

CITY OF COLUMBIANA, ALABAMA

BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

CITY OF COLUMBIANA, ALABAMA

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CITY OF COLUMBIANA, ALABAMA

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DeLOACH, BARBER & CASPERS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

2049 Shady Crest Drive
Hoover, Alabama 35216
(205) 822-6350

John H. DeLoach, CPA
S. Wayne Barber II, CPA
John E. Caspers, MBA, CPA

Mailing Address
P. O. Box 36818
Hoover, Alabama 35236
Fax: (205) 822-1408

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Allan Lowe
Members of the City Council
City of Columbiana, Alabama

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Columbiana, Alabama, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Columbiana, Alabama'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. 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.

The City of Columbiana, Alabama has not presented the Management Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

The budgetary comparison schedule for the major funds on page 47 is not a required part of the basic financial statements but is 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 of Columbiana, Alabama's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

DeLoach, Barber & Caspers, P.C.

June 3, 2010

CITY OF COLUMBIANA, ALABAMA

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

ASSETS	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		
<u>Current Assets</u>				
Cash and certificate of deposits	\$ 1,543,942	\$ 590,400	\$ 2,134,342	\$ 2,176,102
Accounts receivable - taxes	426,010		426,010	
Accounts receivable - customers, net of allowance	54,955	64,905	119,860	219,756
Accounts receivable - fines, net of allowance	242,711		242,711	
Accounts receivable - grants	387		387	
Accounts receivable - other	70		70	
Interest receivable	6,003		6,003	5,153
Interfund receivables		155,748	155,748	19,707
Inventory	248		248	29,397
Prepaid expenses	32,859	583	33,442	16,589
<u>Restricted Assets</u>				
Cash	958,734	117,990	1,076,724	846,756
Investments	3,092,732		3,092,732	
<u>Non-current Assets</u>				
Land and construction in progress	1,310,347	969,896	2,280,243	949,524
Other capital assets, net of accumulated depreciation	4,958,262	1,673,701	6,631,963	6,704,207
<u>Other Assets</u>				
Bond amortization costs, net of amortization	300,395		300,395	28,894
 Total Assets	 <u>12,927,655</u>	 <u>3,573,223</u>	 <u>16,500,878</u>	 <u>10,996,085</u>
 LIABILITIES				
<u>Current Liabilities (payable from current assets)</u>				
Accounts payable	65,605	130,532	196,137	84,277
Payroll taxes payable			0	356
Utility tax payable			0	4,527
Accrued wages	73,694	6,351	80,045	63,409
Interest payable	2,419		2,419	
Interfund payables	175,455		175,455	
<u>Current Liabilities (payable from restricted assets)</u>				
Meter deposits			0	202,567
Interest payable			0	16,083
<u>Long-term Liabilities</u>				
Notes payable - portion due in one year	99,381		99,381	18,734
Notes payable - portion due in more than one year	461,044		461,044	31,005
Warrants and bonds payable - portion due in one year	105,000		105,000	609,830
Warrants and bonds payable - portion due in more than one year	3,830,000		3,830,000	3,588,112
Accrued compensated absences	46,706	2,562	49,268	
 Total Liabilities	 <u>4,859,304</u>	 <u>139,445</u>	 <u>4,998,749</u>	 <u>4,618,900</u>
 <u>Net Assets</u>				
Investment in capital assets, net of related debt	1,773,184	2,643,597	4,416,781	3,406,051
Restricted for:				
Public Services	936,252		936,252	
Debt service	473,236		473,236	419,372
Capital projects			0	170,744
Meter deposits			0	37,990
Unrestricted	4,885,679	790,181	5,675,860	2,343,028
 Total Net Assets	 <u>\$ 8,068,351</u>	 <u>\$ 3,433,778</u>	 <u>\$ 11,502,129</u>	 <u>\$ 6,377,185</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIANA, ALABAMA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Expenses	Fees, Fines, and Charges for Services	Program Revenues		Net (Expenses)
			Operating Grants and Contributions	Capital Grants and Contributions	Revenues
					Total
<u>Governmental Activities</u>					
Beautification	\$ 4,030	\$ 895	\$ 1,360	\$	\$ (1,775)
Cemetery	2,418	11,000	500		9,082
Court	206,598	221,680			15,082
Donations	14,184				(14,184)
Fire and rescue	270,425		34,551		(235,874)
General government	487,750	527,436	1,372		41,058
Interest on long-term debt	218,330				(218,330)
Library	187,852	11,629	7,549		(168,674)
Liberty day celebration	28,930	6,385	17,400		(5,145)
Park and recreation	296,082	30,992			(265,090)
Police	791,731		6,680		(785,051)
Sanitation	262,078	263,723			1,645
Street	448,772		41,414		(407,358)
Total Governmental Activities	3,219,180	1,073,740	110,826	0	(2,034,614)
<u>Business -type Activities</u>					
Sewer	458,228	397,379		335,000	274,151
Total Business-type Activities	458,228	397,379	0	335,000	274,151
Total Primary Government	\$ 3,677,408	\$ 1,471,119	\$ 110,826	\$ 335,000	\$ (1,760,463)
<u>Component Units</u>					
City of Columbiana Water Board	\$ 1,539,213	\$ 1,672,206	\$	\$	\$ 132,993
Total Component Units	\$ 1,539,213	\$ 1,672,206	\$ 0	\$ 0	\$ 132,993

The accompanying notes are an integral part of these financial statements.

(Continued)

CITY OF COLUMBIANA, ALABAMA

STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		
<u>Net Revenues (Expenses)</u>	\$ <u>(2,034,614)</u>	\$ <u>274,151</u>	\$ <u>(1,760,463)</u>	\$ <u>132,993</u>
General revenues:				
Taxes:				
Sales and use tax	1,279,588		1,279,588	
Property taxes	342,772		342,772	
Gasoline taxes	29,900		29,900	
Beer and alcoholic beverage taxes	29,984		29,984	
Financial excise tax	25,197		25,197	
Tobacco tax	35,459		35,459	
State capital improvement	42,554		42,554	
Motor vehicle taxes	12,280		12,280	
Rental tax	32,297		32,297	
Payment in lieu of taxes	1,062		1,062	
Shares/Privilege tax	15,947		15,947	
State shared taxes	18,219		18,219	
Other taxes	590		590	
Miscellaneous	4,411		4,411	
Investment income	186,218	12,418	198,636	63,809
Unrealized holding gains on investments	189,537		189,537	
Transfers				
Net transfers	0		0	
Total general revenues and transfers	<u>2,246,015</u>	<u>12,418</u>	<u>2,258,433</u>	<u>63,809</u>
Change in net assets	211,401	286,569	497,970	196,802
Net assets at beginning of year	<u>7,856,950</u>	<u>3,147,209</u>	<u>11,004,159</u>	<u>6,180,383</u>
Net assets at end of year	\$ <u><u>8,068,351</u></u>	\$ <u><u>3,433,778</u></u>	\$ <u><u>11,502,129</u></u>	\$ <u><u>6,377,185</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIANA, ALABAMA

