

CITY OF SCOTTSBORO, ALABAMA

FINANCIAL REPORT

SEPTEMBER 30, 2008

**CITY OF SCOTTSBORO, ALABAMA
PRINCIPAL CITY OFFICIALS**

September 30, 2008

MAYOR

Dan Deason

CITY COUNCIL

Keith Smith, President
Matthew Hodges, President Pro tem
Terry Thomas
Buddy Simmons
Josephine Smith
Gail Duffey, City Clerk

**CITY OF SCOTTSBORO
FINANCIAL REPORT
SEPTEMBER 30, 2008**

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Gant & Croft Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

611 EAST LAUREL STREET • P.O. BOX 757
SCOTTSBORO, ALABAMA 35768
(256) 259-1120 • FAX (256) 259-0858
EMAIL dcroft007@aol.com

DON W. CROFT, C.P.A.
MARY S. CROFT, C.P.A.
C. GENE GOSSETT, JR., C.P.A.

MEMBERS: AICPA
ALABAMA SOCIETY
OF CPAs

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, 2008, 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, 2008, 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 September 11, 2009, 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.

Scottsboro, Alabama
September 11, 2009

CITY OF SCOTTSBORO, ALABAMA

Management's Discussion and Analysis Fiscal Year Ended September 30, 2008

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, 2008. 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 2008 Financial Highlights

Financial highlights of the year include the following:

Government-wide

- The City's total net assets were \$21,724,897 at September 30, 2008. Unrestricted net assets were \$(14,810,904). 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 increased by \$3,872,953. Government-wide revenue totaled \$24,860,571 for the year ended September 30, 2008, including \$8,196,097 in program revenue and \$16,664,474 in general revenue.
- Total government-wide governmental expenses were \$20,987,617. This includes a transfer of \$120,305 to the Industrial Development Board for payment of principal and interest on loans guaranteed by the City.
- Prior period adjustments increasing prior years net assets by \$3,980,225 were made to correct errors in the prior years financial statements. (See Note 14 to the financial statements.)

CITY OF SCOTTSBORO, ALABAMA

Management's Discussion and Analysis Fiscal Year Ended September 30, 2008

Fund Level:

- Total Governmental Fund Balance decreased \$1,148,531 in fiscal 2008 to \$16,684,312. Governmental Fund revenue totaled \$24,124,049, with total expenditures of \$26,102,275. General Fund revenue totaled \$20,374,935, with total expenditures of \$19,799,051, for an excess of revenue over expenditures of \$575,884. Total Other Financing Sources and Uses was \$(879,020). The decrease in the General Fund Balance was \$303,136 for Fiscal 2008.
- Prior period adjustments decreasing the prior years' governmental fund balances by \$46,662, were made to correct errors in the prior years' financial statements of the capital projects fund (See Note 14 to the financial statements.)

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

CITY OF SCOTTSBORO, ALABAMA

Management's Discussion and Analysis Fiscal Year Ended September 30, 2008

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.

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 2008 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>2008</u>	<u>2007</u>
Current and other assets	\$22,573,312	\$23,363,075
Capital assets	<u>40,849,695</u>	<u>37,732,274</u>
Total assets	\$63,423,007	\$61,095,349
Long-term liabilities	\$39,449,307	\$39,035,974
Current liabilities	<u>2,248,803</u>	<u>4,207,431</u>
Total liabilities	\$41,698,110	\$43,243,405
Net assets		
Invested in capital assets, net of debt	\$24,492,962	\$26,907,353
Restricted	12,042,839	8,918,808
Unrestricted	<u>(14,810,904)</u>	<u>(17,974,217)</u>
Total net assets	\$21,724,897	\$17,851,944

