

# **City of Madison, Alabama**

## **Annual Operating Budget**

### **Fiscal Year 2013**

## **OVERVIEW**



**Madison Municipal Complex**

**CITY OF MADISON, ALABAMA**  
*The Community of Choice*

**Annual Operating Budget  
Fiscal Year Ending  
September 30, 2013**

**OVERVIEW**

**Prepared by:  
Finance Department**

**100 Hughes Road  
Madison, Alabama 35758  
256-772-5600**

**[www.madisonal.gov](http://www.madisonal.gov)**

# **ELECTED OFFICIALS**

**TROY TRULOCK  
MAYOR**

## **COUNCIL MEMBERS**

**TIM HOLCOMBE  
DISTRICT 1**

**STEVE SMITH  
DISTRICT 2**

**D.J. KLEIN  
DISTRICT 3**

**MIKE POTTER  
DISTRICT 4**

**TOMMY OVERCASH  
PRESIDENT - CITY COUNCIL  
DISTRICT 5**

**GERALD CLARK  
DISTRICT 6**

**RONICA ONDOCSIN  
PRESIDENT PRO-TEM - CITY COUNCIL  
DISTRICT 7**

# **VISION**

To Be The Community of Choice  
for Residents and Businesses  
While Continuing to Improve Our Quality of Life.

# **MISSION**

To accomplish the Vision, we must:

1. Successfully Serve our Citizens  
-Residents and Businesses
2. Deliver Quality Products and Services.

# BUDGET OVERVIEW

The **Budget** serves the following purposes:

- ▶ **Policy Document** – The **budget** as a policy document sets goals and objectives for the City as a whole and city departments.
- ▶ **Financial Plan** – The **budget** is a financial plan, which allocates financial resources based on strategic analysis of the challenges and opportunities confronting the City. The City’s budget is a comprehensive document that looks at all sources of revenue and explains the purposes of uses to achieve short-term and long-term goals.
- ▶ **Operations Guide** – The **budget** provides specific details on performance to achieve the goals and objectives set by policy. Performance measured in each department based on the stated goals and objectives for a given period.
- ▶ **Communication Tool** – The **budget** informs the citizens of major budgetary decisions and issues confronting the City. The document provides detail on the decision making process that led to an adopted budget. The **budget** serves as one of the most important tools that the City uses to communicate all its activities to the public.

The **budget** is the key element, which connects the flow of accounting transactions, reporting financial information, auditing reported information, and evaluating performance against goals and objectives.

The **budget** brings together the following three (3) essential components for sound management of resources:

- (1) Planning
- (2) Control
- (3) Evaluation

## BUDGET AMENDMENTS

The **budget** is a financial plan that requires continuous monitoring and occasional revisions, which reflect changing operational developments. In order to accommodate the changing needs for services and programs, the legislative body is required to make amendments to the budget. The City generally uses two types of budget amendments.

The first type of amendment is one, which may cause a net change in the overall budget or department budget. This type of amendment may result from an increase or decrease to revenues and/or expenditures or request changes in funding a capital project. This type of amendment is a **Supplement Budget Appropriation**. Budget amendments of this nature are legislative and require the approval of the City Council.

The second type of amendment is an **Administrative Budget Adjustment**. Administrative budget adjustments generally occur on the departmental level. This type of amendment does not cause any net change in the overall function of the budget. The effect of an administrative adjustment is that it redistributes appropriated funding within a department to different line items within the same department without causing an increase or decrease in the budget. The exceptions are amendments within a department in excess of \$1,000, an increase or decrease to the personnel compensation, and an increase or decrease to a capital outlay line item. These types of amendments require approval of the City Finance Committee.

The City designed this overview to provide the reader a snap shot of the annual operating budget with the focus on the major operating fund (General Fund). This budget will enable the City to continue providing high quality programs and services to its Citizens in an efficient manner keeping the focus on our vision, **“To be the community of choice for residents and businesses while continuing to improve our quality of life.”**

This **Financial Plan** directs and provides the authority for **Management** to use the financial resources of the City wisely.



## BUDGET SUMMARY

### Governmental Functions

The City accounts for the services administered to its citizens through the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds. These funds account for the budgeted revenues and expenditures. The funds provide the greatest opportunity for discretionary decision-making by the Mayor and City Council, which becomes the primary focus of the City's budgetary decision-making process.

### Financial and Budgetary Controls

Financial and budgetary controls derived from the City's accounting system based on a fund structure. A fund is an independent fiscal and accounting entity containing a self-balancing set of accounts segregated for carrying out basic functions in accordance with special regulations, restrictions, or limitations. A fund may be further broken down internally into departmental or other purposes for better budgetary control and performance monitoring.

The City uses the same system of accounts and funds for budgeting, financial control, and reporting. The City's summarizes all its funds into the standard fund types in accordance with the standards set forth by the Governmental Accounting Standards Board (GASB).

In addition to being the basis for the accounting system, the funds provide the legal budgetary control for all expenditures. The City Council approves appropriations for all budgeted funds. The department heads are responsible to the Mayor for monitoring the departments' line-item budgets. The City of Madison maintains tight budgetary controls. The City's level of budgetary control is at the departmental level.