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2009

	<u>General</u>	<u>Court</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
ASSETS				
<u>Assets</u>				
Cash	\$ 1,543,942	\$	\$	\$ 1,543,942
Accounts receivable - taxes	424,421		1,589	426,010
Accounts receivable - customers	54,894			54,894
Accounts receivable - fines		316,951	61	317,012
Accounts receivable - grants	387			387
Accounts receivable - other	70			70
Interest receivable	6,003			6,003
Interfund receivable	7,384		40	7,424
Inventory	248			248
Prepaid expenses	32,132	145	582	32,859
<u>Restricted Assets</u>				
Cash	225,350	320,432	412,952	958,734
Investments	3,092,732			3,092,732
<u>Other Assets</u>				
Bond costs, net of amortization	300,395			300,395
Total Assets	\$ 5,687,958	\$ 637,528	\$ 415,224	\$ 6,740,710
 LIABILITIES AND FUND BALANCES				
<u>Liabilities</u>				
Accounts payable	\$ 42,707	\$ 20,493	\$ 2,405	\$ 65,605
Accrued wages	64,524	3,137	6,033	73,694
Interest payable	2,419			2,419
Interfund payable	176,396	6,444	40	182,880
Deferred revenue	316,303	289,085		605,388
Total Liabilities	602,349	319,159	8,478	929,986
 <u>Fund Balances</u>				
Unreserved, reported in				
General fund	5,085,609			5,085,609
Special revenue funds		318,369	406,746	725,115
Total Fund Balances	5,085,609	318,369	406,746	5,810,724
Total Liabilities and Fund Balances	\$ 5,687,958	\$ 637,528	\$ 415,224	\$ 6,740,710

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIANA, ALABAMA

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

Total fund balances for governmental funds	\$	5,810,724
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net assets.	6,268,609
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Certain assets are deferred in the fund financial statement because they are not available to pay current-period expenditures, but they are reported as assets in the statement of net assets.	531,149
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Certain liabilities (such as warrants payable, notes payable, and compensated absences) are not reported in this fund financial statement because they are not due and payable, but they are presented as liabilities in the statement of net assets.	<u>(4,542,131)</u>
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Net assets of governmental activities	\$	<u><u>8,068,351</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIANA, ALABAMA

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

	<u>General</u>	<u>Court</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<u>Revenues</u>				
Donations	\$ 20,653	\$	\$ 2,137	\$ 22,790
Fines	770	201,980	7,591	210,341
Fire department income	5,963			5,963
Grant income	76,161		5,912	82,073
Investment income	176,692	5,317	4,211	186,220
Licenses, permits, & franchise fees	526,666			526,666
Lot sales and openings/closings			11,000	11,000
Miscellaneous	11,691		4,038	15,729
Park and recreation	30,992			30,992
Sanitation services	263,723			263,723
Tax revenue	<u>1,807,528</u>		<u>60,773</u>	<u>1,868,301</u>
 Total Revenues	 <u>2,920,839</u>	 <u>207,297</u>	 <u>95,662</u>	 <u>3,223,798</u>
<u>Expenditures</u>				
Beautification	2,759			2,759
Capital expenditures	314,829	3,250	15,181	333,260
Court		201,182		201,182
Debt retirement	192,698			192,698
Donations and liberty day	43,114			43,114
Fire and rescue	201,238			201,238
General government	463,163			463,163
Interest on long-term debt	218,330			218,330
Library			184,383	184,383
Park and recreation	165,567			165,567
Police	734,605			734,605
Sanitation	237,085			237,085
Street	<u>360,540</u>		<u>2,692</u>	<u>363,232</u>
 Total Expenditures	 <u>2,933,928</u>	 <u>204,432</u>	 <u>202,256</u>	 <u>3,340,616</u>
Excess of revenues over (under) expenditures	(13,089)	2,865	(106,594)	(116,818)
<u>Other Financing Sources (Uses)</u>				
Unrealized gain on investments	189,537			189,537
Operating transfers in	379,131		174,583	553,714
Operating transfers out	<u>(553,714)</u>			<u>(553,714)</u>
 Total Other Financing Sources (Uses)	 <u>14,954</u>	 <u>0</u>	 <u>174,583</u>	 <u>189,537</u>
 Net change in fund balances	 1,865	 2,865	 67,989	 72,719
Fund Balance, Beginning of Year	<u>5,083,744</u>	<u>315,504</u>	<u>338,757</u>	<u>5,738,005</u>
Fund Balance, End of Year	\$ <u>5,085,609</u>	\$ <u>318,369</u>	\$ <u>406,746</u>	\$ <u>5,810,724</u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIANA, ALABAMA

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

Net change in fund balances - total governmental funds \$ 72,719

Amounts reported for governmental activities in the statement of net assets are different because:

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The amount by which depreciation of \$383,208 exceeds capital outlays of \$333,260. (49,948)

Revenues that are not available to pay current obligations are not reported in this fund financial statement but they are presented as revenues in the statement of activities. 17,251

Generally expenditures recognized in this fund's financial statements are limited to only those that use current financial resources but expenses are recognized in statement of activities when they are incurred. (21,319)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 192,698

Change in net assets of governmental activities \$ 211,401

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIANA, ALABAMA

STATEMENT OF NET ASSETS -
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

	<u>Enterprise Funds</u>
	<u>Sewer</u>
	<u>Department</u>
ASSETS	
<u>Current Assets</u>	
Cash	\$ 590,400
Accounts receivable - customers, net of allowance	64,905
Interfund receivable	155,748
Prepaid expenses	583
<u>Restricted Assets</u>	
Cash	117,990
<u>Non-current Assets</u>	
Construction in progress	969,896
Other capital assets, net of accumulated depreciation	1,673,701
Total Assets	\$ <u><u>3,573,223</u></u>
LIABILITIES	
<u>Current Liabilities (payable from current assets)</u>	
Accounts payable	\$ 130,532
Accrued wages	6,351
<u>Long-term Liabilities</u>	
Accrued compensated absences	2,562
Total Liabilities	<u>139,445</u>
<u>Net Assets</u>	
Investment in capital assets, net of related debt	2,643,597
Unrestricted	790,181
Total Net Assets	\$ <u><u>3,433,778</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIANA, ALABAMA

