

CITY OF MADISON, ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
September 30, 2002**

**Prepared by:
Finance Department**

INTRODUCTORY SECTION

PART I



**City of Madison, Alabama
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2002**

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**Mayor
Jan Wells**

2000 - 2004

The Mayor's mission is to retain a desirable, thriving City with planned growth, known for its exceptional quality of life while remaining:

- Financially Sound**
- Economically Secure**
- Ecologically Progressive**
- Demographically Balanced**

**Madison
City
Council**



**Serving
2000 - 2004**

**COUNCIL PRESIDENT
Cynthia McCollum
District 1**



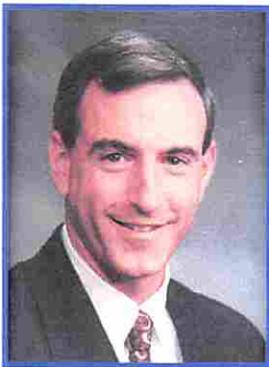
**David Bushmann
District 2**



**Ray Stubblefield
District 3**



**Jim Reagan
District 4**



**Marc Jacobson
District 5**



**Larry Vannoy
District 6**



**Bob Wagner
District 7**





FINANCE DEPARTMENT CITY OF MADISON, ALABAMA

December 19, 2002

The Honorable Janet I. Wells, Mayor
Members of City Council and
the Citizens of the City of Madison:

The Comprehensive Annual Financial Report of the City of Madison, Alabama, for the fiscal year ended September 30, 2002, is hereby submitted for your information and review. This report is published to provide the Mayor, City Council, representatives of financial institutions, citizens and other interested parties detailed information concerning the financial condition of the City government. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. This financial report, together with the statistical data, has been prepared by the Finance Department. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. The Comprehensive Annual Financial Report is presented in three sections:

1. **Introductory Section**, which is unaudited, includes this letter of transmittal, an organizational chart and a list of the City of Madison's elected officials.
2. **Financial Section**, which includes the general purpose financial statements and the combining and individual fund, account group, and discretely presented component unit financial statements and schedules, as well as the independent auditors' report on the general purpose financial statements and on compliance and on internal control over financial reporting. The statements, schedules and notes in this section provide the most information in an overview manner about the City.
3. **Statistical Section**, which is unaudited, includes selected financial, economic, social and demographic information about the City, generally on a multi-year basis.

This report is audited by an independent firm of certified public accountants as required by Alabama State Law. The financial statements contained herein are in conformity with standards established by the Governmental Accounting Standards Board (GASB) and comply with accounting principles generally accepted in the United States of America (GAAP). To the best of our knowledge and belief, this report is accurate in all material respects and presents fairly the financial position and results of operations of the various funds, account groups and component units.

GENERAL INFORMATION

The City was incorporated in 1869, and is located in the western part of Madison County. The City currently has a land area of 22.50 square miles and a population of approximately 32,000. The government is empowered to levy taxes on real and personal property located within its boundaries. The City also has the power to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the governing council.

The City has operated under the Mayor-Council form of government since 1989. The City is governed by a City Council consisting of seven council members. Members of the City Council serve on a part-time basis. The seven member Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring key City personnel. The Mayor is responsible for carrying out the policies and ordinances of the City Council, supervising the operations of the City and appointing the heads of the City's departments. The Mayor and Council members are elected to four-year terms. The Mayor is elected at large and the seven Council members are elected from within their respective districts.

The City provides to its citizens those services that have proven to be necessary and that the City can provide at the lowest cost. Included in these services are traditional city functions such as police and fire protection, road and traffic maintenance, drainage systems, parks and recreational facilities, courts, library services, building inspections and general administrative services. Madison City Board of Education provides elementary and secondary education services within the City. The financial activities related to these functions are presented in this report.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The City of Madison continues to grow in its residential, business and commercial areas. The residential area remains strong due to the growing population and recent expansions at local companies. The City's high-tech industries provide residents with some of the highest salaries in the Southeast. The median family income for the City of Madison is reported to be \$63,849.

Major industries with headquarters or divisions located within the City's boundaries or in close proximity add to the local economy's steady growth. New jobs in the commercial and manufacturing markets have contributed to the City's stability and have added to the growing industrial base of the region.

The City continues to seek new development and redevelopment opportunities. Efforts to expand the development of the property along Madison Boulevard and Highway 72 corridors have been especially successful this year. These corridors are gateways to the City and are now new homes to several large businesses.

The City expects that the fiscal year 2003 will bring more retail businesses, office projects, warehouses and light industrial companies, businesses, and restaurants.

MAJOR INITIATIVES

Budget. During preparation of the 2002 fiscal budget, elected officials and City employees worked together to identify and address several key programs needed to adequately serve the public, either through quality of life issues or technological advancements. Specific objectives may be summarized as follows: maintenance of service levels to citizens; continuation of competitiveness in the employee pay plan; and continuation of Mayor and City Council directives, including repairing and/or replacing deteriorating infrastructures, identifying alternative sources of funds, and improving external and internal communications.

Progress Report. Fiscally, the year 2002 has proven successful. Although the level of services has increased, the cost to citizens for sanitation services has remained unchanged. There were no cuts in programs or services to citizens. A three percent (3%) COLA (Cost of Living Adjustment) was provided to all eligible employees. Longevity raises were provided to all eligible employees according to the terms and provisions of the amended pay plan.

Individual and departmental successes have improved City services and enhanced growth in our community. Some of the projects accomplished or started during the year 2002 are:

- Utilized innovative and technological methods for efficient services, which included a city-wide communication system.
- Provided matching grant funds for qualified projects, which included a Domestic Violence Grant and a Recreation Trails for Dublin Park Grant through the Alabama Department of Economic and Community Affairs, several Police Block Grants and the Police COPS FAST Grant.
- Began construction on Fire Station #3.
- Established and funded a Legal Department.
- Completed construction of the tennis courts at Dublin Park.

THE REPORTING ENTITY

The financial reporting entity (City of Madison, Alabama) includes all the funds and account groups of the primary government as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government.

The Water and Wastewater Board of the City of Madison, Industrial Development Board of the City of Madison and the Madison City Board of Education are reported as discretely presented component units in this report. More detailed information on the discretely presented component units is contained in the notes to the financial statements in this report.

The City's financial statements for governmental funds which includes general, special revenue, debt service and capital projects funds have been prepared on the modified accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance current expenditures. Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt, which is recognized when due. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The proprietary funds are accounted for on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

FINANCIAL INFORMATION

General. The fairness of the representations made through annual financial statements is an integral part of the responsibility of the management of the City of Madison. Management is responsible for establishing and maintaining an effective and functional system of internal control to assure that assets and resources are safeguarded and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

Internal controls are designed to provide reasonable, but not absolute, assurance that: (1) assets and resources are used in accordance with applicable laws, regulations and management authorization; (2) transactions are executed in accordance with management authorizations and directives and are executed as efficiently and effectively as possible; and (3) transactions are properly recorded to maintain accountability over assets and to permit accurate financial reports. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In the City's integrated financial management system, the budget serves as a device to assure responsible directions are kept in the connections between resources and results. The annual appropriated budget is adopted by the City Council. The budgets for governmental funds are adopted on the modified accrual basis of accounting.

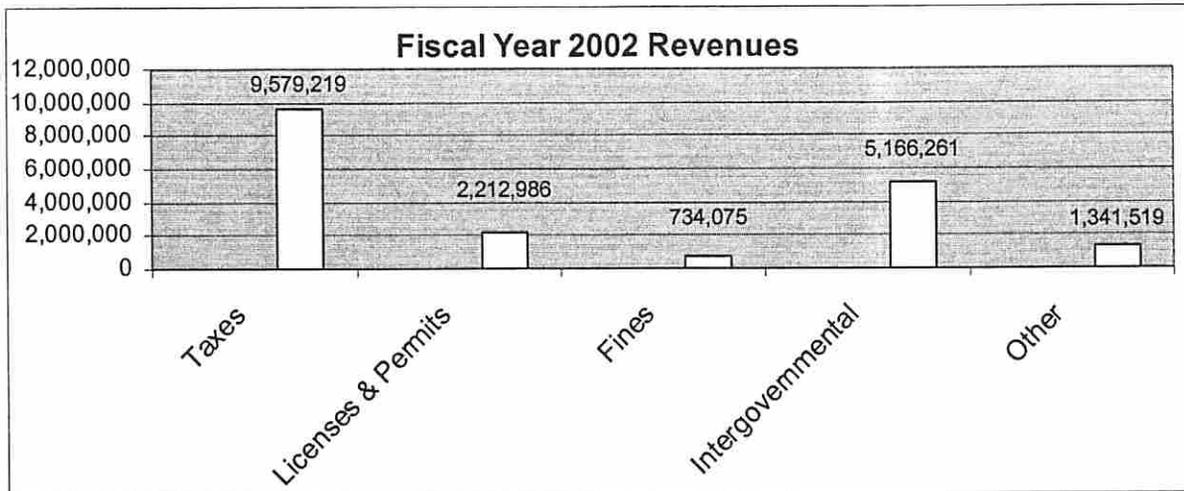
The annual operating budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments and expenditure requests, which result in budget overruns, require the approval of the City Council. The legal level of budgetary control is the departmental level.

The government also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments have not been fulfilled in the current year and will be reappropriated and honored during the next year.

General Government Functions. Revenues derived from general governmental functions (General Fund, Debt Service Fund, Special Revenue Fund and interest earned in the Capital Projects Fund) totaled \$19,034,060 for the year ended September 30, 2002. This represents an increase of \$32,431 or .17 percent over general governmental revenues earned in the prior fiscal year.

The following schedule presents a summary of the total revenues for the general governmental funds for the years ended September 30, 2002 and 2001.

<u>Revenue Source</u>	<u>2002 Amount</u>	<u>Percent of Total</u>	<u>2001 Amount</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Taxes	\$ 9,579,219	50.33%	\$10,069,554	\$(490,335)	(4.87)%
Licenses and Permits	2,212,986	11.63%	2,056,508	156,478	7.61%
Fines	734,075	3.86%	761,915	(27,840)	(3.65)%
Intergovernmental	5,166,261	27.14%	4,677,447	488,814	10.45%
Other Revenues	<u>1,341,519</u>	<u>7.04%</u>	<u>1,436,205</u>	<u>(94,686)</u>	<u>(6.60)%</u>
TOTAL REVENUES	<u>\$19,034,060</u>	<u>100.00%</u>	<u>\$19,001,629</u>	<u>\$ 32,431</u>	



The decrease in tax revenue was due to the implementation of GASB 33 in 2001.

The increase in licenses and permits revenue was due to the increase in privilege licenses and building permits issued.

The increase of \$488,814 in intergovernmental revenue is due to the increase in the property taxes and the state shared gasoline taxes. The amount of revenues the City received from state shared gasoline taxes are based on population.

In addition to the above general revenue, \$4,404,908 was transferred from various funds for general and administrative cost reimbursement.

Expenditures for general government purposes (including expenditures in the General Fund, the Special Revenue Fund, the Debt Service Fund, and the Capital Projects Fund) were \$23,645,204 for the year ended September 30, 2002, a net decrease of \$1,148,182 less than expenditures for the prior fiscal year. This decrease is due to the one-time capital items purchased in 2001.

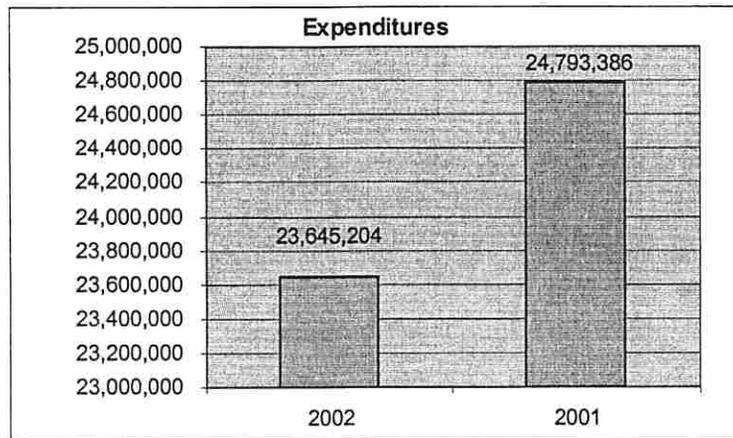
In 2002, expenditures for the General Fund decreased by \$155,700 or 1.04 percent from the prior fiscal year. This decrease is due to the one-time capital items purchased in 2001.

The decrease of \$1,415,823 in the Public Works Department for 2002 is due to the decrease in capital improvement projects.

In 2002, the decrease of \$186,900 in the Mayor Department was redistributed to the IT Department and the Legal Department. These two departments were combined with the Mayor Department in 2001.

The following schedule presents a summary of the general fund, special revenue funds, debt service funds and capital projects funds expenditures for the fiscal years ended September 30, 2002 and 2001.

<u>Expenditures</u>	<u>2002 Amount</u>	<u>Percent of Total</u>	<u>2001 Amount</u>	<u>Amount of Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
Current:					
General Administration	\$ 826,522	3.50%	\$ 2,682,853	\$ (1,856,331)	(69.19)%
Police Department	3,297,570	13.95%	2,985,297	312,273	10.46%
Public Works Department	4,027,643	17.03%	5,443,466	(1,415,823)	(26.01)%
City Clerk Department	436,823	1.85%	174,411	262,412	150.46%
Culture and Recreation Depts.	1,684,428	7.12%	1,573,551	110,877	7.05%
Fire Department	2,027,899	8.58%	1,933,323	94,576	4.89%
Community Development	562,039	2.37%	556,524	5,515	.99%
Court Clerk Department	673,583	2.85%	684,829	(11,246)	(1.64)%
City Council	170,328	.72%	104,154	66,174	63.53%
Finance Department	290,753	1.23%	247,819	42,934	17.32%
Human Resources Department	1,721,362	7.28%	254,523	1,466,839	576.31%
Mayor Department	232,293	.98%	419,193	(186,900)	(44.59)%
Revenue Department	148,668	.63%	144,577	4,091	2.83%
Engineering Department	284,872	1.20%	208,936	75,936	36.34%
IT Department	150,386	.64%	-	150,386	100.00%
Legal Department	185,468	.78%	-	185,468	100.00%
Capital Outlay	808,887	3.42%	1,792,932	(984,045)	(54.88)%
Debt Service:					
Interest	4,390,169	18.57%	3,899,239	490,930	12.59%
Principal	1,699,511	7.19%	1,497,809	201,702	13.47%
Bond Costs	26,000	.11%	189,950	(163,950)	(86.31)%
TOTAL EXPENDITURES	<u>\$23,645,204</u>	<u>100.00%</u>	<u>\$24,793,386</u>	<u>\$ (1,148,182)</u>	



GENERAL FUND BALANCE

The fund balance of the General Fund at September 30, 2002 is \$3,128,324, an increase of \$466,895 or 16.67 percent over the fund balance of \$2,681,429, which existed at September 30, 2001. This increase can be contributed to the economic growth and the budgetary control policy.

Debt Administration. The City had several debt issues outstanding at the end of the fiscal year. The total outstanding debt issues consisted of \$88,770,000 general obligation bonds and \$43,360,000 of revenue bonds of the Water and Wastewater Board.

Dedicated revenues fund the City's debt service costs. A major source of such dedicated revenues includes 11-mill property tax, 5½-mill property tax, and ½ -cent sales tax.

Standard and Poor's Corporation has assigned a rating of "AAA/AA-" and Moody's Investors Services, Inc., has assigned a rating of "Aaa/A1" on the City's general obligation warrants.

Cash Management. The cash management policy enables the City to continue to obtain the highest available investment returns with the maximum security. All funds are invested in securities or other obligations authorized for municipal investment by Alabama Code 11-81-19 through 21. The policy provides for retaining sufficient cash on hand to meet the daily cash flow demands. The investment policy is very conservative and details specific collateral and safekeeping requirements. Interest income generated for the year for all funds was \$355,127.

Risk Management. The City has included risk management in the Human Resources and City Clerk Departments. These departments administer all insurance programs of the City. The City is a member of Alabama Municipal Insurance Corporation. As a member of the Alabama Municipal Insurance Corporation, the City is provided protection in the areas of comprehensive general liability, auto liability, law enforcement and officials' liability coverage. Premiums are paid based on coverage.

The City is an active participant in the Municipal Workers' Compensation Fund, Inc. (MWCF). MWCF, Inc. provides medical and indemnity payments to workers injured while performing their duties for the City. Premiums are paid based on the City's past claims history.

General Fixed Assets. The general fixed assets account group summarizes those fixed assets used in performance of general governmental functions. Items which cost \$300 or more and which have a useful life of one year or more are considered fixed assets. At September 30, 2002, the City's total general fixed assets are \$21,579,703. This amount represents the original cost of the assets and is considerably less than their replacement value. Depreciation of general fixed assets is not recognized in the City's accounting system.

OTHER INFORMATION

Independent Audit. State statutes require an annual audit by independent certified public accountants. The City's audit committee selected the firm of MDA Professional Group, P.C. The auditors' report on the general purpose financial statements is included in the financial section of this report. The combining and individual fund, account group and discretely presented component unit statements and schedules are also included in this section of the report. The auditors' reports on compliance and on internal control over financial reporting can also be found in this report.

Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Madison for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 1997. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

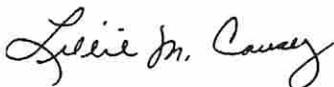
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Madison has received a Certificate of Achievement for 1996 and 1997.

Acknowledgments. The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated services of many individuals. I would like to express my appreciation to the efficient and dedicated services of the staff of the Finance Department. I would also like to thank the Mayor and the City Council for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

Acknowledgment is given to the representatives of MDA Professional Group, P.C., for their invaluable assistance in producing this financial report.

