

CITY OF SCOTTSBORO, ALABAMA

FINANCIAL REPORT

SEPTEMBER 30, 2009

**CITY OF SCOTTSBORO
FINANCIAL REPORT
SEPTEMBER 30, 2009**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1 - 2
Management's Discussion and Analysis.....	3 - 10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	13
Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balances – Governmental Funds To the Statement of Activities.....	15
Statement of Fiduciary Net Assets.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	17
Notes to the Financial Statements.....	18 – 41
Required Supplementary Information	
Schedule of Pension Plan Funding Progress.....	42
Schedule of Employee Healthcare Plan Funding Progress.....	43
Other Supplementary Information:	
Combining and Individual Fund Financial Statements:	
Combining Balance Sheets Schedule–Non-major Governmental Funds	44
Combining Schedules of Revenues, Expenditures and Changes In Fund Balances – Non-major Governmental Funds.....	45
Single Audit Section	
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46-47
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.....	48-49
Schedule of Expenditures of Federal Awards.....	50
Notes to Schedule of Expenditures of Federal Awards.....	51
Schedule of Findings and Questioned Costs.....	52
Summary Schedule of Prior Year Single Audit Findings.....	53

Gann & Croft Associates, P.C.

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Scottsboro, Alabama

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, with the exception of the Scottsboro City Board of Education and the Public Parks and Recreation Board, which were audited by other auditors as described below, each major fund, and the aggregate remaining fund information of the **City of Scottsboro, Alabama (the City)**, as of and for the year then 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 of Scottsboro, Alabama'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 Scottsboro City Board of Education, which represent the amounts shown as the Component Unit - Scottsboro Board of Education, and the Public Parks and Recreation Board, which represent the amounts shown as the Component Unit - Public Parks and Recreation Board. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Component Units - Scottsboro Board of Education and Public Parks and Recreation Board, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Public Parks and Recreation Board and the Scottsboro Public Library, component units of the City, 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 basic 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 our audit, and the reports of other auditors, provides a reasonable basis for our opinion.

In our opinion, based upon 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Scottsboro, Alabama**, as of September 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparisons 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 issued our report dated July 13, 2010, on our consideration of the City of Scottsboro'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 Schedule of Pension Plan Funding Progress, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Scottsboro's basic financial statements. The combining fund financial statements and schedules listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Scottsboro, Alabama. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The other supplementary information and the schedule of expenditures of Federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gant, Croft and Associates, P.C.

July 13, 2010

CITY OF SCOTTSBORO, ALABAMA

Management's Discussion and Analysis Fiscal Year Ended September 30, 2009

As management of the City of Scottsboro (the "City"), we offer readers of the City's financial statements this narrative overview and analysis, Management's Discussion and Analysis (the "MD&A"), of the financial activities and financial position of the City for the fiscal year ended September 30, 2009. In the broadest sense, the financial health of a government lies in the underlying wealth and willingness of its citizens, businesses and property owners to pay adequate taxes combined with the leadership of the government's elected and appointed officials to spend the current period but well into the future. Financial reporting is limited in its ability to provide this "big picture" but rather focuses on financial position and changes in financial position. Therefore, the purpose of this MD&A is to provide a narrative about the transactions, events and conditions that are reflected in the government's financial report and of the fiscal policies that govern its operations. This analysis should be read in conjunction with the basic financial statements and notes thereto.

Fiscal 2009 Financial Highlights

Financial highlights of the year include the following:

Government-wide

- The City's total net assets were \$20,149,723 at September 30, 2009. Unrestricted net assets were \$(14,408,619). The negative unrestricted net assets reflect the inclusion of long-term liabilities incurred by the City to provide funds for the Scottsboro City School Board for the building of new schools. The City's net assets decreased by \$(1,575,174). Government-wide revenue totaled \$22,152,410 for the year ended September 30, 2009, including \$6,926,345 in program revenue and \$15,226,065 in general revenue.
- Total government-wide governmental expenses were \$23,727,583. This includes a transfer of \$64,464 to the Industrial Development Board for payment of principal and interest on loans guaranteed by the City and a transfer of capital assets constructed with grant funds at a cost of \$1,596,048 to the Scottsboro Water, Sewer and Gas Board.