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

	<u>Enterprise Funds</u>
	<u>Sewer</u>
	<u>Department</u>
<u>Operating Revenues</u>	
Service charges and other revenue	\$ 397,379
Total Revenues	<u>397,379</u>
<u>Administrative Expenses</u>	
Computer expense	2,312
Dues and subscriptions	624
Legal and accounting	5,161
Office expense	1,121
Payroll processing fee	1,001
Postage	2,644
Rental - copier	1,029
Telephone	3,025
Training and travel	1,110
Total Administrative Expenses	<u>18,027</u>
<u>Supply and Distribution Expenses</u>	
Depreciation	136,692
Fees and services	5,450
Gas and oil	4,067
Insurance - employee health	10,805
Insurance - general	4,023
Insurance - workmans comp.	1,885
Miscellaneous	1,855
Payroll taxes	6,564

(Continued)

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIANA, ALABAMA

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

Supply and Distribution Expenses (Continued)

Pipes, parts, and supplies	8,163
Repairs and maintenance - building	255
Repairs and maintenance - equipment	2,433
Repairs and maintenance - vehicles	4,239
Repairs and maintenance - system	55,814
Salaries and wages	91,203
State retirement	5,909
Uniforms	1,501
Utilities	74,034
Water testing and analysis	25,309

Total Supply and Distribution Expenses 440,201

Total Expenditures 458,228

Operating loss (60,849)

Nonoperating Revenues (Expenses)

Grant revenue	335,000
Investment earnings	12,418

Total Nonoperating Revenues (Expenses) 347,418

Net change in net assets 286,569

Net assets - beginning of year 3,147,209

Net assets - end of year \$ 3,433,778

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIANA, ALABAMA

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Sewer Department</u>
<u>Cash Flows From Operating Activities</u>	
Receipts from customers and users	\$ 400,993
Payments to employees and related expenses	(111,140)
Payments to suppliers	<u>(203,972)</u>
Net cash provided by operating activities	<u>85,881</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Grant revenue	354,714
Payments for capital acquisitions	<u>(794,967)</u>
Net cash used in capital and related financing activities	<u>(440,253)</u>
<u>Cash Flows From Investing Activities</u>	
Interest received	<u>12,418</u>
Net cash provided by investing activities	<u>12,418</u>
Net decrease in cash equivalents	(341,954)
Cash and equivalents, beginning of year (restricted and nonrestricted)	<u>1,050,344</u>
Cash and equivalents, end of year (restricted and nonrestricted)	<u>\$ 708,390</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIANA, ALABAMA

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Sewer Department</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating income (loss)	\$ <u>(60,849)</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	136,692
Changes in assets and liabilities:	
(Increase) decrease:	
Accounts receivable	3,614
Interfund receivable	3,588
Prepaid expenses	138
Increase (decrease):	
Accounts payable	(643)
Accrued wages	2,366
Accrued compensated absences	<u>975</u>
Total adjustments	<u>146,730</u>
Net cash provided by operating activities	\$ <u><u>85,881</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Organization

The City of Columbiana, Alabama (the City) was incorporated on August 10, 1853. The City operates under a Mayor-Council form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, park and recreation, public improvements, planning and zoning, general and administrative, water and sewer services.

Financial Reporting Entity

Generally accepted accounting standards (GAAP) require that the financial reporting entity consist of the primary government and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting the following criteria: 1) the primary government appoints a voting majority of the organization's governing body and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government or 2) the potential component unit is fiscally dependent on the primary government. A potential component unit is considered fiscally dependent if it does not have authority to do all three of the following: 1) determine its own budget without another government having the authority to approve and modify the budget, 2) levy taxes or set rates or charges without approval by another government, and 3) issue bonded debt without approval by another government.

Component units are reported in the City's basic financial statements are shown in the following table:

<u>Discretely Presented Component Units</u>	<u>Brief Description of Activities and Relationship to the City</u>
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City of Columbiana Water Board

The Water Board is a public board incorporated under the laws of Alabama and now existing under the provisions of the Enabling Law 11-50-230 et. seq. of the Code of Alabama 1975, as amended. The Board was incorporated pursuant to the authority granted by the governing body of the City of Columbiana, Alabama. Under its certificate of incorporation, the Board has corporate power to acquire and operate the water system and to issue bonds payable from the revenues derived there from for any of its corporate purposes.
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Separate financial statements for the Columbiana Water Board can be obtained at the Water Board's office at 50 Water Works Street, Columbiana, Alabama.

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City) and its component units if applicable. 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 nonexchange 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. 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, including its fiduciary funds and blended component units (if applicable). Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented if applicable. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or eliminations of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments, if applicable. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use tax, property taxes, franchise taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the 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 needed.

The City does not currently employ an indirect cost allocation system.

Fund Types and Major Funds

Governmental Funds

The City reports the following major governmental funds:

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

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Court Fund - to account for financial resources of the activities associated with collecting revenues from traffic fines in accordance with the laws of the State of Alabama.

Proprietary Funds

The City reports the following major proprietary funds:

Sewer Department - accounts for the activities of the City's sewer utilities services.

Other Fund Types

The City reports the following additional fund types:

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

The City at September 30, 2009 had no internal service funds or agency funds.

Cash and Equivalents

The City's 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. Restricted assets are considered to be cash equivalents.

In its 2000 Regular Session, the Alabama State Legislature enacted the Security for Alabama Funds Enhancement (SAFE) Program (Title 41, Chapter 14A, Code of Alabama 1975, as amended) that changes the way all Alabama public deposits are collateralized. Public deposits include the funds of any covered public entity or covered public official placed in deposit in a qualified depository, including time and demand deposit accounts and certificates of deposit, but excluding bonds, notes, money market mutual funds, repurchase agreements, and similar investment instruments. Covered public entities include the state and its political subdivisions. In the past, the bank pledged collateral directly to each public entity. Under SAFE, which required mandatory participation, each qualified public depository (QPD) is required to hold collateral for all of its public deposits on a pooled basis in a custody account (SAFE Custody Account) established for the State Treasurer as SAFE administrator. In the unlikely even a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer, who would use the SAFE pool collateral or other means to reimburse the loss.

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Equivalents (Continued)

At September 30, 2009 the carrying amount of the City of Columbiana, Alabama's deposits (cash and certificates of deposits) was \$3,211,066 and the bank balance was \$3,271,717. Of the bank balance \$1,250,000 was covered by either federal depository insurance or federal savings and loan insurance. Deposits with Alabama financial institutions that are in excess of FDIC insurance are secured under the Security for Alabama Funds Enhancement Act (SAFE Program). Alabama public funds are protected through a collateral pool administered by the Alabama State Treasury. The City had \$1,972,568 of Category 1 deposits covered by the SAFE Program at September 30, 2009 and \$49,149 of Category 3 unsecured and uncollateralized cash, which was deposited into money market accounts.