Respectfully submitted,



Lillie M. Causey
Director of Finance



FINANCIAL SECTION

PART II



INDEPENDENT AUDITORS' REPORT



MDA PROFESSIONAL GROUP, P.C.

Certified Public Accountants and Business Consultants

CIVIC PLAZA, SUITE 500 • 307 CLINTON AVENUE, WEST
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Madison
Madison, Alabama

We have audited the accompanying general purpose financial statements of the City of Madison, Alabama as of and for the year ended September 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Madison, Alabama's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Water and Wastewater Board of the City of Madison and the Madison City Board of Education, which statements reflect total assets of \$96,789,583 and \$94,444,786, respectively, as of September 30, 2002, and total operating revenues of \$8,671,697 and \$44,309,174, respectively, for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Water and Wastewater Board and the Madison City Board of Education, is based solely on the report of the other auditors.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Madison, Alabama, as of September 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Honorable Mayor and City Council
City of Madison
Page two

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2002, on our consideration of the City of Madison's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group 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 general purpose financial statements of the City of Madison, Alabama. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

MDA Professional Group, P.C.

Huntsville, Alabama
December 19, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF MADISON, ALABAMA
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
September 30, 2002

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE Trust	ACCOUNT GROUPS		TOTAL MEMORANDUM ONLY Primary Government	COMPONENT UNITS			TOTAL MEMORANDUM ONLY Reporting Entity
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds		General Fixed-Assets	General Long- Term Debt		The Water and Wastewater Board	Industrial Development Board	Madison City Board of Education	
ASSETS AND OTHER DEBITS												
Assets:												
Cash and Cash Equivalents	\$1,813,629	\$2,073,682	\$0	\$8,683,054	\$47,060	\$0	\$0	\$12,617,425	\$6,223,575	\$13,269	\$18,927,528	\$37,781,797
Trustee Held Funds	0	0	966,075	0	0	0	0	966,075	0	0	0	966,075
Receivables (net of allowances for uncollectibles):												
Accounts	2,460,742	1,990,643	0	0	0	0	0	4,451,385	0	0	0	4,451,385
Taxes	640,027	0	0	0	0	0	0	640,027	0	0	0	640,027
Grants	0	6,057	0	0	0	0	0	6,057	0	0	0	6,057
Accounts - Customers	0	0	0	0	0	0	0	0	584,013	0	0	584,013
Unbilled - Customers	0	0	0	0	0	0	0	0	436,444	0	0	436,444
Interest	0	0	0	0	0	0	0	0	3,890	0	0	3,890
Other	0	0	0	0	0	0	0	0	10,570	0	513,693	524,263
Due from Other Funds	1,068,542	113,127	0	128,984	0	0	0	1,310,653	0	0	0	1,310,653
Due from Component Unit	0	33,501	0	0	0	0	0	33,501	0	0	0	33,501
Materials and Supplies	0	0	0	0	0	0	0	0	261,559	0	0	261,559
Inventory	0	0	0	0	0	0	0	0	0	0	76,014	76,014
Prepaid Items	16,678	0	0	0	0	0	0	16,678	0	0	0	16,678
Other Assets	0	0	0	0	0	0	0	0	16,982	0	0	16,982
Restricted Assets:												
Investments, at cost	0	0	0	0	0	0	0	0	5,822,648	0	0	5,822,648
Deferred Charges	0	0	0	0	0	0	0	0	912,276	0	0	912,276
Fixed Assets	0	0	0	0	0	21,579,703	0	21,579,703	102,533,257	1,834	74,927,551	199,042,345
Accumulated Depreciation	0	0	0	0	0	0	0	0	(20,015,631)	0	0	(20,015,631)
Other Debits:												
Amount Available for Retirement of General Long-Term Debt	0	0	0	0	0	0	966,075	966,075	0	0	0	966,075
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	0	88,697,052	88,697,052	0	0	0	88,697,052
TOTAL ASSETS AND OTHER DEBITS	\$5,999,618	\$4,217,010	\$966,075	\$8,812,038	\$47,060	\$21,579,703	\$89,663,127	\$131,284,631	\$96,789,583	\$15,103	\$94,444,786	\$322,534,103

The notes to the financial statements are an integral part of this statement.

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE Expendable Trust	ACCOUNT GROUPS		TOTAL MEMORANDUM ONLY Primary Government	COMPONENT UNITS			TOTAL MEMORANDUM ONLY Reporting Entity
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds		General Fixed-Assets	General Long- Term Debt		The Water and Wastewater Board	Industrial Development Board	Madison City Board of Education	
LIABILITIES, EQUITY AND OTHER CREDITS												
Liabilities:												
Accounts Payable	\$224,734	\$72,790	\$0	\$69,129	\$33,955	\$0	\$0	\$400,608	\$767,835	\$0	\$1,493	\$1,169,936
Compensated Absences Payable	58,465	0	0	0	0	0	415,005	473,470	127,297	0	0	600,767
Accrued Payroll and Retirement	394,121	0	0	0	0	0	0	394,121	0	0	0	394,121
Other Accrued Liabilities	9,483	0	0	0	0	0	0	9,483	82,667	0	0	92,150
Due to Other Funds	142,111	1,068,542	0	100,000	0	0	0	1,310,653	0	0	0	1,310,653
Due to Primary Government	0	0	0	0	0	0	0	0	33,501	0	0	33,501
Liabilities Payable from Restricted Assets	0	0	0	0	0	0	0	0	310,631	0	0	310,631
Retainage Payable	0	0	0	5,637	0	0	0	5,637	0	0	0	5,637
Customer Deposits	0	0	0	0	0	0	0	0	456,738	0	0	456,738
Capital Leases Payable	0	0	0	0	0	0	478,122	478,122	0	0	0	478,122
Obligation Bonds Payable	0	0	0	0	0	0	88,770,000	88,770,000	0	0	0	88,770,000
Revenue Bonds Payable	0	0	0	0	0	0	0	0	43,360,000	0	0	43,360,000
Other Liabilities	0	0	0	0	0	0	0	0	0	0	36,014	36,014
Deferred Revenue	2,042,380	1,738,500	0	15,223	0	0	0	3,796,103	0	0	0	3,796,103
Total Liabilities	2,871,294	2,879,832	0	189,989	33,955	0	89,663,127	95,638,197	45,138,669	0	37,507	140,814,373
Equity and Other Credits:												
Investment in General Fixed Assets	0	0	0	0	0	21,579,703	0	21,579,703	0	1,834	74,927,551	96,509,088
Contributed Capital	0	0	0	0	0	0	0	0	24,676,319	0	0	24,676,319
Contributed Capital from Primary Government	0	0	0	0	0	0	0	0	9,640,589	0	0	9,640,589
Retained Earnings:									17,334,006			
Unreserved	0	0	0	0	0	0	0	0	0	0	0	17,334,006
Fund Balances:												
Reserved for Prepaid Items	16,678	0	0	0	0	0	0	16,678	0	0	0	16,678
Reserved for Encumbrances	48,880	41,278	0	780,603	0	0	0	870,761	0	0	437,161	1,307,922
Reserved for Fair Trial Tax	5,913	0	0	0	0	0	0	5,913	0	0	0	5,913
Reserved for Neighborhood Park Improvements	66,704	0	0	0	0	0	0	66,704	0	0	0	66,704
Reserved for Special Revenues	0	1,295,900	0	0	0	0	0	1,295,900	0	0	0	1,295,900
Reserved for Debt Service	0	0	966,075	0	0	0	0	966,075	0	0	0	966,075
Reserved for Capital Projects	0	0	0	7,841,446	0	0	0	7,841,446	0	0	0	7,841,446
Reserved for Subdivision Cash Bonds	0	0	0	0	13,105	0	0	13,105	0	0	0	13,105
Reserved for Progress and Development	0	0	0	0	0	0	0	0	0	13,269	0	13,269
Reserved for Inventories	0	0	0	0	0	0	0	0	0	0	76,014	76,014
Unreserved, Undesignated	2,990,149	0	0	0	0	0	0	2,990,149	0	0	18,966,553	21,956,702
Total Equity and Other Credits	3,128,324	1,337,178	966,075	8,622,049	13,105	21,579,703	0	35,646,434	51,650,914	15,103	94,407,279	181,719,730
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$5,999,618	\$4,217,010	\$966,075	\$8,812,038	\$47,060	\$21,579,703	\$89,663,127	\$131,284,631	\$96,789,583	\$15,103	\$94,444,786	\$322,534,103

The notes to the financial statements are an integral part of this statement.

CITY OF MADISON, ALABAMA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUND AND DISCREETLY PRESENTED COMPONENT UNITS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

MEMORANDUM ONLY REPORTING ENTITY	COMPONENT UNITS			GOVERNMENTAL FUND TYPES									
	Madison City Board of Education	Industrial Development Board	TOTAL MEMORANDUM ONLY	Capital	Debt	Special Revenue	Service	Projects	Funds	Trusts	Government Primary	Board	Education
REVENUES				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,579,219	\$0	\$9,579,219
Taxes													
Licenses and Permits													
Fees													
Intergovernmental													
Other Operating Revenues													
TOTAL REVENUES				14,151,402	4,677,134	41,199	164,325	1,452	19,035,512	1,125	44,309,174	63,345,811	
EXPENDITURES													
Current													
General Administration				420,142	384,747	4,413	17,220		826,522	22,813	39,663,136	37,512,471	
Police Department				3,235,489	62,071				3,297,570		4,027,643	3,297,570	
Public Works Department				1,970,387	646,422		1,410,794		4,064,823		4,064,823	4,064,823	
City Clerk Department				436,023					1,684,428		1,684,428	1,684,428	
Culture and Recreation				2,027,071	828				2,027,899		2,027,899	2,027,899	
Fire Department				562,039					562,039		562,039	562,039	
Community Development				673,583					673,583		673,583	673,583	
Court Clerk Department				170,326					170,326		170,326	170,326	
City Council				290,753					290,753		290,753	290,753	
Finance Department				1,221,362					1,721,362		1,721,362	1,721,362	
Human Resources Department				232,293					232,293		232,293	232,293	
Mayor Department				148,668					148,668		148,668	148,668	
Revenue Department				276,326	8,546				284,872		284,872	284,872	
Engineering Department				150,386					150,386		150,386	150,386	
Information Technology Department				185,488					185,488		185,488	185,488	
Legal Department				0					0		0	0	
Capital Outlay				247,587	18,304		416,186		692,077		6,886,738	7,588,815	
Capital Outlay - Leases/Purchase				126,810					126,810		0	126,810	
Debt Service				31,098	4,359,071				4,390,169		0	4,390,169	
Interest				284,511			1,415,000		1,699,511		0	1,699,511	
Principal				0			0		0		0	0	
Other Debt Service				0			0		0		0	0	
Bond Issuance Costs				0			26,000		26,000		0	26,000	
TOTAL EXPENDITURES				14,873,770	1,111,574	5,804,484	1,855,376	0	29,645,204	22,813	45,136,476	68,806,493	
EXPENSES (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				(722,369)	3,565,560	(5,763,285)	(1,691,051)	1,452	(4,609,692)	(21,688)	(829,302)	(5,460,682)	
OTHER FINANCING SOURCES (USES)				1,919	0	0	0	0	1,919	0	0	1,919	
Sale of Fixed Assets				1,231,198	258,938	2,894,447	20,325	0	4,404,908	0	4,210,580	8,615,488	
Operating Transfers In - Component Unit				30,000					2,887,903		0	2,887,903	
Operating Transfers In - Primary Government				0					0		0	0	
Operating Transfers Out - Primary Government				(257,981)	(4,113,801)	(720,325)	(12,800)		(4,404,907)		(4,210,580)	(8,615,487)	
Capital Leases				126,810					126,810		0	126,810	
Bond Proceeds - 2001 - A General Obligation School Warrants				0	0	0	0	0	0	0	0	0	
Bond Proceeds - Transferred to Component Unit				0	0	0	0	0	0	0	0	0	
Discount on Bonds Issued				0	0	(8,050,495)	0	0	(8,050,495)	0	0	(8,050,495)	
Bonds Proceeds - Transferred from Primary Government				0	0	0	0	0	0	0	0	0	
Donated Assets				35,567	0	0	0	0	36,259	0	0	8,050,495	
Other Financing Sources				1,750	0	0	0	0	1,750	0	0	289,043	
TOTAL OTHER FINANCING SOURCES (USES)				1,169,263	(3,854,863)	5,758,025	8,217	0	3,080,642	5,000	5,489,885	8,575,527	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES				446,895	(289,303)	(5,280)	(1,682,834)	1,452	(1,529,050)	(16,688)	4,660,583	3,114,845	
FUND BALANCE AT BEGINNING OF YEAR				2,681,429	1,626,481	971,335	10,304,883	11,653	15,595,781	29,957	14,819,145	30,444,883	
FUND BALANCE AT END OF YEAR				\$3,128,324	\$1,337,178	\$566,075	\$8,622,049	\$13,105	\$14,066,731	\$13,269	\$19,479,728	\$33,659,786	

The notes to the financial statements are an integral part of this statement.

CITY OF MADISON, ALABAMA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	General Fund			Budgeted Special Revenue Funds			Budgeted Debt Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Taxes	\$7,936,000	\$7,809,158	(\$126,842)	\$1,706,800	\$1,770,061	\$63,261	\$0	\$0	\$0
Licenses and Permits	2,199,800	2,212,986	13,186	0	0	0	0	0	0
Fines	630,000	599,885	(30,115)	157,000	134,190	(22,810)	0	0	0
Intergovernmental	2,564,684	2,480,397	(84,287)	2,253,764	2,676,368	422,604	0	0	0
Other Operating Revenues	1,129,027	1,048,976	(80,051)	67,613	85,958	18,345	3,500	6,198	2,698
TOTAL REVENUES	14,459,511	14,151,402	(308,109)	4,185,177	4,666,577	481,400	3,500	6,198	2,698
EXPENDITURES									
Current:									
General Administration	465,091	420,142	44,949	385,978	384,747	2,231	0	4,413	(4,413)
Police Department	3,431,343	3,235,499	195,844	21,830	61,958	(40,128)	0	0	0
Public Works Department	2,019,135	1,970,397	48,738	659,535	646,452	13,083	0	0	0
City Clerk Department	457,753	436,823	20,930	0	0	0	0	0	0
Culture and Recreation	1,871,815	1,682,626	189,189	0	0	0	0	0	0
Fire Department	2,173,560	2,027,071	146,489	0	0	0	0	0	0
Community Development	597,395	562,039	35,356	0	0	0	0	0	0
Court Clerk Department	666,133	673,583	(7,450)	0	0	0	0	0	0
City Council	173,997	170,328	3,669	0	0	0	0	0	0
Finance Department	300,918	290,753	10,165	0	0	0	0	0	0
Human Resources Department	1,728,769	1,721,362	7,407	0	0	0	0	0	0
Mayor Department	245,491	232,293	13,198	0	0	0	0	0	0
Revenue Department	153,979	148,668	5,311	0	0	0	0	0	0
Engineering Department	282,094	276,326	5,768	0	0	0	0	0	0
Information Technology Department	160,475	150,386	10,089	0	0	0	0	0	0
Legal Department	191,333	185,468	5,865	0	0	0	0	0	0
Capital Outlay	244,571	247,587	(3,016)	24,500	0	24,500	0	0	0
Capital Outlay - Lease/Purchase	126,810	126,810	0	0	0	0	0	0	0
Debt Service:									
Interest	33,127	31,098	2,029	0	0	0	3,627,849	3,627,849	0
Principal	287,524	284,511	3,013	0	0	0	1,300,000	1,300,000	0
TOTAL EXPENDITURES	15,611,313	14,873,770	737,543	1,092,843	1,093,157	(314)	4,927,849	4,932,262	(4,413)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,151,802)	(722,368)	429,434	3,092,334	3,573,420	481,086	(4,924,349)	(4,926,064)	(1,715)
OTHER FINANCING SOURCES (USES)									
Sale of Fixed Assets	4,000	1,919	(2,081)	0	0	0	0	0	0
Operating Transfers In	1,216,737	1,231,198	14,461	245,877	258,938	13,061	2,218,153	2,230,651	12,498
Operating Transfers In - Component Unit	35,000	30,000	(5,000)	0	0	0	2,709,696	2,710,111	415
Operating Transfers Out	(245,877)	(257,981)	(12,104)	(4,194,503)	(4,113,801)	80,702	0	0	0
Capital Leases	126,810	126,810	0	0	0	0	0	0	0
Donated Assets	0	35,567	35,567	0	0	0	0	0	0
Other	0	1,750	1,750	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	1,136,670	1,169,263	32,593	(3,948,626)	(3,854,863)	93,763	4,927,849	4,940,762	12,913
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(15,132)	446,895	462,027	(856,292)	(281,443)	574,849	3,500	14,698	11,198
FUND BALANCE AT BEGINNING OF YEAR	2,681,429	2,681,429	0	1,534,474	1,534,474	0	951,294	951,294	0
FUND BALANCE AT END OF YEAR	\$2,666,297	\$3,128,324	\$462,027	\$678,182	\$1,253,031	\$574,849	\$954,794	\$965,992	\$11,198

The notes to the financial statements are an integral part of this statement.