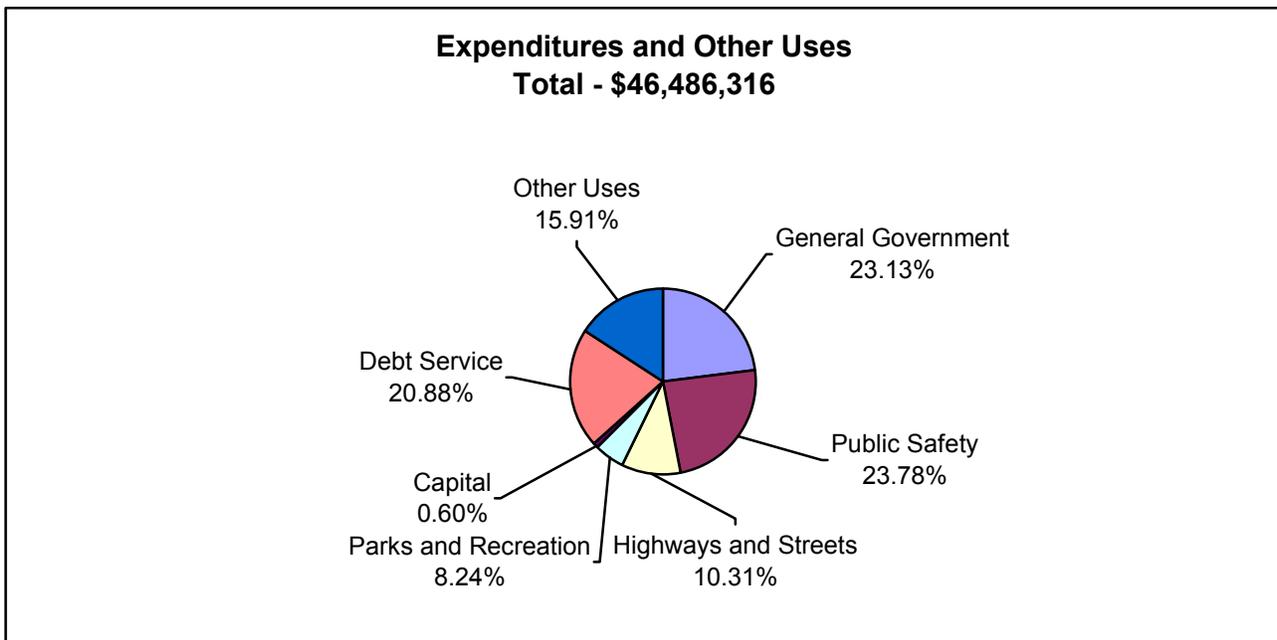
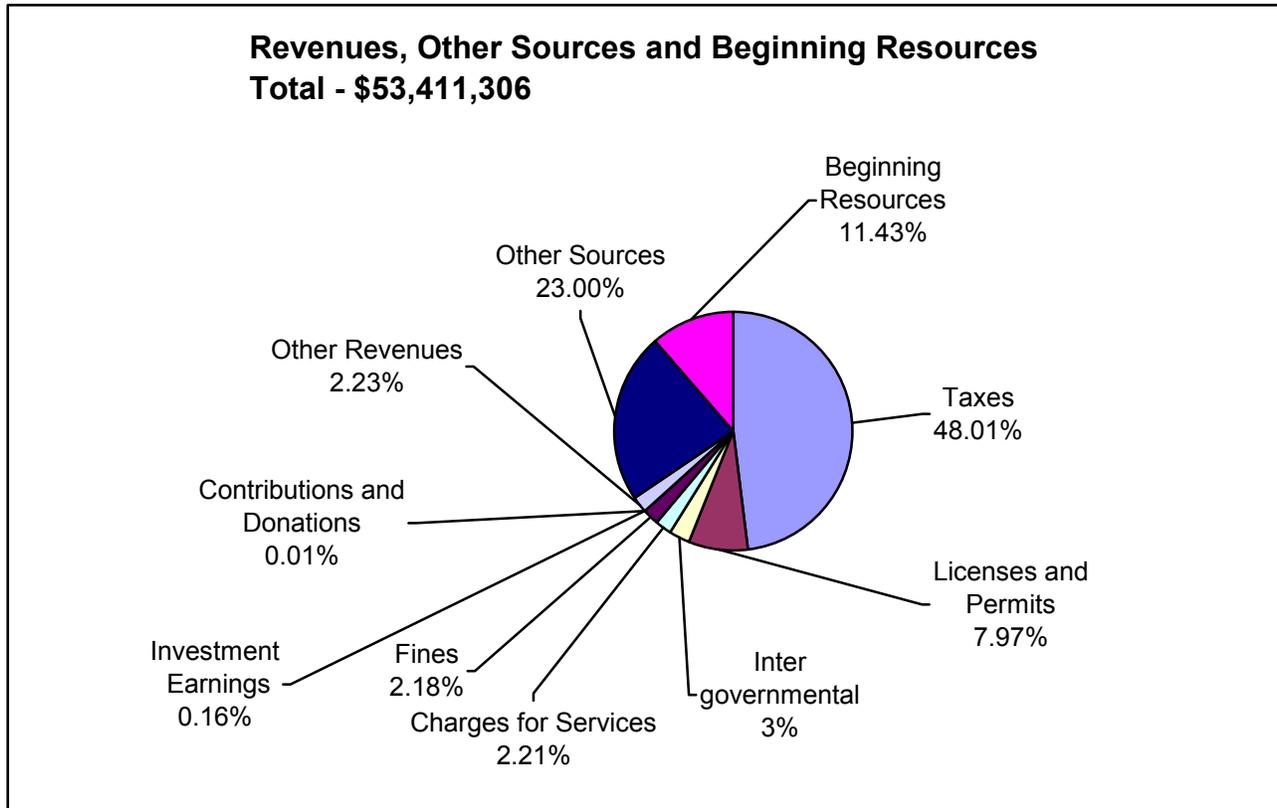
### Fund Accounting

The City organizes its accounts based on funds and each considered a separate accounting entity. Each fund accounted for with a separate set of self-balancing accounts that comprise of assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The City of Madison's resources allocated to and accounted for in individual funds depending on purpose and control. The individual funds summarized by fund type in the financial statements. The following four (4) fund types used by the City of Madison:

- General Fund – The General Fund is the main operating fund of the City of Madison. It is used to account for all financial resources and transactions of the City, except those required to be accounted for in another fund.
- Special Revenue Funds – Special Revenue Funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes as required by law or administrative regulations.
- Debt Service Funds – Debt Service Funds used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.
- Capital Projects Funds – Capital Projects Funds used to account for financial resources designated for the acquisition or construction of generally governmental capital improvements.

