

FY2023



BUDGET PRESENTATION BOOK



A path apart.

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INTRODUCTORY INFORMATION



Pelham



OFFICERS AND OFFICIALS



MAYOR AND CITY COUNCIL

Gary Waters

Mayor

Maurice Mercer

Place 4, Council President

David Coram

Place 1, Council President Pro Tempore

Larry Palmer

Place 2, Council Member

Rick Wash

Place 3, Council Member

Mildred Lanier

Place 5, Council Member

ADMINISTRATIVE STAFF

Gretchen DiFante	City Manager
Brooke Jenkins	Assistant to the City Manager
Paula Holly	Executive Assistant, Mayor & Human Resources
Tom Seale	City Clerk/Treasurer
Jamie Wagner	Director, Finance
Michael Simon	Director, Economic Development
Tracy Hill	Director, Human Resources
Ainsley Allison	Communications & Branding Manager
Matt Griffin	GIS/IT Systems Analyst
Andre` Bittas	Director, Development Services & Public Works
Pat Cheatwood	Police Chief
Jennifer Bridwell	Court Clerk
Mike Reid	Fire Chief
Mary Campbell	Director, Library
Hal Brown	Ballantrae Golf Club General Manager
Alicia Walters	Assistant Director, Parks & Recreation
Chaney Mills	Director, Pelham Racquet Club
Steve St. John	Administrator, Pelham Civic Complex & Ice Arena



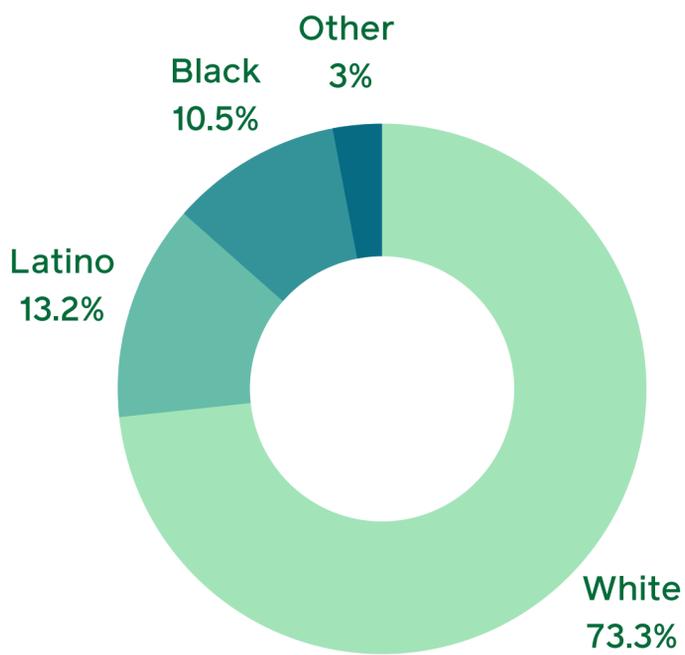
Pelham

A path apart.

POPULATION 24,688

A 1.2% increase from 2020

RACIAL/ETHNIC BREAKDOWN



83.7%

Owner-occupied housing units



MEDIAN HOUSEHOLD INCOME

\$79,268

In 2020 dollars



MEDIAN HOME VALUE

\$198,500

OUR PROMISE

You'll thrive in Pelham.

With a community-inspired school system, unmatched indoor and outdoor recreation, and investments in local businesses— we're one of the fastest growing cities in Alabama. You'll experience an unparalleled quality of life, and that's what sets us a **path apart**.



BUDGET CALENDAR

- June 18 – Revenue projections complete
- June 20 – Capital, interest, and debt service numbers complete
- July 6 - 15 - Department budget meetings with the City Manager and Finance Director
- July 19 – Budget Training in new software (all departments enter preliminary budgets)
- July 20-21; August 1-14 – Department (second round) sessions with the City Manager and Finance Director
- August 13 – August 17 – City Council Budget Worksessions
 - August 13 – Capital | IT | Civic Complex | DSPW | Water/ Sewer
 - August 15 – Library| HR | Fire | Parks & Recreation | Golf | Racquet
 - August 17 – Administration (Revenue | Economic Development | Communications & Branding | City Manager | Mayor | City Council | Clerk | Finance) | Police | Court
- August 18 – August 29 – Budget finalization
- August 31 – Proposed budget to Council Finance committee
- September 6 – Proposed budget to City Council for consideration.
- September 19 – City Council scheduled to vote on the proposed FY2023 budget
- October 1 – FY2023 begins

BUDGET INTRODUCTION

The City provides several services for residents and businesses to enhance the quality of life for those living, working, and visiting the City. The quality of public services also helps to attract investment. These services are expensive, and the prioritization and funding processes require the coordinated efforts of the City Council, Mayor, City Manager, and all members of management. The City receives funds from a variety of sources which constitutes its revenue. The costs for public services is termed expenditures.

It is the responsibility of the City Manager to recommend a balanced budget to the City Council and Mayor. To inform the budget, the City Council sets the direction for the City and establishes priorities. The City Manager recommends a budget after thorough analysis to ensure consistency with the priorities established by the Council. Several factors go into setting those priorities, including critical infrastructure needs, citizen input (most recently garnered through a comprehensive plan, citizen surveys and a park and recreation master plan), as well as financial limitations.

The City Council is involved in the budget process before the City Manager presents the recommended budget. Councilors hear from the department heads about their priorities and have an opportunity to ask questions of every department head at the Budget Workshops. The City Manager, Finance Director and Director of Development Services then present the proposed budget to the Council Finance Committee which consists of two Council members. Next, the manager and finance director present the proposed budget to the entire Council, and the Council votes on whether to adopt the budget. The adopted budget becomes the City's spending law and operational roadmap for the year.

The City's fiscal year (FY) runs from October 1 through September 30, and the term FY2023 signifies the period between these dates. The City's budget includes financial information from the Governmental Funds and the City's Proprietary Funds. The following provides a brief overview of these funds as they pertain to the City's budget.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Governmental funds are classified into five fund types: general, special revenue, capital projects, debt service, and permanent funds.

The General Fund is the principal operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is used to account for most of the day-to-day operations of the City, which are financed from sales tax, property tax, and other general revenues.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds are used to account for and report financial resources restricted, committed, or assigned to expenditure for capital outlays including the acquisition of new and investment in existing facilities and other capital assets. The financing for capital projects funds comes from several different sources, including general obligation bonds, grants from the state and federal government and appropriations from the general or special revenue funds.

Proprietary Funds

There are two types of proprietary funds. The first are enterprise funds or "separate business funds." The City of Pelham maintains several separate "business units." These include Water and Sewer Departments, Garbage Collection Operations, Pelham Civic Complex and Ice Arena, Ballantrae Golf Course and the Pelham Racquet Club. These City operations are financed and operated in a manner similar to private enterprise. User charges and impact fees recover costs of providing services to the public. The Pelham City Council operates its water, sewer and garbage funds in this manner; however, the other city operations listed above draw upon general fund revenues to make up for the cost of operations over revenue collected. These three entities have a large indirect impact on the City's total revenue. This is commonly called, "economic impact" which simply means users of these facilities travel from outside the City of Pelham (from other cities, states and countries) and spend money on gas, food and entertainment; thus supporting our local economy and therefore our general fund revenue. For this reason, the City supplements the shortfall in the "bottom line" of these operations with monies from the general fund.

The second type of proprietary funds are Internal Service Funds. They are used to account for the financing of services and supplies by one City department to another on a cost-reimbursement basis.

BUDGET INTRODUCTION

Where does the money come from?

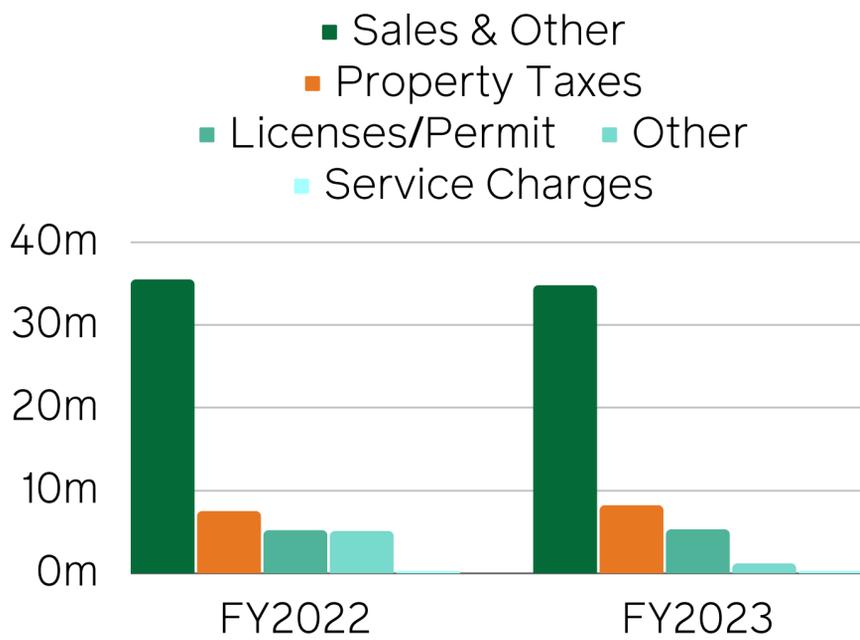
The General Fund

Sales and Use Taxes account for 70% or \$34.7 million.

Property Taxes account for about 16%, or \$8.2 million.

Business Licenses and Permits account for about 11% or \$5.3 million.

The remaining 3% comes from fines and forfeitures, charges for service, other sources, and interest income.



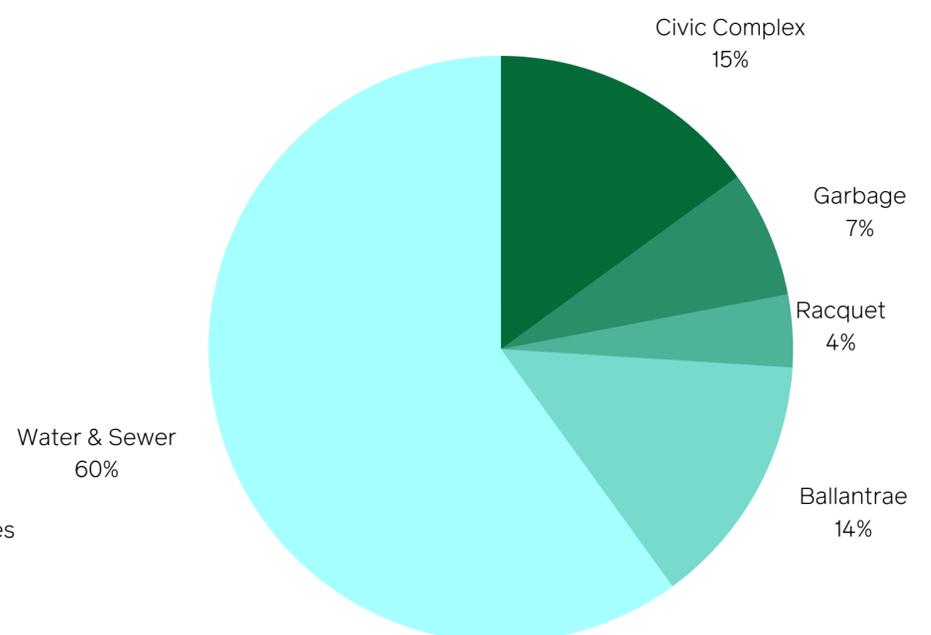
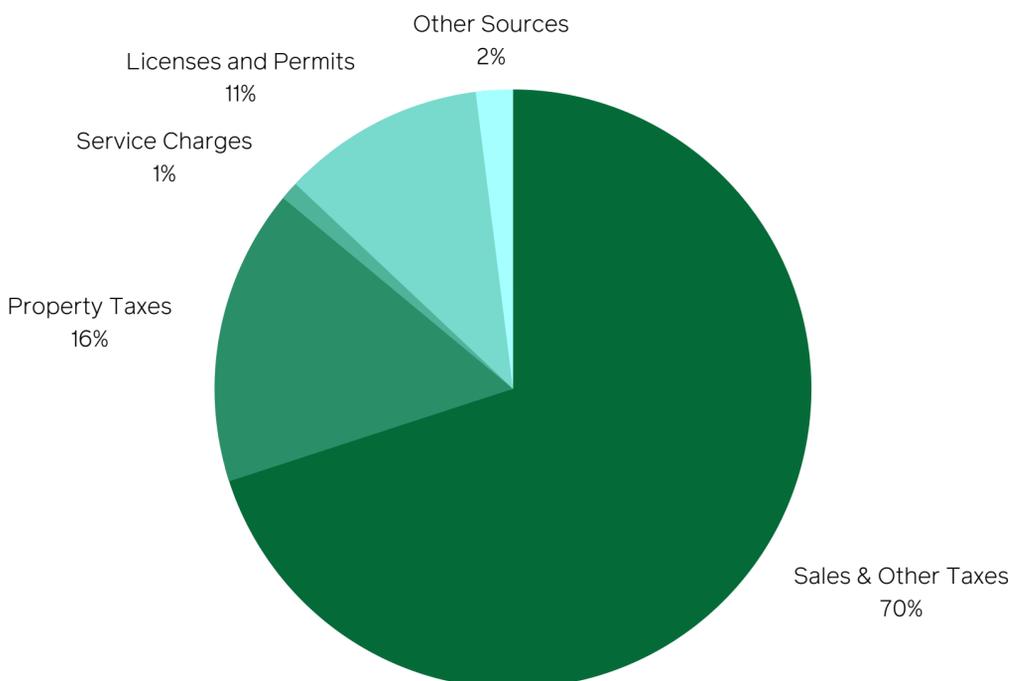
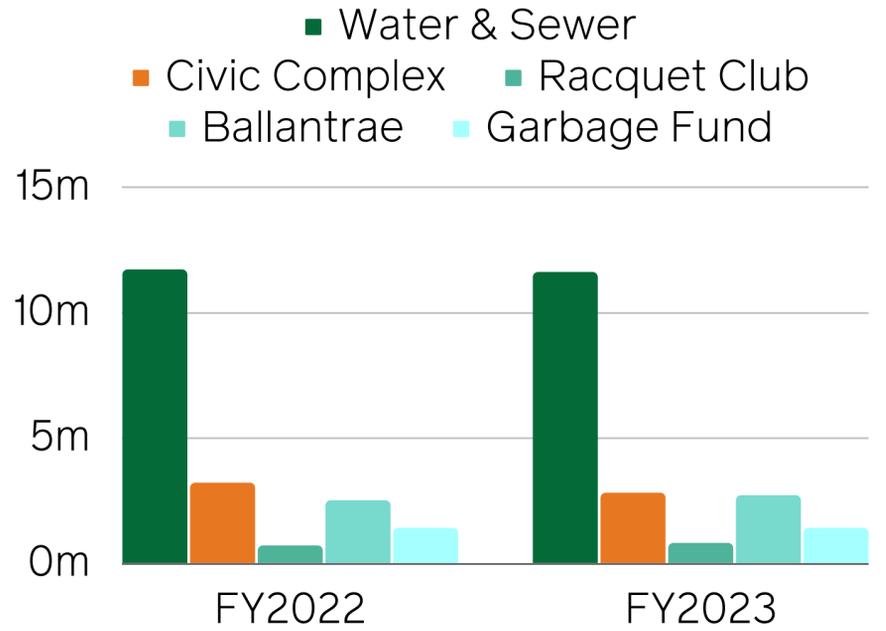
Proprietary Funds

Water & Sewer revenues are generated primarily by service charges and tap fees determined by the City Council.

Most revenues for Racquet and Ballantrae come from lessons, memberships, and customer fees

Civic Complex derives its revenues from rentals, food & beverage sales, and events

The Garbage Fund collects its earnings from billing customers. This money is then transferred to the Disposal Authority



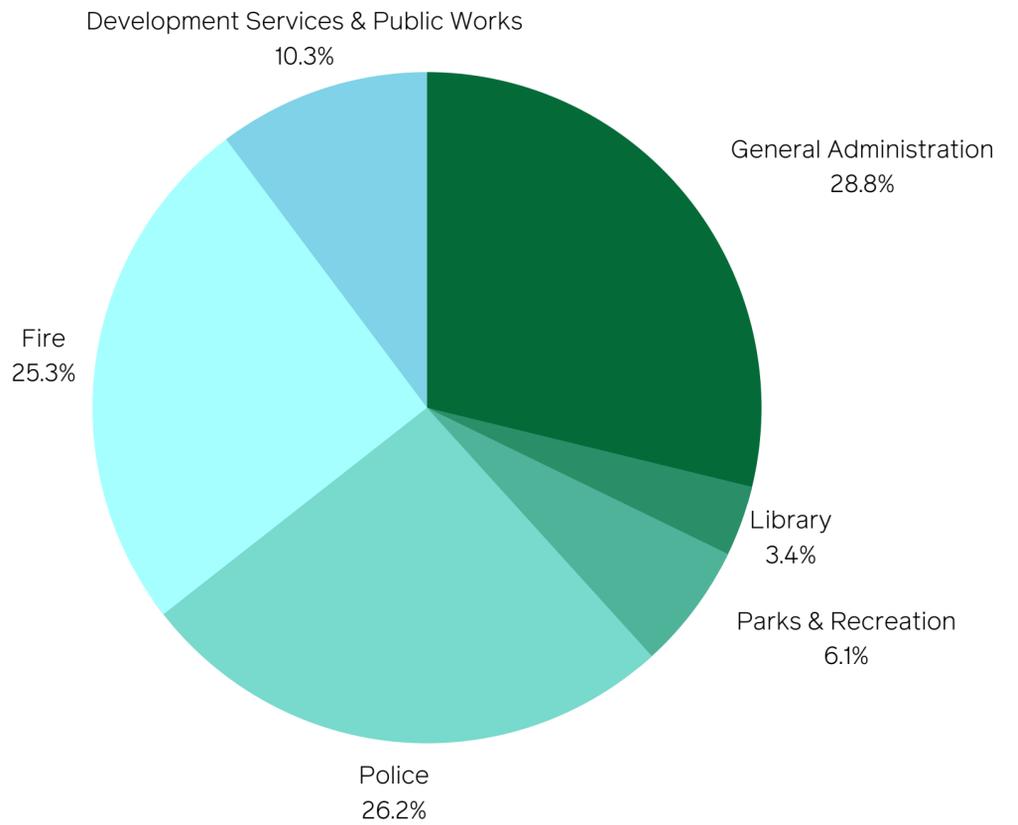
BUDGET INTRODUCTION

Where does the money go?

The General Fund

Once the government collects taxes and other revenues, the resources must be spent effectively to provide essential services to citizens and businesses. The General Fund finances the regular day-to-day operations of the City; therefore, it is the primary focus of this section.

This chart provided is a general breakdown of operating expenses by function for the General Fund's proposed budget. Governmental function means any regulatory, legislative, permitting, zoning, enforcement (including police power), licensing, or other functions that the City is authorized or required to perform in its capacity as a municipality in accordance with applicable laws.



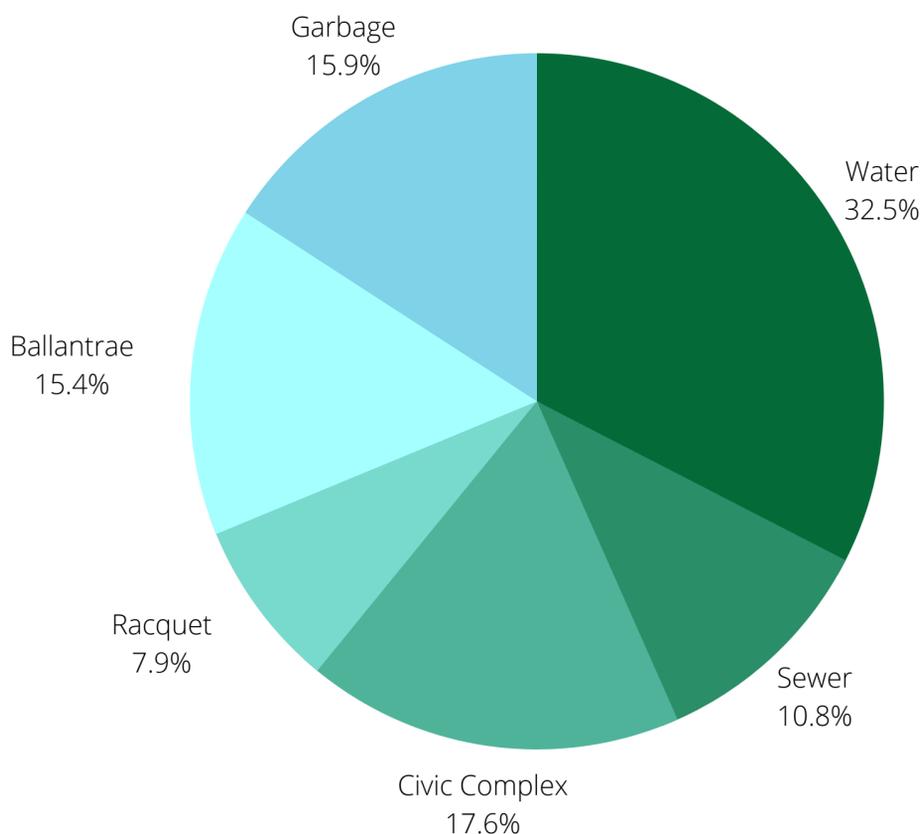
General administration includes costs for the City Council, Mayor, City Manager, Finance, Information Technology, Human Resources, Court, Communications & Branding, Economic Development, and the City Attorney.

Development Services and Public Works (DSPW) includes Streets, Landscape and Facilities Maintenance, Engineering, and the Building and Zoning Department.

The Proprietary Funds

Enterprise or proprietary funds are accounting and reporting entities for a business-type activity that is separate from the taxpayer-supported General Fund and involves a municipal service supported wholly or primarily by user fees. The separate accounting and reporting of such an entity allows the City to balance the specific costs of providing the service, which typically involves the maintenance of capital infrastructure, with the revenues generated from the related user fees. Resources of an enterprise fund cannot be diverted to other unrelated uses.

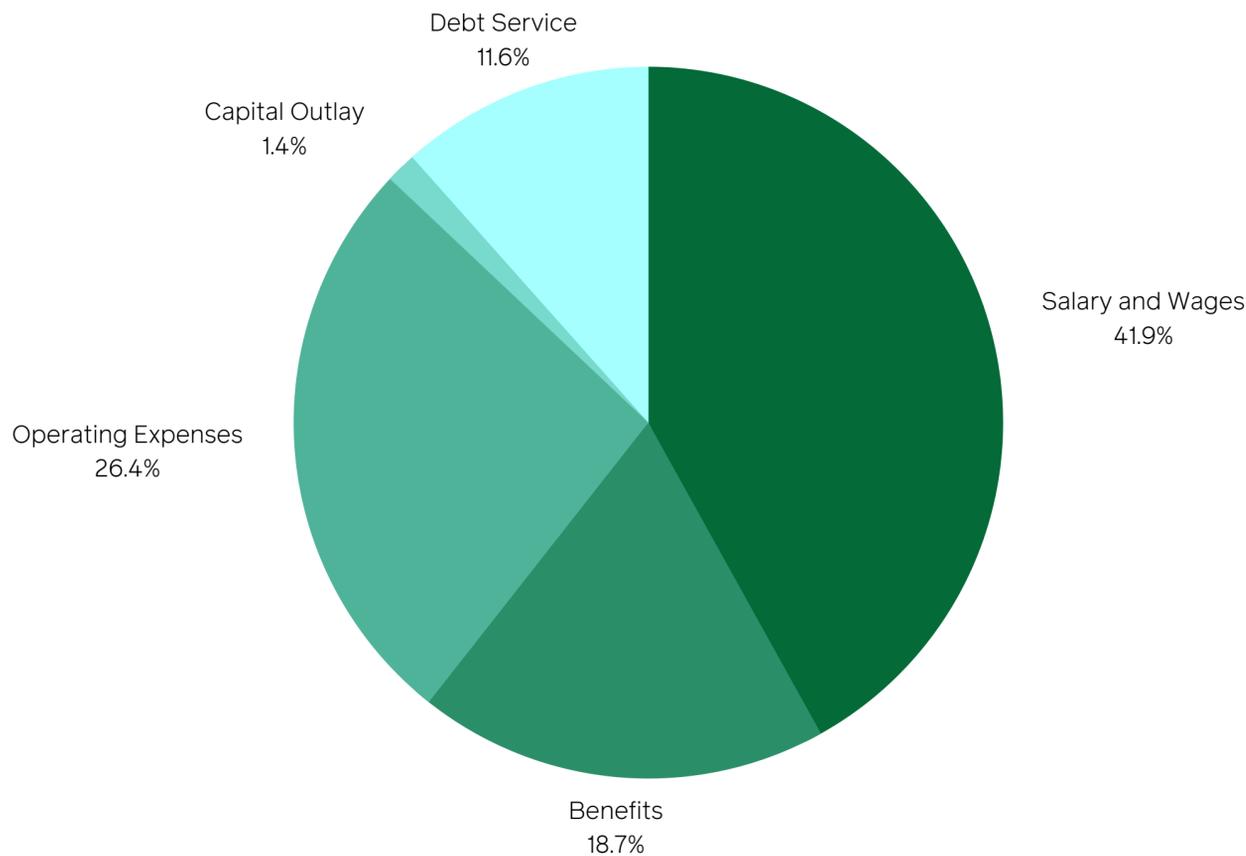
General management of all enterprise operations is provided from the City Manager's office, along with more specific administrative services from the Development Services and Public Works (DSPW) (for Water, Sewer, and Garbage operations), and from the Directors (for Recreation operations). This permits the City to better track the revenues and expenditures of the recreation operations and provides the Directors with more flexibility in adding or changing program offerings. The chart (left) is a general breakdown of operating expenses by Enterprise Fund for the proposed budget.



BUDGET INTRODUCTION

The charts below provide a general breakdown of spending by category for the proposed budget. The City uses the revenue it receives to provide a variety of services to the community. The residents of Pelham expect superior service and accountability for their tax dollars. Therefore, the City has created a budget that provides high quality services in a manner that is cost-effective and respects the tax dollars we collect.

General Fund Expenditures by Category



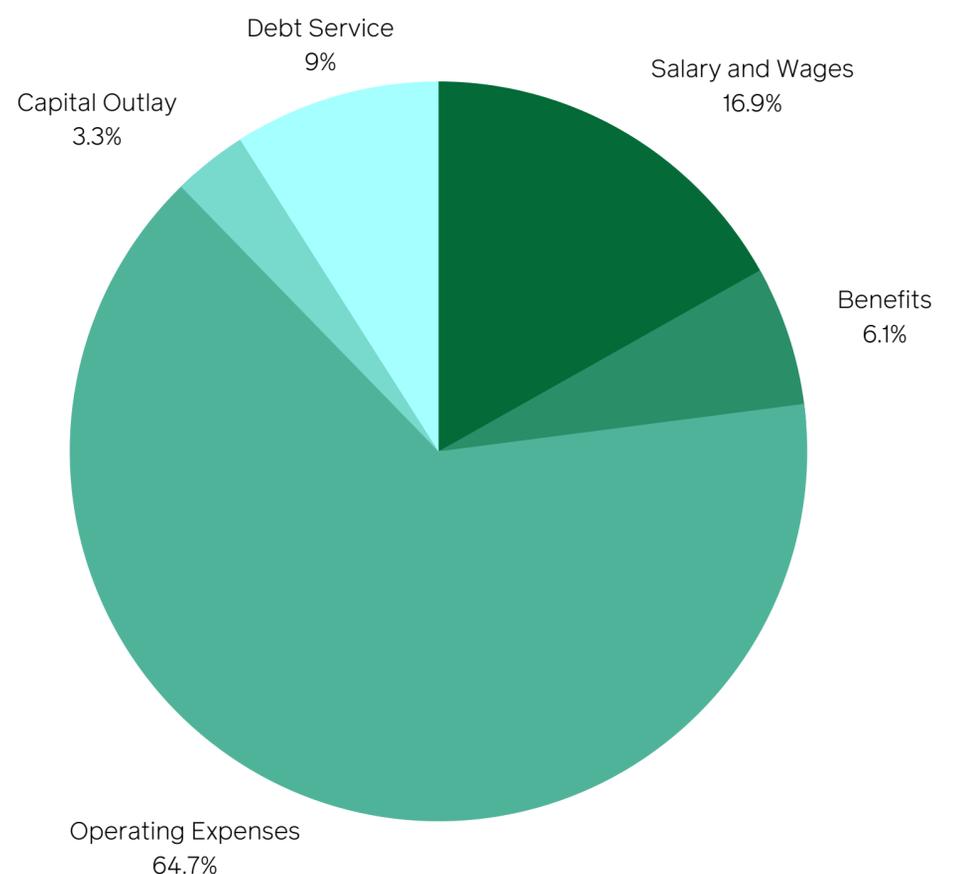
The budget strives to achieve the key goals in the comprehensive plan by maintaining current service levels, enhancing infrastructure, and retaining a talented workforce. To ensure Pelham is staying competitive in the recruitment and retention of employees, the City budgeted for a 3% cost of living raise as well as reclassifying positions that were below market pay.

The City's annual revenues are typically not adequate to finance all the expenditures proposed and approved by City Council. Expenditures that have a long-term benefit to the citizens generally have significant costs and it is reasonable to spread those costs over several years. Some projects are not affordable with current year revenue alone, such as a new building, large road construction or utility improvements.

The City can fund those projects by borrowing funds and/or taking funds from reserves (discussed later). The advantage of financing is that it allows the City to spread costs associated with large projects over many years keeping the annual expenditures related to these projects affordable.

When the City borrows money, it repays it with funds from future revenue. City leaders make a commitment to repay loans with interest, often over a twenty- or thirty-year period. Therefore, the City's budget, although it is a one-year plan, must consider financial events over a much longer period.

Proprietary Funds Expenditures by Category



BUDGET INTRODUCTION

Long-term Planning

The budget cannot be solely about providing public services to improve Pelham's quality of life in the budget year, as it must plan for future improvements. Many positive aspects of life in Pelham develop slowly and require the combined efforts of city, state, and federal governments, businesses, and citizens. City leaders plan ahead for these things, and those plans are reflected in the current budget.

Money with "Strings Attached"

Some city revenue has "strings attached," which is commonly referred to as earmarked. Earmarked revenue can only be spent for specific purposes. The restrictions are usually made by city, state, or federal law.

Reserves for a Rainy Day

The City, like most responsible people and organizations, has a "rainy day fund" or money set aside to help the City continue to provide services and fulfill commitments when the amount of revenue is not adequate. These funds help protect against budget risk. The budget refers to these as financial reserves and fund balance reserves. Some of those reserves are available to spend as Council wishes (unassigned) and others are earmarked by federal and/or state laws for specific purposes.

As a further responsible and practical management practice, the City also keeps cash reserves in mind during long-term capital planning. Having cash reserves provides more financial stability and creates greater confidence amongst the public and city leaders.

Financial Accountability and Transparency

City leaders are accountable to the public for the money spent by the City. To assist in understanding the city's financial activities, this budget, along with the City's financial reports are intended to disclose financial resources available to the City and outline how those resources will be spent at the most practical level.

The City is a complex financial organization. All of the information contained in this budget document is intended to educate and promote accountability and transparency.

Like most industries, government budgeting and accounting has a professional organization and is governed by best practices. For government finance, that organization is the Government Finance Officers Association (GFOA). The City became a member of GFOA in 2018 and is working towards adopting industry best practices. For more information, visit www.gfoa.org. In addition, the City is audited each year by a third-party auditor and is accountable to the Governmental Accounting Standards Board (GASB). For more information, visit www.gasb.org.

Capital Projects Fund

The Capital Projects Fund provides funding for property acquisition, infrastructure improvements, and capital improvements. Projects that appear in the Capital Projects Fund are paid for through a variety of funding sources, including General Fund, current and planned borrowings, other city funds, grant funds, development agreement funds, or water and sewer funds. Among other information, a capital budget should identify the method of financing each recommended expenditure.

Capital Project Funds are used for the various departments' capital outlays for projects for which the amount expended is significantly large enough to create disparities when comparing departmental expenditures over a period of several years. By accounting for large dollar capital projects within this fund, multi-year expenditure comparisons of departmental operations are more clearly "apples to apples." Some capital will remain as part of the departmental expenditures within the city operating funds. These capital items are usually everyday items such as vehicles and equipment needed to complete daily tasks. The expenditures are usually not of a long-term project nature.

The City is in a good position with its fund balance and reserve levels within the General Fund, and therefore plans to transfer any revenues in excess of expenditures at the end of each year to the Capital Projects Fund where they will be available for use on city-wide capital projects that have been outlined by the capital plan and approved annually by City Council. This transfer of any surplus in the General Fund will result in a break-even scenario where there is no major increase or decrease in fund balance for the General Fund. The City also knows that capital improvements made in the areas of recreation and infrastructure will make Pelham a more desirable place to live and work and will encourage private development in the local economy.

BUDGET SNAPSHOT

	FY 2022 REVISED BUDGET	FY 2023 BUDGET PROJECTION
Revenues		
Taxes		
Sales tax	34,836,918	34,138,366
Property tax	7,538,894	8,236,281
Motor Vehicle/Gas tax	534,496	523,806
Other tax	160,304	149,084
Licenses and permits	5,234,128	5,372,068
Fines and forfeitures	312,691	315,195
Charges for services	20,037,353	21,086,807
Interest income	1,098,111	227,000
Other	3,690,104	673,254
Total revenues	73,442,999	70,721,861
Expenditures		
General administration		
Administrative	11,702,109	-
City Manager	-	317,220
Mayor	-	277,606
City Council	-	137,297
Court	160,043	710,903
IT	951,001	1,335,514
Human Resources	701,535	1,807,881
Finance	-	875,019
Economic Development	-	558,340
Communications & Branding	-	371,984
City Clerk	-	5,047,613
Library	1,323,967	1,347,807
Parks & Recreation	2,013,276	2,417,244
Police	9,899,223	10,403,665
Fire	10,327,002	10,054,938
DSPW	-	4,073,739
Building	674,223	-
Engineering	332,917	-
Facilities Maintenance & Public Works	2,853,878	-
Water & Sewer Fund	7,416,244	8,338,771
Civic Complex & Ice Arena	3,809,973	3,376,924
Racquet Club	1,437,862	1,512,557
Ballantrae Golf	2,732,379	2,952,860
Pelham Garbage	1,400,000	3,053,664
	57,735,632	58,971,546
Revenues less expenditures	15,707,367	11,750,315

BUDGET SNAPSHOT

	FY 2022 REVISED BUDGET	FY 2023 BUDGET PROJECTION
Capital Outlay (Bond Projects Added)	52,807,368	54,629,429
Debt service	-	-
Principal retirement	6,541,678	5,051,717
Interest	2,406,556	2,229,373
Issuance cost	-	-
Total capital outlay and debt expenditures	61,755,602	61,910,519
Excess (deficiency) of revenues over (under) expenditures	(46,048,235)	(50,160,204)
Other financing sources (uses)		
Proceeds from sale of capital assets	1,091,067	1,897,159
Capital contributions	-	-
Interfund transfers out	1,715,361	2,603,935
Total other financing sources (uses)	2,806,428	4,501,094
Net change	(43,241,807)	(45,659,110)
Bond Proceeds Funding	35,209,944	28,434,794
ARPA Funding	2,595,781	3,846,000
Reserve Funds	5,527,244	7,689,809
Capital Project Carryovers	809,191	5,745,031
	900,353	56,524

Special Revenue

Use of Committed Reserve Funds or Special Revenue will be noted throughout the budget book as it relates to a direct expense. Additional information regarding Committed Reserve Funds and Special Revenue Funds is provided in the Funds & Departmental Detail Section of this Budget Book.