CITY OF MADISON, ALABAMA
WATER AND WASTEWATER BOARD
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2002 and 2001

	2002	2001
OPERATING REVENUES		
Water Sales	\$4,038,222	\$3,675,931
Water Impact Fees	276,002	210,596
Water Taps/Meter Sets	257,261	210,142
Water Development Impact Fees	11,556	0
Wastewater Billings	3,130,876	2,780,514
Wastewater Impact Fees	518,827	389,131
Wastewater Tap Fees	1,500	2,420
Wastewater Development Impact Fees	100,438	135,645
Wastewater Line Extension Fees	54,184	21,094
New Services Fees	38,315	34,845
Revenues from Late Payments	167,621	142,362
Other Revenues	76,895	45,281
TOTAL OPERATING REVENUES	8,671,697	7,647,961
OPERATING EXPENSES		
Field Operations Expenses	1,372,938	1,390,226
Water Production Expenses	1,171,790	1,067,132
General and Administration Expenses	958,350	950,851
Depreciation	2,285,240	1,994,330
TOTAL OPERATING EXPENSES	5,788,318	5,402,539
OPERATING INCOME	2,883,379	2,245,422
NON-OPERATING REVENUE (EXPENSES)		
Interest Income	246,290	400,057
Interest on Long-Term Debt	(1,250,528)	(1,399,275)
Amortization of Debt Discount and Expense	(50,744)	(109,066)
TOTAL NON-OPERATING REVENUE (EXPENSES)	(1,054,982)	(1,108,284)
NET INCOME	1,828,397	1,137,138
RETAINED EARNINGS AT BEGINNING OF YEAR	15,505,609	14,368,471
RETAINED EARNINGS AT END OF YEAR	\$17,334,006	\$15,505,609

The notes to the financial statements are an integral part of this statement.

CITY OF MADISON, ALABAMA
WATER AND WASTEWATER BOARD
COMPARATIVE STATEMENTS OF CASH FLOWS - DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2002 and 2001

	2002	2001
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income	\$2,883,379	\$2,245,422
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	2,285,240	1,994,330
Changes in Assets and Liabilities:		
Accounts Receivable	(227,666)	345,388
Materials and Supplies	(14,930)	24,117
Accrued Interest Receivable	62,618	(5,652)
Other Current Assets	(9,680)	881
Accounts Payable	(1,616,342)	2,047,257
Customer Deposits	(12,431)	28,945
Other Accrued Liabilities	6,813	44,796
	3,357,001	6,725,484
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to Utility Plant	(19,494,477)	(7,094,862)
Proceeds from Issuance of Debt	0	26,590,000
Increase in Debt Discount and Expense	0	(501,118)
Deferred Interest Expense on SRF Bond	743,820	(743,820)
Payment of Principal on Long-Term Debt	(860,000)	(3,295,000)
Payment of Interest on Long-Term Debt	(1,250,528)	(1,399,275)
	(20,861,185)	13,555,925
NET CASH PROVIDED (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	0	(18,713,494)
Sale of Investments	16,940,825	0
Interest Earned on Investments	246,290	400,057
	17,187,115	(18,313,437)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(317,069)	1,967,972
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,540,644	4,572,672
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$6,223,575	\$6,540,644
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Utility Plant Accepted from Developers and Credited to Contributions in Aid of Construction	\$2,221,934	\$2,611,950

The notes to the financial statements are an integral part of this statement.



NOTES TO THE FINANCIAL STATEMENTS

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Madison, Alabama (the "City") was incorporated under the laws of the State of Alabama in 1869 and operates under an elected mayor-council form of government. The general purpose financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The combined financial statements of the City include the primary government organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Reporting Entity - continued

The following entities were found to be component units of the City and are included in the combined financial statements:

Water and Wastewater Board - The Water and Wastewater Board (the "Board") of the City of Madison is a public corporation organized under Alabama Code Sections 11-50-310 through 324, inclusive. The Board provides water and wastewater services to the residents and businesses in the City. A Board of Directors consisting of five members manages all property and business of this corporation. The members of the Board of Directors are appointed by the City Council of the City of Madison. The City issued general obligation warrants which were used for water and wastewater purposes. The financial statements of the Board are reported in a separate column to emphasize that they are legally separate from the City. The Board is presented as a proprietary fund type.

Madison Industrial Development Board - Madison Industrial Development Board is a non-profit organization formed and organized to promote industry, develop trade, and further the use of agricultural products and natural and human resources of the State of Alabama. The Organization is governed by a Board of Directors, which consists of seven members, who are appointed by the City Council of the City of Madison, Alabama. The duration of the existence of this board will be perpetual unless it is terminated as provided by law. The City provides significant financial support to Madison Industrial Development Board in the form of annual appropriations. The financial statements of Madison Industrial Development Board are reported in a separate column to emphasize that they are legally separate from the City. Madison Industrial Development Board is presented as a governmental fund type.

Madison City Board of Education - The City of Madison established a City School System and a Board of Education in accordance with the Code of Alabama, Section 16-11-2. The Board of Education consists of five members appointed by the City Council. The Board of Education is vested with all powers necessary and proper, as authorized by the state law or regulation of the Alabama State Board of Education, for the administration and management of free public schools in the City. The City issued general

CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Reporting Entity - continued

obligation warrants which were used for school purposes. The financial statements of Madison City Board of Education are reported in a separate column to emphasize that they are legally separate from the City. Madison City Board of Education is presented as a governmental fund type.

Complete financial statements for the Water and Wastewater Board and the Madison City Board of Education, discretely presented component units, may be obtained at the administrative office of the respective entity:

Water and Wastewater Board
Palmer Road
Madison, AL 35758

Madison City Board of Education
4192 Sullivan Street
Madison, AL 35758

Separate financial statements are not prepared for Madison Industrial Development Board.

Fund Accounting

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are reporting devices to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The City has the following fund types and account groups:

Governmental funds are used to account for the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the City not accounted for in another fund.

CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Accounting - continued

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound administration.

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement.

The general fixed assets account group is used to account for fixed assets not accounted for in proprietary or trust funds.

The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included in the balance sheet.

Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The City applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Governmental fund types and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related

CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Accounting - continued

fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due or when amounts have accumulated in the debt service fund for payment to be made early in the next year. Certain compensated absences, claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, sales taxes, franchise taxes, licenses and interest are susceptible to accrual. Other taxes and receipts become measurable when cash is received by the City and are recognized as revenue at that time. Shared revenues and entitlements are recorded at the time of receipt or earlier if the accrual criteria are met.

Payment in lieu of taxes represents revenues from other governmental entities paid in lieu of property taxes.

The Governmental Accounting Standards Board (GASB) issued statement 33, "Accounting and Financial Reporting for Nonexchange Transactions," which was effective for periods beginning after June 15, 2000. This pronouncement primarily requires the accrual of certain derived tax revenues and imposed nonexchange revenues and their related expenditures. The major revenues susceptible to accrual under this pronouncement include local sales and use taxes and property taxes.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when the potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Encumbrances accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments have not been fulfilled in the current year and will be reappropriated and honored during the subsequent year.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budget Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The appropriated annual budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments and expenditure requests, which result in a budget overrun, require the approval of the City Council. The legal level of budgetary control is the department level. The budget amendments which were made and approved by the City Council during the year were not significant relative to the total budget. The amended budget amounts are reflected in these financial statements. All annual appropriations lapse at fiscal year end.

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

1. The budgetary process for the City begins May 1.
2. Revenue estimates and the budgetary lines are approved by the City Council.
3. The Mayor issues departmental budget memos with the budgetary guidelines to department heads and department heads prepare the budget.
4. The Mayor, finance department, and department heads hold conferences to ensure that the proposed budget is balanced.
5. The Mayor presents the proposed budget to the City Council.
6. The City Council holds work sessions and a public hearing on the proposed budget.
7. The City Council takes actions to adopt the annual budget by October 1.

**CITY OF MADISON, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2002**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budget Information - continued

The following schedule reconciles the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual to the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances:

	Special Revenue Funds
Fund Balance - Budgetary Classifications	\$1,253,031
Adjustments for Non-Budgeted Funds:	
Madison School Project Fund	60,763
Federal Forfeiture Fund	23,384
Fund Balance - GAAP Basis	<u>\$1,337,178</u>
	Debt Service Funds
Fund Balance - Budgetary Classifications	\$ 965,992
Adjustments for Non-Budgeted Funds:	
2001-A Bond Fund	83
Fund Balance - GAAP Basis	<u>\$ 966,075</u>

Budgetary data for the Capital Projects Funds has not been presented in the accompanying combined financial statements as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Funds is not employed and comparison of actual results of operations to budgetary data for such funds is not presented.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Excess of Expenditures over Appropriations

The City maintains a level of control at the departmental level. The following departments had an excess of expenditures over appropriations:

<u>Fund</u>	<u>Department</u>	<u>Amount</u>
General	Court Clerk Department	\$ 7,450
	Capital Outlay	\$ 3,016
Special Revenue	Police Department	\$40,128
Debt Service	General Administration	\$ 4,413

There were no other overages noted at the departmental level.

Deposits and Investments

All deposits, operating cash and short-term investments are maintained in consolidated cash and investment accounts. Related interest income is allocated to the various funds based primarily on ownership by each fund of specific investments. Cash equivalents are investments with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of the U.S. Treasury, State of Alabama, Alabama counties, or the general obligations of Alabama municipalities. During the year ended September 30, 2002, the City did not own any types of securities other than those permitted by statute.

Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds".

All trades and property tax receivables are shown net of an allowance for uncollectibles.

Accounts receivables of the Water and Wastewater Board represent billed and unbilled amounts due from businesses and individuals in the Madison, Alabama area.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Prepaid Items

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

Taxes

Property taxes are levied on October 1 for the fiscal year beginning October 1, at which time a lien is attached. These taxes are due and payable October 1 and delinquent after December 31 in each year (with the exception of motor vehicles, which have varying due dates), after which a penalty and interest are required to be charged. If real property taxes are not paid by June 15 following the due date, a tax sale is required. Revenue is recognized in the year when the taxes are levied and collected. The taxes are collected by the Madison County Tax Collector and remitted to the City net of a collection fee ranging from 1 to 5 percent. At September 30, 2002, property taxes are recorded as deferred revenue in accordance with GASB 33 since they are not available until October 1.

Inventories

Inventories of material and supplies are generally stated at the lower of average cost or market.

Restricted Assets

Certain proceeds of the Water and Wastewater Board's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the combined balance sheet because their use is limited by applicable bond covenants.

Fixed Assets

Fixed assets used in the governmental fund types of the City are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair market value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The City has adopted the accounting policy of not capitalizing "infrastructure" general fixed assets (roads, bridges, curbs, gutters, streets, sidewalks, drainage systems and similar assets) that are immovable and of value only to the City.

**CITY OF MADISON, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2002**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fixed Assets - continued

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not included in the general fixed assets account group or capitalized in the proprietary fund.

Property, plant and equipment are capitalized in the proprietary fund types. Depreciation is provided in the proprietary funds as a charge against operations. Assets are depreciated over their estimated service lives on the composite-rate method as outlined below:

	The Range	
	<u>From</u>	<u>To</u>
Water Plant	2.50%	5.00%
Wastewater Plant	2.50%	4.00%
General Plant	2.50%	10.00%

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused annual and sick leave benefits. No liability is reported for unpaid accumulated sick leave. No sick leave is paid upon separation from the City's service. The City expects employees to take annual leave in the leave year that it is earned. However, a total of thirty days (fourteen days for fire department employees who work extended shifts) of unused leave may be carried forward from one leave year to the next leave year. Any accumulated annual leave that exceeds this amount at the end of the leave year is forfeited. Upon separation from City service, an employee is paid for all accrued annual leave if proper notice is given. Annual leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

The compensated absences policy of the Water and Wastewater Board is the same as stated for the City.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Compensated Absences - continued

The compensated absences policy for the Madison City Board of Education states that professional and support personnel are provided 2 days of personal leave per year with pay. The State provides funding, at the substitute rate, for up to 2 days of personal leave per employee per year. Professional employees are paid, at the Board's substitute rate, for up to 2 days of unused personal leave. Professional and support personnel may convert unused, unreimbursed personal leave to sick leave at the end of the scholastic year. Because unused personal leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements. Certain employees are allowed 2 weeks of vacation per year with pay. Because unused vacation leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements.

Professional and support employees earn nonvesting sick leave at the rate of one day per month worked. Employees may accumulate a maximum of 225 days of sick leave. Employees may use up to 225 days of their sick leave as membership service in determining the total years of creditable service in the Teacher's Retirement System, with no additional cost to the Madison City Board of Education. The State provides partial funding for substitutes employed while employees are on sick leave. Most of the salaries paid to employees utilizing sick leave are paid from state and federal funds. Because employees do not receive compensation from unused sick leave at termination, no liability is recorded in the financial statements.

Long-Term Obligations

The City reports long-term debt of the governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities.

For governmental fund types, bond premiums and discounts and issuance costs are recognized during the current period. Bond proceeds and the applicable premium or discount are reported as other financing sources (uses). Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds on a straight-line method.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. The proprietary fund's contributed capital represents equity acquired through capital contribution from developers, customers or other funds.

Concentration of Credit Risk

Financial instruments, that potentially subject proprietary fund type activities to concentrations of credit risk, consist principally of cash, cash equivalents and accounts receivable. Proprietary fund type activities maintain cash and cash equivalents on deposit with high credit quality institutions. Cash and cash equivalents of proprietary fund type activities are insured by federal depository insurance or by collateral held as part of the State of Alabama's SAFE Program. The program insures all accounts specified as public funds for the majority of banks located within the State of Alabama. Concentrations with respect to the Water and Wastewater Board's accounts receivable are limited to a customer base primarily located in Madison, Alabama. The Board grants credit to both industrial and residential utility consumers.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Comparative Data

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations.

Reclassification

Certain 2001 accounts have been reclassified to conform to the 2002 presentation.

NOTE 2. DEPOSITS AND INVESTMENTS

At year-end, the entire City of Madison bank balance was covered by federal depository insurance or by collateral held as part of the State of Alabama's SAFE Program. The program insures all accounts specified as public funds for the majority of banks located within the State of Alabama.

A reconciliation of cash and investments as shown on the Combined Balance Sheet for the primary government is as follows:

Cash on hand	\$	3,505
Carrying amount of deposits		12,613,920
Carrying amount of trustee held funds, at cost		<u>966,075</u>
Total		<u>\$13,583,500</u>

At September 30, 2002, the City had \$966,075 of investments held by a trustee. The trust invests in U.S. Treasury Notes which are held in the City's name (Category 2). The market value of the investments held by the trustee is \$966,075 at September 30, 2002.

Investments are categorized into these three categories of risk:

1. Insured or registered, or securities held by the City or its agent in the City's name.
2. Uninsured and unregistered with securities held by the counterpart's trust department or agent in the City's name.
3. Uninsured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the City's name.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 2. DEPOSITS AND INVESTMENTS - continued

Cash and investments data for the Water and Wastewater Board, a discretely presented component unit, is as follows at September 30, 2002:

Cash on hand and in banks	\$ 6,223,575
Investments, at cost - restricted	<u>5,822,648</u>
Total	<u>\$12,046,223</u>

At year-end, the entire Water and Wastewater Board, a discretely presented component unit, bank balance was covered by federal depository insurance or by collateral held as part of the State of Alabama's SAFE Program. The program insures all accounts specified as public funds for the majority of banks located within the State of Alabama.

Investments are categorized into these three categories of risk:

1. Insured or registered, or securities held by the Board or its agent in the Board's name.
2. Uninsured and unregistered with securities held by the counterparty's trust department or agent in the Board's name.
3. Uninsured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the Board's name.

Investments for the Water and Wastewater Board, a discretely presented component unit, are considered category 1, risk insured or registered, or securities held by the Board or its agent in the Board's name. At year-end, the fair market value of the Water and Wastewater Board investments is \$5,822,648. Cost approximates market value at September 30, 2002.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 2. DEPOSITS AND INVESTMENTS - continued

Cash and investments for Madison Industrial Development Board, a discretely presented component unit, are as follows at September 30, 2002:

Cash and cash equivalents	<u>\$13,269</u>
Total	<u>\$13,269</u>

All cash deposits of Madison Industrial Development Board were fully covered by federal depository insurance.