Investments

The City's investments are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The City is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Alabama or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Alabama or the United States; (4) certificates of deposits issued by state and national banks domiciled in Alabama that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or secured by obligations mentioned above. The City's investments consist of certificates of deposits, Federal National Mortgage Association Certificates, Governmental National Mortgage Association Debentures, and Federal Home Loan Mortgage Corporation debentures. These securities are held by Sterne, Agee, and Leach, Inc. as agent for the City.

Inventory

Inventory consists of primarily supplies valued at the lower of cost (first-in, first-out) or market value. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as expenditures on acquisition and significant inventories on hand at year-end are reflected as assets.

Prepaid Items

Payments made to vendors for goods or services that will benefit beyond September 30, 2009 are reported as prepaid items. These prepayments are recognized as expenses ratably over the related underlying period.

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Certain assets of the City have been restricted due to state regulations, debt service obligations, and warrant agreements. These assets consist of cash, investments, and accounts receivable as follows:

General fund - Cash - debt service	\$ 176,201
General fund - Money market - sale of gas department	49,149
General fund - Investments - sale of gas department	3,092,732
Sewer fund - customer deposits	117,990
Special revenue - Cash - various	<u>733,384</u>
 Total Restricted Assets	 <u>\$ 4,169,456</u>

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

Capital Assets, Depreciation, and Amortization

Capital assets, which include property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and have an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets.

Capital assets are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net assets. The range of estimated useful lives used for depreciation purposes for each capital asset class are as follows:

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Depreciation, and Amortization (Continued)

Automotive and automotive equipment	5-7 years
Building and building improvements	29-50 years
Infrastructure	40-60 years
Land improvements	15-20 years
Machinery and equipment	7-10 years
Office furniture and equipment	5-7 years
Park and recreation equipment	5-10 years

Compensated Absences

For vacation and other compensated absences with similar characteristics, Governmental Accounting Standards Board Statement No. 16 requires the accrual of a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' right to receive compensation is attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

Full-time employees are provided vacation (annual) leave as follows:

After one year employment	40 hours
After three years employment	80 hours
After seven years employment	120 hours

Annual leave must be taken by the anniversary date of employment or forfeited. It cannot be accumulated and an employee cannot be paid for annual leave in lieu of time off. Unused leave is paid upon termination of employment. At September 30, 2009 the City has recorded a liability of \$49,268 for accrued vacation leave.

Sick leave is earned by full time employees beginning on the first day of the month after their employment date at a rate of 8 hours per month. Sick leave can be accumulated up to 720 hours. Upon termination, sick leave is canceled and no compensation is paid. Because employees do not receive compensation for unused sick leave at termination, no liability is recorded on these financial statements.

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Warrant premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Warrants payable are reported net of the applicable premium or discount. Warrant issue costs are reported as deferred charges and amortized over the term of the related debt.

Net Assets

In accordance with GASB Statement No. 34, the City classified net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. The classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted net assets - This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This component of net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Equity

The governmental fund financial statements report reserved fund balances for amounts not available for appropriation or legally restricted for specified purposes. Designations of fund balance represent tentative management plans that are subject to change.

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

During the normal operations the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements reflect these transactions as transfers.

Interfund Balances

During the course of operation, transactions occur which result in amounts owed to a particular fund by another fund, other than for goods provided or services rendered. These receivables and payables are due within a year and are classified as "Interfund receivable/Interfund payable".

Budgets and Budgetary Accounting

An operating budget is adopted each year for the general fund.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Finance Committee submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The budget is legally enacted through passage of an ordinance.
- c. Formal budgetary integration is employed as a management control device during the year for the General Fund.
- d. Budgets are adopted on the cash basis of accounting.
- e. Excess appropriations at the end of the fiscal year lapse.

Budgeted amounts reported in the financial statements are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations that were approved. Budgets are not prepared or adopted in conformance with generally accepted accounting principles. Budgeted expenditures/expenses include encumbrances.

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1, of the year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectable taxes is provided.

In accordance with current professional standards as promulgated by *Governmental Accounting Standards Board* (GASB-33), the City reports property taxes when an enforceable claim has arisen or when resources are received, whichever is first. Consequently, property taxes in the amount of \$316,303 received after September 30, 2009 has been recorded as deferred revenue in the fund financial statements.

Excess of Expenditures Over Appropriations

There were no excess of expenditures over appropriations in any individual budgeted funds for the year ended September 30, 2009.

Deficit Fund Equity

There was no deficit fund net assets in any individual fund at September 30, 2009

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

"Total fund balances" of the City's governmental funds of \$5,810,724 differs from "net assets" of governmental activities of \$8,068,351 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The following illustrates the differences:

Capital Related Items - When capital assets (property, plant, equipment, etc.) that are used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets as assets of the City as a whole.

Governmental capital assets	\$ 10,423,862
Less: Depreciation expense to date	<u>(4,155,253)</u>
	\$ <u>6,268,609</u>

Long-term liabilities - Long-term liabilities, including warrants payable are not due and payable in the current period and therefore are not reported in the governmental funds.

Notes payable	\$ 560,425
Warrants payable	3,935,000
Accrued compensated absences	<u>46,706</u>
Total	\$ <u>4,542,131</u>

Other long-term receivables - Certain receivables are not available to pay current period expenditures and, therefore, are not reported in the governmental funds.

Property tax receivable	\$ 316,303
Court fines	289,086
Allowance for doubtful accounts - court fines	<u>(74,240)</u>
Total	\$ <u>531,149</u>

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Explanation of Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances the Government-wide Statement of Activities

The "net change in fund balances" for governmental funds of \$72,719 differs from the "change in net assets" for governmental activities of \$211,401 reported in the statement of activities. The differences primarily arise from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The following illustrates the difference:

Capital Related Items - When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ 333,260
Depreciation expense	<u>(383,208)</u>
	<u>\$ (49,948)</u>

Long-term Debt Transactions - Repayment of long-term debt, including notes payable and warrants payable, consumes the current financial resources of governmental funds. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Principal payments on notes payable	\$ 87,698
Principal payments on warrants payable	<u>105,000</u>
Total	<u>\$ 192,698</u>

Other Items - Certain income that is not available to pay current period expenditures and, therefore is not reported as revenue in the governmental funds.

Property tax not meeting available criteria	\$ (2,451)
Court fines not meeting available criteria	<u>19,702</u>
Total	<u>\$ 17,251</u>

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 2: CASH AND INVESTMENTS (Continued)

Credit Risk

The City's investment policy allows investment in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Alabama or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Alabama or the United States; (4) certificates of deposits issued by state and national banks domiciled in Alabama that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or secured by obligations mentioned above. The City's investments consist of certificates of deposits and Federal National Mortgage Association Certificates and Federal Home Loan Mortgage Corporation debentures. Investments in U.S. government securities must be rated by Standard and Poor's or Moody's Investment Services as one of their four highest rated categories.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration Credit Risk

The City does not have a formal investment policy that limits the amount invested into certain types of investments as a means of managing its exposure to losses arising from over concentration in certain types of investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In regards to investments, the City does not have a deposit policy for custodial credit risk. As of September 30, 2009, the City had \$49,149 in cash and cash equivalents, which was held in money market accounts and \$3,092,732 held in investments exposed to custodial credit risk as Category 3 unsecured and uncollateralized deposits.