CITY OF SCOTTSBORO, ALABAMA

Management's Discussion and Analysis Fiscal Year Ended September 30, 2009

Fund Level:

- Total Governmental Fund Balance decreased \$2,729,919 in fiscal 2009 to \$13,954,399. Governmental Fund revenue totaled \$22,251,751, with total expenditures of \$25,114,895. General Fund revenue totaled \$19,003,710, with total expenditures of \$19,830,554, for an excess of revenue over expenditures of \$826,844. Total Other Financing Sources and Uses was \$(2,273,878). The decrease in the General Fund Balance was \$3,100,722 for Fiscal 2009.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Scottsboro's Annual Financial Report. The City's Basic Financial Report is comprised of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements. This report contains other supplementary information in addition to the basic financial statements themselves.

The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the city's financial activities and financial position.

Government-wide Financial Statements provide a longer term view of the City's activities as a whole and consist of the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities using a full-accrual basis of accounting, similar to commercial enterprises. The Statement of Activities provides information about all the City's revenue and expense, also on a full-accrual basis, with the emphasis on measuring net revenue or expenditures of each of the City's programs. The Statement of Activities presents the changes in the net assets of the City for the year.

All of the City's activities are grouped into the following governmental activities: general government, public safety, streets, sanitation and landfill, recreation and culture, and education.

The Fund Financial Statements focus primarily on the short-term activities of the City's General Fund and Other Major Funds. Major Funds account for the major financial activities of the City and are presented individually while the activities of the Nonmajor Funds are presented in the aggregate. Supporting schedules, showing the individual aggregated Nonmajor funds, are provided as Supplementary Information. The Fund Financial Statements measure only current revenue and expenditures and the resulting changes in fund balances. They exclude capital assets, long-term debt and other long-term amounts.

CITY OF SCOTTSBORO, ALABAMA

Management's Discussion and Analysis Fiscal Year Ended September 30, 2009

The concept of Major Funds, and the determination of which funds are considered Major Funds, was established by GASB Statement 34, and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Nonmajor Funds aggregated and presented in a single column. The City's major funds for fiscal year 2009 are the General Fund, the Debt Service Fund, and the Capital Projects Fund. Comparisons of budget and actual financial information are presented only for the General Fund as required by GASB 34.

Financial Activities of the City (Government-wide)

This analysis focuses on the net assets and changes in the net assets of the City's Governmental Activities, as presented in the Government-wide Statement of Net Assets and Statement of Activities:

	<u>2009</u>	<u>2008</u>
Current and other assets	\$21,454,534	\$22,573,312
Capital assets	<u>38,872,236</u>	<u>40,849,695</u>
Total assets	\$60,326,770	\$63,423,007
Long-term liabilities	\$37,498,553	\$39,449,307
Current liabilities	<u>2,678,494</u>	<u>2,248,803</u>
Total liabilities	\$40,177,047	\$41,698,110
Net assets		
Invested in capital assets, net of debt	\$22,515,503	\$24,492,962
Restricted	12,042,839	12,042,839
Unrestricted	<u>(14,408,619)</u>	<u>(14,810,904)</u>
Total net assets	\$20,149,723	\$21,724,897

CITY OF SCOTTSBORO, ALABAMA

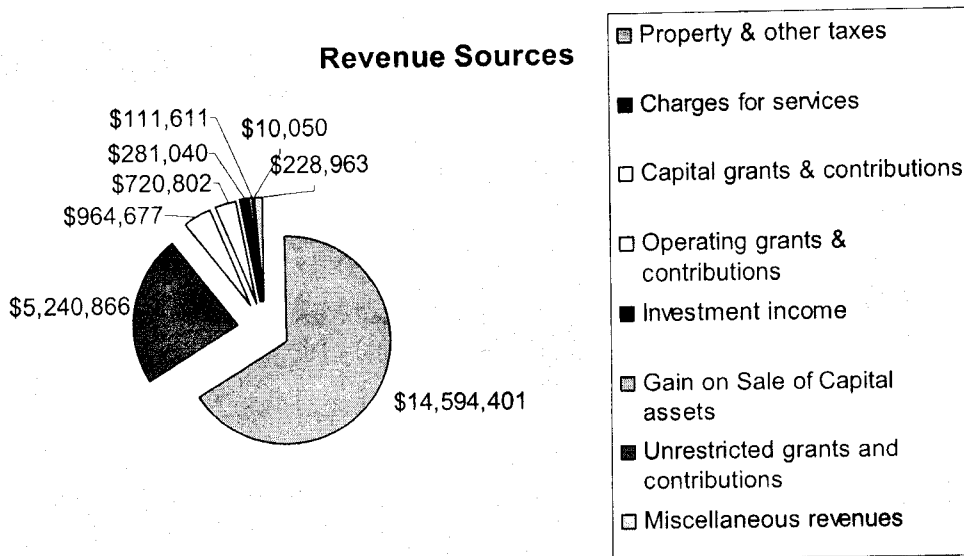
Management's Discussion and Analysis Fiscal Year Ended September 30, 2009

