

CITY OF SELMA, ALABAMA

**Financial Statements
Fiscal Year Ended
September 30, 2008**

CITY OF SELMA, ALABAMA

Financial Report
September 30, 2008

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Independent Auditors' Report

To the City Council
City of Selma, 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 Selma, Alabama (the "City"), as of and for the year 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's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Selma, Alabama, as of September 30, 2008, and the respective changes in financial position, where applicable, thereof, 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 April 16, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 is important for assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as the combining and individual fund statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual fund statements 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.

Borland Benefield, P.C.
Birmingham, Alabama
April 16, 2009

CITY OF SELMA
222 Broad Street • P. O. Box 450
Selma, AL 36702-0450

Management's Discussion and Analysis
Annual Financial Statement
For The Fiscal Year Ended September 30, 2008

The Management's Discussion and Analysis (MD&A) offers readers of the City of Selma's (the "City") financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2008. It is our intent that these comments provide all parties interested in the City's financial condition a better understanding of the City's operations and financial position.

The City reports its annual financial statements in a format required by the Governmental Accounting Standards Board.

FINANCIAL HIGHLIGHTS

- As of September 30, 2008, the City's net assets (assets minus liabilities) totaled \$32,764,735, a decrease of \$316,439 over the September 30, 2007 figure.
- Total net assets for governmental activities are comprised of the following:
 - (1) Capital assets net of related debt of \$23,347,846, include property and equipment, net of accumulated depreciation, and is reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$5,855,375 are restricted by constraints imposed from outside the City such as debt covenants, laws and regulations.
 - (3) Unrestricted net assets of \$3,561,514 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total net assets for governmental activities decreased by \$354,458, thus bringing the total to \$32,008,130 for fiscal year 2008.
- Total net assets for business-type activities increased by \$38,019, thus bringing the total up to \$756,605 for fiscal year 2008.
- Fund balances (a measure of current financial resources) in governmental funds decreased by \$583,170 to a total of \$10,505,098. Of this amount \$1,158,192 is reserved and is not appropriable for expenditures or is legally segregated for a specific future use. The remaining \$9,346,906 is unreserved, of which \$5,855,375 is designated for debt service and capital projects. The remaining \$3,491,531 is undesignated and is available for future programs.
- The general fund undesignated fund balance, as of September 30, 2008, was \$2,872,888, or 16% of total general fund expenditures.
- The City's total bond and capital lease debt decreased by \$1,282,272 (12%) during the current fiscal year. There were no new bond or warrant commitments during this fiscal year.

- The City entered into capital lease agreements this year for street sweepers and an upgraded telephone system for various City buildings including all fire stations and the public works buildings.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and budgetary comparison, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide our readers with an overview of the City's finances, presenting all funds in a more simplified format. This section is similar to financial reporting used by commercial entities. Government-wide statements are separated into two major categories: 1) governmental activities that are principally supported by taxes and intergovernmental revenues, and 2) business-type activities that are supported by user fees and charges. Governmental activities include administrative functions, streets, garbage, public safety, public works, recreation, community development, and the cemetery funds. The sole business-type activity of the City is the Inert Landfill.

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 serves a purpose similar to that of the balance sheet of a private-sector business. Again, this year we have added prior year information to analyze how the city's financial position has changed.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net assets are reported using the accrual basis of accounting, requiring that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flow.

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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, 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 spendable resources as well as on the balances of spendable resources available at the end of the year and is a narrower focus than the government-wide financial statements.

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

The City maintains budgetary controls over its operating funds. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Budgets for governmental funds are established in accordance with state law, and are adopted on a fund level. A budgetary comparison statement is provided for the general fund to demonstrate compliance with the budget. Budgetary variances for the general fund are discussed in some detail later in this section.

Proprietary Funds – The City maintains only one proprietary fund type, an Enterprise Fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Enterprise Fund for the City is the Inert Landfill. Enterprise funds are used to report business like activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The City collects various taxes that are remitted to the Selma Board of Education which include ad valorem, sales and use taxes.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets provides an overview of the City’s assets, liabilities and net assets. As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position.

The City’s net assets totaled \$32,764,735 as of September 30, 2008. The following table reflects the condensed Government-wide Statement of Net Assets:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 11,762	\$ 12,006	\$ 425	\$ 352	\$ 12,187	\$ 12,358
Capital assets	31,073	31,954	353	412	31,426	32,366
Total assets	<u>42,835</u>	<u>43,960</u>	<u>778</u>	<u>764</u>	<u>43,613</u>	<u>44,724</u>
Current and other liabilities	3,523	2,532	22	11	3,545	2,543
Long-term liabilities	7,304	9,065	-	35	7,304	9,100
Total liabilities	<u>10,827</u>	<u>11,597</u>	<u>22</u>	<u>46</u>	<u>10,849</u>	<u>11,643</u>
Net assets						
Invested in capital assets, net of related debt	23,012	22,675	336	377	23,348	23,052
Restricted	5,855	5,819	-	-	5,855	5,819
Unrestricted	3,141	3,869	420	341	3,561	4,210
Total net assets	<u>\$ 32,008</u>	<u>\$ 32,363</u>	<u>\$ 756</u>	<u>\$ 718</u>	<u>\$ 32,764</u>	<u>\$ 33,081</u>

The City’s total assets were \$43,614,059 as of September 30, 2008. Of this amount, \$31,426,065 is accounted for by capital assets, which includes infrastructure.

Of the remaining City assets, \$9,050,977 is accounted for in cash and cash equivalents, \$1,880,799 in accounts receivable, \$1,130,000 in notes receivable, and the remainder spread among miscellaneous assets.

At September 30, 2008, the City had outstanding liabilities of \$10,849,324, of which \$9,190,658 was long-term debt. Long-term debt includes bonds and warrants payable and capital lease obligations. Of the total amount outstanding, approximately \$1,961,476 was due within one year, with the remainder due at various dates before 2021. The amount due within one year includes the total remaining principal balance of the 1975 Public Building Authority Bonds which are to be called on May 1, 2009.

Included in other liabilities in the above table are \$1,164,128 in accounts payable and other current liabilities and \$78,744 in accrued interest payable.

The largest portion of the City's net assets reflects its investment in capital assets, less any outstanding related debt used to acquire those assets. The City's capital assets are used to provide services to citizens. Consequently, investments in capital assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represents \$5,855,375 or 18% of total net assets. The remaining \$3,561,514 or 11% of total net assets may be used to meet the City's ongoing obligations to its citizens and creditors for all activities.