Cash and investments for Madison City Board of Education, a discretely presented component unit, are as follows at September 30, 2002:

Cash and cash equivalents	<u>\$18,927,528</u>
Total	<u>\$18,927,528</u>

At year-end, the entire Madison City Board of Education bank balance was covered by federal depository insurance or as part of the State of Alabama's SAFE Program. The program insures all accounts specified as public funds for the majority of banks located within the State of Alabama.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 3. RECEIVABLES

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Component Units</u>				<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Water and Wastewater</u>	<u>Madison City Board of Education</u>	
Receivables:					
Accounts	\$2,460,742	\$1,990,643	\$ -	\$ -	\$4,451,385
Taxes	640,027	-	-	-	640,027
Grants	-	6,057	-	-	6,057
Customers	-	-	584,013	-	584,013
Unbilled	-	-	436,444	-	436,444
Interest	-	-	3,890	-	3,890
Other	-	-	10,570	513,693	524,263
	<u>\$3,100,769</u>	<u>\$1,996,700</u>	<u>\$1,034,917</u>	<u>\$ 513,693</u>	<u>\$6,646,079</u>

NOTE 4. FIXED ASSETS

Activity in the general fixed assets account group for the City for the year ended September 30, 2002, was as follows:

Balance	Balance October 1, 2001	Additions/ Transfers	Deletions/ Transfers	September 30, 2002
Land	\$ 2,427,600	\$ -	\$ -	\$ 2,427,600
Buildings	9,477,526	-	-	9,477,526
Improvements – Buildings	96,038	67,650	-	163,688
Machinery and Equipment	8,778,447	392,700	12,293	9,158,854
Other Assets	-	223,686	-	223,686
Construction in Progress	-	128,349	-	128,349
Total general fixed assets	<u>\$20,779,611</u>	<u>\$812,385</u>	<u>\$12,293</u>	<u>\$21,579,703</u>

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 4. FIXED ASSETS - continued

The following is a summary of Utility Plant and total accumulated depreciation for the Water and Wastewater Board, a discretely presented component unit of the City, for the years ended September 30, 2002 and 2001:

	<u>2002</u>	<u>2001</u>
Water plant in service	\$ 37,786,791	\$34,760,530
Wastewater plant in service	43,576,538	35,873,792
General plant in service	<u>4,936,642</u>	<u>4,876,963</u>
Total Utility Plant In Service	86,299,971	75,511,285
Construction work in progress	<u>16,233,286</u>	<u>5,305,561</u>
Total Utility Plant	102,533,257	80,816,846
Less: accumulated depreciation	<u>20,015,631</u>	<u>17,730,392</u>
Net Utility Plant	<u>\$ 82,517,626</u>	<u>\$63,086,454</u>

The following is a summary of changes in general fixed assets for the Madison City Board of Education, a discretely presented component unit of the City, for the year ended September 30, 2002:

	Balance October 1, 2001	Additions	Deletions	Balance September 30, 2002
Land	\$ 1,815,108	\$ 2,094,308	\$ -	\$ 3,909,416
Land improvements	2,687,341	277,501	-	2,964,842
Buildings	43,607,824	9,419,564	-	53,027,388
Equipment	11,106,002	820,595	-	11,926,597
Construction in progress	<u>7,266,694</u>	<u>-</u>	<u>4,167,386</u>	<u>3,099,308</u>
	<u>\$ 66,482,969</u>	<u>\$12,611,968</u>	<u>\$ 4,167,386</u>	<u>\$ 74,927,551</u>

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 4. FIXED ASSETS - continued

The following is a summary of changes in general fixed assets for Madison Industrial Development Board, a discretely presented component unit of the City, for the year ended September 30, 2002:

	<u>Balance October 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2002</u>
Machinery and equipment	<u>\$1,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,834</u>
Total	<u>\$1,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,834</u>

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 5. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of September 30, 2002, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: State Gasoline Taxes and Inspection Fees	\$ 343,130
	TVA Tax Distribution	19,355
	Water Distribution and Storage	700,000
	Domestic Violence	6,057
Special Revenue: Correctional Domestic Violence	General	112,127 1,000
Capital Projects: General Obligation Capital Improvement 2001 Capital Improvement	Capital Projects: 1998-C Long Range Plan General	 100,000 <u>28,984</u>
	Total	<u>\$1,310,653</u>

Due to/from primary government and components units:

<u>Receivable</u>	<u>Entity Payable</u>	<u>Entity Amount</u>
Primary Government General Fund	Component Unit Water Board	<u>\$33,501</u>
	Total	<u>\$33,501</u>

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 6. LEASES

Capital Leases. The City has entered into lease agreements as the lessee for financing the acquisition of police vehicles, computers, and other equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the general long-term debt account group.

The assets acquired through capital leases are as follows:

<u>General Fixed Assets</u>	<u>Assets</u>
Machinery and equipment:	
FYE: September 30, 1998	\$ 99,021
FYE: September 30, 1999	83,340
FYE: September 30, 2000	141,672
FYE: September 30, 2001	498,826
FYE: September 30, 2002	<u>126,810</u>
Total	<u>\$949,669</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2002, are as follows:

<u>Year ending September 30,</u>	
2003	\$254,218
2004	159,351
2005	73,349
2006	<u>21,610</u>
Total minimum lease payments	508,528
Less: amount representing interest	<u>30,406</u>
Present value of minimum lease payments	<u>\$478,122</u>

NOTE 7. LONG-TERM DEBT

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

**CITY OF MADISON, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2002**

NOTE 7. LONG-TERM DEBT - continued

General obligation bonds currently outstanding as of September 30, 2002, are as follows:

<u>Obligation</u>	<u>Range of Interest Rate</u>	<u>Total</u>
Series 1990	6.80%-7.25%	\$ 345,000
Series 1995	4.80%-6.00%	18,065,000
Series 1998-C	4.50%-5.00%	16,150,000
Series 2001	3.25%-5.35%	10,775,000
 General Obligation School Warrants:		
Series 1998-A	4.95%-5.20%	6,530,000
Series 1998-B	4.10%-5.00%	12,285,000
Series 1999	3.70%-5.00%	13,105,000
Series 2000	4.80%-5.70%	3,285,000
Series 2001-A	2.15%-5.125%	<u>8,230,000</u>
 Total general obligation bonds and warrants - governmental activities		 <u><u>\$88,770,000</u></u>

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 7. LONG-TERM DEBT – continued

Annual debt service requirements to maturity for general obligation bonds, including interest of \$67,017,148 are as follows:

<u>Year ending</u>	<u>General Obligation Debt</u>
2003	\$ 6,365,974
2004	6,298,816
2005	6,283,674
2006	6,292,913
2007	6,266,430
2008	6,289,158
2009	6,744,578
2010	6,761,586
2011	6,782,027
2012	6,781,296
2013	6,780,806
2014	6,767,218
2015	6,616,940
2016	6,627,340
2017	6,607,545
2018	6,596,548
2019	6,583,427
2020	6,578,066
2021	6,359,029
2022	6,372,609
2023	6,241,011
2024	5,393,975
2025	4,477,766
2026	4,493,551
2027	3,973,425
2028	<u>451,440</u>
Total	<u>\$ 155,787,148</u>

Over the years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of September 30, 2002, the amount of defeased debt outstanding but removed from the General Long-Term Debt Account Group amounted to \$14,560,000.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 7. LONG-TERM DEBT - continued

Revenue Bonds. The Water and Wastewater Board, a discretely presented component unit, issues bonds where the Board pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at year-end are as follows:

<u>Revenue Bonds</u>	<u>Range of Interest Rate</u>	<u>Total</u>
Water and Sewer Revenue Bonds, Series 1993	4.30%	\$ 1,610,000
Water and Sewer Revenue Bonds, Series 1996	3.95%	2,435,000
Water and Sewer Revenue Bonds, Series 1996	4.60%-5.50%	12,925,000
Water and Sewer Revenue Bonds, Series 2001	3.85%	19,320,000
Water and Sewer Revenue Bonds, Series 2001	3.30%-5.30%	<u>7,070,000</u>
Total		<u>\$43,360,000</u>

Revenue bond debt service requirements to maturity, including \$23,013,070 of interest, are as follows:

<u>Year ending</u>	<u>Revenue Bond Debt</u>
2003	\$ 3,352,516
2004	3,401,813
2005	3,404,190
2006	3,403,257
2007	3,403,244
2008	3,404,511
2009	3,407,116
2010	3,410,587
2011	3,409,632
2012	3,408,710
2013	3,413,042
2014	3,416,277
2015	3,417,980
2016	3,423,260
2017	3,423,368
2018	3,427,290
2019	3,431,312
2020	3,436,003
2021	2,513,602
2022	<u>2,465,360</u>
Total	<u>\$66,373,070</u>

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 7. LONG-TERM DEBT- continued

Changes in General Long-Term Liabilities. During the year ended September 30, 2002, the following changes occurred in the City's liabilities reported in the general long-term debt account group:

	Balance October 1, 2001	Additions	Reductions	Balance September 30, 2002
Capitalized leases obligations	\$ 635,823	\$ 126,810	\$ 284,511	\$ 478,122
General obligation debt	81,955,000	8,230,000	1,415,000	88,770,000
Compensated absences	<u>345,134</u>	<u>69,871</u>	<u>-</u>	<u>415,005</u>
Total	<u>\$82,935,957</u>	<u>\$ 8,426,681</u>	<u>\$1,699,511</u>	<u>\$89,663,127</u>

During the year ended September 30, 2002, the following changes occurred in the Water and Wastewater Board's long-term debt:

	Balance October 1, 2001	Additions	Reductions	Balance September 30, 2002
Revenue Bonds	<u>\$44,220,000</u>	<u>\$ -</u>	<u>\$ 860,000</u>	<u>\$43,360,000</u>
Total	<u>\$44,220,000</u>	<u>\$ -</u>	<u>\$ 860,000</u>	<u>\$43,360,000</u>

Industrial Development Bonds. The Industrial Development Board was established in a prior year. The Board issued industrial development bonds of which the outstanding balance is not determinable. The Board was subsequently dissolved. During 1995, a new Board was established. The current Board has not issued industrial development bonds since its inception.

NOTE 8. OPERATING LEASES

The City is the lessor in several non-cancelable operating leases of one year or less of cell towers and property rentals. Rental revenues derived from these leases total \$63,809 for the year ended September 30, 2002.

**CITY OF MADISON, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2002**

NOTE 9. CONTRIBUTED CAPITAL

The changes in the Water and Wastewater Board's capital account are as follows:

Beginning Balance, October 1, 2001	\$22,454,385
Contributing sources:	
Utility plant construction:	
Water system	1,010,295
Wastewater system	<u>1,211,639</u>
Ending Balance, September 30, 2002	<u>\$24,676,319</u>

NOTE 10. FUND EQUITY RESERVES AND DESIGNATIONS

Primary Government

General Fund

Reserve for Prepaid Items - restricted for costs applicable to future accounting periods.

Reserve for Encumbrances - restricted for payment of encumbered goods and services.

Reserve for Fair Trial Tax - restricted for payment of monies held by the City for Indigent Defense.

Reserve for Neighborhood Park Improvements - restricted for payment of improvements to neighborhood parks as required by the subdivision regulations.

Special Revenue Funds

Reserve for Special Revenues - restricted for payments of maintenance of streets and highways or other specific purposes.

Reserve for Encumbrances - restricted for payment of encumbered goods and services.

Debt Service Funds

Reserve for Debt Service - restricted for payments to service debt in the General Long-Term Debt Account Group.

Capital Projects Funds

Reserve for Encumbrances - restricted for payment of current obligations under construction contracts.

Reserve for Capital Projects - restricted for payments to acquire major capital facilities.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 10. FUND EQUITY RESERVES AND DESIGNATIONS - continued

Fiduciary Funds

Reserve for Subdivision Cash Bonds - restricted for payment to refund bonds to developers that have fulfilled their obligations in a subdivision.

Discretely Presented Component Units

Madison Industrial Development Board

Reserve for Progress and Development - restricted for payments to promote industry and develop trade.

Madison City Board of Education

Reserve for Encumbrances - restricted for payment of encumbered goods and services.

Reserve for Inventories - represents a portion of assets that do not represent available expendable financial resources.

NOTE 11. DEFINED BENEFIT PENSION PLAN

Primary Government

Plan Description

The City of Madison defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City of Madison is affiliated with the Employees' Retirement System of Alabama (the System), an agent multiple-employer pension plan administered by the Retirement Systems of Alabama. Section 36-27-2, Code of Alabama, 1975, assigns the authority to establish and amend the benefit provisions of the plans that participate in the System to respective employer entities. For the City of Madison, the authority rests with the City Council. The Retirement System of Alabama issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Retirement Systems of Alabama, Post Office Box 302150, Montgomery, Alabama 36130-2150 or by calling 1-800-214-2158.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 11. DEFINED BENEFIT PENSION PLAN – continued

Funding Policy

The System members are required to contribute five percent (5%) of their annual covered salary. Effective January 1, 2001, the member contribution rate for correctional officers, certified full-time firefighters and certified full-time law enforcement officers increased to six percent (6%) of employees' compensation. The City is required to contribute at an actuarially determined rate. The current rate is 5.40 percent of annual covered payroll. The contribution requirement of plan members and the City are established and may be amended by the Retirement System of Alabama.

Annual Pension Cost

For fiscal year 2002, the City's annual pension cost of \$454,978 was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumption included (a) 8 percent investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 4.61 to 7.75 percent per year, and (c) no cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.50 percent. The actuarial value of the System assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2001, was seventeen (17) years.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
1999	\$280,811	100%	\$ -
2000	\$324,565	100%	\$ -
2001	\$373,450	100%	\$ -

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 11. DEFINED BENEFIT PENSION PLAN - continued

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Excess or (Unfunded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>AAL (UAAL) as a Percentage of Covered Payroll (b-a) /c</u>
9/30/98	\$7,897,258	\$7,634,300	\$ (262,958)	103.4%	\$5,847,565	(4.5)%
9/30/99	\$8,934,929	\$8,411,117	\$ (523,812)	106.2%	\$6,271,935	(8.4)%
9/30/00	\$10,160,970	\$10,071,011	\$(89,959)	100.9%	\$6,876,279	(1.3)%
9/30/01	\$11,268,887	\$12,442,734	\$1,173,847	90.6%	\$7,727,425	15.2%

Water and Wastewater Board

Plan Description

The Board contributes to the Employees' Retirement System of Alabama (the System), which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System is an agent multiple-employer public employee retirement system, which acts as a common investment and administrative agent for government employers in the State of Alabama. All eligible full time employees are covered by the System. The Employees' Retirement System of Alabama issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Retirement Systems of Alabama, Post Office Box 302150, Montgomery, Alabama 36130-2150 or by calling 1-800-214-2158.

Funding Policy

All covered employees are required to contribute five percent of their annual covered salary. The Board is required to contribute at an actuarially determined rate. The current rate is 5.68 percent of annual covered payroll. The contribution requirement of plan members and the Board are established and may be amended by the System.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 11. DEFINED BENEFIT PENSION PLAN - continued

Annual Pension Cost

For fiscal year 2002, the Board's annual pension cost of \$103,432 was equal to the Board's required annual contributions. The required contribution was determined as part of the September 30, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumption included (a) 8 percent investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 4.61 to 7.75 percent per year, and (c) no cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.5 percent. The actuarial value of the plan's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2001, was ten (10) years.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
1998	\$78,485	100%	\$ -
1999	\$89,249	100%	\$ -
2000	\$94,642	100%	\$ -
2001	\$100,777	100%	\$ -
2002	\$109,199	100%	\$ -

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Excess or (Unfunded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>AAL (UAAL) as a Percentage of Covered Payroll (b-a) / c)</u>
9/30/98	\$1,335,840	\$1,471,392	\$135,552	90.8%	\$1,293,757	10.5%
9/30/99	\$1,573,789	\$1,785,241	\$211,452	88.2%	\$1,542,237	13.7%
9/30/00	\$1,812,724	\$1,987,595	\$174,871	91.2%	\$1,575,306	11.1%
9/30/01	\$2,042,134	\$2,267,919	\$225,785	90.0%	\$1,606,145	14.1%

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 11. DEFINED BENEFIT PENSION PLAN - continued

Madison City Board of Education

Plan Description

Madison City Board of Education contributes to the Teachers' Retirement System of Alabama, a cost-sharing multiple employer public employee retirement system for the various state-supported educational agencies and institutions. This plan is administered by the Retirement Systems of Alabama.

Substantially all employees of the Madison City Board of Education are members of the Teachers' Retirement System. Membership is mandatory for covered or eligible employees. 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 which yields the highest monthly benefit. The methods are (1) Minimum Guaranteed or (2) Formula, of which the formula method usually produces the highest monthly benefit. Under this method, retirees are allowed 2.0125 percent of their average final salary (best three of the last ten years) for each year of service. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death is provided to plan members.

The Teachers' Retirement System was established October 1, 1941, under the provisions of Act Number 419, Acts of Alabama 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The responsibility for general administration and operation of the Teachers' Retirement System is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, 16-25-1 through 16-25-113, as amended, and 36-27B-1 through 36-27B-6, as amended.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' 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.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 11. DEFINED BENEFIT PENSION PLAN - continued

Funding Policy

Employees of Madison City Board of Education are required to contribute five percent of their salary to the Teachers' Retirement System. The Board is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Teachers' Retirement System recommends to the Alabama Legislature the contributions rate for the following fiscal year, with the legislature setting this rate in the annual appropriation bill.

The percentage of the contributions and the amount of contributions made by the Madison City Board of Education and the Board's employees equal the required contributions for each year as follows:

	<u>2002</u>	<u>2001</u>
Fiscal year ended September 30,		
Total percentage of covered payroll	97.00%	97.00%
Contributions:		
Percentage covered by Madison City Board of Education	6.38%	6.38%
Percentage contributed by the employees	5.00%	5.00%
Amount contributed by Madison City Board of Education	\$1,334,447	\$1,299,474
Amount contributed by the employees	<u>1,100,406</u>	<u>1,019,400</u>
Total Contributions	<u>\$2,434,853</u>	<u>\$2,318,874</u>

NOTE 12. RELATED PARTY TRANSACTIONS

On September 23, 1991, the City and the Water and Wastewater Board, a discretely presented component unit, entered into a franchise agreement for the operation of certain utility systems from the City. This franchise agreement was granted for the purpose of confirming and clarifying the holder of ownership interest in and to water and sewer improvements and fire hydrants previously dedicated to the City, which were transferred to the Board by the City.

**CITY OF MADISON
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 12. RELATED PARTY TRANSACTIONS - continued

In accepting this franchise agreement, the Board agreed to pay the City, no later than September 1 of each year, a sum of money equal to three percent of its gross revenues from sales of utility services for the preceding fiscal year (exclusive of impact, administrative and tap fees) whether such sales occur within or outside the corporate limits of the City. Franchise fees for the year ending September 30, 2002, were \$193,693.

The **North Alabama Gas District** is governed by a Board of Directors composed of five members, two of whom are appointed by the governing body of the City of Madison. The City receives distributions based on the District's annual income. The City has no significant influence over the management, budget, or policies of the District. During the fiscal year ended September 30, 2002, the City received \$211,528 from the North Alabama Gas District.