The City's net assets in the amount of \$20.1 million are largely attributable to the City's investment in capital assets. The City uses these capital assets to provide services and transportation infrastructure to citizens, businesses, and visitors. These assets are not available to finance future operations. Approximately \$12.04 million is restricted by state law and bond covenants for use in paying debt service, constructing capital assets, and maintaining and improving roads. The remaining balance is unrestricted net assets, a deficit of \$14.4 million. **The negative amount is due to the inclusion in long-term liabilities of \$21.2 million school warrants issued by the City to fund the City school board's construction and renovation of school buildings.** The school bonds are paid from current and future City and county sales tax revenue budgeted by the City and by the school board, respectively.

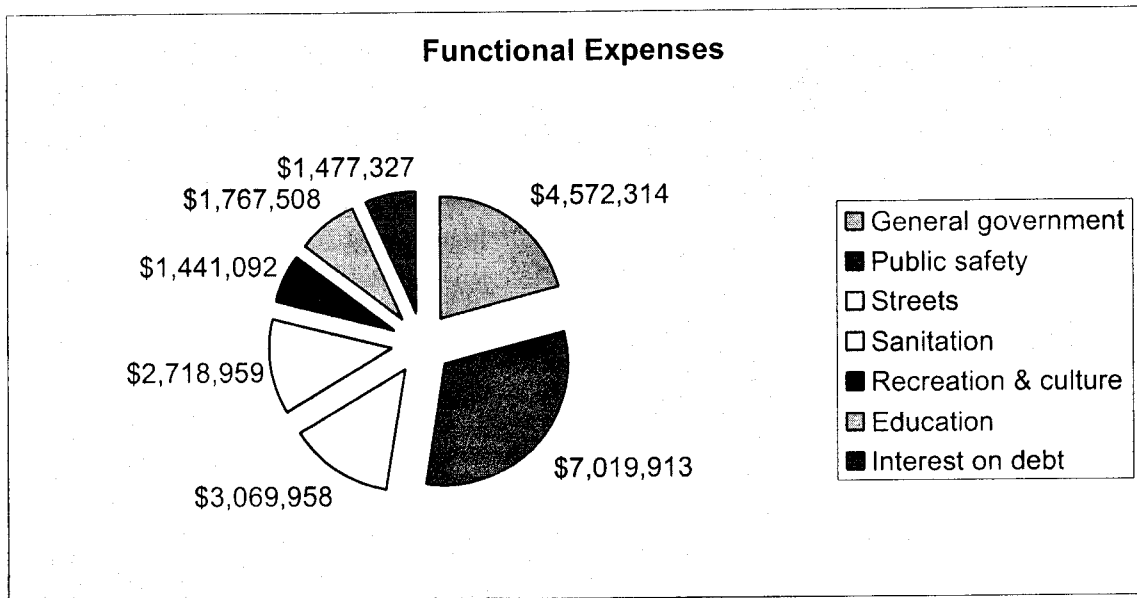
	<u>2009</u>	<u>2008</u>
<u>Sources of Revenue</u>		
Program revenue		
Charges for services	\$5,240,866	\$5,348,782
Operating grants and contributions	720,802	308,791
Capital grants and contributions	<u>964,677</u>	<u>2,538,524</u>
	<u>6,926,345</u>	<u>8,196,077</u>
General revenue		
Property and other taxes	14,594,401	15,706,383
Unrestricted grants and contributions	10,050	20,600
Unrestricted investment income	281,040	440,996
Miscellaneous revenues	228,963	301,195
Gain on Sale of Capital Assets	111,611	195,299
Other	-	-
	<u>15,226,065</u>	<u>16,664,474</u>
Total revenue	<u>22,152,410</u>	<u>24,860,551</u>
<u>Functional Expenses</u>		
General government	4,572,314	3,626,405
Public safety	7,019,913	6,438,362
Streets	3,069,958	3,607,311
Sanitation and landfill	2,718,959	2,539,734
Recreation and culture	1,441,092	1,421,930
Education	1,767,508	1,802,180
Interest on debt	1,477,327	1,551,696
Special items	<u>1,660,512</u>	<u>-</u>
Total expenses	<u>23,727,583</u>	<u>20,987,617</u>
Increase in net assets	<u>(1,575,174)</u>	<u>3,872,933</u>
Net assets-beginning of year	<u>21,724,897</u>	<u>13,871,719</u>
Prior period adjustments	-	3,980,225
Net assets-beginning of year-as restated	<u>21,724,897</u>	<u>17,851,944</u>
Net assets-end of year	\$20,149,723	\$21,724,897