CITY OF SCOTTSBORO, ALABAMA

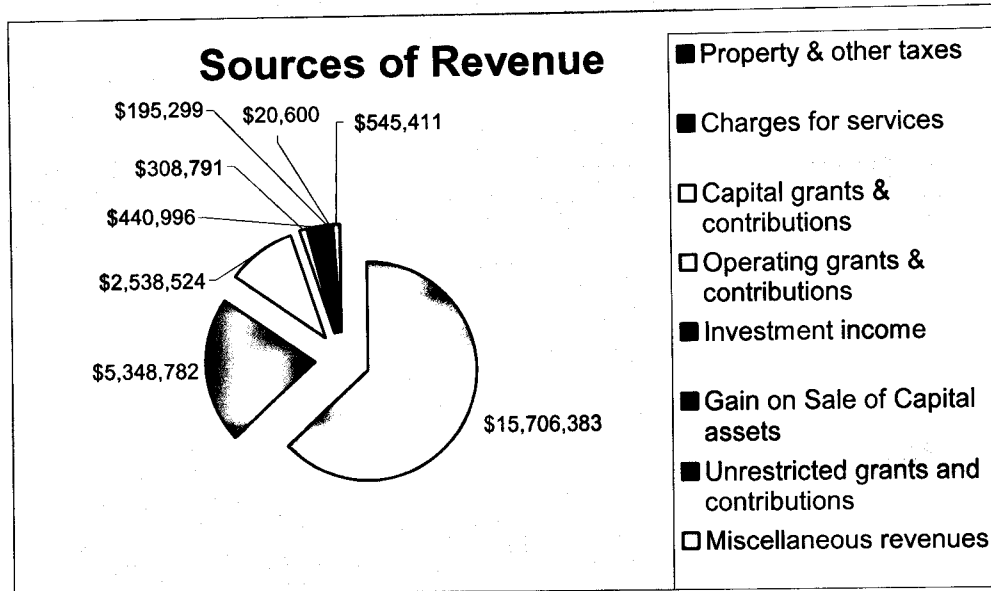
Management's Discussion and Analysis Fiscal Year Ended September 30, 2008

The City's net assets in the amount of \$24.5 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 \$14.81 million. **The negative amount is due to the inclusion in long-term liabilities of \$22.8 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.

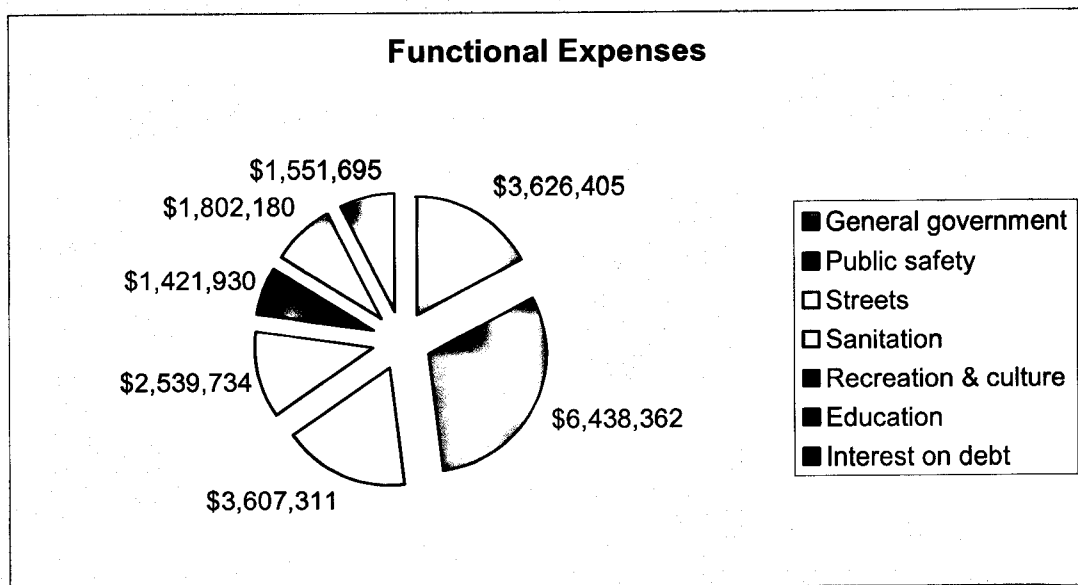
	<u>2008</u>	<u>2007</u>
<u>Sources of Revenue</u>		
Program revenue		
Charges for services	\$5,348,782	\$2,736,555
Operating grants and contributions	308,791	22,962
Capital grants and contributions	<u>2,538,524</u>	<u>993,885</u>
	<u>8,196,077</u>	<u>3,753,402</u>
General revenue		
Property and other taxes	15,706,383	15,665,911
Unrestricted grants and contributions	20,600	-
Unrestricted investment income	440,996	493,622
Miscellaneous revenues	301,195	-
Gain on Sale of Capital Assets	195,299	106,788
Other	-	<u>2,904,998</u>
	<u>16,664,474</u>	<u>19,171,319</u>
Total revenue	<u>24,860,551</u>	<u>22,924,721</u>
<u>Functional Expenses</u>		
General government	3,626,405	2,974,158
Public safety	6,438,362	5,835,627
Streets	3,607,311	3,403,166
Sanitation and landfill	2,539,734	2,278,520
Recreation and culture	1,421,930	1,453,405
Education	1,802,180	1,747,277
Interest on debt	1,551,696	1,775,701
Special items	-	<u>307,611</u>
Total expenses	<u>20,987,617</u>	<u>19,775,465</u>
Increase in net assets	<u>3,872,933</u>	<u>3,149,256</u>
Net assets-beginning of year	<u>13,871,719</u>	<u>9,470,303</u>
Prior period adjustments	3,980,225	1,252,160
Net assets-beginning of year-as restated	<u>17,851,944</u>	<u>10,722,463</u>
Net assets-end of year	<u>\$21,724,897</u>	<u>\$13,871,719</u>