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 3: ACCOUNTS RECEIVABLE

The following details the descriptions and amounts of various accounts receivable for the City on the statement of net assets:

Governmental Activities:

	<u>Amount</u>	<u>Less Allowance for Doubtful Accounts</u>	<u>Total</u>
Accounts receivable - taxes	\$ 426,010	\$	\$ 426,010
Accounts receivable - sanitation services	64,479	(9,585)	54,894
Accounts receivable - court fines	316,951	(74,240)	242,711
Accounts receivable - library fines	61		61
Accounts receivable - grants	387		387
Accounts receivable - other	<u>70</u>		<u>70</u>
Total Accounts Receivable	<u>\$ 807,958</u>	<u>\$ (83,825)</u>	<u>\$ 724,133</u>

Business-Type Activities:

	<u>Sewer</u>
Accounts receivable - customer	\$ 76,997
Allowance for doubtful accounts	<u>(12,092)</u>
Accounts receivable - customers net of allowance	<u>\$ 64,905</u>

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 4: CAPITAL ASSETS

A summary of changes in capital assets follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>10/01/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/09</u>
Capital assets, not being depreciated:				
Land	\$ 1,001,957	\$ 145,920		\$ 1,147,877
Construction in progress	<u>11,521</u>	<u>150,949</u>		<u>162,470</u>
Total capital assets, not being depreciated	<u>1,013,478</u>	<u>296,869</u>		<u>1,310,347</u>
Capital assets, being depreciated				
Autos and trucks	1,286,069	750	(19,628)	1,267,191
Automotive equipment	141,147			141,147
Buildings and building improvements	1,487,120	3,250		1,490,370
Computer equipment	119,211	4,574		123,785
Infrastructure	3,197,102			3,197,102
Land improvements	7,440			7,440
Machinery and equipment	995,590	16,268		1,011,858
Office furniture and equipment	150,198	1,310		151,508
Park improvements	1,585,008	10,239		1,595,247
Park and recreation equipment	<u>127,867</u>			<u>127,867</u>
Total capital assets being depreciated	<u>9,096,752</u>	<u>36,391</u>	<u>(19,628)</u>	<u>9,113,515</u>
Less accumulated depreciation for:				
Autos and trucks	1,191,670	45,132	(19,628)	1,217,174
Automotive equipment	48,654	15,915		64,569
Buildings and building improvements	663,971	39,167		703,138
Computer equipment	88,069	11,921		99,990
Infrastructure	265,460	79,928		345,388
Land improvements	4,712	496		5,208
Machinery and equipment	714,263	68,385		782,648
Office furniture and equipment	126,123	9,263		135,386
Park improvements	618,072	103,960		722,032
Park and recreation equipment	<u>70,679</u>	<u>9,041</u>		<u>79,720</u>
Total accumulated depreciation	<u>3,791,673</u>	<u>383,208</u>	<u>(19,628)</u>	<u>4,155,253</u>

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 4: CAPITAL ASSETS (Continued)

<u>Governmental Activities (Continued)</u>	<u>Balance</u> <u>10/01/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/09</u>
Total capital assets, being depreciated net	<u>5,305,079</u>	<u>(346,817)</u>	<u>0</u>	<u>4,958,262</u>
Governmental activities capital assets, net	<u>\$ 6,318,557</u>	<u>\$ (49,948)</u>	<u>\$ 0</u>	<u>\$ 6,268,609</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Beautification	\$ 1,271
Cemetery	2,418
Court	4,922
Fire and rescue	69,187
General government	24,634
Library	3,613
Park and recreation	130,339
Police department	34,247
Sanitation	24,747
Street	<u>87,830</u>
	<u>\$ 383,208</u>

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 4: CAPITAL ASSETS (Continued)

<u>Business-Type Activities</u>	<u>Balance</u> <u>10/01/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/09</u>
Sewer Department				
Capital assets, not being depreciated:				
Construction in progress -				
Sewer System Improvements	\$ 113,835	\$ 856,061	\$ _____	\$ 969,896
Total capital assets, not being depreciated	<u>113,835</u>	<u>856,061</u>	<u>_____</u>	<u>969,896</u>
Capital assets, being depreciated				
Autos and trucks	22,790	4,900		27,690
Machinery and equipment	164,456	700		165,156
Office furniture and equipment	11,561			11,561
Sewer system and lines	<u>3,813,510</u>	<u>_____</u>	<u>_____</u>	<u>3,813,510</u>
Total capital assets being depreciated	<u>4,012,317</u>	<u>5,600</u>	<u>0</u>	<u>4,017,917</u>
Less accumulated depreciation for:				
Autos and trucks	22,789	82		22,871
Machinery and equipment	118,903	8,727		127,630
Office furniture and equipment	10,300	415		10,715
Sewer system and lines	<u>2,055,532</u>	<u>127,468</u>	<u>_____</u>	<u>2,183,000</u>
Total accumulated depreciation	<u>2,207,524</u>	<u>136,692</u>	<u>0</u>	<u>2,344,216</u>
Total capital assets, being depreciated net	<u>1,804,793</u>	<u>(131,092)</u>	<u>0</u>	<u>1,673,701</u>
Business-Type activities capital assets, net	<u>\$ 1,918,628</u>	<u>\$ 724,969</u>	<u>\$ 0</u>	<u>\$ 2,643,597</u>

NOTE 5: BOND ISSUANCE COSTS

During the year ended September 30, 2002, bond issuance costs in the amount of \$185,825 were incurred by the City. The bond issuance cost is amortized using the straight line method over a 30 year period. Amortization expense for the year ended September 30, 2009 was \$6,194.

During the year ended September 30, 2007, bond issuance costs in the amount of \$99,183 were incurred by the City. The bond issuance cost is amortized using the straight line method over a 30 year period. Amortization expense for the year ended September 30, 2009 was \$3,967.