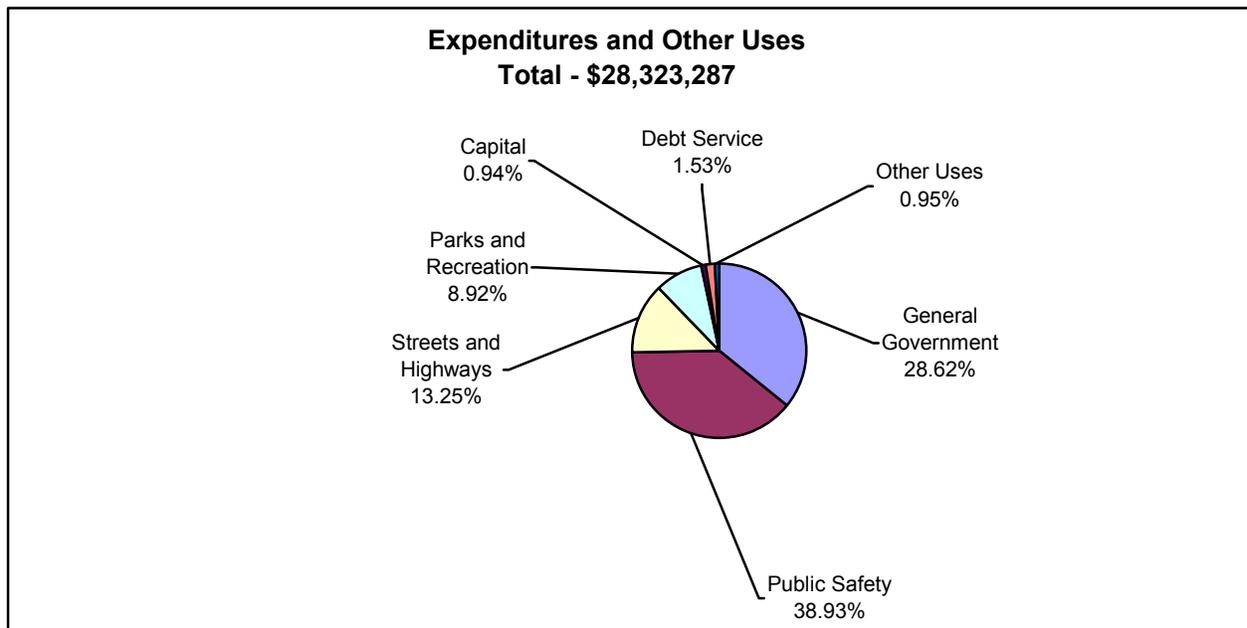
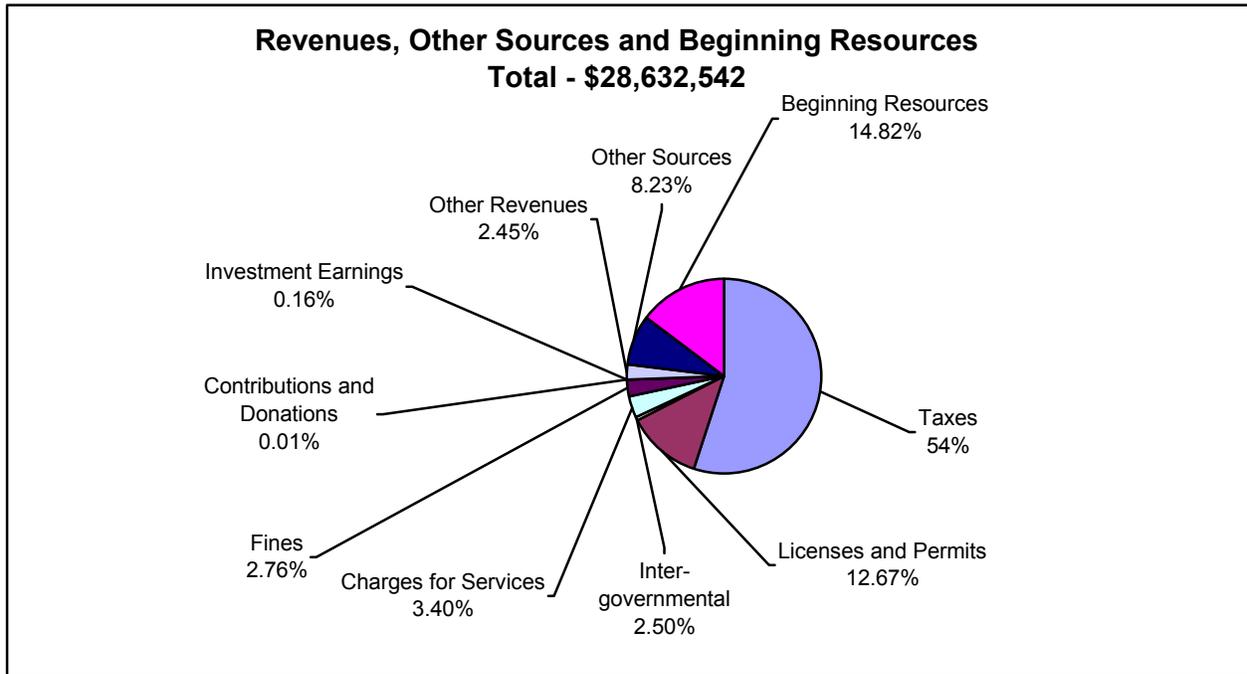
- A SNAPSHOT OF THE OVERALL BUDGET

