City departments.

Notes: No capital asset indicators are available for the general government. Street mileage for years prior to 2006 could not be determined.