CITY OF SCOTTSBORO, ALABAMA

Management's Discussion and Analysis Fiscal Year Ended September 30, 2008



As the Source of Revenue chart above shows, 63% of the City's fiscal 2008 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, 21% 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, 2008

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 \$ 16,684,312, a decrease of \$1,148,531, in comparison with the prior year. Approximately 63% of this total amount \$10,517,724 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 \$63,122, investments \$127,804, capital improvements \$506,968, jail/court expenditures \$106,359, sanitation escrow \$313,765, and long-term note receivable \$5,048,570.

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 \$6,751,011. 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 34% of total general fund expenditures.

During the current fiscal year, the fund balance of the City's general fund decreased by \$303,136. It should be noted that the City would have achieved positive growth in the fund balance without a transfer to the debt service fund. In addition, capital outlay purchases totaling \$4,400,875 were made during the fiscal year.

The debt service fund has a total fund balance of \$8,637,012, 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 \$26,435. Interest expenditures were \$1,555,514 and principal retirements during the year were \$1,880,000.

The capital projects fund has a total fund balance of \$(219,778), 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, 2008 amounts to \$40,849,695 (net of accumulated

CITY OF SCOTTSBORO, ALABAMA

Management's Discussion and Analysis Fiscal Year Ended September 30, 2008

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 2008 was \$3,117,421.

Long-term debt- At the end of the current fiscal year, the City had total long-term debt outstanding of \$39,449,307. Of this amount, \$35,094,307 comprises debt backed by the full faith and credit of the City and \$4,355,000 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 \$2,006,544. The City entered into new capital lease agreements to acquire equipment during the year totaling \$281,552.

Budgetary Analysis-General Fund

Budgeted revenue for Fiscal 2008 was \$17,809,742 and actual revenue was \$20,374,935, which resulted in a favorable variance of \$2,565,193. Budgeted expenditures were \$15,781,343 and actual expenditures were \$19,799,051, which resulted in an unfavorable variance of \$4,017,708. Of this unfavorable variance, some \$3,545,209 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 was at 4.4%. 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 leveled off to approximately the same amount the previous year. 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 we occupied the new public services building which houses the police department, jail and 911 operations and borrowed no funds to finance the renovation. 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 2008-2009 budget was prepared being very conservative due to the downturn of the economy in the fourth quarter of 2008. Any increase in wages was delayed to second quarter of 2009 at which time it would be

CITY OF SCOTTSBORO, ALABAMA

Management's Discussion and Analysis Fiscal Year Ended September 30, 2008

reviewed. We continue to monitor and control cost on a daily basis which allows us to quickly control any areas that may develop problems.