### BUDGETED FUNDS



## A SNAPSHOT OF THE GENERAL FUND

The **General Fund** is the main operating fund of the City. This fund accounts for the resources used to finance a full range of services. The services include police protection, fire protection, municipal court services, land use planning services, building permits and inspection activities, trash-collection services, activities for parks and recreational facilities, general administrative services, and other activities of the City, which are not included in another fund.



**GENERAL FUND  
AMENDED BUDGET  
FISCAL YEAR 2012**

**REVENUES AND OTHER SOURCES**

The City classifies the **Revenues** of the General Fund into eight (8) categories: (1) **Taxes**, (2) **Licenses and Permits**, (3) **Intergovernmental**, (4) **Charges for Services**, (5) **Fines**, (6) **Investment Earnings** (7) **Contributions and Donations**, and (8) **Other Revenues**.

**Other Sources** are not revenues but are resources transferred from other funds to support expenditures charged in the General Fund.

**Beginning Resources** are a portion of the reserves (fund balance) used to the balance the budget.

Revenues from **Taxes** projected to increase \$43,869 or 0.24 percent over the 2012 estimated amount. Taxes represent 64.45 percent of total revenues and other sources. Taxes comprise of the resources listed below:

<b>REVENUE RESOURCE</b>	<b>2012 ESTIMATED AMOUNT</b>	<b>2013 ADOPTED BUDGET</b>	<b>INCREASE (DECREASE)</b>	<b>PERCENT OF INCREASE (DECREASE)</b>
Sales	\$10,615,243	\$10,500,400	(\$114,843)	(1.08%)
Property Tax	4,022,131	4,105,347	83,216	2.07%
Alcoholic Beverages	911,988	918,781	6,793	0.74%
Franchise Tax	1,006,744	1,032,902	26,158	2.45%
Rental	399,459	404,000	4,541	1.14%
Lodging	1,029,183	1,066,237	37,054	3.60%
Other Taxes	421,423	422,373	950	0.23%
<b>TOTAL</b>	<b>\$18,406,171</b>	<b>\$18,450,040</b>	<b>\$43,869</b>	<b>0.24%</b>

Revenues from **Licenses and Permits** projected for a total of \$4,257,650 with a 1.84 percent increase over the 2012 estimated amount. Licenses and Permits represent 14.87 percent of total revenues and other sources.

## REVENUES AND OTHER SOURCES - continued

The **Intergovernmental** revenues projected to decrease \$24,222 from the 2012 estimated amount. Intergovernmental revenues consist of grants and other revenues from various other agencies. The projected decrease is due to several of the City's grants coming to a close during the Fiscal Year 2012. Intergovernmental revenues represent .71 percent of total revenues and other sources.

Revenues from **Charges for Services** projected to decrease \$86,632 from the 2012 estimated amount. Charges for Services revenues consist of trash collection fees, animal impoundment fees, alarm fees, subdivision plat fees, recreational fees, rezoning fees, and miscellaneous fees for administrative services such as copy charges. This decrease is mainly due to Kids Camp not being budgeted at present. Charges for services represent 3.99 percent of total revenues and other sources.

Revenues from **Fines** projected for a total of \$928,674 which represents a \$13,560 increase over the 2012 estimated amount. Fines represent 3.24 percent of total revenues and other sources.

Revenues from **Investment Earnings** projected for a total of \$53,500. Investment earnings represent .19 percent of total revenues and other sources.

Revenues from **Contributions and Donations** projected for a total of \$4,200. Contributions and donations represent .01 percent of total revenues and other sources.

**Other Revenues** projected to increase \$2,969 over the 2012 estimated amount. Other revenues represent 2.88 percent of total revenues and other sources. The increase for other revenues comprises of the resources shown below:

OTHER REVENUES	2012 ESTIMATED AMOUNT	2013 ADOPTED BUDGET	INCREASE (DECREASE)	PERCENT OF INCREASE (DECREASE)
Transfers In-Madison City Schools	310,968	\$331,885	20,917	6.73%
Miscellaneous Revenue	36,747	23,000	(13,747)	(37.41%)
Property Rental	104,547	104,000	(547)	(0.52%)
North Alabama Gas District	356,130	356,130	-0-	0.00%
Insurance Deductible	13,654	10,000	(3,654)	(26.76%)
<b>TOTAL</b>	<b>\$822,046</b>	<b>\$825,015</b>	<b>\$2,969</b>	<b>0.36%</b>

## REVENUES AND OTHER SOURCES - continued

**Other Sources** projected to decrease \$459,820 from the 2012 estimated amount. This decrease is mainly due to the sale of fixed assets in 2012. No assets are projected to be sold in 2013. Other sources represent 9.66 percent of total revenues and other sources.

The amended annual operating budget document provides full detail on projections of revenues and other sources to fund activities accounted for in the General Fund.