Pelham

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Gretchen DiFante
City Manager

Honorable City Council Members,

It is my privilege to present for your consideration the proposed FY2023 budget.

To say we started FY2022 off with a challenge is indeed an understatement. On October 6, Pelham joined a list on which we never planned nor wanted to be...the victim of a 1,000-year flood. Since that historic flood event, there have been six additional rare and extreme rain events in the country including in Death Valley, CA; St. Louis, MO; Dallas, TX; Eastern Illinois; Eastern Kentucky, and Central Mississippi. Our public safety, public works, and communications professionals rallied as they have many times before and ensured, first and foremost, the safety of our residents. Then began the repair of the City's damaged infrastructure. Staff applied for a home buyout grant through state and federal funding sources, and we hope to receive news about that grant in FY2023. In the meantime, we did apply for and received a creek clean-up grant from the Natural Resources Conservation Service, which is in the initial phases of implementation.

Council has wisely set in motion the preparation of greatly increased drainage and flood prevention measures, and those will continue to have a long-lasting impact on our annual budget, beginning this year and continuing with the proposed budget, which directs all American Rescue Plan Administration funds received in FY2022 to potential remediation projects, the plan for which we will have in FY2023.

During FY2022, we finally began to see movement on the projects stalled during COVID-19. We saw the opening of several new and/or expanded businesses, including our two large priority development projects at Campus 124 and The Canopy. Campus 124 opened the doors to its second entertainment/dining tenant, Half Shell Oyster House, and The Canopy brought the City's first high-end regional retailer, Mountain High Outfitters, which is scheduled to open its doors to the public in less than two weeks. We also realized the completion of Fire Station 3, the long-overdue renovation of the Banquet Hall at the Pelham Civic Complex & Ice Arena, and completed an agreement with national retailer, Tractor Supply, scheduled to open in early FY23. After the process of defining Pelham's brand, we rolled out a branding campaign that resulted in greatly increased public communication via social media, a quarterly magazine, a monthly e-newsletter, a bi-weekly employee communication, and inviting banners along Racquet Club Parkway and the Pelham City Park complex.

During FY2022, we experienced unprecedented delays in the supply chain that impacted every capital project and most department operations. This impact is evident in the number of resolutions the Council approved this past year due to project delays (largely attributed to low staffing levels for suppliers across the country), and/or an increase in the costs of goods from the construction industry to the recreation industry. These delays impact the proposed budget which not only includes 30 new capital projects but also reflects the carryover of 22 capital projects.

The following proposal reflects a predicted increase in the cost of goods and services next year. While the past two years have seen the largest sales tax revenue in the City's history, we are proposing a two percent decrease in these revenues as economic predictors experience rapid fluctuation and a slight downward trend in some of our sales tax categories over the last three months.

This proposed budget represents the results of taking full advantage of the financial modules in our enterprise resource planning (ERP) software to reorganize department and fund accounting information for increased transparency and continued progress towards accounting and budgeting best practices.

The following pages make up the City Manager's Budget Message which provides an overview of priorities and reasoning used to estimate revenues and expenses for the upcoming budget year.

BUDGET PRIORITIES

Citizen Survey

For the first time in at least decade, the City conducted a Citizen Survey with the goal of informing budgeting priorities. The ETC Institute, a national leader in market research for local government organizations since 1982, conducted the survey on the City's behalf. The survey allows us to obtain a baseline measurement of our residents' perceptions at regular intervals and will be used to inform budget priorities each year. The majority of the residents surveyed rated Pelham as a great place to live and are overall satisfied with the quality of life in the City. Residents do want the City to focus on code enforcement, traffic flow, and stormwater management. Overall, the survey showed that the wants, needs, and perceptions of the residents are in line with the direction of the City's leadership.

Insurance Updates

City Council approved a program to incentivize employees that have other available health insurance options. We currently have 10 employees participating in the program. The program paid out \$12,000 in 2022, but saved the City \$59,508 in premiums. We are internally marketing this program, a benefit to employees and the City, in an effort to see it expand.

Continued Rollout of New Branding

The Council approved the City's new branding in August 2021, and the Communications & Branding team worked to develop related companion branding assets for Ballantrae Golf Club, the Pelham Racquet Club, the Pelham Civic Complex & Ice Arena. The fresh, new look was well received among employees, community members, and partners. This next year will focus on the continued implementation of our new assets. New branded banners were installed in August 2022. New gateway signage plans, as well as a monument-style sign at the entrance to the City Park complex are planned. Additionally, we will be working with each department on updating the branding of the City's fleet.

Enterprise Resource Planning (ERP)

In March 2021, the City entered into a contract with Tyler Technologies to purchase its Munis software. The City has since implemented the finance, accounts payable, accounts receivable, budgeting, capital assets, cash management, project & grant accounting, purchasing, payroll, human resources & talent management, general billing, and cashiering modules. There are several modules in progress including recruiting, time & attendance, and content management enterprise. Beginning October 1, 2022, the ERP team will move to implement business licenses, ACFR statement builder, inventory, utility billing, utility self-service, community development, permitting & licensing, GIS, and asset maintenance.

The ERP team members have been focused on not just putting historical data into the system, but also looking at current processes and procedures to ensure they are effective, efficient, and in line with industry standards. With a freshly built chart of accounts, the team is focused on creating a central property file where all departments' systems can effectively speak to one another. This will be a tremendous feat, once completed, and will require a great many staff hours as well collaboration and teamwork. Already the ERP team has proven they are up for the challenges at hand.

ERP Team Members	
Brooke Jenkins	Project Manager
Jamie Wagner	Finance Project Lead
Allison Gailey	Principal Trainer
Phil Brashier	Resources Manager
Megan Freeman	Finance Team Member
Tammy Walker	Revenue Team Member
Matt Griffin	IT/ GIS Project Lead
Candy Porter	HRIS Project Lead
Tracy Hill	HR Team Member
Paula Holly	HR Team Member
Andre` Bittas	DSPW Team Lead
Carol Bowen	Utility Billing Project Lead
Joe Tingle	Utility Billing Team Member
Levis Peters	Permitting Project Lead
Kelsey Cunningham	Permitting Team Member
Sherri Proctor	Zoning Project Lead

BUDGET PRIORITIES

Continue Investment in Civic Complex & Ice Arena

We have completed the first year of the management of the Civic Complex & Ice Arena by a company with the resources to provide the level of operational oversight and marketing support needed for a facility of this nature. A budget continues to be created for this proprietary fund, and VenuWorks has hired its team and spun up its operations. The City and VenuWorks management have been closely evaluating expenses and revenues each month. There are many updates to the Complex either completed or currently underway including remodeled banquet rooms, bathrooms, building facade, plaza, signage and a new parking lot. The budget reflects continued capital investment in the facility as we begin the replacement of the ice plant and HVAC systems which will result in reduced utility costs.

Support Critical Economic Development Projects

The City continues to have projects that will have a significant impact on economic development:

- Campus 124 – Half Shell Oyster House and the Beer Hog continue to bring traffic to the development. We will continue to work actively to market the Campus and to determine the best approach to the City-owned park for which bids came in 40% over budget and original estimates.
- The Canopy – Construction at The Canopy has gone vertical, and Mountain High Outfitters is preparing to open its new location at the former Southland Log Homes cabin, which is visible from Interstate 65. Taco Mac is still slated to move into the mixed-used facility across from the Civic Complex & Ice Arena.
- Oak Mountain Trail Development – This new development off Highway 52, which will be pad-ready ahead of schedule, will be home to Tractor Supply. The company intends to be open for the 2022 holiday shopping season. There has also been a lot of interest in other food, retail, and hoteliers for the other areas of the site.
- Ascension St. Vincent's – This freestanding emergency department, primary care, and multispecialty space is going through its final stages of needs assessment for the area. A facility of this magnitude in this area could very well be the differentiator between life and death for someone needing immediate care. The proposed project includes medical speciality as well.

- City Park Development – The property in front of the library is moving forward with plans for a retail/office space with dining choices and a city-managed outdoor gathering space for residents and visitors to enjoy.
- Gateway Improvements – Property has been purchased at the City's northernmost end to create an aesthetically pleasing gateway for the City. There are approximately eight gateways total, and the plan is to turn blighted properties and current state-owned parcels into more welcoming entrances to the City. The improvements include landscaping, hardscaping, and signage. The budget reflects two fully designed gateways at both Pelham exits to I65 as well as a completed monument sign at the Pelham City Park.

Continued Investment in City Infrastructure

Pelham continues to play catch-up on the maintenance of its portfolio of City buildings and property. In FY2023, the newly-hired facilities maintenance manager will bring all the City's facility maintenance contracts under one umbrella as well as respond to maintenance requests ensuring there is a uniform, efficient and effective approach to the maintenance of all city facilities.

In FY2020, the City Council approved the City's first multi-year facilities maintenance plan designed to catch up and keep up with much-needed facilities maintenance and improvement, the Facilities Improvement and Maintenance Plan (FIMP). In FY2023, this plan will move into the Capital Projects Fund so that all capital projects will continue to be prioritized through the completion of the project. An annual evaluation of the projects will continue to take place to allow staff to update the plan ensuring it remains a valuable planning tool, but the projects will not need to be approved again year after year.

BUDGET PRIORITIES

Solid Waste and Unstable Fuel Costs

The City's move to join the Cahaba Solid Waste Authority (CSWA) and contract with services by AmWaste on January 1, 2022 has been resoundingly successful. Residents have communicated their feedback directly to city management and through the Citizen Satisfaction Survey. The cost of fuel will affect pricing for the City's continued level of service, and adjustments will need to be made to the current contract in a good faith effort to recognize the challenges of the current economic climate with which the Authority's vendor partner is faced.

Flood Mitigation and Stormwater Management

The City is committed to spending 100% of the final American Rescue Plan Administration funding on drainage improvements and floodplain management, and that is reflected in this budget. Flash flooding in the City has been a continuous concern for many, and the Mayor and City Council have made mitigation a priority. Already, Cahaba Valley Creek cleanup is underway with the help of a grant from the U.S. Department of Agriculture Natural Resources Conservation Service to remove storm debris such as fallen trees, limbs, and trash from the March 25, 2021 tornado. Also, the City has engaged with Kimley-Horn and Associates, Inc. to complete a hydrologic study of Bishop Creek and Buck Creek Watershed basins.

The stormwater maintenance team in Public Works has been formed from the former brush pick-up team. When the City contracted with AmWaste to handle its brush pick-up, this allowed the City to be able to create a team whose sole purpose is to be concerned with stormwater issues. Never in the City's history has a team been dedicated to the proactive maintenance of the stormwater drainage system.

International Property Maintenance Code

The City will be recommending to City Council the adoption of the 2015 version of the International Property Maintenance Code. The IPMC is a model code that regulates the minimum maintenance requirements for existing buildings. It is a maintenance document intended to establish minimum maintenance standards for basic equipment, light, ventilation, heating, sanitation, as well as fire and life safety. The goal is to eventually get to the 2021 version so as to be current in regard to the industry standard and to provide the City with the additional tools needed to require and effectively enforce minimum maintenance and code standards for existing buildings.

City Hall Renovations

City Hall is scheduled to reopen in December 2022. Renovations are going well, and the 1974 structure will have a much more modern look and feel to it. Work will also be done to give the City Buildings in this area a "campus" feel. Having so many services in one area will be a big benefit to citizens and vendors alike.

Water Meter Upgrades

2023 will be the year of completion of the water meter upgrade project. This project will lead the way in accuracy and efficiency of reading water meters as well as allow for meters to be read more efficiently in less time. The meters will be read using a "drive-by" system. This system will aid in reducing human error in meter readings. It will also help identify and more quickly notify customers of leaks.

Park Master Planning

In FY 2022, money was set aside in the park fund to pay for items identified in the park master plan. This budget includes a recommendation of the Council priorities which coincide with those communicated in the Citizen Survey. Those projects include a new playground, splash pad, covered batting cages, and a pavilion at the Senior Center. Plans will also be solidified in FY 2023 for the Blueberry Hill recreation and mixed use site.

Cost of Living Adjustment

We are recommending a 3% cost of living adjustment in the salary budget. While the cost of living is significantly higher, in FY22 Council approved a new competitive compensation plan, and our recommendation is based on that recent implementation and knowledge that we regularly monitor compensation for competitiveness.

Quarterly Magazine, Monthly E-Newsletter, and an Employee Newsletter

City communications will continue to be amplified in several ways in FY 2023. The Pelham Pathway will be produced quarterly, with issues in December, March, June, and September. The magazine has been supplemented with the creation of a monthly e-newsletter. Since January, 450 people have subscribed. In July, The Pulse, a bi-weekly communication, was created to keep employees better informed.

IN CLOSING

As you are aware, there is a great deal of work that goes into developing a budget. Fortunately, we have an experienced and talented group of leaders who bring their collective decades of management to make recommendations about operations for which they are the experts. I would like to extend a special thanks to our new Finance Director, Jamie Wagner, who jumped into the middle of an enterprise software implementation during which we were rebuilding our entire financial landscape. Jamie's expertise, customer service orientation, and humble and strong leadership, immediately brought calm during the chaos of great change. I would also like to thank Brooke Jenkins for sharing her knowledge and displaying a constant willingness to help, Phil Brashier, for the excellent research on economic trends and sales tax revenues, and Allison Gailey, our intern-turned-excellent hire, who worked tirelessly to support the team and seems to have unending curiosity and capacity for learning. Finally, I want to recognize Candy Porter, our Administrator of Payroll and Benefits & Everything Else Anyone Needs for the tireless work she put in on the implementation of the Human Resources module of the ERP, and our Manager of Communications, Ainsley Allison, who provided branding expertise, excellent photography and her keen editing skills.

On behalf of the entire city staff, I'd like to thank Mayor Gary Waters for his unwavering support and to this City Council for its leadership. As we have worked together on increased transparency, the council members have been actively engaged in the second year of the mid-year budget review and created the council finance committee, both of which have significantly increased the budget dialogue between staff and elected officials. We are grateful for your passion and support.

Sincerely,

A handwritten signature in black ink that reads "Gretchen DiFante". The signature is written in a cursive, flowing style.

City Manager

FUNDS & DEPARTMENT DETAIL



Pelham



FY 2023 BUDGET PROPOSAL OVERVIEW

FY2023 BUDGET PROPOSAL OVERVIEW:

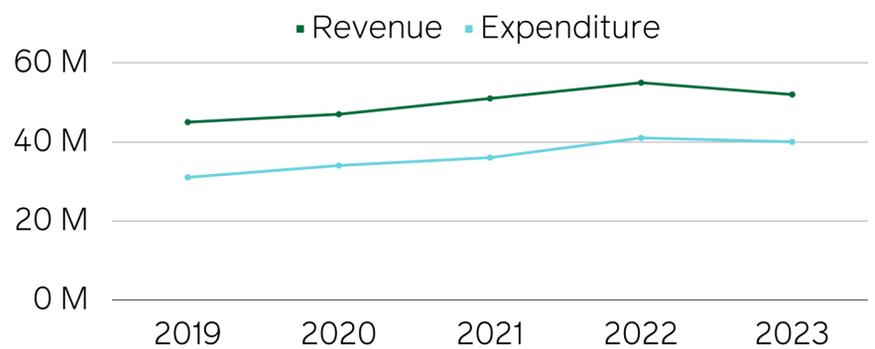
The Government Finance Officers Association has issued a best practice for adopting a structurally balanced budget, which is described as a budget where recurring revenues are sufficient to cover recurring expenditures. City Management has worked diligently to provide a structurally balanced budget while also addressing the City's infrastructure needs with a conservative and sustainable plan. In the General Fund overview, you will see planned drawdowns of fund balance for FY2023 mainly due to proposed capital projects. Also, as has been our practice, our revenue projections continue to be appropriately conservative while our expenditure projections are realistic.

In an effort to ensure City Management is presenting a structurally balanced budget, the City of Pelham is transitioning to modified accrual accounting in Fiscal Year 2022. Modified accrual accounting is set by the Government Accounting Standards Board with the purpose to measure the current-year revenues, expenditures, and financial resources in government funds. It recognizes revenues when they become available and measurable and, with a few exceptions, records expenditures when liabilities are incurred. This transition will save the City money on audit costs as well as provide greater accountability and transparency.

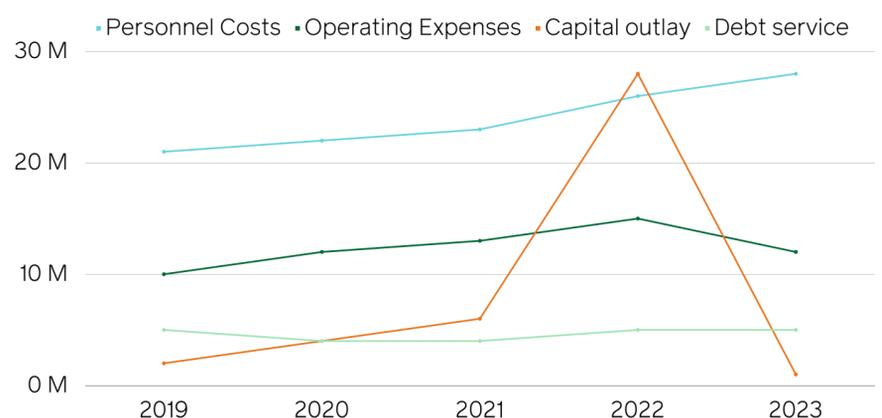
We have seen many challenges in the past two years related to COVID-19, and we will continue to feel the impact of the pandemic as we move into the new fiscal year. The City of Pelham continues to face uncertainties driven by rising costs for materials and equipment, supply chain disruptions, and workforce shortages. Price increases and supply shortages are playing out across the economy, and these factors are in some cases driving up overall construction and maintenance costs and causing projects to run over budget or be delayed. There's disagreement among economists over how much of the rise in prices is due to the pandemic and will taper off, and how much will persist. A conservative approach to budgeting affords management a great deal of flexibility to adapt to changing economic conditions, which is vital as the impact of the pandemic and other factors continue to affect the economy.

General Fund Highlights

The Finance Department develops revenue projections for the upcoming budget year, incorporating the most recent budget-to-actual revenue results and current information about the economy and legislation that may affect revenue sources. The City Manager reviews these revenue projections as well as fund balance projections to determine if any adjustments to previously set budget goals need to be made. Each department head is responsible for compiling and submitting budget requests for both operating and capital expenditures. The personnel budget is handled as a collaboration between the Human Resources Director and the Finance Director and includes items such as new positions, reclassification requests, and any new service initiatives. Once the department heads submit their budget requests, the Finance Department analyzes all requests in accordance with the City Manager, Mayor and City Council goals. All segments of the budget are assembled and are balanced to the revenue forecasts.



General Fund operating expenditures have grown consistently with General Fund revenues since 2019. General Fund allocations by category have remained fairly consistent as well. The increase in FY2022 capital outlay was due to the bond issuance in 2021. The addition of the Capital Project Fund will minimize disparities when comparing departmental expenditures over a period of several years. Multi-year expenditure comparisons of departmental operations will be presented more clearly “apples to apples.” Transferring any surplus in the General Fund will result in a break-even scenario where there is no major increase or decrease in fund balance for the General Fund.

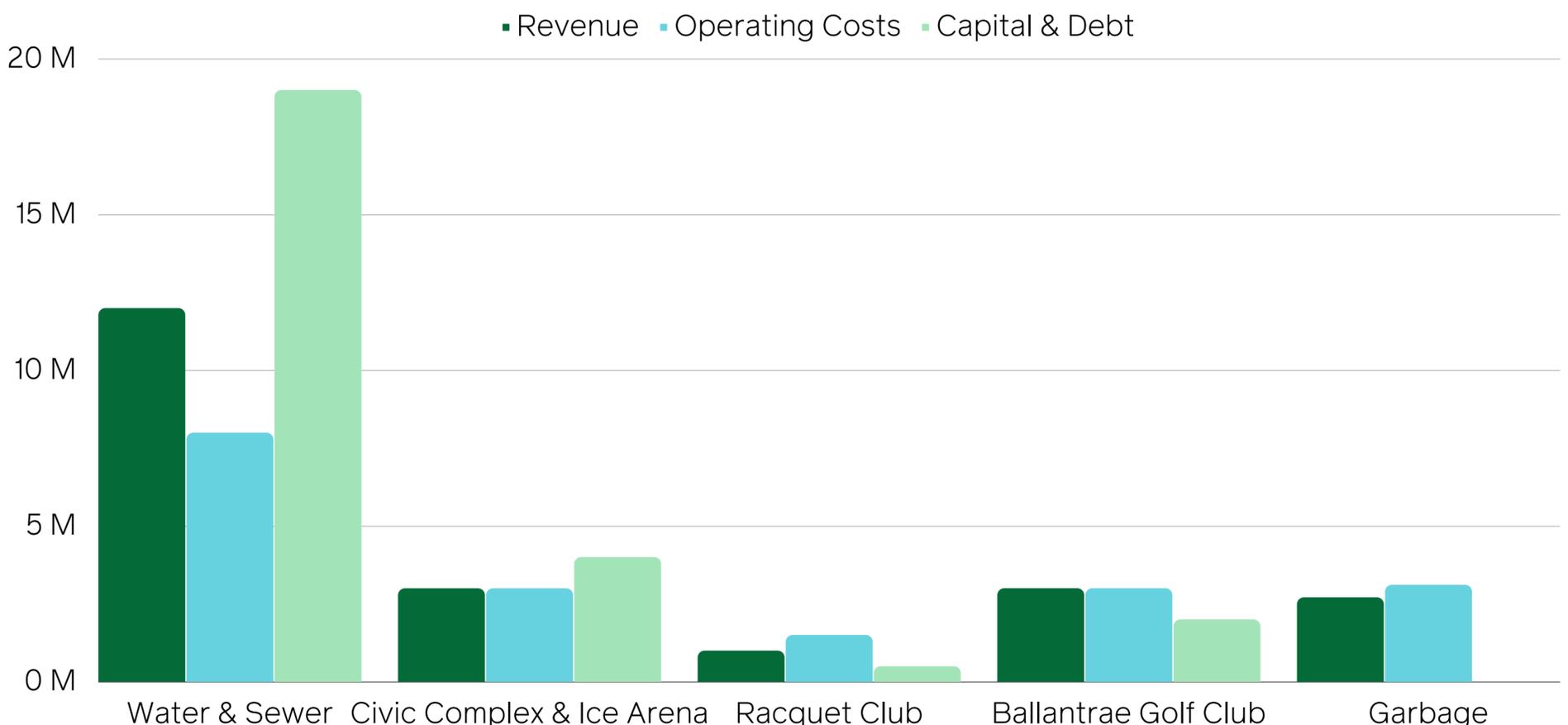
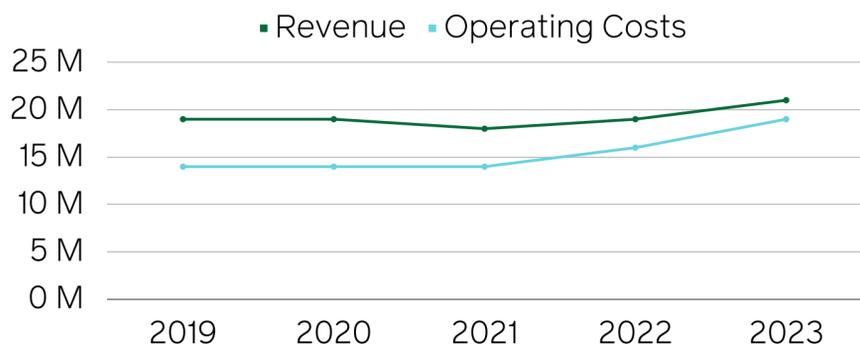


FY 2023 BUDGET PROPOSAL OVERVIEW

Significant steps were taken in constructing the 2022 budget to address market study data on payroll and benefits. Having taken care of those issues within the personnel category in 2022, attention for 2023 has shifted to providing the necessary capital, supplies, and software for each department. For a more in-depth analysis of General Fund expenditure trend data, see the General Fund page in the Fund Summaries portion of the budget.

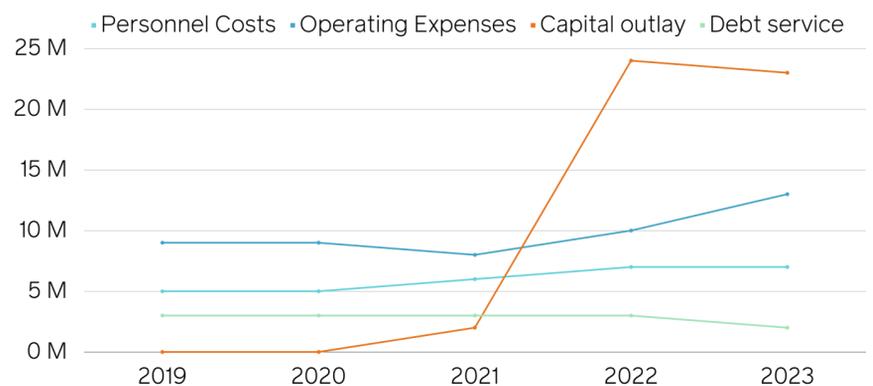
Enterprise Fund Highlights

An enterprise fund is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows the City to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy if any. With an enterprise fund, all costs of service delivery--direct, indirect, and capital costs—are identified. This allows the City to recover total service costs through user fees if it chooses.



Enterprise accounting also enables the City to reserve the "surplus" or unrestricted net assets generated by the operation of the enterprise rather than closing it out to the general fund at year-end. The user fees or rates have been set to maintain operations, but with aging infrastructure, the City will need to begin planning for the potential of critical infrastructure improvements.

Although the debt issuance in 2021 will cover the immediate infrastructure improvements, the City will need to continue to evaluate rates and user fees to ensure that reserves will be available.



Program revenues for the recreational enterprise funds have returned stronger than before the pandemic. Increased expenses are corresponding to the need for additional inventory to meet demand. Supplies for general maintenance and operations have incurred the largest cost increase due to inflation and supply chain disruptions. For additional analysis of the Enterprise Fund expenditures, see the Enterprise Fund pages in the Fund Summaries section of this budget.

GENERAL FUND BUDGET SUMMARY

	General Fund	Capital Projects	Summary Total
Revenues			
Taxes			
Sales tax	34,138,366		34,138,366
Property tax	8,236,281		8,236,281
Motor Vehicle/Gas tax	523,806		523,806
Other tax	149,084		149,084
Licenses and permits	5,372,068		5,372,068
Fines and forfeitures	315,195		315,195
Charges for services	306,395		306,395
Interest income	219,000		219,000
Other	662,454		662,454
Total revenues	49,922,649	-	49,922,649
Expenditures			
General administration			
Administrative	-		-
City Manager	317,220		317,220
Mayor	277,606		277,606
City Council	137,297		137,297
Court	710,903		710,903
IT	1,335,514		1,335,514
Human Resources	1,807,881		1,807,881
Finance	875,019		875,019
Economic Development	558,340		558,340
Communications & Branding	371,984		371,984
City Clerk	5,047,613		5,047,613
Library	1,347,807		1,347,807
Parks & Recreation	2,417,244		2,417,244
Police	10,403,665		10,403,665
Fire	10,054,938		10,054,938
	39,736,770	-	39,736,770
Revenues less expenditures	10,185,879	-	10,185,879
Capital Outlay	636,757	53,277,544	53,914,301
Debt service			
Principal retirement	3,658,716		3,658,716
Interest	1,637,950		1,637,950
Total capital outlay and debt expenditures	5,933,423	53,277,544	59,210,967
Excess (deficiency) of revenues over (under) expenditures	4,252,456	(53,277,544)	(49,025,088)
Other financing sources (uses)			
Proceeds from sale of capital assets	1,897,159		1,897,159
Interfund Capital Transfers (In/Out)	(30,349,999)	53,277,544	22,927,545
Interfund Operating Transfers (In/Out)	(1,739,772)		(1,739,772)
Total other financing sources (uses)	(30,192,612)	53,277,544	23,084,932
Net change in Fund Balance	(25,940,156)	-	(25,940,156)

GENERAL FUND

CHANGE IN FUND BALANCE

The City's approach to determining the level of fund balance to be maintained in the City's General Fund is two-fold: 1) a strong fiscal administration and budget monitoring process that enables a timely management response to changing economic conditions; and 2) commitment to a level of sales and use taxes and fee and fine schedules that support the cost and provision of services, infrastructure and facilities as well as provide a sufficient reserve. The City adopted financial policies in 2007 ensuring it would maintain Unrestricted General Fund Reserves with a target balance of four months of General Fund Operating Expenses. According to the last audited financial statements, the City has continued to exceed the target balance, and the proposed budget has a conservative approach to ensure the City is stable during uncertain economic periods. Maintaining strong reserves is a strategy that has worked well over the years. This approach helped to mitigate the effects of the 2008 recession and the COVID-19 pandemic. City management will continue to evaluate the need for infrastructure improvements while ensuring operating reserves are available to continue the exceptional level of service provided by departments citywide. The City issued bonds for capital improvements in FY2021 which inflated the fund balance, but that balance will begin to regulate as the earmarked projects are completed.

	Audited Actuals		Projected	Proposed
	FY2020	FY2021	FY2022	FY2023
Beginning Fund Balance	63,557,701	66,450,734	93,948,260	91,261,651
Revenues	47,174,088	50,973,619	55,952,448	49,922,649
Other Financing Sources (OFS)	1,033,700	43,409,976	1,091,067	1,897,159
Total Revenues & OFS	48,207,788	94,383,595	57,043,515	51,819,808
Expenditures	42,459,618	44,591,182	55,883,973	45,670,193
Other Financing Uses (OFU)	2,855,137	22,294,887	3,846,151	32,089,771
Total Expenditures & OFU	45,314,755	66,886,069	59,730,124	77,759,964
Excess Revenues & OFS over Expenditures & OFU	2,893,033	27,497,526	(2,686,609)	(25,940,156)
Net Ending Fund Balance	66,450,734	93,948,260	91,261,651	65,321,495

COMMITTED RESERVE FUNDS

The City Council approved five resolutions at the end of fiscal year 2021 to commit a portion of the excess revenue over expenditures to reserve funds for specified purposes. Committing reserves is a comprehensive management tool used to ensure funds are available when anticipated future expenditures become due. Below is a chart detailing the use of a portion of those funds in the proposed budget.

Fund	Amount	Projects
Capital Reserve for the City's Parks & Recreation Facilities	\$2,000,000	These funds have been dedicated to phase one of the Park Capital Plan. The Park Master Plan is still being finalized due to department leadership changes, but due to planning needs, an initial capital plan is being proposed.
Capital Reserve for the City's Information Technology System and Equipment	\$1,000,000	These funds have been dedicated to the transfer of the ERP to a cloud-based environment and the community development phase of implementation. Additional information is provided under budget priorities.
Capital Reserve for Replacement of City Vehicles	\$500,000	These funds have been dedicated to the vehicles requested in the general fund. Each requested vehicle has been highlighted as capital outlay on the department's summary page.

GENERAL FUND REVENUE PROJECTIONS

Revenue Projections for Major Categories:

The City's sales tax revenues, property tax revenues, business license and permit fees make up approximately 97% of the General Fund's total revenue. As such, City management obtained necessary data pertaining to each of these sources to be used in projecting General Fund revenues for FY2023.

Top 10 Revenue Generators

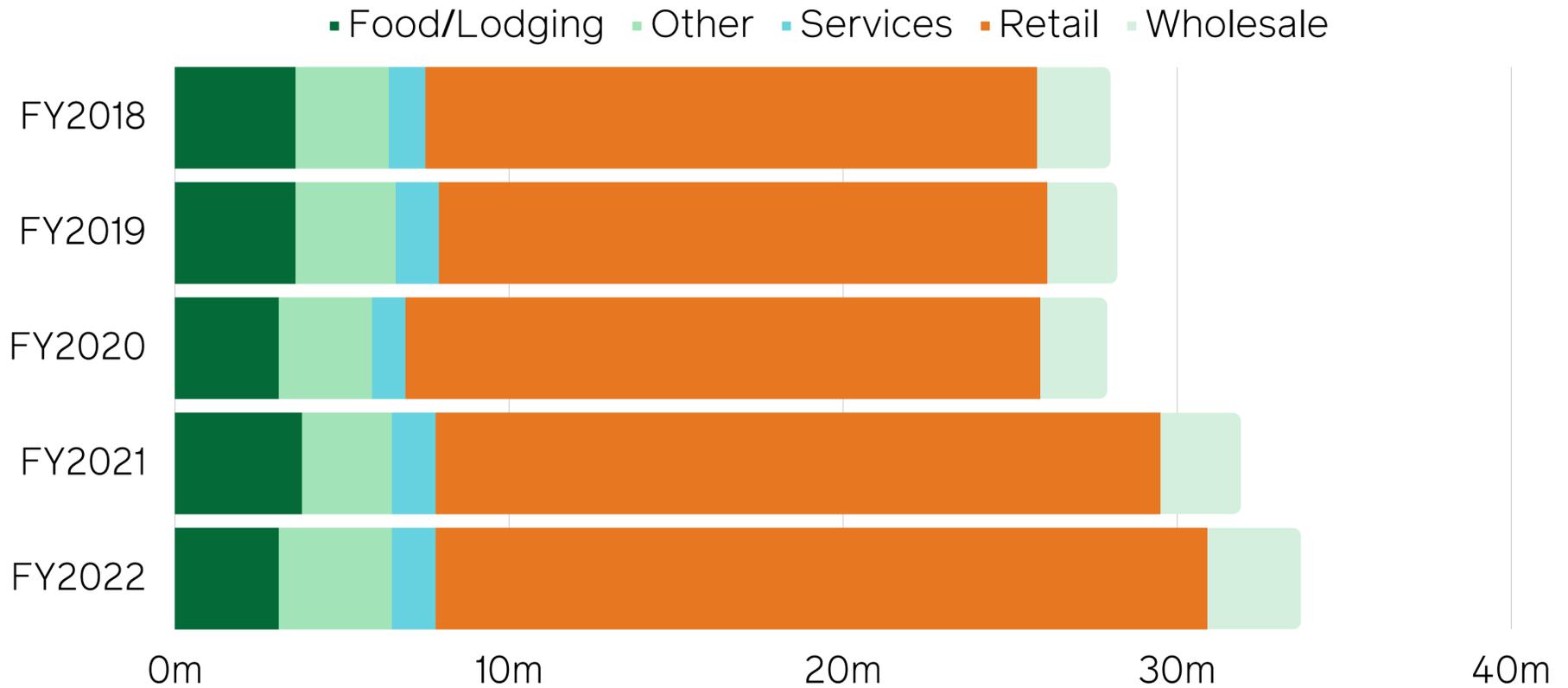
Walmart Stores East, LP
Publix Alabama, LLC
Home Depot USA, INC
Driver's Way, LLC
Donohoo Auto, LLC
American Wallzone Supply, LLC
Med Center Cars, INC
Birmingham Auto Acquisitions, INC
Chick-Fil-A, INC

Reporting Agency	GDP Growth Forecast 2023
International Monetary Fund	1%
Congressional Budget Office	1.9%
Federal Reserve Bank of Philadelphia	1.3%
Wells Fargo	-.5%
Culverhouse	1.8%
Average	1%
High	2%
Low	0%
City Recommendation for FY2023	-2%

Sales and Use Tax

While the economy is still sound, world events have become increasingly unstable and difficult to predict. COVID has caused China to repeatedly close many of its factories and ports, which has caused continuous supply chain problems. The Russian invasion of Ukraine has impacted prices for a variety of food items along with a rise in the cost of gasoline. While most economists predict any recession to be mild, the growth we have seen over the last two years will not be repeated in the coming year. The above table shows the 2023 GDP predictions from five respected industry organizations which predict an average 1% growth in GDP, indicating revenues will start heading back to pre-COVID levels. For this reason, city management is recommending a 2% decrease in tax revenues for FY2023. The chart on the left shows a list of our top 10 taxpayers, and a chart showing revenues by business type can be seen on the next page.