The second statement in the government-wide statements is the *Statement of Activities*. The following table outlines the major components of this statement:

Changes in Net Assets As of September 30 (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	\$ 4,108	\$ 4,175	\$ 408	\$ 305	\$ 4,516	\$ 4,480
Operating grants and contributions	853	886	-	-	853	886
Capital grants and contributions	471	733	-	-	471	733
General revenues						
Taxes						
Property	2,560	2,307	-	-	2,560	2,307
Sales and Use	10,691	10,915	-	-	10,691	10,915
Lodging	356	334	-	-	356	334
Other	1,323	1,408	-	-	1,323	1,408
Investment earnings	225	364	2	2	227	366
Other	242	410	-	-	242	410
Total revenues	<u>20,829</u>	<u>21,532</u>	<u>410</u>	<u>307</u>	<u>21,239</u>	<u>21,839</u>
Expenses						
General government	7,690	6,670	-	-	7,690	6,670
Public safety	7,710	7,544	-	-	7,710	7,544
Public service	3,723	3,544	-	-	3,723	3,544
Other	1,588	1,712	-	-	1,588	1,712
Interest on long-term debt	473	506	-	-	473	506
Inert landfill	-	-	372	241	372	241
Total expenses	<u>21,184</u>	<u>19,976</u>	<u>372</u>	<u>241</u>	<u>21,556</u>	<u>20,217</u>
Increase (decrease) in net assets	<u>(355)</u>	<u>1,556</u>	<u>38</u>	<u>66</u>	<u>(317)</u>	<u>1,622</u>
Net assets - beginning of year	<u>32,363</u>	<u>30,807</u>	<u>718</u>	<u>652</u>	<u>33,081</u>	<u>31,459</u>
Net assets - end of year	<u>\$ 32,008</u>	<u>\$ 32,363</u>	<u>\$ 756</u>	<u>\$ 718</u>	<u>\$ 32,764</u>	<u>\$ 33,081</u>

Total revenues for the City were \$21,238,306 for the year ended September 30, 2008. Governmental activities provided \$20,829,022 or 98%, while \$409,284 of business-type activities revenue was provided by charges for services and interest income. The governmental activities received \$10,690,820 or 51% of total revenue, from sales taxes and \$2,621,753 or 13% of total revenue, from business licenses and permits.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Fund balances decreased by \$583,170 in the current year as a result of current operations. The general fund contributed \$(1,239,109) of the total deficiency. The 1999 Bond Fund increased by \$862,583 while other governmental funds balance decreased by \$206,644. The Other Governmental Fund column consists of 20 plus funds combined for this report because their revenues and expenses are smaller than other funds of the City.

Proprietary Fund

The fund statements for the proprietary funds look much like the business-type activities in the government-wide statements. Proprietary fund financial information is measured with the same principles used by commercial enterprises, so this information does not change from the fund statements to the government-wide statements.

General Fund Budgetary Highlights

Total revenues reported for the general fund were \$17,616,625 which was a decrease of \$408,330 or 2.26% under final budgeted revenues. Original budgeted revenues for 2008 were \$17,701,385 which was increased throughout the year to \$18,024,955. These budget amendments were necessary due to the expectation that actual revenue collections would exceed initial projections. In addition, the City anticipated the completion of the Selma Welcome & Interpretive Center project in 2008. This project was funded by a reimbursable grant totaling \$351,628, of which \$256,217 was expended in 2008.

Total general fund expenditures were \$18,339,473, which was a decrease of \$44,206 or .002% under final budgeted expenditures. The original budgeted expenditures for 2008 were \$16,824,074, which was increased throughout the year to \$18,383,679. The amendments which contributed to the majority of this increase are as follows:

- Police Department Prior Period Spending \$ 742,077
- Repairs on Public Safety Building \$ 278,000
- Repairs on Interpretive Center Roof \$ 323,570
- Replenish Election Account \$ 52,201

General government expenditures were more than budgeted expenditures by \$234,904. The primary reasons for this variance are as follows:

- Garbage Bad Debt Expenses \$ 188,969
- 2005 G.O. Warrant-Principal & Interest \$ 112,678

Capital Asset and Debt Administration

During fiscal year 2008, the City invested in various capital projects in the Water Avenue area through grant funding. These projects include (1) the Utility Relocation project, (2) the Selma Welcome and Interpretive Center Re-roofing project, and (3) the Water Avenue Demolition project. The City also acquired an additional 2.5 acres of riverfront property this fiscal year. Last year the City installed an upgraded telephone system in several buildings. This fiscal year the system was installed throughout the remaining City buildings.

During 2008, the City made principal payments totaling \$1,095,000 on all bonds and warrant debts.

Additional details about capital assets and the outstanding debt are outlined in the notes to the financial statements.

THE OUTLOOK FOR NEXT YEAR

The City of Selma is located approximately 50 miles west of the Capital City of Montgomery with a 2000 census population of 20,512 residents. The City continues to see moderate increases in recent years in tandem with residential investment and local college/university enrollment. Employment levels showed significant decreases in the past year with the closure of several retail and industrial businesses.

The City continues to work toward completion of its Comprehensive Master Plan that will effectively address the City's needs as it relates to trends in population growth. The primary focus of the City is reflective in the preliminary City Plans which includes:

- Riverfront Development – The City is creating a family friendly environment, while increasing foot traffic in the downtown area by implementing and promoting its riverfront development along the banks of the Alabama River. Phase I has been funded and construction will begin in July 2009.
- Downtown Redevelopment – The City is developing public/private partnerships to assist with the rehabilitation and redevelopment of the downtown district.
- Public Infrastructure – The City of Selma is a historic City with infrastructures dating back to the early 1800s. The City must update and modernize its infrastructure enabling it to handle the increase in population.
- Selma Voting Rights Interpretive Center – The City of Selma is partnered with the National Park Service to develop one of the three Interpretive Centers slated for the National Voting Rights Trail. Stabilization has begun on the buildings and the phased project is scheduled for completion around 2014.
- Improvement of Local Government Facilities and Public Space – The City of Selma has many public buildings that are in grave disrepair. Funding options are being researched to expedite needed renovation.
- Code Enforcement – The City has begun the restructuring of the Code Enforcement Department. There is evidence of stronger and more consistent enforcement of the City's code enforcement ordinances.

Additionally, the City continues its efforts in retail recruitment. The City anticipates the development of a movie theatre and other retail development in the next year that will help boost the City's revenue by producing more tax dollars. The anticipated approval of American Recovery Act funding requests for major projects and a bond for the revitalization of public facilities and equipment will help relieve some of the pressure being placed on the general fund.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for anyone with interest in the economic well being of the City. Questions concerning any of the information provided in this report or request for additional information should be addressed to The Finance Department, 222 Broad Street, Selma, Alabama 36702.

CITY OF SELMA, ALABAMA

**Statement of Net Assets
September 30, 2008**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,713,570	\$ 337,407	\$ 9,050,977
Receivables, net	1,794,141	86,658	1,880,799
Internal balances	(1,087)	1,087	-
Prepaid expenses	28,192	-	28,192
Notes receivable	1,130,000	-	1,130,000
Deferred debt expense, net	98,026	-	98,026
Capital assets not being depreciated			
Land	2,425,085	104,913	2,529,998
Construction in progress	532,630	-	532,630
Capital assets net of accumulated depreciation			
Buildings	3,252,719	-	3,252,719
Improvements	8,374,221	-	8,374,221
Infrastructure	13,622,242	-	13,622,242
Machinery and equipment	<u>2,865,744</u>	<u>248,511</u>	<u>3,114,255</u>
Total Assets	<u>\$ 42,835,483</u>	<u>\$ 778,576</u>	<u>\$ 43,614,059</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable	\$ 665,880	\$ 3,455	\$ 669,335
Accrued interest payable	78,744	-	78,744
Other current liabilities	493,838	955	494,793
Noncurrent liabilities			
Due within one year			
Compensated absences	248,233	-	248,233
Claims and judgments	75,000	-	75,000
Long-term debt	1,961,476	17,561	1,979,037
Due in more than one year			
Claims and judgments	75,000	-	75,000
Long-term debt	<u>7,229,182</u>	<u>-</u>	<u>7,229,182</u>
Total liabilities	<u>10,827,353</u>	<u>21,971</u>	<u>10,849,324</u>
Net assets			
Invested in capital assets, net of related debt	23,011,983	335,863	23,347,846
Restricted for			
Capital projects	1,421,860	-	1,421,860
Debt service	4,433,515	-	4,433,515
Unrestricted	<u>3,140,772</u>	<u>420,742</u>	<u>3,561,514</u>
Total net assets	<u>32,008,130</u>	<u>756,605</u>	<u>32,764,735</u>
Total Liabilities and Net Assets	<u>\$ 42,835,483</u>	<u>\$ 778,576</u>	<u>\$ 43,614,059</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA

Government-wide Statement of Activities
For the Year Ended September 30, 2008

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net Revenue (Expense) and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Primary Government							
Governmental activities							
General government	\$ 7,689,900	\$ 2,879,558	\$ 825,582	\$ -	\$ (3,984,760)	\$ -	\$ (3,984,760)
Public safety	7,709,745	271,502	27,887	-	(7,410,356)	-	(7,410,356)
Public service	3,722,847	837,125	-	470,603	(2,415,119)	-	(2,415,119)
Other	1,587,945	119,550	-	-	(1,468,395)	-	(1,468,395)
Interest and fiscal charges on long-term debt	473,043	-	-	-	(473,043)	-	(473,043)
Total governmental activities	21,183,480	4,107,735	853,469	470,603	(15,751,673)	-	(15,751,673)
Business-type activities							
Inert landfill	371,265	407,599	-	-	-	36,334	36,334
Total Primary Government	\$ 21,554,745	\$ 4,515,334	\$ 853,469	\$ 470,603	(15,751,673)	36,334	(15,715,339)
General revenues							
Taxes							
Property					2,560,341	-	2,560,341
Sales					10,690,820	-	10,690,820
Lodging					355,708	-	355,708
Motor fuel					819,984	-	819,984
Alcoholic beverage					164,540	-	164,540
Tobacco					338,825	-	338,825
Investment earnings					225,243	1,685	226,928
Miscellaneous revenue					241,754	-	241,754
Total general revenues and transfers					15,397,215	1,685	15,398,900
Change in net assets					(354,458)	38,019	(316,439)
Net assets at beginning of year					32,362,588	718,586	33,081,174
Net assets at end of year					\$ 32,008,130	\$ 756,605	\$ 32,764,735

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA

**Balance Sheet - Governmental Funds
September 30, 2008**

	<u>General</u>	<u>Municipal Aid</u>	<u>Other Funds Account</u>	<u>1999 Bond Fund</u>	<u>AmeriCorp Digital Divide Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Cash and cash equivalents	\$ 1,796,235	\$ 1,379,041	\$ 26,154	\$ 3,774,277	\$ 194,763	\$ 1,543,100	\$ 8,713,570
Receivables - taxes	1,079,039	-	-	-	-	-	1,079,039
Receivables - other	207,754	3,923	317,497	11,490	41,535	132,903	715,102
Prepaid expenses	28,192	-	-	-	-	-	28,192
Due from other funds	974,835	-	14,500	27,553	-	93,535	1,110,423
Notes receivable	<u>1,130,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,130,000</u>
Total Assets	<u>\$ 5,216,055</u>	<u>\$ 1,382,964</u>	<u>\$ 358,151</u>	<u>\$ 3,813,320</u>	<u>\$ 236,298</u>	<u>\$ 1,769,538</u>	<u>\$ 12,776,326</u>
Liabilities and Fund Balance							
Accounts payable	\$ 574,867	\$ -	\$ -	\$ -	\$ 6,654	\$ 84,359	\$ 665,880
Other current liabilities	492,755	-	-	-	-	1,083	493,838
Due to other funds	<u>117,353</u>	<u>217,874</u>	<u>303,702</u>	<u>-</u>	<u>234,394</u>	<u>238,187</u>	<u>1,111,510</u>
Total liabilities	<u>1,184,975</u>	<u>217,874</u>	<u>303,702</u>	<u>-</u>	<u>241,048</u>	<u>323,629</u>	<u>2,271,228</u>
Fund balance							
Unreserved							
Undesignated	2,872,888	-	54,449	-	(4,750)	568,944	3,491,531
Designated for capital projects	-	1,165,090	-	-	-	256,770	1,421,860
Designated for debt service	-	-	-	3,813,320	-	620,195	4,433,515
Reserved							
Prepaid expenses	28,192	-	-	-	-	-	28,192
Notes receivable	<u>1,130,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,130,000</u>
Total fund balance	<u>4,031,080</u>	<u>1,165,090</u>	<u>54,449</u>	<u>3,813,320</u>	<u>(4,750)</u>	<u>1,445,909</u>	<u>10,505,098</u>
Total Liabilities and Fund Balance	<u>\$ 5,216,055</u>	<u>\$ 1,382,964</u>	<u>\$ 358,151</u>	<u>\$ 3,813,320</u>	<u>\$ 236,298</u>	<u>\$ 1,769,538</u>	<u>\$ 12,776,326</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2008**

Differences in amounts reported for governmental activities in the statement of net assets.

Total fund balances - governmental funds.	\$ 10,505,098
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	31,072,641
Deferred debt expenses are allocated over their estimated useful lives and are shown net of amortization expense as an asset on the statement of net assets.	98,026
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, leases and notes payable	\$ (9,190,658)
Accrued interest	(78,744)
Claims and judgments payable	(150,000)
Compensated absences	<u>(248,233)</u>
	<u>(9,667,635)</u>
Net Assets of Governmental Activities	<u>\$ 32,008,130</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
September 30, 2008

	<u>General</u>	<u>Municipal Aid Fund</u>	<u>Other Funds Account</u>	<u>1999 Bond Fund</u>	<u>AmeriCorp Digital Divide Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Taxes	\$ 13,095,429	\$ 222,016	\$ -	\$ 1,061,317	\$ -	\$ 551,456	\$ 14,930,218
Licenses and permits	2,596,991	24,762	-	-	-	-	2,621,753
Intergovernmental	395,873	-	303,702	-	219,739	613,202	1,532,516
Charges for services	832,272	-	-	-	-	-	832,272
Other revenues	632,030	-	8,050	-	-	46,940	687,020
Investment earnings	64,030	34,291	306	100,490	-	26,126	225,243
Total revenues	<u>17,616,625</u>	<u>281,069</u>	<u>312,058</u>	<u>1,161,807</u>	<u>219,739</u>	<u>1,237,724</u>	<u>20,829,022</u>
Expenditures							
General government	5,747,815	163,250	45,080	-	309,836	978,150	7,244,131
Public service	2,606,911	-	-	-	-	-	2,606,911
Public safety	7,435,343	-	-	-	-	3,795	7,439,138
Other	1,526,041	-	-	-	-	-	1,526,041
Total current	17,316,110	163,250	45,080	-	309,836	981,945	18,816,221
Capital outlay	548,577	-	303,702	-	-	-	852,279
Debt service							
Principal retirement	377,084	15,465	-	215,000	-	815,000	1,422,549
Interest and fiscal charges	97,702	3,657	-	84,224	-	275,837	461,420
Total expenditures	<u>18,339,473</u>	<u>182,372</u>	<u>348,782</u>	<u>299,224</u>	<u>309,836</u>	<u>2,072,782</u>	<u>21,552,469</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(722,848)</u>	<u>98,697</u>	<u>(36,724)</u>	<u>862,583</u>	<u>(90,097)</u>	<u>(835,058)</u>	<u>(723,447)</u>
Proceeds from capital leases	140,277	-	-	-	-	-	140,277
Transfers in	-	-	-	-	97,492	790,433	887,925
Transfers out	(656,538)	(217,874)	-	-	-	(13,513)	(887,925)
Total other financing sources (uses)	<u>(516,261)</u>	<u>(217,874)</u>	<u>-</u>	<u>-</u>	<u>97,492</u>	<u>776,920</u>	<u>140,277</u>
Net change in fund balances	(1,239,109)	(119,177)	(36,724)	862,583	7,395	(58,138)	(583,170)
Fund Balance - Beginning of Year	<u>5,270,189</u>	<u>1,284,267</u>	<u>91,173</u>	<u>2,950,737</u>	<u>(12,145)</u>	<u>1,504,047</u>	<u>11,088,268</u>
Fund Balances - End of Year	<u>\$ 4,031,080</u>	<u>\$ 1,165,090</u>	<u>\$ 54,449</u>	<u>\$ 3,813,320</u>	<u>\$ (4,750)</u>	<u>\$ 1,445,909</u>	<u>\$ 10,505,098</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
September 30, 2008

Differences in amounts reported for governmental activities in the statement of activities.