## EXPENDITURES AND OTHER USES

Total expenditures and other uses projected to decrease \$851,528 or 2.92 percent from the 2012 estimated amount. The changes shown below by departments:

DEPARTMENT	2012 ESTIMATED AMOUNT	2013 ADOPTED BUDGET	INCREASE (DECREASE)	PERCENT OF INCREASE (DECREASE)
General Administration	\$1,338,144	\$1,520,467	\$182,323	13.63%
Police	6,672,934	6,348,600	(324,334)	(4.86%)
Public Works	3,859,915	3,236,306	(623,609)	(16.16%)
City Clerk	766,967	741,129	(25,838)	(3.37%)
Recreation	2,351,427	2,240,286	(111,141)	(4.73%)
Fire	5,072,446	5,138,290	65,844	1.30%
Planning	338,022	325,740	(12,282)	(3.36%)
Court	1,166,034	1,130,077	(35,957)	(3.08%)
City Council	143,948	149,630	5,682	3.95%
Finance	736,331	692,947	(43,384)	(5.89%)
Human Resources	3,632,168	3,632,168	-0-	0.00%
Mayor's Office	341,744	531,031	189,287	55.39%
Revenue	315,362	305,018	(10,344)	(3.28%)
Engineering	580,518	549,107	(31,411)	(5.41%)
Senior Center	274,593	266,811	(7,782)	(2.83%)
Information Technology	426,182	407,018	(19,164)	(4.50%)
Legal	258,192	250,446	(7,746)	(3.00%)
Building	899,888	858,216	(41,672)	(4.63%)
<b>TOTAL</b>	<b>\$29,174,815</b>	<b>\$28,323,287</b>	<b>(\$851,528)</b>	<b>(2.92%)</b>

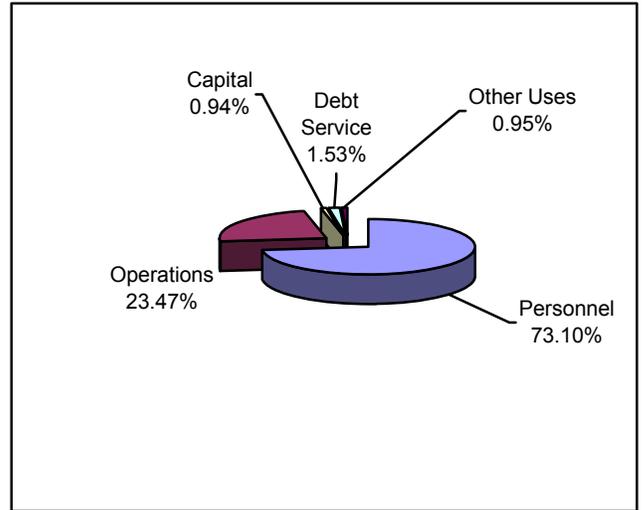
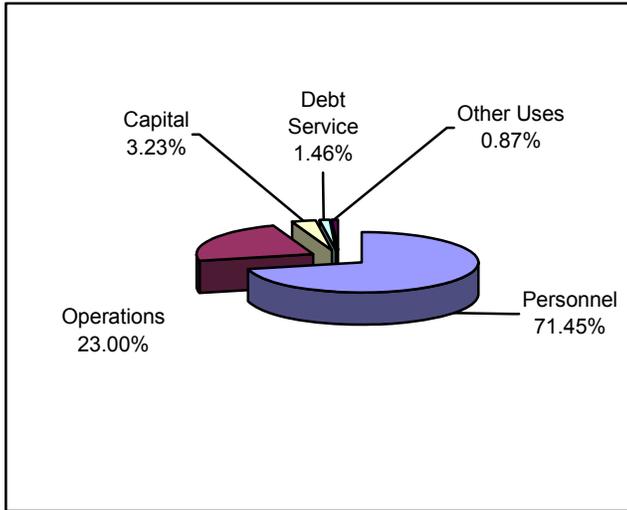
**EXPENDITURES AND OTHER USES - continued**

**Fiscal Year 2012 Estimated Amount**

Personnel	\$20,844,573
Operations	6,709,144
Capital	941,352
Debt Service	425,539
Other Uses	<u>254,207</u>
<b>Total</b>	<b>\$29,174,815</b>

**Fiscal Year 2013 Adopted Budget**

Personnel	\$20,705,374
Operations	6,648,377
Capital	267,633
Debt Service	432,356
Other Uses	<u>269,547</u>
<b>Total</b>	<b>\$28,323,287</b>



## EXPENDITURES AND OTHER USES - continued

### DEPARTMENTS

The decrease of \$851,528 explained below as it relates to the individual departments.

**010 - General Administration Department – Increased \$182,323** over the 2012 estimated amount

- \$3,948 decrease in utilities projected.
- \$39,739 decrease in special projects – Non-Departmental (outside agencies)
- \$210,000 increase in special projects – purchase of land for walking trail

**020 - Police Department – Decreased \$324,334** from the 2012 estimated amount.

- \$23,651 – increase in personnel services – main increase in salaries and workers compensation
- \$23,651 – decrease in operating expenditures – main decrease in uniforms and various decreases in other accounts
- \$324,333 – decrease in capital outlay – no capital outlay in FY 2013 budget

**030 - Public Works Department – Decreased \$623,609** from the 2012 estimated amount.

- \$116,849 – decrease in personnel services – positions not being filled at present
- \$105,256 – decrease in operating expenditures – main reductions in supplies, maintenance and sub-contract expense
- \$401,504 – decrease in capital outlay – FY 2013 budget has \$30,000 in capital down from \$431,504 in the 2012 estimated actual