CITY OF SCOTTSBORO, ALABAMA

**Management's Discussion and Analysis
Fiscal Year Ended September 30, 2009**



As the Source of Revenue chart above shows, 66% of the City's fiscal 2009 governmental activities revenue came from property and other taxes, 1% came from other general revenue sources such as gain on sale of assets, unrestricted investment earnings, and reimbursements. The majority of the remainder of total revenue, 24% came from charges for services.



As the above graph shows, Public Safety is the largest activity, reflecting the City's commitment to a safe community. Streets are also a substantial activity.

CITY OF SCOTTSBORO, ALABAMA

Management's Discussion and Analysis Fiscal Year Ended September 30, 2009

Financial Analysis of the Government's Funds

Governmental Funds- The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 13,954,400, a decrease of \$2,729,919, in comparison with the prior year. Approximately 58% of this total amount \$8,041,407 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed, is restricted by law, or is not otherwise available as follows: inventory \$58,853, investments \$127,804, capital improvements \$196,188, jail/court expenditures \$135,051, sanitation escrow \$397,802, and long-term note receivable \$4,799,243.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved fund balance of the general fund was \$3,654,559. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 16% of total general fund expenditures.

During the current fiscal year, the fund balance of the City's general fund decreased by \$3,100,722. It should be noted that this decrease includes transfers from the general fund to the debt service fund in the amount of \$2,832,872. In addition, capital outlay purchases totaling \$3,605,154 were made during the fiscal year.

The debt service fund has a total fund balance of \$9,225,975, all of which is to be used for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$588,963. Interest expenditures were \$1,494,207 and principal retirements during the year were \$1,935,000.

The capital projects fund has a total fund balance of \$(342,101), all of which is reserved for various construction projects. Recent years have seen a significant decrease in fund balance due to the construction of the new city hall building, a new school building, the new senior center and the landfill expansion.

Capital Asset and Debt Administration

Capital assets- The City's investment in capital assets for its governmental type activities as of September 30, 2009 amounts to \$38,872,236 (net of accumulated

CITY OF SCOTTSBORO, ALABAMA

Management's Discussion and Analysis Fiscal Year Ended September 30, 2009

depreciation). The total increase in the City's investment in capital assets for the current fiscal year was 8%. This investment in capital assets includes land, buildings and structures, improvements, machinery and equipment, park facilities, and roads and bridges that were added during the current fiscal year. The net total amount added to capital assets in 2009 was \$2,899,148.

Long-term debt- At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$37,498,553. Of this amount, \$33,723,553 comprises debt backed by the full faith and credit of the City and \$3,775,000 comprises debt secured solely by specified revenue sources (i.e. revenue bonds).

During the current fiscal year, the City's principal retirements of debt totaled \$2,097,240.

Budgetary Analysis-General Fund

Budgeted revenue for Fiscal 2009 was \$18,657,849 and actual revenue was \$19,003,710, which resulted in a favorable variance of \$345,861. Budgeted expenditures were \$15,894,716 and actual expenditures were \$19,830,554, which resulted in an unfavorable variance of \$3,935,838. Of this unfavorable variance, some \$3,189,154 was for various capital outlays. See page 17 for a detail of the budget versus actual comparison.