Net change in fund balances - total governmental funds		\$	(583,170)
Capital outlays, reported as expenditures in governmental funds, is shown as capital assets in the statement of net assets.			852,279
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.			(1,732,990)
The costs of deferred debt expense incurred are allocated over the term of the bond or warrant issue and reported as amortization expense.			(16,564)
Loan proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets.			(140,277)
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 and warrants	\$	1,095,000	
Capital leases		<u>327,549</u>	
Total repayments			1,422,549
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			(11,226)
Claims and judgments payable			(150,000)
Decreases in long-term debt and related items that are not financial resources decrease net assets in the statement of net assets.			
Accrued interest			<u>4,941</u>
Change in Net Assets of Governmental Activities		\$	<u>(354,458)</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA

Statement of Fund Net Assets
Proprietary Fund Type
September 30, 2008

	<u>Inert Landfill</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 337,407
Receivables, net	86,658
Due from other funds	<u>1,087</u>
Total current assets	<u>425,152</u>
Capital assets	
Land	104,913
Machinery and equipment	<u>1,195,169</u>
Total capital assets	1,300,082
Accumulated depreciation	<u>(946,658)</u>
Capital assets, net of accumulated depreciation	<u>353,424</u>
Total Assets	<u>\$ 778,576</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 3,455
Other liabilities	955
Capital lease obligation	<u>17,561</u>
Total current liabilities	<u>21,971</u>
Net assets	
Invested in capital assets, net of related debt	335,863
Unrestricted	<u>420,742</u>
Total net assets	<u>756,605</u>
Total Liabilities and Net Assets	<u>\$ 778,576</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA

Statement of Revenue, Expenses and Changes in Fund Net Assets
Proprietary Fund Type
September 30, 2008

	<u>Inert Trashfill</u>
Operating revenues	
Service Fees	\$ <u>407,599</u>
Operating expenses	
Professional services	124,021
Personnel	89,208
Other operating supplies and expenses	53,211
Depreciation	52,366
Repairs and maintenance	<u>51,340</u>
Total operating expenses	<u>370,146</u>
 Operating income	 <u>37,453</u>
Nonoperating revenues (expenses)	
Interest income	1,685
Interest expense	<u>(1,119)</u>
Total nonoperating revenues (expenses)	<u>566</u>
 Change in Net Assets	 38,019
 Total Net Assets - Beginning of Year	 <u>718,586</u>
 Total Net Assets - End of Year	 <u>\$ 756,605</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA

**Combined Statement of Cash Flows
Proprietary Fund Type
For the Year Ended September 30, 2008**

	<u>Inert Landfill</u>
Cash Flows From Operating Activities	
Cash received from customers	\$ 385,727
Cash payments to suppliers for goods and services	(230,589)
Cash payments to employees for services	<u>(88,809)</u>
Net Cash Flows From Operating Activities	<u>66,329</u>
Cash Flows From Capital and Related Financing Activities	
Principal payments on capital lease obligation	(17,025)
Interest paid on lease obligation	<u>(1,119)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(18,144)</u>
Cash Flows From Investing Activities	
Interest earned on invested cash	<u>1,685</u>
Net Cash Flows From Investing Activities	<u>1,685</u>
Net Increase in Cash and Cash Equivalents	49,870
Cash and Cash Equivalents, Beginning of Year	<u>287,537</u>
Cash and Cash Equivalents, End of Year	<u>\$ 337,407</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities	
Operating income	\$ 37,453
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	52,366
Changes in operating assets and operating liabilities	
Increase in accounts receivable	(21,872)
Increase in due from other funds	(1,087)
Decrease in accounts payable and accrued expenses	<u>(531)</u>
Net Cash Flows From Operating Activities	<u>\$ 66,329</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA

**Statement of Fiduciary Net Assets - Fiduciary Fund
As of September 30, 2008**

	Agency Fund
Assets	
Receivables - taxes	\$ <u>82,498</u>
Liabilities	
Accounts payable	\$ <u>82,498</u>
Net Assets	
Unrestricted	\$ <u>-</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA

Notes to Financial Statements
September 30, 2008

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The City of Selma (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. The City operates under a Mayor-Council form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, public improvements, planning and zoning, recreation and general administrative services. The City provides library, public housing and education services through separate operating boards recognized as legal entities unto themselves and, accordingly, those boards' financial statements and information are not included herein.

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

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

The City reports the following 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.

Municipal Aid – This 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.

CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Presentation, Basis of Accounting (Continued)

Other Funds Account – This fund accounts for special revenue items, largely federal and state grant receipts.

1999 Bond Fund – This fund accounts for the resources accumulated and payments made for principal and interest on the 1999 General Obligation Bonds.

AmeriCorp Digital Divide – This fund accounts for the grant revenue and expenditures related to the AmeriCorp federal grant program.

The City reports the following major enterprise fund:

Inert Landfill – This fund accounts for the operations, maintenance, and development of the City-owned landfill.

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 for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, considered to be sixty days for property taxes and ninety days for all other revenue. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

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

Stewardship, Compliance and Accountability

An annual budget is adopted for the City's general fund. Under state law, the Mayor submits the annual budget to the Council for consideration and approval no later than October 1. Such budget is based on expected expenditures by program and estimated resources by source. The budget is prepared using the modified accrual basis of accounting. Revisions to the budget must be approved by the Council. All annual appropriations lapse at fiscal year-end.

CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

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.

Assets, Liabilities, and Equity

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 non-current 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.”

All 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.

Inventories and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets, purchased or constructed, are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$4,000. The City did not report infrastructure acquired prior to October 1, 2001.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	70 years
Improvements	15-20 years
Equipment	5-20 years
Vehicles	7-20 years
Infrastructure	10-50 years

Compensated Absences

The City allows employees to accumulate vacation and sick leave up to certain limits for use in subsequent periods.

Lease Obligations

Capital lease obligations are stated at the original fair market 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 Balances. 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.

Note 2 – Cash and Cash Equivalents

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk.

As of September 30, 2008, none of the government’s bank balance of \$9,227,340 was exposed to custodial credit risk. All of the government’s bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) and 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.

CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 3 – Receivables

Receivables as of September 30, 2008 for the government’s individual major and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Municipal	Other	1999	AmeriCorp	Nonmajor	Inert	
	Fund	Aid	Funds	Bond	Digital	Governmental	Landfill	Total
			Account	Fund	Divide	Funds		
Taxes	\$ 1,079,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,079,039
Accounts	1,027,930	-	-	-	-	18,740	86,658	1,133,328
Intergovernmental	100,553	-	317,497	-	41,535	113,338	-	572,923
Interest	<u>3,457</u>	<u>3,923</u>	<u>-</u>	<u>11,490</u>	<u>-</u>	<u>825</u>	<u>-</u>	<u>19,695</u>
Gross receivables	2,210,979	3,923	317,497	11,490	41,535	132,903	86,658	2,804,985
Less allowance for uncollectible	<u>(924,186)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(924,186)</u>
Net total receivables	<u>\$ 1,286,793</u>	<u>\$ 3,923</u>	<u>\$ 317,497</u>	<u>\$ 11,490</u>	<u>\$ 41,535</u>	<u>\$ 132,903</u>	<u>\$ 86,658</u>	<u>\$ 1,880,799</u>

Note 4 – Note Receivable

During 2005, the City issued warrants in the amount of \$1,260,000 for the benefit of the Selma City Schools. Principal payments are due annually with semiannual interest payments at 3.3% to 4.4%. The School System is indebted to the City as follows for the debt service of these warrants.

