

CITY OF MARGARET, ALABAMA

RESOLUTION NO. 2026-_____

A RESOLUTION ESTABLISHING A STANDARDIZED GENERAL LEDGER ACCOUNT STRUCTURE FOR THE CITY OF MARGARET; PROVIDING FOR BUDGET ALIGNMENT, TRANSPARENCY, AND AUDIT COMPLIANCE; AND GOVERNING THE RELATIONSHIP BETWEEN THE CITY'S BUDGET AND ACCOUNTING SYSTEMS

WHEREAS

The City of Margaret is required by Alabama law to adopt an annual operating budget and to maintain accurate financial records reflecting the receipt and expenditure of public funds; and

WHEREAS

An effective municipal budget depends upon an accounting system that allows revenues and expenditures to be **planned, authorized, tracked, controlled, and reported** using a consistent structure; and

WHEREAS

The City Council finds that a clearly defined and standardized General Ledger (GL) account structure:

- Enhances transparency and public understanding;
- Supports meaningful budget-to-actual reporting;
- Strengthens internal controls;
- Improves audit efficiency and defensibility; and
- Ensures consistency across fiscal years and administrations; and

WHEREAS

The City has undertaken efforts to modernize its financial management practices, including bank account consolidation and improved cash management, which require a corresponding modernization and clarification of the City's accounting and budget structure;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARGARET, ALABAMA, AS FOLLOWS:

SECTION 1. ADOPTION OF A STANDARDIZED GENERAL LEDGER ACCOUNT STRUCTURE

The City hereby adopts a standardized General Ledger (GL) account structure to be used for **all municipal accounting, budgeting, and financial reporting**.

The GL structure shall consist of the following core components:

1. **Fund Codes**
Identifying legally distinct funds (e.g., General Fund, Special Revenue Funds, Capital Funds, and other funds required by law or policy).
 2. **Department Codes**
Identifying organizational units or functional responsibility, consistent with the presentation of departments or functions in the City's annual budget.
 3. **Account / Object Codes**
Identifying the nature of revenues, expenditures, assets, liabilities, and fund balance classifications in accordance with generally accepted accounting principles (GAAP).
 4. **Project, Grant, or Cost-Center Codes**
Used where necessary to track restricted funds, grants, capital projects, or other activities requiring separate financial accountability.
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SECTION 2. RELATIONSHIP BETWEEN THE GENERAL LEDGER AND THE CITY BUDGET

The standardized GL account structure adopted by this resolution is intended to **facilitate and support the City's budget process**.

Accordingly:

1. The City's annual operating budget shall be prepared using the same fund, department, and object structure as the General Ledger;
2. Budgeted appropriations shall correspond directly to GL account segments, allowing expenditures and revenues to be tracked against adopted budget authority;
3. Financial reports presented to the City Council shall reflect budget-to-actual activity using the standardized GL structure; and

4. The GL shall serve as the accounting framework through which budget compliance is monitored and enforced.
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SECTION 3. ADMINISTRATION AND MAINTENANCE OF THE GL STRUCTURE

3.1 Administrative Authority

The City Clerk/Treasurer, or other designated Finance Officer, under the supervision of the Mayor, is authorized to:

- Implement and maintain the standardized GL structure;
- Reassign, merge, or deactivate obsolete or redundant account numbers;
- Establish new GL accounts when necessary to support adopted budgets, grants, or operational needs;

provided that any such changes remain consistent with the structural framework adopted by this resolution.

3.2 Preservation of Legal and Budgetary Controls

Nothing in this resolution authorizes:

- Expenditures in excess of adopted budget appropriations;
 - Transfers between budget categories without proper authorization; or
 - The use of restricted funds for purposes not permitted by law, ordinance, or grant agreement.
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SECTION 4. BUDGET ADOPTION AND AMENDMENTS

4.1 Budget Adoption

Beginning with the next budget cycle, the City's proposed annual budget shall be organized and presented using the standardized GL structure adopted herein.

4.2 Budget Amendments

Any amendments to the adopted budget shall be made within the same GL framework to ensure continuity between:

- The original adopted budget,
 - Any amended budget, and
 - Actual financial results reported throughout the fiscal year.
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SECTION 5. TRANSPARENCY AND COUNCIL OVERSIGHT

5.1 Council Access

Upon request, the City Council shall be provided with:

- The current chart of accounts;
- Explanations of how GL segments align with budget line items; and
- Summaries of material changes to the GL structure affecting budget presentation or financial reporting.

5.2 Public Transparency

The City may make summaries of its budget-aligned GL structure available to the public as part of its commitment to openness and fiscal transparency.

SECTION 6. CONSISTENCY WITH AUDIT AND REPORTING STANDARDS

The standardized GL account structure shall be maintained in a manner consistent with:

- Generally Accepted Accounting Principles (GAAP);
 - Guidance of the Alabama Department of Examiners of Public Accounts; and
 - Applicable statutory, grant, and bond reporting requirements.
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SECTION 7. EFFECTIVE DATE

This resolution shall take effect immediately upon adoption and shall apply prospectively to budget preparation, financial reporting, and accounting activity.

ADOPTED this ___ day of _____, 2026.

CITY OF MARGARET, ALABAMA

Matt Tortorice, Mayor

ATTEST:

City Clerk