NOTE 13. RELATED ORGANIZATIONS

The City is responsible for all of the board appointments of the Technical Review Board, Recreation Advisory Board and Education Committee. However, the City has no further accountability for any of these organizations.

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from the past three fiscal years have not exceeded commercial coverage.

The Madison City Board of Education is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The Board has insurance for its buildings and contents through the State Insurance Fund (SIF), Alabama Department of Finance, Division of Risk Management, a public entity risk pool, which operates as a common risk management and insurance program for state-owned properties and boards of education. The Board pays an annual premium based on the amount of coverage. The SIF is self-insured up to \$2 million per occurrence.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 14. RISK MANAGEMENT - continued

The SIF purchases commercial insurance for claims that in the aggregate exceed \$2 million. Errors and omissions insurance is purchased from the Alabama School Boards Insurance Trust (ASBIT), a public entity risk pool. The ASBIT collects the premiums and purchases commercial insurance for the amount of coverage requested by pool participants. The Board purchases commercial insurance for fidelity bonds and automobile coverage. Settled claims in the past three years have not exceeded the commercial insurance coverage.

Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF), administered by the Public Education Employees' Health Insurance Board. The plan was established to provide a uniform plan of health insurance for current and retired employees of state education institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are set annually based on the amounts necessary to fund coverage. The Board contributes the specified amount monthly to the PEEHIF for each employee.

The State Board of Adjustments is a state agency with which people can file claims against the Board to collect reimbursement for damages when all other means have been exhausted. The Board does not have insurance coverage for job-related injuries. Claims for employee job-related injuries may be filed with the State Board of Adjustment. The Board of Adjustment determines if a claim is valid and determines the proper amount of compensation. Payments are made from state appropriated funds at no cost to the Board.

NOTE 15. COMMITMENTS AND CONTINGENCIES

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion the resolution of these matters will not have a material adverse affect on the financial condition of the City.

The City and the Madison City Board of Education receive Federal grants and State appropriations for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor for expenses disallowed under the terms of the grant or appropriations. The City and Board believe such disallowance, if any, would not be material to the City's or Board's financial position.

**CITY OF MADISON, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 16. SUBSEQUENT EVENTS

On October 1, 2002, the City of Madison issued \$21,325,000 of general obligation school warrants for school purposes. The interest rate on the warrants range from 1.650% to 5.125% and the maturity date is February 2032.

On October 14, 2002, the City of Madison contracted to construct a recreational building and site project related to the outdoor swimming pool in the amount of \$364,939.

On October 31, 2002, the City of Madison purchased five (5) acres of land for \$165,827 to construct an extension for Eastview Drive. A portion of this land will be sold to Madison Board of Education for an amount of \$33,000 per acre.

On November 25, 2002, the City of Madison Police Department was awarded a Federal Cops grant in the amount of \$357,240.

On December 23, 2002, the City of Madison was donated 69 acres of land designated for Green Space.

NOTE 17. GASB NO. 34

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments". Certain of the significant changes in the Statement include the following:

For the first time the financial statements will include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the City's activities.

A change in the fund financial statements to focus on the major funds.

The general provision of GASB No. 34 must be implemented by the City of Madison no later than the fiscal year ending September 30, 2003.



**COMBINING AND INDIVIDUAL FUND, ACCOUNT
GROUP AND DISCRETELY PRESENTED
COMPONENT UNIT STATEMENTS
AND SCHEDULES**



GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments, which are not required by sound financial management or law to be accounted for in another fund.

CITY OF MADISON, ALABAMA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2002 and 2001

	2002	2001
ASSETS		
Cash and Cash Equivalents	\$1,813,629	\$2,348,240
Receivables:		
Accounts	2,460,742	1,888,922
Taxes	640,027	647,093
Grants	0	15,456
Prepaid Items	16,678	5,823
Due from Other Funds	1,068,542	433,455
Due from Component Unit	0	11,594
	TOTAL ASSETS	\$5,350,583
	\$5,999,618	\$5,350,583
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$224,734	\$248,572
Compensated Absences Payable	58,465	59,438
Accrued Payroll and Retirement	394,121	378,037
Other Accrued Liabilities	9,483	52,771
Due to Other Funds	142,111	177,937
Due to Component Unit	0	1,466
Deferred Revenue	2,042,380	1,750,933
	Total Liabilities	2,669,154
	2,871,294	2,669,154
 Fund Balances:		
Reserved for Prepaid Items	16,678	5,823
Reserved for Encumbrances	48,880	51,917
Reserved for Fair Trial Tax	5,913	6,360
Reserved for Neighborhood Park Improvements	66,704	91,959
Unreserved, Undesignated	2,990,149	2,525,370
	Total Fund Balances	2,681,429
	3,128,324	2,681,429
TOTAL LIABILITIES AND FUND BALANCES	\$5,999,618	\$5,350,583

CITY OF MADISON, ALABAMA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes:			
Sales	\$6,859,000	\$6,800,271	(\$58,729)
Other	1,077,000	1,008,887	(68,113)
Licenses and Permits	2,199,800	2,212,986	13,186
Fines	630,000	599,885	(30,115)
Intergovernmental	2,564,684	2,480,397	(84,287)
Other Operating Revenues	1,129,027	1,048,976	(80,051)
TOTAL REVENUES	14,459,511	14,151,402	(308,109)
EXPENDITURES			
Current:			
General Administration	465,091	420,142	44,949
Police Department	3,431,343	3,235,499	195,844
Public Works Department	2,019,135	1,970,397	48,738
City Clerk Department	457,753	436,823	20,930
Culture and Recreation	1,871,815	1,682,626	189,189
Fire Department	2,173,560	2,027,071	146,489
Community Development	597,395	562,039	35,356
Court Clerk Department	666,133	673,583	(7,450)
City Council	173,997	170,328	3,669
Finance Department	300,918	290,753	10,165
Human Resources Department	1,728,769	1,721,362	7,407
Mayor Department	245,491	232,293	13,198
Revenue Department	153,979	148,668	5,311
Engineering Department	282,094	276,326	5,768
Information Technology Department	160,475	150,386	10,089
Legal Department	191,333	185,468	5,865
Capital Outlay	244,571	247,587	(3,016)
Capital Outlay - Lease/Purchase	126,810	126,810	0
Debt Service:			
Interest	33,127	31,098	2,029
Principal	287,524	284,511	3,013
TOTAL EXPENDITURES	15,611,313	14,873,770	737,543
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(1,151,802)	(722,368)	429,434
OTHER FINANCING SOURCES (USES)			
Sale of Fixed Assets	4,000	1,919	(2,081)
Operating Transfers In	1,216,737	1,231,198	14,461
Operating Transfers In - Component Unit	35,000	30,000	(5,000)
Operating Transfers Out	(245,877)	(257,981)	(12,104)
Capital Leases	126,810	126,810	0
Donated Assets	0	35,567	35,567
Other	0	1,750	1,750
TOTAL OTHER FINANCING SOURCES (USES)	1,136,670	1,169,263	32,593
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(15,132)	446,895	462,027
FUND BALANCE AT BEGINNING OF YEAR	2,681,429	2,681,429	0
FUND BALANCE AT END OF YEAR	\$2,666,297	\$3,128,324	\$462,027



SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

State Gasoline Taxes and Inspection Fees and Local Gasoline Tax Funds - This fund was established to account for the City's share of the State 7-Cent Gasoline Tax, 5-Cent Gasoline Tax and Petroleum Inspection Fees. State law requires these gasoline taxes to be used for the operation and maintenance of streets and highways. The state law limits the use of the 4-Cent Gasoline Tax to resurfacing, restoring and rehabilitating roads and bridges. The City's 2-Cent Gasoline Tax is used for the operation and maintenance of streets.

TVA Tax Distribution Fund - This fund is used to account for contributions to the school system.

Senior Center Donation Fund - This fund is used to account for the operations of the City's senior center. Funds provided to the City for the senior center may be used only for that purpose.

Library Fund - This fund is used to account for the operations of the City Library.

Water Distribution and Storage Project Fund - This fund is used to account for the ½ Cent sales tax and the 5½ mill property tax.

Madison School Project Fund - This fund is used to account for the 11 mill property tax.

Correctional Fund - This fund is used to account for the correction fines.

Municipal Government Capital Improvement Fund - This fund is used to account for expenditures of revenues received from the State of Alabama solely for capital improvements.

Federal Forfeiture Fund - This fund is used to account for sharing funds received from the U.S. Department of Justice and the U.S. Department of the Treasury.

Domestic Violence Fund - This fund is used to account for revenues and expenditures for the Violence Against Women grant.

CITY OF MADISON, ALABAMA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2002
WITH COMPARATIVE TOTALS FOR 2001

	State Gasoline Taxes and Inspection Fees Fund	TVA Tax Distribution Fund	Senior Center Donation Fund	Library Fund	Water Distribution and Storage Project Fund	Madison School Project Fund	Correctional Fund	Municipal Government Capital Improvement Fund	Federal Forfeiture Fund	Domestic Violence Fund	Totals	
											2002	2001
ASSETS												
Cash and Cash Equivalents	\$752,718	\$49,392	\$12,474	\$35,773	\$1,032,691	\$60,763	\$0	\$100,505	\$29,366	\$0	\$2,073,682	\$1,697,409
Receivables:												
Accounts	116,745	13,581	0	132,500	1,727,817	0	0	0	0	0	1,990,643	1,762,136
Grant	0	0	0	0	0	0	0	0	0	6,057	6,057	11,282
Due from Other Funds	0	0	0	0	0	0	112,127	0	0	1,000	113,127	177,937
Due from Component Unit	33,501	0	0	0	0	0	0	0	0	0	33,501	0
TOTAL ASSETS	\$902,964	\$62,973	\$12,474	\$168,273	\$2,760,508	\$60,763	\$112,127	\$100,505	\$29,366	\$7,057	\$4,217,010	\$3,648,764
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts Payable	\$30,257	\$35,945	\$0	\$606	\$0	\$0	\$0	\$0	\$5,982	\$0	\$72,790	\$67,328
Due to Other Funds	343,130	19,355	0	0	700,000	0	0	0	0	6,057	1,068,542	468,455
Deferred Revenue	50,000	0	0	132,500	1,556,000	0	0	0	0	0	1,738,500	1,486,500
Total Liabilities	423,387	55,300	0	133,106	2,256,000	0	0	0	5,982	6,057	2,879,832	2,022,283
Fund Balances:												
Reserved for Encumbrances	34,497	0	0	626	0	0	0	0	6,155	0	41,278	9,834
Reserved for Street Projects	445,080	0	0	0	0	0	0	0	0	0	445,080	553,125
Reserved for Senior Center	0	0	12,474	0	0	0	0	0	0	0	12,474	7,791
Reserved for Library	0	0	0	34,541	0	0	0	0	0	0	34,541	14,698
Reserved for Water Projects	0	0	0	0	504,508	0	0	0	0	0	504,508	770,818
Reserved for School Projects	0	0	0	0	0	60,763	0	0	0	0	60,763	51,267
Reserved for Municipal Court	0	0	0	0	0	0	112,127	0	0	0	112,127	177,937
Reserved for Capital Improvement Projects	0	0	0	0	0	0	0	100,505	0	0	100,505	3,425
Reserved for Federal Forfeiture	0	0	0	0	0	0	0	0	17,229	0	17,229	31,106
Reserved for Domestic Violence	0	0	0	0	0	0	0	0	0	1,000	1,000	0
Unreserved, Undesignated	0	7,673	0	0	0	0	0	0	0	0	7,673	6,480
Total Fund Balances	479,577	7,673	12,474	35,167	504,508	60,763	112,127	100,505	23,384	1,000	1,337,178	1,626,481
TOTAL LIABILITIES AND FUND BALANCES	\$902,964	\$62,973	\$12,474	\$168,273	\$2,760,508	\$60,763	\$112,127	\$100,505	\$29,366	\$7,057	\$4,217,010	\$3,648,764

CITY OF MADISON, ALABAMA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002
WITH COMPARATIVE TOTALS FOR 2001

	State Gasoline Taxes and Inspection Fees Fund	TVA Tax Distribution Fund	Senior Center Donation Fund	Library Fund	Water Distribution and Storage Project Fund	Madison School Project Fund	Correctional Fund	Municipal Government Capital Improvement Fund	Federal Forfeiture Fund	Domestic Violence Fund	Totals	
											2002	2001
REVENUES												
Intergovernmental:												
Gasoline Excise Taxes	\$852,002	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$852,002	\$707,347
TVA Tax Proceeds	0	55,299	0	0	0	0	0	0	0	0	55,299	51,470
Property Tax	0	0	0	133,755	1,499,828	9,496	0	0	0	0	1,643,079	1,412,912
Other	0	0	0	0	0	0	0	95,617	0	0	95,617	49,641
Grant	0	0	0	0	0	0	0	0	0	39,867	39,867	58,587
Sales Tax	0	0	0	0	1,770,061	0	0	0	0	0	1,770,061	1,850,442
Fines	0	0	0	0	0	0	134,190	0	0	0	134,190	154,866
Interest Income	20,913	1,194	291	2,607	54,098	0	0	1,463	1,061	0	81,627	104,912
Donations	0	0	4,392	0	0	0	0	0	0	1,000	5,392	4,490
Other	0	0	0	0	0	0	0	0	0	0	0	22
TOTAL REVENUES	872,915	56,493	4,683	136,362	3,323,987	9,496	134,190	97,080	1,061	40,867	4,677,134	4,394,489
EXPENDITURES												
Current:												
General Administration	11	35,945	0	340,140	8,851	0	0	0	0	0	384,747	368,190
Police Department	0	0	0	0	0	0	0	0	113	61,958	62,071	107,238
Public Works Department	646,452	0	0	0	0	0	0	0	0	0	646,452	446,537
Capital Outlay	0	0	0	0	0	0	0	0	18,304	0	18,304	146,953
TOTAL EXPENDITURES	646,463	35,945	0	340,140	8,851	0	0	0	18,417	61,958	1,111,574	1,068,918
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	226,452	20,548	4,683	(203,778)	3,315,336	9,496	134,190	97,080	(17,356)	(21,091)	3,565,560	3,325,571
OTHER FINANCING SOURCES (USES)												
Sale of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	375
Operating Transfers In	0	0	0	224,047	12,800	0	0	0	0	22,091	258,938	247,021
Operating Transfers Out	(300,000)	(19,355)	0	0	(3,594,446)	0	(200,000)	0	0	0	(4,113,801)	(3,296,590)
Operating Transfers Out - Component Unit	0	0	0	0	0	0	0	0	0	0	0	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	(300,000)	(19,355)	0	224,047	(3,581,646)	0	(200,000)	0	0	22,091	(3,854,863)	(3,074,194)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(73,548)	1,193	4,683	20,269	(266,310)	9,496	(65,810)	97,080	(17,356)	1,000	(289,303)	251,377
FUND BALANCE AT BEGINNING OF YEAR	553,125	6,480	7,791	14,898	770,818	51,267	177,937	3,425	40,740	0	1,626,481	1,375,104
FUND BALANCE AT END OF YEAR	\$479,577	\$7,673	\$12,474	\$35,167	\$504,508	\$60,763	\$112,127	\$100,505	\$23,384	\$1,000	\$1,337,178	\$1,626,481

CITY OF MADISON, ALABAMA
STATE GASOLINE TAXES AND INSPECTION FEES FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Gasoline Excise Taxes	\$625,297	\$852,002	\$226,705
Interest Income	22,298	20,913	(1,385)
	<u>647,595</u>	<u>872,915</u>	<u>225,320</u>
EXPENDITURES			
Current:			
General Administration	0	11	(11)
Public Works Department	659,535	646,452	13,083
Capital Outlay	24,500	0	24,500
	<u>684,035</u>	<u>646,463</u>	<u>37,572</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(36,440)	226,452	262,892
OTHER FINANCING (USES)			
Operating Transfers Out	(300,000)	(300,000)	0
	<u>(300,000)</u>	<u>(300,000)</u>	<u>0</u>
(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING USES	(336,440)	(73,548)	262,892
FUND BALANCE AT BEGINNING OF YEAR	<u>553,125</u>	<u>553,125</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$216,685</u>	<u>\$479,577</u>	<u>\$262,892</u>

CITY OF MADISON, ALABAMA
TVA TAX DISTRIBUTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
TVA Tax Proceeds	\$46,350	\$55,299	\$8,949
Interest Income	515	1,194	679
	46,865	56,493	9,628
TOTAL REVENUES			
EXPENDITURES			
Current:			
General Administration	30,128	35,945	(5,817)
	30,128	35,945	(5,817)
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER EXPENDITURES	16,737	20,548	3,811
OTHER FINANCING (USES)			
Operating Transfers Out	(16,737)	(19,355)	(2,618)
	(16,737)	(19,355)	(2,618)
TOTAL OTHER FINANCING (USES)			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	0	1,193	1,193
FUND BALANCE AT BEGINNING OF YEAR	6,480	6,480	0
FUND BALANCE AT END OF YEAR	\$6,480	\$7,673	\$1,193

CITY OF MADISON, ALABAMA
 SENIOR CENTER DONATION FUND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Donations	\$2,600	\$4,392	\$1,792
Interest Income	0	291	291
	<u>2,600</u>	<u>4,683</u>	<u>2,083</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General Administration	2,600	0	2,600
	<u>2,600</u>	<u>0</u>	<u>2,600</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	0	4,683	4,683
FUND BALANCE AT BEGINNING OF YEAR	<u>7,791</u>	<u>7,791</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u><u>\$7,791</u></u>	<u><u>\$12,474</u></u>	<u><u>\$4,683</u></u>