Economic Factors and Next Year's Budgets and Rates

The City continues to employ personnel from the local area pool, trying to help decrease the high unemployment that exists in Jackson County. That rate for the past year reached over 10%. Inflation continues to rise at the same rate as nationwide. Due to this rise in inflation, our budget needs have also continued to rise. Our department heads, along with the Mayor and Council, have managed to keep this rise as low as possible without any loss of services to the citizens of Scottsboro. Over the past year sales taxes decreased by 4.44% from 2008. We have maintained the same level of personnel allowing our citizens the same quality of services. The economy in and around our area has been stable to the extent that our receipts have not dropped off as much as the majority of the rest of the state. During the year citizens seemed to be more conservative with spending, only spending funds for essentials. During the year we occupied the new animal control facility, which was a joint venture with the Jackson County Commission. No additional borrowing was made to fund this project. With the completion of this facility that completes the capital improvements for all departments as far as facilities goes for some time. We have new facilities at all major locations at the present time. The 2009-2010 budget was prepared being very conservative due to the reduction in receipts for 2008. Budget expenditures were kept at the 2007-2008 level in most cases with some reductions being made where possible. We continue to be conservative and to monitor and control cost on a

CITY OF SCOTTSBORO, ALABAMA

Management's Discussion and Analysis Fiscal Year Ended September 30, 2009

daily basis which allows us to quickly control any areas that may develop problems. As personnel leave we are slow to fill the vacant positions, being conservative in that respect.

Requests for Information

The preparation of this financial report was made possible by the dedicated service of our finance department staff and our auditors, Gant, Croft, & Associates, CPAs. We wish to express our appreciation to them. Further, we wish to thank the City Council for their continued support as we strive to excel in financial reporting.

This financial report is designed to provide a general overview of the City of Scottsboro's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Scottsboro, Attn: Finance Director
316 S. Broad Street, Scottsboro, Alabama 35768

City of Scottsboro, Alabama
Statement of Net Assets
September 30, 2009

	Primary	Component Units		
	Government	Public Park & Recreation Board	Scottsboro Board of Education	Public Library
	Governmental Activities			
ASSETS				
Cash and cash equivalents	\$ 2,363,277	\$ 445,442	\$ 2,866,031	\$ 134,487
Taxes receivable	3,533,951	-	-	-
Accounts receivable	1,419,928	33,988	45,525	-
Certificates of deposit	704,386	-	-	-
Restricted cash and investments	5,768,470	-	-	-
Other receivables	-	22,993	-	-
Prepaid expenses	205,736	18,857	-	4,691
Inventories	58,853	63,177	47,749	-
Internal balances	0	-	-	-
Due from other governmental units	-	157,505	1,462,117	-
Other assets	793,076	190,310	-	-
Note receivable	4,975,031	-	-	-
Investment in land	1,631,826	-	-	-
Capital assets not being depreciated	10,093,788	2,129,712	3,423,979	-
Capital assets being depreciated (net)	28,778,448	3,319,631	29,956,840	226,857
	<u>\$ 60,326,770</u>	<u>\$ 6,381,615</u>	<u>\$ 37,802,241</u>	<u>\$ 366,035</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,422,692	\$ 196,422	\$ 2,081,194	\$ 1,867
Deposits	-	2,163	-	-
Due to Scottsboro City Board of Education	850,669	-	-	-
Accrued interest payable	395,369	7,384	-	-
Deferred revenue	9,764	147,562	26,782	-
Long-term liabilities:				
Due within one year	2,176,260	394,904	109,880	-
Due in more than one year	35,322,293	4,555,832	89,791	-
	<u>\$ 40,177,047</u>	<u>\$ 5,304,267</u>	<u>\$ 2,307,647</u>	<u>\$ 1,867</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 22,515,503	\$ 676,405	\$ 33,380,819	\$ 226,857
Restricted for capital projects	356,631	-	982,123	-
Restricted for capital improvements	506,968	-	-	-
Restricted for debt service	11,064,399	-	-	-
Restricted for roads	114,841	-	-	-
Unrestricted	(14,408,619)	400,943	1,131,652	137,311
	<u>\$ 20,149,723</u>	<u>\$ 1,077,348</u>	<u>\$ 35,494,594</u>	<u>\$ 364,168</u>
	<u>\$ 60,326,770</u>	<u>\$ 6,381,615</u>	<u>\$ 37,802,241</u>	<u>\$ 366,035</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**City of Scottsboro, Alabama
Statement of Activities
For the Year Ended September 30, 2009**