**040 - City Clerk Department – Decreased \$25,838** from the 2012 estimated amount.

- \$4,227 – decreased in personnel services – position filled with employee at lower wage rate
- \$21,611 – decrease in operating expenditures – election expenses not in FY 2013 budget

**050 - Recreation Department – Decreased \$111,141** from the 2012 estimated amount.

- \$92,933 – decrease in personnel services – part-time employees down
- \$22,503 – increase in operating expenditures – main increase in Neighborhood Park account
- \$40,711 – decrease in capital outlay – no outlay in FY 2013 budget

**060 - Fire Department – Decreased \$65,844** from the 2012 estimated amount.

- \$86,942 – increase in personnel services – main increase in overtime
- \$168,994 – decrease in operating expenditures – main decreases in uniforms, training, job health and grant expenditures
- \$141,112 – increase in capital outlay -\$130,000 funded by grant

## EXPENDITURES AND OTHER USES - continued

### DEPARTMENTS

#### **070 - Planning Department – Decreased \$12,282** from the 2012 estimated actual

- \$42,015 – decrease in personnel services – position not being filled at present
- \$29,733 – increase in operating expenditures – main increase in consultant services

#### **080 - Court Clerk Department – Decreased \$35,957** from the 2012 estimated amount.

- \$17,749 increase in personnel services – main increase in salaries and bailiff overtime
- \$53,706 decrease in operating expenditures – main decrease in court costs remitted to State of Alabama

#### **090 - City Council – Increased \$5,682** from the 2012 estimated amount.

- \$3,446 – increase in personnel services – main increase in salaries
- \$2,236 – increase in operating expenditures – main increase in special projects, with a decrease in consultant services

#### **100 - Finance Department – Decreased \$43,384** from the 2012 estimated amount.

- \$28,381 – decrease in personnel services – main decrease in salaries (vacant position)
- \$15,003 – decrease in operating expenditures – main decrease in consultant services and sub-contract work

#### **120 - Human Resources Department – No increase or decrease** from the 2012 estimated amount.

#### **130 - Mayor's Office – Increased \$189,287** from the 2012 estimated amount.

- \$19,744 – increase in personnel services – main increase in salaries
- \$169,543 – increase in operating expenditures – main increase in special projects and a decrease in grant expenditures

#### **140 - Revenue Department – Decreased \$10,344** from the 2012 estimated amount.

- \$39,256 – decrease in personnel services – position not being refilled at present
- \$28,912 – increase in operating expenditures – main increase in special projects and a decrease in consultant services

#### **150 - Engineering Department – Decreased \$31,411** from the 2012 estimated amount.

- \$6,200 – decrease in personnel services – main decrease in salaries
- \$11,730 – decrease in operating expenditures – main decrease in consultant services and an increase in maintenance contracts and special projects
- \$13,481 – decrease in capital outlay – no capital outlay in 2013 budget

#### **160- Senior Center - Decreased \$7,782** from the 2012 estimated amount.

- \$9,761 – decrease in personnel services – position not filled at present
- \$1,979 – increase in operating expenditures – main increase in special projects

## EXPENDITURES AND OTHER USES - continued

### DEPARTMENTS

**180- Information Technology Department – Decreased \$19,164** from the 2012 estimated amount.

- \$45,785 – increase in personnel services – new position not a full year in 2012 estimated amount
- \$57,767 – decrease in operating expenditures – main decreases in consultant services and office equipment
- \$7,182 – decrease in capital outlay – no capital outlay in 2013 budget

**190 - Legal Department - Decreased \$7,746** from the 2012 estimated amount.

- \$3,196 – increase in personnel services – main increase in salaries
- \$10,942 – decrease in operating expenditures – main decrease in publications