CITY OF MADISON, ALABAMA
LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Property Tax	\$125,000	\$133,755	\$8,755
Interest Income	2,000	2,607	607
TOTAL REVENUES	127,000	136,362	9,362
EXPENDITURES			
Current:			
General Administration	345,950	340,140	5,810
TOTAL EXPENDITURES	345,950	340,140	5,810
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(218,950)	(203,778)	15,172
OTHER FINANCING SOURCES			
Operating Transfers In	224,047	224,047	0
TOTAL OTHER FINANCING SOURCES	224,047	224,047	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	5,097	20,269	15,172
FUND BALANCE AT BEGINNING OF YEAR	14,898	14,898	0
FUND BALANCE AT END OF YEAR	<u>\$19,995</u>	<u>\$35,167</u>	<u>\$15,172</u>

CITY OF MADISON, ALABAMA
WATER DISTRIBUTION AND STORAGE PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Property Tax	\$1,361,500	\$1,499,828	\$138,328
Sales Tax	1,706,800	1,770,061	63,261
Interest Income	40,000	54,098	14,098
	<u>3,108,300</u>	<u>3,323,987</u>	<u>215,687</u>
EXPENDITURES			
Current:			
General Administration	8,300	8,651	(351)
	<u>8,300</u>	<u>8,651</u>	<u>(351)</u>
EXCESS OF REVENUES OVER EXPENDITURES	3,100,000	3,315,336	215,336
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	0	12,800	12,800
Operating Transfers Out	(3,581,949)	(3,594,446)	(12,497)
	<u>(3,581,949)</u>	<u>(3,581,646)</u>	<u>303</u>
(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING USES	(481,949)	(266,310)	215,639
FUND BALANCE AT BEGINNING OF YEAR	<u>770,818</u>	<u>770,818</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$288,869</u>	<u>\$504,508</u>	<u>\$215,639</u>

CITY OF MADISON, ALABAMA
CORRECTIONAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Fines	\$157,000	\$134,190	(\$22,810)
TOTAL REVENUES	157,000	134,190	(22,810)
EXPENDITURES			
Current:			
General Administration	0	0	0
TOTAL EXPENDITURES	0	0	0
EXCESS OF REVENUES OVER EXPENDITURES	157,000	134,190	(22,810)
OTHER FINANCING (USES)			
Operating Transfers Out	(200,000)	(200,000)	0
TOTAL OTHER FINANCING (USES)	(200,000)	(200,000)	0
(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING USES	(43,000)	(65,810)	(22,810)
FUND BALANCE AT BEGINNING OF YEAR	177,937	177,937	0
FUND BALANCE AT END OF YEAR	<u>\$134,937</u>	<u>\$112,127</u>	<u>(\$22,810)</u>

CITY OF MADISON, ALABAMA
MUNICIPAL GOVERNMENT CAPITAL IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Other	\$95,617	\$95,617	\$0
Interest Income	200	1,463	1,263
TOTAL REVENUES	95,817	97,080	1,263
 EXPENDITURES			
Current:			
General Administration	0	0	0
TOTAL EXPENDITURES	0	0	0
 EXCESS OF REVENUES OVER EXPENDITURES	 95,817	 97,080	 1,263
 OTHER FINANCING (USES)			
Operating Transfers Out	(95,817)	0	95,817
TOTAL OTHER FINANCING (USES)	(95,817)	0	95,817
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	 0	 97,080	 97,080
 FUND BALANCE AT BEGINNING OF YEAR	 3,425	 3,425	 0
 FUND BALANCE AT END OF YEAR	 \$3,425	 \$100,505	 \$97,080

CITY OF MADISON, ALABAMA
 DOMESTIC VIOLENCE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental:			
Grant	\$0	\$39,867	\$39,867
Donations	0	1,000	1,000
	0	40,867	40,867
TOTAL REVENUES	0	40,867	40,867
EXPENDITURES			
Current:			
Police Department	21,830	61,958	(40,128)
	21,830	61,958	(40,128)
TOTAL EXPENDITURES	21,830	61,958	(40,128)
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(21,830)	(21,091)	739
OTHER FINANCING SOURCES			
Operating Transfers In	21,830	22,091	261
	21,830	22,091	261
TOTAL OTHER FINANCING SOURCES	21,830	22,091	261
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	0	1,000	1,000
FUND BALANCE AT BEGINNING OF YEAR	0	0	0
FUND BALANCE AT END OF YEAR	\$0	\$1,000	\$1,000



DEBT SERVICE FUNDS

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from government resources.

1990 Bond Fund - This fund is used to account for the accumulation of resources for the payment of general obligation warrants dated January 1, 1990, which are payable in annual installments of principal and interest until 2003. The ½ Cent Sales Tax and the 5 ½ Mill Property Tax are expected to continue through 2003 and will provide 100% of the debt service requirements for the outstanding general obligation warrants.

1994-B Bond Fund - This fund is used to account for the accumulation of resources for the payment of the general obligation warrants dated August 1, 1994.

1995 Bond Fund - This fund is used to account for the accumulation of resources for the payment of the general obligation warrants dated April 1, 1995. The 5 ½ Mill Property Tax and the ½ Cent Sales Tax will provide 100% of the debt service requirements for the outstanding general obligations warrants.

1998-A Bond Fund - This fund is used to account for the accumulation of resources for the payment of the general obligation school warrants dated April 1, 1998. The 11 Mill Property Tax will provide 100% of the debt service requirements for the outstanding general obligations school warrants.

1998-B Bond Fund - This fund is used to account for the accumulation of resources for the payment of the general obligation school warrants dated September 1, 1998. The 11 Mill Property Tax and resources dedicated by Madison City Board of Education will provide 100% of the debt service requirements for the outstanding general obligations school warrants.

1998-C Bond Fund - This fund is used to account for the accumulation of resources for the payment of the general obligation warrants dated September 1, 1998. The 5 ½ Mill Property Tax and the ½ Cent Sales Tax will provide 100% of the debt service requirements for the outstanding general obligations warrants.

1999 Bond Fund - This fund is used to account for the accumulation of resources for the payment of the general obligation school warrants dated March 15, 1999. The 11 Mill Property Tax and resources dedicated by Madison City Board of Education will provide 100% of the debt service requirements for the outstanding general obligations school warrants.

2000 Bond Fund - This fund is used to account for the accumulation of resources for the payment of the general obligation school warrants dated April 1, 2000. The 11 Mill Property Tax and resources dedicated by Madison City Board of Education will provide 100% of the debt service requirements for the outstanding general obligations school warrants.

2001 Bond Fund - This fund is used to account for the accumulation of resources for the payment of the general obligation warrants dated June 1, 2001. The 5½ Mill Property Tax and the ½ Cent Sales Tax will provide 100% of the debt service requirements for the outstanding general obligations warrants.

2001-A Bond Fund - This fund is used to account for the accumulation of resources for the payment of the general obligation school warrants dated November 1, 2001. The 11 Mill Property Tax and resources dedicated by Madison City Board of Education will provide 100% of the debt service requirements for the outstanding general obligations school warrants.

CITY OF MADISON, ALABAMA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2002
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2001

	1990	1994	1995	1998	1998	1998	1999	2000	2001	2001-A	Totals	
	Bond Fund	B Bond Fund	Bond Fund	A Bond Fund	B Bond Fund	C Bond Fund	Bond Fund	Bond Fund	Bond Fund	Bond Fund	2002	2001
ASSETS												
Trustee Held Funds	\$289,685	\$0	\$578,519	\$1,310	\$6,777	\$196	\$1,072	\$88,433	\$0	\$83	\$966,075	\$971,335
TOTAL ASSETS	<u>\$289,685</u>	<u>\$0</u>	<u>\$578,519</u>	<u>\$1,310</u>	<u>\$6,777</u>	<u>\$196</u>	<u>\$1,072</u>	<u>\$88,433</u>	<u>\$0</u>	<u>\$83</u>	<u>\$966,075</u>	<u>\$971,335</u>
LIABILITIES AND FUND BALANCES												
Liabilities:												
Total Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balances:												
Reserved for Debt Service	289,685	0	578,519	1,310	6,777	196	1,072	88,433	0	83	966,075	971,335
Total Fund Balances	<u>289,685</u>	<u>0</u>	<u>578,519</u>	<u>1,310</u>	<u>6,777</u>	<u>196</u>	<u>1,072</u>	<u>88,433</u>	<u>0</u>	<u>83</u>	<u>966,075</u>	<u>971,335</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$289,685</u>	<u>\$0</u>	<u>\$578,519</u>	<u>\$1,310</u>	<u>\$6,777</u>	<u>\$196</u>	<u>\$1,072</u>	<u>\$88,433</u>	<u>\$0</u>	<u>\$83</u>	<u>\$966,075</u>	<u>\$971,335</u>

CITY OF MADISON, ALABAMA
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002
WITH COMPARATIVE TOTALS FOR 2001

	1990	1994	1995	1998	1998	1998	1999	2000	2001	2001	Totals	
	Bond Fund	B Bond Fund	Bond Fund	A Bond Fund	B Bond Fund	C Bond Fund	Bond Fund	Bond Fund	Bond Fund	A Bond Fund	2002	2001
REVENUES												
Interest Income	\$3,468	\$34	\$1,468	\$118	\$388	\$375	\$335	\$46	\$250	\$34,717	\$41,199	\$32,513
TOTAL REVENUES	3,468	34	1,468	118	388	375	335	46	250	34,717	41,199	32,513
EXPENDITURES												
Current:												
General Administration	1,318	0	86	9	0	0	0	3,000	0	0	4,413	1,917
Debt Service:												
Interest	34,260	0	1,066,798	334,199	597,264	797,095	616,638	181,595	548,796	182,426	4,359,071	3,863,852
Principal	320,000	0	0	125,000	375,000	0	370,000	110,000	115,000	0	1,415,000	1,235,000
Bond Issuance Costs	0	0	0	0	0	0	0	0	0	26,000	26,000	0
TOTAL EXPENDITURES	355,578	0	1,066,884	459,208	972,264	797,095	986,638	294,595	663,796	208,426	5,804,484	5,100,869
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(352,110)	34	(1,065,416)	(459,090)	(971,876)	(796,720)	(986,303)	(294,549)	(663,546)	(173,709)	(5,763,285)	(5,068,356)
OTHER FINANCING SOURCES (USES)												
Operating Transfers In	387,610	0	1,066,798	0	0	796,243	0	0	663,796	0	2,894,447	2,542,359
Operating Transfers In - Component Unit	0	0	0	459,199	972,264	0	986,638	292,010	0	147,792	2,857,903	2,560,419
Operating Transfers Out	0	(4,549)	0	0	0	0	0	0	(15,776)	0	(20,325)	0
Bond Proceeds	0	0	0	0	0	0	0	0	0	8,230,000	8,230,000	3,117,660
Discount on Bonds Issued	0	0	0	0	0	0	0	0	0	(153,505)	(153,505)	0
Payment to Refund 1994-B General Obligation Warrants	0	0	0	0	0	0	0	0	0	0	0	(3,117,660)
Bond Proceeds Transferred to Component Unit	0	0	0	0	0	0	0	0	0	(8,050,495)	(8,050,495)	0
TOTAL OTHER FINANCING SOURCES (USES)	387,610	(4,549)	1,066,798	459,199	972,264	796,243	986,638	292,010	648,020	173,792	5,758,025	5,102,778
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	15,500	(4,515)	1,382	109	388	(477)	335	(2,539)	(15,526)	83	(5,260)	34,422
FUND BALANCE AT BEGINNING OF YEAR	274,185	4,515	577,137	1,201	6,389	673	737	90,972	15,526	0	971,335	936,913
FUND BALANCE AT END OF YEAR	\$289,685	\$0	\$578,519	\$1,310	\$6,777	\$196	\$1,072	\$88,433	\$0	\$83	\$966,075	\$971,335

CITY OF MADISON, ALABAMA
1990 BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest Income	\$500	\$3,468	\$2,968
TOTAL REVENUES	500	3,468	2,968
EXPENDITURES			
Current:			
General Administration	0	1,318	(1,318)
Debt Service:			
Interest	34,260	34,260	0
Principal	320,000	320,000	0
TOTAL EXPENDITURES	354,260	355,578	(1,318)
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(353,760)	(352,110)	1,650
OTHER FINANCING SOURCES			
Operating Transfers In	354,260	367,610	13,350
TOTAL OTHER FINANCING SOURCES	354,260	367,610	13,350
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	500	15,500	15,000
FUND BALANCE AT BEGINNING OF YEAR	274,185	274,185	0
FUND BALANCE AT END OF YEAR	<u>\$274,685</u>	<u>\$289,685</u>	<u>\$15,000</u>

CITY OF MADISON, ALABAMA
1995 BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest Income	\$500	\$1,468	\$968
TOTAL REVENUES	500	1,468	968
EXPENDITURES			
Current:			
General Administration	0	86	(86)
Debt Service:			
Interest	1,066,798	1,066,798	0
TOTAL EXPENDITURES	1,066,798	1,066,884	(86)
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(1,066,298)	(1,065,416)	882
OTHER FINANCING SOURCES			
Operating Transfers In	1,066,798	1,066,798	0
TOTAL OTHER FINANCING SOURCES	1,066,798	1,066,798	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	500	1,382	882
FUND BALANCE AT BEGINNING OF YEAR	577,137	577,137	0
FUND BALANCE AT END OF YEAR	<u>\$577,637</u>	<u>\$578,519</u>	<u>\$882</u>

CITY OF MADISON, ALABAMA
1998-A BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest Income	\$500	\$118	(\$382)
TOTAL REVENUES	500	118	(382)
EXPENDITURES			
Current:			
General Administration	0	9	(9)
Debt Service:			
Interest	334,199	334,199	0
Principal	125,000	125,000	0
TOTAL EXPENDITURES	459,199	459,208	(9)
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(458,699)	(459,090)	(391)
OTHER FINANCING SOURCES			
Operating Transfers In - Component Unit	459,199	459,199	0
TOTAL OTHER FINANCING SOURCES	459,199	459,199	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	500	109	(391)
FUND BALANCE AT BEGINNING OF YEAR	1,201	1,201	0
FUND BALANCE AT END OF YEAR	<u>\$1,701</u>	<u>\$1,310</u>	<u>(\$391)</u>

CITY OF MADISON, ALABAMA
1998-B BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest Income	\$500	\$388	(\$112)
TOTAL REVENUES	500	388	(112)
EXPENDITURES			
Debt Service:			
Interest	597,264	597,264	0
Principal	375,000	375,000	0
TOTAL EXPENDITURES	972,264	972,264	0
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(971,764)	(971,876)	(112)
OTHER FINANCING SOURCES			
Operating Transfers In - Component Unit	972,264	972,264	0
TOTAL OTHER FINANCING SOURCES	972,264	972,264	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	500	388	(112)
FUND BALANCE AT BEGINNING OF YEAR	6,389	6,389	0
FUND BALANCE AT END OF YEAR	\$6,889	\$6,777	(\$112)

CITY OF MADISON, ALABAMA
1998-C BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest Income	\$500	\$375	(\$125)
TOTAL REVENUES	500	375	(125)
EXPENDITURES			
Debt Service:			
Interest	797,095	797,095	0
TOTAL EXPENDITURES	797,095	797,095	0
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(796,595)	(796,720)	(125)
OTHER FINANCING SOURCES			
Operating Transfers In	797,095	796,243	(852)
TOTAL OTHER FINANCING SOURCES	797,095	796,243	(852)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	500	(477)	(977)
FUND BALANCE AT BEGINNING OF YEAR	673	673	0
FUND BALANCE AT END OF YEAR	<u>\$1,173</u>	<u>\$196</u>	<u>(\$977)</u>

CITY OF MADISON, ALABAMA
1999 BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest Income	\$500	\$335	(\$165)
TOTAL REVENUES	500	335	(165)
EXPENDITURES			
Debt Service:			
Interest	616,638	616,638	0
Principal	370,000	370,000	0
TOTAL EXPENDITURES	986,638	986,638	0
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(986,138)	(986,303)	(165)
OTHER FINANCING SOURCES			
Operating Transfers In - Component Unit	986,638	986,638	0
TOTAL OTHER FINANCING SOURCES	986,638	986,638	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	500	335	(165)
FUND BALANCE AT BEGINNING OF YEAR	737	737	0
FUND BALANCE AT END OF YEAR	<u>\$1,237</u>	<u>\$1,072</u>	<u>(\$165)</u>

CITY OF MADISON, ALABAMA
2000 BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest Income	\$500	\$46	(\$454)
TOTAL REVENUES	500	46	(454)
EXPENDITURES			
Current:			
General Administration	0	3,000	(3,000)
Debt Service:			
Interest	181,595	181,595	0
Principal	110,000	110,000	0
TOTAL EXPENDITURES	291,595	294,595	(3,000)
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(291,095)	(294,549)	(3,454)
OTHER FINANCING SOURCES			
Operating Transfers In - Component Unit	291,595	292,010	415
TOTAL OTHER FINANCING SOURCES	291,595	292,010	415
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	500	(2,539)	(3,039)
FUND BALANCE AT BEGINNING OF YEAR	90,972	90,972	0
FUND BALANCE AT END OF YEAR	\$91,472	\$88,433	(\$3,039)



CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources segregated for the acquisition of major capital facilities.

Long Range Plan Fund - This fund is used to account for capital improvements for the Crunk Drainage Project.

1998-C Long Range Plan Fund - This fund is used to account for a variety of public works projects and various capital improvements in the City consisting of public safety, recreation and other improvements. Financing was provided by the sale of general obligation warrants dated September 1, 1998, of which \$16,150,000 was used for this fund's purpose.