Years ending September 30:	<u>Principal</u>	<u>Interest</u>
2009	\$ 70,000	\$ 45,345
2010	70,000	42,825
2011	75,000	40,102
2012	75,000	37,177
2013	80,000	34,075
2014 - 2018	445,000	117,825
2019 - 2022	<u>315,000</u>	<u>21,205</u>
Total	<u>\$ 1,130,000</u>	<u>\$ 338,554</u>

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CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,425,085	\$ -	\$ -	\$ 2,425,085
Construction in progress	-	532,630	-	532,630
Total capital assets, not being depreciated	<u>2,425,085</u>	<u>532,630</u>	<u>-</u>	<u>2,957,715</u>
Capital assets, being depreciated				
Buildings	6,072,898	-	-	6,072,898
Improvements other than buildings	10,627,308	-	-	10,627,308
Infrastructure	38,859,924	-	-	38,859,924
Machinery and equipment	<u>8,242,796</u>	<u>319,649</u>	<u>21,737</u>	<u>8,540,708</u>
Total capital assets, being depreciated	<u>63,802,926</u>	<u>319,649</u>	<u>21,737</u>	<u>64,100,838</u>
Less accumulated depreciation for				
Buildings	2,744,326	75,853	-	2,820,179
Improvements other than buildings	2,093,602	159,485	-	2,253,087
Infrastructure	24,350,712	886,970	-	25,237,682
Machinery and equipment	<u>5,086,019</u>	<u>610,682</u>	<u>21,737</u>	<u>5,674,964</u>
Total accumulated depreciation	<u>34,274,659</u>	<u>1,732,990</u>	<u>21,737</u>	<u>35,985,912</u>
Total capital assets, being depreciated	<u>29,528,267</u>	<u>(1,413,341)</u>	<u>-</u>	<u>28,114,926</u>
Governmental activities capital assets, net	<u>\$ 31,953,352</u>	<u>\$ (880,711)</u>	<u>\$ -</u>	<u>\$ 31,072,641</u>

CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 5 – Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 104,913	\$ -	\$ -	\$ 104,913
Construction in progress	6,201	-	(6,201)	-
Total capital assets, not being depreciated	<u>111,114</u>	<u>-</u>	<u>(6,201)</u>	<u>104,913</u>
Capital assets, being depreciated				
Improvements other than buildings	14,759	-	-	14,759
Machinery and equipment	1,180,410	-	-	1,180,410
Total capital assets, being depreciated	<u>1,195,169</u>	<u>-</u>	<u>-</u>	<u>1,195,169</u>
Less accumulated depreciation for				
Improvements other than buildings	9,592	738	-	10,330
Machinery and equipment	884,700	51,628	-	936,328
Total accumulated depreciation	<u>894,292</u>	<u>52,366</u>	<u>-</u>	<u>946,658</u>
Total capital assets being depreciated, net	<u>300,877</u>	<u>(52,366)</u>	<u>-</u>	<u>248,511</u>
Business-type activities capital assets, net	<u>\$ 411,991</u>	<u>\$ (52,366)</u>	<u>\$ (6,201)</u>	<u>\$ 353,424</u>

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

Governmental activities	
General government	\$ 284,543
Public service	1,115,936
Public safety	270,607
Other	<u>61,904</u>
Total depreciation expense - governmental activities	<u>\$ 1,732,990</u>
Business-type activities	<u>\$ 52,366</u>

CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 6 – Inter-fund Balances and Activity

Inter-fund balances are generally used to meet cash demands necessary to pay operating expenditures and should be repaid during the next fiscal year. The composition of inter-fund balances as of September 30, 2008 is shown below:

	Due To:					
	<u>General</u>	<u>1999 Bond</u>	<u>Other</u>	<u>Nonmajor</u>	<u>Inert</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Governmental</u>	<u>Trashfill</u>	<u>Account</u>
Due From:						
General Fund	\$ -	\$ 27,553	\$ 14,500	\$ 74,213	\$ 1,087	\$ 117,353
Municipal Aid	217,874	-	-	-	-	217,874
Other Funds Account	303,072	-	-	-	-	303,072
AmeriCorp Digital Divide	234,394	-	-	-	-	234,394
Nonmajor Governmental Funds	<u>219,495</u>	<u>-</u>	<u>-</u>	<u>19,322</u>	<u>-</u>	<u>238,817</u>
	<u>\$ 974,835</u>	<u>\$ 27,553</u>	<u>\$ 14,500</u>	<u>\$ 93,535</u>	<u>\$ 1,087</u>	<u>\$ 1,111,510</u>

Interfund Transfers:

	<u>Transfer In:</u>		
<u>Transfer Out:</u>	<u>AmeriCorp</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Digital Divide</u>	<u>Governmental</u>	<u>Account</u>
General Fund	\$ 97,492	\$ 559,046	\$ 656,538
Municipal Aid	-	217,874	217,874
Nonmajor Governmental	-	13,513	13,513
	<u>\$ 97,492</u>	<u>\$ 790,433</u>	<u>\$ 887,925</u>

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CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 7 – Long-term Debt

Long-term debt activity for the year ended September 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General City bonds and warrants	\$ 9,345,000	\$ -	\$ 1,095,000	\$ 8,250,000	\$ 1,580,000
Compensated absences	237,007	248,233	237,007	248,233	248,233
Claims and judgments	-	150,000	-	150,000	75,000
Capital leases	1,127,930	140,277	327,549	940,658	381,476
	<u>\$ 10,709,937</u>	<u>\$ 538,510</u>	<u>\$ 1,659,556</u>	<u>\$ 9,588,891</u>	<u>\$ 2,284,709</u>
Business-type activities					
Capital lease	\$ 34,586	\$ -	\$ 17,025	\$ 17,561	\$ 17,561

Long-term debt payable at September 30, 2008 is comprised of the following:

General City Bonds and Warrants

The City issues general obligation bonds and warrants 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 current outstanding balances are as follows:

1975 Public Building Authority Revenue Bond, interest at 5.625%	\$ 515,000	**
1996 General Obligation Warrants, interest at 3.9% to 5.0%	2,225,000	
1999 General Obligation Bonds, interest at 4.2% to 5.4%	1,500,000	
2003 General Obligation Warrants, interest at 1.2% to 3.9%	2,880,000	
2005 General Obligation Warrants, interest at 3.3% to 4.4%	1,130,000	
	<u>\$ 8,250,000</u>	

The annual debt service requirements to maturity, including principal and interest, for General City bonds and warrants as of September 30, 2008, are as follows:

Years ending September 30:	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,580,000	\$ 354,742
2010	1,105,000	277,233
2011	1,155,000	230,608
2012	1,205,000	179,841
2013	1,260,000	129,840
2014-2018	1,630,000	276,969
2019-2022	315,000	21,205
	<u>\$ 8,250,000</u>	<u>\$ 1,470,438</u>

CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 7 – Long-term Debt (continued)

As required by the 1975 Public Building Authority Revenue Bond debt covenant, the following information is provided relating to property and casualty insurance on public buildings:

<u>Insurer</u>	<u>Policy Number</u>	<u>Period Covered</u>	<u>Property Covered</u>	<u>Coverage Limit</u>
Alabama Municipal Insurance Corporation	1101527477101	10/01/07 - 9/30/08	Commercial Property	\$45,873,289
Alabama Municipal Insurance Corporation	1101527477102	10/01/08 - 9/30/09	Commercial Property	\$47,124,947

**** Subsequent Event**

On March 23, 2009, notice was given to all bond holders of the 1975 Revenue Series Public Building Authority Bonds that they had been called for full redemption as of May 1, 2009 pursuant to the optional redemption provisions of the governing documents at a price of 101% plus accrued interest.