GENERAL FUND REVENUE PROJECTIONS

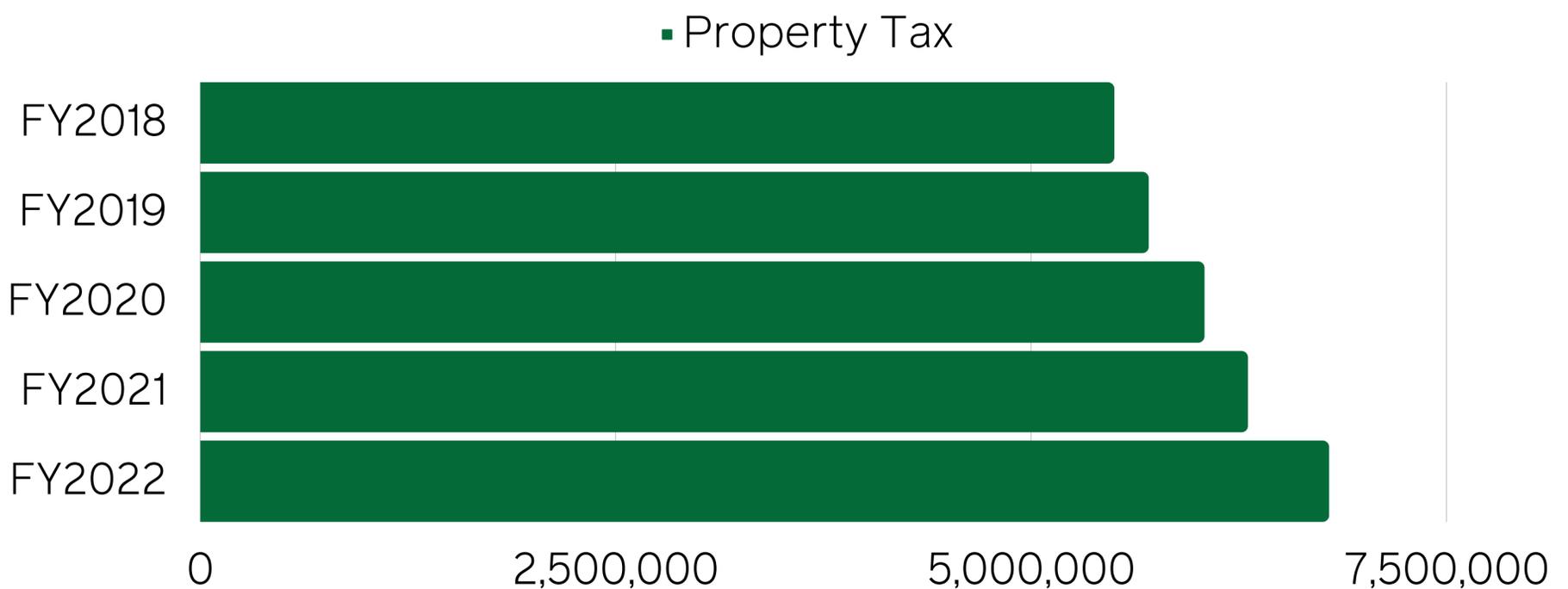


Property Tax (Ad Valorem)

Alabama Property Taxes are some of the lowest in the nation, which historically has made property tax revenues a smaller portion of total revenue than they would be for other states. Property taxes are typically the most stable source of City revenues. There has been no change in the Pelham millage rates over the past decade, so the changes in property tax revenues are primarily driven by new construction and the assessed value of the property within the City. However, For the last several years property tax revenues have increased due to high demand for homes and low-interest rates for borrowing. Property taxes are collected and estimated by Shelby County. We reflect that number in our annual budget. Based on the numbers provided, we are budgeting a 9% increase in this revenue source.

Motor Vehicle License Tax

Motor vehicle/mobile home tax is collected by Shelby County on motor vehicles and manufactured homes. We are estimating no change from last year.



GENERAL FUND REVENUE PROJECTIONS

Business Licenses and Permit Fees

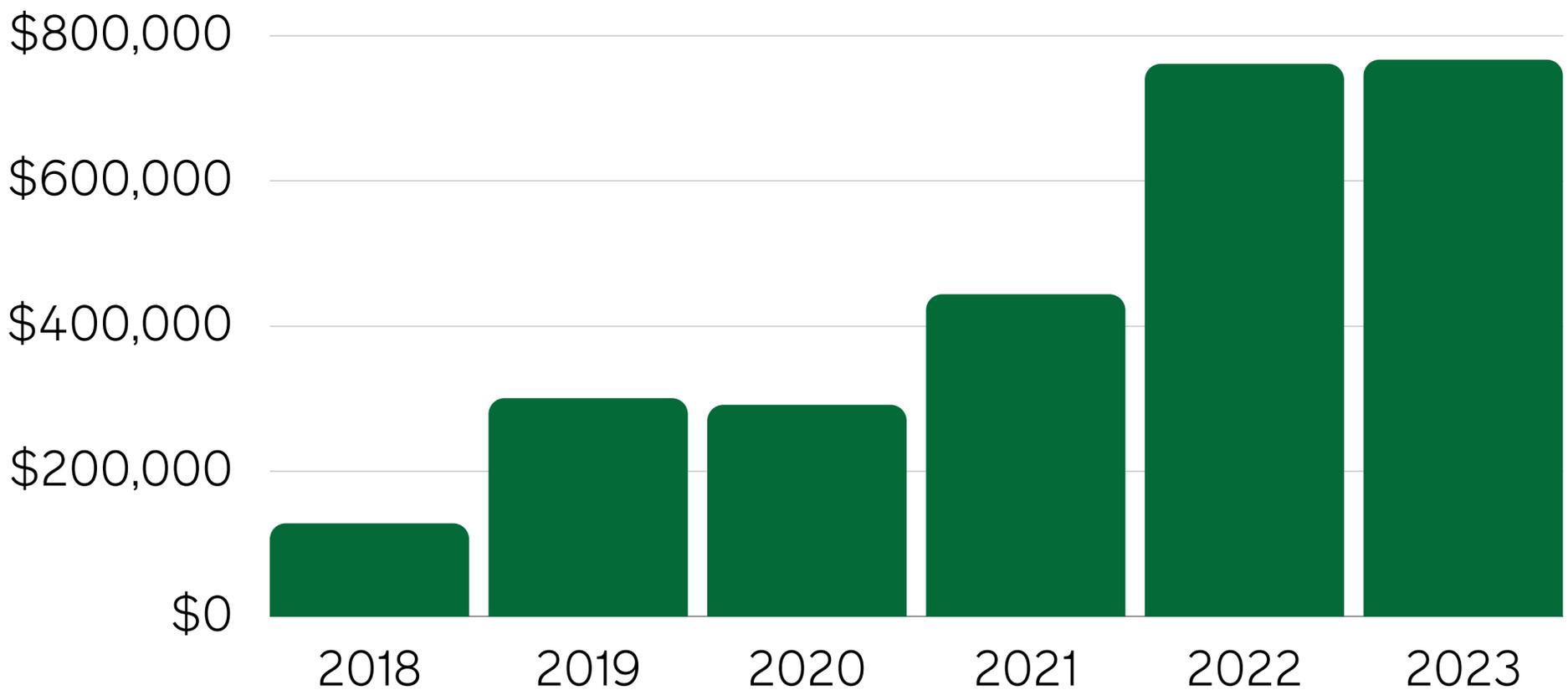
Licenses and Permits

Business Licenses

City management is recommending a 2% increase in business license revenue over FY2022. While it is true we are expecting a reduction in sales tax revenues for the coming year, business license revenue is calculated on the prior calendar year's gross receipts. Therefore, business license revenue will increase in the proposed budget year to reflect the 2022 calendar year's gross receipts.

Building Permits and Inspections

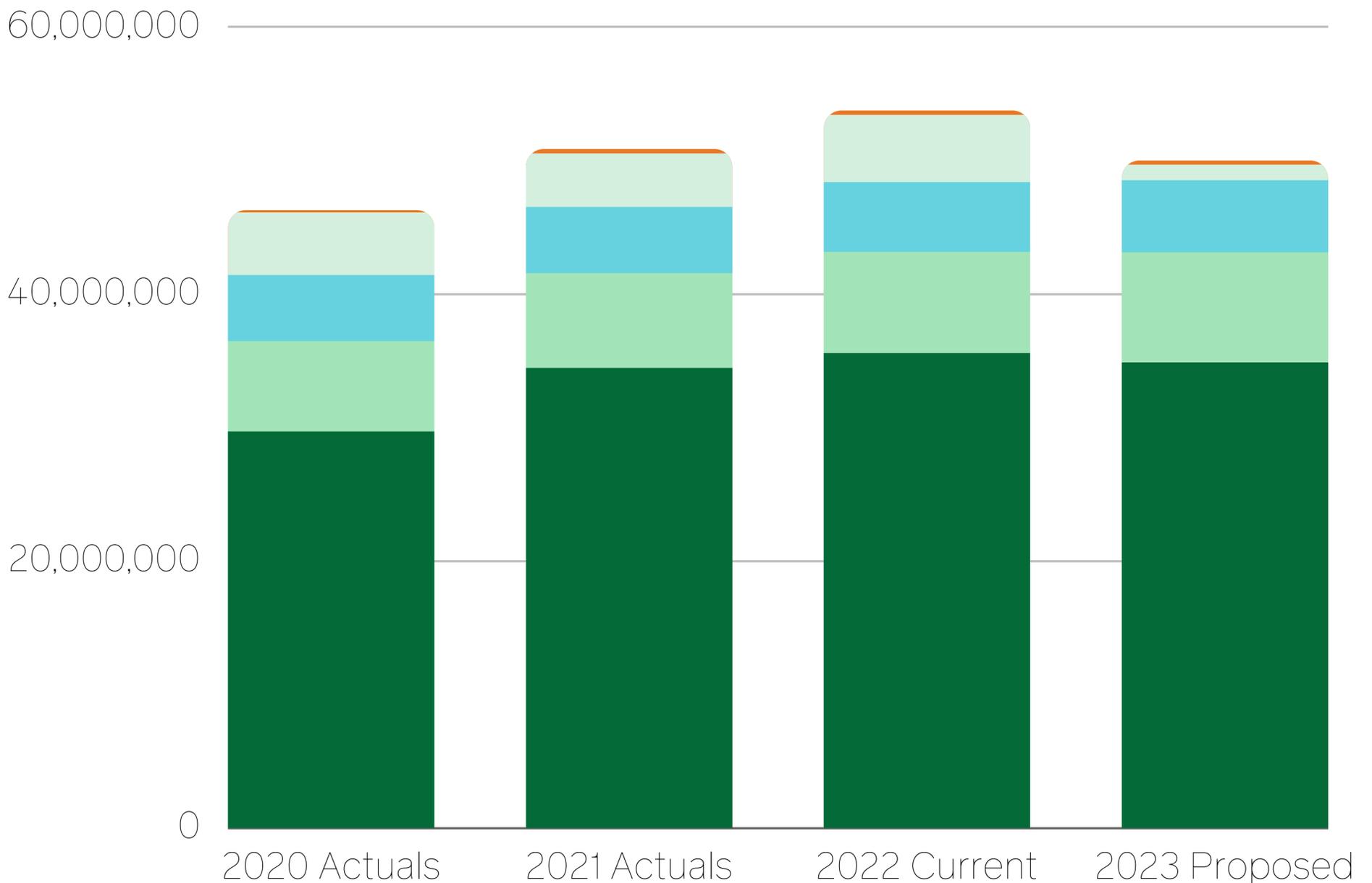
After promoting a new Building Official in January of this year we began a search to for a new Commercial Building inspector, we were able to fill this position in June, With the addition of Sherri Proctor as the new Planning and Zoning Administrator as well as an additional zoning inspector, we will be able to increase the zoning compliance efforts which is reflected as a priority in the Citizen Satisfaction Survey. We have added ICC Digital Building code to increase the ability to look up codes more efficiently helping to speed up our plan review process. Despite all the Building industry challenges, permits are staying close to last year's numbers and the inspectors are staying busy inspecting the many buildings at the new Canopy Development and the many new housing development projects across the city. The City is budgeting an extra 1% for this revenue source.



*Total FY23 General Fund revenues are projected to decrease overall by 5.4% over FY22 projections.

GENERAL FUND REVENUE PROJECTIONS

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Sales & Other	29,631,868	34,390,486	35,531,718	34,811,256
■	Property Taxes	6,776,322	7,096,783	7,538,894	8,236,281
■	Licenses/Permit	4,943,101	4,943,049	5,234,128	5,372,068
■	Other	4,685,727	4,029,746	5,039,694	1,196,649
■	Service Charges	168,183	321,412	324,962	306,395
		46,205,201	50,781,476	53,669,396	49,922,649



CITY MANAGER'S OFFICE

The City Council sets the overall vision of the City and sets the priorities through the annual budget. In addition, the Council sets the ordinances which become the City's local law. The City Manager is responsible for the overall operation and supervision of the governmental functions in the City and serves as the City's Chief Administrative Officer. The City Manager is also responsible to ensure adherence to all laws set by Council. The City Manager conducts the performance evaluations of all department heads except the Mayor's Executive Administrative Assistant and is responsible for working with each department to set goals in order to fulfill the overall vision set by the City Council. The City Manager receives direction from and reports to the City Council.

The City Manager's office will also continue to oversee and manage the implementation of the City's ERP system. In FY 2022, Finance and HR were the focus, and now Development Services and Public Works will be added to the fold.

Functions of the City Manager's Office include but are not limited to:

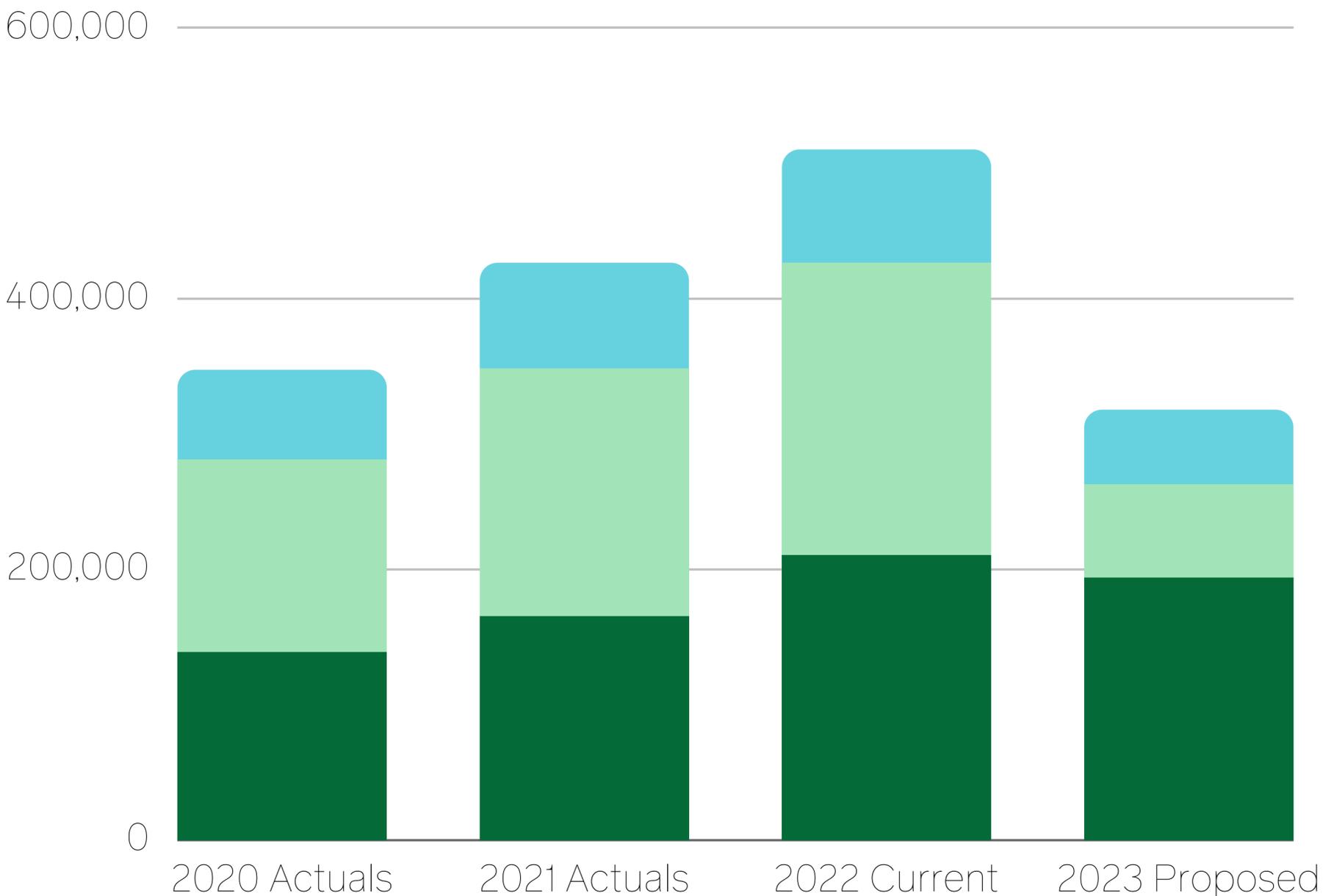
- Managing and coordinating the day-to-day administrative operations of the City including approval of operating procedures based on policies set by the City Council.
- Responding to calls and requests from citizens.
- Ensuring the development and execution of the municipality's strategic plan and annual budget.
- Directing and supervising department heads.
- Carrying out the policies and programs determined by the elected City Council.
- Serving as a policy advisor to the City Council and Mayor on federal, state, and local laws and regulations as well as administrative procedures of the City.
- Monitoring and overseeing the enforcement of all laws and ordinances of the City.
- Monitoring the overall fiscal activity of the City to ensure compliance with established budgets and keeping the Mayor and Council fully informed about the financial condition of the City.

- Serving as the appointing authority for hiring and removing Civil Service employees within legal limitations.
- Recommending to the City Council any changes, or amendments to the City code that may be beneficial for the efficient and legal operation of the business and affairs of the City.
- Originating ideas for improvements in all City procedures and organizations so as to enhance services and/or reduce costs.
- Making and executing lawful contracts on behalf of the City after approval by the City Council.
- Managing projects within the City.



CITY MANAGER'S OFFICE

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	138,794	165,135	210,359	193,640
■	Benefits	141,622	182,532	215,470	68,584
■	Operating Expenses	66,264	78,014	83,501	54,996
■	Capital Outlay	-	-	-	-
■	Debt Services	-	-	-	-
		346,680	425,682	509,329	317,220



*The City Manager's Office was part of the administration department in prior budget years. In an effort to properly account for each individual department, the administration departments were separated by function during the FY2022 mid-year review. The prior year administration department budgets have been prorated according to the current allocation of funds by each individual department in the charts and graphs presented above. Capital Outlay and Debt Service were not prorated or presented for prior periods since the amounts expended are significantly large enough to create disparities when comparing departmental expenditures over a period of several years.

MAYOR'S OFFICE

Pelham operates under a Mayor/Council Government with a City Manager by ordinance. The Mayor serves as the policy head of the City and appoints the Fire Chief and Police Chief with City Council approval. The Mayor works as a team with the City Council, City Manager, and the City of Pelham employees to provide the public with:

- A safe community in which to live and work
- Services delivered courteously and professionally
- Fiscal responsibility with accountability
- Convenient opportunities for recreation

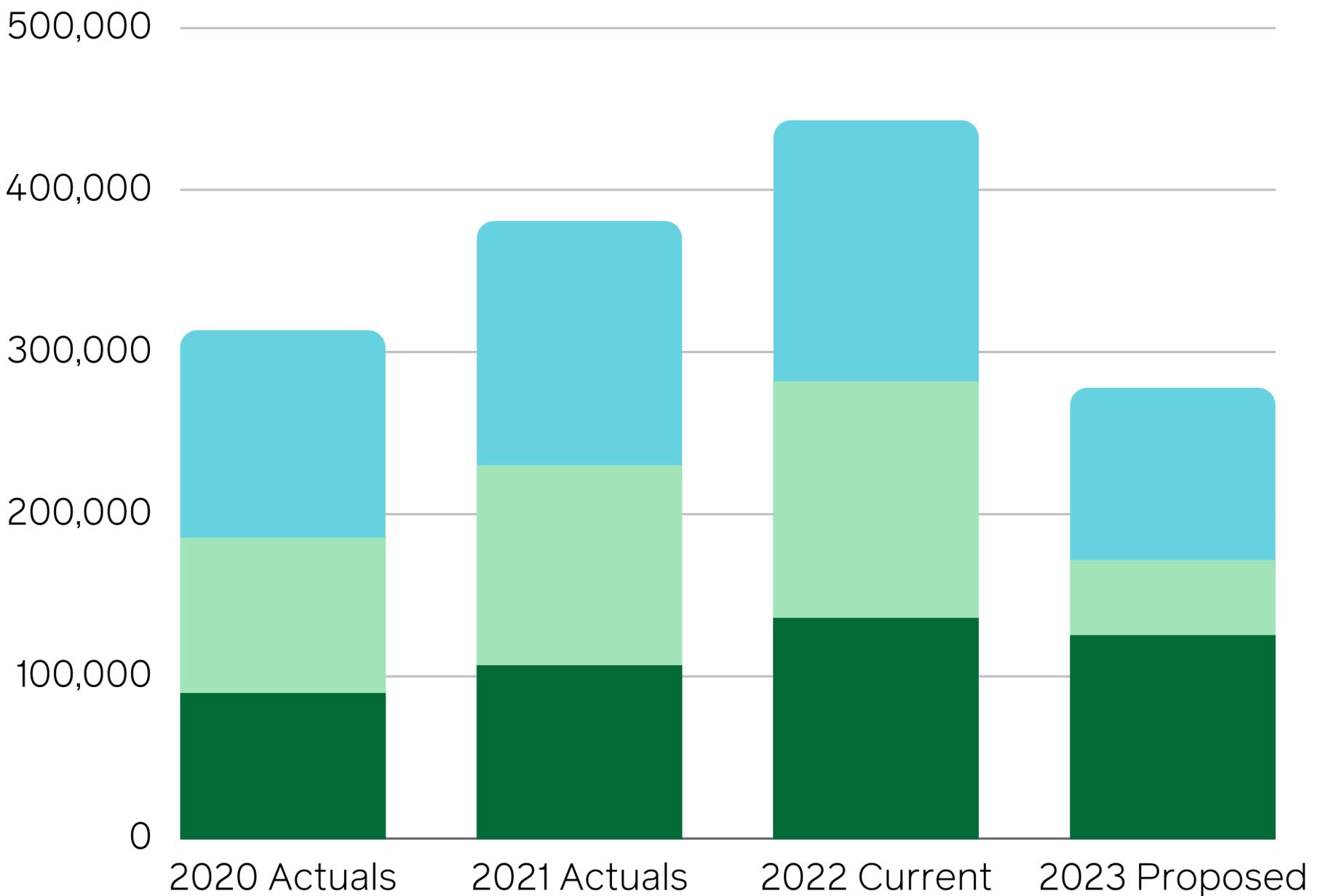
Functions of the Office of The Mayor include but are not limited to:

- Responding to calls and requests from citizens.
- Advocating with county, state, national, and neighboring elected officials and offices to ensure the City's needs are communicated to other government entities.
- Serving as the Chairman of the Pelham Water Authority.
- Serving on the Planning and Zoning Commission.
- Appointing all members of the Planning and Zoning Commission.
- Advocating for, planning, and/or directing community events (i.e., Fire on the Water, The Pelham Strong Christmas Parade, The Pelham Palooza, Shred, and E-recycle event, Pelham BEAT activities, etc.)
- Working alongside the City Manager to keep residents and businesses informed about city development, revised laws, and community events.
- Supporting the City's Pastor's Group, American Legion Post 555, and other groups the Mayor determines the group serves a public benefit.
- Welcoming local businesses during ribbon-cuttings and other opportunities.
- Promoting the City's brand to residents, businesses, and visitors to the City.
- Supporting and providing guidance and counsel to the City Manager.
- Providing support and/or guidance as needed to Department Heads.
- Executing lawful contracts on behalf of City Council.
- Representing the City in real estate closings and legal mediations.
- Declaring City Proclamations as the Mayor determines is beneficial to the public good.



MAYOR'S OFFICE

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	89,916	106,980	136,278	125,447
■	Benefits	95,574	123,182	145,410	46,284
■	Operating Expenses	127,568	150,189	160,751	105,875
■	Capital Outlay	-	-	-	-
■	Debt Services	-	-	-	-
		313,057	380,351	442,439	277,606



*The Mayor's Office was part of the administration department in prior budget years. In an effort to properly account for each individual department, the administration departments were separated by function during the FY2022 mid-year review. The prior year administration department budgets have been prorated according to the current allocation of funds by each individual department in the charts and graphs presented above. Capital Outlay and Debt Service were not prorated or presented for prior periods since the amounts expended are significantly large enough to create disparities when comparing departmental expenditures over a period of several years.

CITY COUNCIL

This Council has had another busy year! See the chart to the right that includes the number of resolutions approved by the Pelham City Council over the past five years to date.

City Council continues to work tirelessly to set priorities and direct funds to facilities that have been neglected for some time. In addition, in FY2022 the City Council prioritized a Citizen Satisfaction Survey to help determine citizen priorities and to inform the Council's decision making.

Functions of the City Council include but are not limited to:

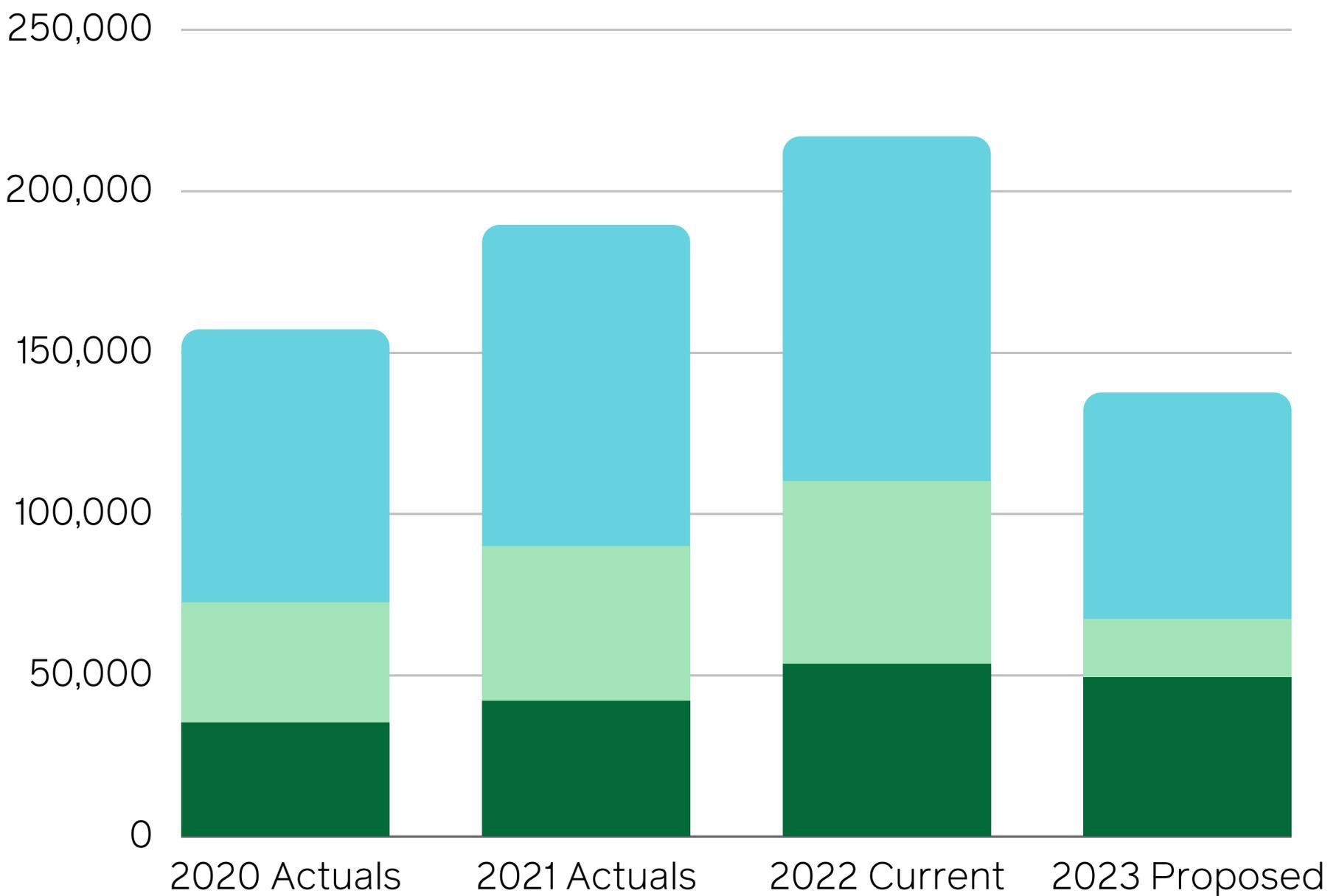
- Forming the City's legislative branch of government, establishing the vision, laws, policies and priorities of the City of Pelham.
- Approving an annual budget.
- Attending work sessions and council meetings to conduct city business.
- Submitting letters of support and/or passing resolutions to communicate City needs to other local, state, regional and federal government entities.
- Appointing a City Manager, City Clerk, City Attorney and City Prosecutor.
- Providing an annual evaluation to the City Manager.

Year	Resolutions Passed
2018	125
2019	147
2020	128
2021	194 (previous 3-year average = 123)
2022	225 (YTD)



CITY COUNCIL

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	35,265	41,957	53,448	49,200
■	Benefits	37,163	47,898	56,541	17,997
■	Operating Expenses	84,463	99,440	106,434	70,100
■	Capital Outlay	-	-	-	-
■	Debt Services	-	-	-	-
		156,890	189,296	216,422	137,297



*The City Council department was part of the administration department in prior budget years. In an effort to properly account for each individual department, the administration departments were separated by function during the FY2022 mid-year review. The prior year administration department budgets have been prorated according to the current allocation of funds by each individual department in the charts and graphs presented above. Capital Outlay and Debt Service were not prorated or presented for prior periods since the amounts expended are significantly large enough to create disparities when comparing departmental expenditures over a period of several years.

FINANCE

The mission of the Finance Department is to foster a sense of cooperation with both City of Pelham departments and customers of the City of Pelham in carrying out receipting, expending, and accounting for City funds. Under the direction of the Finance Director, the department issues business licenses, administers revenue collection, and pays bills incurred by City Departments. The revenue division fairly and impartially applies all laws and regulations dealing with the collection of various taxes and fees due to the City.

The Finance Department is responsible for the fiscal management of the City of Pelham through measuring and reporting on the financial position, financial stability, liquidity, and growth, projecting and managing revenues, projecting and monitoring expenditures, and planning for the short and long-term financial needs of the City. The Finance Department provides monthly and annual reports to the City Manager detailing expenditure, budgetary compliance, and the collection of revenues.

Additionally, the Finance Department is responsible for the administration, direction, and coordination of all financial services of the City. The goal of the department is to deliver reliable management information to other departments to assist in achieving their goals and objectives and to increase the efficiency and effectiveness of their services. The Department also serves the needs of the Mayor, City Manager, City Council, and the general public. It operates under established management principles and adheres to generally accepted accounting principles (GAAP).

Functions of the Finance Department include but are not limited to:

- Providing accurate, complete, and timely information regarding the City's financial condition and transactions to internal and external customers of the City.
- Executing procedures for the timely payment of all properly documented City liabilities which ensures compliance with all legal requirements.