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 6: LONG-TERM NOTES PAYABLE

	<u>Balance</u> <u>10/01/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/09</u>	<u>Due Within</u> <u>One Year</u>
Note payable to M & F Bank principal sum of \$730,000 with a 4.20% interest rate. The note is payable in 72 installments of \$10,085.00, with the final installment due November 2014. The note is secured by full faith and credit of the City.	\$ <u>648,124</u>	\$ <u> </u>	\$ <u>(87,699)</u>	\$ 560,425	\$ <u>99,381</u>
				<u>(99,381)</u>	
				\$ <u>461,044</u>	

Maturities of notes payable are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	99,381	21,639	121,020
2011	103,636	17,384	121,020
2012	108,074	12,946	121,020
2013	112,701	8,319	121,020
2014	117,526	3,493	121,019
2015	<u>19,107</u>	<u>99</u>	<u>19,206</u>
	\$ <u>560,425</u>	\$ <u>63,880</u>	\$ <u>624,305</u>

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 7: GENERAL OBLIGATION WARRANTS

	<u>Balance</u> <u>10/01/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/09</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Warrants, Series 2007, payable annually on February 1, with interest payments on February 1, and August 1, maturing on February 1, 2032. The bond is secured by the full faith and credit of the City.	\$ 3,220,000	\$	\$ (15,000)	\$ 3,205,000	\$ 15,000
General Obligation Warrants, Series 2002, payable annually on February 1, with interest payments on February 1, and August 1, maturing on February 1, 2016. The bond is secured by the full faith and credit of the City.	<u>820,000</u>	<u> </u>	<u>(90,000)</u>	730,000	<u>90,000</u>
	<u>\$ 4,040,000</u>	<u>\$ 0</u>	<u>\$ (105,000)</u>	3,935,000	<u>\$ 105,000</u>
				<u>(105,000)</u>	
				<u>\$ 3,830,000</u>	

Less: current maturities

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 7: GENERAL OBLIGATION WARRANTS (Continued)

Maturities of general obligation warrants payable are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 105,000	\$ 158,598	\$ 263,598
2011	110,000	154,179	264,179
2012	115,000	149,480	264,480
2013	120,000	144,464	264,464
2014	125,000	139,126	264,126
2015-2019	720,000	606,953	1,326,953
2020-2024	855,000	448,625	1,303,625
2025-2029	1,050,000	258,325	1,308,325
2030-2033	<u>735,000</u>	<u>46,156</u>	<u>781,156</u>
	<u>\$ 3,935,000</u>	<u>\$ 2,105,906</u>	<u>\$ 6,040,906</u>

2007 General Obligation Bonds

On March 1, 2007, the City issued \$4,185,000 in General Obligation Bonds with interest rates ranging from 3.700% to 4.125% to advance refund \$2,980,000 of outstanding 2002 Series bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$149,156. The difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2012 using the straight-line method. Amortization of \$29,831 was recognized in 2009 and is reported in interest expense for the period. As a result of the current refunding, the Board decreased its total debt service requirements in relation to the Series 2002 Bonds in the amount of \$666,068 which results in an economic gain of \$356,120 (difference between the present value of the debt service payments on the old and new debt).

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 8: PENSION PLAN

The City contributes to the Employees' Retirement System of Alabama, an agent multiple-employer public employee retirement system, that acts as a common investment and administrative agent for the various state agencies and departments.

Substantially all employees are members of the Employees' Retirement System of Alabama. Membership is mandatory for covered or eligible employees of the City. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their annual salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death is provided to plan members.

The Employees' Retirement System was established as of 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 to all cities, counties, City's, and quasi-public organizations. The responsibility for general administrative and operation of the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the Commission authority to accept or reject various Cost-of-Living-Adjustments (COLAs) granted to retirees.

The Retirement Systems 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 Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

Information concerning covered salaries, actuarially determined contribution requirements and amounts contributed are as follows:

Salaries

Covered salaries - Non Police Officers	\$ 678,560
Covered salaries - Police Officers	<u>317,250</u>
 Total Covered Salaries	 <u>\$ 995,810</u>
 Total Salaries	 <u>\$ 1,322,844</u>

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 8: PENSION PLAN (Continued)

Contributions

City - Non Police Officers	\$ 45,802
City - Police Officers	<u>21,414</u>
Total City Contributions	<u>\$ 67,216</u>
Employees - Non Police Officers	\$ 33,928
Employees - Police Officers -	<u>19,035</u>
Total Employee Contributions	<u>\$ 52,963</u>

Actuarially Determined Contribution Rates

City - Non Police Officers	<u>6.75 %</u>
City - Police Officers	<u>6.75 %</u>
Employees - Non Police Officers	<u>5.00 %</u>
Employees - Police Officers	<u>6.00 %</u>

Contribution as a Percentage of Covered Salaries

City - Non Police Officers	<u>6.75 %</u>
City - Police Officers	<u>6.75 %</u>
Employees - Non Police Officers	<u>5.00 %</u>
Employees - Police Officers	<u>6.00 %</u>

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 8: PENSION PLAN (Continued)

The pension benefit obligation is the actuarial present value of credited projected benefits, a standardized disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases, estimated to be payable in the future as a result of employee service to date. At September 30, 2008, the pension benefit obligation and net assets available for benefit are as follows:

Pension benefit obligation	\$ 2,512,846
Net assets available for benefits	<u>2,357,682</u>
 Net Pension Benefit Obligation	 <u>\$ 155,164</u>

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
9/30/08	\$ 2,357,682	\$ 2,512,846	\$ (155,164)	\$ 1,077,270	14.4%
9/30/07	\$ 2,158,193	\$ 2,236,890	\$ (78,697)	\$ 940,310	8.4%
9/30/06	\$ 2,000,625	\$ 2,257,584	\$ (256,959)	\$ 1,053,107	24.4%

Actuarial Information

Valuation date	9/30/2008
Actuarial cost method	Entry age
Amortization method	Level percent open
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	4.61 - 7.75%
Includes inflation at	4.50%
Cost-of-living adjustments	None

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 8: PENSION PLAN (Continued)

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
9/30/08	\$ 82,908	100%	\$ 0
9/30/07	\$ 78,462	100%	\$ 0
9/30/06	\$ 85,475	100%	\$ 0

NOTE 9: CONTINGENT LIABILITIES

Risk Financing

The City of Columbiana, Alabama is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks have been covered by commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage in the prior fiscal year.