General Obligation Capital Improvement Fund - This fund is used to account for a variety of public works projects and various capital improvements in the City consisting of public safety, recreation and other improvements. Financing was provided by the sale of general obligation warrants dated August 1, 1994, \$3,774,000 (advance refunding of the general obligation warrants dated November 1, 1987) and general obligation warrants dated April 1, 1995, \$18,500,000 (advance refunding of the general obligation warrants dated January 1, 1990) which were used for this fund's purposes.

2001 Capital Improvement Fund - This fund is used to account for a variety of public works and capital improvement projects in the City consisting of public safety, recreation, streets, drainage and other improvements. Financing was provided by the sale of general obligation warrants dated June 1, 2001, \$10,890,000 (advance refunding of the general obligation warrants dated August 1, 1994).

CITY OF MADISON, ALABAMA
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 SEPTEMBER 30, 2002
 WITH COMPARATIVE TOTALS FOR 2001

	Long Range Plan Fund	1998-C Long Range Plan Fund	General Obligation Capital Improvement Fund	2001 Capital Improvement Fund	Total	
					2002	2001
ASSETS						
Cash and Cash Equivalents	\$87,281	\$1,482,879	\$271,022	\$6,841,872	\$8,683,054	\$10,538,310
Due from Other Funds	0	0	100,000	28,984	128,984	149,777
TOTAL ASSETS	<u>\$87,281</u>	<u>\$1,482,879</u>	<u>\$371,022</u>	<u>\$6,870,856</u>	<u>\$8,812,038</u>	<u>\$10,688,087</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$0	\$6,118	\$0	\$63,011	\$69,129	\$158,024
Due to Other Funds	0	100,000	0	0	100,000	114,777
Retainage Payable	0	0	0	5,637	5,637	95,180
Deferred Revenue	15,223	0	0	0	15,223	15,223
Total Liabilities	15,223	106,118	0	68,648	189,989	383,204
Fund Balances:						
Reserved for Encumbrances	0	0	0	780,603	780,603	9,659,304
Reserved for Capital Projects	72,058	1,376,761	371,022	6,021,605	7,841,446	645,579
Total Fund Balances	<u>72,058</u>	<u>1,376,761</u>	<u>371,022</u>	<u>6,802,208</u>	<u>8,622,049</u>	<u>10,304,883</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$87,281</u>	<u>\$1,482,879</u>	<u>\$371,022</u>	<u>\$6,870,856</u>	<u>\$8,812,038</u>	<u>\$10,688,087</u>

CITY OF MADISON , ALABAMA
 CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002
 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	Long Range Plan Fund	1998-C Long Range Plan Fund	General Obligation Capital Improvement Fund	2001 Capital Improvement Fund	Totals	
					2002	2001
REVENUES						
Interest Income	\$854	\$30,786	\$5,719	\$126,966	\$164,325	\$261,499
Other Revenue	0	0	0	0	0	1,857
TOTAL REVENUES	854	30,786	5,719	126,966	164,325	263,356
EXPENDITURES						
Current:						
General Administration	0	0	0	17,220	17,220	55,001
Public Works Department	0	940,096	0	470,698	1,410,794	3,102,758
Culture and Recreation	0	0	0	1,802	1,802	0
Fire Department	0	0	0	828	828	0
Engineering Department	0	0	0	8,546	8,546	0
Bond Issuance Costs	0	0	0	0	0	189,950
Capital Outlay	0	0	0	416,186	416,186	246,420
TOTAL EXPENDITURES	0	940,096	0	915,280	1,855,376	3,594,129
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	854	(909,310)	5,719	(788,314)	(1,691,051)	(3,330,773)
OTHER FINANCING SOURCES (USES)						
Bond Proceeds - 2001	0	0	0	0	0	7,582,390
Operating Transfers In	0	0	0	20,325	20,325	0
Operating Transfers Out	0	0	0	(12,800)	(12,800)	0
Donated Assets	0	0	0	692	692	139,800
Financing of Issuance Costs	0	0	0	0	0	189,950
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	8,217	8,217	7,912,140
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	854	(909,310)	5,719	(780,097)	(1,682,834)	4,581,367
FUND BALANCE AT BEGINNING OF YEAR	71,204	2,286,071	365,303	7,582,305	10,304,883	5,723,516
FUND BALANCE AT END OF YEAR	\$72,058	\$1,376,761	\$371,022	\$6,802,208	\$8,622,049	\$10,304,883



EXPENDABLE TRUST FUND

The Expendable Trust Fund is used to account for assets held by the City in a trustee capacity. This fund is expendable and accounted for in the same manner as the governmental funds.

Subdivision Cash Bond Trust Fund - This fund is used to account for cash bonds that are received pursuant to the subdivision regulations.

CITY OF MADISON, ALABAMA
EXPENDABLE TRUST FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2002 and 2001

	2002	2001
ASSETS		
Cash and Cash Equivalents	\$47,060	\$43,748
TOTAL ASSETS	\$47,060	\$43,748
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$33,955	\$32,095
Total Liabilities	33,955	32,095
 Fund Balance:		
Reserved for Subdivison Cash Bonds	13,105	11,653
Total Fund Balance	13,105	11,653
TOTAL LIABILITIES AND FUND BALANCE	\$47,060	\$43,748

CITY OF MADISON, ALABAMA
EXPENDABLE TRUST FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2002 and 2001

	2002	2001
REVENUES		
Interest Income	\$1,442	\$2,203
Other Income	10	50
TOTAL REVENUES	1,452	2,253
 EXPENDITURES		
Miscellaneous	0	0
TOTAL EXPENDITURES	0	0
EXCESS OF REVENUES OVER EXPENDITURES	1,452	2,253
FUND BALANCE AT BEGINNING OF YEAR	11,653	9,400
FUND BALANCE AT END OF YEAR	\$13,105	\$11,653



GENERAL FIXED ASSETS ACCOUNT GROUP

The general fixed assets account group is used to account for fixed assets not used in proprietary fund operations.

CITY OF MADISON, ALABAMA
 COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS
 BY SOURCE
 SEPTEMBER 30, 2002 and 2001

	2002	2001
GENERAL FIXED ASSETS		
Land	\$2,427,600	\$2,427,600
Buildings	9,477,526	9,477,526
Improvements - Buildings	163,688	96,038
Machinery and Equipment	9,158,854	8,778,447
Other Assets	223,686	0
Construction In Progress	128,349	0
TOTAL GENERAL FIXED ASSETS	21,579,703	\$20,779,611
 INVESTMENTS IN GENERAL FIXED ASSETS:		
Current Revenue	21,125,163	\$20,325,071
Federal and State Grants	454,540	454,540
TOTAL INVESTMENTS IN GENERAL FIXED ASSETS	\$21,579,703	\$20,779,611

CITY OF MADISON, ALABAMA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

FUNCTION AND ACTIVITY	General Fixed Assets October 1, 2001	Additions	Transfers In (Out)	Deletions	General Fixed Assets September 30, 2002
General Government:					
General Administration	\$4,910,862	\$21,984	\$0	\$0	\$4,932,846
City Clerk Department	87,597	740	0	0	88,337
Court Clerk Department	75,826	12,132	(30,933)	0	57,025
City Council	22,839	3,461	2,152	0	28,452
Finance Department	229,523	2,338	0	0	231,861
Human Resources Department	53,314	7,511	(340)	0	60,485
Mayor Department	39,527	9,469	(2,152)	0	46,844
Revenue Department	25,772	0	340	0	26,112
Information Technology Department	0	5,117	44,618	0	49,735
Legal Department	0	980	0	0	980
Total General Government	5,445,260	63,732	13,685	0	5,522,677
Public Safety:					
Police Department	2,324,981	287,002	(13,685)	(8,560)	2,589,738
Fire Department	2,990,479	195,523	7,032	(233)	3,192,801
Community Development	125,633	3,398	(7,032)	0	121,999
Total Public Safety	5,441,093	485,923	(13,685)	(8,793)	5,904,538
Highways and Streets:					
Public Works Department	2,676,147	10,251	0	0	2,686,398
Engineering Department	56,047	5,974	0	0	62,021
Total Highways and Streets	2,732,194	16,225	0	0	2,748,419
Culture and Recreation	7,161,064	243,005	0	0	7,404,069
TOTAL GENERAL FIXED ASSETS	\$20,779,611	\$808,885	\$0	(\$8,793)	\$21,579,703

**CITY OF MADISON, ALABAMA
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2002**

FUNCTION AND ACTIVITY	LAND	BUILDINGS	BUILDING IMPROVEMENTS	MACHINERY AND EQUIPMENT	OTHER ASSETS	CONSTRUCTION IN PROGRESS	TOTAL
General Government:							
General Administration	\$1,159,822	\$3,275,439	\$114,328	\$383,257	\$0	\$0	\$4,932,846
City Clerk Department	0	0	0	88,337	0	0	88,337
Court Clerk Department	0	0	0	57,025	0	0	57,025
City Council	0	0	0	28,452	0	0	28,452
Finance Department	0	0	0	231,861	0	0	231,861
Human Resources Department	0	0	0	60,485	0	0	60,485
Mayor Department	0	0	0	46,844	0	0	46,844
Revenue Department	0	0	0	26,112	0	0	26,112
Information Technology Department	0	0	0	49,735	0	0	49,735
Legal Department	0	0	0	980	0	0	980
Total General Government	1,159,822	3,275,439	114,328	973,088	0	0	5,522,677
Public Safety:							
Police Department	0	0	49,360	2,536,878	3,500	0	2,589,738
Fire Department	134,000	1,305,256	0	1,625,196	0	128,349	3,192,801
Community Development	0	0	0	121,999	0	0	121,999
Total Public Safety	134,000	1,305,256	49,360	4,284,073	3,500	128,349	5,904,538
Highways and Streets:							
Public Works Department	360,278	181,283	0	2,144,837	0	0	2,686,398
Engineering Department	0	0	0	62,021	0	0	62,021
Total Highways and Streets	360,278	181,283	0	2,206,858	0	0	2,748,419
Culture and Recreation	773,500	4,715,548	0	1,694,835	220,186	0	7,404,069
TOTAL GENERAL FIXED ASSETS	\$2,427,600	\$9,477,526	\$163,688	\$9,158,854	\$223,686	\$128,349	\$21,579,703

DISCRETELY PRESENTED COMPONENT UNIT

CITY OF MADISON, ALABAMA
MADISON INDUSTRIAL DEVELOPMENT BOARD
COMBINING BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNIT
SEPTEMBER 30, 2002
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2001

	<u>General Fund</u>	<u>General Fixed Assets</u>	<u>2002</u>	<u>2001</u>
ASSETS				
Cash and Cash Equivalents	\$13,269	\$0	\$13,269	\$29,957
Fixed Assets	<u>0</u>	<u>1,834</u>	<u>1,834</u>	<u>\$1,834</u>
TOTAL ASSETS	<u>\$13,269</u>	<u>\$1,834</u>	<u>\$15,103</u>	<u>\$31,791</u>
 LIABILITIES AND FUND BALANCE				
Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Liabilities	0	0	0	0
 Fund Balance:				
Investment In General Fixed Assets	0	1,834	1,834	1,834
Reserved for Progress and Development	<u>13,269</u>	<u>0</u>	<u>13,269</u>	<u>29,957</u>
Total Fund Balance	<u>13,269</u>	<u>1,834</u>	<u>15,103</u>	<u>31,791</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$13,269</u>	<u>\$1,834</u>	<u>\$15,103</u>	<u>\$31,791</u>

CITY OF MADISON, ALABAMA
MADISON INDUSTRIAL DEVELOPMENT BOARD
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2002 and 2001

	2002	2001
REVENUES		
Interest Income	\$625	\$2,589
Other	500	1,793
TOTAL REVENUES	1,125	4,382
 EXPENDITURES		
General Administration:		
Engineering Service	6,916	17,822
Professional Services	13,000	16,000
Advertising and Publishing	315	820
Postage	0	34
Printing and Binding	32	220
Telephone and Communication	921	2,042
Miscellaneous	63	267
Rental/Lease	27	555
Supplies	0	332
Auto Mileage	0	414
Travel-In-State	179	646
Travel Out-of-State	0	326
Seminars	1,075	1,588
Association Dues	285	125
Progress and Development	0	26,511
Capital Outlay	0	1,834
TOTAL EXPENDITURES	22,813	69,536
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(21,688)	(65,154)
OTHER FINANCING SOURCES		
Operating Transfers In - Primary Government	5,000	25,000
TOTAL OTHER FINANCING SOURCES	5,000	25,000
(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING USES	(16,688)	(40,154)
FUND BALANCE AT BEGINNING OF YEAR	29,957	70,111
FUND BALANCE AT END OF YEAR	\$13,269	\$29,957



MDA PROFESSIONAL GROUP, P.C.

Certified Public Accountants and Business Consultants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council
City of Madison
Madison, Alabama

We have audited the general purpose financial statements of the City of Madison, Alabama as of and for the year ended September 30, 2002, and have issued our report thereon dated December 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Madison's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Madison's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated December 19, 2002.



Honorable Mayor and City Council
City of Madison
Page two

This report is intended solely for the information and use of the Mayor, City Council and management, and is not intended to be and should not be used by anyone other than these specified parties.

MDA Professional Group, P.C.

Huntsville, Alabama
December 19, 2002

STATISTICAL SECTION

PART III

CITY OF MADISON, ALABAMA
GOVERNMENTAL EXPENDITURES BY FUNCTION
 General, Special Revenues, Capital Projects and Debt Service Funds
 For the Last Ten (10) Fiscal Years

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways and Streets</u>	<u>Culture and Recreation</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Capital Project Construction</u>	<u>Total</u>
1993	\$ 2,337,729	\$ 2,147,855	\$ 1,095,533	\$ 541,826	\$ 87,812	\$ 1,650,510	\$ 3,475,672	\$ 11,336,937
1994	\$ 2,560,902	\$ 2,208,649	\$ 1,250,045	\$ 512,380	\$ 121,084	\$ 1,734,035	\$ 3,729,152	\$ 12,116,247
1995	\$ 2,732,536	\$ 2,357,186	\$ 1,506,988	\$ 632,097	\$ 505,796	\$ 2,267,243	\$ 1,130,644	\$ 11,132,490
1996	\$ 2,815,068	\$ 2,825,061	\$ 1,606,490	\$ 609,776	\$ 4,001,380	\$ 3,242,155	\$ 1,387,563	\$ 16,487,493
1997	\$ 2,843,385	\$ 3,574,010	\$ 1,633,499	\$ 794,182	\$ 4,253,408	\$ 3,151,171	\$ 940,311	\$ 17,189,966
1998	\$ 2,224,302	\$ 3,901,693	\$ 2,254,772	\$ 2,200,819	\$ 5,984,068	\$ 3,396,880	\$ 1,686,255	\$ 21,648,789
1999	\$ 3,465,064	\$ 4,439,019	\$ 4,176,168	\$ 2,858,534	\$ 1,568,988	\$ 4,572,764	\$ 120,282	\$ 21,200,819
2000	\$ 4,208,540	\$ 5,209,781	\$ 2,195,194	\$ 1,467,214	\$ 861,076	\$ 4,641,821	\$ 2,310,409	\$ 20,894,035
2001	\$ 4,953,537	\$ 5,684,080	\$ 2,340,708	\$ 1,573,551	\$ 1,546,512	\$ 5,100,869	\$ 3,594,129	\$ 24,793,386
2002	\$ 4,818,966	\$ 5,886,680	\$ 2,893,175	\$ 1,682,626	\$ 392,701	\$ 6,115,680	\$ 1,855,376	\$ 23,645,204

CITY OF MADISON, ALABAMA
GOVERNMENTAL REVENUES BY SOURCE
General, Special Revenues, Capital Projects and Debt Service Funds
For the Last Ten (10) Fiscal Years

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Fines</u>	<u>Inter-Governmental</u>	<u>Other Revenues</u>	<u>Total</u>
1993	\$ 3,427,790	\$ 1,069,932	\$ 264,258	\$ 2,300,392	\$ 1,093,391	\$ 8,155,763
1994	\$ 3,932,255	\$ 1,210,194	\$ 283,991	\$ 2,409,329	\$ 4,487,547 *	\$ 12,323,316
1995	\$ 4,513,665	\$ 1,366,008	\$ 345,349	\$ 4,562,544	\$ 1,255,029	\$ 12,042,595
1996	\$ 4,885,290	\$ 1,332,779	\$ 299,534	\$ 4,530,029	\$ 1,508,021	\$ 12,555,653
1997	\$ 5,364,116	\$ 1,481,522	\$ 396,921	\$ 4,744,006	\$ 1,171,670	\$ 13,158,235
1998	\$ 5,852,888	\$ 1,706,341	\$ 593,819	\$ 5,461,852	\$ 1,314,259	\$ 14,929,159
1999	\$ 8,043,069	\$ 1,914,027	\$ 609,290	\$ 3,995,772	\$ 1,670,155	\$ 16,232,313
2000	\$ 8,632,739	\$ 1,949,458	\$ 808,182	\$ 4,290,893	\$ 1,635,090	\$ 17,316,362
2001	\$ 10,069,554	\$ 2,056,508	\$ 761,915	\$ 4,677,447	\$ 1,436,205	\$ 19,001,629
2002	\$ 9,579,219	\$ 2,212,986	\$ 734,075	\$ 5,166,261	\$ 1,341,519	\$ 19,034,060

* Includes Bond Proceeds from indebtedness

CITY OF MADISON, ALABAMA
GOVERNMENTAL FUNDS TAX BY SOURCE
General, Special Revenues, Capital Projects and Debt Service Funds
For the Last Ten (10) Fiscal Years

<u>Fiscal Year</u>	<u>Sales and Use</u>	<u>Liquor</u>	<u>Lodging</u>	<u>Rental</u>	<u>Wine</u>	<u>Cigarette</u>	<u>Total</u>
1993	\$ 3,035,160	\$ 60,814	\$ 159,633	\$ 163,997	\$ 8,186	\$ 0	\$ 3,427,790
1994	\$ 3,511,322	\$ 55,503	\$ 137,211	\$ 217,147	\$ 11,072	\$ 0	\$ 3,932,255
1995	\$ 3,952,907	\$ 78,499	\$ 182,941	\$ 249,041	\$ 14,487	\$ 35,790 *	\$ 4,513,665
1996	\$ 4,157,597	\$ 89,843	\$ 253,584	\$ 267,886	\$ 14,400	\$ 101,980	\$ 4,885,290
1997	\$ 4,576,519	\$ 100,998	\$ 301,237	\$ 270,820	\$ 14,602	\$ 99,940	\$ 5,364,116
1998	\$ 5,046,860	\$ 97,065	\$ 283,898	\$ 310,512	\$ 16,468	\$ 98,085	\$ 5,852,888
1999	\$ 7,039,472	\$ 135,644	\$ 402,078	\$ 340,527	\$ 19,143	\$ 106,205	\$ 8,043,069
2000	\$ 7,646,151	\$ 142,742	\$ 378,267	\$ 353,501	\$ 20,643	\$ 91,435	\$ 8,632,739
2001	\$ 8,961,877	\$ 147,795	\$ 400,663	\$ 439,322	\$ 24,307	\$ 95,590	\$ 10,069,554
2002	\$ 8,570,333	\$ 136,812	\$ 395,002	\$ 377,241	\$ 22,683	\$ 77,148	\$ 9,579,219

* First year for tax (partial year).