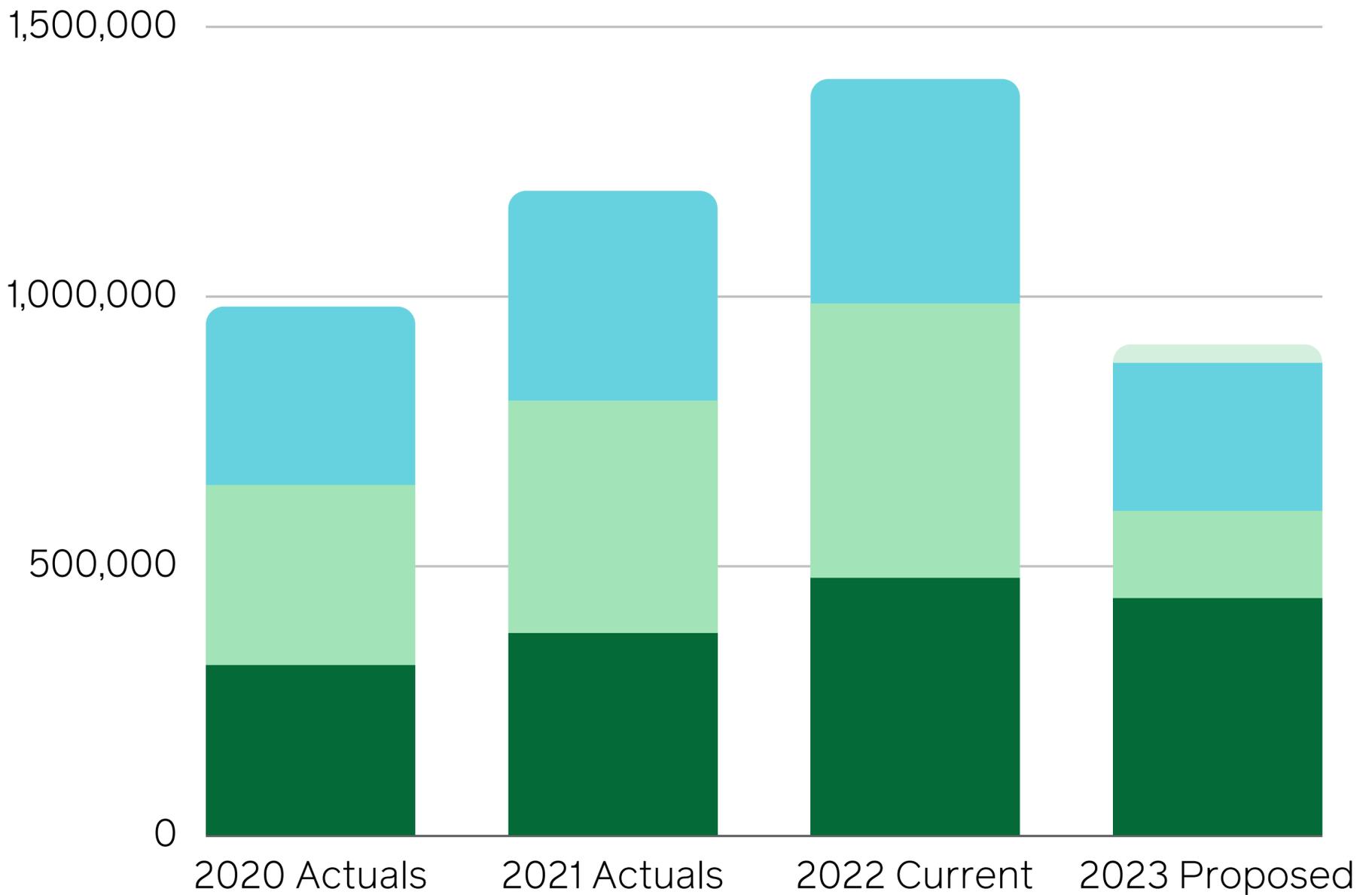
- Maintaining a commitment to a high level of personal productivity and a continuous pursuit of the means for improving the Department's procedures and achieving significant personal satisfaction in the staff's professional roles.
- Maintaining knowledge of current laws, regulations, and requirements through active participation in professional organizations and through maintenance of related professional certifications. This knowledge will be used to administer the laws, regulations, and requirements in an efficient and equitable manner.

Capital Outlay

The Finance Department is requesting \$34,000 in the Capital Outlay for the purposes of a vehicle for the department. The department will be maintaining fixed assets and inventory of trackable machinery and equipment. The Finance Department will be traveling throughout each department to determine the inventory and assets of our City. Our Tax Accountant will also be going out into the field to do local audits of different taxpayers in the city to ensure proper payment to the City.

FINANCE

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	314,604	374,311	476,820	438,924
■	Benefits	334,009	430,494	508,175	161,752
■	Operating Expenses	330,553	389,169	416,538	274,343
■	Capital Outlay	-	-	-	34,000
■	Debt Services	-	-	-	-
		979,166	1,193,973	1,401,533	909,019



*The Finance department was part of the administration department in prior budget years. In an effort to properly account for each individual department, the administration departments were separated by function during the FY2022 mid-year review. The prior year administration department budgets have been prorated according to the current allocation of funds by each individual department in the charts and graphs presented above. Capital Outlay and Debt Service were not prorated or presented for prior periods since the amounts expended are significantly large enough to create disparities when comparing departmental expenditures over a period of several years.

ECONOMIC DEVELOPMENT

The Economic Development Director coordinates the City's economic development activities and administers the City's economic development program including prospect development, industry contacts, and negotiation with industry representatives to encourage business development in the City of Pelham. The Economic Development Director reports to the City Manager under the Administrative Department and serves as the secretary (ex officio) of any development organizations within the City as permitted by law (i.e., CDA, IDB).

Functions include but are not limited to:

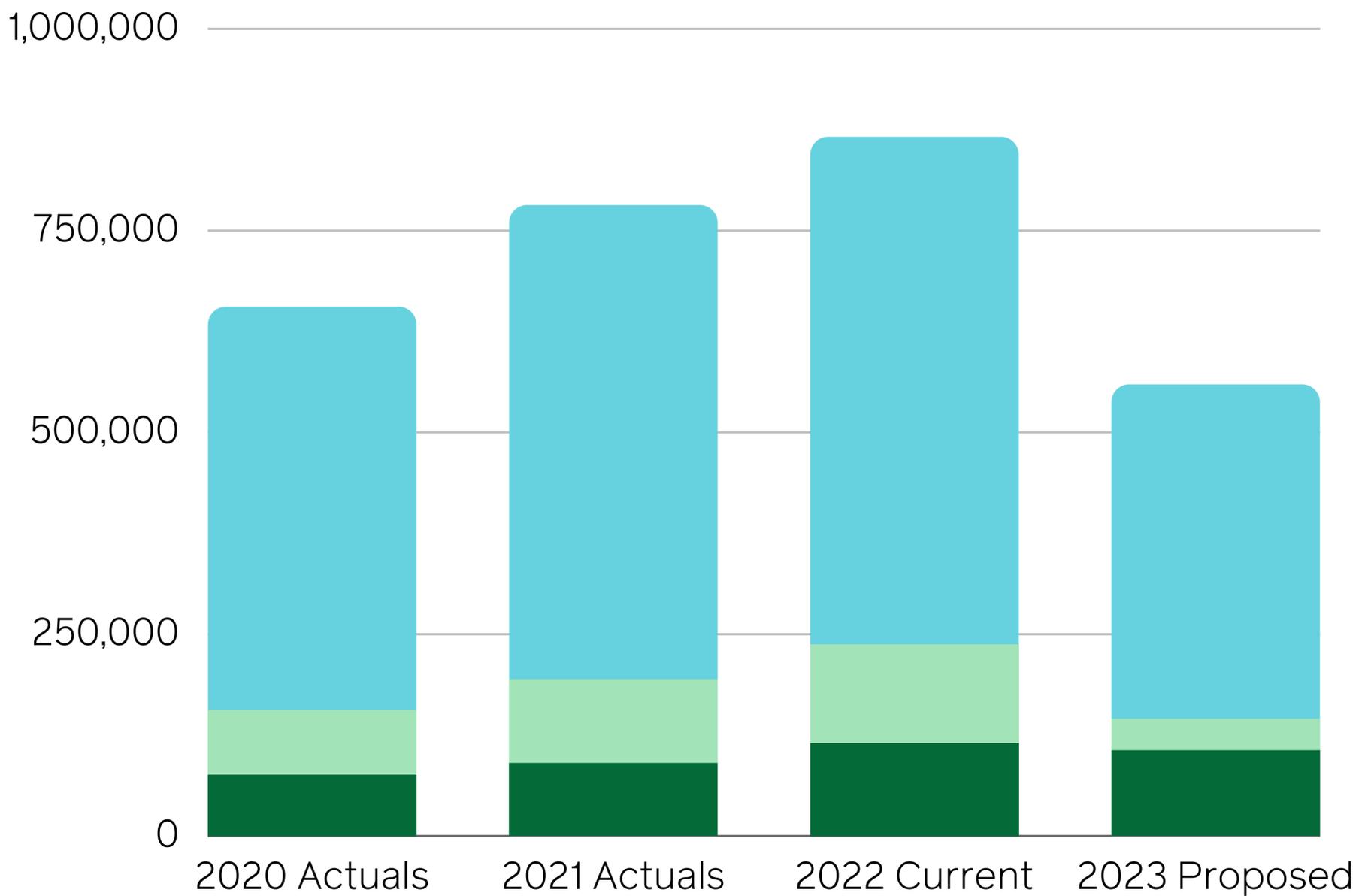
- Responding to calls and requests from citizens.
- Answering questions from prospective business partners on available properties in the City; zoning policies and processes as requested or as necessary to make business decisions.
- Recruiting commercial and industrial business developers through targeted marketing; meetings with developers, brokers, retailers, and other businesses to encourage business development opportunities in the City of Pelham.
- Partnering with the City's Communications Manager to inform the residents of impending strategies or activities that may impact the Pelham community; providing assistance to the communications manager to create messaging relevant to Pelham businesses and economic development, updating media platforms, and delivering presentations to the City Council as well as private or public partners to encourage local business development.
- Leading negotiations on business partnerships or development agreements for commercial and industrial businesses development in the City, which may include tax abatement options or similar business development incentives; monitoring agreements for compliance with state, local, and/or federal regulations and works with the City's finance department to ensure compliance with agreements.
- Developing and recommending incentive programs to aid in developer and tenant recruitment.
- Serving as co-leader of Implementation Team for Comprehensive Plan.

- Researches, develops, and distributes economic development data and reports.
- Prepares and maintains updated statistical data on related business & industry.



ECONOMIC DEVELOPMENT

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	75,806	90,193	114,893	105,762
■	Benefits	80,236	103,413	122,074	38,856
■	Operating Expenses	498,490	586,884	628,158	413,722
■	Capital Outlay	-	-	-	-
■	Debt Services	-	-	-	-
		654,531	780,490	865,125	558,340



*The Economic Development department was part of the administration department in prior budget years. In an effort to properly account for each individual department, the administration departments were separated by function during the FY2022 mid-year review. The prior year administration department budgets have been prorated according to the current allocation of funds by each individual department in the charts and graphs presented above. Capital Outlay and Debt Service were not prorated or presented for prior periods since the amounts expended are significantly large enough to create disparities when comparing departmental expenditures over a period of several years.

COMMUNICATIONS & BRANDING

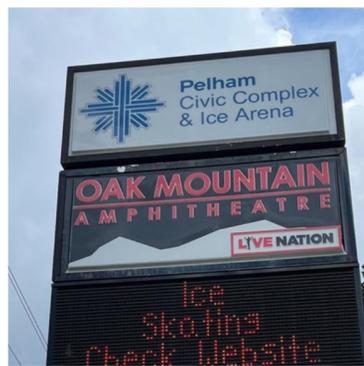
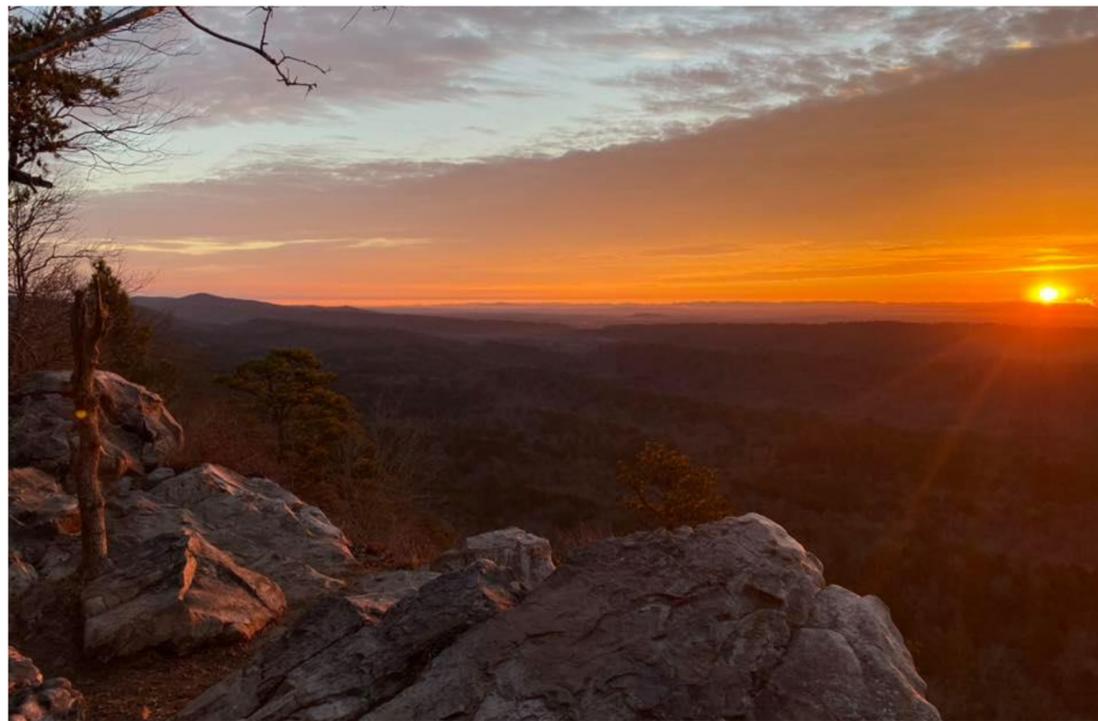
The Communications & Branding Department oversees the City's daily release of information, public relations, marketing, and compliance with the City's brand standards and story. The Communications & Branding Manager reports to the City Manager and serves as the City's Public Information Officer. The Community Relations Coordinator is responsible for fostering positive relationships with community members and organizations and planning and executing community outreach activities.

Functions include but are not limited to:

- Promotion of the City to internal and external customers.
- Monitor social, economic, political, and industry trends to proactively make appropriate recommendations regarding communications strategies in response to identified trends.
- Manage all public relations activities for the City including website and social media management, brand and reputation management, marketing materials development, attending/photographing and writing about major events, video/audio/print messaging, maintaining current fact sheets, community outreach, media relations, event planning, etc.
- Field media inquiries and pitch stories to the media.
- Compile and format talking points and key documents for marketing, public relations, community outreach functions, and internal communications.
- Handle crisis communication

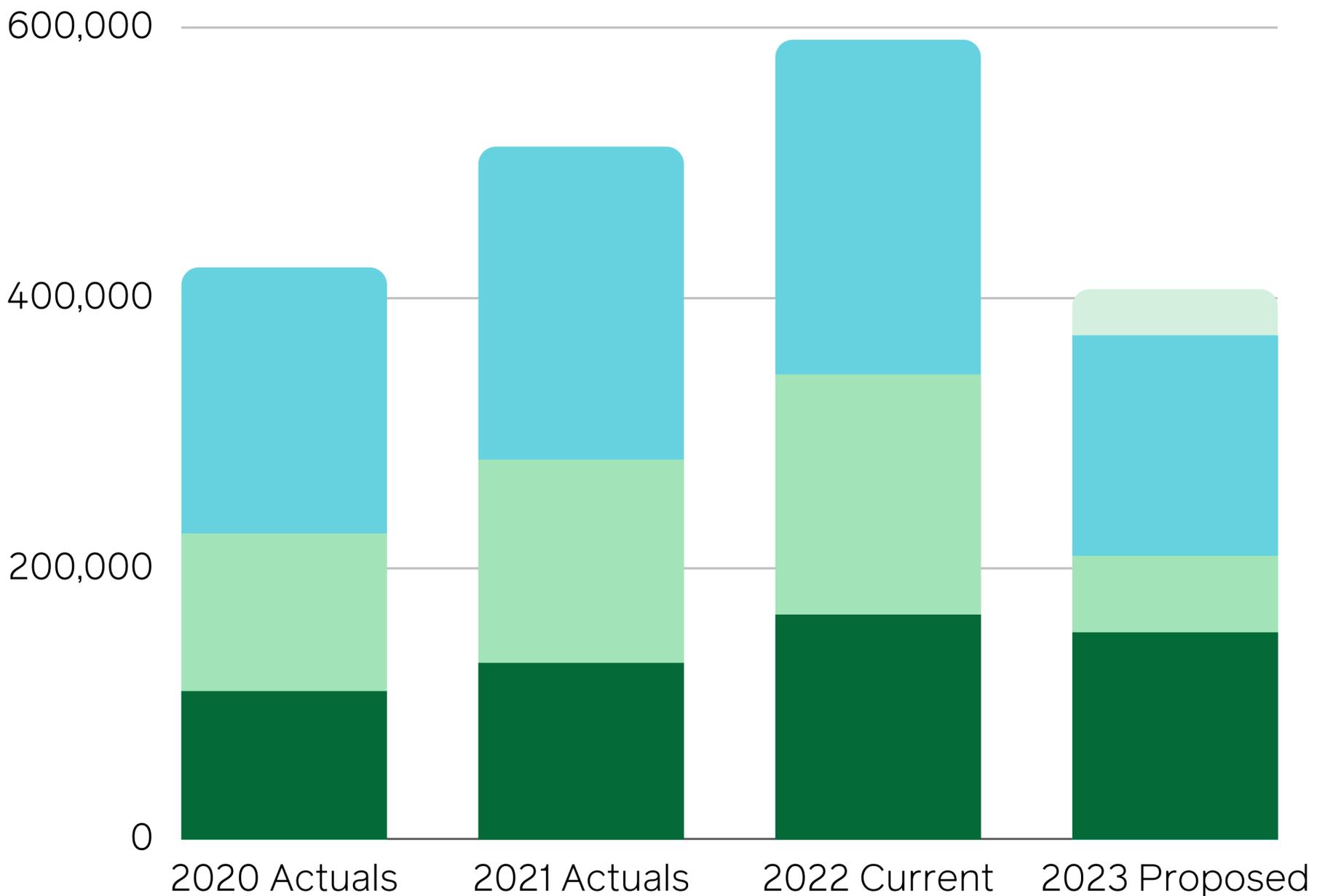
Capital Outlay

The Communications & Branding department is requesting \$34,000 to purchase a vehicle. The Communications Manager and Community Relations Coordinator are constantly on the road, traveling around the city to conduct the City's public relations and marketing business.



COMMUNICATIONS & BRANDING

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	109,491	130,271	165,947	152,758
■	Benefits	116,409	150,036	177,110	56,374
■	Operating Expenses	196,219	231,013	247,260	162,852
■	Capital Outlay	-	-	-	34,000
■	Debt Services	-	-	-	-
		422,119	511,320	590,317	405,984



*The Communications and Branding department was part of the administration department in prior budget years. In an effort to properly account for each individual department, the administration departments were separated by function during the FY2022 mid-year review. The prior year administration department budgets have been prorated according to the current allocation of funds by each individual department in the charts and graphs presented above. Capital Outlay and Debt Service were not prorated or presented for prior periods since the amounts expended are significantly large enough to create disparities when comparing departmental expenditures over a period of several years.

CITY CLERK/TREASURER

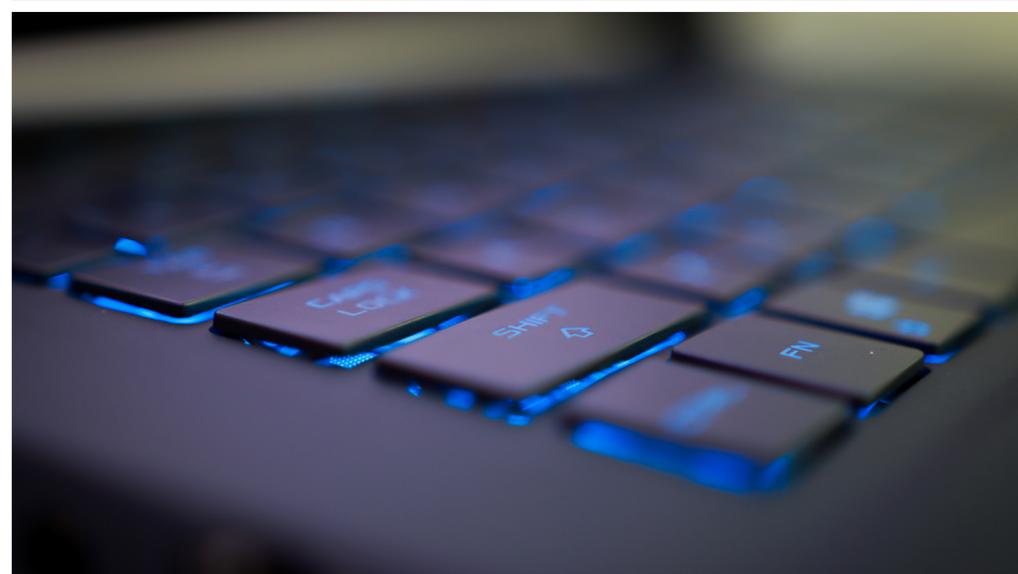
The Office of the City Clerk is an integral part of local government and performs many functions in a variety of areas including, but not limited to customer service, office management, administration, public relations, and finance. Citizens expect the proper execution and operation of government to truly serve the people's needs, and City Clerks are there to record the proceedings of the municipal government to ensure that its legal processes are properly executed.

The City Clerk prepares ordinances and resolutions, attends all meetings of the Pelham City Council, and records in the minutes an accurate record of the actions of the governing body. The City Clerk serves as custodian of the rules, ordinances, resolutions, and minutes of the City Council, municipal lawsuits, subdivision bonds, and other permanent records of the City. Other responsibilities include processing municipal bids and contracts, updating the Code of Ordinances, records management for the City, and public records access. The City Clerk serves as the Election Manager in charge of all municipal elections.

Functions of the Administrative – City Clerk/ Treasurer include but are not limited to:

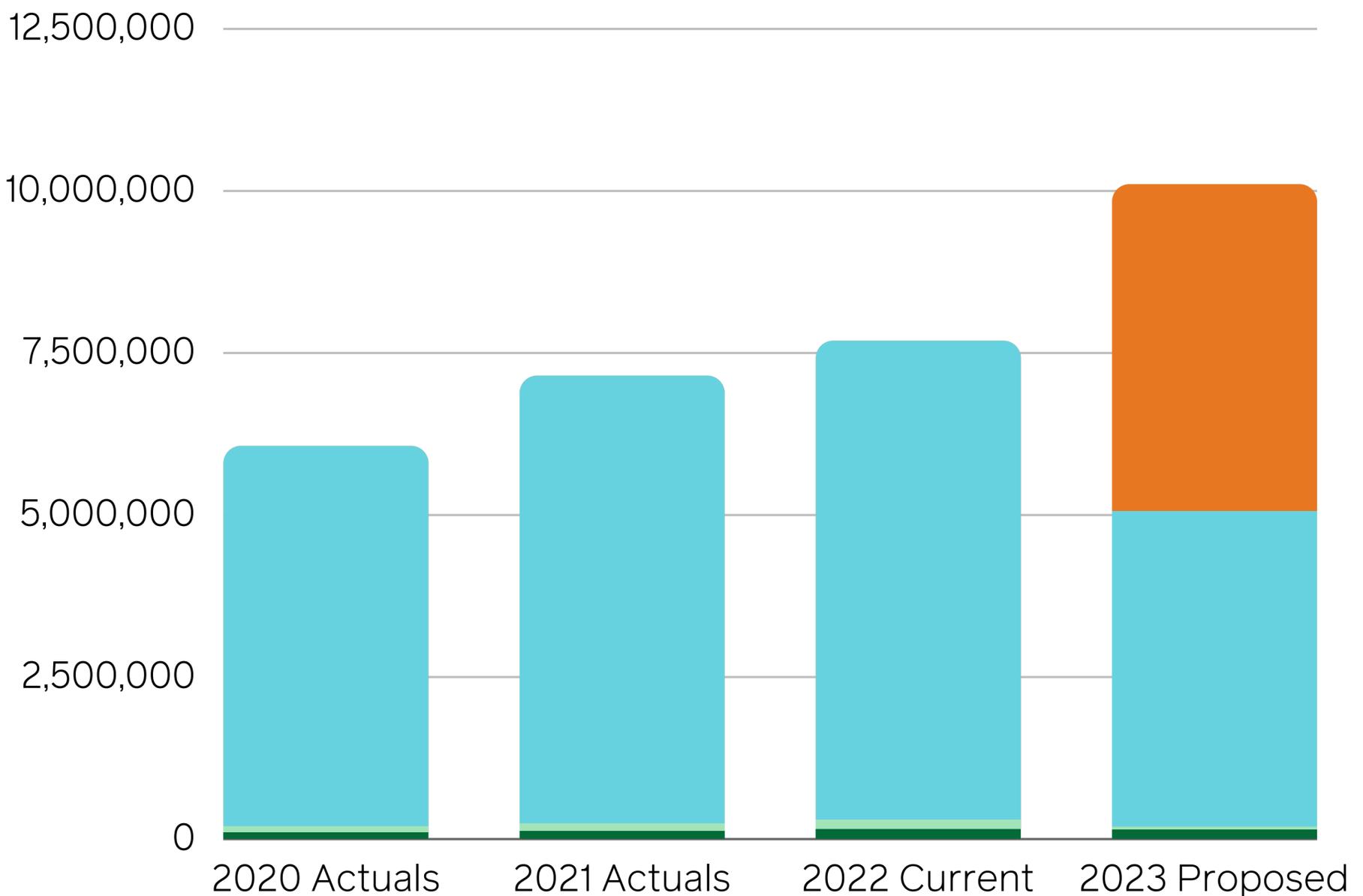
- Assists the municipal government via administrative duties as defined by the Code of Alabama for City Clerk/ Treasurer.
- Serves as the City Treasurer and executes applicable documents on behalf of the City.
- Responds to calls and requests from citizens, City administration, and staff.
- Prepares council meeting and work session agendas in conjunction with the Mayor, City Manager, and City Council.
- Prepares and develops resolutions and ordinances in collaboration with the City Manager and other applicable city employees, City officials, and external resources.
- Attends and records minutes of regular and special council meetings and work sessions.
- Manages and directs municipal elections.

- Oversees City bids, Requests for Proposals (RFP), and related activities; maintains bid book of vendors and answers vendor's questions.
- Certifies exempt or reduced utility fee applications each year.
- Coordinates with the City Attorney on all lawsuits filed against the City.
- Supervises the sale of City surplus property, equipment, and inventory.
- Administers, coordinates, monitors, and evaluates the City's liability insurance coverages.
- Administers the City's debt service; works with bond counsel and financial advisors about the City's current and future debt service.
- Prepares monthly debt service reports that are included in monthly financials from the City Manager.



CITY CLERK/ TREASURER

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	99,378	118,239	150,620	138,649
■	Benefits	92,846	119,666	141,260	44,963
■	Operating Expenses	5,860,588	6,899,816	7,385,063	4,864,001
■	Capital Outlay	-	-	-	-
■	Debt Services	-	-	-	5,047,126
		6,052,813	7,137,722	7,676,943	10,094,739



*The City Clerk department was part of the administration department in prior budget years. In an effort to properly account for each individual department, the administration departments were separated by function during the FY2022 mid-year review. The prior year administration department budgets have been prorated according to the current allocation of funds by each individual department in the charts and graphs presented above. Capital Outlay and Debt Service were not prorated or presented for prior periods since the amounts expended are significantly large enough to create disparities when comparing departmental expenditures over a period of several years.

LIBRARY

The Pelham Public Library provides information resources, services, and activities for people of all ages and at all life stages. While the library has operated for many years, in 2018, the City constructed a new state-of-the-art library on the City Park campus. In 2019, the Alabama Library Association awarded the library with the achievement of Gold Level Library (the highest level of achievement).

The Library offers books, DVDs, music, books on CDs, video games, and downloadable resources for every age group. The brand new two-story facility houses not only materials to check out but also 2 computer labs, meetings, and study rooms.

The Library offers something for every age group. Preschool story times are presented every Wednesday morning and Thursday evening. Each summer we host a reading program during the months of June and July for kids and Teens, and we offer various special programs throughout the year for kids, teens, and adults.

Also in 2019, the library became the first fully sensory-inclusive certified library in the state through KultureCity. The two-story facility houses materials for checkout such as books, movies, audiobooks, and magazines, as well as technology such as HotSpots, Chromebooks, and reader pens. Additionally, the library offers study and meeting rooms, a children's and teen's area, ample comfortable seating, 2 computer labs, two outdoor patios, and a MakerSpace.

In addition, the Pelham Library Guild offers numerous volunteer opportunities. Members support the Library and community by hosting fundraisers, volunteering at the Library, and much more. Look for more information about the Guild on our homepage.

Functions of the library include but are not limited to:

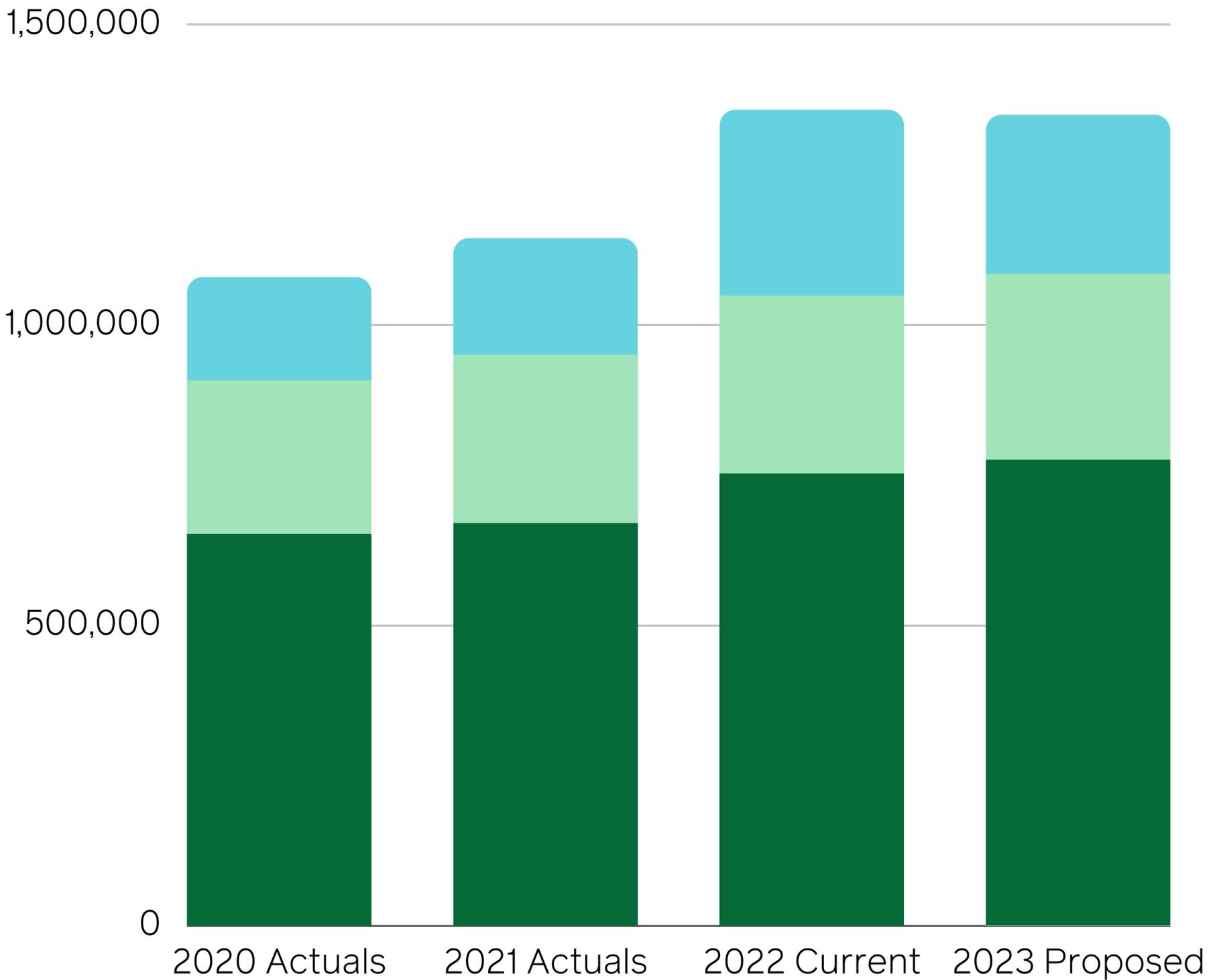
- Develop a collection that reflects the interests, needs, and diversity of the community.

- Provide residents and other visitors with access to reliable information as well as information professionals (librarians) to assist them.
- Provide resources and programs that contribute to an informed and engaged community.
- Provide patrons with access to high-quality technology as well as professionals to assist in the use of technology.
- Provide a safe and welcoming community hub for residents, students, and visitors alike.



LIBRARY

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	650,649	668,915	751,251	774,109
■	Benefits	255,331	279,449	295,507	309,285
■	Operating Expenses	171,763	194,152	277,209	264,413
■	Capital Outlay	-	-	-	-
■	Debt Services	-	-	-	-
		1,077,743	1,142,516	1,323,967	1,347,807



PARKS & RECREATION

The Pelham Parks and Recreation Department is a comprehensive recreational program that provides recreational and leisure programs for all ages in the community. They provide over 15 athletic team sporting opportunities for children and adults. In 2018, the City constructed a beautiful recreation center with an indoor track, exercise room, fitness studio, multi-purpose room, large gymnasium, and locker facilities. The goal is to ensure that citizens have spaces to exercise, play, and do other activities to improve their quality of life.

Parks and recreation has three values that make them essential services to communities:

- Economic value
- Health and Environmental benefits
- Social importance

Just as water, sewer, and public safety are considered essential public services, parks are vitally important to maintaining and establishing the quality of life in a community, while also ensuring the health of families and youth, as well as contributing to the economic and environmental well-being of a community and a region.

There are no communities that pride themselves on their quality of life, promote themselves as a desirable location for businesses to relocate, or maintain that they are environmental stewards of their natural resources, without such communities having a robust, active system of parks and recreation programs for public use and enjoyment.

In 2019, the department, in a joint venture with Shelby County, opened four sand volleyball courts and outdoor basketball courts. In 2020, the first phase of the Pelham Greenway Trail was opened in the City Park. A Park Master Plan was completed in 2021 with the resulting Park Improvement Plan that will recommend priority projects for every city park, inform priority projects and provide a roadmap to implement the vision outlined in the master plan.