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:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and equipment	\$ 1,320,255	\$ -
Automobiles	409,851	67,090
	<u>1,730,106</u>	<u>67,090</u>
Less Accumulated Depreciation	(760,655)	(28,753)
	<u>\$ 969,451</u>	<u>\$ 38,337</u>

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CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 7 – Long-term Debt (continued)

Governmental Activities

Capital lease obligation for loader dated March 15, 2005, payable in annual installments of \$98,421, final payment due April 2010	\$ 186,290
Capital lease obligation for containers and dumpsters dated June 9, 2005, payable in quarterly installments of \$27,233, final payment due July 2010	181,153
Capital lease obligation for copy machine dated December 27, 2004, payable in monthly installments of \$249, final payment due December 2010	3,604
Capital lease obligation for police patrol cars dated September 13, 2006, payable in annual installments of \$6,425, final payment due September 2009	6,005
Capital lease obligation for police patrol cars dated September 28, 2007, payable in annual installments of \$55,774, final payment due October 2011	148,947
Capital lease obligation for telephone system dated October 25, 2006, payable in monthly installments of \$1,361, final payment due November 2010	33,075
Capital lease obligation for various automobiles and equipment dated March 19, 2007, payable in monthly installments of \$6,004, final payment due July 2012	253,016
Capital lease obligation for copy machine dated November 2, 2006, payable in monthly installments of \$210, final payment due February 2010	3,097
Capital lease obligation for telephone equipment dated August 2008, payable in monthly installments of \$1,199, final payment due February 2012	38,617
Capital lease obligation for litter vacuums dated October 2007, payable in monthly installments of \$1,912, final payment due November 2012	<u>86,854</u>
Total governmental activities capital leases	<u>\$ 940,658</u>

Business-type Activities

Capital lease obligation for litter vacuum trucks dated November 18, 2003, payable in annual installments of \$18,114, final payment due November 2008	<u>\$ 17,561</u>
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The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008, were as follows:

CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 7 – Long-term Debt (continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Years ending September 30:		
2009	\$ 398,376	\$ 18,114
2010	363,404	-
2011	167,879	-
2012	88,570	-
2013	<u>3,824</u>	<u>-</u>
Total minimum lease payments	1,022,053	18,114
Less amount representing interest	<u>81,395</u>	<u>553</u>
Present value of minimum lease payments	<u>\$ 940,658</u>	<u>\$ 17,561</u>

Other Long-Term Liabilities

Compensated absences, benefits and other governmental activity obligations are generally liquidated by the General Fund.

Note 8 – Employees’ Retirement Plan

Employee Pension Plan

The City has a defined contribution benefit pension plan covering substantially all employees. The pension plan is funded as required by applicable statutes, ordinances, or as a percentage of eligible salaries and/or based upon actuarial valuations. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. The plan is an agent multiple-employer retirement plan. The agent for the plan is the Employees’ Retirement System of Alabama.

Plan Description

The Employees’ Retirement System of Alabama (ERS) is an agent multiple-employer public employee retirement system. The ERS was established on October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for state employees, state police, and, on an elective basis, all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operations of the ERS is vested in the ERS Board of Control. Authority to amend the plan rests with the Legislature of Alabama.

CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 8 – Employees’ Retirement Plan (continued)

Substantially all employees are members of the ERS. Membership is mandatory for covered or eligible employees of the City of Selma. The ERS provides retirement benefits as well as death and disability benefits as established by state law. The retirement benefits are established by Title 36, Chapter 27 of Alabama State Law and must be amended by statute. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service, regardless of age (30 years of service for those units that have not elected 25 years retirement). Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The two methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under the formula method, upon service retirement, a member receives a retirement allowance equal to 2.0125% of the member’s average final compensation (best three of last ten years) multiplied by the number of years of creditable service. At retirement, a member receives one additional year of creditable service in determining the retirement allowance for each five years of service as a full-time certified firefighter, police officer, or correctional officer. Disability benefits are calculated in the same manner as regular retirement benefits. A pre-retirement death benefit in the amount of the annual salary for the fiscal year preceding death is provided to plan members.

The Retirement System of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees’ Retirement System of Alabama. That report may be obtained by writing to The Retirement System of Alabama, 135 South Union Street Montgomery, Alabama 36130-2150.

Contributions Required and Contributions Made

The actuary has computed, as of the date of the latest actuarial valuation (September 30, 2007), the estimated present value of benefits payable to retired members, beneficiaries, and active members. The actuarial valuation is prepared using the entry age method. The present value of all expected benefits payable to the present group of members and beneficiaries is calculated by adding the present value of the expected benefits payable to the active members to the present value of the expected future payments to retired members and beneficiaries.

As required by statute, the ERS funding policy provides for employer contributions at actuarially determined rates, expressed as a percent of annual covered payroll, in amounts sufficient to accumulate assets to pay benefits when due. The employer contributions required to support the benefits of each system are determined following a level funding approach and consist of a normal contribution, an accrued liability contribution, a pre-retirement death benefit contribution, and a portion to finance administrative costs.

The required contribution rate is 5% for regular members and 6% for certified law enforcement, correctional officers, and firefighters. For the fiscal year ended September 30, 2007, the required employer contribution rate was 8.92% of annual covered compensation.

Annual Pension Cost

1. Current-Year Contribution Information

For the year ended September 30, 2008, the City’s annual pension cost contributed by employees was \$493,384 and the City contributed \$725,310, or a total of \$1,218,694. Contributions were made in accordance with actuarially determined contribution requirements through an actuarial valuation performed at September 30, 2007.

CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 8 – Employees’ Retirement Plan (continued)

2. Actuarial Assumptions and Methods

Valuation date	September 30, 2007
Actuarial cost method	Entry Age
Asset valuation method	5-Year Smoothed Market
Amortization method	Level Percent Open
Remaining amortization period	20 years
Period closed/open	Open
Actuarial assumptions:	
Investment rate of return	8%*
Projected salary increases	4.61% - 7.75%*
Cost of living increases	None

*Includes inflation at 4.5%.

In accordance with Governmental Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, a pension liability of \$0 was calculated at the transition date. Trend information for the most current valuation year and the two preceding years is as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
9/30/2005	\$ 563,994	100.0%	\$ -
9/30/2006	\$ 574,728	100.0%	\$ -
9/30/2007	\$ 665,491	100.0%	\$ -

The Plan’s schedule of funding progress for the most current valuation year and the two preceding years is as follows:

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Liability</u>	<u>(b - a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>(b - a)/c UAL as a Percentage of Payroll</u>
9/30/2005	\$ 26,657,412	\$ 30,305,715	\$ 3,648,303	88.0%	\$ 8,212,780	44.4%
9/30/2006**	\$ 26,592,837	\$ 31,820,475	\$ 5,227,638	83.6%	\$ 8,282,361	63.1%
9/30/2007	\$ 26,988,355	\$ 32,372,847	\$ 5,384,492	83.4%	\$ 8,532,424	63.1%

**Reflects changes in actuarial assumptions.

CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 9 – Post-Employment Benefits

The City offers health insurance through its group policy for retired employees. Employees who are eligible for retirement benefits are eligible for post-employment health insurance. The City pays the total cost of health insurance for the retired employees (not including dependents) until the employee reaches sixty-five years of age. When the employee reaches age sixty-five and becomes eligible for Medicare, the City pays one-half of the cost of the employee's supplemental health insurance coverage offered through its group policy. This benefit is available for the life of the employee; it is not available to beneficiaries of the employee. The City accounts for the benefit on the (pay-as-you-go) cash basis. Participants are currently eligible. The total expense to the City for the year ended September 30, 2008 was \$63,662.