CITY OF MADISON, ALABAMA
 PRINCIPAL TAXPAYERS
 September 30, 2002
 (UNAUDITED)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2002 Assessed Valuation</u>	<u>Percentage of Total Assessed Value</u>
Intergraph Corporation	Computer Sales	\$7,367,440	2.50%
Colonial Realty Limited Partnership	Apartment Rental	4,320,080	1.46%
Flagstone Investors Limited Partnership	Apartment Rental	3,700,000	1.25%
Wal Mart Stores East, Inc. #332	Department Store	1,910,240	0.65%
Bellsouth Telecommunications, Inc.	Communication Company	1,809,580	0.61%
Mountain View, LTD	Apartment Rental	1,805,800	0.61%
Charleston Oaks Properties	Apartment Rental	1,620,000	0.55%
Lowes Home Centers, Inc.	Home Improvement Store	1,479,720	0.50%
Windscape Apartment Homes, LLC	Apartment Rental	1,462,800	0.50%
Penn Green Limited Liability Company	Commercial Property Rental	1,390,120	0.47%
		<u>\$26,865,780</u>	<u>9.10%</u>

CITY OF MADISON, ALABAMA
 COMPUTATION OF LEGAL DEBT MARGIN
 September 30, 2002
 (UNAUDITED)

Assessed value of real and personal property September 30, 2001		\$ <u>295,011,480</u>
Debt limit - 20 percent of total assessed value		\$ 59,002,296
Outstanding Debt:		
Bonded debt	\$ 88,770,000	
Bonded debt of Water and Wastewater Board	<u>43,360,000</u>	132,130,000
Less those portions not chargeable to debt limit:		
Water and Sewer Bonds	7,814,919	
School Bonds	43,435,000	
Revenue bonds of Water and Wastewater Board	<u>43,360,000</u>	<u>94,609,919</u>
Total debt chargeable to debt limit		<u>37,520,081</u>
Legal debt margin		\$ <u>21,482,215</u>

CITY OF MADISON, ALABAMA
RATIO OF GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND GENERAL OBLIGATION BONDED DEBT PER CAPITA
For the Last Ten (10) Fiscal Years
(UNAUDITED)

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Bonded Debt per Capita</u>
1993	19,026	\$112,041,880	\$16,923,498	15.10%	\$889
1994	20,400	\$112,041,880	\$31,366,591	27.96%	\$1,538
1995	20,150	\$117,951,117	\$41,789,167	35.43%	\$2,074
1996	23,000	\$127,993,800	\$41,155,833	32.15%	\$1,789
1997	23,500	\$165,972,380	\$40,602,499	24.46%	\$1,728
1998	26,500	\$165,972,380	\$72,110,000	43.45%	\$2,721
1999	28,000	\$211,414,400	\$72,620,000	34.35%	\$2,594
2000	29,000	\$236,958,010	\$75,250,000	31.76%	\$2,595
2001	30,629	\$275,112,520	\$81,955,000	29.79%	\$2,676
2002	31,929	\$295,011,480	\$88,770,000	30.09%	\$2,780

CITY OF MADISON, ALABAMA
SCHEDULE OF BONDS AND WARRANTS INSTALLMENTS AND INTEREST
Due in Fiscal Year 2003

Bonds/Warrants Series	Funding Source	Date of Issue	Original Amount of Issue	Date of Final Maturity	Outstanding at Sept. 30, 2002	Due Date Installment and/or Interest	Interest Rate	Principal Maturity	Interest Payment	Anticipated Outstanding Sept. 30, 2003
General Obligation Warrants, Series 1990	1/2 Cent Sales and 5 1/2 Mill Property Taxes	Jan. 1990	\$ 1,310,000	Jan. 2003	\$ 345,000	Jan. 2003	6.80%	\$ 345,000	\$ 11,730	\$ 0
General Obligation Warrants, Series 1995	1/2 Cent Sales and 5 1/2 Mill Property Taxes	April 1995	18,500,000	April 2023	18,065,000	Apr. 2003	4.80%	0	1,066,798	18,065,000
General Obligation School Warrants, Series 1998-A	11 Mill Property Taxes	April 1998	7,000,000	Feb. 2028	6,530,000	Feb. 2003	4.95%	130,000	327,888	6,400,000
General Obligation School Warrants, Series 1998-B	11 Mill Property Taxes	Sept. 1998	13,360,000	Feb. 2023	12,285,000	Feb. 2003	4.10%	385,000	581,871	11,900,000
General Obligation Warrants, Series 1998-C	1/2 Cent Sales Taxes 5 1/2 Mill Property Taxes	Sept. 1998	16,150,000	Sept. 2027	16,150,000	Mar. 2003	4.50%	0	797,094	16,150,000
General Obligation School Warrants, Series 1999	11 Mill Property Taxes	Mar. 1999	13,695,000	Feb. 2024	13,105,000	Feb. 2003	3.70%	385,000	602,855	12,720,000
General Obligation School Warrants, Series 2000	11 Mill Property Taxes	April 2000	3,500,000	April 2020	3,285,000	April 2003	4.80%	115,000	176,425	3,170,000
General Obligation Warrants, Series 2001	1/2 Cent Sales and 5 1/2 Mill Property Taxes	July 2001	10,890,000	Feb. 2026	10,775,000	Feb. 2003	3.25%	380,000	498,610	10,395,000
General Obligation School Warrants, Series 2001-A	11 Mill Property Taxes	Nov. 2001	8,230,000	Nov. 2026	8,230,000	Nov. 2002	2.15%	200,000	362,703	8,030,000
Subordinated Water and Sewer Revenue Bonds, Series 1993	Operating Revenue	Oct. 1994	2,300,000	Aug. 2014	1,610,000	Aug. 2003	4.30%	105,000	69,230	1,505,000
Water and Sewer Revenue Bonds, Series 1996	Operating Revenue	Dec. 1996	13,660,000	Dec. 2019	12,925,000	Dec. 2002	4.60%	465,000	696,400	12,460,000
Subordinated Water and Sewer Revenue Bonds, Series 1996	Operating Revenue	Aug. 1996	2,845,000	Aug. 2018	2,435,000	Aug. 2003	3.95%	110,000	96,182	2,325,000
Water and Sewer Revenue Bonds, Series 2001	Operating Revenue	July 2001	7,270,000	Dec. 2021	7,070,000	Dec. 2002	3.30%	160,000	346,928	6,910,000
Subordinated Water and Sewer Revenue Bonds, Series 2001	Operating Revenue	Aug. 2001	<u>19,320,000</u>	Aug. 2022	<u>19,320,000</u>	Aug. 2003	3.85%	<u>655,000</u>	<u>648,776</u>	<u>18,665,000</u>
TOTALS			<u>\$ 138,030,000</u>		<u>\$ 132,130,000</u>			<u>\$ 3,435,000</u>	<u>\$ 6,283,490</u>	<u>\$ 128,695,000</u>

CITY OF MADISON, ALABAMA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT (1)
TO TOTAL GOVERNMENTAL EXPENDITURES
For the Last Ten (10) Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service (1)</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Service to Total Governmental Expenditures</u>
1993	\$ 394,339	\$ 1,199,362	\$ 1,593,701	\$ 11,432,217	13.94%
1994	\$ 527,416	\$ 1,158,205	\$ 1,685,621	\$ 9,427,606	17.88%
1995	\$ 587,117	\$ 1,604,342	\$ 2,191,459	\$ 11,132,490	19.69%
1996	\$ 634,402	\$ 2,489,042	\$ 3,123,444	\$ 16,487,493	18.94%
1997	\$ 553,333	\$ 2,457,539	\$ 3,010,872	\$ 17,189,966	17.52%
1998	\$ 666,667	\$ 2,523,223	\$ 3,189,890	\$ 21,648,789	14.73%
1999	\$ 847,369	\$ 3,725,395	\$ 4,572,764	\$ 21,200,819	21.57%
2000	\$ 870,000	\$ 3,726,702	\$ 4,596,702	\$ 20,894,035	22.00%
2001	\$ 1,235,000	\$ 3,863,952	\$ 5,098,952	\$ 24,793,386	20.57%
2002	\$ 1,415,000	\$ 4,359,071	\$ 5,774,071	\$ 23,645,204	24.42%

(1) Excludes bond issuance and other costs

CITY OF MADISON, ALABAMA
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 GENERAL OBLIGATION BONDS
 September 30, 2002
 (UNAUDITED)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To City of Madison</u>	<u>Amount Applicable To City of Madison</u>
City of Madison, Alabama	\$ <u>88,770,000</u>	100%	\$ <u>88,770,000</u>

Note: The City of Madison has no Overlapping Debt.

CITY OF MADISON, ALABAMA
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS
For the Last Ten (10) Fiscal Years
(UNAUDITED)

Fiscal Year	Single Family Dwellings				New Apartments		Other Buildings				Total Estimated Cost	Bank Deposits
	New Buildings		Alterations		Number of Units	Estimated Cost	New Buildings		Alterations			
	Number of Units	Estimated Cost	Number of Units	Estimated Cost			Number of Units	Estimated Cost	Number of Units	Estimated Cost		
1993	452	\$ 25,487,465	122	\$ 545,246	114	\$ 2,450,000	41	\$ 9,762,380	33	\$ 393,663	\$ 38,638,754	*
1994	298	\$ 13,084,843	175	\$ 974,748	10	\$ 280,000	39	\$ 10,477,539	36	\$ 1,059,158	\$ 25,876,288	*
1995	253	\$ 10,731,407	144	\$ 872,132	5	\$ 140,000	41	\$ 28,826,565	40	\$ 1,080,827	\$ 41,650,931	*
1996	326	\$ 15,187,966	153	\$ 942,520	0	\$ 0	40	\$ 14,117,723	41	\$ 4,867,724	\$ 35,115,933	*
1997	510	\$ 32,013,189	200	\$ 1,597,690	154	\$ 5,150,000	46	\$ 14,073,303	39	\$ 2,457,735	\$ 55,291,917	*
1998	535	\$ 33,408,053	176	\$ 1,317,850	489	\$ 22,187,906	42	\$ 21,357,054	40	\$ 2,128,780	\$ 80,399,643	*
1999	500	\$ 32,538,370	225	\$ 1,652,262	32	\$ 1,909,182	67	\$ 7,667,904	60	\$ 6,221,457	\$ 49,989,175	*
2000	378	\$ 26,475,750	221	\$ 1,824,775	152	\$ 4,928,157	114	\$ 25,697,501	66	\$ 12,259,607	\$ 71,185,790	*
2001	463	\$ 30,259,250	298	\$ 2,637,525	55	\$ 1,669,535	79	\$ 10,305,046	58	\$ 4,950,042	\$ 49,821,398	*
2002	560	\$ 37,292,857	56	\$ 8,186,743	144	\$ 4,126,724	61	\$ 13,051,385	56	\$ 8,186,743	\$ 70,844,452	*

* Amount not available.

**CITY OF MADISON, ALABAMA
PROPERTY TAX LEVIES AND COLLECTIONS
For the Last Ten (10) Fiscal Years
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collected</u>
1993	\$ *	\$ 1,311,732	*
1994	\$ *	\$ 1,467,282	*
1995	\$ 3,008,780	\$ 3,001,410	99.76%
1996	\$ 3,186,672	\$ 3,181,672	99.84%
1997	\$ *	\$ 3,492,197	*
1998	\$ 3,749,053	\$ 3,747,452	99.96%
1999	\$ *	\$ 2,331,405	*
2000	\$ 2,626,657	\$ 2,504,928	95.37%
2001	\$ 3,028,293	\$ 2,886,290	95.31%
2002	\$ *	\$ *	*

* Data not available.

Source: Madison County, Alabama Tax Assessor

CITY OF MADISON
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
For the Last Ten (10) Fiscal Years
(UNAUDITED)

Fiscal Year	Real Property		Personal Property		Exemptions Real Property	Total		Ratio of Total Assessed Value To Total Estimated Actual Value
	Assesed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		Assessed Value	Estimated Actual Value	
1993	\$ *	\$ *	\$ *	\$ *	\$ *	\$ 112,041,880	\$ 149,389,173	75.00%
1994	\$ 99,186,620	\$ 132,248,826	\$ 12,855,260	\$ 17,140,347	\$ *	\$ 112,041,880	\$ 149,389,173	75.00%
1995	\$ 103,335,537	\$ 137,780,716	\$ 14,615,580	\$ 19,487,440	\$ *	\$ 117,951,117	\$ 157,268,156	75.00%
1996	\$ 110,970,620	\$ 147,960,827	\$ 17,023,260	\$ 22,697,680	\$ *	\$ 127,993,880	\$ 170,658,507	75.00%
1997	\$ 146,668,000	\$ 195,557,333	\$ 19,304,380	\$ 25,739,173	\$ *	\$ 165,972,380	\$ 221,296,506	75.00%
1998	\$ 141,845,040	\$ 189,126,719	\$ 24,127,340	\$ 32,169,787	\$ *	\$ 165,972,380	\$ 221,296,506	75.00%
1999	\$ 183,996,700	\$ 245,328,933	\$ 27,417,740	\$ 36,556,987	\$ *	\$ 211,414,440	\$ 281,885,920	75.00%
2000	\$ 201,713,030	\$ 268,950,706	\$ 35,244,980	\$ 46,993,307	\$ *	\$ 236,958,010	\$ 315,944,013	75.00%
2001	\$ 231,671,720	\$ 308,895,627	\$ 43,440,800	\$ 57,921,067	\$ *	\$ 275,112,520	\$ 366,816,694	75.00%
2002	\$ 247,104,440	\$ 329,472,587	\$ 47,907,040	\$ 63,876,053	\$ *	\$ 295,011,480	\$ 393,348,640	75.00%

* Amount not available.

**CITY OF MADISON, ALABAMA
DEMOGRAPHIC STATISTICS
For the Last Ten (10) Fiscal Years
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Retail Sales (thousands)</u>	<u>School Average Daily Attendance (1)</u>	<u>Median Income Per Family (2)</u>	<u>Labor Force</u>	<u>Unemployment Rate%</u>
1993	19,026	\$ *	3,781	\$ 43,100	*	*
1994	20,400	\$ *	4,039	\$ 48,871	*	4.6%
1995	20,150	\$ 161,470,400	4,417	\$ 50,247	*	6.0%
1996	23,000	\$ 171,342,000	*	\$ 53,826	*	5.0%
1997	25,000	\$ 183,060,798	*	\$ 55,900	137,470	2.7%
1998	26,500	\$ 201,874,444	5,369	\$ 54,672	*	*
1999	28,000	\$ 280,666,100	5,407	\$ 51,839	*	*
2000	29,000	\$ 305,000,000	5,823	\$ 59,801	*	*
2001	30,629	\$ 300,000,000	5,689	\$ *	*	*
2002	31,929	\$ 350,000,000	6,348	\$ 63,849	*	*

(1) Source: Madison County, Alabama School Board.

(2) Source: Huntsville/Madison County, Alabama Chamber of Commerce; represents the Huntsville, Alabama Metro area and Equifax.

* Data currently not available or cannot be separated from the Huntsville, Alabama Metro Area data.

CITY OF MADISON, ALABAMA
GENERAL STATISTICS
September 30, 2002
(UNAUDITED)

Date of Incorporation	1869
Form of Government	Mayor-Council
Area in Square Miles	25.50

Police and Fire Protection:

Fire Stations	2
Police Station (1-Main Station, 1-Sub Station)	2
Number of Certified Officers	51
Number of Certified Firefighters	40

Parks and Recreation:

Number of Parks	33
Ball Fields in Use	32
Soccer Fields in Use	9
Football Fields in Use	2
Lighted Ball Fields in Use	24
Tennis Courts in Use	7
Senior Center	1
Recreation Center	1
Swimming Pools	3

Education:

Elementary Schools	5
Junior High Schools	2
High School	1

Full Time City Employees Budgeted	246
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Part Time City Employees Budgeted	32
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