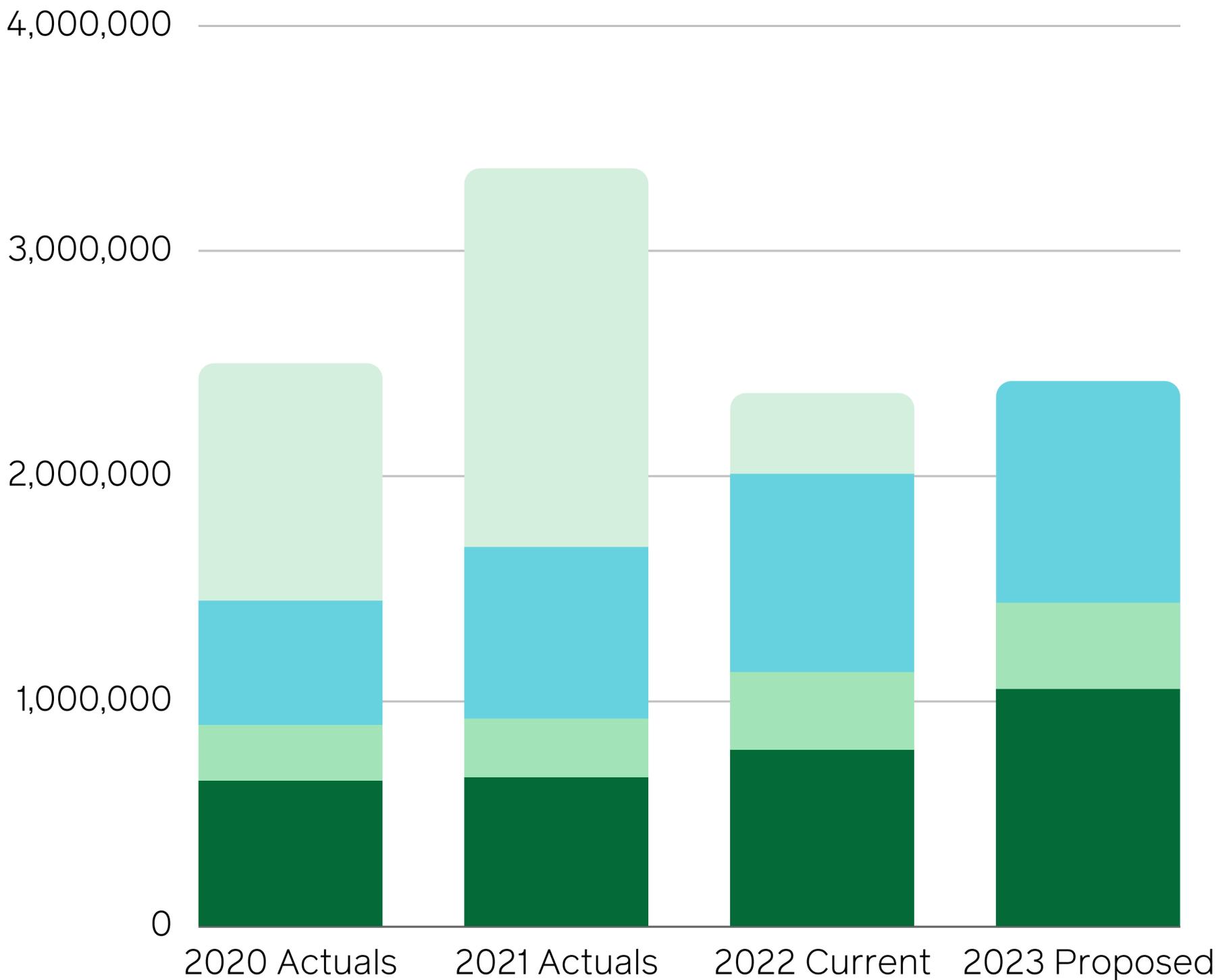
Functions of the Parks and Recreation Department include but are not limited to:

- Provide safe and affordable activities for all ages and all life stages.
- Maintain recreation facilities, fields, and green space.
- Promote and host sporting events and community events for the community.
- Maintain the City's parks and recreational trails.
- Keep the City's recreational offerings current with best industry practices and applicable to the changing and growing needs of the community.



PARKS & RECREATION

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	644,551	660,097	780,573	1,050,236
■	Benefits	247,493	260,690	345,940	382,808
■	Operating Expenses	551,590	760,364	879,289	984,200
■	Capital Outlay	1,052,581	1,681,151	357,980	-
■	Debt Services	-	-	-	-
		2,496,215	3,362,302	2,363,782	2,352,300



HUMAN RESOURCES

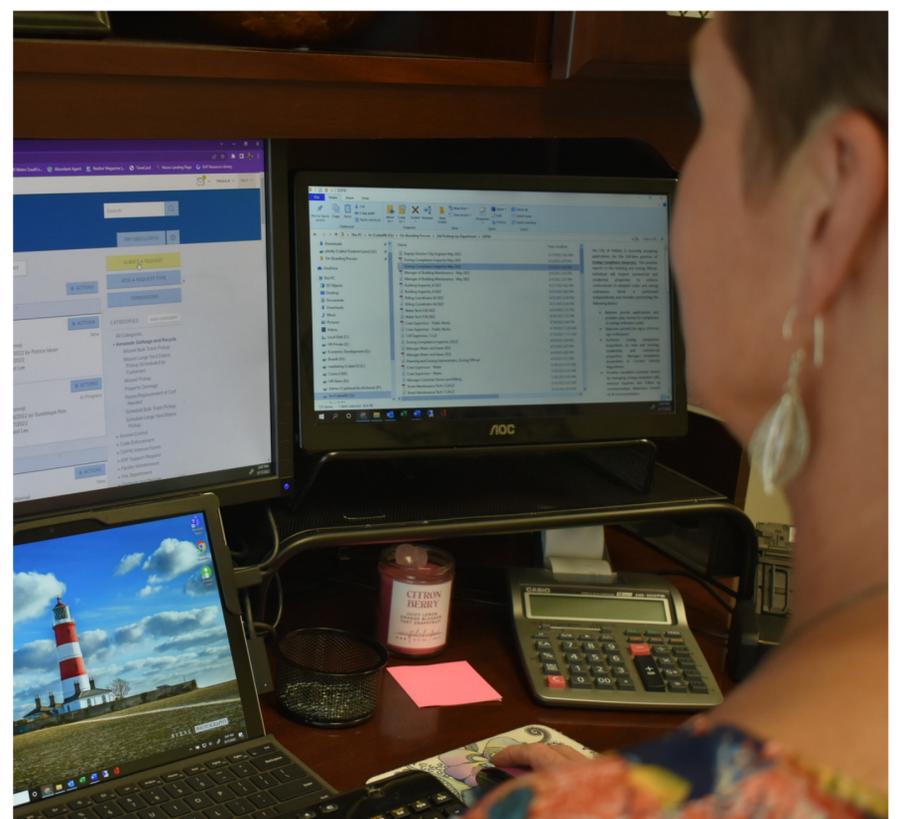
The Human Resources Department recruits and serves the needs of the City's employees. The department handles the administration of compensation and benefits, maintains job descriptions, administers testing, manages and maintains the personnel records of all City employees, coordinates and manages employee benefits, processes payroll, and develops training and coaching programs. HR is committed to seeking and employing the best-qualified personnel for all departments as well as attracting, developing, and retaining a diverse and productive workforce. In addition, the department is charged with ensuring compliance with applicable laws and with the City's Civil Service Act.

The future of local government human resources will see a greater shift from manual documentation and record keeping of job applicants and new hire paperwork to digital management using applicant tracking software (ATS). Such cloud-based solutions allow a local municipality, and human resource managers, to recruit, identify, hire, and onboard higher-quality talent without manual document management.

The City provides equal employment opportunities to all employees and applicants for employment and prohibits discrimination and harassment of any type without regard to race, color, religion, age, sex, national origin, disability status, genetics, protected veteran status, or any other characteristic protected by federal, state or local laws. The HR Department strives to maintain an environment that treats employees with courtesy and respect while promoting professionalism and accountability; making the City of Pelham a very desirable place to work for people who are dedicated to serving this community; and protecting the City and its employees from losses due to injuries, accidents, and liability claims.

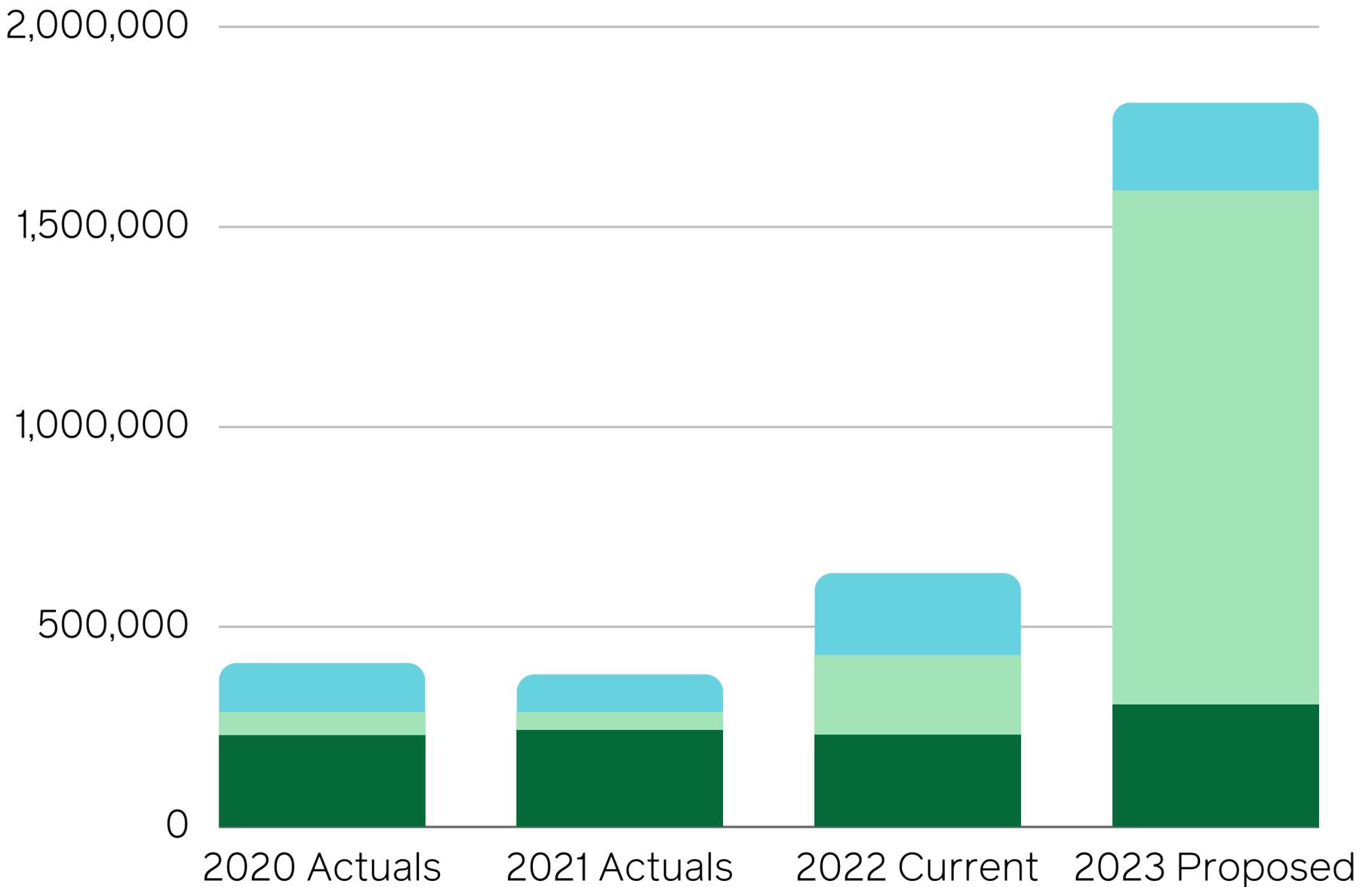
Functions of the Human Resources Department include but are not limited to:

- Coordinate and manage competitive employee compensation and benefits.
- Recruit, screen, and onboard new employees.
- Coordinate training and continuing education and development across all city departments.
- Consult and assist employees with human resource and personnel issues.
- Assist retirees with post-retirement benefit issues.
- Administer the City's Employee Safety Program.
- Provide counsel to the Mayor, City Manager and Department Heads regarding department policies and disciplinary actions in order to limit liability.
- Work with City Manager and Department Heads to recommend and provide appropriate organizational development needs.



HUMAN RESOURCES

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	227,033	240,316	229,018	304,398
■	Benefits	58,008	43,809	198,995	1,284,439
■	Operating Expenses	121,614	94,092	203,522	219,044
■	Capital Outlay	-	-	-	-
■	Debt Services	-	-	-	-
		406,655	378,217	701,535	1,807,881



*The proposed FY2023 budget has an escalated increase in the expenditure type for benefits due to the reallocation of the payroll and benefits expenses. This is due to the departments encumbering that cost in previous years.

INFORMATION TECHNOLOGY

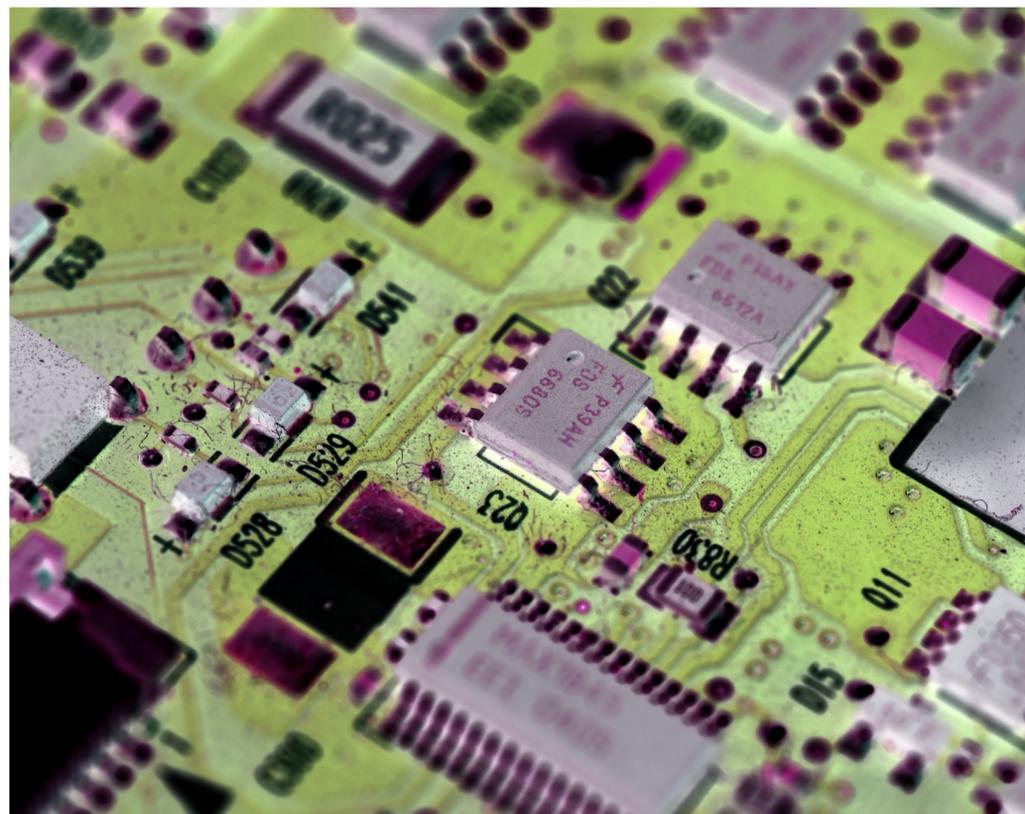
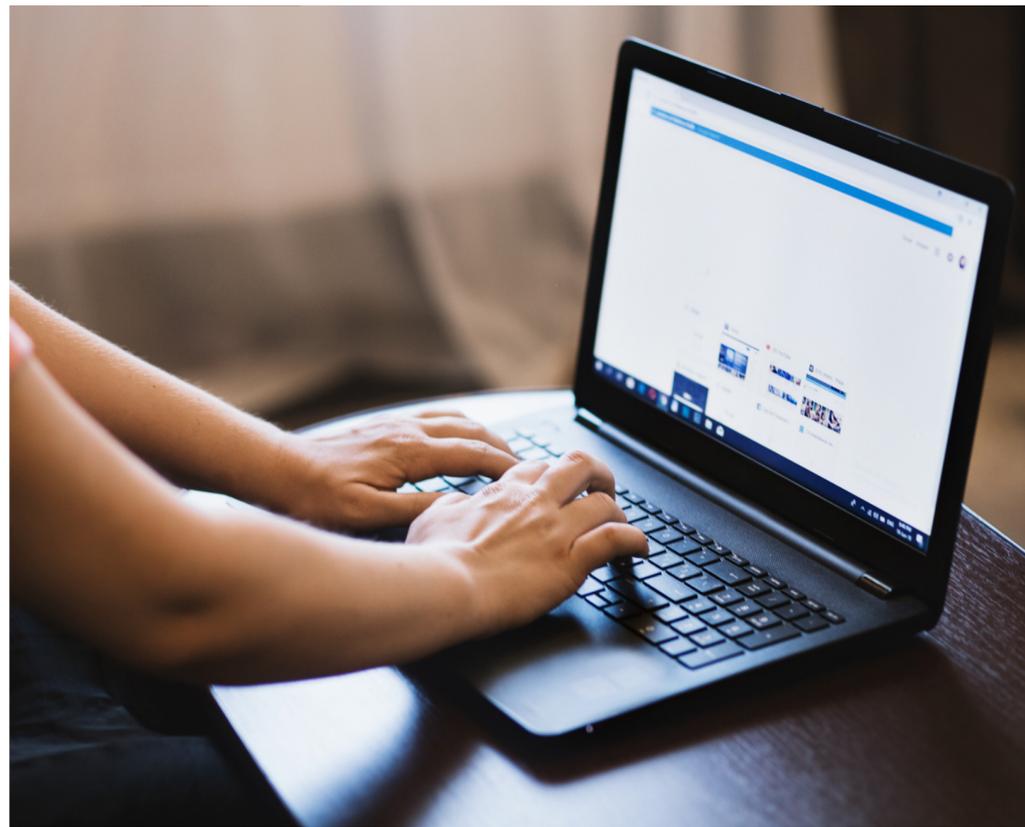
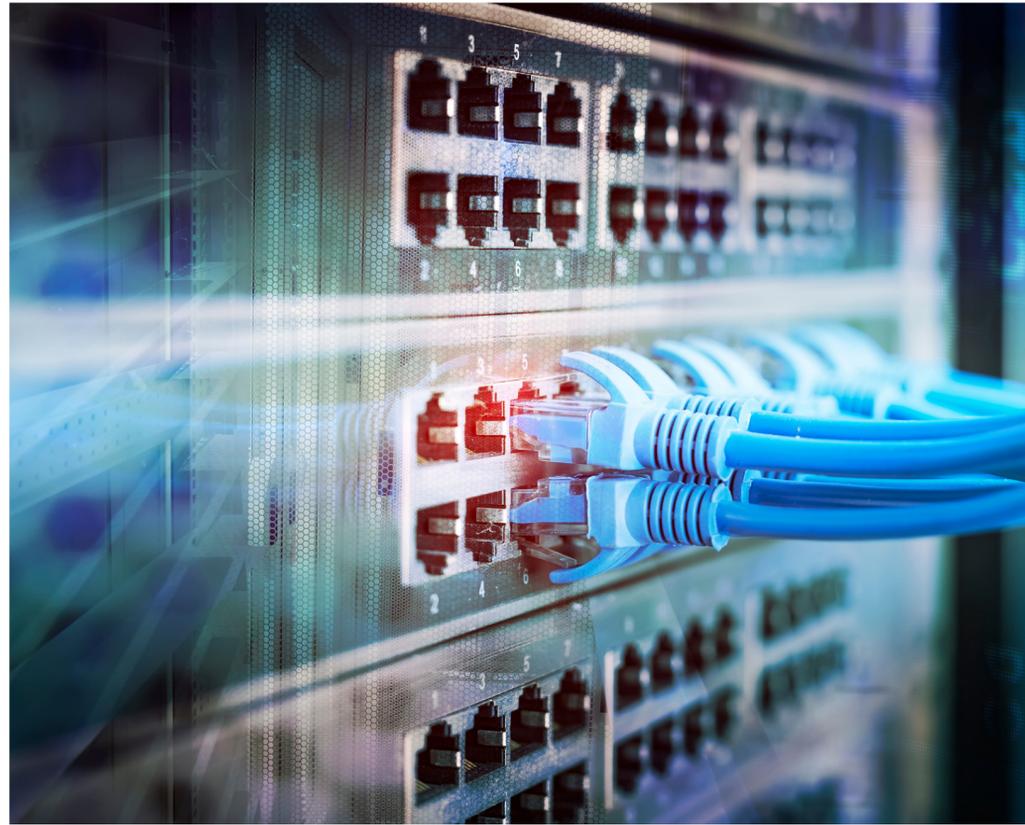
The Information Technology (IT) department facilitates reliable, timely, and controlled access to information for employees and the City's residents, business owners, and visitors. The IT Department aims to provide meaningful impact through smart uses of technology in the service of employees.

IT executes and sustains vital City services through business solutions and cyber security. Services are powered by robust infrastructure and operations. The IT Department implements and supports technologies and processes that will increase service to City employees and enhance staff productivity.

IT's daily activities include, but are not limited to, maintenance of all computer systems; ensuring security is up-to-date and functioning properly; maintenance of a help desk to troubleshoot computer-related problems, and ensuring that employees are connected and the City websites are working properly and safely.

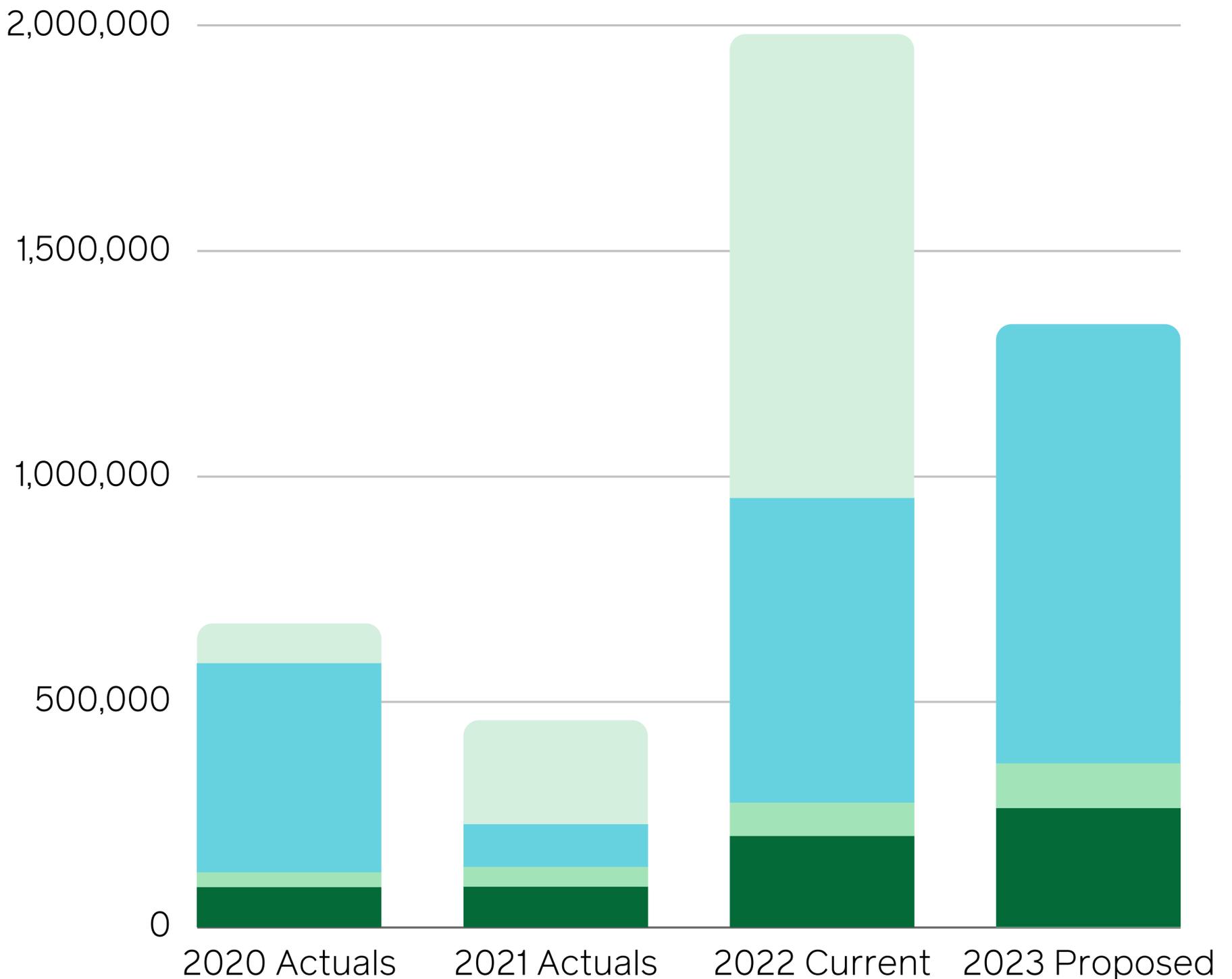
Functions of the IT department include but are not limited to:

- Provide technical assistance and recommendations to all city personnel on all technology concerns.
- Operate a robust voice, data, and radio communications infrastructure.
- Provide authoritative geographic information analysis for all departments as needed to complete projects outlined in the annual city budget.
- Facilitate interdepartmental and community access to relevant information.
- Provide City employees with efficient and cost-effective applications to increase their productivity.
- Provide reliable data backup and disaster recovery systems to minimize any system downtime.
- Ensure the network infrastructure is secure from internal and external threats.



INFORMATION TECHNOLOGY

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	88,022	89,068	201,822	262,889
■	Benefits	32,987	43,809	73,229	99,675
■	Operating Expenses	462,436	94,092	675,950	972,950
■	Capital Outlay	88,140	229,819	1,027,917	-
■	Debt Services	-	-	-	-
		671,585	456,788	1,978,918	1,335,514



MUNICIPAL COURT

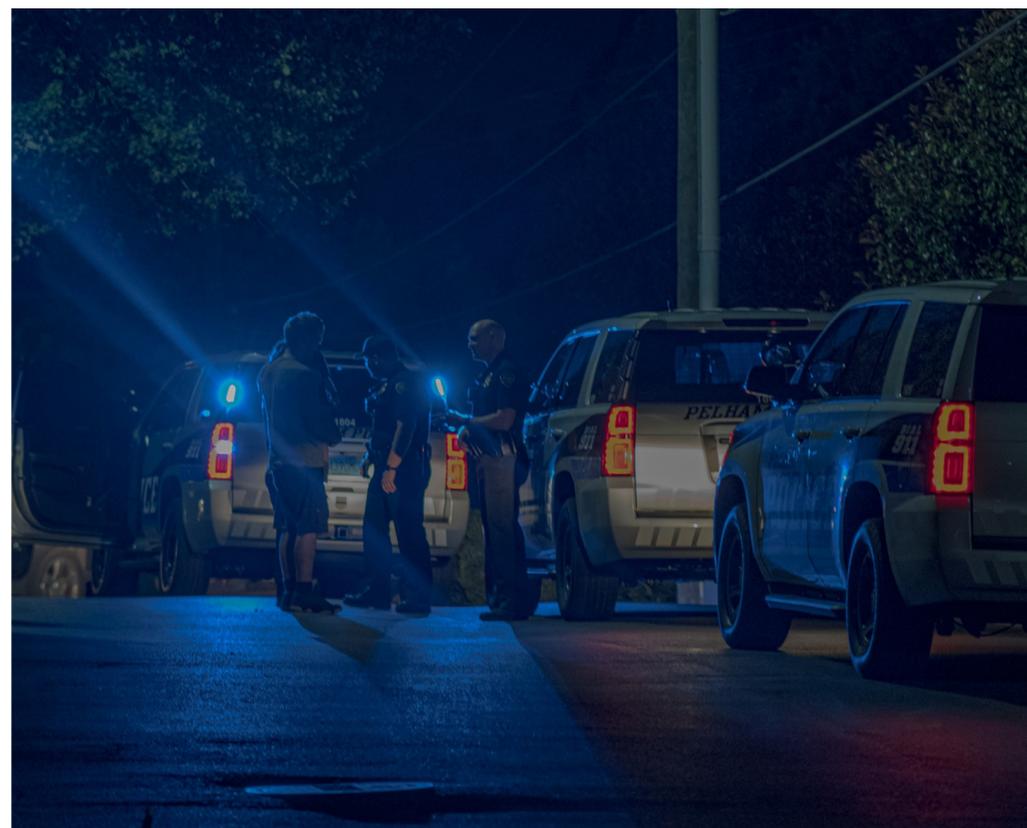
Pelham Municipal Court strives to serve the public by resolving matters brought before the court, in the interest of justice, in a fair and timely manner. The court's vision is to compel, encourage, and assist citizens in becoming law-abiding, productive, successful members of society. Pelham Municipal Court is the judicial branch of the City government and interprets the meaning of laws, applies laws to individual cases, and ensures the protection of individual civil liberties. The purpose of the Pelham Municipal Court is to provide a fair, impartial, and efficient process whereby city ordinances and misdemeanor complaints are adjudicated. Its mission is to provide the best quality service to the citizens of Pelham and those who visit.

The Office of the Clerk of the Court properly processes, secures, and houses all records originating from official court proceedings within the City of Pelham. The Clerk of Court receives, records, and remits all fines paid in conjunction with cases handled within the Municipal Court.

The magistrates manage cases and dockets, conduct hearings, set bonds, hear pleas, and adjudicate cases, among other things. Their work is essential to crime control, due process, and rehabilitation of individuals in the criminal justice system.

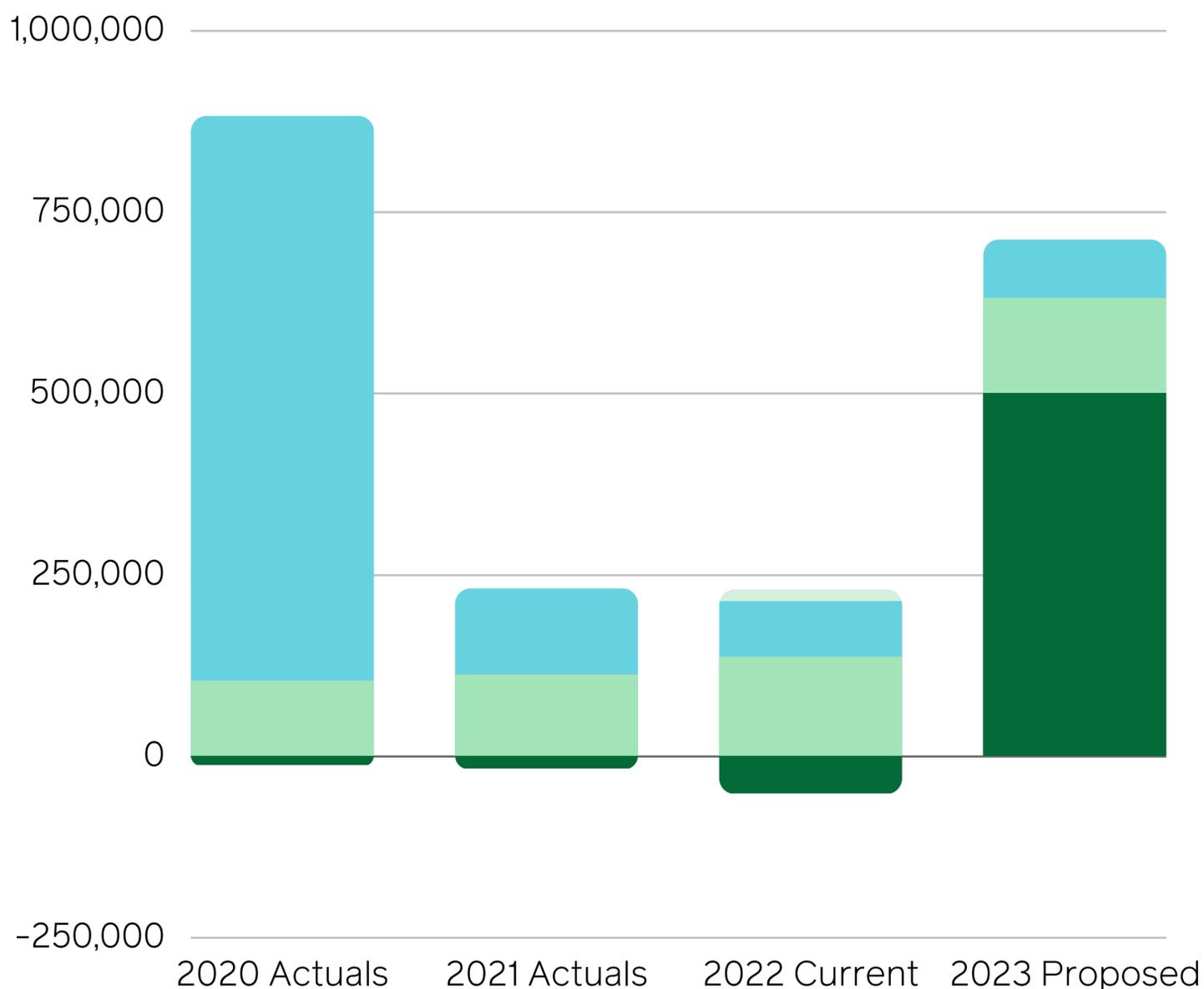
Functions of the Court department include but are not limited to:

- Conduct probable cause hearings and issue arrest warrants for violations of municipal ordinances and state misdemeanors adopted by the Code of Ordinances.
- Process payments for fines and court costs.
- Conduct trials for necessary cases.
- Oversee the provisions of probation services, including the collection of fines, rehabilitation, and counseling.



MUNICIPAL COURT

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages *	(12,737)	(17,382)	(51,537)	499,560
■	Benefits	102,973	111,143	135,342	130,756
■	Operating Expenses	777,260	117,447	76,238	80,587
■	Capital Outlay	-	-	16,000	-
■	Debt Services	-	-	-	-
		867,496	211,208	176,043	710,903



*Salaries and benefits for the Municipal Court are reimbursed from the Municipal Corrections and Municipal Admin Special Revenue Funds. The estimated reimbursement for FY2023 is \$540,672, but the reimbursement is dependent upon the availability of funds in those accounts. In prior years, the reimbursement was budgeted as a contra-expense to Municipal Court's personnel costs. A management decision has been made to account for all inter-fund transfers as other financing sources in an effort to further align budgetary accounting with financial reporting requirements.

POLICE DEPARTMENT

The Pelham Police Department strives to make the City of Pelham a safe place to live, work and visit. The department employs highly trained, vigilant, and dedicated police officers and Emergency 911 operators and serves the business owners, residents, and visitors of the City with a high level of professionalism. The Police Department utilizes progressive training and technology and partners with the community to operate without bias and within the framework of the US Constitution.

The Pelham Police Department is a modern, progressive, full-service municipal law enforcement agency dedicated to the ideal of providing superior police services to the community it serves.

To accomplish our mission, we are committed to:

- The preservation of human life
- Crime prevention and suppression
- Investigation of crimes
- Apprehension of offenders
- Crime reduction
- Law enforcement
- The movement of traffic and people
- Investigation of traffic accidents
- Maintenance of public order
- Provision of emergency services
- Provision of general public service
- Protection of the community's constitutional rights
- Community Outreach

Functions of the Police Department include but are not limited to:

- Provide police patrol throughout the City.
- Provide immediate response to all emergency calls for service.
- Provide dispatch of emergency 911 calls.
- Provide high-quality, efficient, and effective investigative operations.
- Partner with other agencies to increase collective information that leads to improved safety for the City of Pelham.

- Provide crime prevention programs to maintain a sense of security in the community.
- Ensure safe and secure schools through school resource officers (SROs).