Note 10 – Restricted Net Assets

In the Statement of Net Assets, net assets are restricted for capital projects and for debt service. The former are restricted due to capital items that have been encumbered but not completed or by enabling legislation. Debt service amounts are restricted by debt covenants. Items in the amount of \$1,407,671 are restricted for capital projects as a result of enabling legislation as defined in GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. Specifically, the Municipal Aid Fund and AlabamaTrust Fund.

Restricted for:

Capital projects	\$ 1,421,860
Debt service	<u>4,433,515</u>
Total Restricted Net Assets	<u>\$ 5,855,375</u>

Note 11 – 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; and natural disasters. The City's risk management program provides limited secondary market reinsurance to protect the City from any single loss in excess of a specific amount. Coverage consists of \$2,000,000 and \$500,000 in general and workers compensation insurance, respectively.

Note 12 – 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.

During 2007, the City was a defendant in a lawsuit which resulted in an unfavorable verdict in the amount of \$310,000. The City has submitted an appeal to the Supreme Court of Alabama and is awaiting the outcome. It is in the opinion of legal counsel that the City's maximum exposure is \$150,000. This amount has been accrued at September 30, 2008 in the government-wide statements.

CITY OF SELMA, ALABAMA

Notes to Financial Statements (continued)
September 30, 2008

Note 13 – Effect of New Pronouncement

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 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*

GASB Statement Number 49, *Accounting and Financial Reporting*

GASB Statement Number 51, *Accounting and Financial Reporting for Intangible Assets*

GASB Statement Number 52, *Land and Other Real Estate Held as Investments by Endowments.*

GASB Statement Number 53, *Accounting and Financial Reporting for Derivative Instruments.*

CITY OF SELMA, ALABAMA

**Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund
For the Year Ended September 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Taxes	\$ 13,438,019	\$ 13,438,019	\$ 13,095,429	\$ (342,590)
Licenses and permits	2,673,195	2,673,195	2,596,991	(76,204)
Intergovernmental	159,773	483,343	395,873	(87,470)
Charges for services	813,919	813,919	832,272	18,353
Other revenues	489,613	489,613	632,030	142,417
Investment earnings	126,866	126,866	64,030	(62,836)
Total revenues	<u>17,701,385</u>	<u>18,024,955</u>	<u>17,616,625</u>	<u>(408,330)</u>
Expenditures				
General government	5,241,602	5,512,911	5,747,815	(234,904)
Public service	2,482,694	2,595,898	2,606,911	(11,013)
Public safety	7,513,693	7,290,555	7,435,343	(144,788)
Other	1,501,175	1,796,015	1,526,041	269,974
Total current	<u>16,739,164</u>	<u>17,195,379</u>	<u>17,316,110</u>	<u>(120,731)</u>
Capital outlay	78,484	1,177,709	548,577	629,132
Debt service				
Principal retirement	6,426	10,591	377,084	(366,493)
Interest and fiscal charges	-	-	97,702	(97,702)
Total expenditures	<u>16,824,074</u>	<u>18,383,679</u>	<u>18,339,473</u>	<u>44,206</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>877,311</u>	 <u>(358,724)</u>	 <u>(722,848)</u>	 <u>(364,124)</u>
 Proceeds from capital leases	 -	 -	 140,277	 140,277
Transfers	(853,161)	(743,554)	(656,538)	87,016
Total other financing sources (uses)	<u>(853,161)</u>	<u>(743,554)</u>	<u>(516,261)</u>	<u>227,293</u>
 Net change in fund balances	 24,150	 (1,102,278)	 (1,239,109)	 (136,831)
Fund Balance - Beginning of Year	<u>5,270,189</u>	<u>5,270,189</u>	<u>5,270,189</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 5,294,339</u>	<u>\$ 4,167,911</u>	<u>\$ 4,031,080</u>	<u>\$ (136,831)</u>

CITY OF SELMA, ALABAMA

Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2008

	<u>Lodging Tax</u>	<u>Revolving Loan</u>	<u>Drug Enf. Unit</u>	<u>AL Trust Fund</u>	<u>AL-Tom Grant</u>	<u>Summer Food Program</u>	<u>St. James Hotel Project</u>	<u>Planning & Development</u>	<u>Weed & Seed</u>	<u>Community Reinvestment</u>
Assets										
Cash & cash equivalents	\$ 175,972	\$ 96,168	\$ 8,880	\$ 265,882	\$ -	\$ -	\$ 15,157	\$ 22,119	\$ 13,480	\$ 149,859
Restricted Cash	-	-	-	-	-	-	-	-	-	-
Receivables - other	-	825	-	-	-	-	-	15,660	-	-
Due from other funds	62,809	-	2,980	-	-	19,567	-	-	-	8,179
Total Assets	\$ 238,781	\$ 96,993	\$ 11,860	\$ 265,882	\$ -	\$ 19,567	\$ 15,157	\$ 37,779	\$ 13,480	\$ 158,038
Liabilities										
Accounts payable	\$ 3,000	\$ -	\$ 19,082	\$ 13,659	-	\$ -	\$ -	\$ 12,159	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-	1,083	-
Due to other funds	-	-	-	9,642	-	-	134	14,500	13,114	-
Total liabilities	3,000	-	19,082	23,301	-	-	134	26,659	14,197	-
Fund balance										
Unreserved - Undesignated	235,781	96,993	(7,222)	-	-	19,567	15,023	11,120	(717)	158,038
Unreserved - Designated for capital project	-	-	-	242,581	-	-	-	-	-	-
Unreserved - debt service	-	-	-	-	-	-	-	-	-	-
Total fund balance	235,781	96,993	(7,222)	242,581	-	19,567	15,023	11,120	(717)	158,038
Total Liabilities and Fund balance	\$ 238,781	\$ 96,993	\$ 11,860	\$ 265,882	\$ -	\$ 19,567	\$ 15,157	\$ 37,779	\$ 13,480	\$ 158,038

CITY OF SELMA, ALABAMA

Combining Balance Sheet - Nonmajor Governmental Funds (continued)
September 30, 2008