Functions/programs	Program Revenues			Net (expense) revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Public Park & Recreation Board	Scottsboro Board of Education	Public Library
Primary government							
Governmental activities							
General government	\$ (4,572,314)	\$ 1,118,163	\$ 59,840	\$ (2,795,904)			
Public Safety	(7,019,913)	944,985	15,000	(6,059,928)			
Streets	(3,069,958)	9,064	645,962	(2,048,662)			
Sanitation	(2,718,959)	2,694,099	-	(24,860)			
Recreation & culture	(1,441,092)	474,555	-	(966,537)			
Education (payments to school board)	(1,767,508)	-	-	(1,767,508)			
Interest on debt	(1,477,327)	-	-	(1,477,327)			
Total governmental activities	\$ (22,067,071)	\$ 5,240,866	\$ 720,802	\$ (15,140,726)			
Total primary government	\$ (22,067,071)	\$ 5,240,866	\$ 720,802	\$ (15,140,726)			
Component units							
Public Park & Recreation Board	\$ (3,215,589)	\$ 3,188,104	\$ -	\$ -	\$ (27,485)	\$ -	\$ -
Scottsboro Board of Education	(29,485,977)	1,666,481	17,679,720	-	-	(8,522,512)	-
Scottsboro Public Library	(282,719)	41,307	298,924	-	-	-	57,512
Total component units	\$ (32,984,285)	\$ 4,895,892	\$ 17,978,644	\$ -	\$ (27,485)	\$ (8,522,512)	\$ 57,512
General revenues:							
Taxes							
Sales Taxes				\$ 9,007,941	\$ -	\$ 2,370,664	\$ -
Property Taxes, levied for general purposes, and payments in lieu of tax				2,602,959	-	1,902,755	-
Property Taxes, levied for debt service				2,017,232	-	-	-
Franchise Fees				213,022	-	-	-
Other Taxes				753,247	-	990,577	-
Total Taxes				14,594,401	-	5,263,996	-
Grants and contributions not restricted to specific purposes				10,050	-	-	-
Unrestricted investment earnings				281,040	2,597	132,342	-
Miscellaneous revenues				228,963	-	644,300	-
Gain on Sale of Capital Assets				111,611	-	-	10,192
Transfers				(1)	-	-	-
Special Item - Payments on Debt of Industrial Development Bd				(64,464)	-	-	-
Special Item - Transfer of Assets to Scottsboro							
Water, Sewer and Gas Board				(1,596,048)	-	-	-
Total general revenues, transfers and special items				\$ 13,565,552	\$ 2,597	\$ 6,040,638	\$ 10,192
Change in net assets				\$ (1,575,174)	\$ (24,888)	\$ (2,481,874)	\$ 67,704
Net assets, beginning				\$ 21,724,897	\$ 1,102,236	\$ 37,976,468	\$ 296,464
Net assets, ending				\$ 20,149,723	\$ 1,077,348	\$ 35,494,594	\$ 364,168

The accompanying Notes to Financial Statements are an integral part of these financial statements.

City of Scottsboro, Alabama
Balance Sheet-Governmental Funds
September 30, 2009

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 2,887,118	\$ -	-	\$ 180,787	\$ 3,067,905
Taxes receivable	1,692,583	-	1,779,487	61,881	3,533,951
Other receivables, net	1,437,707	10,482	-	1,726	1,449,915
Prepaid items	205,626	-	-	-	205,626
Due from Other Governmental Funds	399,984	-	393,326	16,964	810,274
Restricted cash and investments	729,154	58,334	4,887,780	93,168	5,768,435
Inventories	58,853	-	-	-	58,853
Due from other governmental units	4,768	-	-	-	4,768
Deposits	110	-	-	-	110
Note receivable	-	-	4,799,243	-	4,799,243
	<u>\$ 7,415,903</u>	<u>\$ 68,816</u>	<u>\$ 11,859,836</u>	<u>\$ 354,526</u>	<u>\$ 19,699,081</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,570,871	\$ 11,173	\$ 3,705	\$ 105	\$ 1,585,854
Due to Scottsboro City Board of Educati	-	-	814,644	-	814,644
Due to Other Governmental Funds	217,537	399,744	-	52,204	669,485
Public Park & Recreation Board Escrow	-	-	36,025	-	36,025
Deferred revenue	859,187	-	1,779,487	-	2,638,674
	<u>\$ 2,647,595</u>	<u>\$ 410,917</u>	<u>\$ 2,633,861</u>	<u>\$ 52,309</u>	<u>\$ 5,744,682</u>
FUND BALANCE					
Reserved for:					
Inventory	\$ 58,853	\$ -	\$ -	\$ -	\$ 58,853
Investments	127,804	-	-	-	127,804
Capital improvements	196,188	-	-	-	196,188
Jail/court expenditures	135,051	-	-	-	135,051
Sanitation escrow	397,802	-	-	-	397,802
Long-term note receivable	-	-	4,799,243	-	4,799,243
Unreserved & undesignated, reported in:					
General fund	3,852,610	-	-	-	3,852,610
Capital projects fund	-	(342,101)	-	-	(342,101)
Debt service fund	-	-	4,426,732	-	4,426,732
Special revenue funds	-	-	-	302,217	302,217
	<u>\$ 4,768,308</u>	<u>\$ (342,101)</u>	<u>\$ 9,225,975</u>	<u>\$ 302,217</u>	<u>\$ 13,954,399</u>
	<u>\$ 7,415,903</u>	<u>\$ 68,816</u>	<u>\$ 11,859,836</u>	<u>\$ 354,526</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	\$ 40,504,062
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	2,628,910
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds	(36,937,648)
Net assets of governmental activities	<u><u>\$ 20,149,723</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