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, 2008

	Primary	Component Units		
	Governmental Activities	Public Park & Recreation Board	Scottsboro Board of Education	Public Library
ASSETS				
Cash and cash equivalents	\$ 4,061,924	\$ 463,042	\$ 5,369,096	\$ 114,847
Taxes receivable	3,999,193	-	-	-
Accounts receivable	1,049,158	33,988	91,384	-
Certificates of deposit	2,174,480	-	-	-
Restricted cash and investments	5,107,381	-	-	-
Other receivables	-	22,993	-	-
Prepaid expenses	219,113	18,857	-	2,727
Inventories	63,122	63,177	64,219	-
Internal balances	(45)	-	-	-
Due from other governmental units	-	174,667	595,195	-
Other assets	850,371	209,821	-	-
Note receivable	5,048,615	-	-	-
Capital assets not being depreciated	10,093,788	2,105,712	3,474,388	-
Capital assets being depreciated (net)	30,755,907	3,564,147	30,956,751	179,513
	<u>\$ 63,423,007</u>	<u>\$ 6,656,404</u>	<u>\$ 40,551,033</u>	<u>\$ 297,087</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,446,132	\$ 161,008	\$ 2,276,204	\$ 623
Deposits	-	3,079	-	-
Due to Scottsboro City Board of Education	396,129	-	-	-
Accrued interest payable	406,092	7,859	-	-
Deferred revenue	450	154,398	25,454	-
Long-term liabilities:				
Due within one year	2,250,032	312,088	116,170	-
Due in more than one year	37,199,275	4,915,736	85,737	-
	<u>\$ 41,698,110</u>	<u>\$ 5,554,168</u>	<u>\$ 2,503,565</u>	<u>\$ 623</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 24,492,962	\$ 573,792	\$ 34,431,139	\$ 179,513
Restricted for capital projects	356,631	-	959,948	-
Restricted for capital improvements	506,968	-	-	-
Restricted for debt service	11,064,399	-	-	-
Restricted for roads	114,841	-	-	-
Unrestricted	(14,810,904)	528,444	2,656,381	116,951
	<u>\$ 21,724,897</u>	<u>\$ 1,102,236</u>	<u>\$ 38,047,468</u>	<u>\$ 296,464</u>
	<u>\$ 63,423,007</u>	<u>\$ 6,656,404</u>	<u>\$ 40,551,033</u>	<u>\$ 297,087</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, 2008**

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	\$ (3,626,405)	\$ 133,562	\$ 1,818,133	\$ (528,982)	-	-	-
Public Safety	(6,438,362)	15,000	-	(5,464,539)	-	-	-
Streets	(3,607,311)	160,229	720,391	(2,681,604)	-	-	-
Sanitation	(2,539,734)	-	-	267,080	-	-	-
Recreation & culture	(1,421,930)	-	-	(1,029,600)	-	-	-
Education (payments to school board)	(1,802,180)	-	-	(1,802,180)	-	-	-
Interest on debt	(1,551,695)	-	-	(1,551,695)	-	-	-
Total government activities	\$ (20,987,617)	\$ 308,791	\$ 2,538,524	\$ (12,791,520)	-	-	-
Total primary government	\$ (20,987,617)	\$ 308,791	\$ 2,538,524	\$ (12,791,520)	-	-	-
Component units							
Public Park & Recreation Board	\$ (3,188,605)	\$ -	\$ -	\$ -	\$ (33,161)	\$ -	\$ -
Scottsboro Board of Education	(30,712,647)	18,616,078	3,041,291	-	-	(7,160,894)	44,169
Scottsboro Public Library	(263,557)	17,439	290,287	-	-	-	44,169
Total component units	\$ (34,164,809)	\$ 18,906,365	\$ 3,041,291	\$ -	\$ (33,161)	\$ (7,160,894)	\$ 44,169
General revenues:							
Taxes							
Sales Taxes				\$ 9,867,025	\$ -	\$ 2,882,259	\$ -
Property Taxes, levied for general purposes, and payments in lieu of tax				2,897,680	-	1,884,245	-
Property Taxes, levied for debt service				2,017,232	-	-	-
Franchise Fees				202,624	-	-	-
Other Taxes				721,822	-	990,877	-
Total Taxes				15,706,383	-	5,757,381	-
Grants and contributions not restricted to specific purposes				20,600	-	-	-
Unrestricted investment earnings				440,996	2,688	234,986	-
Miscellaneous revenues				301,195	-	1,835,809	-
Gain on Sale of Capital Assets				195,299	-	-	-
Transfers				-	-	-	11,363
Total general revenues and transfers				\$ 16,664,474	\$ 2,688	\$ 7,828,176	\$ 11,363
Change in net assets				\$ 3,872,953	\$ (30,473)	\$ 667,282	\$ 55,532
Net assets, beginning as originally reported				\$ 13,871,719	\$ 1,132,709	\$ 37,160,433	\$ 240,932
Prior period adjustment				3,980,225	-	(15,966)	-
Net assets, beginning as restated				\$ 17,851,944	\$ 1,132,709	\$ 37,144,467	\$ 240,932
Net assets, ending				\$ 21,724,897	\$ 1,102,236	\$ 37,811,749	\$ 296,464