**200 - Building Department – Decreased \$41,672** from the 2012 estimated amount.

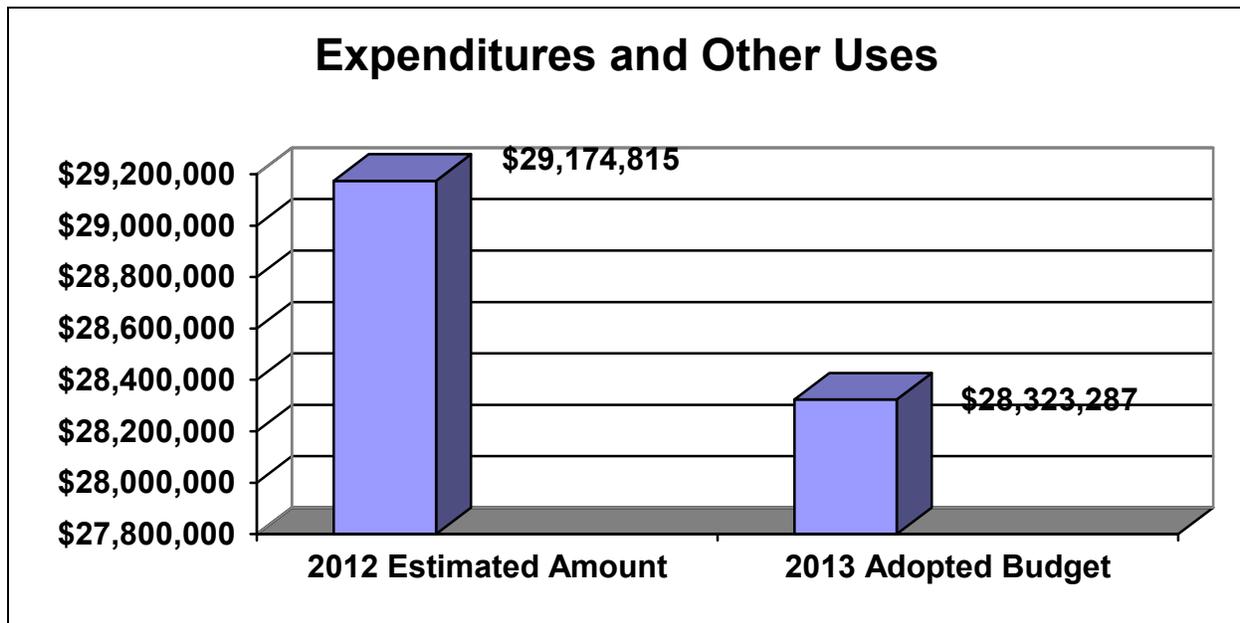
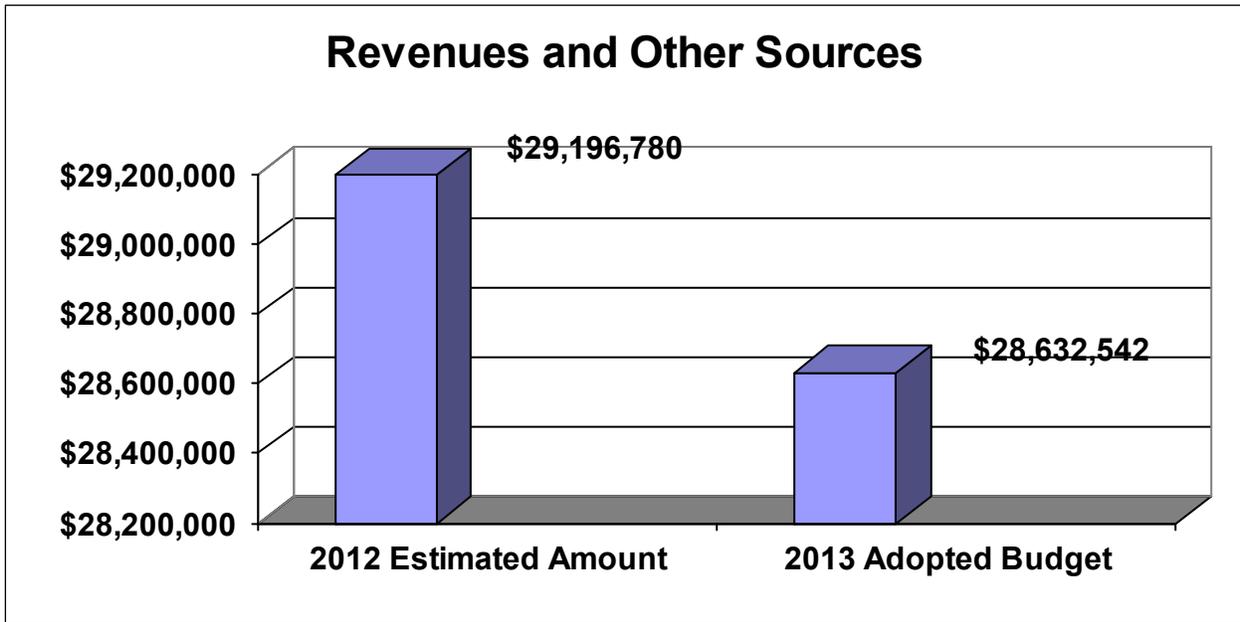
- \$12,239 – decrease in personnel services – main decrease in salaries – position not filled at present
- \$1,848 – decrease in operating expenditures – small decreases scattered through accounts
- \$27,585 – decrease in capital outlay – only \$11,982 in FY 2013 budget

The 2013 adopted operating budget document provides full detail on all activities accounted for in the General Fund by the individual departments

## COMPARISON

Budgeted revenues and other sources estimated to decrease \$564,238 or 1.93 percent from the 2012 estimated amount.

Expenditures and other uses projected to decrease \$859,474 or 2.95 percent from the 2012 estimated amount.



## POLICY COMPLIANCE

### FISCAL POLICY

**Balanced Budget** – The City will balance the operating budget with current revenues, exclusive of the beginning resources, greater than or equal to current expenditures. If the operating budget cannot balance with current revenues, exclusive of beginning resources, the City may balance the operating budget with beginning resources, which must allow for the estimated fund balance of the General Fund to be greater than or equal to ten percent (10%) of the estimated revenues.

The budget of the General Fund balanced within the guidelines of the fiscal policy for a projected fund balance of \$5,291,491 at September 30, 2013. This fund balance is 20.46 percent of the estimated revenues for 2013, which exceeds the requirement of the fiscal policy by 10.46 percent. The fund balance is projected to increase \$309,255 or 6.21 percent compared to the unaudited fund balance for fiscal year 2012. An analysis of the fund balance shown below:

<b>FUND BALANCE – OCTOBER 1, 2012 (unaudited)</b>	<b>\$4,982,236</b>
Add:	
Estimated Revenues	25,865,737
Other Sources	2,766,805
<b>Total Resources</b>	<b>33,614,778</b>
Less:	
Expenditures	28,053,740
Other Uses	269,547
<b>Total Expenditures and Other Uses</b>	<b>28,323,287</b>
<b>ESTIMATED FUND BALANCE AT SEPTEMBER 30, 2013</b>	<b>\$5,291,491</b>

The amended operating budget balanced as shown below:

Estimated Revenues	\$25,865,737
Other Sources	2,766,805
<b>Total Budgeted Resources</b>	<b>\$28,632,542</b>
Expenditures	28,053,740
Other Uses	269,547
<b>Total Budgeted Expenditures and Uses</b>	<b>\$28,323,287</b>

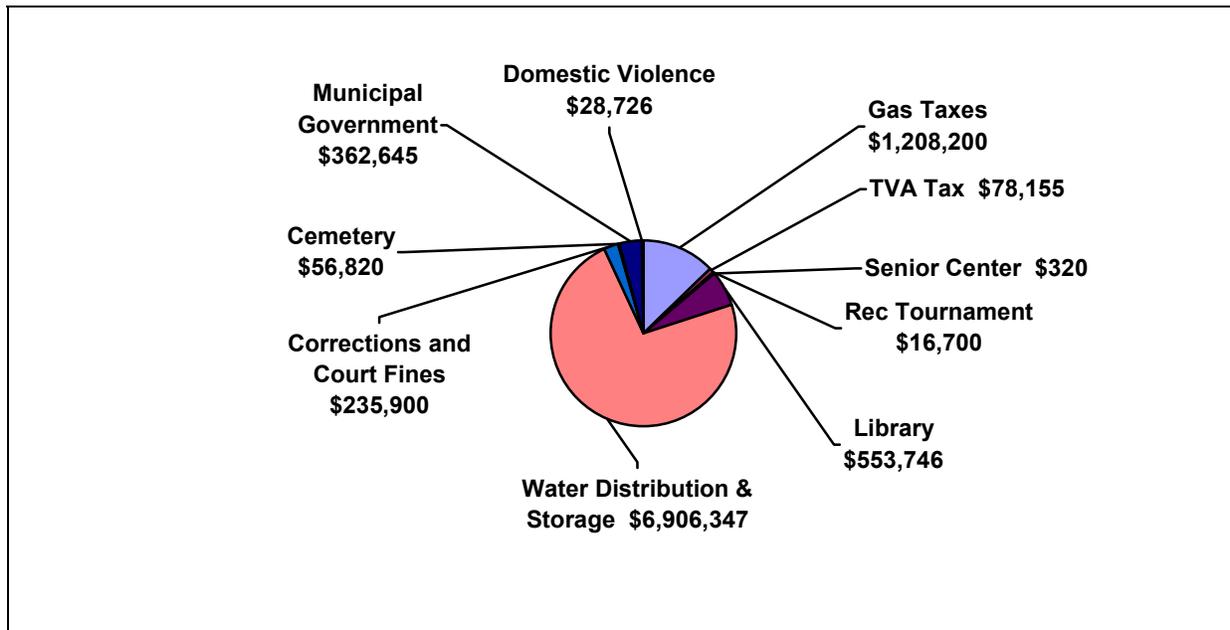
## A SNAPSHOT OF THE SPECIAL REVENUE FUNDS

A **Special Revenue Fund** used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The City uses separate Special Revenue Funds to account for activities of specific revenues that are legally restricted to expenditures for particular purposes. The individual funds with approved budgets are:

- Gasoline Taxes and Inspection Fees Fund
- TVA Tax Distribution Fund
- Recreation Tournament Fund
- Senior Center Donation Fund
- Library Fund
- Water and Distribution and Storage Project Fund
- Corrections and Court Fines Fund
- Cemetery Fund
- Municipal Governmental Capital Improvement Fund
- Domestic Violence Grant Fund
- Recreation Summer Day Camp Fund

All budgeted expenditures and other uses for Special Revenue Funds total \$9,428,190 and shown below by fund:



The specific revenues, other sources, expenditures, other uses, and fund balances of each individual Special Revenue Fund, along with the purposes of each fund, can be found in the 2013 Adopted Budget.

## A SNAPSHOT OF THE DEBT SERVICE FUNDS

A **Debt Service Fund** is used to account for the accumulation of resources for the payment of general obligation long-term debt of principal and interest, which is not serviced by another fund. The City uses the debt service fund to account for bonded debt. The debt service fund does not include contractual obligations accounted for in another fund.

The City's fiscal policy addresses debt management, which includes the following:

- **The City “will not” use long-term debt for operating purposes and the life of the bonds “will not” exceed the useful life of the projects financed.**
- The City will provide full disclosure of operations to the bond rating agencies. The City's staff, with the assistance of fiscal advisors or bond counsel, will prepare the necessary documents for presentations to the rating agencies.
- The Debt burden should be within the norm of comparable cities.
- The City will issue bonds with an average life of twenty-five (25) years or less, if possible, in order to reduce net interest cost and maintain future flexibility by paying off debt earlier. **The issue should contribute to an overall curve that is relatively flat.**

The City dedicated the ½ Cent Sales Tax and the 5 ½ Mills Property Tax to provide 100% of the debt service requirements on general obligation bonded debt.

The City dedicated the 2 Cent Sales Tax collected by merchants at “The Shoppes of Madison” to provide 100% of the debt service requirement on the 2011 General Obligation Taxable Warrants. The debt service requirement is for a period of ten (10) years.

Madison Board of Education dedicated certain revenue sources to support debt service requirements for general obligation school bonded debt.

### Debt Rating

Standard & Poor has rated the City's general obligation bonds an AA. Moody's Investor Services, Inc. has rated the City's general obligation bonds an Aa2.

### Debt Service Requirements for Fiscal Year 2012

The budgeted debt service requirements for fiscal year 2013 total \$9,273,415 (\$2,510,000 principal, \$6,763,415 interest). Information on the debt service funds found in the 2013 Adopted Budget.