City of Scottsboro, Alabama
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds
For the Year Ended September 30, 2009

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes and payments in lieu of tax	\$ 12,845,642	\$ -	\$ 2,208,192	\$ 356,990	\$ 15,410,824
Charges for services	3,099,163	-	-	-	3,099,163
Intergovernmental	59,840	-	-	161,659	221,499
Licenses & permits	924,308	-	-	-	924,308
Grant Income	982,125	221,459	-	80,234	1,283,818
Fees & fines	319,045	-	-	-	319,045
Investment earnings	141,124	1,071	129,584	9,259	281,038
Other Income	632,463	-	-	79,593	712,056
	<u>\$ 19,003,710</u>	<u>\$ 222,530</u>	<u>\$ 2,337,776</u>	<u>\$ 687,735</u>	<u>\$ 22,251,751</u>
Expenditures					
Current					
General government	\$ 3,037,255	\$ -	\$ 10,244	\$ 47,748	\$ 3,095,247
Public safety	6,280,143	-	-	-	6,280,143
Street	3,399,337	-	-	-	3,399,337
Sanitation & landfill	1,735,038	-	-	-	1,735,038
Recreation	1,137,560	-	-	35,350	1,172,910
Education	450,000	-	1,317,508	-	1,767,508
Debt service					
Principal	162,240	-	1,935,000	-	2,097,240
Interest	23,827	-	1,494,207	-	1,518,034
Capital projects construction and outlay	3,605,154	344,856	0	99,428	4,049,438
	<u>\$ 19,830,554</u>	<u>\$ 344,856</u>	<u>\$ 4,756,959</u>	<u>\$ 182,526</u>	<u>\$ 25,114,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (826,844)</u>	<u>\$ (122,326)</u>	<u>\$ (2,419,183)</u>	<u>\$ 505,209</u>	<u>\$ (2,863,144)</u>
Other financing sources/uses					
Transfers to Industrial Development Board	\$ (126,052)	\$ -	\$ -	\$ -	\$ (126,052)
Proceeds from sale of capital assets	138,467	-	-	-	138,467
Principal and Interest payments received from Public Park & Rec Bd component Unit	-	-	228,964	-	228,964
Transfers from other funds	546,579	-	2,779,182	10,000	3,335,761
Transfers to other funds	(2,832,872)	-	-	(611,043)	(3,443,915)
	<u>\$ (2,273,878)</u>	<u>\$ -</u>	<u>\$ 3,008,146</u>	<u>\$ (601,043)</u>	<u>\$ 133,225</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (3,100,722)</u>	<u>\$ (122,326)</u>	<u>\$ 588,963</u>	<u>\$ (95,834)</u>	<u>\$ (2,729,919)</u>
Fund balance, beginning of year	7,869,030	(219,775)	8,637,012	398,051	16,684,318
Fund balance, end of year	<u>\$ 4,768,308</u>	<u>\$ (342,101)</u>	<u>\$ 9,225,975</u>	<u>\$ 302,217</u>	<u>\$ 13,954,399</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

City of Scottsboro, Alabama
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2009

Net changes in fund balances - total governmental funds per
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds \$ (2,729,919)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays capitalized	2,899,148
Depreciation	(3,244,745)

The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds.

Principal payments	2,097,240
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Increase in landfill closure and postclosure care cost accrual	(154,707)
Increase in OPEB liability accrual	(65,277)
Decrease in accrued compensated absences	46,124
Amortization of bond issue costs	(57,294)
Amortization of bond premiums/discounts	63,449
Decrease in accrued interest payable	10,723

Some revenues reported in the statement of activities are accrued and do not provide current financial resources. Therefore, these revenues are not reported in the governmental funds.