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

City of Scottsboro, Alabama
Balance Sheet-Governmental Funds
September 30, 2008

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 5,949,678	\$ -	-	\$ 287,662	\$ 6,237,340
Taxes receivable	1,827,516	-	2,113,622	58,055	3,999,193
Other receivables, net	772,089	270,579	-	30	1,042,698
Prepaid items	219,003	-	-	-	219,003
Due from Other Governmental Funds	613,822	-	226,875	-	840,697
Restricted cash and investments	927,236	324,976	3,764,870	90,296	5,107,378
Inventories	63,122	-	-	-	63,122
Due from other governmental units	5,522	-	-	-	5,522
Deposits	110	-	-	-	110
Note receivable	-	-	5,048,570	-	5,048,570
	<u>\$ 10,378,098</u>	<u>\$ 595,555</u>	<u>\$ 11,153,937</u>	<u>\$ 436,043</u>	<u>\$ 22,563,632</u>

LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,326,540	\$ 238,927	\$ 7,174	\$ 578	\$ 1,573,219
Due to Scottsboro City Board of Educati	0	-	310,516	-	310,516
Due to Other Governmental Funds	226,875	576,406	-	37,416	840,697
Public Park & Recreation Board Escrow	-	-	85,613	-	85,613
Bond interest payable	-	-	-	-	-
Deferred revenue	955,654	-	2,113,622	-	3,069,276
	<u>\$ 2,509,069</u>	<u>\$ 815,333</u>	<u>\$ 2,516,925</u>	<u>\$ 37,994</u>	<u>\$ 5,879,321</u>

FUND BALANCE					
Reserved for:					
Inventory	\$ 63,122	\$ -	\$ -	\$ -	\$ 63,122
Investments	127,804	-	-	-	127,804
Capital improvements	506,968	-	-	-	506,968
Jail/court expenditures	106,359	-	-	-	106,359
Sanitation escrow	313,765	-	-	-	313,765
Long-term note receivable	-	-	5,048,570	-	5,048,570
Unreserved & undesignated, reported in:					
General fund	6,751,011	-	-	-	6,751,011
Capital projects fund	-	(219,778)	-	-	(219,778)
Debt service fund	-	-	3,588,442	-	3,588,442
Special revenue funds	-	-	-	398,049	398,049
	<u>\$ 7,869,029</u>	<u>\$ (219,778)</u>	<u>\$ 8,637,012</u>	<u>\$ 398,049</u>	<u>\$ 16,684,313</u>
	<u>\$ 10,378,098</u>	<u>\$ 595,555</u>	<u>\$ 11,153,937</u>	<u>\$ 436,043</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	\$ 40,849,695
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	3,068,830
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds	(38,877,941)
Net assets of governmental activities	<u>\$ 21,724,897</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, 2008