Federal Grants

In the normal course of operations, the City receives funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 10: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash and Equivalents

Current Assets - cash - Sewer Department \$ 708,390

Total Cash and Equivalents Per Combined Statement of Cash Flows \$ 708,390

Interest Paid

Total interest paid on debt \$ 0

Total interest expensed \$ 0

Total interest capitalized \$ 0

NOTE 11: LIBRARY STATE AID

During the fiscal year ended September 30, 2009, the City received grants from the State Public Library System which are reported as follows:

Receipts:

Reported in grant program revenues \$ 3,215

Expenditures:

Reported in Library expenditures
books, magazines, audio tapes 3,205

Net activity \$ 10

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 12: SCHEDULE OF INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of receivables/payables between the various individual funds during the year ended September 30, 2009:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Debt Service Fund	The General Fund paid expenses on behalf of Debt Service fund.	\$ 940
Sewer Department	General Fund	The amount due from General Fund to the Sewer Department is for the 1% sales tax collections.	155,748
Water Board - Component Unit	General Fund	The utility account was previously used for all collections. The balance due to Water Board is from previous years under allocation.	19,707
General Fund	Court	The General Fund paid expenses on behalf of the Court Fund.	6,445
4 Cents Gas Tax	Motor Fuel Tax	Motor Fuel Tax Fund owes the 4 Cents Gas for revenues deposited into the wrong fund.	<u>40</u>
Total Interfund Receivables/Payables			<u>\$ 182,880</u>

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 13: SCHEDULE OF TRANSFERS

The following is a schedule of transfers between the various individual funds during the year ended September 30, 2009:

<u>Transfer From Fund</u>	<u>Transfer to Fund</u>	<u>Purpose of Transfers</u>	<u>Amount</u>
General Fund	Debt Service - General Fund	The General Fund makes monthly transfers to the Debt Service Fund to make the monthly required debt payments.	\$ 379,131
General Fund	Library Board	The General Fund makes transfers as needed to the Library Board to cover operational costs.	<u>174,583</u>
Total Transfers			<u>\$ 553,714</u>

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 14: SIGNIFICANT COMMITMENTS

Shelby County Fire & Emergency Medical Training Complex - Fire Tower Project

The City committed to providing support to the Shelby County Fire & Emergency Medical Training Complex - Fire Tower project in the amount of \$24,000 payable in annual installments of \$8,000 over three years.

Nelson Walker Road Sewer Extension Project

On May 3, 2007 the City was awarded a grant from the Alabama Department of Economic and Community Affairs (ADECA) in the amount of \$500,000 for assistance with construction of sewer system extension and improvements. The City had a match requirement of \$261,780. See the following items for contracts related to this grant project:

The City contracted with Community Consultants, Inc. for grant administrative duties in relation to the sewer extension project. The contract amount was for \$49,900. As of September 30, 2009 the City had incurred costs of \$30,000, leaving a remaining commitment of \$19,900.

The City contracted with R.P. Bradley Construction, Inc. for construction of sewer lines and system extension. The amended contract amount was for \$1,032,569. As of September 30, 2009 the City had incurred costs of \$903,283, leaving a remaining commitment of \$129,286.

Pedestrian Improvements Project

The City entered into an agreement with the Alabama Department of Transportation, in cooperation with the United States Department of Transportation, Federal Highway Administration, entitled the Pedestrian Improvements Project in Columbiana, Alabama. The State awarded to the City \$106,667 to provide support to this project. This portion of the project was to cover the aspects of the preliminary engineering for the proposed project. The Project is financed with Federal and City Funds, on the basis of 80% federal funds and 20% City Funds. The City portion of matching funds is \$26,667.

The City contracted with Gresham Smith and Partners for engineering services in relation to the construction of sidewalk improvements and infrastructure. The contract amount was for \$69,664. As of September 30, 2009 the City had incurred costs of \$69,352, leaving a remaining commitment of \$312.

(Continued)

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 14: SIGNIFICANT COMMITMENTS (Continued)

Downtown Streetscape Project

The City entered into an agreement with the Alabama Department of Transportation, in cooperation with the United States Department of Transportation, Federal Highway Administration, entitled the Downtown Streetscape Project in Columbiana, Alabama. The State awarded to the City \$354,463 to provide support to this project. The Project is financed with Federal and City Funds, on the basis of 80% federal funds and 20% City Funds of \$88,616. The City is to undertake the construction of Downtown Street Improvements.

Other

On October 6, 2009 the City awarded a bid for a purchase of a new fire truck from Pro Fire/Pierce Equipment, LLC, in the amount of \$185,055.

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 3, 2010, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in financial statements for the year ended September 30, 2009. No items requiring recording or disclosure were noted.

NOTE 16: THREATENED OR PENDING LITIGATION

The City of Columbiana has been sued by R. P. Bradley Construction, Inc. in connection with the Nelson Walker Road sewer extension project. The pending legal action against the City was filed on August 3, 2009 (Civil Action No. CV-2009-900555.00/Circuit Court of Shelby County, Alabama). The City has filed its answer and a counter claim against R. P. Bradley Construction, Inc. as well as a third party action against Gresham Smith and Partners, Birmingham, Alabama, the project engineer. All claims pending in this action involve alleged damages sustained by various parties because of alleged breach of contract. The City's position is being vigorously contested. There is no insurance coverage involved. An effort will be made to seek an out-of-court settlement between all parties. No trial date has been set. The City does not see the likelihood of an unfavorable outcome.

CITY OF COLUMBIANA, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 17: SENIOR CENTER OPERATIONS:

The City entered into a cooperative working relationship with the Alabama Middle Area Agency on Aging (M4A) to enhance the provision of nutrition and other services to eligible seniors in the City of Columbiana. Services are provided at no cost to the participants; however, donations are accepted. The following schedule summarizes the sources of funds and expenses of the Senior Center operations for the year ended September 30, 2009.

Sources of Funds

Salary reimbursements from M4A	\$	9,397
Operational grant from Shelby County Commission		2,000
Donations from participants		<u>3,757</u>
Total funds available	\$	<u>15,154</u>

Cash expenditures

Wages and salaries	\$	12,624
Payroll taxes and employee benefits		1,776
Operational grant expenditures		2,000
Janitorial supplies and repairs		1,141
Office expenses		472
Utilities		6,026
Donations transmitted to M4A		<u>3,757</u>
Total cash expenditures	\$	<u>27,796</u>

Inkind support provided by the City

Use of Senior Center Building	\$	<u>11,850</u>
-------------------------------	----	---------------

Meals provided to participants

Congregate (at senior center)		5,492
Home delivery		4,549
Frozen or shelf stable		<u>181</u>
Total meals provided		<u>10,222</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COLUMBIANA, ALABAMA

BUDGETARY COMPARISON SCHEDULE - MAJOR FUNDS:

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Budget</u>	<u>Budget</u>		<u>(Negative)</u>
<u>Revenues</u>				
Donations	\$ 25,900	\$ 17,900	\$ 20,653	\$ 2,753
Fines	650	650	770	120
Fire department income	4,714	7,164	5,963	(1,201)
Grant income	38,000	138,774	105,295	(33,479)
Investment income	172,000	172,000	191,486	19,486
Licenses and permits	584,000	575,500	526,666	(48,834)
Miscellaneous	7,450	9,915	50,561	40,646
Park and recreation fees	8,000	16,518	27,235	10,717
Sanitation services	265,100	265,100	265,775	675
Tax revenue	<u>1,764,750</u>	<u>1,761,750</u>	<u>1,823,638</u>	<u>61,888</u>
Total Revenues	<u>2,870,564</u>	<u>2,965,271</u>	<u>3,018,042</u>	<u>52,771</u>
<u>Expenditures</u>				
Beautification	7,500	7,500	2,759	4,741
Capital expenditures	169,842	169,842	314,829	(144,987)
Debt retirement	254,240	254,240	192,698	61,542
Donations and liberty day	26,500	26,500	43,114	(16,614)
Fire and rescue	205,405	205,405	198,022	7,383
General government	575,862	544,962	494,893	50,069
Interest on long-term debt	137,603	137,603	220,000	(82,397)
Park and recreation	180,161	196,524	157,444	39,080
Police	671,132	671,132	727,522	(56,390)
Sanitation	251,847	251,847	235,649	16,198
Street	<u>348,504</u>	<u>509,933</u>	<u>375,371</u>	<u>134,562</u>
Total Expenditures	<u>2,828,596</u>	<u>2,975,488</u>	<u>2,962,301</u>	<u>13,187</u>
Excess of Revenues Over (Under) Expenditures	41,968	(10,217)	55,741	65,958
<u>Other Financing Sources (Uses)</u>				
Operating transfers in			379,131	379,131
Operating transfers out			<u>(553,714)</u>	<u>(553,714)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(174,583)</u>	<u>(174,583)</u>
Excess of Revenue and Other Sources over (under) Expenditures and Other Uses	\$ <u>41,968</u>	\$ <u>(10,217)</u>	(118,842)	\$ <u>(108,625)</u>
Fund balance, beginning (Non-GAAP budgetary basis)			<u>5,083,744</u>	
Fund balance, ending (Non-GAAP budgetary basis)			4,964,902	
<u>Adjustments to Generally Accepted Accounting Principles</u>				
Unrealized gain on investments			189,537	
Revenue and transfer accruals			(99,290)	
Expenditure and transfer accruals			<u>30,460</u>	
Fund balance, ending (GAAP basis)			\$ <u>5,085,609</u>	

NOTE: The City is not legally required to adopt a budget for the Court or Sewer Funds.

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

CITY OF COLUMBIANA, ALABAMA

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	<u>Four Cent</u> <u>Gas Tax</u>	<u>Motor</u> <u>Fuel Tax</u>	<u>7 Cents</u> <u>Gas Tax</u>
ASSETS			
<u>Assets</u>			
Accounts receivable - taxes	\$ 697	\$ 123	\$ 769
Accounts receivable - fines			
Interfund receivable	40		
Prepaid expense			
<u>Restricted Assets</u>			
Cash	<u>38,358</u>	<u>43,158</u>	<u>31,505</u>
 Total Assets	 <u>\$ 39,095</u>	 <u>\$ 43,281</u>	 <u>\$ 32,274</u>
LIABILITIES AND FUND BALANCES			
<u>Liabilities</u>			
Accounts payable	\$	\$	\$
Accrued wages			
Interfund payable		40	
 Total Liabilities	 <u>0</u>	 <u>40</u>	 <u>0</u>
<u>Fund Balances</u>			
Unreserved	<u>39,095</u>	<u>43,241</u>	<u>32,274</u>
 Total Liabilities and Fund Equity	 <u>\$ 39,095</u>	 <u>\$ 43,281</u>	 <u>\$ 32,274</u>

See independent auditor's report.

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

<u>State Capital Improvements</u>	<u>Library</u>	<u>Cemetery</u>	<u>Total Nonmajor Governmental Funds</u>
\$	\$	\$	\$
	61		1,589
			61
	582		40
			582
<u>89,981</u>	<u>38,133</u>	<u>171,817</u>	<u>412,952</u>
\$ <u>89,981</u>	\$ <u>38,776</u>	\$ <u>171,817</u>	\$ <u>415,224</u>
\$	\$	\$	\$
	2,405		2,405
	6,033		6,033
			40
<u>0</u>	<u>8,438</u>	<u>0</u>	<u>8,478</u>
<u>89,981</u>	<u>30,338</u>	<u>171,817</u>	<u>406,746</u>
\$ <u>89,981</u>	\$ <u>38,776</u>	\$ <u>171,817</u>	\$ <u>415,224</u>

See independent auditor's report.

CITY OF COLUMBIANA, ALABAMA

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

	<u>Four Cent Gas Tax</u>	<u>Motor Fuel Tax</u>	<u>7 Cents Gas Tax</u>
<u>Revenues</u>			
Donations	\$	\$	\$
Fines			
Grant income			
Investment income	76	102	64
Lot sales and openings/closings			
Miscellaneous			
Shared taxes	<u>8,021</u>	<u>1,454</u>	<u>8,744</u>
 Total Revenue	 <u>8,097</u>	 <u>1,556</u>	 <u>8,808</u>
<u>Expenditures</u>			
Capital expenditures			
Library			
Street expenditures			<u>2,692</u>
 Total Expenditures	 <u>0</u>	 <u>0</u>	 <u>2,692</u>
<u>Other Financing Sources (Uses)</u>			
Operating transfers in	<u>0</u>		
 Total Other Financing Sources (Uses)	 <u>0</u>	 <u>0</u>	 <u>0</u>
 Net change in fund balances	 8,097	 1,556	 6,116
Fund Balance, Beginning of Year	<u>30,998</u>	<u>41,685</u>	<u>26,158</u>
Fund Balance, End of Year	\$ <u><u>39,095</u></u>	\$ <u><u>43,241</u></u>	\$ <u><u>32,274</u></u>

See independent auditor's report.

CITY OF COLUMBIANA, ALABAMA

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

<u>State Capital Improvements</u>	<u>Library</u>	<u>Cemetery</u>	<u>Total Nonmajor Governmental Funds</u>
\$	\$	\$	\$
	1,637	500	2,137
	7,591		7,591
	5,912		5,912
1,063	67	2,839	4,211
		11,000	11,000
	4,038		4,038
<u>42,554</u>			<u>60,773</u>
<u>43,617</u>	<u>19,245</u>	<u>14,339</u>	<u>95,662</u>
	3,713	11,468	15,181
	184,383		184,383
			2,692
<u>0</u>	<u>188,096</u>	<u>11,468</u>	<u>202,256</u>
	174,583		174,583
<u>0</u>	<u>174,583</u>	<u>0</u>	<u>174,583</u>
43,617	5,732	2,871	67,989
<u>46,364</u>	<u>24,606</u>	<u>168,946</u>	<u>338,757</u>
\$ <u>89,981</u>	\$ <u>30,338</u>	\$ <u>171,817</u>	\$ <u>406,746</u>

See independent auditor's report.