Capital Outlay

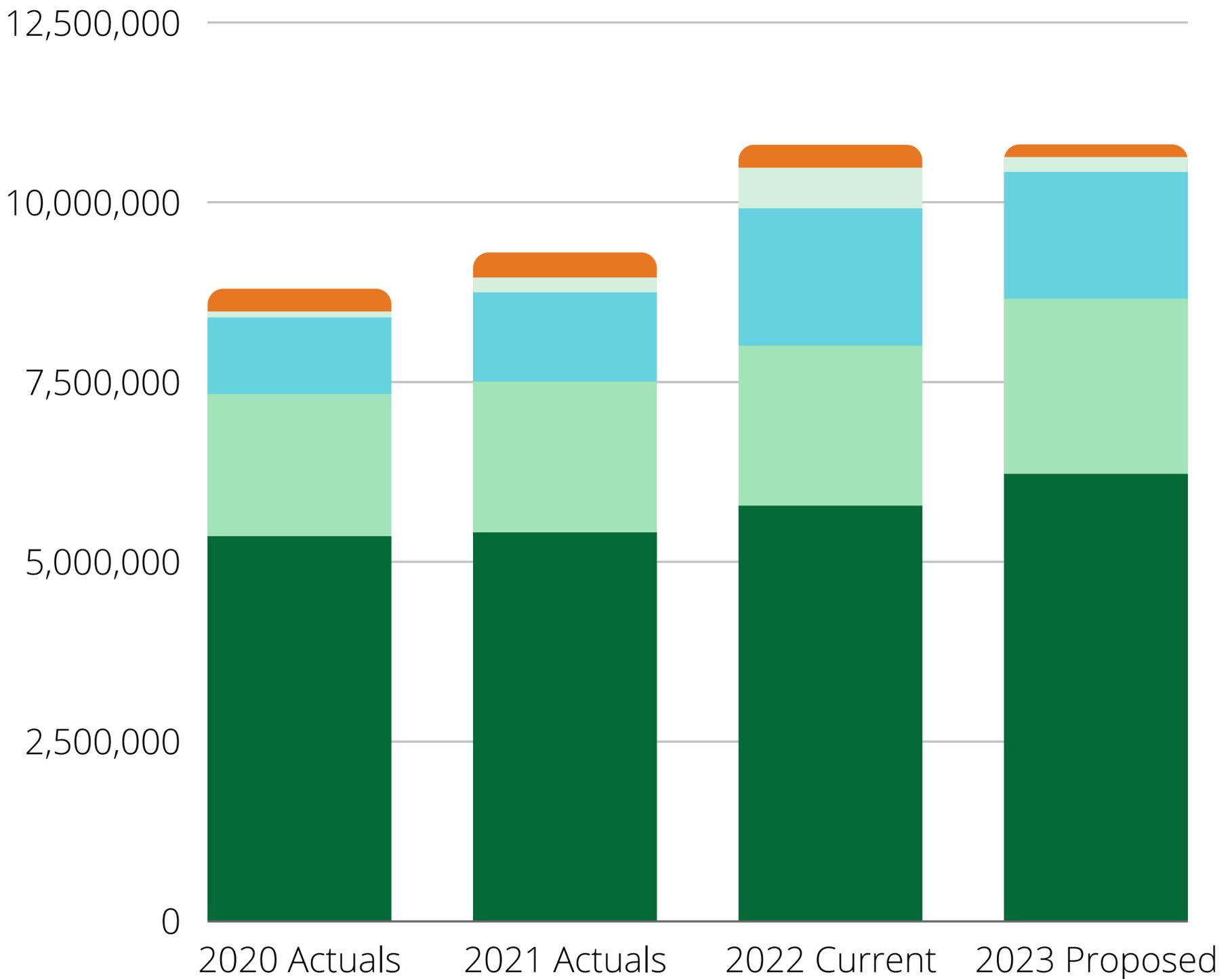
The Police Department is requesting \$209,910 for six Chevrolet Tahoe Vehicles to replace current Tahoes in service.

The Police Department also has \$75,000 in Debt Service, which is for capital leases. It is reported as debt service in our financials.



POLICE DEPARTMENT

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	5,336,371	5,392,607	5,762,118	6,205,296
■	Benefits	1,979,383	2,095,119	2,222,325	2,435,125
■	Operating Expenses	1,064,168	1,239,171	1,914,780	1,763,244
■	Capital Outlay	81,039	207,630	566,722	209,910
■	Debt Services	317,700	349,405	317,700	174,540
		8,778,661	9,283,932	10,783,645	10,788,115



FIRE DEPARTMENT

The Pelham Fire Department is a full-time career fire department serving the City of Pelham. The department operates out of five fire stations and a training and drill field facility. The department provides advanced life support medical care, fire suppression services, fire prevention services, technical rescue services, and a wide variety of community risk reduction programs.

The men and women of the Pelham Fire Department strive for excellence in all that they provide for Pelham's citizens and visitors. Our mission statement is "We are committed to meet the needs of our citizens; to conduct ourselves as professionals, with compassion and efficiency". Pelham Fire Department prides itself on meeting the needs of the citizens and being on the cutting edge of new and innovative techniques in all aspects of its jobs.

The Pelham Fire Department provides fire and emergency medical services as well as technical rescue services in rope rescue, confined space rescue, hazardous materials response, and dive rescue and recovery. We also have a Community Paramedic Program, Smoke Detector Program, and a very active Fire Prevention Education Program. We are constantly seeking to provide the highest level of service.

Functions of the Fire department include but are not limited to:

- Provide immediate response to all fire and EMS calls.
- Provide technical rescue services.
- Provide community paramedic services.
- Provide building fire code inspections for all new construction.
- Provide fire prevention inspections for City businesses.
- Provide fire prevention education for citizens of all ages.
- Provide fire suppression services.
- Provide Emergency medical response.
- Provide public education.
- Perform vehicle extrication.
- Perform surface and underwater rescue.
- Perform confined space/ high angle rescue.
- Perform trench rescue.
- Perform hazardous materials mitigation.

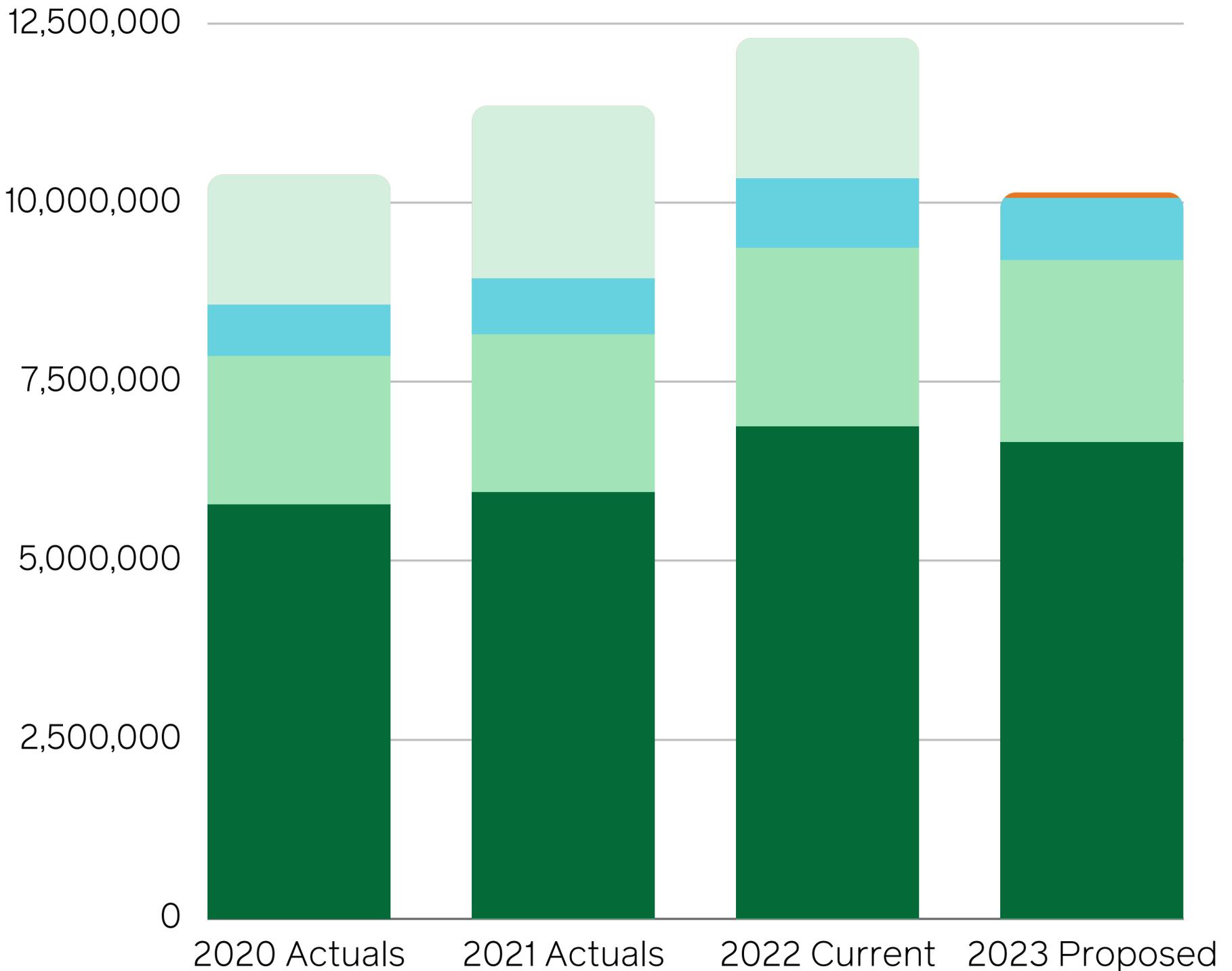


Capital Outlay

The Fire Department has a total amount of \$174,540 in their debt service expenditure type. For the purposes of capital leases that are reported under debt service in our financials.

FIRE DEPARTMENT

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	5,780,998	5,949,671	6,867,038	6,647,125
■	Benefits	2,066,032	2,202,445	2,491,086	2,540,743
■	Operating Expenses	720,248	779,509	968,878	867,070
■	Capital Outlay	1,812,051	2,410,617	1,960,721	-
■	Debt Services	-	-	-	75,000
		10,379,329	11,342,242	12,287,723	10,129,938



DSPW

The Development Services and Public Works Department oversees residential, commercial, and governmental construction within the City, provides services and improves the quality of life through maintaining City property and infrastructure as well as provides engineering oversight within the City, aids building services in overseeing residential, commercial, and governmental construction to ensure compliance with laws, regulations, and City ordinances.

The building function administers building permits, oversees building inspections, and works with the police department to address code enforcement issues. They also monitor development in the City and recognize and act upon recommended changes in City Zoning Ordinances and are charged with ensuring adherence to local Zoning Ordinances. The facilities maintenance function services various facilities, and the public works function services the City's streets and public rights of way. This includes street improvements, sidewalk, and drainage systems, and installation and maintenance of traffic controls and street signs. The engineering function serves to aid in designing and maintaining public infrastructure as well as to review developments within the City.

Functions of the Development Services and Public Works Department include but are not limited to:

- Review, administer, and communicate building and zoning regulations and guidelines within the City.
- Work closely with potential and existing businesses to ensure the development process is efficient and effective.
- Administer the building permit process.
- Administer the building inspection process.
- Provide plan reviews.
- Working in conjunction with the Police and Fire Departments, the Court Clerk, and Finance Director to ensure compliance with the City's Building and Zoning Ordinances.

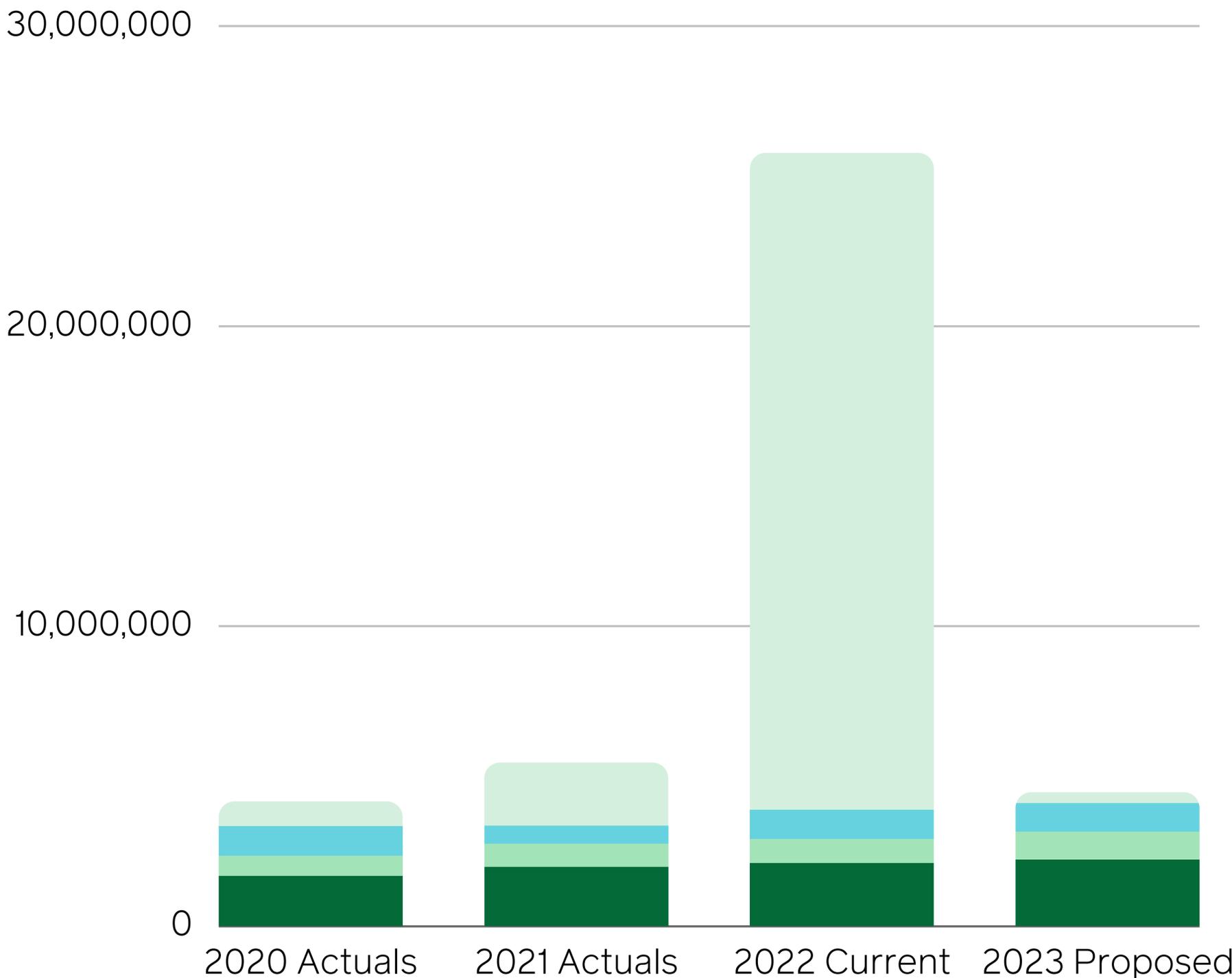
- Provide technical assistance to the Mayor, City Manager, City Council, and other City departments.
- Maintain streets, ditches, stormwater drains and pipes, and sidewalks with the City of Pelham.
- Provide maintenance on City facilities and manage maintenance projects.
- Maintain right-of-way, street lights, and traffic signs within the City.
- Perform minor road and sidewalk repairs.
- Perform landscape maintenance and beautification services at many of the City facilities and along the public right of ways.
- Review, administer, and communicate regulations and guidelines within the City.
- Monitor and advise the City on infrastructure and capital improvements needs within the City.
- Working alongside the Building Official, responding to the needs of the Planning and Zoning Commission.
- Manages the City's Municipal Separate Storm Sewer System Program (MS4).
- Provides varying levels of project management on all public works capital projects.

Capital Outlay

The Development Services and Public Works department is requesting a total of \$358,847. For the purposes of one vehicle for the building department, one vehicle for the engineering department, and one vehicle for the facilities maintenance department. Also, the public works department is needing one dump truck, one mower, and some miscellaneous equipment.

DSPW

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	1,657,104	1,963,697	2,092,712	2,192,704
■	Benefits	671,494	764,320	804,036	927,969
■	Operating Expenses	972,044	592,593	964,270	953,066
■	Capital Outlay	825,780	2,099,278	21,876,929	358,847
■	Debt Services	-	-	-	-
		4,126,422	5,419,888	25,737,947	4,432,586



ENTERPRISE FUND BUDGET SUMMARY

	Water & Sewer	Complex	Racquet	Golf	Trash	Summary Total
Revenues						
Taxes						
Sales tax						-
Property tax						-
Motor Vehicle/Gas tax						-
Other tax						-
Licenses and permits						-
Fines and forfeitures						-
Charges for services	11,585,676	2,819,800	800,100	2,766,260	2,808,576	20,780,412
Interest income	8,000					8,000
Other	3,300			7,500		10,800
Total revenues	11,596,976	2,819,800	800,100	2,773,760	2,808,576	20,799,212
Expenditures						
General administration						
Administrative						-
City Manager						-
Mayor						-
City Council						-
Court						-
IT						-
Human Resources						-
Finance						-
Economic Development						-
Communications & Branding						-
City Clerk						-
Library						-
Parks & Recreation						-
Police						-
Fire						-
Public works						-
Water & Sewer Fund	8,338,771					8,338,771
Civic Complex & Ice Arena		3,376,924				3,376,924
Racquet Club			1,512,557			1,512,557
Ballantrae Golf				2,952,860		2,952,860
Pelham Garbage					3,053,664	3,053,664
	<u>8,338,771</u>	<u>3,376,924</u>	<u>1,512,557</u>	<u>2,952,860</u>	<u>3,053,664</u>	<u>19,234,776</u>
Revenues less expenditures	3,258,205	(557,124)	(712,457)	(179,100)	(245,088)	1,564,436
Capital Outlay	715,128					715,128
Debt service						-
Principal retirement	734,243	23,601	21,300	613,857		1,393,001
Interest	546,868	23,084	324	21,147		591,423
Total capital outlay and debt expenditures	<u>1,996,239</u>	<u>46,685</u>	<u>21,624</u>	<u>635,004</u>	<u>-</u>	<u>2,699,552</u>
Excess (deficiency) of revenues over (under) expenditures	1,261,966	(603,809)	(734,081)	(814,104)	(245,088)	(1,135,116)
Other financing sources (uses)						
Proceeds from sale of capital assets						-
Interfund Capital Transfers (In/Out)	(19,936,677)	(613,346)		(430,897)		(20,980,920)
Interfund Operating Transfers (In/Out)		603,809	734,081	814,104	245,088	2,397,082
Total other financing sources (uses)	<u>(19,936,677)</u>	<u>(9,537)</u>	<u>734,081</u>	<u>383,207</u>	<u>245,088</u>	<u>(18,583,838)</u>
Net change in Fund Balance	(18,674,711)	(613,346)	-	(430,897)	-	(19,718,954)

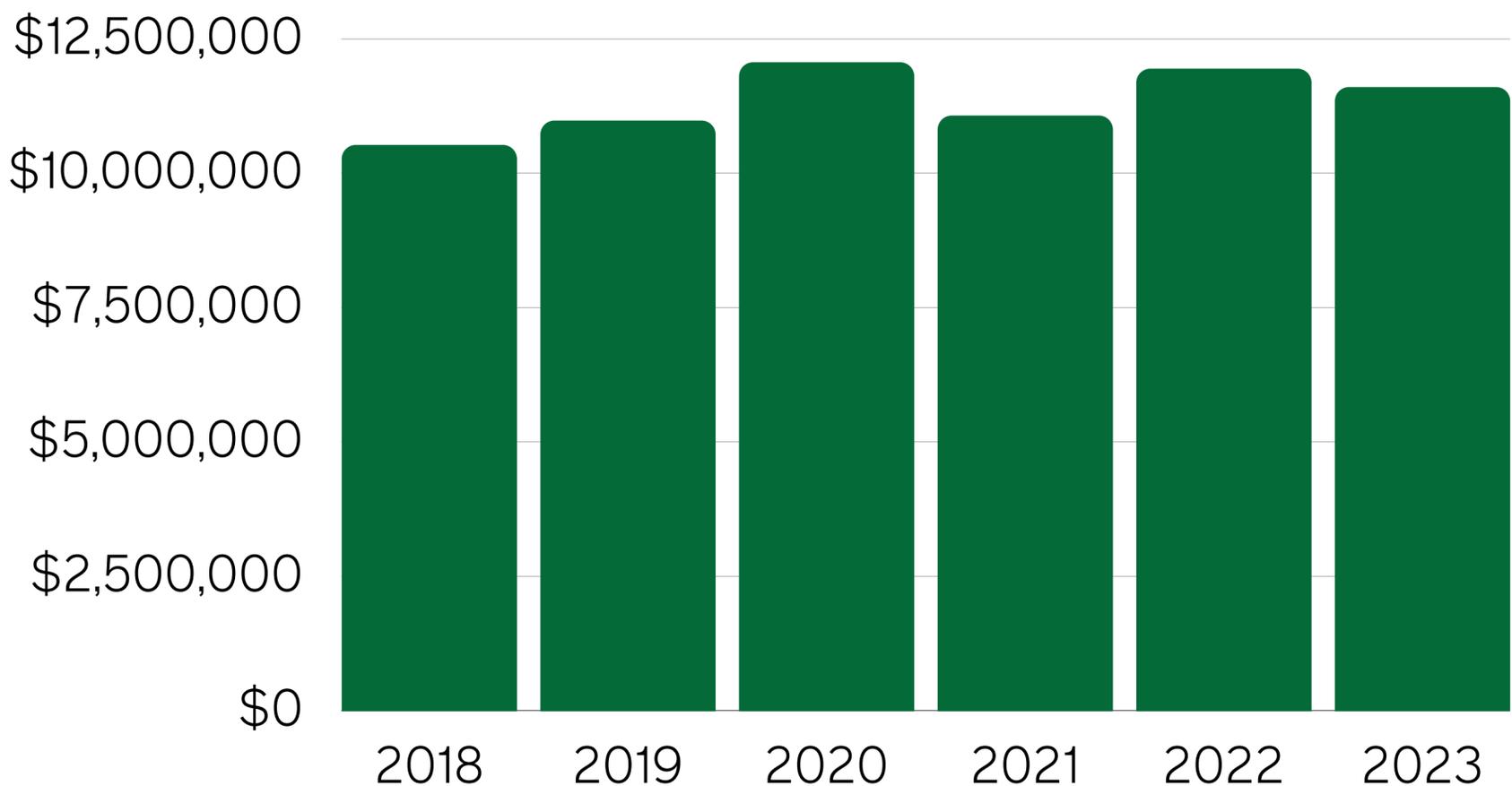
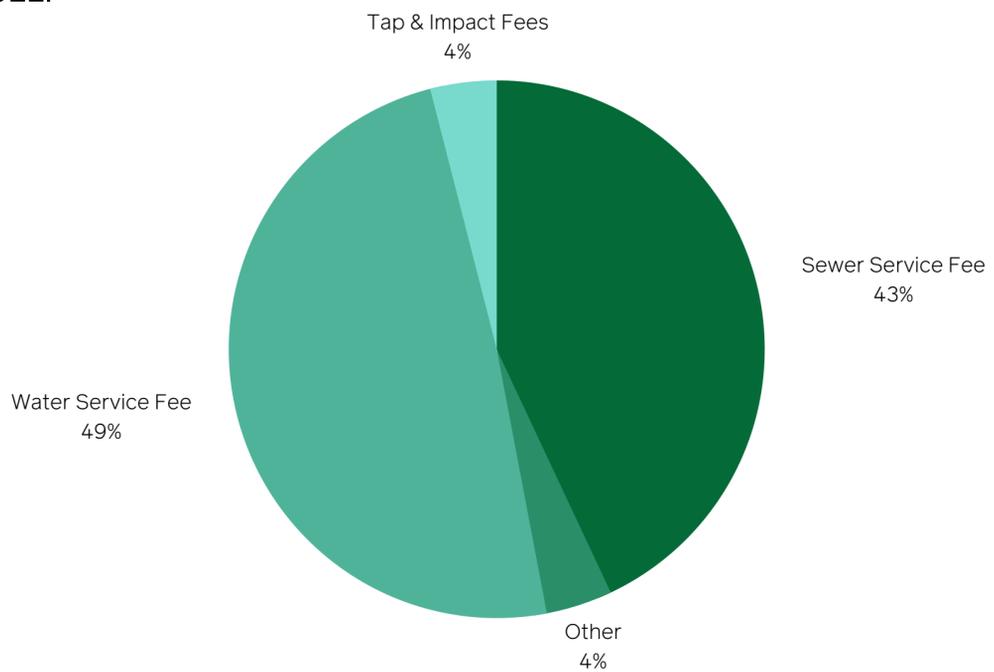
WATER & SEWER FUND

Pelham Water and Wastewater Departments are dedicated to providing our customers with safe, high-quality water and reliable service. Improvements are continuously being made to all aspects of the water and sewer systems to ensure a safe and adequate supply of water to our growing community. The Water and Sewer Departments are responsible to meet or exceed all standards set by the Alabama Department of Environmental Management (ADEM) and the United States Environmental Protection Agency (EPA). Annual water quality reports are available at Pelham City Hall and can also be found on the City's website under Water Quality Reports.

It is important for the City to regularly measure the cost of providing water and sewer services and adjust fees accordingly. A fee review is scheduled for FY 2022.

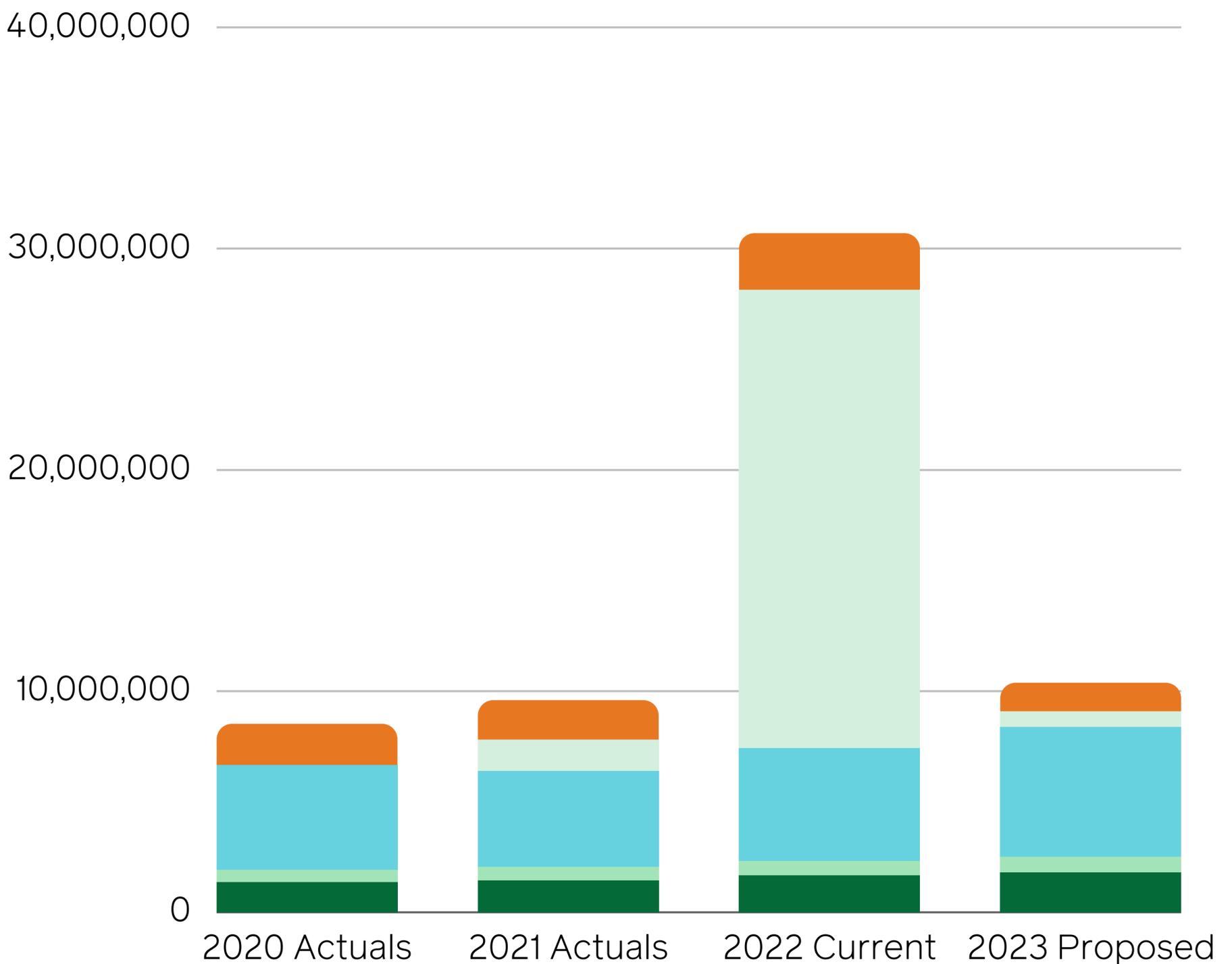
Capital Outlay

The Water & Sewer department is requesting a total amount of \$715,128. For the purposes of a small vac trailer, an excavator, a trailer, one crew truck, two service trucks, three service trucks for water, enclosed trailer, sewer crawler camera, one jet truck, and miscellaneous equipment.



WATER & SEWER

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	1,358,258	1,446,009	1,677,951	1,799,101
■	Benefits	549,774	606,964	632,324	707,617
■	Operating Expenses	4,716,517	4,310,721	5,105,969	5,832,053
■	Capital Outlay		1,400,919	20,685,171	715,128
■	Debt Services	1,855,387	1,783,688	2,550,931	1,281,111
		8,479,936	9,548,301	30,652,346	10,335,010

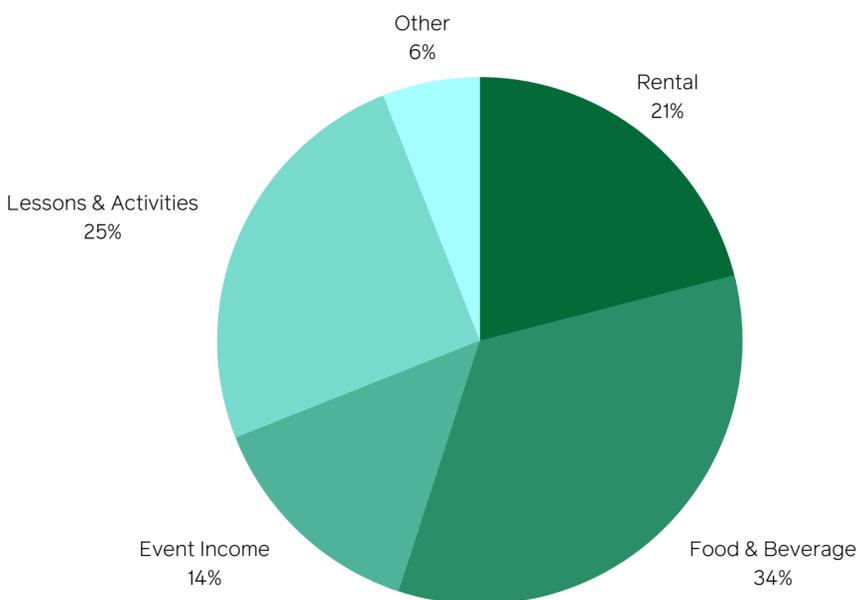
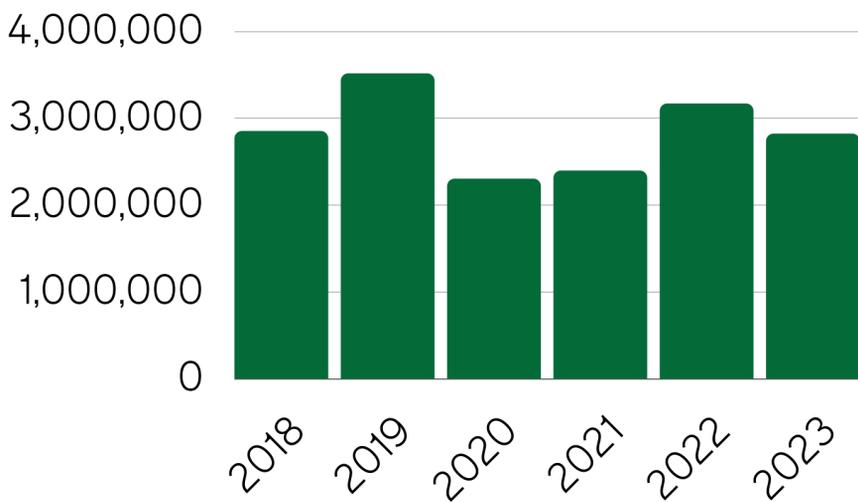


CIVIC COMPLEX & ICE ARENA



The Pelham Civic Complex and Ice Arena (PCC) features two National Hockey League-sized rinks (the main arena seats approximately 4000), a banquet/ conference space, offices, locker-rooms, catering, commissary/ kitchen, storage, mechanical, and pre-function spaces. Ice-related activities form the bulk of usage at the facility which hosts more than 27,000 ice skaters each year from beginners to seasoned professionals. The main arena is home to the Birmingham Bulls and has 30,000 square feet of floor space with the capability of adapting to host a variety of events.

In October of 2021, the City Council agreed to contract with VenuWorks to manage all operations and marketing for the facility. In addition VenuWorks, on behalf of the Civic Complex, manages all food and concession services at the City Park as well as during selected events at the Pelham Racquet Club.