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes and payments in lieu of tax	\$ 13,572,114	\$ -	\$ 2,017,232	\$ 367,745	\$ 15,957,091
Charges for services	3,148,472	-	-	-	3,148,472
Intergovernmental	133,562	-	-	160,229	293,791
Licenses & permits	964,642	-	-	-	964,642
Grant Income	1,286,329	340,672	-	596,927	2,223,928
Fees & fines	348,491	-	-	-	348,491
Investment earnings	317,311	6,736	106,706	10,241	440,994
Other Income	604,014	-	-	142,626	746,640
	<u>\$ 20,374,935</u>	<u>\$ 347,408</u>	<u>\$ 2,123,938</u>	<u>\$ 1,277,768</u>	<u>\$ 24,124,049</u>
Expenditures					
Current					
General government	\$ 3,157,496	\$ -	\$ 370,244	\$ 51,236	\$ 3,578,976
Public safety	5,977,918	-	-	-	5,977,918
Street	2,797,151	-	-	-	2,797,151
Sanitation & landfill	1,745,645	-	-	-	1,745,645
Recreation	1,122,806	-	-	47,970	1,170,776
Education	450,000	-	1,352,180	-	1,802,180
Debt service					
Principal	126,544	-	1,880,000	-	2,006,544
Interest	20,616	-	1,555,514	-	1,576,130
Capital projects construction and outlay	4,400,875	284,556	-	761,524	5,446,955
	<u>\$ 19,799,051</u>	<u>\$ 284,556</u>	<u>\$ 5,157,938</u>	<u>\$ 860,730</u>	<u>\$ 26,102,275</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 575,884	\$ 62,852	\$ (3,034,000)	\$ 417,038	\$ (1,978,226)
Other financing sources/uses					
Issuance of long term debt	281,552	\$ -	\$ -	\$ -	\$ 281,552
Contribution from WSG Bd for CDBG Match	228,349	-	-	-	228,349
Transfers to Industrial Development Board	(120,305)	-	-	-	(120,305)
Proceeds from sale of capital assets	195,299	-	-	-	195,299
Principal payments received from Public Park & Rec Bd component Unit	-	-	-	-	-
Interest payments received from Public Park & Rec Bd component Unit	-	-	244,800	-	244,800
Transfers from other funds	1,377,545	20,000	2,815,635	6,000	4,219,180
Transfers to other funds	(2,841,460)	(771,919)	-	(605,801)	(4,219,180)
	<u>\$ (879,020)</u>	<u>\$ (751,919)</u>	<u>\$ 3,060,435</u>	<u>\$ (599,801)</u>	<u>\$ 829,695</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (303,136)	\$ (689,067)	\$ 26,435	\$ (182,763)	\$ (1,148,531)
Fund balance, beginning of year-as originally reported	8,172,165	515,951	8,610,577	580,812	17,879,505
Prior period adjustment	-	(46,662)	-	-	(46,662)
Fund balance, beginning of year-as restated	8,172,165	469,289	8,610,577	580,812	17,832,843
Fund balance, end of year	<u>\$ 7,869,029</u>	<u>\$ (219,778)</u>	<u>\$ 8,637,012</u>	<u>\$ 398,049</u>	<u>\$ 16,684,312</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, 2008

Net changes in fund balances - total governmental funds per
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds \$ (1,148,531)

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	5,928,446
Depreciation	(2,857,688)

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	2,006,544
Capital lease inceptions (issuance of debt)	(281,552)

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	(161,604)
Decrease in accrued compensated absences	367,995
Amortization of bond issue costs	(57,294)
Amortization of bond premiums/discounts	86,461
Change in accrued interest payable	(82,642)

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.