	<u>Brownfield Grant</u>	<u>U&C FHI</u>	<u>Firefighter Grant</u>	<u>Selma-Dallas Co. Prevention</u>	<u>Good Samaritan</u>	<u>'96 Ref Bonds</u>	<u>Public Building Authority</u>	<u>2003 Warrants Debt Svc</u>	<u>'99 Bond Cap Proj</u>	<u>Major Project</u>	<u>Total Nonmajor Governmental Funds</u>
Assets											
Cash & cash equivalents	\$ 19,258	\$ -	\$ 53	\$ -	\$ 934	\$ -	\$ -	\$ -	\$ -	\$ 14,189	\$ 781,951
Restricted Cash	-	-	-	-	-	138,849	578,040	556	43,704	-	761,149
Receivables - other	23,074	8,985	-	65,619	18,740	-	-	-	-	-	132,903
Due from other funds	-	-	-	-	-	-	-	-	-	-	93,535
Total Assets	\$ 42,332	\$ 8,985	\$ 53	\$ 65,619	\$ 19,674	\$ 138,849	\$ 578,040	\$ 556	\$ 43,704	\$ 14,189	\$ 1,769,538
Liabilities											
Accounts payable	\$ 1,900	\$ -	\$ -	\$ 34,559	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,359
Deferred revenue	-	-	-	-	-	-	-	-	-	-	1,083
Due to other funds	24,747	8,985	-	8,301	17,810	105,329	-	-	35,625	-	238,187
Total liabilities	26,647	8,985	-	42,860	17,810	105,329	-	-	35,625	-	323,629
Fund balance											
Unreserved - Undesignated	15,685	-	53	22,759	1,864	-	-	-	-	-	568,944
Unreserved - Designated for capital project	-	-	-	-	-	-	-	-	-	14,189	256,770
Unreserved - debt service	-	-	-	-	-	33,520	578,040	556	8,079	-	620,195
Total fund balance	15,685	-	53	22,759	1,864	33,520	578,040	556	8,079	14,189	1,445,909
Total Liabilities and Fund balance	\$ 42,332	\$ 8,985	\$ 53	\$ 65,619	\$ 19,674	\$ 138,849	\$ 578,040	\$ 556	\$ 43,704	\$ 14,189	\$ 1,769,538

CITY OF SELMA, ALABAMA

Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds
September 30, 2008

	Lodging Tax	Revolving Loan	Drug Enf. Unit	AL Trust Fund	AL-Tom Grant	Summer Food Program	St. James Hotel Project	Planning & Development	Weed & Seed	Community Reinvestment	Brownfield Grant
Taxes	\$ 355,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	147,492	-	162,360	-	15,660	-	-	48,255
Other revenues	-	-	-	-	-	-	2,944	-	-	-	-
Investment earnings	2,830	3,469	83	1,348	-	1,309	33	98	-	3,129	-
Total revenues	<u>358,538</u>	<u>3,469</u>	<u>83</u>	<u>148,840</u>	<u>-</u>	<u>163,669</u>	<u>2,977</u>	<u>15,758</u>	<u>-</u>	<u>3,129</u>	<u>48,255</u>
Expenditures											
General government	323,268	3,775	-	119,005	-	133,177	9,960	15,660	-	32,983	51,675
Public safety	-	-	3,783	-	-	-	-	-	12	-	-
Total current	<u>323,268</u>	<u>3,775</u>	<u>3,783</u>	<u>119,005</u>	<u>-</u>	<u>133,177</u>	<u>9,960</u>	<u>15,660</u>	<u>12</u>	<u>32,983</u>	<u>51,675</u>
Debt service											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>323,268</u>	<u>3,775</u>	<u>3,783</u>	<u>119,005</u>	<u>-</u>	<u>133,177</u>	<u>9,960</u>	<u>15,660</u>	<u>12</u>	<u>32,983</u>	<u>51,675</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,270</u>	<u>(306)</u>	<u>(3,700)</u>	<u>29,835</u>	<u>-</u>	<u>30,492</u>	<u>(6,983)</u>	<u>98</u>	<u>(12)</u>	<u>(29,854)</u>	<u>(3,420)</u>
Transfers in	-	-	-	5,434	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(20)	(13,493)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,434</u>	<u>(20)</u>	<u>(13,493)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	35,270	(306)	(3,700)	35,269	(20)	16,999	(6,983)	98	(12)	(29,854)	-3420
Fund balance - beginning of year	<u>200,511</u>	<u>97,299</u>	<u>(3,522)</u>	<u>207,312</u>	<u>20</u>	<u>2,568</u>	<u>22,006</u>	<u>11,022</u>	<u>(705)</u>	<u>187,892</u>	<u>19,105</u>
Fund balances - end of year	<u>\$ 235,781</u>	<u>\$ 96,993</u>	<u>\$ (7,222)</u>	<u>\$ 242,581</u>	<u>\$ -</u>	<u>\$ 19,567</u>	<u>\$ 15,023</u>	<u>\$ 11,120</u>	<u>\$ (717)</u>	<u>\$ 158,038</u>	<u>\$ 15,685</u>

CITY OF SELMA, ALABAMA

Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds (continued)
September 30, 2008

	U&C FHI	Firefighter Grant	Selma-Dallas Co. Prevention	Good Samaritan	'96 Ref Bonds	Public Bldg Authority	2003 Warrants Debt Svc	'99 Bond Cap Proj	Major Project	Total
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 195,748	\$ -	\$ -	\$ -	\$ -	\$ 551,456
Intergovernmental	-	-	239,435	-	-	-	-	-	-	613,202
Other revenues	15,280	-	-	28,716	-	-	-	-	-	46,940
Investment earnings	-	-	-	4	1,670	11,407	312	434	-	26,126
Total revenues	<u>15,280</u>	<u>-</u>	<u>239,435</u>	<u>28,720</u>	<u>197,418</u>	<u>11,407</u>	<u>312</u>	<u>434</u>	<u>-</u>	<u>1,237,724</u>
Expenditures										
General government	8,985	-	239,163	40,499	-	-	-	-	-	978,150
Public safety	-	-	-	-	-	-	-	-	-	3,795
Total current	<u>8,985</u>	<u>-</u>	<u>239,163</u>	<u>40,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>981,945</u>
Debt service										
Principal retirement	-	-	-	-	260,000	70,000	485,000	-	-	815,000
Interest and fiscal charges	-	-	-	-	133,306	32,906	109,625	-	-	275,837
Total expenditures	<u>8,985</u>	<u>-</u>	<u>239,163</u>	<u>40,499</u>	<u>393,306</u>	<u>102,906</u>	<u>594,625</u>	<u>-</u>	<u>-</u>	<u>2,072,782</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,295</u>	<u>-</u>	<u>272</u>	<u>(11,779)</u>	<u>(195,888)</u>	<u>(91,499)</u>	<u>(594,313)</u>	<u>434</u>	<u>-</u>	<u>(835,058)</u>
Transfers in	-	-	-	-	164,460	95,846	524,693	-	-	790,433
Transfers out	-	-	-	-	-	-	-	-	-	(13,513)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,460</u>	<u>95,846</u>	<u>524,693</u>	<u>-</u>	<u>-</u>	<u>776,920</u>
Net change in fund balances	6295	-	272	(11,779)	(31,428)	4,347	(69,620)	434	-	(58,138)
Fund balance - beginning of year	<u>(6,295)</u>	<u>53</u>	<u>22,487</u>	<u>13,643</u>	<u>64,948</u>	<u>573,693</u>	<u>70,176</u>	<u>7,645</u>	<u>14,189</u>	<u>1,504,047</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ 22,759</u>	<u>\$ 1,864</u>	<u>\$ 33,520</u>	<u>\$ 578,040</u>	<u>\$ 556</u>	<u>\$ 8,079</u>	<u>\$ 14,189</u>	<u>\$ 1,445,909</u>

CITY OF SELMA, ALABAMA

**Computation of Legal Debt Margin
September 30, 2008**

Assessed Value		\$	130,002,360
Legal Debt Margin			
Debt Limitation - 20 percent of assessed value			26,000,472
Debt Applicable to Limitation:			
Long term Bonded Debt including capital leases	\$	9,208,129	
Less: Debt attributable to the construction of schoolhouses		(1,130,000)	
Less: Amount Available for Repayment of General Obligation Debt		<u>(4,433,515)</u>	
Total Debt Applicable to Limitation			<u>3,644,614</u>
Legal Debt Margin		\$	<u><u>22,355,858</u></u>

Sources: Assessed value data provided by the Dallas County Tax Assessor.