Major functions include but are not limited to the following:

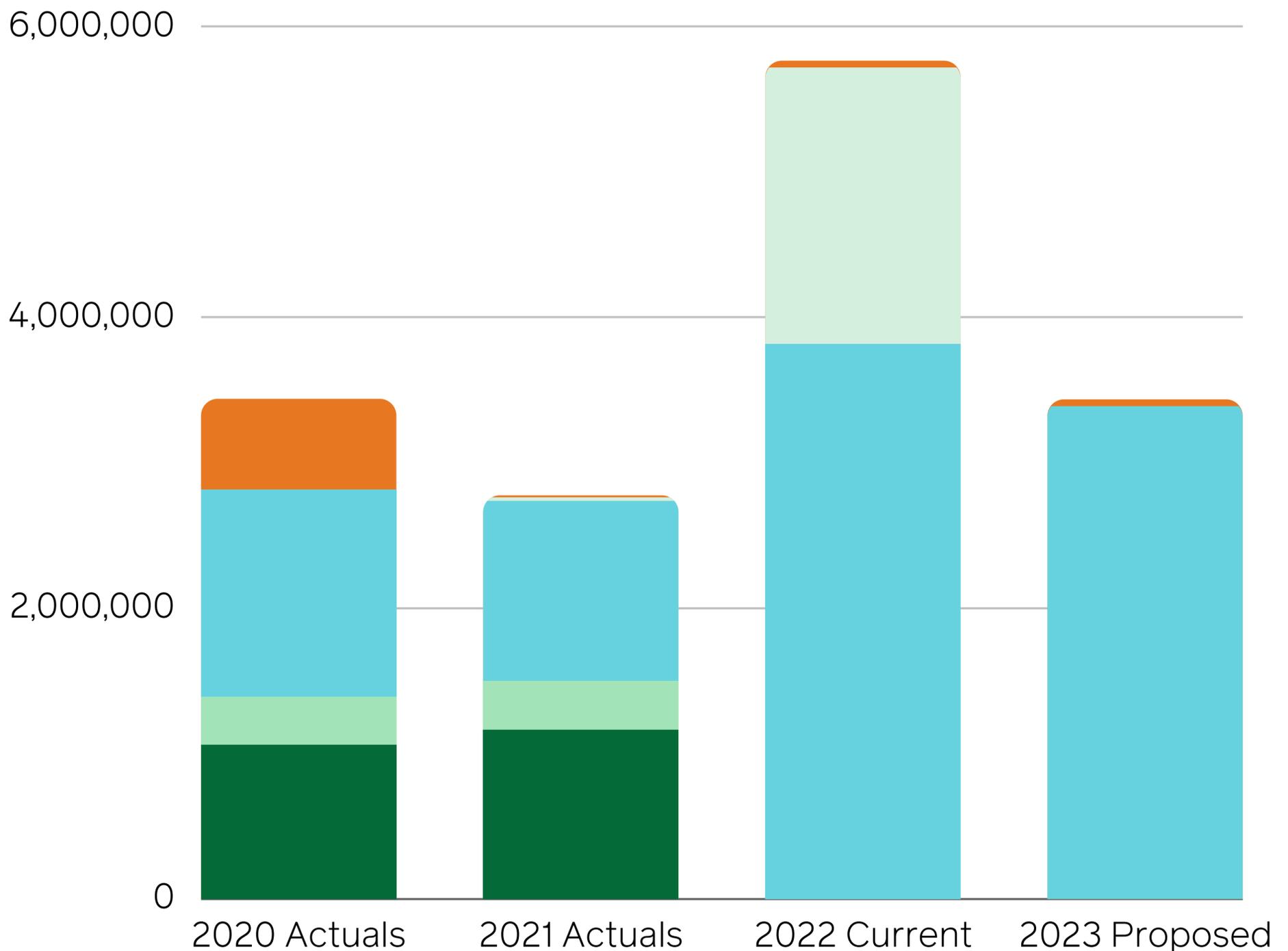
- Hosting ice arena events such as national, regional, and local figure skating exhibitions and competitions, youth and adult hockey tournaments and league play, seasonal camps for all abilities, roller hockey, and broomball.
- Serving as the home of the Southern Professional Hockey League's Birmingham Bulls Hockey Team.
- Serving as the home of University of Alabama D1 and D3 Collegiate Club Hockey, Birmingham Bulls Youth Hockey, Southern Elite Hockey, Pensacola Youth Ice Flyers Travel Hockey, Pelham Youth Hockey, Pelham Skate School, Multiple Adult Hockey Leagues, Birmingham Figure Skating Club, Magic City Theatre on Ice, and UAB Collegiate Skating.
- Maintaining a Pro Shop for figure skaters, hockey players, and fans.
- Running concessions for events of all sizes.
- Home to the Pelham Skate School and Aspire Academy and Pelham Hockey Development Academy offering figure skating and hockey lessons for athletes from beginners to professionals.
- Offering safe and fun public skating available to the public.
- Hosting a variety of events all year long from small meetings to large conferences, banquets, receptions, weddings, birthday parties, and graduations.
- Providing full-service ticketing, box office, and event marketing services.



CIVIC COMPLEX & ICE ARENA

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	1,058,821	1,161,030	-	-
■	Benefits	329,230	334,686	-	-
■	Operating Expenses	1,422,982	1,236,053	3,809,973	3,376,924
■	Capital Outlay	-	24,480	1,895,869	-
■	Debt Services	622,352	13,411	46,350	46,685
		3,433,385	2,769,660	5,752,192	3,423,609

Employees previously on the City of Pelham payroll were hired by Venue Works.



BALLANTRAE GOLF CLUB

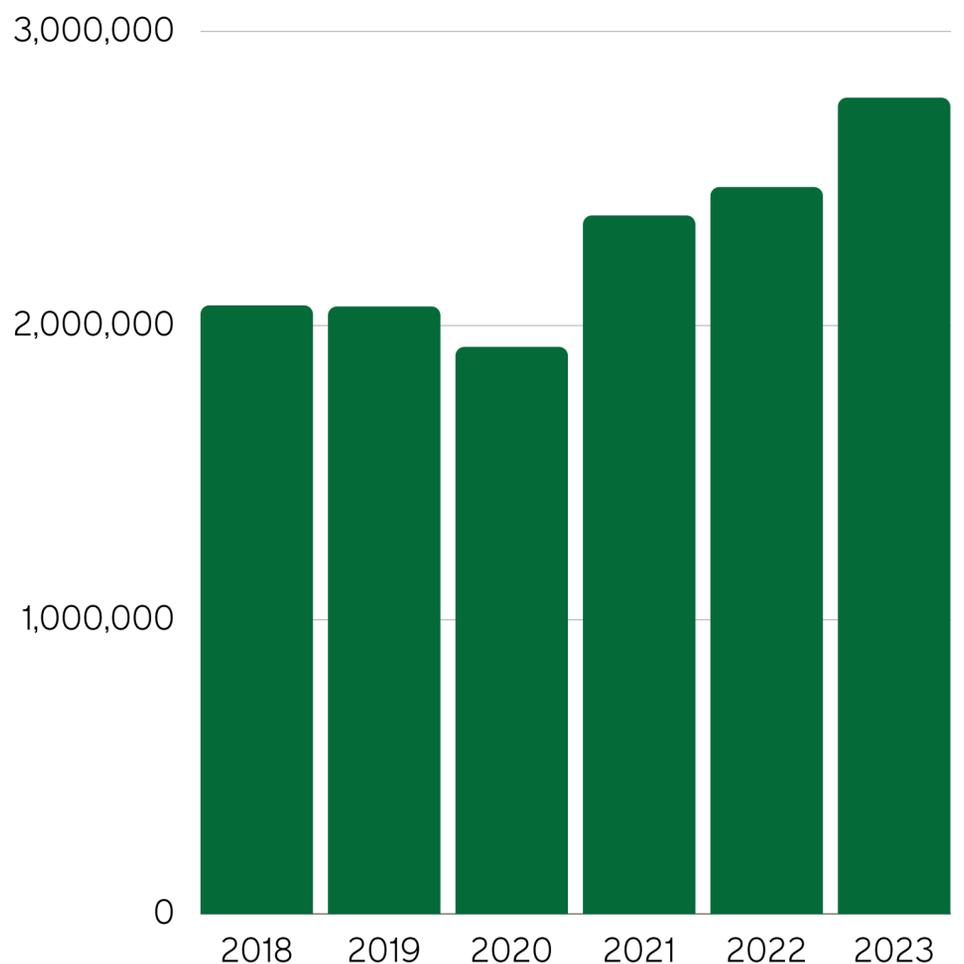
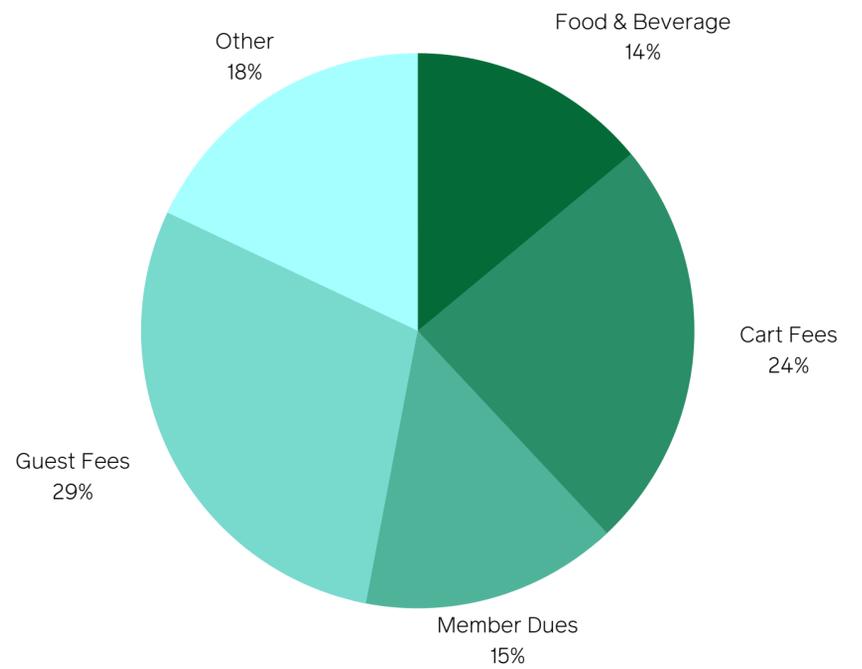


Ballantrae is a semi-private golf course. Designed by Bob Cupp, the links-style course meanders through a scenic valley, surrounded by gorgeous southern woodlands and breathtaking views. In addition to offering a challenging and fun 18-hole golf course, Ballantrae also offers golf instruction, a Pro Shop, Fireside Grille, Clubhouse, Conference Room, and Practice Facility. Ballantrae provides a fun experience to all who frequent the facility which is open to the public with memberships available.

Ballantrae is on pace this year for a record number of 40,000 golf rounds. Membership is at an all-time high with 200 members. This is the highest consistent amount of total members since the facility opened in 2004.

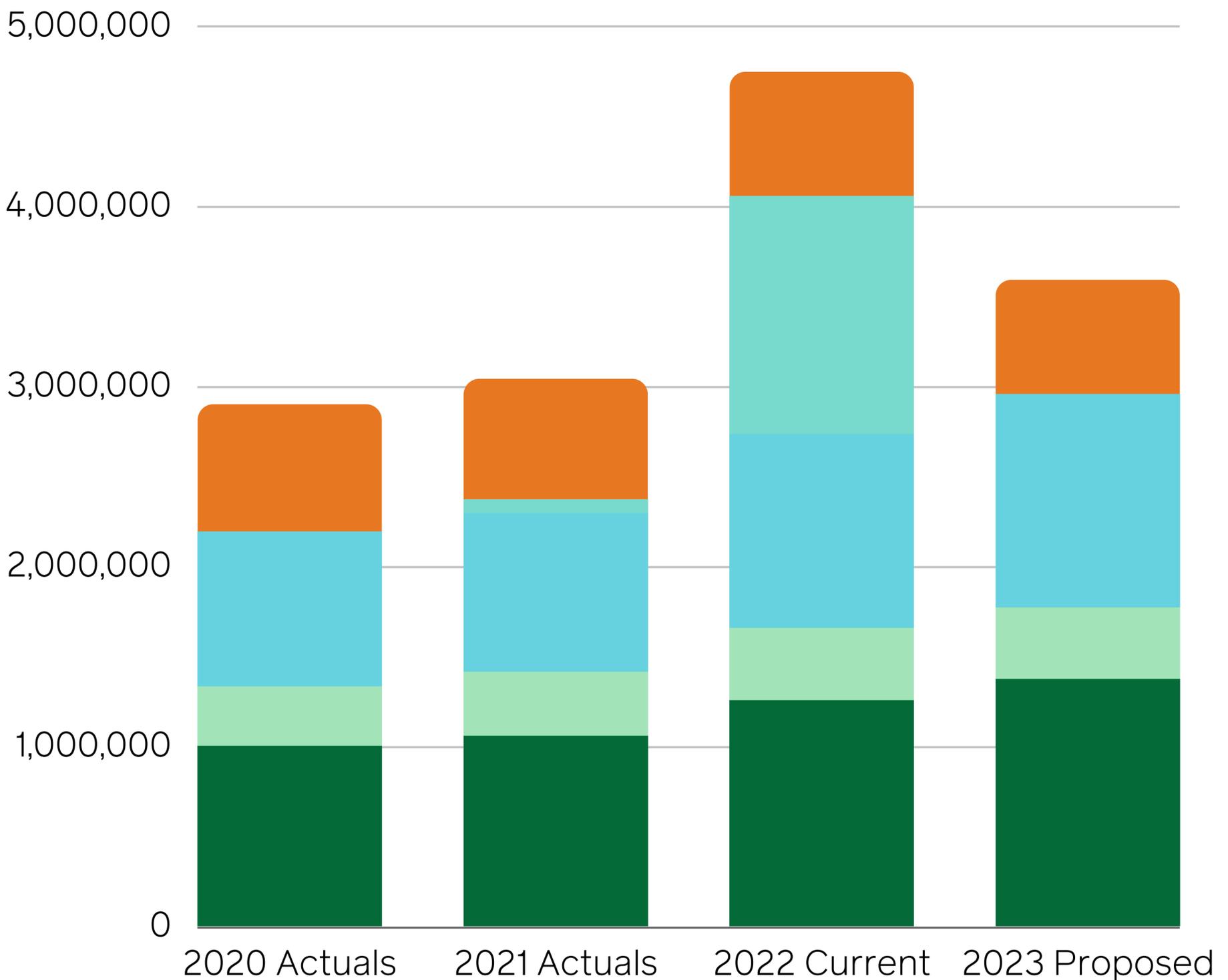
Major functions of Ballantrae Golf Club include, but are not limited to:

- Provide a beautifully maintained, safe, and friendly golfing experience for members and the public.
- Provide the highest level of customer service to members and guests.
- Offer special events for our members and for the public.
- Provide excellent golf instructions by certified pros.
- Offer a high-quality grille menu for golfers and for those visiting our community.
- Manage a high-quality golf shop with inventory our customers need and want.



BALLANTRAE GOLF CLUB

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	999,988	1,056,981	1,254,070	1,371,196
■	Benefits	329,308	354,595	400,796	396,973
■	Operating Expenses	859,871	879,651	1,077,513	1,184,691
■	Capital Outlay	-	77,418	1,322,213	-
■	Debt Services	707,015	669,059	689,678	635,004
		2,896,182	3,037,704	4,744,270	3,587,864



PELHAM RACQUET CLUB



The Pelham Racquet Club is one of the largest public clay court facilities in the state, offering 20 clay courts and 5 hard courts all lighted with above tournament grade lighting. The entire facility is beautifully landscaped on three tiers providing function and visibility to all courts. The club offers memberships and league play for members of the general public. In addition, the club hosts several tournaments for adults and juniors on the local, state, southern, national, and international levels.

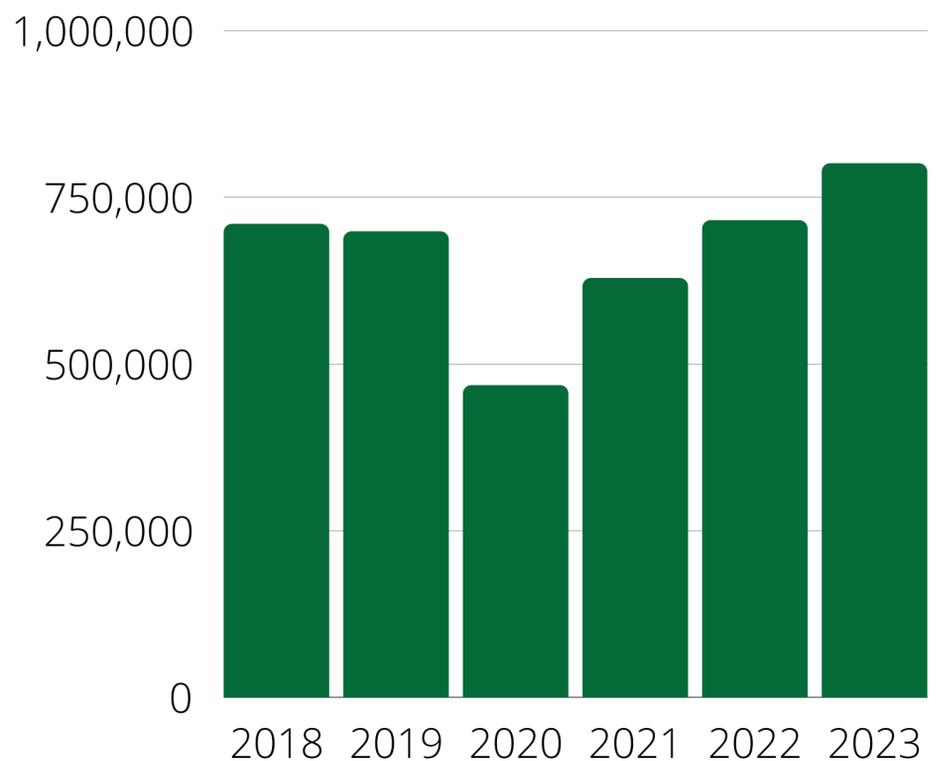
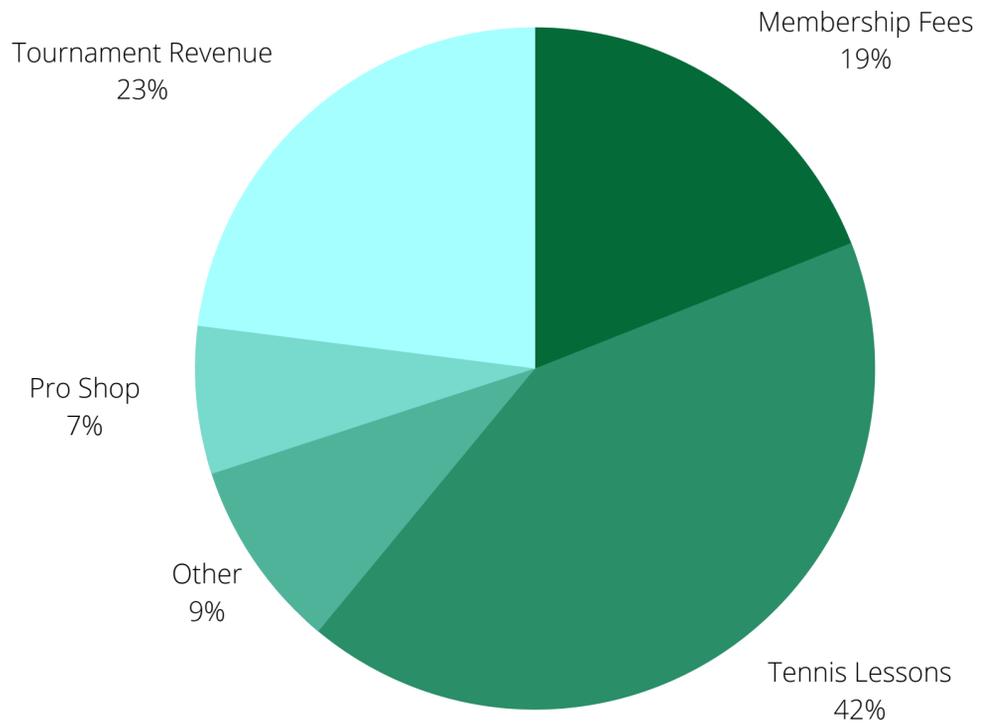
We host more than a dozen tournaments per year including the Pelham Racquet Club Women's \$60,000 Pro Classic, which features participants from 27 nations. In addition to tournaments, lessons, league play, clinics, and socials are offered year-round.

We have a Pro Shop and stringing services available on site. We invite you to visit the Pelham Racquet Club, where tennis is for everybody.

Since reopening after the COVID-19 shutdown, play and tournaments at this facility have not slowed down.

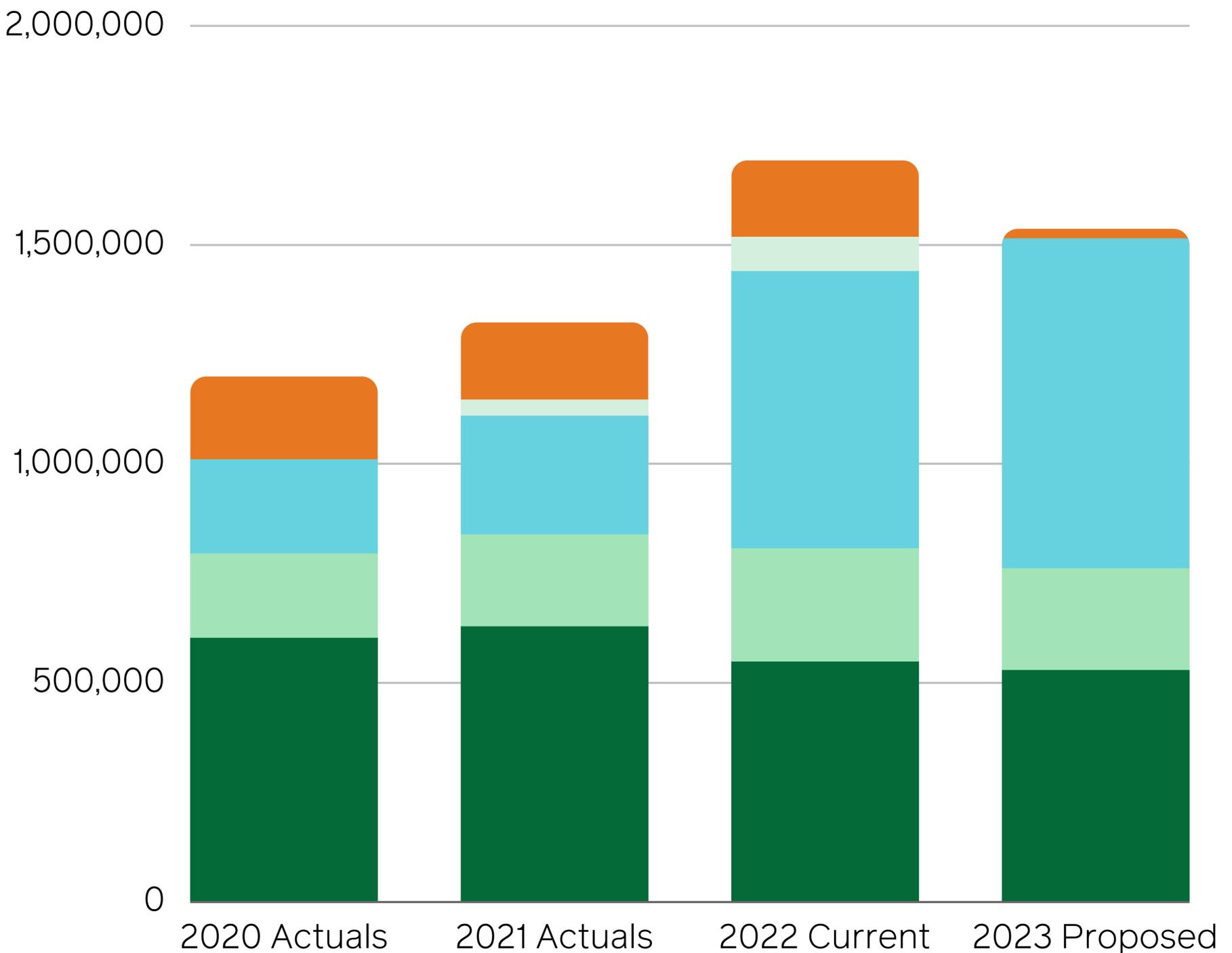
The functions of the Racquet Club include but are not limited to:

- Tennis lessons with USTA licensed professionals – serving the needs of beginners through professionals.
- Professional tournaments throughout the year.
- Adult league play.
- Racquet stringing.
- Pro shop.
- Regular social events.



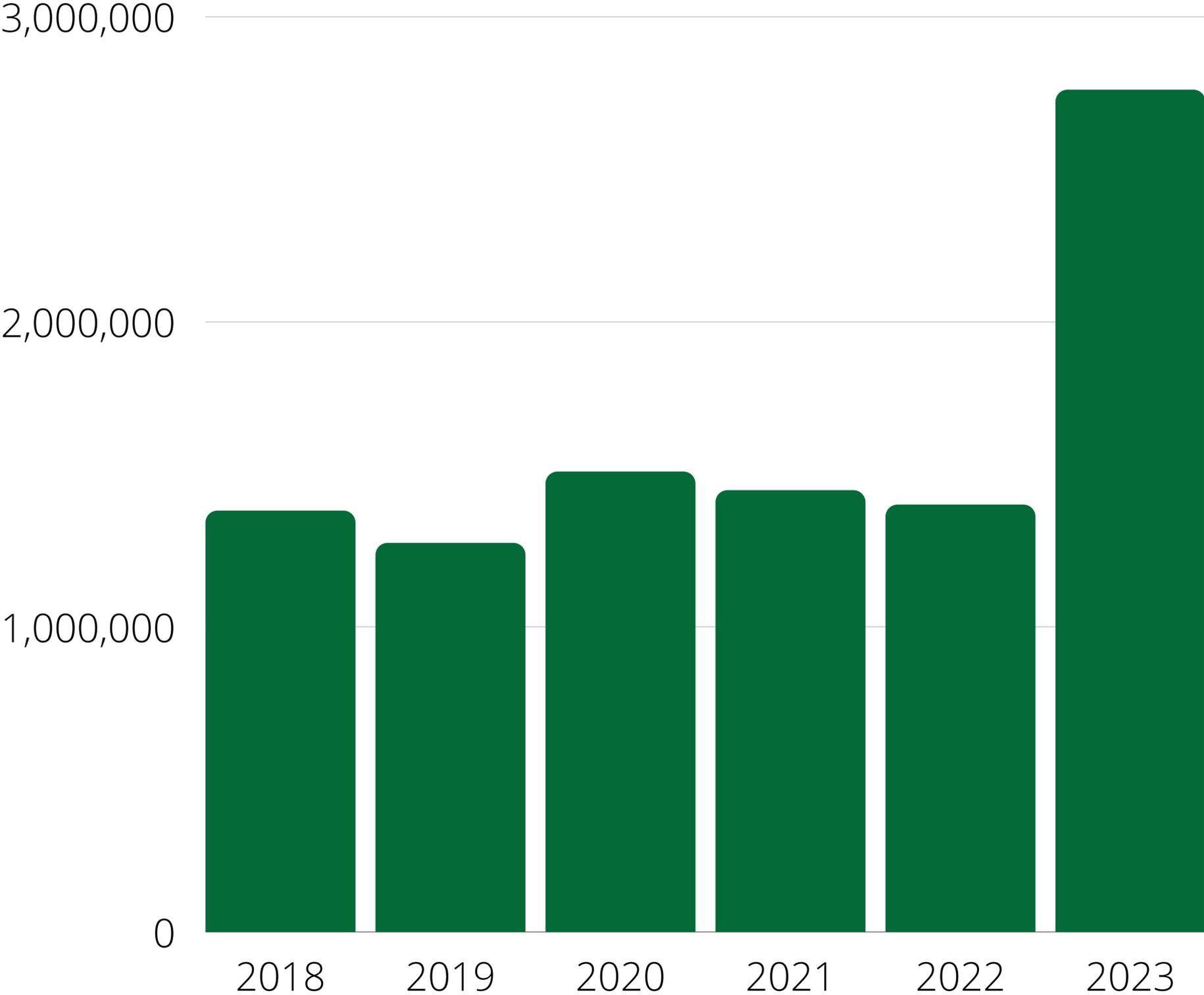
PELHAM RACQUET CLUB

	Expenditure Types	2020 Actuals	2021 Actuals	2022 Current	2023 Proposed
■	Salary & Wages	600,720	626,630	545,904	527,398
■	Benefits	191,762	209,963	259,056	231,486
■	Operating Expenses	215,127	271,158	632,902	753,673
■	Capital Outlay		36,664	78,060	-
■	Debt Services	189,011	175,715	174,609	21,624
		1,196,620	1,320,130	1,690,531	1,534,181



GARBAGE FUND

The Pelham Garbage Fund provides residential garbage services. It consists of revenues collected for charges for services. Expenses consist of payments to a third party for the collection of garbage.



OTHER FUNDS



Pelham



OTHER FUNDS

Special Revenue Funds

The City's Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes.

Four and Five Cent Gas Tax Fund

The Four and Five Cent Gas Tax Fund is the City's proportionate share of the State four cent and five-cent gasoline taxes as determined by the City's population based on the last decennial census. Four and Five Cent Gas Tax funds can be used for repair and resurfacing of roads, storm drains and bridges, including engineering, provided such improvements lie within the right-of-way of a public road, paving a dirt road, and may include salaries for such repairs and improvements.

Seven Cent Gas Tax and Petroleum Inspection Fee Fund

The Seven Cent Gas Tax and Petroleum Inspection Fee Fund is the City's proportionate share of the State seven cent gasoline tax and petroleum inspection fees as determined by the City's population based on the last decennial census. Seven Cent Gas Tax and Petroleum Inspection Fee funds can be used for street signs, drainage improvements, new curbs, and gutters, to repair, maintain, and construct ditches and culverts along street rights-of-way, to improve, maintain and repair streets, and for removing objects interfering with traffic.

Motor Vehicle License Fund

The Motor Vehicle License Fund is the City's portion of the Motor Vehicle License fee collected by Shelby County, Alabama, and remitted monthly to the City of Pelham. Motor Vehicle License funds can be used for the maintenance and repair of traffic lights, a portion of the monthly street light utility bill, and for street and crosswalk striping.

Ten Cent Gas Tax Fund

The Ten Cent Gas Tax Fund is the City's portion of funds generated from the Rebuild Alabama Act passed in Spring 2019. The funds are distributed primarily based on population and are remitted at least twice per month. Gas Tax will be fully implemented in 2021. Ten Cent Gas Tax funds can be used for the following:

1. The maintenance, improvement, replacement, and construction of roads and bridges;
2. Matching funds for federal road or bridge projects;
3. Debt repayment for road and bridge projects; or
4. Joint road and bridge projects with one or more municipalities and/or counties.

The Ten Cent Gas Tax funds CAN NOT be used for:

1. Salaries, benefits, or any other form of compensation for the county, municipal, or contract employees or officials except as included as project costs and subject to audit by the Examiners of Public Accounts;
2. The purchase, lease, or maintenance of equipment, other than equipment purchased and permanently installed as part of a road or bridge project;
3. The maintenance and construction of public buildings or other structures that are not integral to the system of roads or bridges.

Capital Improvement Fund

The City's Capital Improvement Fund consists of earnings from the investment of funds in the County and Municipal Government Capital (Oil and Gas Trust Fund) Improvement Fund. Capital Improvement funds are reserved to assist in the restoration and improvement of municipal government buildings, roads, streets, and other facilities and to promote the health, safety, and public welfare of the citizens of the State of Alabama and/or the City of Pelham, which includes construction, additions, and renovations to public buildings.

Library State Aid Fund

The City's Library State Aid Fund consists of funds distributed quarterly by the Alabama Public Library Service. State Aid Rules and Regulations define allowable expenditures from these funds.

OTHER FUNDS

Library Board Fund

The City's Library Board Fund consists of funds collected for fines for overdue books and materials and for book sales. The Library Board funds can be used for the support of the Pelham Library through the purchase of books, materials, travel, training, grant matches, programs with authors, and special programs with the schools.

Police Vault Property Fund

The City's Police Vault Property Fund is made up of funds confiscated during the commission of a crime and/or through investigation by the Pelham Police Department. The confiscated funds are released through a court order following the disposition of a case. Funds are transferred to either the City's State or Federal Forfeiture accounts, at which time the funds must be used for law enforcement purposes.

Police Federal Forfeiture Fund

The City's Police Federal Forfeiture Fund is the result of the forfeiture of assets in federal law enforcement cases. The confiscated funds are released through a court order following the disposition of a federal law enforcement case. The Police Federal Forfeiture funds must be used for law enforcement purposes.

Police State Forfeiture Fund

The City's Police State Forfeiture Fund is the result of the forfeiture of assets in state law enforcement cases. The confiscated funds are released through a court order following the disposition of a state law enforcement case. The Police State Forfeiture funds must be used for law enforcement purposes.

City of Pelham 911 Fund

The City of Pelham 911 Fund consists of funds collected and remitted monthly by telecommunications carriers to Shelby County 911. A portion of the collections (\$12,000) is remitted monthly to Pelham. The City of Pelham 911 funds can be used to support emergency communications services in the City of Pelham.

Fair Trial Tax Fund

The City's Fair Trial Tax Fund revenues consist of a portion of municipal traffic ticket fines, less attorney's fees. The City's Fair Trial Tax funds are used to pay for the City Court public defender. Any balance remaining after paying the City Court public defender must be remitted to the State of Alabama on a monthly basis.

Municipal Corrections Fund

The City's Municipal Corrections Fund revenues are generated from a portion of municipal traffic ticket fines. Municipal Corrections funds can be used exclusively for the operation and maintenance of the municipal jail or any court complex. Expenditures for the Police Department are not permitted.

Municipal Administration Court Fee Fund

The City's Municipal Administration Court Fee Fund revenues are generated by collecting ten dollars per case for Non-Traffic Misdemeanor/Municipal Ordinance Cases. Municipal Administration Court Fee funds are expended by the Presiding Municipal Judge and/or Municipal Court Clerk for the operation of the municipal court.

Municipal Court Training Fee Fund

The City's Municipal Court Training Fee Fund revenues are generated by collecting two dollars per case for Non-Traffic Misdemeanor/Municipal Ordinance Cases. Municipal Court Training Fee funds can only be used for training expenditures for Court personnel.

CAPITAL & DEBT



Pelham



CAPITAL PROJECTS



Pelham



GENERAL FUND CAPITAL PROJECT HIGHLIGHTS

City management recommends funding the FY2023 proposed General Fund capital projects and capital outlay as follows:

FY2023 General Fund New Projects

Courtroom Improvements

This is for a new banister in the courtroom.

Budgeted amount: \$30,000

Funding Sources: General Fund transfer

Magistrate Warrant Room Door

The magistrate's warrant room door needs replacement due to a damaged door.

Budgeted amount: \$4,000

Funding Sources: General Fund transfer

City Hall - Landscaping and IT

Upgrades for City Hall landscaping and Information Technology needs.

Budget amount: \$276,000

Funding Sources: General Fund transfer

City Hall Campus Master Plan - Design

Develop site master plan for the campus of City Hall, Water Department, Fire Department, and Police Department.

Budget amount: \$15,000

Funding Sources: General Fund transfer

Drainage Improvements

Drainage Improvements are being funded by ARPA funds. This is to implement priority recommendations from the ongoing drainage study.

Budget amount: \$2,600,000

Funding Sources: [ARPA Funds](#)

Public Space - Library Development

This is for public park space for new development in front of Pelham Public Library.

Budget amount: \$50,000

Funding Sources: General Fund transfer

Gateway Improvements

This is signage, landscaping, and site improvements at 31N, 52/65, and 119/65.