Increase in accrued taxes receivable	72,818
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Change in net assets of governmental activities per Statement of Activities	<u>\$ 3,872,953</u>
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City of Scottsboro, Alabama
Statement of Fiduciary Net Assets
September 30, 2008

Scottsboro Public Library
A Component Unit

	Endowment Fund	Retirement Fund	Total
ASSETS			
Deposits			
General	41,028	26,045	67,073
Christine Jones Trust	76,411	-	76,411
Rudolph Jones Trust	4,612	-	4,612
Jane Hodges Foundation	70,023	-	70,023
Total Deposits	<u>192,074</u>	<u>26,045</u>	<u>218,119</u>
Investments			
Christine Jones Trust	-	-	-
Rudolph Jones Trust	20,342	-	20,342
Retirement Fund	15,366	-	15,366
Total Investments	<u>-</u>	<u>13,863</u>	<u>13,863</u>
	<u>35,708</u>	<u>13,863</u>	<u>49,571</u>
Total Assets	<u><u>227,782</u></u>	<u><u>39,908</u></u>	<u><u>267,690</u></u>
NET ASSETS			
Reserved for Investing	227,781	-	227,781
Reserved for employee benefits	-	39,908	39,908
Total Net Assets	<u><u>227,781</u></u>	<u><u>39,908</u></u>	<u><u>267,689</u></u>
Additions			
Program Revenue			
Interest	15,186	1,766	16,952
Support			
Donations	1,475	-	1,475
Investment Earnings			
Net Decrease in Fair Value of Investments	(3,293)	(140)	(3,433)
Excess of Support and Revenue Over Expenses and Other Uses	<u>13,368</u>	<u>1,626</u>	<u>14,994</u>
Other Financing Uses			
Operating Transfers to Other Funds	(9,907)	(1,623)	(11,530)
Net Assets at Beginning of Year	224,320	39,905	264,225
Net Assets at End of Year	<u><u>227,781</u></u>	<u><u>39,908</u></u>	<u><u>267,689</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-
Budget and Actual - General Fund
For the Year Ended September 30, 2008

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ 12,871,600	\$ 12,871,600	\$ 13,572,114	\$ 700,514
Licenses & permits	811,900	811,900	964,642	152,742
Intergovernmental	96,500	96,500	133,562	37,062
Charges for services	2,997,800	2,997,800	3,148,472	150,672
Fees & fines	228,900	228,900	348,491	119,591
Grant Income	29,500	29,500	1,286,329	1,256,829
Unclassified	523,542	523,542	604,014	80,472
Investment earnings	250,000	250,000	317,311	67,311
	<u>\$ 17,809,742</u>	<u>\$ 17,809,742</u>	<u>\$ 20,374,935</u>	<u>\$ 2,565,193</u>
Expenditures				
Current				
General government	\$ 2,772,260	2,772,797	\$ 3,157,496	\$ (384,699)
Public safety	6,000,651	6,001,962	5,977,918	24,044
Street	2,848,377	2,858,377	2,797,151	61,226
Sanitation & landfill	1,705,033	1,715,033	1,745,645	(30,612)
Recreation	1,125,768	1,127,568	1,122,806	4,762
Education	450,000	450,000	450,000	-
Debt service	-	-	147,160	(147,160)
Capital outlay	339,169	855,606	4,400,875	(3,545,269)
	<u>\$ 15,241,258</u>	<u>\$ 15,781,343</u>	<u>\$ 19,799,051</u>	<u>\$ (4,017,708)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 2,568,484	\$ 2,028,399	\$ 575,884	\$ (1,452,515)
Other financing sources/uses				
Issuance of long-term debt	\$ -	\$ -	\$ 281,552	\$ 281,552
Contribution from WSG Bd for CDBG Match	-	-	228,349	228,349
Proceeds from Sales of Capital Assets	21,650	21,650	195,299	173,649
Transfers to Industrial Development Board	-	-	(120,305)	(120,305)
Oper transfers (to) from other funds	(2,356,970)	(2,356,970)	(1,463,915)	893,055
	<u>\$ (2,335,320)</u>	<u>\$ (2,335,320)</u>	<u>\$ (879,020)</u>	<u>\$ 1,456,300</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 233,164	\$ (306,921)	\$ (303,136)	\$ 3,785

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