Decrease in accrued taxes receivable	(439,916)
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Change in net assets of governmental activities per Statement of Activities

\$ (1,575,174)

The accompanying Notes to Financial Statements are an integral part of these financial statements.

City of Scottsboro, Alabama
Statement of Fiduciary Net Assets
September 30, 2009

Scottsboro Public Library
A Component Unit

	Endowment Fund	Retirement Fund	Total
ASSETS			
Deposits			
General	\$ 41,550	\$ 24,765	\$ 66,315
Christine Jones Trust	77,733	-	77,733
Rudolph Jones Trust	4,908	-	4,908
Jane Hodges Foundation	70,023	-	70,023
Total Deposits	<u>194,214</u>	<u>24,765</u>	<u>218,979</u>
Investments			
Christine Jones Trust	22,083	-	22,083
Rudolph Jones Trust	16,424	-	16,424
Retirement Fund	-	15,153	15,153
Total Investments	<u>38,507</u>	<u>15,153</u>	<u>53,660</u>
Total Assets	<u>232,721</u>	<u>39,918</u>	<u>272,639</u>
NET ASSETS			
Reserved for Investing	232,721	-	232,721
Reserved for employee benefits	-	39,918	39,918
Total Net Assets	<u>232,721</u>	<u>39,918</u>	<u>272,639</u>
Additions			
Program Revenue	12,829	1,403	14,232
Interest			-
Support	250	-	250
Donations			-
Investment Earnings			-
Net Decrease in Fair Value of Investments	(493)	1,153	660
Excess of Support and Revenue Over Expenses and Other Uses	<u>12,586</u>	<u>2,556</u>	<u>15,142</u>
Other Financing Uses			
Operating Transfers to Other Funds	(7,646)	(2,546)	(10,192)
Net Assets at Beginning of Year	227,781	39,908	267,689
Net Assets at End of Year	<u>\$ 232,721</u>	<u>\$ 39,918</u>	<u>\$ 272,639</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

City of Scottsboro, Alabama
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual - General Fund
For the Year Ended September 30, 2009

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ 12,871,600	\$ 13,154,300	\$ 12,845,642	\$ (308,658)
Licenses & permits	811,900	970,500	924,308	(46,192)
Intergovernmental	96,500	133,000	59,840	(73,160)
Charges for services	2,997,800	3,222,650	3,099,163	(123,487)
Fees & fines	228,900	331,500	319,045	(12,455)
Grant Income	29,500	0	982,125	982,125
Unclassified	523,542	585,899	632,463	46,564
Investment earnings	250,000	260,000	141,124	(118,876)
	<u>\$ 17,809,742</u>	<u>\$ 18,657,849</u>	<u>\$ 19,003,710</u>	<u>\$ 345,861</u>
Expenditures				
Current				
General government	\$ 2,772,260	2,834,629	\$ 3,037,255	\$ (202,626)
Public safety	6,000,651	6,278,411	6,280,143	(1,732)
Street	2,848,377	2,940,293	3,399,337	(459,044)
Sanitation & landfill	1,705,033	1,799,539	1,735,038	64,501
Recreation	1,125,768	1,175,844	1,137,560	38,284
Education	450,000	450,000	450,000	-
Debt service	-	-	186,067	(186,067)
Capital outlay	339,169	416,000	3,605,154	(3,189,154)
	<u>\$ 15,241,258</u>	<u>\$ 15,894,716</u>	<u>\$ 19,830,554</u>	<u>\$ (3,935,838)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,568,484</u>	<u>\$ 2,763,133</u>	<u>\$ (826,844)</u>	<u>\$ (3,589,977)</u>
Other financing sources/uses				
Issuance of long-term debt	\$ -	\$ -	\$ -	\$ -
Contribution from WSG Bd for CDBG Match	-	-	-	-
Proceeds from Sales of Capital Assets	21,650	3,000	138,467	135,467
Transfers to Industrial Development Board	-	-	(126,052)	(126,052)
Oper transfers (to) from other funds	(2,356,970)	(2,290,487)	(2,286,293)	4,194
Total Other financing sources/uses	<u>\$ (2,335,320)</u>	<u>\$ (2,287,487)</u>	<u>\$ (2,273,878)</u>	<u>\$ 13,609</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 233,164</u>	<u>\$ 475,646</u>	<u>\$ (3,100,722)</u>	<u>\$ (3,576,368)</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.