Budget amount: \$150,000

Funding Sources: General Fund transfer

Highway 261 Widening - Grant Match

ALDOT/Hoover/Pelham/County Agreement - City's Share.

Budget amount: \$675,000

Funding Sources: General Fund transfer

Highway 52 Flyover - Grant Application

For the railroad crossing elimination grant application.

Budget amount: \$50,000

Funding Sources: General Fund transfer

Highway 52/31 Improvements - Grant Match

ALDOT widening/intersection project - City's share of design.

Budget amount: \$60,000

Funding Sources: General Fund transfer

Oak Mountain Trail - ALDOT Dirt Payment

The Susan Schein property - ALDOT permit requirement.

Budget amount: \$70,500

Funding Sources: General Fund transfer

Oak Mountain Trail Infrastructure

The Susan Schein property - road and infrastructure improvements.

Budget amount: \$630,482

Funding Sources: General Fund transfer

Fire Station 1 Improvements

Replacement of interior finishes.

Budget amount: \$30,000

Funding Sources: General Fund transfer

Fire Station No. 2

Building renovations.

Budget amount: \$609,400

Funding Sources: General Fund transfer

GENERAL FUND CAPITAL PROJECT HIGHLIGHTS

FY2023 General Fund New Projects

Fire Station No. 4 Window Installation

Window replacement at the station (install only).

Budget amount: \$10,000

Funding source: General Fund transfer

Fire Station No. 5 HVAC

HVAC replacement to Fire Station No. 5.

Budget amount: \$17,2000

Funding source: General Fund transfer

Fire Station No. 5 - Bathroom Remodel

Renovations to repair mold damage and shower stall leaks.

Budget amount: \$20,000

Funding source: General Fund transfer

ERP/Munis Implementation

Implementation of new modules for the Enterprise ERP powered by Munis system.

Budget amount: \$700,000

Funding source: **Capital Reserve for the City's Information Technology System and Equipment**

Dog Park and Trail Lighting

New lighting at the dog park and the south end of the City Park trail.

Budget amount: \$193,362

Funding source: General Fund transfer

City Park Monument Sign

New marquis sign at City Park.

Budget amount: \$200,000

Funding source: **Capital Reserve for the City's Parks & Recreation Facilities and General Fund transfer**

Senior Center Pickleball Courts

New pickleball courts at the Senior Center.

Budget amount: \$60,000

Funding source: **Capital Reserve for the City's Parks & Recreation Facilities**

Senior Center HVAC

Replacement of HVAC at the Senior Center.

Budget amount: \$89,000

Funding source: General Fund transfer

Pelham Resurfacing 2023

Annual city-wide resurfacing.

Budget amount: \$750,000

Funding source: General Fund transfer

ProWag FY23 - ADA

This is an annual ADA improvement on the City's right of way.

Budget amount: \$30,000

Funding source: General Fund transfer

PW City Storage Envelope

Roof repairs on the public works City storage building.

Budget amount: \$30,000

Funding source: General Fund transfer

PW Old Office Envelope

Roof repairs to public works old office building.

Budget amount: \$5,000

Funding source: General Fund transfer

Red Fox Drainage Replacement - Phase 2

Replacement of failing drainage culvert.

Budget amount: \$400,000

Funding source: General Fund transfer

Drill Field Site Cleanup

Removing abandoned equipment and materials from the Drill Field.

Budget amount: \$50,000

Funding source: General Fund transfer

Canterbury Drainage Repairs

This is for the replacement of failing drainage culverts.

Budget amount: \$160,000

Funding Sources: **Special Revenue - 4/5 cent and 7 cent Gas Tax Fund**

GENERAL FUND CAPITAL PROJECT HIGHLIGHTS

FY2023 General Fund New Projects

City Park Bathroom Upgrades

Bathroom remodel at City Park.

Budget amount: \$200,000

Funding source: [Capital Reserve for the City's Parks & Recreation Facilities](#)

Batting Cages

New batting cages at City Park.

Budget amount: \$70,000

Funding source: [Capital Reserve for the City's Parks & Recreation Facilities](#)

Senior Center Pavilion

New pavilion at the Senior Center.

Budget amount: \$100,000

Funding source: [Capital Reserve for the City's Parks & Recreation Facilities](#)

Tennis Center Court Improvements

Tennis court upgrades - lighting, fencing, resurfacing, etc.

Budget amount: \$60,000

Funding source: General Fund transfer

Coker Park Improvements

Walking track upgrades.

Budget amount: \$100,000

Funding source: [Capital Reserve for the City's Parks & Recreation Facilities](#)

Police Department HVAC - Phase 2

Replacement of remaining HVAC units in the building.

Budget amount: \$120,000

Funding source: General Fund transfer

Police Department - Roof Replacement

Replacement of end-of-life roof for the Police Department.

Budget amount: \$250,000

Funding source: General Fund transfer

Fencing - DSPW Street

Fencing of property at the street department.

Budget amount: \$20,000

Funding source: General Fund transfer

Tennis Center HVAC

Replacement of HVAC at the Tennis Center (in City Park).

Budget amount: \$8,000

Funding source: General Fund transfer

Police Department Parking Lot Addition

Construction - additional parking in front of the building.

Budget amount: \$35,000

Funding source: General Fund transfer

Blueberry Hill Public Space - Phase 2

For site scooping, concepts, and cost estimates.

Budget amounts: \$150,000

Funding source: General Fund transfer

Splash Pad

New splash pad (Location TBD).

Budget amount: \$350,000

Funding source: [Capital Reserve for the City's Parks & Recreation Facilities](#)

City Park Playground

Playground upgrades at City Park.

Budget amount: \$900,000

Funding source: [Capital Reserve for the City's Parks & Recreation Facilities](#)

Stormwater Mapping - Phase 1

Storm sewer network mapping to support drainage maintenance and planning.

Budget amount: \$150,000

Funding source: [ARPA funds](#)

Fire Station No. 1 Building Envelope

Envelope maintenance and repairs.

Budget amount: \$10,000

Funding Sources: General Fund transfer

GENERAL FUND CAPITAL PROJECT HIGHLIGHTS

FY2023 General Fund Carry Over Projects

Amphitheater Road Widening

Widening of Amphitheater Road to add a multipurpose trail - Highway 31 to State Park Road.

Budget amount: \$2,896,124

Funding Source: [Bond proceeds](#)

City Hall

City Hall renovations and upgrades.

Budget amount: \$3,024,053

Funding Source: [Bond proceeds](#) and [ARAP funds](#)

Gateway Improvements

This is signage, landscaping, and site improvements at 31N, 52/65, and 199/65.

Budget amount: \$32,350

Funding Source: General Fund transfers

Hydrology Study

Hydrology/Drainage study for primary drainage basins and priority areas.

Budget amount: \$351,470

Funding Source: General Fund transfers

RTOP Traffic Signal Repairs

This is for traffic signal maintenance in ALDOT rights of way.

Budget amount: \$75,625

Funding Source: Special Revenue - [Motor Vehicle Fund](#)

The Canopy

City's share of the infrastructure for reimbursement of the Canopy project.

Budget amount: \$480,004

Funding Source: [Bond proceeds](#)

US 31 Lighting

Replacement of Highway 31 corridor lighting.

Budget amount: \$6,171,447

Funding Source: [Bond proceeds](#)

Fire Station No.2

Renovations to the building of Fire Stations No. 2.

Budget amount: \$22,176

Funding Source: General Fund transfers

Fire Station No. 3 (Exit Traffic Light)

Emergency Fire Station Exit Light on Highway 11.

Budget amount: \$364,633

Funding Source: [Bond proceeds](#)

ERP Implementation

Implementation carry-over for Financial, Human Resource, Account Receivable, etc. modules.

Budget amount: \$300,000

Funding Source: [Capital Reserve for the City's Information Technology System and Equipment](#)

Server Room Remodel

Installation of a backup HVAC in the server room.

Budget amount: \$86,811

Funding Source: General Fund transfers

Dog Park and Trail Lighting

New lighting at the dog park and south end of the trail.

Budget amount: \$92,282

Funding Source: General Fund transfers

Greenway Trail Extension

This is for the trail section construction from Campus 124 Park to Amphitheater Drive.

Budget amount: \$1,149,311

Funding Source: [Bond proceeds](#)

GENERAL FUND CAPITAL PROJECT HIGHLIGHTS

FY2023 General Fund Carry Over Projects

Tennis Center Improvements

Tennis Center building renovations.

Budget amount: \$151,305

Funding Source: General Fund transfers

Police Department Parking Lot Addition

Construction - additional parking in front of building.

Budget amount: \$29,947

Funding Source: General Fund transfers

Police Department - HVAC Improvements

Completion of ongoing HVAC replacements.

Budget amount: \$156,912

Funding Source: General Fund transfers

Magistrate Office Expansion

Expansion of the magistrate office to have shared office with Judge during court.

Budget amount: \$16,000

Funding Source: General Fund transfers

NRCS Creek Clean Up - Grant Match

Debris Removal - Crosscreek Drive to Highway 31

Budget Amount: \$265,806

Funding Source: General Fund transfers

NCRS Creek Clean Up - Grant Reimbursement

Debris Removal - Crosscreek Drive to Highway 31

Budget Amount: \$877,159

Funding Source: General Fund transfers

ProWag FY22

Annual ADA improvements on City rights of way.

Budget amount: \$30,000

Funding Source: General Fund transfers

Phase 3 and 4 Trails

Trail section design from City Park to Campus 124 Park.

Budget amount: \$169,507

Funding Source: General Fund transfers

Campus 124 Park

Campus 124 Park construction.

Budget amount: \$235,448

Funding Source: General Fund transfers

ENTERPRISE FUND CAPITAL PROJECTS

Water and Sewer Fund capital projects and capital asset additions will be recovered through user fees and through the issuance of the Sewer Revolving Fund debt as proposed by the Director of Development Services and Public Works. The capital projects and capital asset additions for the remaining Enterprise Funds (Pelham Civic Complex and Ice Arena, Pelham Racquet Club, and Ballantrae Golf Club) will be funded through transfers from the General Fund or Special Revenue Funds. City management recommends funding the remaining proposed Enterprise Fund capital projects and capital outlay as follows:

Water and Sewer Fund

The City's Enterprise Fund budget for FY2023 includes the following capital items:

FY2023 Sewer Department New Projects

MISC WWTP Improvements - Annual

Replacement of end of life equipment at the sewer plant.
Budget amount: \$1,500,000

Lift Station Remediation - LS F Piping

Annual Lift Station upgrades and maintenance.
Budget amount: \$328,500

Lift Station Remediation - Business Center

Annual Lift Station upgrades and maintenance.
Budget amount: \$328,500

SSES Rehab - Phase 3

Ongoing remediation of the sanitary sewer collection system.
Budget amount: \$2,200,000
Funding source: [Bond proceeds](#)

FY2023 Sewer Department Carry Over Projects

Lift Station Remediation - LS B

Annual Lift Station upgrades and maintenance at the sewer plant.
Budget amount: \$311,000

Lift Station Remediation - Stratford

Annual Lift Station upgrades and maintenance.
Budget amount: \$328,500

Grit & Grease

Replacement of end of life equipment at the sewer plant.
Budget amount: \$600,000

SCADA Integration

Upgrades to the plant control system at the sewer plant.
Budget amount: \$50,000

Southgate Lift Station

Annual Lift Station upgrades and maintenance.
Budget amount: \$330,000

SSES - Rehab - Phase 2

Ongoing remediation of the sanitary sewer collection system.
Budget amount: \$2,793,633
Funding source: [Bond proceeds](#)

SSES - TVI

Ongoing remediation of the sanitary sewer collection system.
Budget amount: \$111,574
Funding source: [Bond proceeds](#)

ENTERPRISE FUND CAPITAL PROJECTS

FY2023 Water Department New Projects

Annual PVC Replacement

Annual PVC water main replacement in the water system.

Budget amount: \$500,000

DSPW Improvements (Interior)

Finish the replacements in the water department building.

Budget amount: \$40,000

Water Shop Improvements

Building modifications and upgrades in the water department shop/warehouse.

Budget amount: \$305,000

Heather Ridge Well

Inspections and maintenance of the pump at Heather Ridge.

Budget amount: \$50,000

Chandalar Well Pull and Inspect

Inspection and maintenance of the pump at Chandalar.

Budget amount: \$60,000

Campbell Ridge Well

Inspection and maintenance of the pump at Campbell Ridge.

Budget amount: \$50,000

Ridge Drive

PVC water main replacement.

Budget amount: \$866,775

FY2023 Water Department Carry Over Projects

Chandalar Drive

PVC water main replacement.

Budget amount: \$75,582

Ballantrae Backup

This is to back up the water supply from Shelby County into Ballantrae.

Budget amount: \$4,354,688

Funding source: [Bond proceeds](#)

City Hall Water Main

Water main upgrades for added City Hall fire protection.

Budget amount: \$58,840

Highway 11

Annual PVC water main replacement in the water system.

Budget amount: \$2,806,786

Funding source: [Bond proceeds](#)

2021 AMR System

Water meter replacements and upgrades to a radio read system.

Budget amount: \$903,947

Funding source: [Bond proceeds](#)

I-65 Crossing at Tank Farm

Annual PVC water main replacement in the water system.

Budget amount: \$286,051

Funding source: [Bond proceeds](#)

King Valley Drive

Annual PVC water main replacement in the water system.

Budget amount: \$628,300

Funding source: [Bond proceeds](#)

Material/Equipment Pole Barn

Equipment and material storage behind the water department shop.

Budget amount: \$25,000

SCADA Integration

Upgrade to a water system control and monitoring system.

Budget amount: \$50,000

ENTERPRISE FUND CAPITAL PROJECTS

Pelham Civic Complex & Ice Arena

The Pelham Civic Complex and Ice Arena FY2023 capital items include:

FY2023 Civic Complex & Ice Arena New Projects

Civic Complex - Building Envelope (Roof)

Roof Repairs on the Civic Complex Building.

Budget amount: \$200,000

Funding Source: **Funds Allocated to FIMP**

Civic Complex - Turbochiller

Replacement of the ice plant for the two skating rinks.

Budget amount: \$1,200,000

Funding Source: **Funds Allocated to FIMP**

Civic Complex - HVAC Improvements

This is the HVAC replacement for the Civic Complex building.

Budget amount: \$1,300,000

Funding Source: **Special Revenue - Capital Imp. Fund**

Civic Complex - Furniture, Fixtures, & Equipment

Replacement of meeting rooms and lobby furnishings for the Civic Complex.

Budget amount: \$200,000

Funding Source: General Fund transfer

Civic Complex - Parking Lot

Construction of additional parking on City acquired property.

Budget amount: \$250,000

Funding Source: General Fund transfer

FY2023 Civic Complex & Ice Arena Carry Over Projects

Civic Complex - Facade

Exterior facade renovations and for the pedestrian plaza.

Budget amount: \$830,161

Funding Source: **Bond proceeds** and General Fund transfers

Civic Complex - Parking Lot Land

The City will purchase additional property on Amphitheater Drive for future additional parking and trail access.

Budget amount: \$110,000

Funding Source: General Fund transfers

Civic Complex - HVAC Improvements Dehumidification

This is an HVAC replacement for ice rinks.

Budget amount: \$272,495

Funding Source: General Fund transfers

ENTERPRISE FUND CAPITAL PROJECTS

Pelham Racquet Club

The Pelham Racquet Club FY2023 capital items include:

FY2023 Pelham Racquet Club New Projects:

Racquet Club - Clay Court Resurfacing

Clay court resurfacing is required every 3 years.

Budget amount: \$126,000

Funding Source: **Capital Reserve for the City's Parks & Recreation Facilities**

Racquet Club Lobby Reconfiguration - Phase 2

Clubhouse lower floor renovations.

Budget amount: \$150,000

Funding Source: General Fund transfer

FY2023 Pelham Racquet Club Carry Over Projects

Racquet Club Walkway - Lower Entrance Improvements

Additional sidewalks and walkway improvements at lower-level courts.

Budget amount: 26,000

Funding Source: **ARPA funds**

Ballantrae Golf Club

Ballantrae Golf Club's FY2023 capital items include:

FY2023 Ballantrae Golf Club New Projects

Ballantrae Maintenance Building HVAC

This is to replace the existing HVAC at the maintenance building.

Budget amount: \$10,000

Funding Source: **Funds Allocated to FIMP**

Ballantrae Club Barn HVAC

This is to replace the existing HVAC at the cart barn.

Budget amount: \$13,000

Funding Source: **Funds Allocated to FIMP**

Ballantrae Club House HVAC

This is to replace the existing HVAC at the Clubhouse.

Budget amount: \$36,000

Funding Source: **Special Revenue - Capital Imp. Fund**

FY2023 Ballantrae Golf Club Carry Over Projects

Ballantrae 18th Hole Bridge

Replace worn bridge decking at the 18th hole.

Budget amount: \$20,000

Funding Source: **ARPA funds**

Ballantrae Golf Clubhouse Improvements

This is for exterior renovations and grill modifications.

Budget amount: \$1,130,897

Funding Source: **ARPA funds, Bond proceeds, and General Fund transfer**

DEBT SERVICE



Pelham



DEBT SERVICE

The City has the following debt for which payments have been budgeted for FY2023.

Series 2013-B

Series 2013-B was issued to refund Series 2003, for which proceeds were used for the construction of the Golf Course with a portion of the proceeds going to the General Fund.

Series 2013-B General Obligation Warrants, dated August 8, 2013, are due in semi-annual payments through August 8, 2023, bearing an interest rate of 1.92%.

Series 2013-C

Series 2013-C was issued to refund Series 2005, for which proceeds were used for the construction of the police and court building.

Series 2013-C General Obligation Warrants, dated August 8, 2013, are due in semi-annual payments through August 8, 2029, bearing an interest rate of 2.47%.

Series 2014

The Series 2014 Warrants were issued and transferred to the Pelham City School Board. The City has a note receivable from the School Board pertaining to the debt.

Series 2014 General Obligation Warrants, dated August 13, 2014, are due in semi-annual payments through February 1, 2035, bearing interest rates of 3.00% to 5.00%.

NOTE: A portion of the Series 2014 warrants were refunded during March 2021.

Series 2015

The Series 2015 Warrants were issued and transferred to the Pelham City School Board. The City has a note receivable from the School Board pertaining to the debt.

Series 2015 Warrants, dated December 30, 2015, are due in annual payments through February 1, 2040, bearing interest rates of 2.00% to 5.00%.

NOTE: A portion of the Series 2015 warrants were refunded during March 2021.

Series 2016

Series 2016 was issued to refund Series 2006-A and 2006-B, for which proceeds were used for the construction of the Racquet Club, with a portion of the proceeds going to the Water & Sewer Fund and to the General Fund.

Series 2016 General Obligation Warrants, dated August 19, 2016, are due in semi-annual payments through November 1, 2022, bearing interest rates of 3.00% to 5.00%.

Series 2021-A

The Series 2021-A Warrants were issued to be used to fund various capital projects within the City and to be used for Water & Sewer system improvements.

Series 2021-A General Obligation Warrants, dated March 23, 2021, are due in semi-annual payments through February 1, 2041, bearing interest rates of 3.00% to 4.00%.

Series 2021-B

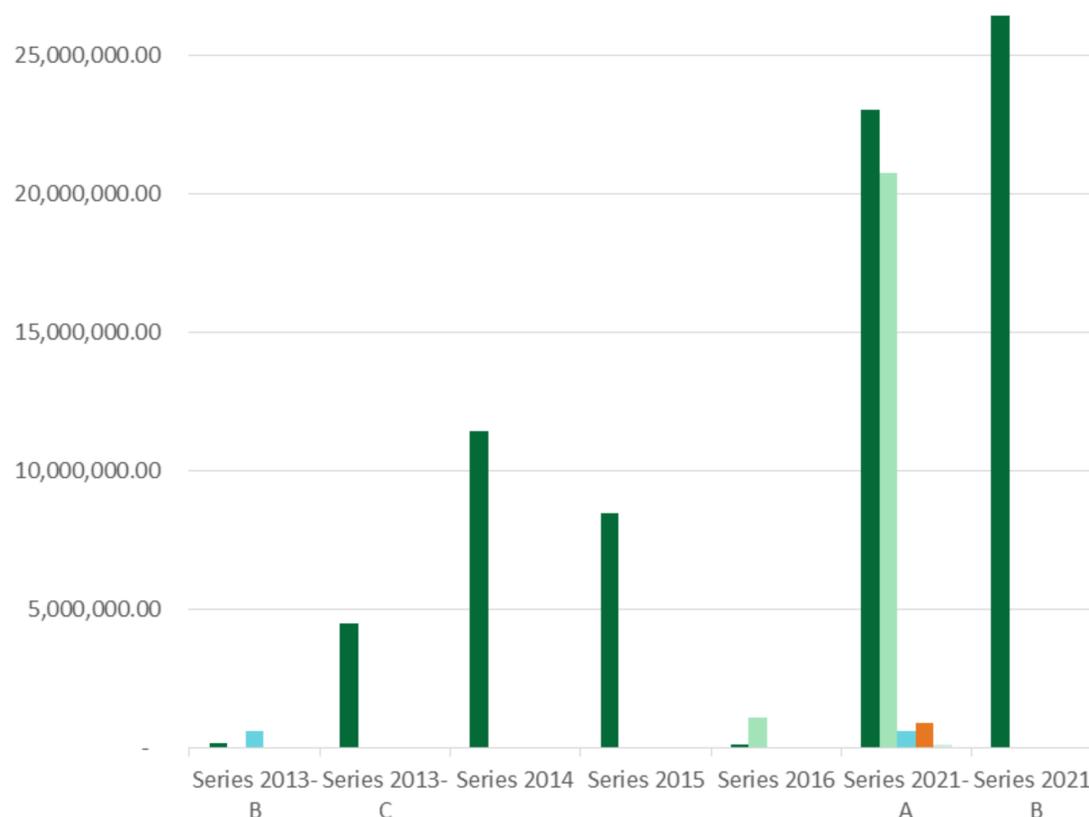
The Series 2021-B Warrants were issued and transferred to the Pelham City School Board. The City has a note receivable from the School Board pertaining to the debt.

Series 2021-B Warrants, dated March 23, 2021, are due in annual payments through February 1, 2038, bearing interest rates of .2% to 3.2%.

DEBT SERVICE

The City's outstanding debt service with the respect to warrants payable by each fund is as follows:

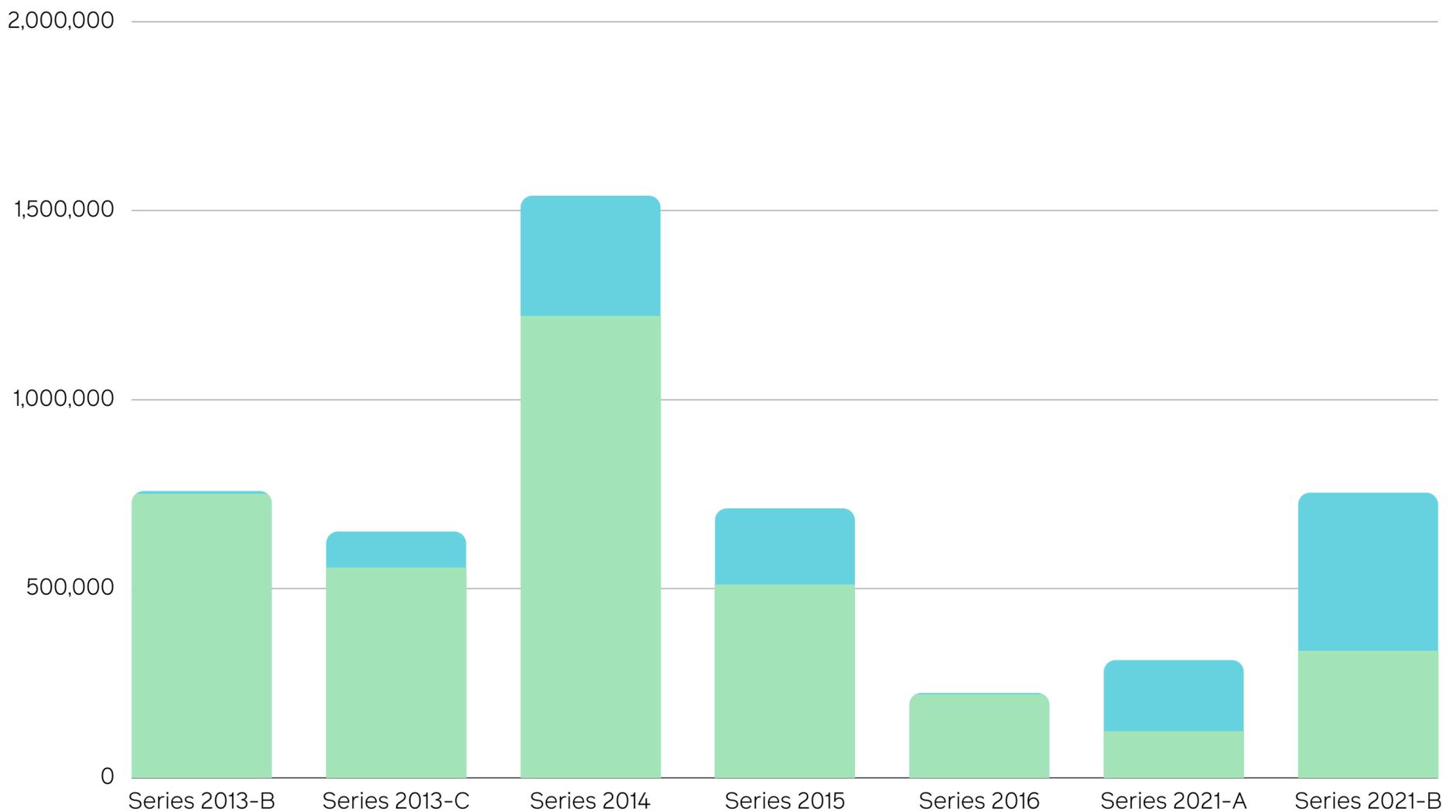
General Fund	Principal	Interest	Maturity Date
Series 2013-B	151,568.01	1,458.93	2023
Series 2013-C	4,128,032.12	366,892.64	2029
Series 2014	9,980,000.00	1,428,025.00	2029
Series 2015	6,390,000.00	2,098,050.00	2030
Series 2016	124,864.00	949.00	2023
Series 2021-A	16,238,638.56	6,791,428.87	2041
Series 2021-B	22,110,000.00	4,321,100.00	2038
Totals	59,123,102.69	15,007,904.44	74,131,007.13
Water & Sewer	Principal	Interest	Maturity Date
Series 2016	1,067,339.00	8,112.00	2023
Series 2021-A	14,627,198.64	6,117,481.90	2041
Totals	15,694,537.64	6,125,593.90	21,820,131.54
Golf	Principal	Interest	Maturity Date
Series 2013-B	598,122.91	5,757.29	2023
Series 2021-A	413,665.13	173,005.72	2041
Totals	1,011,788.04	178,763.01	1,190,551.05
Civic Complex	Principal	Interest	Maturity Date
Series 2021-A	620,497.67	259,508.51	2041
Totals	620,497.67	259,508.51	880,006.18
Racquet Club	Principal	Interest	Maturity Date
Series 2016	127,797.00	971.00	2023
Totals	127,797.00	971.00	128,768.00



DEBT SERVICE

The City's current proposed FY23 principal and interest cost by bond issuance is as follows:

	Principal	Interest
Series 2013-B	749,690.92	7,216.22
Series 2013-C	554,151.68	95,716.96
Series 2014	1,220,000.00	317,716.67
Series 2015	510,000.00	201,039.33
Series 2016	220,000.00	3,344.00
Series 2021-A	123,333.33	186,750.00
Series 2021-B	335,000.00	417,588.67
Total	4,802,175.93	2,229,371.85



DEBT SERVICE

The City's current proposed FY23 principal and interest cost by each fund is as follows:

General Fund	Principal	Interest	Maturity Date
Series 2013-B	151,568.01	1,458.93	2023
Series 2013-C	554,151.68	95,716.96	2029
Series 2014	1,220,000.00	317,716.70	2029
Series 2015	510,000.00	201,039.33	2030
Series 2016	20,810.68	316.32	2023
Series 2021-A	444,571.47	434,831.20	2041
Series 2021-B	335,000.00	417,588.67	2038
Totals	3,236,101.84	1,468,668.11	
Water & Sewer	Principal	Interest	Maturity Date
Series 2016	177,889.82	2,703.93	2023
Series 2021-A	556,353.25	544,163.91	2041
Totals	734,243.07	546,867.84	
Golf	Principal	Interest	Maturity Date
Series 2013-B	598,122.91	5,757.29	2023
Series 2021-A	15,734.02	15,389.30	2041
Totals	613,856.93	21,146.59	
Civic Complex	Principal	Interest	Maturity Date
Series 2021-A	23,600.91	23,083.83	2041
Totals	23,600.91	23,083.83	
Racquet Club	Principal	Interest	Maturity Date
Series 2016	21,299.50	323.75	2023
Totals	21,299.50	323.75	
City-CO-OP	Principal	Interest	Maturity Date
Series 2021-A	173,073.68	169,281.75	2041
Totals	173,073.68	169,281.75	

APPENDIX



Pelham



FINANCIAL POLICIES

RELATED TO BUDGETING

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The City reports account receivables at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance or through bad debt expense.

ACCOUNTS PAYABLE

The City records all obligations of funds prior to the issuance of orders for goods and services, to ensure effective budgetary control over expenditures. The City shall pay all legal obligations promptly upon the receipt of original billings which have been generated by the party providing the goods or performing the service. The Finance Department maintains documentation of all City payments in an easily retrievable manner to facilitate the resolution of accounts payable issues as well as the completion of the City's annual audit. The Finance Department is responsible for developing detailed procedures and deadlines for the processing of the City's accounts payable, providing training to City staff concerning accounts payable procedures, and for notifying City staff of accounts payable deadlines.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (streets, roads, sidewalks, and similar items) are reported in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Capital assets purchased or acquired are carried at historical cost or estimated historical cost.

Donated or contributed capital assets are recorded at their estimated fair value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are charged to operations as incurred. Improvements that materially extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives: building and improvements, 20 to 40 years; Water and Sewer Systems, 30 to 40 years; machinery and equipment, 5 to 25 years; improvements, 20 years; and infrastructure, 25 to 50 years. Depreciation is provided in the proprietary funds in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis.

The City shall maintain a detailed listing of capital assets that identifies the cost and location of each capital asset. Department heads shall be responsible for all capital assets assigned to their respective departments. Transfers of capital assets from one department or division to another shall be reported to the Finance Department immediately upon transfer. Missing and surplus capital assets shall be reported to the finance department. Surplus capital assets shall be disposed of in accordance with State law and optimize City resources. All surplus capital assets shall be approved by City Council prior to disposal of the capital asset. Department heads are responsible for maintaining a list of items for surplus for their respective department. Surplus requests should be submitted to the City Clerk's office in a timely manner to allow their inclusion on the agenda of a regularly scheduled City Council meeting.

CAPITAL LEASING

Capital leasing may be used for the acquisition of equipment items with an expected useful life of three years or longer and a purchase price of more than \$250,000 with the approval of the City Manager upon the request of the department head for whose department the equipment purchase is proposed. Debt service expenditures (including principal, interest, and any related administrative capital leases will be budgeted in the department for which the equipment was purchased.

CONTRACTS MANAGEMENT

City contracts may be executed only by the Mayor or City Manager. Prior to the execution of City contracts, the proposed contract document shall be reviewed by the City Attorney and City Clerk and may be reviewed by other City staff, as deemed appropriate. Originals of all executed contracts shall be routed to the City Clerk for filing. Copies of executed contracts shall be routed to affected City departments and other offices, as appropriate. The Finance Department shall be responsible for establishing detailed procedures for tracking contract payments, including payments of retainage, and shall assign contract codes for managing contracts via the City's financial management software. The City Attorney shall address legal issues that may arise in connection with contract management.

DONATION REQUESTS FROM THE CITY

Pursuant to Resolution 2009-07-20-01 passed by the Pelham City Council on July 20, 2009, organizations requesting funding must complete a funding request form and return it to the City Clerk at P. O. Box 1419, Pelham, AL 35124 or via email by July 15th of each year for consideration in the upcoming budget. This includes requests for in-kind services. Please note that public funds cannot be used to support private industry events.

DONATIONS TO THE CITY

Donations include gifts and reimbursement to the City from citizens or business entities. Any donation to the city at large and/ or a city department must be accompanied by a letter from the entity the award was received from as to the purpose/ designation of the monies, properties, etc. The City Manager or Mayor shall be authorized to accept or reject offers of donated money, equipment, and in-kind donations to City Departments or to the City in general. Donated money will be expended for general purposes within the department or specified purposes, if agreed upon with the donor, as one-time supplements to the department's operating budget.

EMPLOYEE BENEFITS MANAGEMENT

In an effort to recruit and retain well-qualified employees, the City shall strive to provide competitive compensation and a comprehensive benefits package. Employee benefit programs shall be designed to meet the needs of employees. Periodically, the City shall conduct a salary and benefits study to help ensure that the City retains its competitive position in the employment market. Close attention shall be paid to the design of the City's compensation structure and employee benefits plan to ensure that wages and benefits are attractive to current and potential future employees that benefit costs are manageable and that the overall performance of the organization meets the expectations of City management officials and City Council. The City will seek to provide competitive compensation and benefits to employees while also providing the best value possible to taxpayers.

INVENTORY

Inventory consists of various pro-shop merchandise, food and beverage supplies, as well as water and sewer supplies and is stated at the lower of cost, as determined by the first-in, first-out (FIFO) method, or net realizable value. Inventories of materials and supplies shall be controlled through the use of physical controls and inventory procedures that account for the receipt and issuance of inventory items. Periodic counts of inventory items should be completed by staff members a minimum of once annually.

INTERFUND TRANSFERS, RECEIVABLES, AND PAYABLES

During the normal course of operations, the City has numerous transactions between funds to provide services, construct assets, and service debt. These receivables and payables are classified as “Due to/from other funds,” as they are all short-term in nature. These amounts have been eliminated on the government-wide financial statements, except for amounts outstanding between the General Fund and business-type activities.

Routine transfers of resources between City funds that are not intended to be repaid are classified separately from revenues and expenditures. Such interfund operating transfers are identified as “Interfund transfers in/(out)” in the accompanying financial statements.

PREPAID EXPENSES

Prepaid balances are for payments made by the City in the current year to provide goods or services occurring in the subsequent fiscal year. Expenditures are recorded as prepaid expenses in order to more closely match their recognition as expenses with the periods in which they are actually consumed. An example of a prepaid expense is insurance, which is frequently paid in advance for multiple future periods; an entity initially records this expenditure as a prepaid expense (an asset) and then charges it to expense over the usage period. Another item commonly found in the prepaid expenses account is prepaid services billed on a quarterly or annual frequency. The department is responsible for properly identifying and marking an expense as prepaid before the request for payment is submitted to the Finance Department.